

TOWN OF PALM BEACH

Information for Town Council Meeting on: September 10, 2019

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Jane Le Clainche, Finance Director

Re: Amendment of Funding Policy for the Town of Palm Beach Retirement System
Resolution No. 113-2019

Date: August 30, 2019

STAFF RECOMMENDATION

Staff recommends that the Town Council approve Resolution No. 113-2019 amending the funding policy for the Town of Palm Beach Retirement System.

GENERAL INFORMATION

At the August 14, 2019, Town Council meeting the Town Council approved a budget amendment for the transfer of General Fund unassigned fund balance to apply to the UAAL increase for the compensation and benefit changes resulting from the recent compensation study.

This payment will exceed the cap for 2019 of \$16,892,100 set by the Funding Policy adopted in 2017. The attached Resolution amends the policy to allow for Town Council approved additional one-time contributions when deemed appropriate.

The Resolution also amends the policy to change the language to allow the annual Actuarially Determined Employer Contribution (ADEC) to be made either in one annual payment during the first month of the fiscal year or in quarterly installments throughout the fiscal year, depending on what is in the best interest of the Town. Historically the Town has made quarterly contributions but in FY17 and FY18, the Town began to make the annual payment within the first quarter of the fiscal year and in FY19, the payment was made in early October to allow for a reduction for the interest savings due to the earlier than expected payment timing. This policy amendment would provide flexibility for the Town to be able to make the payment in October to provide for the interest savings, or in case cash flow needs require a delay in making the ADEC, the Town could

make quarterly payments and pay a higher amount. It is unlikely that the Town would revert back to quarterly payments, however, if an event like a major hurricane required the heavy use of Town reserves, it may be prudent to make quarterly payments and use the cash for hurricane disaster needs.

FUNDING/FISCAL IMPACT

The amendment to the policy does not have a current fiscal impact but provides for financial flexibility in the future.

TOWN ATTORNEY REVIEW

The Retirement Board Attorney has reviewed and approved Resolution No. 112-2019 for legal form and sufficiency.

cc: Jay Boodheshwar, Deputy Town Manager
Retirement Board of Trustees
GRS – Plan Administrator and Actuary