

# **Village of North Palm Beach Police and Fire Pension Fund**

## **MINUTES OF MEETING HELD**

**May 3, 2005**

JD Armstrong called the meeting to order at 2:00 PM in the Conference Room of the North Palm Beach Village Hall located at 501 US Highway One, North Palm Beach, FL. Those persons present were:

### **TRUSTEES PRESENT**

Chief J. D. Armstrong  
Lew Steinberg  
Robert DiGloria  
Tom Fitzpatrick  
Henry Maki

### **OTHERS PRESENT**

Bonni Jensen, Hanson, Perry & Jensen;  
Fund Counsel  
Denise McNeill; Pension Resource Center  
John McCann; GRS Asset Consulting  
Grant McMurray; ICC Capital  
Steve Palmquist; Gabriel Roeder Smith & Co  
Jeannette Markus; Smith Barney  
Manny Grinn  
Mark Bates; Village Manager (3 PM)  
Trey Sizemore; Village Finance Manager (3PM)

### **ICC CAPITAL**

Grant McMurray reviewed the quarterly report reflecting an overall loss to the fund of 1.21% for the quarter ending March 31, 2005 in line with the index which was also down 1.21%. The fund finished the quarter with \$7,571,295 in assets. Mr. McMurray described the current state of the market in detail. The Trustees inquired into quality standards in the current market and Mr. McCann explained that quality restrictions are much more important on Bonds and does not currently see a need to put restrictions back onto the plan unless the Trustees are concerned.

### **GRS ASSET CONSULTING**

John McCann presented the Performance Evaluation Quarterly Report for the quarter ending March 31, 2005. He explained that although the fund's review reflects .61% less than the policy for the three year review, the plan did beat the policy by 1.27% in the five year review. Mr. McCann advised that currently, none of GRS' clients are meeting their actuarial assumptions mainly due to the 2001-2003 market years. Mr. McCann believes that ICC is doing well for the

plan considering the current market. Mr. McCann advised the current asset allocation was 57% equities, 40% fixed income and 3% cash.

### **SMITH BARNEY**

Jeannette Markus presented the Trustees with additional forms to be completed authorizing the Administrator to process transactions on behalf of the Board. Ms. Markus went on to address a commission recapture program explaining that Smith Barney feels such an arrangement is only beneficial to large pension funds with \$100 Million in assets. John McCann expressed his disagreement explaining that a commission recapture program is beneficial to any plan regardless of size and he feels Smith Barney's fees appear to be higher than average for other such pension plans. Lengthy discussion followed regarding the current process and cost with Smith Barney. Currently the higher cost to trade is partially offset against no custodial fee to the account however the bonds also pay a commission/fee to Smith Barney.

The Trustees will consider the cost issue with Smith Barney and the Administrator will review the authorization forms for processing.

### **ATTORNEY REPORT**

Bonni Jensen advised that she had received a letter from participant Steade relating to active military duty. Mrs. Jensen referred to the pension plan document. She had previously recommended the Board clarify the Ordinance in relation to this matter to avoid confusion. Steve Palmquist advised that if the person is on some type of temporary leave (I.E. military leave or maternity leave), GRS keeps the person active in their database with the prior year's salary to ensure that benefits are carried forward.

- Henry Maki made a motion to eliminate the line in the Ordinance that states if participant is receiving a pension benefit from the military they will not be eligible to receive benefits from this plan for the same service time, seconded by Lew Steinberg and approved by the Trustees 5-0.

Mark Bates and Trey Sizemore entered the meeting at 3 P.M.

### **PROPOSED PLAN CHANGES**

Lew Steinberg updated Mr. Bates of the recommended changes approved by the Trustees at the last meeting.

Bonni Jensen addressed the Trustees informing them of communication received from the Administrator regarding a telephone call Denise McNeill had received from the Village (a few days prior) instructing the Pension Board to begin the process of assuming all administrative services for the Pension Plan. The Village would no longer continue to process payments to participants and providers on

behalf of the pension board beginning “as soon as possible”. JD Armstrong inquired as to what options are available in a situation such as this. Mrs. Jensen explained that most Pension Boards have an administrator that handles all administrative duties for the plan including payments to participants and providers.

