

**West Palm Beach Police Pension Fund
2100 North Florida Mango Road
West Palm Beach, Florida 33409**

Minutes

**March 11, 2011
8:15 AM**

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on March 11, 2011 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Edward Mitchell, Chairman, Jonathan Frost, Board Secretary, Chris Fragakis, Board Trustee, Troy Marchese, Board Trustee and Wilton White, Board Trustee.

Also present: Ernest George, Plan Member; John McCann of Thistle Asset Consulting Group; Steve Palmquist & Jeff Amrose, Gabriel Roeder Smith & Company; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

APPROVAL OF THE MINUTES

Mr. Mitchell asked if there were any changes required to the minutes of February 11, 2011. Mr. Frost offered his response (which was duly noted). Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

APPROVAL OF DISTRIBUTIONS

New Warrants were presented for review and execution. Warrants approved at the last meeting were presented to the Board in spreadsheet format by Mr. Williams. Mr. Frost made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams also presented an Administrative Report of distributions (Share/DROP) & Return of Contributions). Mr. Frost made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

ATTORNEY'S REPORT

Mrs. Jensen presented & reviewed the written communication addressed to the prior administrator with regard to the Herring matter. The Board asked that the issue be pursued. Mr. Frost made the motion to send the demand accordingly, that motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen informed the Board that due to recent published reports of identity thefts, contact was made with the former administrator regarding existing personal data. As a result, it was learned that personal data still exists electronically. Mr. Frost made a motion to formally request Pension Resources to redact all data that is not subject to Chapter 119; such as social security numbers, home addresses, etc. This motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0. This issue will be addressed by Mrs. Jensen's office.

Mrs. Jensen informed the Board that the relationship with Abraham Fruchter & Twersky was terminated.

Mrs. Jensen advised that due to two litigation cases underway, Labaton Sucharow remains active representatives of the Fund. Mr. Frost made a motion to rescind the termination of Labaton Sucharow, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

West Palm Beach Police Pension Fund – Minutes

March 11, 2011

Page 2 of 3

ATTORNEY’S REPORT (Con’t)

Mrs. Jensen provided a written outline of Senate Bill 1128.

ADMINISTRATOR’S REPORT

Mr. Williams provided two publications to the Board of Trustees. Both documents were from The National Conference on Public Employee Retirement Systems. One: Origins of the financial markets meltdown, the need for financial reform, and the Dodd-Frank Bill response. Two: The top ten advantages of maintaining defined benefit pension plans.

PRESENTATION OF ACTUARIAL VALUATION

Board Actuary’s, Mr. Steve Palmquist & Mr. Jeff Amrose of Gabriel Roeder Smith & Company appeared before the Board of Trustees. The purpose of their appearance was to present their results from an Actuarial Experience Study. The study was based on Fund data from October 1, 2000 to September 30, 2010. The categories contained in the study were Investment Rate of Return, Rates of Salary Increase, Rates of Termination, Retirement Experience, Rates of Mortality, Payroll Growth and Rates of Disability.

Mr. Amrose advised that the ten year period (October 1, 2000 through September 30, 2010) covered by this experience study provided sufficient data to form a basis for recommending changes in the economic and demographic assumptions used in the actuarial valuation of the Retirement System. Mr. Amrose outlined the recommendations resulting from this experience study as follows:

Investment Return: Lower the assumed investment rate of return from 8.25% to a rate between 7.0% and 7.75%. Mr. Amrose suggested that the Board’s investment monitor be consulted and asked to provide an opinion on this assumption. (COST: 4.48 % of payroll).

Salary Scale: Revise the assumed annual salary increases from an age-based table of rates to 5% or 6% per year. (COST: (1.18) % of payroll).

Termination Rates: Adopt select (service based using 10 years of service) and ultimate (age based) rates of assumed employment termination. (COST: (0.19) % of payroll).

Retirement Rates: Revise probabilities of normal retirement based on actual experience using number of years eligible. Maintain the current early retirement rates. (COST: 1.06 % of payroll).

Mortality Rates: Change the mortality table from the 1983 Group Annuity Mortality Table to the RP-2000 Generational Mortality Table. (COST: 2.70 % of payroll).

Payroll Growth: Lower the payroll growth assumption from 5% per year to 3.5% per year. (COST: 1.49 % of payroll).

Disability Rates: Maintain the current age based disability rates. (COST: 0.00 % of payroll).

The result of the changes, as proposed would increase the normal cost of the Fund by 9.12 % of payroll. As such, Mr. Amrose stressed there is no requirement to implement these changes all at once and advised they could be put into place incrementally over a several years.

The required City contribution for the fiscal year ending September 30, 2012 was valued at \$5,793,033, or 27.15% of covered payroll (assuming the contribution is paid in one payment at the beginning of the year) before adopting any of the assumption changes.

West Palm Beach Police Pension Fund – Minutes

March 11, 2011

Page 3 of 3

PRESENTATION OF ACTUARIAL VALUATION (Con't)

In terms of the investment return assumption, Mr. Amrose's report reflected a return of 7.48%. Mr. Williams asked Mr. McCann, Investment Consultant of Thistle Asset to prepare a similar report for consideration. Mr. McCann's investment report revealed a return of 8.47% based on the Fund's current asset allocation.

If the investment return assumption was modified as proposed, Mr. Amrose outlined that the benefit multiplier for future service would be lowered to 2.5% and the City cost would decrease by \$772,000 or 3.6% of covered payroll. The total first year the City net cost for lowering the investment return assumption to 7.75% and reducing the multiplier to 2.5% would be \$182,000 or 0.86% of covered payroll.

The Board interacted about the topic and the effects. Mr. Frost made a motion that although the Board of Trustees set the assumption rates, he wanted a copy of the report to be presented to other stakeholders (City of West Palm Beach & Palm Beach Police Benevolent Association) for their input. This motion was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0. The data will be transmitted by Mrs. Jensen's office.

Mr. Amrose and Mr. Palmquist were invited to the April 8, 2011 meeting to present the October 1, 2010 Actuarial Valuation results.

OPEN DISCUSSION

Mr. Frost spoke about a recent educational conference.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:10 AM.

Next meeting is scheduled for April 8, 2011 at 8:15 AM

Jonathan Frost, Board Secretary