

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

August 8, 2006

Lew Steinberg called the meeting to order at 2:08 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

Lew Steinberg
Robert DiGloria (2:00 – 4:04 PM)
Henry Maki (2:13 PM)

TRUSTEES ABSENT

None

OTHERS PRESENT

Bonni Jensen, Hanson, Perry & Jensen;
Fund Counsel
Denise McNeill, Pension Resource Center
Steve Stack, ICC Capital
John McCann & Kevin Fernandez, GRS Asset Consulting
Stephen Palmquist, Gabriel Roeder Smith & Co
Peter Alfele, Cherry Bekaert & Holland
Anthony Giarusso

ITEMS FROM THE PUBLIC

No items from the public at this time.

ICC CAPITAL

Steve Stack reported on the plan's transition from Smith Barney to Salem Trust. He advised that other than a few minor issues which have been corrected, the transition is complete, the problems resolved and all processes are moving smoothly with Salem Trust.

Henry Maki entered. The workshop changed into a meeting.

Bonni Jensen informed the Trustees that she had reviewed the commission recapture agreement from Lynch, Jones and Ryan (LJR) and found it acceptable for the plan. She noted there would be a 65% rebate for equity trades and LJR would retain \$.02 per share. The Trustees signed the document to initiate the commission recapture.

Mr. Stack reviewed the quarterly report noting the second quarter had been a difficult market to gauge resulting in a loss of 1.63%. He reported an overall 3.05% fiscal year to date return. Mr. Stack went on to review the current asset allocation of 33.7% fixed income, 51.3% value, 9.7% growth and 5.3% cash. He noted that oil, other energy and utilities were the top performing sectors for the quarter.

GRS ASSET CONSULTING

John McCann presented the Trustees with the Performance Evaluation Quarterly Report ending June 30, 2006. He reviewed the funds compliance summary noting that not all categories had been met in the three to five year view. Mr. McCann advised that the manager had been consistent and was doing well. Mr. McCann reviewed the performance of other managers recommending that the Board consider additional asset allocation to small or mid cap assets. Steve Stack agreed that other asset classes are important for the overall stability and growth of the plan.

John McCann will update the existing investment policy to be presented for the next meeting.

ACTUARIAL VALUATION REPORT

Steve Palmquist advised that the asset information he is reviewing in the audit report is different than the information provided to him from the Village therefore he is not confident in the detail of the revenue and expense in his valuation report as it may have been calculated on misinformation. Lew Steinberg advised that both he and the administrator had reviewed several issues with the auditor in relation to the information being reported by the Village. Additionally, the schedule presented on the annual report appears to have minor inconsistencies relating to dates of hire or dates of entry into the plan. Mr. Palmquist advised that he had sent an email that morning to Mr. Bates. It appeared that the Village had over contributed to the plan and therefore Mr. Palmquist wanted direction as to how to report the funds, (either as overpayment for prior year or a pre-payment for the current year). Peter Alfele advised that he would need to reflect the funds as a revenue deferral should the Village choose to record the funds in that manner. Steve Palmquist advised that in the prior year, he had been informed that the Village had considered paying additional funds into the plan therefore the overpayment may have been intentional.

John McCann and Kevin Fernandez departed the meeting at 3:15 PM.

AUDIT AND ANNUAL REPORT

Peter Alfele presented the audited financial statement in detail describing the report and the information contained therein. Mr. Alfele advised that from his initial review of the data with the actuary, he believes the financial statement is an accurate representation of the plan. Lew Steinberg addressed the delays in processing the audit and annual report. Mr. Alfele advised that the annual report is processed by their firm for many pension clients; however the employee schedules (pages 12 through 14) of the annual report should be completed by the assigned records custodian of the plan. Mrs. McNeill advised that although the Pension Resource Center is the assigned records custodian, they are unable to receive historical records from the Village electronically and are unable to qualify the accuracy of the schedule presented by the Village. She explained that the amounts being transferred from the Village to the checking account are being reconciled each month, however without the rest of the payroll data, the administrator is unable to confirm the percent of contributions being made.

