

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

February 16, 2010

Chairman, Robert DiGloria called the meeting to order at 2:35 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

Michael Piotrowski
Jacob Stone

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Fund Counsel
Denise McNeill; Pension Resource Center
Steve Stack; ICC Capital
John McCann; Thistle Asset Consulting
Mary Kay McGann; Village
William Manuel, Mayor

ITEMS FROM THE PUBLIC

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

APPROVAL OF MINUTES

Denise McNeill presented minutes of the November 5th and November 17th meetings. Bonni Jensen recommended further clarification to a motion on the November 5th minutes.

- Henry Maki made a motion to approve the minutes of November 17th as presented and to approve the November 5th minutes as amended. The motion received a second from Steve Brandt and was approved by the Trustees 3-0.

ICC CAPITAL

Steve Stack appeared before the Board to present the Investment Review Quarterly Report for the quarter ending December 31, 2009. He reported that the new large cap investment had been funded the beginning of October and it was up 11% since initiation. He feels the large cap will be a good diversification for the Plan. Mr. Stack noted the fixed income was a challenge in the past year and therefore ICC held a higher amount of cash than normal due to the uncertainty with the fixed income portion. He noted that while the higher amount held in cash was helpful the first part of 2009, that was not the case in the last quarter. Mr. Stack noted the corporate bonds did well, however the weighting in long duration hurt the portfolio. He noted that the Board could expect to see bonds trimmed back next year as interest rates begin to rise.

THISTLE ASSET CONSULTING

John McCann appeared before the Board to present Executive Summary for the quarter ending December 31, 2009. He presented a Callan chart of investments noting that the chart reflects the significant volatility in the market. He noted that equities are doing well and beginning to catch up to where they need to be. The Callan chart confirms that diversification is the main way to invest and the Plan should be in as many asset classes listed as possible. He noted the Plan is

currently in five classes while the report reflects eight therefore the Board may wish to consider other classes such as real estate or infrastructure.

Mr. McCann then reviewed the Morning Star analysis of ICC large cap growth portfolio. He noted the portfolio reflects it is 67% in growth. A list was provided reflecting the equities held in the portfolio as of 12/31/09.

Mr. McCann went on to review the quarterly report in detail. He noted the one year results for equities are excellent however in the three year view, all equities are still negative. He reviewed the Plan's compliance noting that while ICC is taking a bit more risk in equities, the Plan is receiving a higher return. He noted that overall, the Plan is mostly compliant. Mr. McCann explained that the consultant and manager are both responsible to monitor the Plan for scrutinized investments; therefore an additional compliance report has been added to the process. He noted the current asset allocation is well in line with the Fund's target. Mr. McCann proposed to increase his fee by \$750 per quarter to track the cash portion of the portfolio separately. He explained that ICC tends to hold higher amounts of cash and in order to provide a true reporting of all assets, the cash should be tracked separately. He explained that he must pay additional fees each time he opens additional portfolios in his system. Mr. McCann reviewed the results for the quarter; the total fund was up 3.12%, behind the index which was up 3.33%; equities were up 6.48%, beating the index of 5.4%; fixed income was down -0.92%, behind the index of 0.20%; large cap equity was up 6.38%, beating the index of 6.04% and ADR's were up 3.07%, beating the index of 2.22%. He noted in the two, three and five year views, the plan ranked in the top 22% of the public fund universe. The Board discussed the international investments and the new allowance for up to 25%. Mr. McCann advised that although international has been doing well, he would never recommend a Plan go as high as 25% in the international asset class.

- Steve Brandt made a motion to approve the fee increase to Thistle in the amount of \$750 per quarter, (\$3,000 total increase annually) to track the cash separately. The motion received a second from Henry Maki and was approved by the Trustees 3-0.

Steve Stack addressed the International ADR portion of the portfolio. He noted that the investment is mostly large cap stocks therefore it is more conservative with less volatility.

John McCann departed the meeting at 3:10 P.M.

BENEFIT APPROVAL

Denise McNeill presented a benefit approval for vested-terminated member, Joseph McKinniss. She explained that the actuary had provided the calculation with a social security offset option and although she initially believed the calculation was not correct, it appears that the ordinance does allow for a social security offset benefit. Mrs. McNeill explained that social security offsets can be administratively problematic because it requires that the benefit change at some point in the future. Mrs. Jensen agreed that options mandating future changes can create issues for pension plans. Discussion followed regarding changing the Plan to eliminate the social security offset. Mrs. Jensen advised the option can be phased out of the Plan, however such a change must be made by amending the Ordinance.

- Henry Maki made a motion to approve the retirement benefit for Mr. McKinniss. The motion received a second from Steve Brandt and was approved by the Trustees 3-0.

ATTORNEY REPORT

Ordinance Amendment: Bonni Jensen advised the recent Ordinance amendment passed on the second reading.

Travel Policy: Mrs. Jensen advised the IRS travel reimbursement has been reduced from \$0.55 per mile to \$0.50 per mile effective January 1, 2010.

Attorney General Order: Mrs. Jensen reported that the Attorney General issued an opinion in December related to pension boards meeting electronically. The Order advises that a Board may meet entirely through the internet for a workshop meeting as long as public access is given; such

as a room with a computer monitor and or a conference telephone where the entire meeting can be observed in a public location. Three Trustees must be physically present for an actual meeting and for motions to be made. Mrs. Jensen explained that she does not recommend a Board schedule workshop meetings. If a meeting is posted as a workshop, no action can be taken and if the need arises for action or a motion, it would not be allowed. It was noted that many municipalities are now allowing real time meetings via the internet.

ADMINISTRATIVE REPORT

Audit update: Denise McNeill requested the Board authorize a special meeting be held in March for an audit presentation as the auditor has recently committed to having the report finished by the first week of March. After discussion of available dates, the Board instructed the administrator to schedule a special meeting for March 10th at 9:00 A.M. for the audit presentation.

FPPTA and Other Conference Information: Mrs. McNeill reported the FPPTA has a new retiree resource being offered. Retirees will be eligible to join with a membership fee, and will have access to attend conferences and receive various updates. She then presented information of upcoming educational conferences available for Trustees to attend.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

Financial Statements: Denise McNeill referred to the financial statement reports for FYE 2009 as well as the quarter ending 12/31/09; presented in the Trustee packets. Ms. Jensen inquired into the employer contributions listed for October 2009 as the amount is lower than all other months listed to date. Mrs. McNeill feels confident the report properly reflects the actual funds received from the Village; however she will verify the deposits and report back to the Board.

Commission Recapture: Mrs. McNeill reviewed the commissions recaptured through BNY Converge for 2009. She noted the Board had received an amount of \$459 for the year.

Disbursements: Mrs. McNeill reviewed the Plan's disbursements in detail.

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

There being no further business:

- Steve Brandt made a motion to adjourn the meeting at 3:40 P.M. The motion received a second by Henry Maki and was approved by the Trustees 3-0.

Respectfully submitted,

Henry Maki