

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

November 28, 2006

Lew Steinberg called the meeting to order at 2:15 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
Henry Maki
Scott Freseman
Salvatore Mattino (2:45)

TRUSTEES ABSENT

None

OTHERS PRESENT

Bonni Jensen, Hanson, Perry & Jensen;
Fund Counsel
Denise McNeill, Pension Resource Center
Karen Russo & Pam Ersly, Salem Trust
John McCann, GRS Asset Consulting
Steve Stack, ICC Capital
Richard Fedak
George Warren

ITEMS FROM THE PUBLIC

No items from the public at this time.

ICC CAPITAL

Steve Stack presented the Trustees with the Investment Review Quarterly Report for the quarter ending September 30, 2006. Mr. Stack reported a 4% return for the quarter and a 7.26% return for the fiscal year. Mr. Stack advised of an extreme disconnect between value and equity explaining that energy stocks are still high while oil prices are down. He then explained that the market has continued to narrow, with fewer and fewer stocks powering the indices upward and a declining number of stocks making new highs. Mr. Stack noted that in the fixed income market, high yield bonds and high notes performed best in the quarter however ICC Capital feels there is too much risk associated with such bonds.

GRS ASSET CONSULTING

John McCann presented the Trustees with the Performance Evaluation Quarterly Report ending September 30, 2006. He reviewed the fund's asset allocation of 58% equities, 35% fixed income and 7% cash. Mr. McCann noted an overall return of 3.91% for the

quarter which was down from the index of 4.96%, and the fiscal year end return of 6.85% down from the index of 7.79%. Mr. McCann advised that the fund ranked in the 65th percentile of other similar public plans. He advised that few pension funds met their assumed rate of return for the plan year ending September 30, 2006.

The Trustees inquired into ICC Capital's fixed income results being so far behind the policy for the fiscal year. Steve Stack advised that ICC Capital is not willing to take the risk and hold long term notes. He explained that ICC became less risky with the portfolio and transitioned to mostly short notes. Discussion followed regarding the upcoming change of fixed income manager on January 1, 2007 as it is possible there will be a change to the current portfolio.

Mr. McCann finished reviewing the quarterly report noting that he believes ICC Capital is doing well for the plan overall.

Denise McNeill requested that the monitor provide a three page summary report electronically to be posted onto the website for public access. Mr. McCann will provide the summary to the administrator quarterly upon completion of the Fund's reports.

SALEM TRUST

Karen Russo and Pam Ersly provided a brief custodial summary of the plan since inception (April 2006). Mrs. Russo advised of an online service available which would allow the Trustees to view all transactions as of the prior day. Mrs. Russo explained that Mr. McCann was authorized for such access when the account was originally initiated and she would follow up to ensure the information is provided to Mr. McCann for future access.

Salvatore Mattino entered the meeting at 2:45 PM.

Mrs. Russo explained that Salem Trust could arrange to attend regularly scheduled meetings however the Trustees advised that would not be necessary.

Mr. McCann advised that as per Mrs. Jensen's instruction, he had printed another investment policy for signature as the Board did not seem to have one on file. The policy had been approved and signed with the previous pension administrator; however that information was not supplied from the Village records to the Pension Resource Center when the plan changed Administrators.

Steve Stack and John McCann departed the meeting at 3:00 PM.

DISABILITY REVIEW

Denise McNeill presented the Trustees with a detailed disability packet for Richard Fedak. The Trustees reviewed the information presented and discussion followed. Mrs. Jensen advised that although the benefit would be calculated in the same manner, the Board would need to determine whether or not the disability is duty related or non-duty related. Mrs. Jensen further advised that the Village's determination of Mr. Fedak's disability resulted in the termination of his employment and while the normal process for the pension board would be to request if the employer would accommodate permanent light duty for the applicant, the Village has already made the determination and therefore no further inquiry of the Village is necessary at this time. Mrs. Jensen reviewed the procedures required of the Board and advised that the Board must determine the following:

- 1) If the member is wholly prevented from performing the duties of the job.
- 2) If the disability is permanent and total.
- 3) If the injury arose in the line of duty.

