

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY EMPLOYEES' PENSION
FUND
MINUTES OF MEETING HELD
July 5, 2005**

Tim Conboy called the meeting to order at 4:30 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Ed Lewis
Bob Becak
Ed West

OTHERS

Scott Baur and Greta Krumenacker, PRC
Paul Nicoletti, Moyle, Flanigan, Katz, Raymond & Sheehan
Bonni Jensen, Hanson, Perry & Jensen

MINUTES

The Board reviewed the minutes of the joint meeting held May 3, 2005. A motion was made, seconded and carried 4-0 to accept the minutes of the joint meeting held May 3, 2005.

The Board reviewed the minutes of the meeting held May 3, 2005. A motion was made, seconded and carried 4-0 to accept the minutes of the meeting held May 3, 2005 as amended.

ATTORNEY REPORT

Mr. Nicoletti appeared before the Board. He noted all should have knowledge of his resignation and wanted to express his gratitude and pleasure to have served this Board. He explained he had never had a conflict between the Council and the Hazardous Board until they started discussing the structure of the DROP. Mr. Nicoletti stated he would stay until August pending appointment of new counsel. He did not encourage the Board to do an RFP for legal counsel, since they did it approximately a year ago. He stated Ms. Jensen could get the same fee as the Village Attorney \$170.00 per hour. Ms. Jensen noted the General Employees Board pays her a retainer fee of \$1,000.00 a quarter and she would consider the same arrangement if the Board was to requested it.

Mr. West questioned if there could be a possible conflict of interest because she is the counsel of the General Employees Board. Ms. Jensen answered not unless the Plan had problems with coordination with the other Board, although operationally plans are separate. Mr. Nicoletti stated they are equals under the Village and did not see the possibility of a conflict.

Mr. Conboy explained the Board had decided to give the DROP participants the option of a fixed rate that was below the assumed rate of return, but the Finance Director of the Village disagreed with the proposal. Ms Jensen stated several

plans offer that option, she noted there is one that offers a fixed rate 150 basis points below the actuarial assumption. She explained how the Board had a wide range of options to choose from and make their DROP plan as they saw fit. Mr. Becak asked if it was possible to leave it as it was. Mr. Nicoletti noted he has been given direction as Village attorney to prepare an ordinance amendment. Mr. Nicoletti stated at that moment the earnings on the DROP was set by policy. Ms. Jensen recommended the interest credit be put in the ordinance.

DISCUSSION ON THE APPOINTMENT OF ATTORNEY

There was lengthy discussion on the appointment of attorney. Mr. Nicoletti stated he spends 4 hours guaranteed besides the meeting typically, suggested that if the Board wanted to appoint Ms. Jensen as legal counsel for the Board they could assign her on an hourly pay and in the future decide if they would have her on a quarterly retainer. The Board stated the appreciation toward Mr. Nicoletti's service and dedication.

A motion was made, seconded and carried 4-0 to appoint Ms. Jensen as Board legal counsel on an hourly fee effective today and decide in the future if they would like to consider the quarterly retainer.

DROP ORDINANCE

Mr. Nicoletti noted there were two items that needed to be addressed, the transfer between plans and earnings on the DROP account for which Ms. Jensen and him had been drafting the language. Ms. Jensen explained that based on the direction instructed by the Boards in the previous joint meeting the member would be treated as a vested deferred, but with this an unintended problem occurred, the not vested members are in a better position than the vested members transferring from one plan to the other. She went ahead to explain that if you leave and not vested in the first plan, in the second plan you would be treated for purposes of the benefit as having vested in both plans. It was noted the transfer of service provision requires 10 years of service in the Village to apply and continue service for vesting and eligibility.

It was noted if someone served 6 years in one plan and then transferred to the other and served for 5 years, they would be eligible to the transfer of service provision that requires 10 years of service in the Village and they would receive a benefit from both plans and be treated as fully vested, while if they served for 10 years in one plan and then transferred to the other and serve for 2 years they would be fully vested in the first plan and would receive refund of contributions from the later.

Mr. Baur noted if a member served 2 years in one plan and then transferred to the other plan and served for 6 years he would be entitled to a refund of contributions from the first plan and 60% benefit from the other, because he did not comply with the 10 year provision. He went ahead to say that under the transfer provision, however, the member could have 3 years in one plan and 4 in

the other and not receive a benefit from either plan except for a refund of contributions.

Mr. Conboy suggested the language should include a clause that states the member should have a minimum of 5 years to be entitled for that portion of vesting. Mr. Conboy noted he would like to have addressed what would happen to those members that transferred to dispatch from the General Employees plan if they were to leave before serving 10 years total. Ms. Jensen stated if they were to leave without serving 10 years they would not be entitled to the transfer of service benefit, they would be entitled to a refund of contribution from the General Employees plan because they served less than 5 years and if they were to stay 5 years with the Hazardous plan, but still not reach 10 years, they would be entitled to the partial benefit from the Hazardous plan.

A motion was made, seconded and carried 4-0 to accept and adopt recommended language for transfer of service.

Mr. Nicoletti stated the second item to discuss was the language the Village finds acceptable to recommend to Council regarding the DROP policy.

After a lengthy discussion a motion was made, seconded and carried to adopt language as proposed for DROP policy.

Mr. Nicoletti departed the meeting.

ADMINISTRATIVE REPORT

Ms. Krumenacker presented the Beneficiary/Enrollment Forms received from the Village. A motion was made, seconded and carried 4-0 to approve the list of Enrollment Applications.

Ms. Krumenacker presented the disbursements. A motion was made, seconded and approved 4-0 to pay all listed disbursements.

Mr. Baur noted it was important to give as much freedom to the Board as possible and he suggested the DROP policy should not state who would provide the Treasury note rate.

A motion was made, seconded and carried 4-0 to remove from DROP policy language the words "by the administrator".

NEW BUSINESS

Ms. Jensen explained the legislature recently passed changes to provisions that affect the 175 and 185 monies. Mr. Baur suggested there could be more growth in the firefighters side if payroll was reclassified.

It was noted that the next meeting was scheduled for Monday August 2, 2005 at 4:30 p.m. There being no further business, the meeting was adjourned at 5:45 P.M.

Respectfully submitted,

Ed West, Secretary