

WEST PALM BEACH FIREFIGHTERS PENSION FUND
MINUTES OF MEETING HELD
July 2, 2002

Dave Allison called the meeting to order at 1:30 P.M. at FOF Hall, West Palm Beach, Florida. Those persons present were:

TRUSTEES

T. Harris
T. Sheppard
D. Allison
D. Merrell

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur & Margie Adcock, Pension Resource Center
Richard Wells, Deprince, Race, & Zollo
Rick Roberts

MINUTES

The Board reviewed the minutes of the meeting held June 5, 2002. A motion was made, seconded and carried 4-0 to approve the minutes.

INVESTMENT MANAGER: DEPRINCE RACE & ZOLLO

Richard Wells attended the meeting on behalf of Deprince Race & Zollo (DRZ). The portfolio managed by DRZ, the small cap value investment manager for the Pension Fund, is performing comparatively well in the current market environment. Mr. Wells reviewed the investment process and sell discipline

Rick Roberts asked whether the Trustees had any objection if the new VEBA employed Deprince Race and Zollo to manage a similar portfolio. Such an arrangement may offer advantages on both fees and quality of management to the smaller portfolio. The Board expressed no concerns regarding the potential arrangement.

STATEMENT OF INCOME AND EXPENSE

The Administrator provided copies of the custodial statements to the Trustees for review.

DISBURSEMENTS

A motion was made, seconded, and approved 4-0 to approve a withdrawal by William Henderson from his DROP account. A motion was made, seconded, and approved 4-0 to pay all other listed expenses.

ADMINISTRATOR REPORT

Scott Baur reported that the FL Division of Retirement Police and Fire Office had accepted the annual report. Requests by participants requesting purchase of prior service

were also being sent to the actuary for formal calculation, along with benefit calculations for the batch of participants entering the DROP Plan.

A motion was made, seconded, and approved 4-0 to approve a new signature stamp for checks, since David Allison assumed the role of Chairman.

A motion was made, seconded, and approved 4-0 to update the Pension Fund checking account based on the recommendation of Fidelity Federal Bank.

Scott Baur addressed the Trustees regarding the merger of Pension Management Services and Pension Resource Center. The merger will not affect the agreement between the Pension Fund and Pension Resource Center for administrative services, but the merger will add to the staffing and resources available to the Administrator.

ATTORNEY REPORT

The Trustees approved an addendum to the agreement with Gabriel Roeder Smith and Company, actuary for the Pension Fund, noting a change in the address for the Michigan office.

The term for Trustee David Merrill expires on September 30, 2002. The administrator will begin taking nominations for an election for his seat on the Board. Bonni Jensen also updated the Board on the status of a prior appeal by Ms. Hubbard, the widow of a deceased retired participant from the Fund. An attorney for Ms. Hubbard contacted the Administrator and her office prior to the meeting.

Bonni Jensen reviewed new procedures by the state for retention of records. She recommended that the Trustees adopt the state schedule for retention of public records, but the Board must appoint an RMLO. A motion was made, seconded, and approved 4-0 to adopt the resolution for the new records retention policy as recommended by Ms. Jensen. The Board designated the Administrator as the RMLO on behalf of the Fund.

Bonni then reminded the Trustees of the July 1 deadline for filing the annual disclosure for public officials. She strongly recommended that all Trustees comply with the requirement immediately to avoid possible penalties beginning September 1.

OTHER BUSINESS

The Trustees discussed the recent change approved by the City and Local 727 allowing participants to invest all or part of the balance of their share and DROP accounts to earn a fixed return of 8.25%, as opposed to having the funds commingled with the assets of the Pension Fund for purposes of investment. The Trustees determined that the option should only be made available to vested participants, due to the exposure of the Fund for non-vested participants. The Trustees decided to make this option available to participants as of October 1, 2002. Bonni is working on the language and forms needed by the Fund to implement the change. The Pension Fund will also need to submit a

change to the Special Act during the next legislative cycle. The Pension Fund will allow participants to change their election annually during the month of August for October 1. The Board directed the Administrator and the Attorney to work out the details and report at the next regularly scheduled meeting.

Tom Sheppard inquired if the investment policies for the Fund met state guidelines, particularly in light of the recent turmoil in the market. The Trustees decided that the Investment Monitor should put in writing that the portfolio for the Pension Fund conforms to state guidelines as part of the quarterly report.

The Trustees discussed possible procedures for notification of the Board if the SEC began any investigations of companies owned in the portfolio for the Pension Fund. Bonni Jensen suggested that the Board hear a presentation by a local attorney, Mike Pucillo, who litigates national class action securities cases. The Board directed Bonni to have Mr. Pucillo make a presentation to the Board, preferably at the August meeting if available.

The Trustees further discussed other policies of the Board regarding investments. They noted that the Administrator typically receives notices of pending class action suits. The Pension Fund typically participates automatically in any class action matters. The Board also has a policy to meet investment managers employed by the Fund annually. The Trustees decided that one investment manager should come to each meeting attended by the Investment Consultant. The administrator was directed to invite a representative from Boston Company to the August meeting, when Mike Calloway would be present.

There being no further business and the next meeting being scheduled for Wednesday, August 7, 2002 at 1:30 P.M. at the Union Hall, the meeting was adjourned at 3:15 P.M.

Respectfully submitted,

Tom Sheppard, Secretary