

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND

MINUTES OF MEETING HELD

April 24, 2003

James Shook called the meeting to order at 9:03 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

TRUSTEES

James Shook

Rich Seamon

Mark Lamb

OTHERS

Margie Adcock and Scott Baur, Administrator

Adam Levinson, Attorney

Dennis Fick

ADDITIONS AND DELETIONS

It was noted that there were several items that would be brought up under Other Business. There was a letter from Dennis Fick; disability ordinance; Back DROP; Buy Back Time; Early Retirement Incentive Plan; and contributions adjustment. There was then an inquiry as to whether there could be a bulletin board at the station where agenda items could be listed. Adam Levinson discussed the Sunshine Law and the issues involved. Mr. Levinson advised that he would provide the Board with an opinion at the next meeting.

DENNIS FICK

Mr. Fick provided a letter to the Board. Adam Levinson explained that the Union is in the midst of finalizing negotiations and may get a 3% multiplier for all prior years of service. The question was asked what would happen if someone entered the DROP and the changes are still being negotiated. Mr. Levinson advised that the Participant must be very careful. Entering the DROP is a life-altering decision. If someone enters the DROP before the changes are finalized, there is no guarantee that the negotiated changes would apply to them. This is not a function of the Board, but rather is between the Union and the City. The contract would have to specify that it applies to all employees including the DROP Participants. The general rule is that the benefit package one receives when they retire is what is in existence at the time of retirement. Mr. Levinson will send a letter to the Union attorney to make sure they clarify in the contract how retroactivity should be applied to DROP Participants.

Dennis Fick departed the meeting.

MINUTES

The Trustees discussed the minutes of January 27, 2003. A motion was made, seconded, and carried 3-0 to accept the minutes of January 27, 2003.

ATTORNEY REPORT

ORDINANCE CHANGE

Mr. Levinson reported that the Ordinance change was approved by the City on March 3, 2003. Margie Adcock provided the Board with a copy of the final Ordinance.

ADMINISTRATIVE FUNCTIONS

There was a discussion on the administrative functions of the Plan. The Board was provided with a breakdown of the expenses to the Plan which shows that the Plan paid a total of \$14,850 to the City for administrative charges. Mr. Levinson stated that he recommends taking away the check writing and other responsibilities from the City. It makes total sense for the Board to take this as their own responsibility. There was then a discussion on the various functions that the Board would need to be responsible for. The Board would need to engage an independent auditor and Mr. Levinson explained the issue involving materiality. It was noted that the City's audit is not yet complete and that the fieldwork has not yet begun and will not begin until at least May. The Board expressed concerns on timeliness of the State Reports and the audit. There was also the check writing functions that would need to be done. There was a concern on the Board that some retirees may not be getting the proper pension amount. There was a lengthy discussion on the recordkeeping and check writing functions. Scott Baur provided a proposal to the Board for both the recordkeeping functions and the check writing functions. He proposed a fee of \$1,075 a month which would include the record keeping functions and there would be a one time conversion fee not to exceed \$3,500. He also discussed the fees for retirements and medical records.

ACTION: A motion was made, seconded and carried 3-0 to retain Pension Resource Center to do the administrative and recordkeeping functions at a fee of \$1075 per month with the quoted fees for retirements and medical records and a one time conversion fee not to exceed \$3,500.

There was then discussion on the check writing functions. Mr. Baur discussed the staff in his office and how the check writing for the pension plans work. He advised that the Fund would need to set up a checking account. There was then a discussion on the payment of benefits. The Board noted that they also received a proposal from Salem Trust Company to do the check writing functions. The Board contacted Karen Russo at Salem Trust Company by telephone. She discussed the proposal with the Board. She advised that they do check writing for about 70-80 pension plans. There was then a lengthy discussion by the Board.

ACTION: A motion was made, seconded and carried 3-0 to retain Pension Resource Center to do the check writing functions of the Fund. A motion was made, seconded and carried 3-0 authorizing Pension Resource Center to immediately contact the Attorney for assistance if they run into any problems.

ADMINISTRATIVE REPORT

DISBURSEMENTS

Margie Adcock presented a list of disbursements to be made. A motion was made, seconded and carried 3-0 to approve the disbursements listed.

TRUSTEE POSITIONS

Ms. Adcock advised that the term for Mark Lamb expires on June 1, 2003. She advised that she would start the election process.

OTHER BUSINESS

DISABILITY ORDINANCE

There was a discussion on a disability retirement converting to a normal retirement at retirement age. Mr. Levinson advised that once the disability converts to a normal retirement, the tax-free status of the payment is lost. He noted of a California case that alleged that such a provision treats people differently based upon age. Mr. Levinson stated that their opinion is that there are good reasons to get rid of the disability conversion. It could be considered discriminatory. He stated that an impact would need to be obtained from the Actuary and an Ordinance change would need to be done. There was then a discussion on whether if a disability participant elects a joint and survivor option and the participant dies, is the payment still tax free to the surviving spouse. Mr. Levinson stated that he would review this and report back to the Board.

ACTION: A motion was made, seconded and carried 3-0 to direct the Attorney to contact the Actuary to obtain an impact statement on eliminating the disability conversion and authorize the Attorney to draft the Ordinance change and send it to the City. The Board decided they would like the Ordinance to be retroactive provided there was no impact.

BACK DROP

There was discussion on the Back DROP and how it works. The Board asked Mr. Levinson to provide them with a proposed Back DROP for the next meeting. The Board discussed the time of the Back DROP and determined that it should be up to 7 years. Mr. Levinson stated that someone can not back DROP beyond 20 years. It was further determined that it would only apply to people not yet in the DROP. Mr. Levinson advised that he would draft an Ordinance and have the Actuary provide some examples.

BUY BACK OF FIRE SERVICE TIME

There was discussion on amending the Ordinance to allow for the purchase of prior fire service time. Mr. Levinson stated that he would draft an Ordinance for the next meeting.

ENHANCED MULTIPLIER

There was discussion on an enhanced multiplier. Mr. Levinson discussed the benefit for the Board. The Board asked Mr. Levinson to provide them information on the enhanced multiplier in the Hallandale Ordinance.

There being no further business, the meeting was adjourned at 12:10 P.M.

Respectfully submitted,

Mark Lamb, Secretary