

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

## **MINUTES OF MEETING HELD**

**November 17, 2014**

Chairman Robert DiGloria called the meeting to order at 2:00 PM in the conference room 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, Chairman  
Robert Coliskey  
Erik Jensen

### **TRUSTEES ABSENT**

None

### **OTHERS PRESENT**

Denise McNeill; Resource Center  
Bonni Jensen; Law Office of Perry & Jensen  
John McCann; Thistle Asset Consulting  
Steve Stack; ICC Capital (10:25 AM)  
Loren Slaydon; Village HR

### **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.

### **MINUTES**

The minutes from the August meeting had been emailed to the Board; however the copies were missing from the printed packets. The minutes were tabled until the next meeting.

### **ICC CAPITAL**

Steve Stack of ICC Capital appeared before the Board to present the Investment Review Quarterly Report for the quarter ending September 30, 2014. Mr. Stack reported the market was down for the quarter ending September and October was a strange month; however the Plan is back up for the quarter to date through November 13, 2014. He explained they are awaiting another pull back in the market at this point. Mr. Stack referred to the recent Bloomberg report and noted there was possibly more rebound in stocks the past few weeks due to the cash that has been sitting on the sidelines and had been invested into the equity market in the recent period. He reported Apple is trading at 14 times earnings and the market is trading at 16 times earnings. Mr. Stack explained there has been a significant movement of funds from stock to bonds this year. He noted the large cap names helped in the recent quarter. Mr. Stack explained the fixed income is short in duration with slightly less risk than the market which can hurt the portfolio when the market rallies. Mr. Stack explained they expect domestic equities to rally and they expect to add more money to international in the coming year.

### **THISTLE ASSET CONSULTING**

John McCann of Thistle Asset Consulting appeared before the Board to present the Executive Summary for the quarter ending September 30, 2014. Mr. McCann began by reviewing an equity analysis for the period ending September 30, 2014. He reviewed the asset allocation in detail noting in summary they have 182 total stocks and they are nice diversified. Mr. McCann went on to review the quarterly report in detail reporting the total fund for the fiscal year was up 10.53%, below the policy of 12.07%. Equities were up 15.06% below the policy of 17.6%, fixed income was up 3.81% below the policy of 3.96%, large cap value was up 17.14% below the policy of 19.74%, the ADR portfolio was up 3.88% below the policy of 7.31%, large cap growth was up 15.51% below the policy of 19.15% and real estate was up 11.3% below the policy of 11.92%. Mr. McCann explained it was a poor quarter for equities; however the two and three year numbers are excellent for equities. He reported on the fixed income, noting the real estate has been a good diversification for

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the Plan. Discussion followed regarding the real estate investment. Mr. McCann reviewed the investment process and how the Plan had to wait for the funds to be called by American Realty. He recommended the Board consider investing another \$400,000 in real estate and he confirmed \$140,000 is yet to be called with American Realty. He explained once the \$140,000 is called, the Plan will be close to 10% invested in real estate. Mr. McCann explained real estate investments such as with American Realty tend to have a minimum investment requirement of \$1MM. Lengthy discussion followed regarding the international market. Mr. Stack explained the international market is roughly two years behind what has happened in the US market. Mr. McCann will provide an asset allocation review for the next meeting. Steve Stack recommended the Board consider investing in international bonds. Mrs. Jensen confirmed the Board has the option to invest up to 25% maximum in international (fixed income and equities combined).

AMERICAN REALTY CONSENT SOLICITATION: Discussion then followed regarding a request from American Realty, proposing changes to the Core Fund. American Realty has requested the Board's consent to change the agreement. Mrs. Jensen explained that American Realty is changing their vehicle and wants to allow foreign investors through feeder funds and parallel funds. She explained that in order to have this requested change take place, American Realty must receive consent from at least 60% their investors. Mr. McCann explained he has no issue with the request and Mrs. Jensen explained she has reviewed and cannot find a reason for the Board not to consent with the requested change.

- Rob Coliskey made a motion to consent to the limited partner agreement with American Realty and to execute the agreement accordingly. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

### ATTORNEY REPORT

PLAN AMENDMENT: Bonni Jensen reported the Ordinance passed in September with changes from the PBA contract. She presented an updated draft Summary Plan Description (SPD) reflective of the CBA changes as well as the pending request to clarify the 10 year certain language. She reviewed the changes in detail with the Trustees. She explained they will need to update the SPD again when the Fire contract is completed.

- Rob Coliskey made a motion to approve the revised Summary Plan Description as presented. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

SENATE BILL 534 UPDATE: Bonni Jensen presented the Board with the Senate Bill 534 update. She explained the change adds five additional reports. Discussion followed regarding the letter from the Plan's actuary regarding the changes, the new reporting requirements and the cost. It was noted actuaries around the State are not in favor of the additional reporting. Mrs. Jensen explained there are no standards at this time as to what the reports are supposed to look like; however Foster & Foster advised they have created a team to develop what their report will look like. It was noted one of the additional requirements is to report the Plan as though it earned 2% less than the assumed rate of return and the actuary has recommended that the Plan also then report as though the Plan earned 2% more than the assumed rate in an effort to reflect a proper variance. Discussion followed regarding the actuary fees quoted in the letter reflecting an additional total cost of up to \$6,750 for all reports. Mrs. Jensen reiterated that the additional report is due 60 days after the Actuarial Valuation Report is received and approved by the Plan.

- Rob Coliskey made a motion to acknowledge the letter from the actuary and to approve the additional reporting inclusive of reflecting the assumed rate of return 200 basis points higher than the actual assumed rate of return to reflect the proper variance. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

Discussion then followed regarding the letter from the auditor regarding their required reporting changes in the audit as well.

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Bonni Jensen then presented an additional commission recapture agreement for CAPIS for engagement as previously approved. The agreement was signed accordingly.

### **DISBURSEMENTS**

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

- Robert Coliskey made a motion to approve all disbursements as presented. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

### **BENEFIT APPROVAL**

Mrs. McNeill presented a Benefit Approval for Henry Maki for a normal retirement effective August 1, 2014 as well as a buyback application to purchase another year of service from Juliet Adams. It was noted that the Board had previously approved for Mrs. Adams to purchase two years; however only one year had been purchased initially.

- Rob Coliskey made a motion to approve the benefit for Henry Maki and the buyback for Juliet Adams as presented. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

### **ADMINISTRATIVE REPORT**

COLA: Denise McNeill presented the COLA calculation from the actuary initiated for the members effective October 1, 2014. She confirmed the increase was made effective October to the retirees and the Board should ratify the change. Discussion followed regarding the COLA calculation.

- Rob Coliskey made a motion to approve the COLA as presented. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

2015 MEETING SCHEDULE: The 2015 Meeting Schedule was presented for review. The Trustees did not have any requested changes at this time.

TRUSTEE ELECTION UPDATE: Mrs. McNeill reported of the pending election notice for both a police officer and firefighter seat. She had received a nomination for the police seat; however no response yet on the fire position. It was noted the process closes in the coming week.

COMMISSION RECAPTURE: The ConvergeEx commission recapture report was presented for the Trustees review.

### **NEW BUSINESS**

There was no new business at this time.

There being no further business, it was confirmed the next meeting was scheduled for February 17, 2015 at 10:00 AM.

- Robert Coliskey made a motion to adjourn at 3:26 PM. The motion received a second from Erik Jensen and was approved by the Trustees 3-0.

Respectfully submitted,

Robert Coliskey