

Village of North Palm Beach Police and Fire Pension Fund

MINUTES OF MEETING HELD

February 19, 2019

Chairman Robert DiGloria called the meeting to order at 10:00 AM 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
Edward Ciezak
Erik Jensen
Robert Coliskey

TRUSTEES ABSENT

OTHERS PRESENT

Amanda Kish Resource Centers
Bonni Jensen; Klausner Kaufman Jensen & Levine
Steve Stack; Highland Capital
Douglas Lozen; Foster & Foster
Jeanine L. Bittinger & Richard Cristini; Davidson Jamieson &
Cristini, P.L. Certified Public Associates
Mindy Johnson; Salem Trust

ITEMS FROM THE PUBLIC

There were no public comments at this time.

MINUTES

The minutes from the November 2018 had been presented for the Trustees review and approval.

Erik Jensen made a motion to approve the minutes dated November 2018. The motion received a second from Robert Coliskey and was approved by the Trustees 4-0.

DISBURSEMENTS

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

Edward Ciezak made a motion to approve all disbursements. The motion received a second from Erik Jensen was approved by the Trustees 4-0.

2018 AUDITED FINANCIAL REPORT

Jeannine Bittinger appeared before the Board to present the audited financial report for the plan year ending September 30, 2018. 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 2018 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 \$22,856,484 to \$25,023,061. The employer contributions increased from \$52,883 to \$53,297 and the buyback's decreased. The investments of the plan had an increased from \$24,230,314 to \$22,470,381. The plan's net pension liability was 92.14%. Mrs. Bittinger thanked the Board and service providers.

The auditors presented an agreement for the 2019,2020 and 2021 audit's, noting increases to the fees and costs associated with the process. Mrs. Jensen confirmed she had reviewed the contract and stated the language was satisfactory.

Edward Ciezak made a motion to accept the financial statements ending September 30, 2018. The motion received a second from Robert Coliskey and was approved by the Trustees 4-0.

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Robert Coliskey made a motion to accept the Auditor Engagement Letter. The motion received a second from Erik Jensen and was approved by the Trustees 4-0.

2018 Actuarial Valuation Report (Foster & Foster)

Doug Lozen appeared before the Board to present the October 1, 2018 Actuarial Valuation Report. Mr. Lozen stated that the member contribution had a slight decrease from 4.36% to 4.38%. The City's contribution increased from 16.36% to 16.65%. The village may use up to \$230,695 in state contributions for determining its minimum funding requirements. He stated that bargaining is still in process and mutual consent of state monies has yet to be decided. The Village has access to a prepaid contribution in the amount of \$5,999.63 to help offset cost. The plan experience is more favorable than expected. The primary sources were actuarial gain and favorable retirement experience. The gains were partially offset by an investment return of 7.40% falling short of the investment return of 7.80%. The plan's investment return has been lowered to 7.75% and will continue to be lowered until the investment return is 7.00%. The funding ratio with new assumption method is 91.6%. Mr. Lozen recommended the Board to continue lowering the investment return with the next valuation. The Board had a discussion regarding the lowering of the investment rate of return.

Erik Jensen made a motion to lower the investment rate 5 basis points for the next valuation. The motion received a second from Edward Ciezak and was approved by the Trustees 4-0.

Edward Ciezak made a motion to approve the October 1, 2018 Actuarial Valuation Report as presented. The motion received a second from Robert Coliskey and was approved by the Trustees 4-0.

HIGHLAND CAPITAL

Steve Stack of Highland Capital appeared before the Board to present the Quarterly Manger Report for the quarter ending December 31, 2018. He reported that fourth quarter of 2018 was the worst equity performing equity quarter. The Federal Reserve raised interest rates four times in 2018. Mr. Stack stated that fixed income had negative returns and value outperformed growth. He expects financials to performer better in the next coming quarters. Mr. Stack stated that he expects interest rate to stop rising. He reviewed the total return summary stating the cumulative return for the quarter was -8.63%. The asset allocation was \$20,088,351.00 for the quarter ending December 31, 2018. Mr. Stack does not foresee a recession in the future .

ANDCO

Mrs. Richardville appeared before the Board to present the Investment Report for the quarter ending December 31, 2018. The market was extremely challenging for the 4th quarter. The trade tension between the US and China, midterm election are having an effect on the market environment. The Federal Reserve plans on holding off from raising interest rates. The asset allocation decreased from \$24,832,611 to \$22,729,545. Mrs. Richardville went on to review the quarterly report in detail explaining it was a tough quarter the total return for the quarter was -7.50%. She further reported equities were down -13.73% below the policy of -13.08%, fixed income was up at 1.67% and above the policy at 1.64%. The managers performance for the quarter ending December 31, 2018 was as follows large cap value was down at -12.36% below the policy of -13.52%, the ADR portfolio was down at -14.81% below the policy at -11.09%, large cap growth was down -15.97% below the policy of -15.89 %, and American Realty was up 1.94% below the policy of 1.62%. Mrs. Richardville reviewed the compliance check list and informed the Board that the portfolio is in line with the targets. The portfolio is rebounding from the negative returns and has almost made up the losses. Mr. Richardville suggested diversifying the international equity sector of the portfolio. The Board suggested bringing some information at the next meeting.

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SALEM TRUST

Mrs. Johnson stood before the Board to present the Salem Trust Service Report. She stated that the report reviews the policy and procedures of Salem and acts as a report card. The Board will need to update the signature card that is currently on file. She thanked the Board for the business and it is a pleasure to work for the Board.

ATTORNEY REPORT

HB 265:

Ms. Jensen reviewed the purposed House Bill 265. This bill would amend the open meeting law and add additional requirements. Mrs. Jensen reviewed the requirements that would be implemented if the bill passes. Publication requirement would be requires to post the agenda and any meeting material at least three days in advance physical copies of the meeting packet and material must be brought to the meeting for public inspection. At least 3 sets of minutes shall be available for each member to participate. If there are more than 20 people who want speak the time can be combined. Board response, the board is obligated to respond to questions by the members at the meetings or in writing. If the Board cannot answer the questions at the meeting they have 10 days to send a written response.

Power of Attorney-Florida Statue 709:

Mrs. Jensen presented the Power of Attorney Memo. The memo informed the Board as of October 1, 2011 the Florida law changes substantially. She stated that if the Board receives POA it should be sent to the plan's attorney for review.

Florida Public Records Law-Police and Firefighter Pension Funds.

Mrs. Jensen presented a memo regarding public records request. She reviewed items that are not subjects to public records.

Data in The Division of Retirement's Annual Report.

Mrs. Jensen presented the Annual report data memo. The memo contained the average local retirement pension in addition to average employer contribution in place.

ADMINSTRATORS REPORT

Interest to Member's Contributions:

Mrs. Kish addressed the interest credited to member's contributions. The current member's contributions have not been credit with interest. The Actuary will need to go be back retroactively to credit the member's contributions with interest. Mrs. Kish stated that there would be a project fee in the amount of \$2,000.00.

Edward Ciezak made a motion to approve the actuary project fee for the interest added to member contributions. The motion received a second from Erik Jensen and was approved by the Trustees 4-0.

- Erik Jensen made a motion to adjourn the meeting at 11:20 PM. The motion received a second from Edward Ciezak and was approved by the Trustees 4-0.

Respectfully submitted,



Robert Colliskey