

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

February 19, 2008

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
Scott Freseman
Robert Furey
Henry Maki

TRUSTEES ABSENT

Steve Brandt

OTHERS PRESENT

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

ITEMS FROM THE PUBLIC

No items from the public at this time.

MINUTES

Table review to next meeting.

ICC CAPITAL

Steve Stack presented the Board with the Investment Review Quarterly Report for the quarter ending December 31, 2007 resulting in a loss of -0.55% return for the Plan. Mr. Stack noted that November was a poor month for equities creating the challenging quarter. Although the Plan experienced a loss for the quarter, the twelve month view reflects a gain of 7.85% and the five year view reflects 9.77%. Mr. Stack reviewed the asset allocation resulting in \$5,460,945 in value, \$831,848 in growth, \$3,371,485 in fixed income and \$677,571 in cash. Mr. Stack went on to review the top ten holdings and sector returns. He explained that ICC will continue to be defensive in the bond market holding short term securities, as ICC feels the market will transition out of this current situation by the end of the 2008 year. Mr. Stack feels the portfolio is well positioned to deal with the current market fluctuations. He further advised that the plan is down approximately 3.5% since the beginning of the fiscal year. Mr. Stack reported that the value portion of the portfolio has done well and has helped to offset the loss of equities. It was reported that the Plan had begun purchasing ADR's in the recent quarter.

THISTLE ASSET CONSULTING

John McCann presented the Trustees with an executive summary for the quarter ending December 31, 2007. Mr. McCann noted that the best performing sector was health care with only a -1.61% loss while the worst performing sector was telecommunications with a -14.39% decline. Mr. McCann reviewed the Plan's performance noting that although the total

fund was down -0.68%, it beat the policy which was down -0.76%, therefore the plan ranked in the top 19% of the pension plan universe comparison. He further noted that equities were down -2.55% beating the policy of -3.33%. Mr. McCann noted the strong return of 3.20% in the fixed income helped offset the equity loss in the portfolio. He then reviewed ICC Capital's results in relation to their peers noting that overall, ICC has done well for the Plan.

OLD BUSINESS

GRS Benefit Cost Summary: Discussion followed regarding the recent benefit cost information received from the actuary. Discussion followed regarding distribution of the actuarial information and Mrs. McNeill confirmed that, upon receipt, it had been provided to both the bargaining units and the Village. Mrs. McNeill advised that Trish Shoemaker with the Division of Retirement had recently inquired if the minimum benefits had been implemented in the Plan. She advised that the minimum benefits had not been changed at this time despite the Board's attempts to have the Ordinance updated accordingly with the Village.

John McCann departed the meeting at 2:45 P.M.

Discussion followed regarding the need for a special meeting with the Village, both bargaining units, the Board's attorney, the Board's actuary and the Trustees in order to facilitate communication regarding benefits in the Plan. There is concern that, now that there is enough 175 and 185 funds accumulated in the Plan to cover the cost, the State funding may cease if the minimum benefits are not added to the Plan. It was determined that a special meeting would be arranged before the next regular meeting to address both the audit review and the communication issue with the various parties. Discussion continued regarding the prior pending amendment that the Village advised would need to be bargained.

ATTORNEY REPORT

Bonni Jensen had provided a notice to the Trustees electronically of the recent legal changes regarding government entities and the use of social security numbers. Mrs. Jensen recommended the Board adopt a general policy relating to the collection and retention of social security information.

- Henry Maki made a motion to adopt a general policy regarding the collection and retention of social security information. The motion received a second from Scott Freseman and was approved by the Trustees 4-0.

Discussion followed regarding the Pension Protection Act and the \$3,000 tax savings to retirees of public safety pension plans. Mrs. Jensen advised that the IRS is requiring the member file for the \$3,000 tax exclusion on their annual tax returns. It was noted that some of the tax software products are being updated to include the exclusion for tax payers.

ADMINISTRATIVE REPORT

COLA: Denise McNeill reviewed the Cost of Living Adjustment for the Plan, presenting a report that reflected potential retro payments due to existing members receiving monthly payments. She explained that, due to the lack of a historical file from the previous administrator, she reviewed the historical information provided in the Annual State Reports. It was believed that Mr. Kahn would process 3% annually, however there was no information available to confirm the specific increase. Lengthy discussion followed regarding the process as the Board had addressed the matter back in 2001. According to the Ordinance, the adjustment will be made on October 1 of each year reflecting the change in the consumer price index over the 12-month period ending on April 1 of that year. The maximum increase or decrease in the member's pension may not exceed 3%, nor can the amount reduce a member's pension below their initial set retirement amount. Mrs. Jensen advised that it is at the Board's discretion whether or not to pass along a decrease to the Plan members as it would decrease their monthly benefit.

- Henry Maki made a motion to approve the 1.6% increase retroactively to 10/01/05 and for the decrease of -1.2% effective 10/01/07 not to be passed along to retirees receiving a monthly retirement payment from the Plan. The motion received a second from Bobby Furey and was approved by the Trustees 4-0.

The attorney will continue to research the matter.

Cynthia Hawes Benefit Approval: Discussion followed regarding the required statement of good health as it relates to members requesting a lump sum distribution from the plan. Mrs. Jensen reminded the Trustees it is their fiduciary responsibility to protect the entire plan and the Plan is designed to make monthly lifetime payments, not full distributions from the Plan. Mrs. McNeill presented a benefit approval for Cynthia Hawes.

- Henry Maki made a motion to approve the lump sum distribution benefit payable to Cynthia Hawes in five annual installments. The motion received a second from Bobby Furey and was approved by the Trustees 4-0.

Custodial ADR Account: Mrs. McNeill advised that the ADR account had been opened at Salem Trust and ADR's are being recorded separately as per the monitor's request.

Conferences: Mrs. McNeill presented a notice from the Division of Retirement of an upcoming conference in May. She also advised of other conferences scheduled throughout the year for Trustee education and training.

MINUTES

- Henry Maki made a motion to approve the minutes of meetings held May, June, July and November as amended. The motion received a second from Bobby Furey and was approved by the Trustees 4-0.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

Denise McNeill presented and reviewed the financial statements through December 31, 2007. She advised of class action suit funds received into the Plan from Krispy Kreme.

- Henry Maki made a motion to approve all disbursements as presented. The motion received a second from Scott Freseman and was approved by the Trustees 4-0.

There being no further business:

- Scott Freseman made a motion to adjourn at 3:50 P.M. The motion received a second by Bobby Furey and was approved by the Trustees 4-0.

Respectfully submitted,

Henry Maki