

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF WORKSHOP HELD

May 19, 2009

Chairman, Robert DiGloria called the workshop to order at 2:15 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
Steve Brandt

TRUSTEES ABSENT

Henry Maki

OTHERS PRESENT

Bonni Jensen; Law Office of Perry & Jensen; Fund Counsel
Denise McNeill; Pension Resource Center
Brendon Vavrica; Thistle Asset Consulting
Steve Stack; ICC Capital
Mary Kay McGann; Village

ITEMS FROM THE PUBLIC

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

MINUTES

Due to the lack of a quorum, the minutes for February, 2009 and April, 2009 were tabled until the next meeting.

ICC CAPITAL

Steve Stack appeared before the Board to present the Investment Review Quarterly Report for the quarter ending March 31, 2009. He advised that the news is still quite negative and the Plan was down -6.22% for the quarter. Mr. Stack reported that the most significant loss was in relation to industrials due to a few large cap companies. Mr. Stack reported as of March 31, 2009; the Plan held \$3,102,313 in fixed, \$1,012,064 in cash/equity, \$475,347 in ADR's and \$3,757,872 in value. Mr. Stack reviewed the fixed income portfolio reporting that long bonds were the worst performing sector for the last quarter. He noted the bond market was just as volatile as the equity market. Mr. Stack explained that asset backed securities had performed well, however ICC had minimal exposure in that sector. Mr. Stack advised that in February 2009, the Federal Government had initiated a program allowing municipalities to issue tax exempt municipal bonds, 30-years at 5.25% yield guaranteed. He reported that ICC placed approximately \$2M in such a Bond investment in Utah. Mr. Stack went on to review the equity portfolio noting minimal purchase activity. He explained that ICC feels technology is still a good sector and will slightly increase their weighting back into that sector. Mr. Stack reported that ICC will continue holding the Lehman Bond until the asset hits a reasonable price. He explained that currently, there is more deflationary pressure than inflationary pressure and when that begins to transition, ICC will begin to adjust the portfolio. It was noted that while there is no exposure to General Motors, the fund does own Honda through the ADR portfolio.

THISTLE ASSET CONSULTING

Brendon Vavrica appeared before the Board to present the Executive Summary for the quarter ending March 31, 2009. He noted that since the beginning of the new quarter, the market had improved and as of the fiscal year to date through May 19, 2009, the portfolio was close to breaking even. Mr. Vavrica reported that as of March 31st, the Plan was allocated to 42% equities, 6% international, 46% fixed income and 6% cash for the quarter. He reported the Plan was down -6.22%, beating the policy which was down -7.2%, ranking the Plan in the fifty-ninth percentile of the public fund universe for the quarter, top 31% for the one year comparison and the top 13% in the three year comparison. Mr. Vavrica explained that ICC tends to do better than the index when the market is up, however they do slightly less than the index when the market is down. He advised there was a huge dispersion among the indexes as well as the managers in the recent periods. Mr. Vavrica reported that in the prior quarter, the fixed income portfolio was at the top of the universe; however the recent quarter resulted in the reversal. Mr. Vavrica went on to review the large cap and ADR portfolio in detail.

TRUSTEE ELECTION

Denise McNeill addressed the Board, noting that the election process for the open Police Officer seat had just been completed and Mr. Michael Piotrowski was the newly elected Trustee. The administrator will communicate the meeting schedule for the remainder of 2009 along with all pertinent information with Mr. Piotrowski.

ANNUAL REPORT

Denise McNeill presented the 2008 Annual Report to be signed by the Chairman and Secretary and submitted to the Division of Retirement. Mr. DiGloria signed the report accordingly. Mrs. McNeill will meet with Henry Maki for the additional signature before sending the report to the State.

ATTORNEY REPORT

Bonni Jensen presented the Worker, Retiree, and Employer Recovery Act of 2008 (H.R. 7327). She reviewed the changes relative to the pension fund and noted that most of the act relates to private sector plans.

Mrs. Jensen then presented an Ordinance update related to the changes initiated by the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART). She explained that the update included all necessary changes related to HEART as well as the investment changes allowing the Plan to invest within the guidelines of Chapters 175 and 185.

Mrs. Jensen advised that the House and the Senate had passed a Bill allowing Police and Fire pension plans to invest up to 25% in international investments. She explained that the Plan must also divest of scrutinized countries such as Darfur, Sudan and Iran.

Mrs. Jensen explained that due to the change in their firm name, a revised agreement has been presented to reflect the change. The agreement was signed accordingly.

Mrs. Jensen presented the actuarial agreement for Foster and Foster previously approved by the Board. The agreement was signed accordingly.

Mrs. Jensen presented a revised administrative agreement with the Resource Centers which incorporated both their name change and the recently approved fee increase.

Mrs. Jensen then reminded the Trustees their Form 1 filing is due by July 1, 2009. She advised that the completed forms should be filed with proof of mailing.

ADMINISTRATIVE REPORT

Mary Kay McGann reported that the communication database, used to identify the addresses for the premium taxes, can only be updated two times per year. The Village is currently working on updating the information with the State accordingly.

Denise McNeill presented the annual benefit statements (provided by the actuary) for distribution among the plan members. Steve Brandt will have the statements distributed accordingly along with pension beneficiary forms.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

The disbursements will be processed as per the interim approval of Mr. DiGloria and will be presented for Board ratification at the August meeting.

There being no further business, the Workshop adjourned at 3:15 P. M.

Respectfully submitted,

Henry Maki