

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

November 18, 2008

Chairman, Robert DiGloria called the meeting to order at 2:22 PM in Council Chambers 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
Henry Maki
Joseph Yungk

TRUSTEES ABSENT

Scott Freseman
Steve Brandt

OTHERS PRESENT

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

ITEMS FROM THE PUBLIC

None.

ICC CAPITAL

Steve Stack presented the Board with the Investment Review Quarterly Report for the quarter ending September 30, 2008. He advised that the news is still quite negative as there has been more volatility in the market recently than in the last ten to fifteen years, leaving much anxiety toward the market. Mr. Stack presented a VIX report (a volatility indicator of fear in the market) which reflected the recent turmoil. He noted that the volatility in the market is being blamed on multiple issues. Mr. Stack advised that ICC has tried to pull back in the market sectors they felt would be adversely affected. He reported that they have rebalanced the portfolio using the available cash to purchase stock. He noted that, in the rebalancing, ICC has purchased back into financial and tech stocks. The Trustees inquired into the Plan's loss to date for the current fiscal year beginning October 1, 2008 and Mr. Stack reported the Plan is currently down -15.5%. He advised that the higher amount of cash held in the portfolio has helped to reduce the overall loss. Mr. Stack reported a loss in the portfolio of -5.05% for the quarter and a loss of -10.57% return for the fiscal year ending September 30, 2008. As of September 30, 2008; the Plan held \$3,147,421 in fixed, \$4,968,268 in equity, \$892,251 in cash and \$540,886 in ADR's. Mr. Stack reviewed the top ten holdings of the Plan. He noted consumer staples, financials and health care were the only sectors with a positive return in the index for the quarter.

THISTLE ASSET CONSULTING

Brendon Vavrica presented the Board with an executive summary for the quarter ending September 30, 2008. He reported that both equities and fixed income were down for the quarter. Mr. Vavrica reviewed the compliance report noting that the Plan was in compliance for the majority of the questions which is much better than many of the other public plans at the moment. He noted the Plan was allocated to 52.2% equities, 5.8% international, 32.9%

fixed income and 9% cash for the quarter. Mr. Vavrica reported the Plan was down -5.04%, beating the policy of -6.71%, ranking the Plan in the top 10% of the public fund universe for the quarter. He further reported that the Plan was down -10.67% for the fiscal year beating the policy of -13.55% and ranking the Plan in the top 2% in the public fund universe for the fiscal year. Mr. Vavrica noted that ICC is doing well relative to their peers and the index, and the Plan remains in the top 30% for the five year view in the public fund universe. Mr. Vavrica reported that relative to where the portfolio had been, the Plan is receiving more return for slightly less risk.

ACTUARY RFP REVIEW

Denise McNeill presented a letter from the actuary advising that there will be an additional cost charged to the Plan to convert records if the actuary does not receive the annual data in a particular format being requested. The cost will be \$150 to \$210 hourly for the transition. Mrs. McNeill explained that the administrator has a set process of providing the electronic data to all actuaries for all plans and will do their best to comply in an effort to avoid the additional cost by the actuary.

Mrs. McNeill then presented the actuarial RFP for review. Detailed responses had been sent electronically to all Trustees prior to the meeting for review. The Trustees chose to table discussion of the RFP until the next meeting to ensure the matter is discussed with all Board members.

- Henry Maki made a motion to table discussion of the RFP until the February meeting. The motion received a second from Joseph Yungk and was approved by the Trustees 3-0.

ATTORNEY REPORT

Bonni Jensen reported that the Ordinance had passed at the recent Council meeting. The impact statement is to be signed by the Board and a revised Summary Plan Description is to be distributed to all members.

Mrs. Jensen advised that information for filing as a Qualified Public Depositor (QPD) had been sent to the Board electronically prior to the meeting. She explained that the State provides public depositors with coverage beyond the FDIC limit of \$250,000 as long as the account has been registered with the State accordingly. Should the bank fail, the first \$250,000 would be covered by the FDIC while the balance will be covered by the State of Florida. Mrs. Jensen explained that one interpretation of the FDIC limit is that the coverage should be \$100,000 per Plan member and not \$250,000 for the entire checking account however the Plan will have the additional coverage as a registered QPD either way. Mrs. McNeill advised that the administrator was handling the filing on behalf of the Plan.

Mrs. Jensen presented her revised attorney agreement. She explained that the Board may have the agreement reviewed by another attorney if they chose to do so.

Mrs. Jensen reported the IRS has extended the due date for the determination filing until January 31, 2011.

ADMINISTRATIVE REPORT

Audit Engagement

Denise McNeill advised that an audit engagement letter had been received from the auditor just prior to the meeting and the attorney had not been provided enough time to review the agreement.

- Henry Maki made a motion to approve the audit engagement with Cherry Bekaert & Holland contingent upon the attorney's review and approval of the agreement. The

motion received a second from Joseph Yungk and was approved by the Trustees 3-0.

Administrative Name Change

Denise McNeill referred to recent communication sent to the Board electronically advising the Pension Resource Center had announced a company name change to Tegrit Plan Administrator as well as a recent strategic partnership with Tegrit Financial, a subsidiary of MERS (the Municipal Employees Retirement System of Michigan). She explained that the administrative portion of the company would remain local, with the existing management in control of regular operations. Overall, the administrator was looking forward to having additional resources available for all clients with this company change.

Fiduciary Liability Coverage

Mrs. McNeill reported that she had received an update from Mrs. McGann explaining that based upon the advise of their legal counsel, the Village will not be seeking, nor providing a separate fiduciary liability insurance policy for either of the Village's Pension Plans and that the cost for such a policy should be at the expense of the Trustees. Mrs. McNeill explained that such policies are typically paid for by the municipality or by the Pension Plan, and therefore the cost is not the responsibility of the Trustees, individually.

- Henry Maki made a motion to table discussion of the fiduciary liability coverage until the next meeting. The motion received a second from Joseph Yungk and was approved by the Trustees 3-0.

Service Provider Agreements

Mrs. McNeill provided a copy of the current service agreements with Thistle Asset Consulting, ICC Capital Management, the Pension Resource Center and Cherry Bekaert & Holland as per the previous request of the Board.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

Denise McNeill presented disbursements for approval.

- Henry Maki made a motion to approve all disbursements as presented. The motion received a second from Joseph Yungk and was approved by the Trustees 3-0.

There being no further business:

- Henry Maki made a motion to adjourn the meeting at 4:10 P.M. The motion received a second by Joseph Yungk and was approved by the Trustees 3-0.

Respectfully submitted,

Henry Maki