

# **Village of North Palm Beach Police and Fire Pension Fund**

## **MINUTES OF MEETING HELD**

**August 16, 2011**

Chairman Robert DiGloria called the meeting to order at 2:00 PM in the 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  
Maria Baquerizo  
Robert Coliskey

### **TRUSTEES ABSENT**

Jacob Stone

### **OTHERS PRESENT**

Bonni Jensen; Law Office of Perry & Jensen  
Denise McNeill & JC Louissaint; Pension Resource Center  
John McCann; Thistle Asset Consulting  
Steve Stack; ICC Capital  
Jamie Titcomb; Village Manager

### **ITEMS FROM THE PUBLIC**

The Chairman, Robert DiGloria, invited those present to address the Board with public comments. He welcomed the new Village Manager, Jamie Titcomb, to the meeting and to the Village. There were no public comments at this time.

### **ACTUARY FEE INCREASE**

Henry Maki addressed a letter received from the actuary requesting a fee increase. The letter advised that recent changes made in Senate Bill 1128 require additional actuarial and administrative work in order to comply with the Statute and the fee was due to the additional administrative work that would now be required. Mr. Maki noted the Trustees have been happy with the services received from Foster. Mrs. Jensen explained there is one more year left in the actuary's contract for the current rate and they are bound by the contract. Maria Bacquerizo inquired if the attorney and administrator are aware of any other actuary increasing fees due the new requirements. Mrs. Jensen and Mrs. McNeill advised they are not aware of any at this time. Lengthy discussion followed regarding the circumstances. Robert DiGloria explained the Board went through an extensive RFP process in 2009 when Foster & Foster was hired.

- Henry Maki made a motion to approve the fee increase from Foster & Foster. The motion received a second from Robert DiGloria for discussion. The motion was tabled.

Mr. Maki recommended requesting Foster & Foster attend a special meeting with the Board to address the fee increase, the COLA matters and the 8% assumed rate of return currently being used in the plan. Ms. Bacquerizo requested the attorney and administrator inquire if any other actuaries are increasing their client rates for same.

- Henry Maki made a motion to schedule a special meeting with Foster & Foster to address the fee increase, COLA matters and the 8% assumed rate of return. The motion received a second from Maria Bacquerizo and was approved by the Trustees 4-0.

### **ICC CAPITAL**

Steve Stack appeared before the Board to present the Investment Review Quarterly Report for the quarter ending June 30, 2011. He noted the last four years have been quite challenging. Mr. Stack reported there is much fear in the market and people are being very defensive with their investing. He explained the defensive nature of the market negatively affected the strategy which continues to tilt toward cyclical themes. Mr. Stack noted the sector overweights in Technology and select

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Consumer Discretionary stocks accounted for much of the weakness while underweights in Consumer Staples and Telecomm also hurt performance. Mr. Stack reported the Plan was down -0.63% for the quarter, however was still up 9.69% for the fiscal year to date. Mr. Stack reviewed the sector weights. He noted international investments are having much difficulty and many of the international investors are fleeing to the US market. He reported banks are not lending, foreclosures are still a significant issue and housing is still a key contributor to the GDP growth. He reported it was a poor quarter for ICC equities and the fixed income portfolio is in line with their peers. Mrs. Jensen brought the Trustees' attention to the proxy voting in the back of the ICC book noting that ICC is charged with voting in the best interest of the Plan. Mr. Stack noted that ICC votes AFLCIO.

### **THISTLE ASSET CONSULTING**

John McCann appeared before the Board to present the Executive Summary for the quarter ending June 30, 2011. Mr. McCann went on to review the quarterly report in detail. He reviewed the Plan's compliance noting that the Plan was behind the three and five year goals. Mr. McCann reviewed the allocation and cash held. Mr. McCann reviewed the results for the quarter; the total fund was down -0.74%, below the index gain of 1.17%; equities were down -2.43%, below the index gain of 0.39%; fixed income was up 2.17%, below the index gain of 2.3%; large cap core value equity was down -2.91%, below the index gain of 0.10%; ADR's were down -0.35%, below the index gain of 1.83% and large cap growth equity was down -1.80%, below the index gain of 0.76%. He noted in the five year view, the plan has earned 4.05% return. Mr. McCann reported the five year numbers are great; however they are dragging in the short term. He then reviewed the risk versus return and noted that the Plan has had the same risk as the policy with less return.

