

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

May 18, 2010

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
Michael Piotrowski

TRUSTEES ABSENT

Jacob Stone
Steve Brandt

OTHERS PRESENT

Bonni Jensen; Law Office of Perry & Jensen
Denise McNeill; Pension Resource Center
Steve Stack; ICC Capital
Brendon Vavrica; Thistle Asset Consulting
Jane Lerner; Village

ITEMS FROM THE PUBLIC

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

APPROVAL OF MINUTES

Denise McNeill presented minutes of the February 16, 2010 and March 31, 2010 meetings.

- Henry Maki made a motion to approve the minutes of February 16, 2010 and March 31, 2010 as presented. The motion received a second from Michael Piotrowski 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 March 31, 2010. He reported that equity markets have continued to rally however the volatility in the market is still extreme. Mr. Stack provided examples where a particular company was down by 25% at one point in the day however at the end of the day it was only down by 1.5%. He explained that ICC has no faith in currency at the moment and he noted that the Euro was also down due to the bailout of Greece. At this point Mr. Stack would expect to have a fiscal year end of approximately 8%. Mr. Stack went on to review the holdings in detail identifying the reason behind the specific sales and purchases in the portfolio. He summarized noting that overall, he feels the market outlook is good.

THISTLE ASSET CONSULTING

Brendon Vavrica appeared before the Board to present Executive Summary for the quarter ending March 31, 2010. He presented a Morning Star analysis of ICC large cap growth portfolio. He reviewed a list reflecting the equities held in the portfolio to ensure the funds are being invested in the manner that ICC was hired to. Mr. Vavrica confirmed the large cap portfolio is invested accordingly. Mr. Vavrica reviewed the asset allocation noting the allocation is in line with the target. He then went on to review the quarterly report in detail, noting the Plan ranked in the top 42% of Thistle's public fund universe. He noted the Pension Fund ended the quarter with \$10,033,00 in assets. Mr. Vavrica reported the total fund was up 3.78%, beating the index of 3.58%; equities were up 5.27%, beating the index of 4.68%; fixed income was up 1.81%, beating the index of 1.78%; large cap equity was up 5.91%, beating the index of 5.39% and ADR's were

up 1.78%, beating the index of 0.94%. He noted in the three and five year views, the plan ranked in the top 32% of the public fund universe. Mr. Vavrica addressed the fixed income portion of the portfolio advising that the results of the recent two years are a phenomenon that will not continue. Mr. Vavrica reviewed the risk versus return noting that the Plan has received slightly more return with less risk. Overall, he feels the fund is doing well with a great start to the fiscal year.

ACTUARY REPORT

Brad Heinrichs appeared before the Board to address the pending valuation. He explained that as a new actuary for this plan, their first step is to back into the last valuation numbers provided by the Plan's prior actuary, then process the next valuation from that starting point. Unfortunately at this point, Foster is not able to back into the smoothing method used in the 2008 valuation. He explained the method had been transitioned by the prior actuary and it appears the transition to the new smoothing base was not done properly. Mr. Heinrichs reviewed the transition of the smoothing process in detail with the Board. Mr. Heinrichs advised that he had discussed the matter with the State's actuary and the State had not reviewed and approved the 2008 report yet. The State actuary advised they would deem this difference to be material and therefore would withhold State funds until the matter was corrected. Mr. Heinrichs explained the board may either address the matter with GRS, requesting the 2008 report be revised or they could have Foster redo the 2008 report, then finalize the 2009, having both reports available in the next two weeks. Lengthy discussion followed regarding the process and how quickly a revised 2008 report could be provided. Mrs. Jensen reported the Village is awaiting the final 2009 report for budget purposes and has asked as recently as this morning. Mr. Heinrichs advised the cost to redo the 2008 report would not exceed \$5,000 (a discount from their normal fee). Mr. Heinrichs noted the change will increase the Village's 2010 funding requirement. It was noted that GRS may correct the matter at no charge, however there was a concern regarding the timing. Mr. Heinrichs advised this situation is rare as the standards used by GRS were correct, however the manner in which they changed the smoothing method was not correct.

- Henry Maki made a motion instructing Foster and Foster to reprocess the 2008 valuation report, then finalize the 2009 report. The motion received a second from Michael Piotrowski and was approved by the Trustees 3-0.

Denise McNeill noted the change in the 2008 valuation will have an impact on the 2009 audit report. The Board agreed to schedule a special meeting in June or July to approve all three reports upon completion (2008 valuation, 2009 valuation and final 2009 audited financial report).

OLD BUSINESS

Denise McNeill presented the annual report for signature. The report was signed accordingly.

BENEFIT APPROVAL

Denise McNeill presented a benefit approval for vested-terminated member, Ron Toles.

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

Brad Heinrichs departed the meeting at 3 PM.

ATTORNEY REPORT

Thistle Addendum to Agreement: Bonni Jensen questioned when the fee change was to become effective. It appears Thistle recently billed the additional amount effective March 31st. The Board discussed and agreed for the fee to be effective April 1, 2010. Mrs. Jensen will revise the agreement accordingly.

Administrative Rules: Mrs. Jensen addressed the revised Administrative Rules previously sent electronically to all Trustees and tabled from the prior meeting. She reviewed the changes in detail with the Trustees.

- Michael Piotrowski made a motion to approve the revised Administrative Rules as presented. The motion received a second from Henry Maki and was approved by the Trustees 3-0.

Form 1 Filing: Mrs. Jensen reminded the Trustees to process their Form 1 filing properly and timely.

State and Legal Updates: Mrs. Jensen advised there were no changes from the recent legislative session that would have an impact on public pension plans, however she feels changes will be initiated in the next session.

Denise McNeill inquired into the processing of an auditor RFP, tabled from a prior meeting. Discussion followed regarding the process.

- Henry Maki made a motion to process an RFP for auditor services. The motion received a second from Michael Piotrowski and was approved by the Trustees 3-0.

ADMINISTRATIVE REPORT

Trustee Seats: Denise McNeill reported Trustee seats will be expiring and therefore elections will be posted prior to the next meeting.

INCOME AND EXPENSE, DISBURSEMENT REVIEW

Disbursements: Mrs. McNeill reviewed the Plan's disbursements in detail. She explained an error found related to Thistle's billing. It was noted that in the prior year's rate increase, Thistle had inadvertently increased their rate more than the original agreement. Mrs. McNeill had brought the detail to Mr. McCann's attention and the over-billed amount was credited against the most recent Thistle billing.

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

Financial Statements: Denise McNeill reviewed the financial statement reports presented in the Trustee packets.

Commission Recapture: Mrs. McNeill reviewed the commissions recaptured through BNY Converge totaling \$55 through March 31, 2010.

There being no further business:

- Michael Piotrowski made a motion to adjourn the meeting at 3:25 P.M. The motion received a second by Henry Maki and was approved by the Trustees 3-0.

Respectfully submitted,

Henry Maki