

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

May 20, 2008

Chairman, Robert DiGloria called the meeting to order at 2:09 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
Steve Brandt
Henry Maki

TRUSTEES ABSENT

Robert Furey

OTHERS PRESENT

Bonni Jensen, Hanson, Perry & Jensen;
Fund Counsel
Denise McNeill; Pension Resource Center
John McCann; Thistle Asset Consulting
Steve Stack, ICC Capital
Steve Palmquist, Gabriel Roeder Smith & Co
Mary Kay McGann; Village
Members of the Plan

ITEMS FROM THE PUBLIC

Anthony Giarrusso inquired if the cost study had been updated to include the 2007 valuation information as discussed in the workshop on May 16th. Mr. Palmquist advised that the update had not been completed in time for this meeting and would be forwarded along to the Board when finished.

MINUTES

Denise McNeill advised that she had noticed an error on the November 07 minutes previously approved. She presented revised minutes with the correction requesting approval of the amended minutes.

- Henry Maki made a motion to approve the February minutes and November as amended. The motion received a second from Scott Freseman and was approved by the Trustees 4-0.

ICC CAPITAL

Steve Stack presented the Board with the Investment Review Quarterly Report for the quarter ending March 31, 2008. He noted that the transition of funds from large cap growth into International ADR's in the middle of the quarter was good timing for the Pension Plan. He explained that markets have been down 10-15% in general since 10/01/07, however the Pension Plan's current position is strong. Mr. Stack reported a loss of -3.85% return for the quarter ending 3/31/08 resulting \$3,385,060 in fixed, \$5,064,596 in equity, \$1,145,653 in cash and \$618,859 in ADR's. Mr. Stack explained that ICC does not plan to change their management style.

THISTLE ASSET CONSULTING

John McCann presented the Trustees with a Callan Periodic Table of Investment Returns for 2007 reflecting the overall volatility in the market for the prior year. Mr. McCann went on to review the executive summary for the quarter ending March 31, 2008. He reviewed the compliance report noting that although the manager is taking more risk, the Plan is receiving the appropriate return therefore he does not feel there is cause for concern. It was noted that Mr. McCann's report was missing the ADR information. The administrator will follow up with the custodian to make sure all account information is made available to the monitor accordingly. Mr. McCann noted the plan was down -3.87% beating the policy of -4.74%. He reported that the Plan ranks in the top 13% of the public fund universe for the last three years which reflects ICC is doing well for the Plan.

2007 ACTUARIAL VALUATION REPORT

Steve Palmquist presented the Actuarial Valuation Report as of 10/01/07. He noted that the Plan's cost as percent of covered payroll decreased by 2.06% and the employer's cost has reduced by 1.58%. Mr. Palmquist explained that the Plan had an experienced gain which has only occurred two times in the past seven years. He noted the gain was due to investments, fewer retirements and employees who terminated prior to vesting. Mr. Palmquist explained that the Plan's funded ratio increased from 80.7% to 85.2%, placing the Plan in line with the median in the country. He further explained that the Plan had been 115% funded in 2000, however the market loss of 2001 and 2002 changed things dramatically for pension plans around the country. Mr. Palmquist then reviewed the chapter revenue noting the \$444,983 available will fully fund the three remaining minimum required benefits which need to be added to the Plan; 1) Allow retirement at age 52 with 25 years of service, 2) Eliminate one year waiting period before Plan entry and 3) Provide a minimum accrued benefit equal to 2% of AFC multiplied by years of service. Mr. Palmquist continued to review the report. It was noted that the State allows for interest to accumulate on Chapter funds held in the Plan and many other pension plans elect to do so. This Plan is not currently accumulating such interest at this time. Mr. Palmquist explained that the Board may choose to accumulate interest at the fund earnings of the Plan or at the assumed rate of return. Mr. Maki recommended tabling discussion of accumulating interest as he feels the matter may be resolved soon when the Village allows the Plan changes. Mr. Palmquist advised that he may recommend changing the assumed 6% salary increase to a table based upon length of service in an effort to more accurately relate to the group's step salary plan. He will confirm and send a request in writing to the Board with his recommendation.

Mr. Palmquist will update the Impact Statement as previously requested at the workshop held on May 16, 2008 with the revised 10/01/07 actuarial data and will provide the recommended changes on the salary assumption to the Board.

- Henry Maki made a motion to accept the 2007 Actuarial Valuation as presented. The motion received a second from Steve Brandt and was approved by the Trustees 4-0.

Anthony Giarrusso inquired into the fiduciary liability insurance coverage for the Plan. Mrs. McNeill explained that the Pension Fund previously had coverage under the Village's umbrella policy, however she would need to look into the most recent policy renewal to confirm.

ATTORNEY REPORT

Bonni Jensen provided a revised Summary Plan Description for review. She recommended the Trustees and members review the existing document and determine if any existing items

could be described more clearly for the participants. She will present an updated version to the Board at the August meeting.

Mrs. Jensen presented a fee increase to the Board, noting the last such increase was made in 2004. She requested an increase from the existing \$170 per hour to \$200 per hour effective June 1, 2008.

- Henry Maki made a motion to accept the revised 2008 fee schedule as presented. After lengthy discussion, the motion received a second from Scott Freseman and was approved by the Trustees 4-0.

Lengthy discussion followed regarding the review of all service providers to the Pension Fund and if a full Request For Proposal (RFP) would be necessary under the circumstances. Mrs. McNeill explained she has access to rates of other service providers being charged to other public pension plans in the State and may be able to help provide fee schedules. The Trustees instructed the administrator to provide copies of all current service provider contracts at the next meeting. Mrs. Jensen explained that most pension plans will process standard RFP's every three to five years, however she reminded the Trustees that all service providers are on short termination notice and can be replaced at the Board's discretion.

Mrs. Jensen advised of the upcoming FPPTA conference in Orlando, explaining it is a good opportunity for Trustees to meet other pension Trustees and other service providers.

Mrs. Jensen then reminded the Trustees that all Form 1's are due in July. Trustees may send the forms through her office for tracking, otherwise she requested they mail in the notice with a certified receipt in order to confirm delivery.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

Denise McNeill presented disbursements for approval. Henry Maki explained the programming charges to JCA Software and the effort to acquire historical data from the Village.

- Steve Brandt made a motion to approve all disbursements excluding the finance charges to Cherry Bekaert & Holland. The motion received a second from Henry Maki and was approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

Denise McNeill explained that First Southern has offered a government cash checking account which would offer protection for the full balance in the account beyond the normal FDIC \$100,000 limit. Mrs. Jensen advised that she has a concern with an item listed on the agreement and suggests the Board hold off on signing the agreement until she addresses the matter further.

Mrs. McNeill advised the 2007 annual report has been completed by the auditor and is ready for signature. The Chairman and Secretary signed accordingly.

Mrs. McNeill reviewed the Financial Statement presented in the Trustee packet explaining that lump sum distributions are reflected separately from the normal benefit payment recording for accounting purposes.

The Trustees addressed an issue related to time off for conferences. Currently there is no such allowance for the active personnel Trustees.

Mary Kay McGann advised that it appears the Village dropped the Pension Fund's fiduciary liability policy from the umbrella plan when they changed carriers, therefore the coverage was not renewed for the Plan. Denise McNeill will acquire quotes for coverage and present the information to the Board at the next meeting.

There being no further business:

- Henry Maki made a motion to adjourn at 4:18 P.M. The motion received a second by Steve Brandt and was approved by the Trustees 4-0.

Respectfully submitted,

Henry Maki