

**MINUTES OF THE SPECIAL TOWN COUNCIL
PENSION WORKSHOP MEETING HELD ON
MONDAY, DECEMBER 11, 2017**

I. CALL TO ORDER AND ROLL CALL

The Special Town Council meeting was called to order on Monday, December 11, 2017, at 9:30a.m., in the Town Council Chambers. On roll call, all of the elected officials were found to be present. All of the Retirement Board of Trustees were present with the exception of Bradford Kaufman.

(Clerk's Note: Edward Carter arrived shortly after the roll call at 9:35 a.m.)

II. PLEDGE OF ALLEGIANCE

President Kleid led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Motion was made by President Pro-Tem Moore, and was seconded by Council Member Lindsay, to approve the Agenda. On roll call, the motion passed 4 to 1 with Council Member Araskog absent.

IV. COMMUNICATIONS FROM CITIZENS

Pat Cooper, Civic Association, spoke regarding a possible study by the Retirement Board of Trustees for a Pay-As-You-Go pension plan. He also requested that Finance Director Jane Struder provide more details on how the Town got to the numbers listed in the chart as part of Exhibit A on page 9 entitled "UAAL changes since 2009" during her PowerPoint presentation.

1 **V. OVERVIEW OF THE STATUS OF THE TOWN'S RETIREMENT SYSTEM**

2
3 A. Overview of Retirement System
4 *Jane Struder, Director of Finance*

- 5
6 1. Description of the Retirement System Plans Pre and
7 Post Pension Reform for Police, Firefighters,
8 General Employees and Ocean Rescue
9 *Jane Struder, Director of Finance gave an overview of*
10 *the Retirement System*

- 11
12 2. Unfunded Actuarial Accrued Liability (UAAL) and
13 Analysis of the Causes of Existing UAAL
14 Jane Struder, Finance Director

15
16 Director Struder provided an overview of the Town's Retirement System,
17 which included historical information, employee demographics and
18 additional details on the components that make up the Town's Unfunded
19 Actuarial Accrued Liability (UAAL).

20
21 Discussion ensued regarding the pension plan changes that occurred in
22 2012 and the other variables that negatively affected the UAAL, reasons
23 for lowering the investment rate of return assumption, market volatility,
24 and actual rate of return over the past thirty years and the average
25 investment rate assumption used by other municipalities and the Florida
26 Retirement System.

27
28 Peter Strong, Actuary, Gabriel, Roeder, Smith and Co., reported on the
29 average investment return assumption rate used by other clients and
30 explained the risks of a pension bond. In response to a question from
31 President Kleid, Mr. Strong stated that a 7% investment return would be
32 the most reasonable assumption for the next 10 to 15 years.

33
34 Pat Cooper, Palm Beach Civic Association, spoke regarding reasonable
35 investment return assumptions and the smoothing out process.

36
37 B. Presentation on Behalf of the Retirement System Board of Trustees

- 38
39 1. Past and Present Activities of the Retirement System Board of Trustees
40
41 2. Identification of Matters Impacting Funding Status of the Retirement Fund
42
43 3. Retirement System FY 2017 Investment Performance and Updated
44 Unfunded Actuarial Accrued Liability (UAAL)
45 *Daniel W. Stanton, Chairman, Retirement System Board of Trustees*

1 Daniel Stanton, Retirement Board of Trustees, provided an overview of past and
2 present investment activities and how they affected the pension plan. He also
3 informed the Council on effective ways to oversee and evaluate the Town's
4 pension fund-performance and spoke regarding market volatility, the importance
5 of asset allocations and lowering the assumption rate.
6

7 Discussion ensued regarding how the Town Council can be proactive with the
8 pension plan going forward and prevent further loss, asset allocations, whether
9 there is a need to increase the frequency of the Retirement Board Meetings, the
10 Town Manager's role on the Retirement Board, the Town's cash flow, liquid
11 capital and fixed income.
12

13 William Haines, Pension Administrator, spoke regarding the completion of
14 the Town's asset allocation policy.
15

16 Dave West, AndCo Consulting, spoke regarding the challenges and risks
17 involved with investment portfolios.
18

19 C. Retirement Board of Trustees Questions and Comments
20

21 D. Mayor and Town Council Questions and Comments
22

23 In response to a question from President Kleid, Mr. West spoke regarding a
24 foundation asset versus a retirement fund.
25

26 In response to questions from Council Member Araskog, Mr. Stanton spoke
27 regarding the timing of the completion of the retirement report and Mr. Bradford
28 spoke regarding his role on the Retirement Board.
29

30 In response to a question from Council Member Zeidman, Dave West spoke
31 regarding cash flow needs and liquid capital and how they relate to the Town's
32 obligation.
33

34 In response to a question from Council Member Araskog, Mr. Goldsmith spoke
35 regarding for his viewpoint on the problems that arose with the pension plan.
36

37 In response to a question from President Pro Tem Moore, Mr. Goldsmith spoke
38 regarding the effect of the decrease in staff to the Town's ability to contribute to
39 the pension fund.
40

41 In response to questions from Town Manager Bradford, Mr. West spoke
42 regarding the reason for the 19-year projections found in the GRS report, the
43 baseline assumption rate that is mandated by the state and how it effects the
44 Town's payroll and the ability to pay down the unfunded liability.
45

46 Council Member Lindsay spoke regarding the Town Docks project, maintaining
47 protection to the shoreline, other projects and cost sharing initiatives for potential
48 revenue to help address the UAAL.

1
2 In response to a question from Council Member Zeidman, Mr. Stanton spoke
3 addressed the perception and the downside with competing with private equity
4 funds and hedge funds.
5

6 In response to a question from Council Member Araskog, Ed Carter spoke
7 regarding how the pension liability issue fits into the Town's annual budgeting
8 process and the flow information.
9

10 Mayor Coniglio spoke regarding adaptive management.
11

12 President Kleid spoke regarding the Town Council's role and the advisory boards
13 on the management of the pension plan and policymaking.
14

15 **VI. ANY OTHER MATTERS - *None***

16
17 **VII. ADJOURNMENT**
18

19 There being no further business to discuss, the December 11, 2017, Special Town
20 Council Meeting was adjourned at 12:15 p.m.
21
22

23 APPROVED
24

25 _____
26 Richard M. Kleid
27 Town Council President
28

29 ATTEST:
30
31

32 _____
33 Kathleen Dominguez
34 Town Clerk
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