

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

April 17, 2009

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

TRUSTEES ABSENT

Scott Freseman
Joseph Yungk

OTHERS PRESENT

Denise McNeill; Pension Resource Center
Jane Lerner; Village
Tom Lowman; Bolton Partners
Brad Heinrichs & Mike Merlob; Foster & Foster
Steve Palmquist; Gabriel Roeder Smith

ITEMS FROM THE PUBLIC

The Chairman, Robert DiGloria, invited those present to address the Board with public comments. There were no public comments.

ACTUARY PRESENTATIONS

BOLTON PARTNERS

Tom Lowman of Bolton Partners appeared before the Board, introducing himself and providing history of his firm. He explained that his firm has worked with many municipalities and unions alike and he is well aware of the challenge the Trustees face in the current market environment. Mr. Lowman reviewed a summary of Bolton Partners involvement with national clients. He reviewed their Police and Fire client list noting seven Florida based clients. Mr. Lowman then addressed their qualifications and expertise noting their quoted fees are low relative to the market in an attempt to increase their client base here in Florida. Discussion followed regarding the transition process and information that would be requested if Bolton Partners were hired. When asked about the Plan's assumed rate of return of 8%, Mr. Lowman explained that 8% is common and although it could be reduced by .25%, he does not see a significant need for a further reduction. Tom Lowman departed the meeting at 2:45 P.M.

FOSTER & FOSTER

Brad Heinrichs and Mike Merlob appeared before the Board. Mr. Heinrichs introduced himself and Mr. Merlob and provided history information of their firm. He explained that their single focus is to provide services to Florida Public Pension Funds and they currently have 150 clients in the State. Mr. Heinrichs explained that all actuaries should have relatively the same capability and all reports are scrutinized by the State's actuary. When asked about the high number of clients versus the number of actuaries in his firm, Mr. Heinrichs explained that he feels the high number of clients work in their firm's favor, allowing them to provide services in an economy of scale. He explained that a few of their first fiscal year end valuations for the plan year ending September 30, 2008 were delivered mid October 2008 and two-thirds of their client valuations were delivered by the end of December. Mr. Heinrichs advised that Foster commits to providing benefit calculations within two weeks of the request. He then explained that their firm stores information across all clients in a manner that allows them to easily provide information of what other pension

plans are doing across the State. Mr. Heinrichs reported that Foster & Foster filed a law suit in 2008 against the State of Florida relating to several of their clients and although his firm lost the suit, they felt it was a necessary process. When asked about the Plan's assumed rate of return, Mr. Heinrichs advised that he would look to the investment consultant to provide such information. He explained that an actuary predicts "cash flow" with long term assumptions (possibly 75 years) therefore a few bad years in the market would not warrant drastic changes to the Plan overall. Michael Merlob introduced himself to the Board noting that he is a Trustee himself on a Board in Parkland and he is fully aware of the challenges Trustees face in this current environment. If hired, Mr. Heinrichs advised that he would typically be the person visiting the Board at meetings, however there would be a team inclusive of Mr. Merlob as well as two or three others at the firm who would handle most of the actual processing. Mr. Heinrichs and Mr. Merlob departed the meeting at 3:10 P.M.

GABRIEL ROEDER SMITH

Stephen Palmquist appeared before the Board. Mr. Palmquist explained that GRS has worked for the Pension Fund for many years and therefore the Board may not be aware of the scope of GRS' national client base. He explained that his firm has over 100 government clients in the State and approximately 500 clients nationwide. Mr. Palmquist noted that there are four other offices throughout the country and his colleagues get together three or four times per year to discuss issues related to their clients. He advised that his firm works for nearly 30 state-wide retirement plans and on occasion, has worked for the Florida Retirement System. Mr. Palmquist feels that GRS was a strong proponent warning the Board to change the Lump Sum payment provision due to the adverse affect it was having on the Plan. He explained that he would like to keep the Pension Fund as a client. Mr. Palmquist explained that he expects to continue serving clients for at least another five years. He feels the long-term clients are personal and it is his goal to make sure the Plans are fully funded. Mr. Brandt expressed concern with a few missed deadlines and delays with standard processes. Mr. Palmquist explained that he is responsible for approximately 75 of the firm's clients. They have doubled their staff (he now has 12 people on his team) and are able to meet deadlines. Mr. Palmquist reported that they have recently been hired as one of the firms to help the State catch up on reviewing actuarial reports from prior years. In the past six years, the State has fallen behind significantly in their review process. When asked about the Plan's assumed rate of return, Mr. Palmquist explained that he would like to see it lowered due to the Plan's asset allocation, however if lowered, the Plan's costs will increase. He explained that it can be lowered gradually, over a number of years. Mr. Palmquist also recommended lowering the current mortality rate. Steve Palmquist departed the meeting at 3:37 P.M.

BENEFIT APPROVALS

Denise McNeill presented benefit approvals for both Danny Wille (early retirement) and John Klauke (normal retirement).

- Henry Maki made a motion to approve the benefit payments for Danny Wille's early retirement and John Klauke's normal retirement. The motion received a second by Steve Brandt and was approved by the Trustees 3-0.

DISBURSEMENTS

Denise McNeill presented disbursements for approval.

- Henry Maki made a motion to approve the disbursements as presented. The motion received a second by Steve Brandt and was approved by the Trustees 3-0.

MINUTES

Denise McNeill presented the minutes of the meeting held March 19, 2009.

- Henry Maki made a motion to approve the minutes of March 19, 2009. The motion received a second by Steve Brandt and was approved by the Trustees 3-0.

Steve Brandt inquired into pension beneficiary forms and the process used to update the pension information. Mrs. McNeill advised the forms are on the website and can be printed at any time. Additionally, there have been no responses from members in prior notices. Mary Kay McGann had previously advised that forms are provided along with the Village's enrollment as well. The

administrator will provide beneficiary forms to be distributed throughout the department accordingly.

ACTUARY PRESENTATIONS – CONTINUED

The Trustees discussed the actuary presentations from Bolton Partners, Foster & Foster and Gabriel Roeder Smith. Lengthy discussion followed regarding their current actuary and the firm's ability to provide services to the Pension Fund acknowledging the personal feeling of doing business with Mr. Palmquist over the years. The Trustees noted their impression of Foster & Foster, noting their activity seems to be geared toward Police and Fire Plans throughout the State.

- Steve Brandt made a motion to hire Foster & Foster as the Plan's actuary going forward. The motion received a second by Henry Maki and was approved by the Trustees 3-0.

The October 1, 2008 valuation is in progress and will be completed by Gabriel Roeder Smith, however all new actuarial activity will be sent to Foster & Foster.

There being no further business:

- Steve Brandt made a motion to adjourn the meeting at 4:04 P.M. The motion received a second by Henry Maki and was approved by the Trustees 3-0.

Respectfully submitted,

Henry Maki