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October 3, 2008

Board of Trustees
c/o Mr. Gary Lowe, Chairperson
PO Box 1209
Palmetto, FL 34220-1209

**Re: Valuation Fees for the October 1, 2008 Actuarial Valuation Report
City of Palmetto Police Officers' Retirement Plan**

Dear Trustees:

We are hereby requesting that the Board of Trustees consider an increase in our fees to produce the Actuarial Valuation Report. Our current charge for the Actuarial Valuation Report including a meeting to present results, Employee Benefit Statements and updating page 6a of the State report is \$6,951. We are requesting that this fee be increased to \$9,000 effective with the October 1, 2008 Valuation Report. The fee will increase in subsequent years in accordance with the Consumer Price Index.

Currently the fees are not covering our time charges, and for some years we are only covering 50% to 75% of our time charges. As a result, we are losing money on preparing the Actuarial Valuation Report. Our fees are not covering our time charges due to some or all of the following reasons:

- We have more quality control internally than a few years ago. We currently have a doer, checker, reviewer and peer reviewer to help ensure the accuracy of the information you are receiving.
- Many years have gone by without an increase in fees.
- The plan is amended very often. Each year that there is a plan amendment we have to show results both reflecting and not reflecting the plan change.

Our proposed fee is still only 0.12% of the value of the assets as of October 1, 2007. Please let us know if this fee increase is acceptable to the Board of Trustees.

We welcome your questions and comments.

Sincerely yours,



J. Stephen Palmquist, ASA
Senior Consultant and Actuary

cc: Sharon Jones
