

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

November 21, 2007

Chairman, Robert DiGloria called the meeting to order at 2:10 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

Robert DiGloria
Steve Brandt
Scott Freseman
Robert Furey
Henry Maki

TRUSTEES ABSENT

None

OTHERS PRESENT

Bonni Jensen, Hanson, Perry & Jensen;
Fund Counsel
Denise McNeill; Pension Resource Center
John McCann & Brendon Vavrica; Thistle Asset
Consulting
Steve Stack, ICC Capital
Mary Kay McGann
Darryl Aubrey

ITEMS FROM THE PUBLIC

No items from the public at this time.

MINUTES

- Henry Maki made a motion to approve the August minutes. The motion received a second from Steve Brandt and was approved by the Trustees 5-0.

ICC CAPITAL

Steve Stack presented the Board with the Investment Review Quarterly Report for the fiscal year ending September 30, 2007 resulting in 13.48% return for the plan. Strong returns for the year in addition to 2002 dropping off of the smoothing method may help offset the lump distributions issued during the fiscal year. Mr. Stack advised that for the past seven years value stocks have dominated the market, however recently growth stocks have begun to once again, outperform value. He explained that ICC has reduced their holdings in Financials as more companies have reported affects from sub-prime mortgage holdings. Mr. Stack advised that there is much opportunity in the international market therefore it is good timing that the Board recently chose to further diversify in that market. Mr. Stack reviewed the asset allocation at the fiscal year end resulting in \$5,669,777 in value, \$937,306 in growth, \$3,189,922 in fixed income and \$603,128 in cash. Mr. Stack went on to review the top ten holdings and sector returns. Mrs. Jensen brought the Board's attention to the broker commission report and proxy voting

information. Mr. Stack advised that all proxies are voted on behalf of the Board with AFLCIO guidelines. Discussion followed regarding commission recapture. Mr. Stack explained if a better price at the time of sale can be received from Edge Trade, then it would be more beneficial to the Fund than using the commission recapture arrangement. When several options are available, the trader will use the most beneficial process.

THISTLE ASSET CONSULTING

John McCann presented the Trustees with a Morningstar Portfolio update noting that 92% of equities are held in large cap, high quality stocks. Discussion followed regarding international investments. The Village has approved the Ordinance change allowing for international stocks. Mr. McCann will provide an updated Investment Policy Statement for execution. ICC has American Depository Receipts (ADR's – foreign holdings traded on the Stock Exchange) which offer international diversification. Mr. Stack reported ADR's at ICC are currently up for the year. Mr. McCann explained that risk is inherent in the portfolio, however overall diversification is the key to long-term growth. Discussion followed regarding additional costs associated with the ADR's. The fee with Salem is asset based therefore there should be no additional cost for a separate account. Mr. McCann requested that the ADR's be set up under a different custodial account.

- Steve Brandt made a motion to open a separate account at Salem Trust for the ADR's, for the ADR's to be purchased with funds from the domestic equity portfolio and for the total international investment not to exceed 10% of the Plan's portfolio at cost. The motion received a second from Bobby Furey and was approved by the Trustees 5-0.

Brendon Vavrica presented the Trustees with the Performance Evaluation Quarterly Report for the fiscal year ending September 30, 2007. He reviewed the Compliance Report noting that the plan is slightly behind the three year numbers. As of September 30, 2007 the plan assets reflected 63.5% equities, 30.7% fixed income and 5.8% cash for a total Fund balance of \$10,403,000. Mr. Vavrica reported the total fund earned 12.85% for the fiscal year, beating the policy of 11.89%. He explained that he would like to see an improvement in the fixed income.

OLD BUSINESS

MINUTES

Minutes of May, June and July were further tabled until the next meeting.

SECRETARY

- Scott Freseman made a motion to elect Henry Maki as Secretary. The motion received a second from Steve Brandt and was approved by the Trustees 5-0.

ATTORNEY REPORT

Bonni Jensen provided an update on an outstanding pension issue related to the Town of Lake Park. She reviewed the circumstances of the case explaining that the Town had elected to terminate the Plan. There were not enough funds in the Plan to pay all members and a circuit court had determined that the municipality did not have to fund all outstanding benefits. The Fourth District Court, upon reviewing Chapters 175, 185 and 112; came to the conclusion that vested members are entitled to benefits and the municipality has the responsibility to fund said benefits therefore the case was sent back to trial court with an analysis of their investigation.

Mrs. Jensen reported on the recent educational workshops held the first week in October. She advised that of the three meetings scheduled, approximately 15 participants attended one meeting. A variety of questions were answered, mostly related to lump sum distributions from the plan.

Brandon Vavrica departed the meeting.

ADMINISTRATIVE REPORT

Denise McNeill addressed the audit engagement letter received from Cherry, Bekaert & Holland. Mrs. Jensen reviewed the letter with the Trustees. She explained that the area of auditing has changed substantially in recent years. Mrs. Jensen recommended changes to the agreement.

- Henry Maki made a motion to accept the audit engagement as amended and for the final agreement to be signed by the Chairman upon confirmation that the changes meet the attorney's approval. The motion received a second from Steve Brandt and was approved by the Trustees 5-0.

Denise McNeill reminded the Board of two pending retirements with potential lump sum distributions initially scheduled for December. Mr. Furey advised that the two pending retirements in question may have been postponed until January. The administrator will follow up with the members in question.

Mrs. McNeill referred to a letter written to the Village from the State of Florida Division of Retirement. The letter from the State was in response to an inquiry from the Village regarding closing the pension plan.

Mrs. McNeill presented member benefit statements as of October 1, 2006 received from the actuary. Mrs. McGann advised that HR will have the statements distributed.

Mrs. McNeill then reported on the following items:

\$581.30 received into the plan from a class action settlement.

The addition of Henry Etier as Assistant VP for Salem Trust.

FPPTA educational workshops scheduled for 2008.

Mrs. McNeill and John Lark met with members of Finance and IT (Samia Janjua, Merle Goldberg and Mike Applegate) on November 13, 2007 and have agreed that the programmer will schedule time with IT in December to begin moving forward with extracting historical payroll data.

Mrs. McNeill explained that she had spoken with Mrs. Greer of Dr. Robert Greer's office. Mrs. McNeill had explained the circumstances that members applying for lump sum distributions must provide information proving evidence of good health, however the member may not have a regular physician who would provide such. Dr. Greer has agreed to consult with the member, in this circumstance, however the review will require a full physical and he may possibly order additional tests, all of which would be a cost to the plan member.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

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

Denise McNeill presented financial statements through September 30, 2007. She explained that there would be an additional accounts receivable item for the pending State contributions to be credited into the plan's financials in the fiscal year ending September 30, 2007.

Denise McNeill presented forms and applications from First Southern Bank to transition the checking account. All forms were signed, however the administrator was instructed to redact all private information of the police officers and firefighters on the Board prior to submitting the information to First Southern.

The Trustees inquired into the communication with both Unions regarding the cost of benefits. Mrs. McGann advised that the Village would also like to inquire into the updated cost of benefits with slightly different factors.

- Scott Freseman made a motion instructing the administrator to submit the requests of the Unions and the Village to the actuary for a cost study to be completed. The motion received a second from Henry Maki and was approved by the Trustees 5-0.

Mary Kay McGann will provide a list on behalf of the Village for the cost study.

There being no further business:

- Scott Freseman made a motion to adjourn at 3:57 P.M. The motion received a second by Bobby Furey and was approved by the Trustees 5-0.

Respectfully submitted,

Henry Maki