

WEST PALM BEACH FIREFIGHTERS PENSION FUND
MINUTES OF MEETING HELD
April 3, 2002

Tom Harris called the meeting to order at 1:36 P.M. at FOF Hall, West Palm Beach, Florida. Those persons present were:

TRUSTEES

T. Harris
D. Merrell
T. Sheppard
D. Miller

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur & Margie Adcock, Pension Resource Center
Brad Armstrong, Actuary

ACTUARY REPORT

Brad Armstrong appeared before the Board and presented the Actuarial Valuation for September 30, 2001. Mr. Armstrong reported on the required contribution rate of the City. He noted that the total normal cost of the benefits of the Plan are 21.15% of unDROPed payroll. Then there is the total unfunded actuarial accrued liability of 7.75%, administrative and investment expenses of 4.98%, and the adjustments to the contribution requirement of .48%. Mr. Armstrong noted that the investment expenses increased from last year, which was most likely due to the fact that Oppenheimer did not charge fees for 5 quarters and then had them paid all at once. The total adjusted contribution requirement for the Fund is 34.36% of unDROPed payroll. As the Member's contribution to the Plan is set at 6.85%, the City's contribution to the Plan is 27.51% of unDROPed payroll. Mr. Armstrong noted that the City's contribution last year was 22.69%. There was discussion regarding the member's contribution rate and that, due to the changes in the collective bargaining agreement, that perhaps it should be noted as 8.85% as opposed to 6.85%. Mr. Armstrong was asked to account for this in the Valuation, perhaps by way of a footnote. Mr. Armstrong reported that the September 30, 2001 Valuation shows that the City needs to contribute \$2,602,132.

Mr. Armstrong reported that there was a loss of \$9,494,340 from all sources for the year ended September 30, 2001. He advised that the loss was basically entirely attributable to investment return. Due to the extraordinary nature of the loss amount, the Valuation shows that it is amortized over 30 years. Mr. Armstrong reported that the unfunded actuarial accrued liability is \$12,680,840. He noted that the Plan lost 7 people in the year versus the assumption of a loss of 3.3 people. Mr. Armstrong reported that the funded ratio for the Fund was 84.9% as of September 30, 2001 versus 95.5% last year.

MINUTES

The Board reviewed the minutes of the meeting held March 6, 2002. It was noted that a discussion that was raised by Tom Sheppard regarding DROP Participants possibly wanting to stay longer than the 5-year limit. The Board asked that this discussion be

included in the minutes of March 6, 2002. The Board decided to table the approval of the March 6, 2002 minutes until the next meeting.

STATEMENT OF INCOME AND EXPENSE

Scott Baur presented a Statement of Income and Expense for February 2002. A motion was made, seconded and approved 4-0 to receive and file the Statement of Income and Expense for February 2002.

DISBURSEMENTS

Margie Adcock reviewed the disbursement list. A motion was made, seconded and approved 4-0 to pay all listed disbursements.

ADMINISTRATIVE REPORT

Scott Baur reported that 10 people entered the DROP, with 9 entering effective March 30, 2002.

Mr. Baur advised that he received the buyback information from Brad Armstrong and has turned it into a chart to give to the Participants. The Board reviewed the chart and asked various questions about the calculations. Mr. Armstrong reminded the Board that the closer someone is to a benefit, the more expensive it is to purchase the time. There was a lengthy discussion regarding the chart and the calculations. It was then noted that the Participants inquiring about the purchase of time should only be given the options and facts and not any advise as to what to do. There was a lengthy discussion on the information that can be provided by the Administrator to the Participants. It was determined that the Administrator can give the Participants options and scenarios based on the information applicable to the particular Participant but should not tell them what option would be the best for the particular Participant.

Mr. Baur then reported that he is waiting on James Harmon to get back with him regarding a couple issues he has about the reporting of some of the time by the City. It was determined that Mr. Baur should call or write Mr. Harmon to follow up on this matter.

ATTORNEY REPORT

Bonni Jensen passed out the revised Buy Back of Service Policy with attached Application and Special Act language. She noted that the change to the Special Act would be effective on April 21, 2002.

Ms. Jensen advised that she would bring the information regarding the Escalator Clause to the next meeting, as it is effective June 1, 2002.

Ms. Jensen reminded the Board that the term for David Allison expires on March 30, 2002. It was noted that Mr. Allison advised at the last meeting that he would like to

continue on as a Trustee on the Board. A motion was made, seconded and approved 4-0 to reappoint David Allison to the Board for another two-year term.

OTHER BUSINESS

There was then a discussion on the issue of some DROP Participants expressing an interest towards staying after their DROP period ends. It was noted that it is the City's decision on whether to let someone stay after the DROP period ends. According to the collective bargaining agreement, one can only stay in the DROP for 5 years. It was noted that a binding letter of resignation is included in the DROP packet. It was agreed that there is nothing for the Board to do at this point. It is the position of the Board that a DROP Participant is terminated from employment after 5 years.

There being no further business and the next meeting being scheduled for Wednesday, May 1, 2002 at 1:30 P.M. at the Union Hall, the meeting was adjourned at 4:09 P.M.

Respectfully submitted,

Tom Sheppard, Secretary