Mr. McCann presented an Asset Allocation Analysis to review real estate. He noted that real estate is so low; it should be a good time to invest. Mr. McCann noted the risk for real estate would be slightly lower than the risk for large cap equities. He noted the property is a commercial management pooled fund and it would require a minimum investment of \$500,000. Mr. McCann would recommend taking funds from the large cap equity account to fund real estate. Mr. McCann explained that he feels the fund is a bit small for real estate; however he feels the further diversification would be a good idea. The Trustees decided to hold off on making an allocation to real estate at this time.

### **ACTUARY**

The Board discussed the actuary fee increase and the COLA update. They requested a special meeting be held, inviting the actuary to address the matters with the Board. The Trustees selected a few specific dates and the administrator will schedule as per the actuary's availability. The Trustees requested the special meeting be scheduled as soon as possible in order to resolve the pending matters.

John McCann departed the meeting at 3:30 PM.

### **IRS DETERMINATION LETTER**

Bonni Jensen reported the IRS had responded to the Board's request for a letter of determination with a few changes. She reviewed the current Ordinance and the requested changes. She explained it is possible the final IRS determination may require additional Ordinance changes.

- Maria Bacquerizo made a motion to adopt the Ordinance amendments updating the IRS requirements as presented. The motion received a second from Henry Maki and was approved by the Trustees 4-0.

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### **OLD BUSINESS**

Henry Maki addressed the Trustees explaining that he would also like to have the actuary address the assumed rate of return at the special meeting. He feels that considering the plan's return in recent years, along with the State's push to lower the assumption rate, the matter should be addressed with the actuary. The administrator will request the actuary plan to address the matter further at the special meeting. It was noted if the Board decides to reduce the assumed rate of return to 7.75%, the additional actuary fee will not be necessary as no additional report will be needed in the year end valuation.

### **MINUTES**

Denise McNeill presented minutes of the May 24, 2011 meeting.

- Henry Maki made a motion to approve the minutes for May 24, 2011 as presented. The motion received a second from Maria Bacquerizo and was approved by the Trustees 4-0.

### **ATTORNEY REPORT**

IRS Mileage Increase: Bonni Jensen reported an IRS mileage reimbursement increase effective July 1, 2011 to \$0.555 per mile.

County Code of Ethics: Mrs. Jensen reported the County had recently passed a revised Code of Ethics. She explained that she has a pending memo to the County regarding their jurisdiction over public pension plans. She explained the Trustees are required to watch a video. It was noted that the Village had sent a notice to the Trustees regarding the change. Ms. Jensen explained that under State Law, the Board only needs to file voting conflicts with the Board, however if the pension board is now subject to the new County rules, they will need to file such notices with the County as well. Lengthy discussion followed regarding gift allowances and the rest of the changes in general. It was noted the Village released a vendor list to help identify the parties they are doing business with.

Legal Updates: Bonni Jensen addressed the changes in SB1128. She explained no changes are necessary until the collective bargaining agreement renews. It was noted the CBA renews in 2012.

Mrs. Jensen noted the State had released the Chapter 175 and 185 premium tax distributions; \$110,417.13 for Fire and \$101,313.27 for Police. Mrs. McNeill reported the funds are scheduled to be released within the week.

### **ADMINISTRATIVE REPORT**

Benefit Approval: The Board reviewed a benefit approval for vested terminated member, George Betscha.

- Henry Maki made a motion to approve the benefit for George Betscha as presented. The motion received a second from Maria Bacquerizo and was approved by the Trustees 4-0.

Payroll Data: Denise McNeill reported the payroll data automation was still in progress.

### **DISBURSEMENTS**

Mrs. McNeill reviewed the interim Financial Statements that were presented in the Trustee packets for review. It was noted the report reflected a deposit of \$25,000 under securities litigation, however Salem Trust's report stated no such funds were received. Mrs. McNeill will research the matter and see if a reclassification is needed.

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Mrs. McNeill then reviewed the disbursements (also presented in the Trustee packets).

- Henry Maki made a motion to approve all disbursements as presented. The motion received a second from Robert Coliskey and was approved by the Trustees 4-0.

There being no further business:

- Maria Baquerizo made a motion to adjourn the meeting at 4:08 P.M. The motion received a second by Henry Maki and was approved by the Trustees 4-0.

Respectfully submitted,

Henry Maki