Lengthy discussion followed regarding the recommendations of the workers compensation physicians as well as the pension fund's medical advisor.

- Henry Maki made a motion, referring to the medical advisor's report; due to the fact that the medical advisor is in agreement with the workers compensation physicians, both agreeing that Richard Fedak is not able to 1) perform the duties of the job, 2) the disability is permanent and total, 3) the injury arose in the line of duty; in addition to the employer's action of terminating said employee for those same reasons; the motion accepts that Mr. Fedak is prevented from performing the required duties of the job description. The motion received a second by Salvatore Mattino and was approved by the Trustees 5-0.
- Salvatore Mattino made a motion accepting Mr. Fedak's injury as permanent and total. The motion received a second from Scott Freseman and was approved by the Trustees 5-0.
- Salvatore Mattino made a motion accepting that Mr. Fedak's injury arose out of the line of duty as a firefighter with the Village of North Palm Beach therefore line of duty disability is approved effective December 1, 2006. The motion received a second from Henry Maki and was approved by the Trustees 5-0.

Mr. Steinberg instructed the attorney to send notice to the Village Manager explaining that a line of duty disability has been granted by the Board to Mr. Richard Fedak effective December 1, 2006.

The administrator will place another request for payroll information from the Village for final benefit calculation relating to Mr. Fedak.

The Trustees expressed concern that Mr. Fedak was terminated from the Village in August and had therefore not been receiving an income. Mrs. Jensen reviewed the process as stated in the Ordinance.

Richard Fedak departed the meeting at 3:45 PM.

ADMINISTRATIVE REPORT

Bonni Jensen advised of two typo errors on the minutes of August 8, 2006.

- Salvatore Mattino made a motion to approve the October 6, 2006 minutes and the August 8, 2006 minutes as amended. The motion received a second from Henry Maki and was approved by the Trustees 5-0.

The Trustees expressed their concern with the lack of payroll information being provided to the administrator for processing of the pending retirement requests. Lengthy discussion followed regarding the need to coordinate the record transactions with the Village. The Trustees instructed the attorney to communicate with the Village Manager regarding the need for the data in the manner requested and to request a meeting between the village manager, pension board chairman, administrator and attorney in an effort to resolve the issue.

Denise McNeill presented disbursements totaling \$31,124.46 for approval.

- Salvatore Mattino made a motion to approve the disbursements as presented. The motion received a second from Henry Maki and was approved by the Trustees 5-0.

Mrs. McNeill advised that she had requested the actuary provide any/all COLA information on file related to the group in an effort to address the outstanding COLA review.

Mrs. McNeill then advised of Mr. Maki's expiring seat on the Board. The position will be posted utilizing the Pension Fund's election procedures. If more than one eligible person places a request for the available seat, then the administrator will process an election through the mail.

ATTORNEY REPORT

Bonni Jensen reviewed an updated Amendment to be presented to the Village Council. The changes included removal of the lump sum payment for future service, various language clarifications, addition of a state mandated benefit option of life only and prior service buyback clarification.

- Henry Maki made a motion instructing the attorney to submit the Ordinance change as amended directly to the Village Council explaining that the items are of no cost to the Village and that some of the items are mandated changes required by the State of Florida. The motion received a second from Salvatore Mattino and was approved by the Trustees 5-0.

Mrs. Jensen will request a "no impact" letter from the actuary to submit along with the request to the Village.

Mrs. Jensen presented the Board with an election form relating to the tax savings on health insurance premiums as discussed at the previous meeting. The form will be used by the plan for the new tax benefits relating to the Pension Protection Act.

There being no further business:

- Salvatore Mattino made a motion to adjourn at 4:40 P.M. The motion received a second by Scott Freseman and was approved by the Trustees 5-0.

Respectfully submitted,

Henry Maki, Secretary