



VILLAGE OF NORTH PALM BEACH GENERAL EMPLOYEES RETIREMENT SYSTEM

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VILLAGE HALL CONFERENCE ROOM 501 US HIGHWAY 1, NORTH PALM BEACH, FL 33408 SUMMARY OF MINUTES February 11, 2020; 830 AM

ROLL CALL: James K Peterson, Chairman, Myrna Williams, Secretary, Jane Lerner, Alan Kral, and Paul Wieseneck

ABSENT:

OTHERS PRESENT: Blake Myton, SunTrust Investment Manager, Jeff Amrose and Dina Lerner of GRS, Attorney Bonni Jensen, Retiree Christopher Campbell via teleconference and Pete Prior and Livia Giuliani of Benefits USA.

APPROVAL OF MINUTES

November 7, 2019

The Chairman asked if there were any changes, additions, or deletions to the minutes. Hearing and seeing no changes the Chairman would entertain a motion. Trustee Wieseneck moved to approve the November 7, 2019 minutes. Trustee Lerner seconded the motion and the motion passed.

PUBLIC COMMENTS:

There were no public comments at this meeting.

NEW BUSINESS:

Christopher Campbell over payment

The Chairman opened the meeting to take the agenda out of order to accommodate the attorney who has another meeting to attend. regarding the overpayment to Mr. Campbell who is attending by phone. Attorney Jensen addressed the board noting that at the time Mr. Campbell was eligible to retire the Village sent a calculation to the Administrator with the amount of \$2,410.87. The Administrator paid the benefit based on what was received by the Village. When the actuarial valuation was being prepared, it was discovered that Mr. Campbell was only due \$652. As a result, Mr. Campbell resulted in an overpayment of \$1,758.87 for 6 months. The Attorney asked Mr. Campbell where he got that calculation and he said he received it from Human Resources when he left employment in 2008. Attorney Jensen advised Mr. Campbell that the benefit will have to be reduced going forward. Trustee Wieseneck moved to reduce Mr. Campbell's benefit effective with the February payment. Trustee Kral seconded the motion and the motion passed. Attorney Jensen said she would review the errors and omissions and Benefits USA will write the letter to Mr. Campbell. It was not determined if Mr. Campbell would be required to pay the money back to the fund. Ms. Lerner reported that they found the original calculation that was done and it was for another member who retired in 2008 as well. It was noted that he and Mr. Campbell worked together. That being said, the Board said they would need to further investigate this issue.

Death Benefit forms

The Chairman reported that it was his understanding there was a standard death benefit provision of 50% and he asked why the new forms were created. Attorney Jensen reported that Section 2-148 of the Ordinance states that once an employee is vested and eligible to retire, they shall have the right to file a written election to be considered retired on the day before death if such employee should die prior to retirement. If an employee who is vested and eligible to retire dies prior to retirement without making the foregoing election, the election can be made by the employee's beneficiary previously designated in the Village records. Ms. Jensen noted that because Ms. Teal passed away prior to retiring and had not previously made an election, that felt that forms needed to be created for all future members. The Chairman stated that he would like to have it consistent for all employees. Ms. Jensen suggested making the change to the Ordinance with town council, however, it was noted that the proposed change would have to be negotiated. Trustee Kral commented that it should be left alone as it happens so infrequently. It was the consensus of the board to do nothing at this time.

Klausner Kaufman Jensen & Levinson Fee increase

The Chairman addressed the Attorney's fee increase noting that it would be increased to \$300 per hour. Ms. Jensen noted that most new clients are now moving to \$350 per hour. Trustee Wieseneck moved to approve the fee increase as presented. Trustee Kral seconded the motion and the motion passed.

Presentation of 10/1/2019 Actuarial Valuation:

Mr. Jeff Amrose and Ms. Dina Lerner were in attendance and provided the board with a copy of the October 1, 2019 valuation. Mr. Amrose addressed the Board noting that the plan is 94.8% funded which is very good. The plan is on a 5-year asset smoothing method and based on that method, in 2020 the plan will add \$112,000 to the smoothing. Ms. Lerner reviewed the valuation with the board noting that the required contributions for fiscal year 2019 was \$355,507 and 231,604 for fiscal year 2020. The required contribution has been adjusted for interest on the basis that employer contributions are made in equal payments on a bi-weekly basis. The actual employer contribution during the year ending September 30, 2019 was \$358,152. There was a net actuarial gain of \$210,136 for the year which means that actual experience was more favorable than expected. The gain was primarily due to lower than expected salary increases for active members (2.8% vs. 4.4% assumed), and higher than expected mortality experience during the year. The gains were partially offset by losses resulting from a recognized investment return on assets below the assumed rate of 6.75%. The investment return was 4.4% based on market value of assets and 6.4% based on actuarial value of assets. The net gain translates to a decrease in the employer contribution by approximately \$36,000 or 2.17% of covered payroll. There were no changes in the benefit provisions or no changes in the assumptions or methods since the last valuation. The funded ratio this year is 94.8% compared to 92.6% last year. If they were not using the asset smoothing method, the contribution rate would have been 10.41% and the funded ratio would have been 95.5%. Ms. Lerner reported on the participant data noting that as of 10/1/19, there were 37 retirees and beneficiaries and 27 active members in the plan. Finally, Ms. Lerner reported that the remainder of this report includes the valuation results, financial & miscellaneous information & statistics and a summary of plan provisions.

