

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

David Allison called the meeting to order at 1:34 P.M. at FOF Hall, West Palm Beach, Florida. Those persons present were:

TRUSTEES

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

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Janna Woods, Investment Manager

INVESTMENT MANAGER REPORT

Janna Woods from Davis Hamilton Jackson & Associates appeared before the Board to present the investment performance. She advised that she had the preliminary numbers as of September 27, 2002. She noted that the market has been dismal and it was the worst quarter since 1987. She noted it was not a good quarter to end the fiscal year on. Ms. Woods advised that they were holding a 5-8% cash position. She noted that this is a rather high cash position to have, but with the problems in the market they wanted to be a little more conservative.

Ms. Woods reported that the Fund was down 14.5% for the quarter and down 16.8% for the year. The equities were down 15.2% for the quarter while the S&P 500 was down 17.2% and the Russell 1000 Growth was down 15%. Ms. Woods advised that on an absolute basis, the numbers are not good, but on a relative basis the numbers are pretty good. She stated that the total market value of the portfolio as of September 27, 2002 was \$13,350,009.63. Ms. Woods then discussed the purchases and sales of the portfolio and discussed the current equity market factors. The Board asked Ms. Woods various questions about the portfolio, to which Ms. Woods responded. There was a question about the company's ADV. Ms. Jensen was asked to request an ADV from all the managers.

Janna Woods departed the meeting.

MINUTES

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

STATEMENT OF INCOME AND EXPENSE

Margie Adcock presented a Statement of Income and Expense for the month of August 2002. There was a question on the outflow of \$700,000 on the balance sheet. Ms. Adcock reported that it appeared that was concerning the 175 monies that were still in the

account at the end of the month, but would verify that and report back to the Board at the next meeting. The Trustees received and filed the Statement of Income and Expense for the month of August 2002.

DISBURSEMENTS

Ms. Adcock reviewed the disbursement list. There was a discussion concerning the invoices from Gabriel, Roeder, Smith & Company. It was noted that the invoice reflected four charges for reviewing service purchase calculations for Mr. Denson. The Board asked Ms. Adcock to discuss this with the Actuary. A motion was made, seconded and approved 4-0 to pay all listed disbursements with the exception of amending the payment to the Actuary to pay one time for each person's calculation and question the charges for Mr. Denson and discuss it at the next meeting.

ADMINISTRATIVE REPORT

Ms. Adcock advised that a letter would be sent to Charles Clyne 60 days before his DROP period ends. It was reported that he entered the DROP on January 1, 1998. Mr. Clyne has verbally told the Administrator that his last shift will be on December 31, 2002. While this shift actually ends at 8 am on January 1, 2003, Ms. Jensen advised that this would be appropriate.

Ms. Adcock reported that they received new figures from the Actuary on the buyback calculations. This information needs to be sent out with the Agreement so people can advise the Fund how they will pay for the buyback if they decide to do it.

It was then reported that the workshops had been held for all plan participants to make the election for the investment of funds in the Share and DROP Accounts. The Administrator will provide a summary of the elections made at the next meeting.

ATTORNEY REPORT

Bonni Jensen reported that Rhett Turnquest provided a letter to the Board which was included in their agenda packet requesting an additional proposed optional form of payment. Ms. Jensen advised that she understood that Mr. Turnquest was asking that if someone chose the annual installment type of payment that they have the option of being paid their amount of earning on a declining balance. Mr. Merrell advised that he thought they were asking for something else. Ms. Jensen advised that if they were asking for a monthly type of payment, then the Board would have to change their Policy. If however they were asking for just interest, then a change to the Special Act may be necessary. A motion was made, seconded and approved 4-0 directing Bonni Jensen to get in touch with Rhett Turnquest to see what they want to do, to see if it can be done legally and if so, if it would need to be changed by Policy or Special Act.

Ms. Jensen advised the Board that a notice of appeal was received yesterday from Mrs. Hubbard by her attorney. A copy of the notice was provided to the Board in their agenda packet. Ms. Jensen advised that the Board has to hold a hearing within 45 days of receipt of the appeal. There was a discussion on what the hearing would entail. According to the Plan Document, the hearing must be taped. There was a lengthy discussion on the

argument that is being made by Mrs. Hubbard. Ms. Jensen advised the Board that she would not tell the Board to violate the Plan Document and the Plan Document, in her opinion, does not allow payment to Mrs. Hubbard of the benefit she is asking for. Ms. Jensen advised that it was not the intent of the Board to create those benefits when they did the 1993 Amendment. The Board directed Ms. Jensen to schedule a special meeting to hear the appeal and asked her to see if it could be held at the City and to invite the City representatives to the hearing.

Ms. Jensen provided the Board with a revised Policy Regarding Buyback of Firefighter/Military Service. She noted that the Application attached to the Policy is what has been revised. Ms. Jensen discussed the Buyback Agreement. It was noted that the Board wanted the Agreement to be changed to include language that they had 90 days from the date of receipt of the statement from the Actuary to make their decision. The Board noted that the letters should be sent certified mail to they know when the clock starts ticking. A motion was made, seconded and carried 4-0 to have Ms. Jensen make the appropriate changes to the Buyback Agreement as soon as possible and provide the final Agreement to the Administrator who will send the letters to the appropriate participants via certified mail.

Ms. Jensen provided the Board with a proposed revised Summary Plan Description to review. She noted that it does not have the 8.25% language in it yet. The Board asked Ms. Jensen to provide them with something that outlined exactly what the changes are that are being made.

Ms. Jensen reported that she forwarded the information received regarding James Lupo to Dr. Lamelas for review. Dr. Lamelas responded that it was not what he would have expected to received, but he thinks that is all that is needed. A motion was made, seconded and carried 4-0 to closet he matter.

Ms. Jensen advised that she received a call from Lynn at the City stating that she was a little uncomfortable with the accumulated leave transfers and the \$40,000 limit. Lynn asked Ms. Jensen if the Board would obtain a tax ruling or provide correspondence on the issue of whether she needs to take into consideration 457, contributions to pension or money in the DROP or Share Account. Ms. Jensen was asking for the Board's authority to contact the accountant to get the information to Lynn. There was a lengthy discussion on the matter. The Board decided that the City needs to provide their own opinion on the matter.

Tom Sheppard asked the Administrator if affidavits to the retirees were sent out. He stated that they were normally sent out with the 13th and 14th checks, but since 13th and 14th checks were not issued this year, he was wondering if the affidavits still went out. Ms. Adcock advised that she thought the affidavits did go out, but would report on this at the next meeting.

Ms. Jensen then provided the Board with responses to the Request for Proposal for Administrative Services. She reported that they received responses from Pension Resource Center, Benefits USA and Millennium. She noted that Millennium has no public pension clients at this time and does not believe they have any Taft-Hartley pension plans either. There was a discussion on the proposal received from Pension

Resource Center. Ms. Adcock advised the Board of the reasons for the increase in the fee proposed to the Board. She noted that they very much wanted to continue working for the Board, but needed to have their fee reflect the work that is done for the Board. Ms. Adcock excused herself from the meeting so the Board could continue to discuss the matter.

OTHER BUSINESS

The Board decided to invite Oppenheimer to the next meeting if available as Mike Callaway would be present at that meeting.

There being no further business and the next meeting being scheduled for Wednesday, November 6, 2002 at 1:30 P.M. The meeting was adjourned.

Respectfully submitted,

Tom Sheppard, Secretary