Steve Palmquist will utilize the financial information presented in the audit report and will revise the actuarial valuation report.

- Henry Maki made a motion to accept the 2005 annual report as amended. The motion received a second by Robert DiGloria and was approved by the Trustees 3-0.

Lew Steinberg will work with the administrator and the Village to clarify the final changes to the participant schedules before submitting the report to the Division of Retirement.

- Henry Maki made a motion to accept the 2005 annual audit as presented. The motion received a second by Robert DiGloria and was approved by the Trustees 3-0.

DISBURSEMENTS

Mrs. McNeill then presented Disbursements to the Board.

- Henry Maki made a motion to approve the disbursements as presented. The motion received a second by Robert DiGloria and was approved by the Trustees 3-0.

Robert DiGloria departed the meeting at 4:04 PM. The meeting continued as a workshop.

ATTORNEY REPORT

Bonni Jensen advised that the State report relating to Premium Taxes for the 175 and 185 distributions has been posted. The expected 175 distribution for Fire is \$94,947.70 and the 185 distribution for Police is \$81,717.41. Mrs. Jensen informed the Trustees that at the same time the report was posted, a notice was sent to all municipalities from the State notifying the municipality that all property databases should be updated by September 30, 2006. Mrs. Jensen explained that she has been in communication with the Village regarding the database update.

Mrs. Jensen advised that email addresses become public record as part of the plan. The administrator has updated their website to notify all members of such.

Mrs. McNeill advised that she had received a request from the Village relating to a reinstated police officer. The Village had requested that the administrator confirm the pension amount to be withheld from the employee's reinstatement pay. Mrs. McNeill explained that she had advised the Village that the rate would be the equivalent rate for all members of the plan and that no further valuation would be necessary.

The Board discussed that there is a deficiency in the plan relating to the disability benefit. According to the current plan, new hires would not be immediately eligible for the duty disability benefit due to the waiting period for entry into the plan. Bonni Jensen advised that she had planned to present the Board with disability procedures to be adopted by the plan; however the matter will be tabled until the next meeting.

ADMINISTRATIVE REPORT

Denise McNeill presented a representation letter from the auditor. Peter Alfele advised that the Village Finance Manager should sign on behalf of the Village. Mr. Alfele explained that the responsibility of all information reported lies with the administrator,

Village Finance Dept and the Board therefore the auditor is questioning that all parties confirm that the information presented is, to the best of the parties' knowledge, accurate.

The Board and administrator signed the letter. The administrator will check with the Finance Department after the meeting requesting a signature.

Denise McNeill advised that she is receiving preliminary lump sum calculation requests for retirement in the next six months as well as future dates. Steve Palmquist advised that he can provide a "preliminary" calculation based upon the prior year's benefit information and the current PBGC rate at no cost to the plan.

The Trustees inquired with Mrs. Jensen if the lump sum option may be eliminated from the plan. Mrs. Jensen advised that she will look into and confirm.

The Trustees advised they had previously attempted to change the lump sum calculation rate to the assumed rate of return in the plan as part of the ordinance changes that were not being approved by the Village.

Mrs. McNeill advised she has received a lump sum request from Ronald Toles and has spoken with two more vested termed plan members. She explained that according to the terminated benefit calculation provided by GRS for Mr. Toles, the retirement age was 60. The members who are inquiring explained that they were informed by the Village that although they had terminated employment, they had been "grandfathered" into the plan change when the age was reduced to 55. Steve Palmquist advised he had reviewed the plan documents on file with GRS back to 1982 and could not identify if Mr. Toles would be eligible. Bonni Jensen will research each pending member and will advise accordingly.

Workshop ended at 4:55 PM.

Respectfully submitted,

Henry Maki, Secretary