Mr. Amrose noted that the fund is currently using the RP2000 mortality table and that in 2021 the fund will need to begin using the required tables that are being used by FRS. He also mentioned that the last experience study was in 2015 and suggests preparing another study sometime during fiscal year 2021. Trustee Kral asked when the study should be done. Mr. Amrose noted it would be during the summer with delivery in November. That being said, Trustee Wieseneck moved to approve the 2019 valuation as presented and Trustee Kral seconded the motion and the motion passed.

INVESTMENT REPORT QUARTER ENDING 12/31/2019

Mr. Myton addressed the board on the economy noting that global stocks closed out strong for the end of 2019. US Stocks finished out the year with solid gains and larger yield bonds rose while the bond yield under 2 years fell. Municipal bonds had solid returns for December and the best annual returns since 2011. For the first time ever, the US is a net exporter of crude oil meaning that US exports more than it imports. Mr. Myton reported on the fund performance noting that the return for the quarter was 5.76% vs. the policy benchmark of 5.45%.

The total equity return was 8.76% vs. the Russell 3000 index of 9.06%. The fixed income return was -6.9% vs. the Bloomberg Barclay's Aggregate index of -.18. The short-term fund returned .40 vs. the FTSE 3-month T Bill of .46.

The S&P 500 returned 3.02% for the month to date, 9.07% for the quarter and 31.49% for the 1-year period. The NASDAQ Composite returned 3.54%, 12.17% and 35.23% respectively. The MSCI Emerging Markets USD (net) returned 7.46%, 11.84% and 18.42% respectively. The Russell 1000 returned 2.89% for month to date, 9.04% for the quarter and 31.43% for the 1-year period. The Russell 2000 returns were 2.88%, 9.94% and 25.52% respectively. The Russell Mid Cap returns were 2.29%, 7.06% and 30.54%. Mr. Myton reported that bonds were flat for the quarter as the plan is overweight in equities. The bonds returned over 9% for the year beating the benchmark. Mr. Myton noted that the asset allocation has not changed and is not making any recommendations at this time. That being said, Trustee Kral moved to accept the report and Trustee Lerner seconded the motion and the motion passed.

UNFINISHED BUSINESS:

Discussion of Comparison between GE Pension and ICMA 401(A)

The Chairman commented on the differences of the two plans and really would like to see some type of document for the new employees to review while being employed for the first time. Mr. Amrose said he would look at the document and see if he could do something with it to assist with new hires.

CONSENT AGENDA

FOR APPROVAL: Warrant #8

Benefits USA, Inc. (Administration Fee for January 2020)	\$1,950.00
Benefits USA, Inc. (Administration Fee for February 2020)	\$1,950.00
GRS (Services Rendered through 11/30/19)	\$5,476.00
GRS (Services Rendered through 12/31/19)	\$700.00
KKJ&L (Legal Fees-Bill #25113 dated 12/31/19)	\$662.50
KKJ&L (Legal Fees-Bill #25311 dated 1/31/2020)	\$1,390.50
SunTrust Bank (Q4-19 Mgmt. Fee; Invoice #293198 dated 1/29/2020)	\$13,191.50
Total	\$25,320.50

For Ratification: Warrant #7

Benefits USA, Inc. (Administration Fee for December 2019)	\$1,152.00
KKJ&L (Legal Fees-Bill #24929 dated 11/30/19)	\$503.50
Total	\$1,655.50

Chairman Peterson moved to approve warrant #7 & 8 and Trustee Kral seconded the motion and the motion passed.

PENSION PAYMENTS FOR APPROVAL/RATIFICATION:

Alanzo Edwards (Monthly Benefit payments effective 01/01/2020)

Trustee Kral moved to approve. Trustee Lerner seconded the motion and the motion passed.

Vickie Joslin (Monthly Benefit Payments effective 11/1/2019)

Trustee Wieseneck moved to approve. Trustee Kral seconded the motion and the motion passed.

Mark Howell (Refund of Contributions)

Trustee Wieseneck moved to approve. Trustee Kral seconded the motion and the motion passed.

REPORTS:

Chairman-

Chairman Peterson asked all vendors to leave with the exception of Benefits USA. He noted that when they hired Benefits USA, it was their understanding that the work load would lessen. He said that the Village is doing more work now. A brief discussion ensued and Chairman Peterson moved to terminate the services of Benefits USA in 60 days. Trustee Wieseneck seconded the motion and it passed. Mr. Prior thanked the Board for the opportunity.

Trustees:

The Trustees had nothing further to report.

Administrator:

The Administrator had nothing further to report.

NEXT MEETING DATE: TBD

ADJOURN: The meeting was adjourned at 10:35 am.

Secretary

Date