

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

February 20, 2018

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
Erik Jensen 2:10 PM
Robert Coliskey 2:15 PM
Edward Ciezak
Andrew Lezza

TRUSTEES ABSENT

OTHERS PRESENT

Amanda Kish; Resource Centers
Bonni Jensen; Klausner Kaufman Jensen & Levine
Steve Stack; Highland Capital
John McCann; AndCo Consulting
Jeanine L. Bittinger & Richard Cristini; Davidson Jamieson &
Cristini, P.L. Certified Public Associates
Sara Carlson; Foster & Foster

ITEMS FROM THE PUBLIC

There were no public comments at this time.

MINUTES

The minutes from the November, 2018 meeting was presented for the Trustees review and approval.

Andrew Lezza made a motion to approve the minutes dated November, 2018. The motion received a second from Edward Ciezak and was approved by the Trustees 3-0.

DISBURSEMENTS

Mrs. Kish reviewed the disbursements which had been presented in the Trustee Packets.

- Andrew Lezza made a motion to approve all disbursements. The motion received a second from Edward Ciezak and was approved by the Trustees 3-0.

2017 AUDITED FINANCIAL REPORT

Richard Cristini and Jeannine Bittinger appeared before the Board to present the audited financial report for the plan year ending September 30, 2017. Mrs. Bittinger explained they are providing an unqualified opinion, which is the highest opinion they can register for the report. Mrs. Bittinger continued reviewing the report in detail comparing 2017 to the prior year information. Mrs. Bittinger stated she was impressed how well everyone worked together to complete the audit. The net position increased from \$19,940,071.00 to \$22,856,484.00. The employer contributions decreased from \$969,836.00 to \$945,880.00 and the buyback's increased. The net investment income of the plan had an increase from \$1,506,847.00 to \$2,199,282.00 Mrs. Bittinger reviewed the plan amendments. She then reviewed the new addition to the GASB statements. She stated that GASB 72 was time consuming more complex. The GASB 72 measures the maturity of the stocks in addition to levels. She reviewed each level stock by definition. The Plan's total administrative costs decreased from last year. She further explained the GASB changes and reviewed the impact on the

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audited financial statement. She then noted the recent Salem Trust SSAE-16 was improved confirming the Salem Trust internal controls are being used and followed accordingly.

Edward Ciezak made a motion to accept the financial statements ending September 30, 2017. The motion received a second from Andrew Lezza and was approved by the Trustees 5-0.

2017 Actuarial Valuation Report (Foster & Foster)

Sara Carlson appeared before the Board to present the October 1, 2017 Actuarial Valuation Report. Ms. Carlson stated that the member contribution had a slight decrease from 4.39% to 4.38%. The City's contribution increased from 24.80% to 25.21%. The village may use up to \$230,695 in state contributions for determining its minimum funding requirements. The City has a prepaid contribution in the amount of \$1,942.64. The prepaid contribution can be used to offset the 2018 required City contribution. The experience was less favorable than the prior year. The result of this change was in employee turnover and retirement. The losses were partially offset by a lower than expected Cost of Living and a change in the investment rate. Ms. Carlson stated the plan is currently 90.9% funded. Ms. Carlson reviewed 112.664 compliance in relation to the current funding ratio. She stated that because the plan is 90.9% funded the plan will never run out of money. She reviewed the actuarial gains and losses over a five year period.

Andrew Lezza made a motion to approve the October 1, 2017 Actuarial Valuation Report as presented. The motion received a second from Edward Ciezak and was approved by the Trustees 5-0.

HIGHLAND CAPITAL

Steve Stack of Highland Capital appeared before the Board to present the Manger Report for the quarter ending December 31, 2017. He reviewed the market environment stating that this was a volatile quarter. The portfolio for the quarter was a wash and the market is still in the bull stages. Mr. Stack provided the Board with additional information regarding the current market cycle. He stated that he does not foresee the Bull market continuing much longer. He reviewed over acceleration in the market and consumer confidence. He reviewed the total return summary stating the cumulative return for the quarter was 4.58%. The fiscal year to date return was 13.90% below the benchmark. He stated that the total asset allocation was \$21,026,175.00 for the quarter ending December 31, 2017. Mr. Stack reviewed performance return for various sectors. He stated that the portfolio is in a good spot and the market structure is neutral.

ANDCO

John McCann appeared before the Board to present the Investment Report for the quarter ending December 31, 2017. Mr. McCann informed the Board that January was a great quarter and February was up and down. He reviewed the asset allocation compliance. He stated that the asset allocation increased from \$22,522,072.00 to \$23,477,202.00. Mr. McCann went on to review the quarterly report in detail explaining it was a good quarter and the total return for the quarter was 4.30%. He further reported equities were up 6.92% beating the policy of 6.15%, fixed income was up at 0.45% beating the policy of 0.39%. Mr. McCann reviewed the performance of the Managers for the quarter ending December 31, 2017. He stated that large cap value was up at 6.97% beating the policy of 6.64%, the ADR portfolio was up at 5.76% below the policy of 3.69%, large cap growth was up 7.70% beating the policy of 7.86%, and American Realty was up 1.73% below the policy of 1.80%. Mr. McCann continues to review the report and then went on to review the allocation in relation to the Plan's targets. He recommended that the fund place more money in real-estate. The Board requested that Mr. McCann bring more information to the next meeting. Mr. McCann stated that the plan determined that the total expected annual rate for the fund will be 7.80% for the next several years and long-term thereafter.

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Andrew Lezza made a motion to approve the declaration of investment return. The motion received a second from Edward Ciezak and was approved by the Trustees 5-0.

ATTORNEY REPORT

Required Minimum Distributions- Missing Participants and Beneficiaries:

Ms. Jensen reviewed the minimum distribution memo stating that at age 70 ½ a member shall take distribution in the calendar year of which they retiree. If the members cannot be located by the plan in order to comply the IRS have developed steps to show that the plan has meet there obligation. Ms. Jensen briefly reviewed the steps.

SB 980-HB 1363:

Ms. Jensen informed the Board that the purposed senate bill would require that plan's actuary to set the investment return. If the Board does not adopt the recommendation the Board must provide a written explanation as an addendum to the valuation.

IRS Mileage Rate for 2018:

Ms. Jensen stated that the mileage rate increase from 53.5 to 54.5.

Memorandum Class Action Recovery

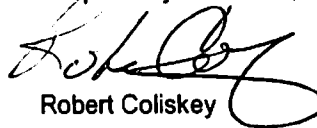
Mrs. Jensen presented that Board with Class Action Memorandum. At the last meeting Salem Trust presented a 3rd party firm who is currently processing the plans class actions. The Board requested additional information. The memo contained information about different firms who process class actions. Ms. Jensen provided an overview of each firm listed on the memo. The Board held a discussion about the presented firms. The Board decided that they would like to continue with Salem Trust.

Erik Jensen made a motion to approve the Salem Trust Addendum to the Custody Agreement. The motion received a second from Edward Ciezak and was approved by the Trustees 5-0.

ADJOURNMENT

- Robert Coliskey made a motion to adjourn the meeting at 4:00 PM. The motion received a second from Erik Jensen and was approved by the Trustees 5-0.

Respectfully submitted,



Robert Coliskey