Denise McNeill explained that she understands this is all “last minute” and the Board has not had the time to prepare for this situation. Due to the time constraints, the Pension Resource Center has updated a proposal previously submitted to this Board to include full Administrative duties. Mr. Baur explained that the Pension Resource Center has actually been performing more duties than originally proposed to this Pension Fund therefore they are already doing the majority of all basic administration. The two remaining pieces are

1. the record keeping (includes participant payroll, preliminary benefit calculations and portions of the annual report)
2. benefit payments and accounts payable for the plan (includes quarterly financial statements)

## **MINUTES**

- Lew Steinberg made a motion to accept the minutes of November 16 and December 13, 2004, seconded by Robert DiGloria and approved by the Trustees 3-0.

## **INCOME AND EXPENSE REPORT**

No information has been received from Mr. Khan. Discussion of the Income and Expense report was tabled until the next meeting.

- Lew Steinberg made a motion for the Administrator to send a letter to the Village Manager requesting the updated report, seconded by Robert DiGloria and approved by the Trustees 3-0.

## **PROPOSED PLAN CHANGES**

Bonni Jensen informed the Board that she had received notice from the actuary explaining the new cost study would not be completed in time for this meeting but expected to have the information available shortly thereafter. A special meeting will be called upon receipt of the information from the actuary. Discussion on the topic was tabled until the next meeting.

## **NEW BUSINESS**

JD Armstrong reported to the Trustees that he had been informed the Annual Report was going to be available for today's meeting, however he has not received any such documentation.

Lew Steinberg instructed for all correspondence sent from the attorney or the Administrator to be copied to all Trustees via email.

The Trustees agreed to change their regular meeting times from 3PM to 2PM.

Mr. Armstrong inquired of Denise McNeill if the Administrator had received information on the plan's Fiduciary – Liability insurance. Ms. McNeill informed the Trustees that a request for the information had just recently been sent to Mr. Bates and no such information has been received at this time.

Bonni Jensen explained the Plan's funds are currently held with SBA and are co-mingled with Village Funds therefore she is not certain of the SBA time requirements to transition the funds into a new Pension Fund checking account.

Scott Baur presented the Trustees with a proposal for full administration and he then reviewed the rate structure in detail.

Mrs. Jensen reviewed the history of the Pension Fund's administration with the Village explaining that the Village would still continue to pay for the cost of the plan administration as the cost would be calculated in the annual actuarial valuation. Mrs. Jensen explained that most pension plans have an outside administrator to process all of their administration.

Lengthy discussion followed regarding changes such as opening a checking account and additional processes that would be required to transition the administration of the Pension Fund.

- Lew Steinberg made a motion to accept the administrative proposal from the Pension Resource Center for full administrative responsibilities, seconded by Robert DiGloria and approved by the Trustees 3-0.

- Lew Steinberg made a motion to open a checking account with Fidelity Federal and sign the required documentation to begin the process, seconded by Robert DiGloria and approved by the Trustees 3-0.

The Pension Resource Center will forward an updated contract to the attorney for review.

- Lew Steinberg made a motion instructing the administrator to communicate with the Village Finance Department to transition the records necessary for the retired and active participant processing, seconded by Robert DiGloria and approved by the Trustees 3-0.
- Lew Steinberg made a motion instructing the administrator to communicate with the Village Finance Department to transfer the Pension Fund's assets from the SBA account into the new checking account being established, seconded by Robert DiGloria and approved by the Trustees 3-0.

Mr. Baur reviewed the checking account process and explained that temporary cards would need to be signed by the Chairman and Secretary to begin the setup of the account and prepare the check processing signatures in the administrator's payment system. Mrs. McNeill explained that a second set of signature cards will be completed at the next Board meeting reflecting all Trustee signatures.

Denise McNeill then reviewed pending disbursements to the Pension Fund's attorney, investment manager and administrator.

- Lew Steinberg made a motion to approve all disbursements as presented, with the understanding that the administrator will re-bill the difference in fees for February and March, seconded by Robert DiGloria and approved by the Trustees 4-0.

Mrs. Jensen informed the Trustees of upcoming FPPTA and State of Florida conferences.

The Trustees noted their concern that the Board has yet to receive information from Mr. Khan regarding the issue of payroll data reported to the actuary for the 2003 actuarial valuation wherein the buyback of sick time was reported as pensionable income.

- Lew Steinberg made a motion to adjourn the meeting at 5:20 P.M., seconded by Robert DiGloria and approved by the Trustees 3-0.

Respectfully submitted,

