

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

## **MINUTES OF MEETING HELD November 8, 2005**

Henry Maki called the meeting to order at 2:02 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**

Henry Maki  
Lew Steinberg  
Robert DiGloria  
Tom Fitzpatrick

### **OTHERS PRESENT**

Bonni Jensen, Hanson, Perry & Jensen;  
Fund Counsel  
Denise McNeill; Pension Resource Center  
John McCann; GRS Asset Consulting  
Steve Stack; ICC Capital  
Manny Grinn

Denise McNeill advised the Trustees of an issue that the Administrator had just become aware of that morning. Apparently the Village's Finance Department had begun drafting the payroll pension contribution amounts from the checking account instead of depositing the funds. According to the bank records, the drafts began in October. Mrs. McNeill has been in communication with Trey Sizemore regarding the issue and it is being addressed. Mrs. McNeill will follow up to make sure the issue is rectified and all amounts are re-deposited to the pension checking account accordingly. Mrs. McNeill noted that the Finance Department also stated that a total of \$261,927.50 is being transferred into the Pension Fund's checking account by the end of the week for the Village's portion of the pension contribution through 9/30/05.

### **ICC CAPITAL**

Steve Stack reviewed the quarterly report reflecting an overall fund return of 2.26% for the quarter ending September 31, 2005, resulting in 9.30% for the fiscal year to date. Mr. Stack went on to review the current asset allocation of 20.8% fixed income, 47.2% value, 10.3% growth and 21.7% cash. He noted that only three investment sectors posted returns for the quarter; energy, utilities and healthcare. The fund reflected 13% in energy (up from 8% at the beginning of 2005) and the increase is mainly due to market appreciation. John McCann inquired as to the amount of 21.7% being held in cash. Lengthy discussion followed regarding the current custody arrangement with Smith Barney. Mr. Stack explained that ICC is able to cost transactions and select where to trade in order to receive best execution for other clients, however the this pension fund's arrangement with Smith Barney precludes ICC from processing the trades for this plan in the same manner. The Trustees expressed concern that their current arrangement hinders ICC's ability, making the process more difficult. Mr.

McCann reminded the Trustees that a best execution instruction and a commission recapture program would help the plan to save money on the cost of the trade as well as recapture some of the cost for the transactions while allowing ICC the freedom to initiate appropriate investment transactions when necessary.

- Lew Steinberg made a motion instructing the Administrator to process a Request for Proposal (RFP) for custodial services, seconded by Henry Maki and approved by the Trustees 4-0.

### **GRS ASSET CONSULTING**

John McCann presented the Trustees with the Performance Evaluation Quarterly Report ending September 30, 2005. ICC had responded to specific compliance questions from GRS as presented in the report, however Mr. Stack noted a correction to the question relating to changes in the organization. Mr. Stack explained there have been no changes to ICC's organization since July 1, 2005. Mr. McCann reviewed the Fiscal Year End returns which reflected 8.89%, which beat the policy by .49%. He also noted since inception (1995), the plan is in line with the policy resulting in 8.12% growth over the 10 year period. The fund closed the fiscal year with 57% in equities, 20.85% in fixed and 21.74% in cash.

Mr. McCann presented the Trustees with an Asset Allocation Analysis reflecting a comparison of the plan with the current investments vs. transferring 6% of the plan's current amount from cash to a combination of small and mid cap investments (SMID), further diversifying the plan. Mr. McCann answered several questions from the Trustees as to how the addition of such investments could strengthen the overall growth of the plan.

- Lew Steinberg made a motion for John McCann to provide a detailed proposal of SMID to the Board for review at the next meeting in an effort to further diversify the plan's asset allocation, seconded by Tom Fitzpatrick and approved by the Trustees 4-0.

### **PROPOSED PLAN CHANGES**

The Board discussed the proposed changes to the pension plan. Upon completion of the 2005 Actuarial Valuation, the results will reflect as to whether or not there will be enough funds to make the State mandated minimum benefit changes of Age 52 – 25 years of service and the 2% multiplier. The valuation will be completed in 2006.

