

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND

MINUTES OF MEETING HELD

July 22, 2002

James Shook called the meeting to order at 9:35 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

TRUSTEES

James Shook
George Schurter
Sam Brandsma
Rich Seamon

OTHERS

Scott Baur, Administrator
Larry Cole, Monitor
Adam Levinson, Attorney

It was noted that Mark Lamb was not present.

ADDITIONS AND DELETIONS

None.

MINUTES

The Trustees discussed the minutes of May 20, 2002. It was noted that there was a typographical error on the bottom of page one concerning the percentage increase for the EAFE. A motion was made, seconded, and carried 4-0 to accept the minutes of May 20, 2002 as corrected.

INVESTMENT MONITOR: MERRILL LYNCH

Larry Cole appeared before the Board to discuss small cap managers. He advised that Davis Hamilton Jackson has a separate mid-cap product. He stated that Davis Hamilton Jackson and Sanford Bernstein have most of the asset classes except for small cap value. He noted that Davis Hamilton Jackson does have 10% of their portfolio in small cap growth under 2 billion dollars. Mr. Cole recommended that the Board put 1 million dollars into small cap value. That would be about 5-6% of the Fund's total assets and 10% of the equity portfolio. Mr. Cole then reviewed the other options for a small cap value manager. He advised that he had a preference to see a portfolio manager over a mutual fund approach. There were then questions about the various managers' performance and track records. Mr. Cole reviewed the objectives of diversification with the Board.

ACTION: A motion was made and seconded to enter into a contract with DePrince, Race and Zollo for management of 1 million dollars. After a discussion, the motion was withdrawn. A motion was made, seconded, and carried 4-0 to request representatives from Buckhead and DePrince, Race and Zollo to make a presentation at the September Board meeting.

Larry Cole departed the meeting

ATTORNEY REPORT

APPOINTMENT OF TRUSTEES

Adam Levinson provided the Board with a letter from the City regarding the appointment of Trustees. He noted that there was no action required by the Board. He advised that George Schurter will no longer be eligible to serve as a Trustee as he will be moving out of the City. Mr. Levinson advised that a Trustee has 60 days to file a Form 1 disclosure when they are leaving a position on the Board. He also reminded the Board that all Trustees have to file a Form 1 annual disclosure each July 1, with penalties commencing September 1 if the Form is not filed.

QDRO

Mr. Levinson advised of an issue involving a QDRO. He noted that if the Fund should receive a QDRO it should be placed in the person's file. He noted that the Board could require a divorce affidavit with an application for retirement or refunds.

DEATH BENEFITS

Mr. Levinson reminded the Board of a memorandum that their office sent out dated June 13 regarding death benefits provided under Chapter 112, Florida Statutes. He advised that the amount of the benefit provided has doubled since that time. Additionally, minor children have a waiver of tuition for undergraduate and graduate school or other higher education.

ORDINANCE CHANGES

Mr. Levinson advised that the City was amenable to correcting the Ordinance to clarify the issue of compensation. The Union President finally received the information requested from Finance and forwarded it to the Actuary to cost out the changes.

DIVISION II

Mr. Levinson advised that he has worked with the Attorney for Division II for a proposed Ordinance to provide that in the event a Participant accepts share money from Division II, the Participant waives the right to a return of contributions from Division I. The two Ordinances parallel each.

Mr. Levinson also advised of a letter dated July 8 from the State advising that Division II owes Division I each year for the change in normal retirement to 55 years of age and 10 years of service.

ACTION: The Board directed Mr. Levinson to advise Division II in writing of the cost of the change in normal retirement and request payment.

TRANSFER OF ACCUMULATED LEAVE

Rich Seamon inquired about the issue raised last meeting about the possibility of transferring retained sick and vacation leave to the DROP account. Mr. Levinson advised that there may be a potential tax issue. There was discussion on using Division II as a possibility to prevent any tax issues. Mr. Levinson noted that the election must be made prior to the person having constructive receipt of the money. There was then discussion concerning the crediting of accumulated sick and vacation time following the entry into the DROP.

ACTION: The Board directed Mr. Levinson to request the current policy from the City.

ADMINISTRATIVE REPORT

DISBURSEMENTS

Mr. Baur presented a list of disbursements to be made. A motion was made, seconded and carried 4-0 to approve the disbursements listed.

OTHER BUSINESS

There was discussion regarding the term of James Shook. It was noted that his term expired June 1, 2002 and that an election needed to be done for his position. It was also noted that Sam Brandsma was resigning as a Trustee on the Board and the City would need to appoint a replacement.

There being no further business and the next meeting scheduled for September 23, 2002 at 9:30 A.M., the meeting was adjourned at 11:50 A.M.

Respectfully submitted,

Mark Lamb, Secretary