

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
September 21, 2011

The meeting was called to order at 9:05 A.M. in the Conference Room at City Hall, Lake Worth, Florida. Those persons present were:

TRUSTEES

Jimmy Shook
Rich Seamon (9:43 A.M.)
Pat Highland
Mark Lamb

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor (via teleconference)
Steve Palmquist & Pete Strong, Actuary

ADDITIONS AND DELETIONS

Mr. Levinson stated that he would like to add the Disability Application for April Hanyecz under the Attorney Report.

MINUTES

The Trustees reviewed the minutes of the meetings of May 19, 2011 and May 31, 2011. A motion was made, seconded, and carried 3-0 to accept the minutes of the meetings of May 19, 2011 and May 31, 2011.

ADMINISTRATIVE REPORT

The Board was presented with disbursements, including the investment manager disbursements. Mr. Levinson discussed why his invoices were so high, noting it was mainly due to the lawsuit filed by the City. A motion was made, seconded and carried 3-0 to pay the listed disbursements.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 3-0 to approve the benefit approvals.

The Board reviewed the financial statement for the period ending July 31, 2011.

The Board was presented with the engagement letter from Steve Gordon for the audit for the fiscal year ending September 30, 2011. A motion was made, seconded and carried 3-0 to approve the engagement letter from Steve Gordon for the audit for the fiscal year ending September 30, 2011 and authorize the Chair to execute the letter.

Ms. Adcock noted that Salem Trust Company has requested an updated authorized signature card. She stated that they request this update at least every three years.

ACTUARY REPORT

Steve Palmquist and Pete Strong appeared before the Board. Mr. Palmquist presented the revised Actuarial Valuation as of October 1, 2010. He stated that it was revised based on discussion at a prior meeting to reflect that accrued unused leave time under the County is much lower than was allowable under the City. Additionally, the FRS rate decreased so the County will be paying less to the City. As such, the City will be getting about half of what was estimated previously in the initial draft of the Valuation. Mr. Palmquist reported that the required City contribution for the plan year ending September 30, 2012 changed from \$1,807,886 to \$1,733,046. Mr. Palmquist also reminded the Board of the changes made in the actuarial assumptions and methods. He noted that the assumed investment return has been reduced from 8.5% to 7.75% per year and the mortality assumption has been changed to the RP2000 Generational Mortality Table. The changes are being phased in at a rate of 20% per year. Mr. Palmquist noted that there was a net actuarial loss of \$11,257,262, which was primarily due to a less than expected return on investments, which was partially offset by lower than assumed salary increases. He noted that because the Plan has experienced a cumulative actuarial loss, there is no 13th check payable. The funded ratio is 59.1%.

Rich Seamon entered the meeting.

There was a discussion on reflecting the proper wording on the change made to lower the leave time capped by the County. The Board directed the Actuary to revise to reflect the proper wording. Mr. Palmquist reviewed the Participant data. He reviewed the annual required contribution. He reviewed the reconciliation of Plan assets. He reviewed the calculation of the actuarial value of assets. It was noted that there were two more years until the Fund would be able to get rid of the high negative year of 2008. A motion was made, seconded and carried 4-0 to accept the revised Actuarial Valuation as of October 1, 2010 as corrected.

Steve Palmquist and Pete Strong departed the meeting.

APPOINTMENT OF 5TH TRUSTEE

It was noted that the term of the 5th Trustee was due to expire on September 30, 2011. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to reappoint Rich Seamon as the 5th Trustee for another term.

DISABILITY APPLICATION OF APRIL HANYECZ

Mr. Levinson advised that April Hanyecz submitted an Application for Disability Benefits under the Plan. He provided the Board with a disability book with all of the relevant information. He reviewed the Application. He reviewed the Physician Report Form from Craig Lichtblau, M.D.; the Independent Medical Evaluation; and the Functional Capacity Assessment. He reviewed the disability provisions of the Plan and Chapter 175, Florida Statutes. Ms. Adcock noted that the Independent Medical Evaluation

and Functional Capacity Assessment were provided by Ms. Hanyecz and attached to her Application. Mr. Levinson stated that the Board could rely on Dr. Lichtblau's medical evaluation if they wanted. Mr. Levinson provided the options available to the Board. They could send Ms. Hanyecz to the Board's doctor; obtain more records and follow up; hire a private investigator; wait and review more; or bring Ms. Hanyecz before the Board. He stated that the Board could not deny the Application today though as there was no basis to deny. There would only be a basis to obtain further information. Mr. Levinson stated that based on what the Board has before them, the Board can grant the Disability Application today, but is not required to grant it today. There was a lengthy discussion. There was a discussion on possible offsets for a disability pension. Mr. Levinson stated that he would discuss this further at the next meeting. There was further discussion regarding the Disability Application. A motion was made, seconded and carried 3-1 to approve the Disability Application submitted by April Hanyecz based on the documents and information provided by the Attorney. Pat Highland opposed the motion. It was noted that the effective date of the disability would be upon Ms. Hanyecz's termination.

ATTORNEY REPORT

Mr. Levinson discussed the status of the lawsuits. He noted that the Merrill Lynch class action is in the litigation phase. He noted that Trustees have received subpoenas requesting records. He stated that they would be taking depositions of Merrill Lynch employees in October or November. Merrill Lynch is going to be taking depositions of a representative of the Plan, which will be Rich Seamon

Mr. Levinson stated that the other lawsuit was the one brought by the City against the Fund. He stated that he thought individual firefighters would start being served. He reminded the Board that Alan Eichenbaum was hired to represent the individuals if they so chose.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board via teleconference. Mr. Nash discussed the market environment and reviewed the major market index performance. He reviewed the performance as of June 30, 2011. The total market value as of June 30, 2011 was \$29,701,782. The asset allocation was comprised of 54.8% in domestic equities; 10.0% in international equities; 28.9% in fixed income; 3% in real estate; and 3.2% in cash. The Fund was up .69% net of fees for the quarter while the benchmark was up 1.01%. Domestic equities were up .30% while the Russell 3000 was down .03%. International was up .85% while the benchmark was up .61%. Fixed income was up 1.85% while the benchmark was up 2.29%.

Mr. Nash provided a review on the individual managers. Cornerstone was up .79% while the Russell 1000 Value was down .50%. Wells was hired at the end of the quarter and Brown was up 1.10% while the Russell 1000 Growth was up .76%. Advisory was up .52% while the Russell 2500 Value was down 1.47%. Vanguard Developed was up 2.12% while the benchmark was up 1.83%. The Vanguard Emerging Market was down

.97% while the benchmark was down 1.04%. With respect to fixed income, Garcia Hamilton was up 1.85% while the benchmark was up 2.29%.

Mr. Nash stated that it was a tough environment. He believes that the stock market will start to improve towards the end of the year. He stated that there was not a whole lot of new news. There is nothing to justify an over 10% market correction. Mr. Nash stated that he had no recommendations for change. He stated that he thinks generally the longer-term managers are doing well. The only other asset class to add would be a little bit of global bond exposure when the Ordinance allows it, but the Fund has not been hurt by no exposure to that lately. Mr. Nash inquired as to the status of the proposed Ordinance. Mr. Levinson stated that he would follow up with the City.

OTHER BUSINESS

There being no further business, the Trustees adjourned the meeting.

Respectfully submitted,

Mark Lamb, Secretary