### **SUMMARY PLAN DESCRIPTION**

Bonni Jensen presented the Trustees with a restated Summary Plan Description (SPD) for review. She recommended the Trustees review the document and get feed-back from the membership to ensure clarity of the document.

### **ATTORNEY REPORT**

The Trustees discussed the reclassification of the Police Officers and Firefighter personnel done by the Village. It is possible the reclassification could affect the pension plan and this transition should be explained to the State along with the annual report.

Mrs. Jensen informed the Trustees of the State Division of Retirement Conference which had been rescheduled due to the Hurricane from October to December. She noted further information was available on the website, or through the Administrator.

### **ADMINISTRATIVE REPORT**

Denise McNeill informed the Trustees of communication she had with the Village Finance Department. She had been informed the Village would be making a deposit into the pension plan's checking account for the remainder of the employer's contribution for the 2004-2005 plan year. Going forward, employer contributions are expected to be made along with each payroll.

The Trustees discussed engaging an auditor to complete an audit specifically for the pension plan. Mrs. Jensen explained that most pension boards with their own checking accounts and processes have their own individual audit separate from the municipality. Mrs. McNeill informed the Trustees that the auditor contracted to do the Village's audit the prior year, Cherry, Bekaert & Holland, are a firm who also do many pension plan audits in Florida. Due to the time constraint, the Board discussed the ability to hire Cherry, Bekaert and Holland to complete the audit for fiscal year ending 9/30/05.

- Tom Fitzpatrick made a motion for the Administrator to contact Cherry, Bekaert & Holland and inquire if the firm would agree to engage in an audit for the plan year ending 9/30/05, seconded by Lew Steinberg and approved by the Trustees 4-0.

### **ELECTRONIC PAYROLL DATA**

Mrs. McNeill explained she had been in communication with the Finance Department and they have been unable to acquire a response from Munis (the company running the Village's payroll software) as to the cost and time-frame to supply the requested payroll data to the Administrator electronically. Mrs. McNeill explained that her firm has initiated the aid of an outside programmer for other municipalities who is capable of working with the Finance Department and creating the reports necessary. She explained that for other clients, this programmer was able to work with the municipality to develop a program which reads the needed information from the payroll system and transmits only the data needed in the necessary format.

- Lew Steinberg made a motion for the Administrator to inquire with an independent programmer regarding the transfer of payroll data from the Village, seconded by Tom Fitzpatrick and approved by the Trustees 4-0.

Lew Steinberg departed the meeting.

### **DISBURSEMENTS**

Mrs. McNeill then presented Disbursements to the Board.

- Tom Fitzpatrick made a motion to approve the disbursements as presented for payment, seconded by Robert DiGloria and approved by the Trustees 3-0.

**OTHER BUSINESS**

Mrs. McNeill then updated the Trustees of the pending account change with Smith Barney. The Administrator has not received information of the new account information at this time, but will follow up to make sure the information is received.

Mrs. McNeill informed the Trustees of a rollover payment received from Mr. Coliskey as a partial lump sum payment toward his buyback. A request had been sent to the Finance Manager on October 27, 2005 to initiate payroll deductions for the remainder of Mr. Coliskey's buyback.

Mrs. McNeill explained a report relating to Public Records compliance has been filed with the State on behalf of the Board.

Mrs. McNeill advised that Mr. Fitzpatrick's seat will be expiring. The Administrator was instructed to proceed with processing an election.

**MINUTES**

- Tom Fitzpatrick made a motion to approve the minutes of the prior meeting, seconded by Robert DiGloria and approved by the Trustees 3-0.

The Trustees scheduled a special meeting to be held December 12, 2005 at 2PM. Items for the special meeting agenda include the discussion of a Chairman, Audit engagement, approval of the SPD and possibly discussion of hiring a programmer to help with the payroll data issue.

- Tom Fitzpatrick made a motion to adjourn the meeting at 4:23 P.M., seconded by Robert DiGloria and approved by the Trustees 3-0.

Respectfully submitted,

Henry Maki, Secretary