

WEST PALM BEACH FIREFIGHTERS PENSION FUND
MINUTES OF MEETING HELD
October 2, 2003

Tom Sheppard called the meeting to order at 1:30 P.M. at Station 2, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Tom Harris
Tom Sheppard
David Merrell

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur, Pension Resource Center
Brent Braunworth (3:10 PM)

MINUTES

The Board reviewed the minutes of the meeting held August 19, 2003. A motion was made, seconded, and passed 3-0 to approve the minutes subject to a wording correction on the first page, eliminating any references to divine inspiration for the small cap portfolio.

STATEMENT OF INCOME AND EXPENSE

The Board noted that the City of West Palm Beach still received the 175 contributions directly from the state. A motion was made, seconded, and approved 3-0 to direct attorney Bonni Jensen to send a letter to Mayor Lois Frankel requesting that the City allow the Division of Retirement to deposit the 175 premium tax receipts directly to the Pension Fund. The administrator will provide Ms. Jensen with the delivery instructions for the Pension Fund checking account.

The Trustees received and filed the Statement of Income and Expense. The Trustees requested that the expense totals from the previous year audit be included on the financial statement for comparison to the current year.

DISBURSEMENTS

A motion was made, seconded, and passed 3-0 to approve the disbursements.

ADMINISTRATOR REPORT

Scott Baur updated the Board regarding new systems to maintain the data records for the Pension Fund. The administrator is configuring these systems to allow plan participants to access online pension benefit calculations. A motion was made, seconded, and approved 3-0 to authorize the administrator to implement the online benefit calculation system for the Pension Fund, with appropriate disclaimer language to be provided by Ms. Jensen.

Scott Baur then requested that the Board permit the administrator to issue DROP Account Statements quarterly rather than annually. The Trustees discussed the current schedule for providing statements, where many participants receive annual statements as long as 8 months after the close of the fiscal year. Bonni Jensen reported that Charles Slavin in 1999 allowed plans to use quarterly returns provided by the Investment Consultant to generate statements. If the Board adopted the change, Brad Armstrong would still determine the expenses to be applied to the DROP accounts each year.

The Trustees then discussed the differences between the Share and the DROP account reporting. Brad Armstrong provides the Share Account balance updates annually, and the administrator proposed to continue the Share Account statements to the participants on an annual schedule. Numerous reasons exist for the annual schedule for updating the Share Account balances. The Pension funds the Share Accounts with the annual premium tax receipts from the State. The actuary also determines the annual forfeitures from the Share Accounts for participants terminating employment from the City prior to vesting in the plan. The forfeitures are reallocated to the remaining actively employed plan participants. A motion was made, seconded, and approved 3-0 to issue quarterly statements to DROP participants using the investment rate of return determined by the investment consultant, beginning with the quarter ending December 31, 2004. Bonni Jensen will provide appropriate disclaimer language for the quarterly DROP statements.

Dave Merrell asked if the new Share and DROP Account distribution policy would allow participants to make a one time partial withdrawal. Bonni Jensen reported that the new policy does not include this option, since participants age 55 and older could effectively make an annual withdrawal on October 1 during the annual election period in August. The Board directed the administrator to send a letter notifying participants of the availability of the online benefit calculator and the changes to the Share and DROP distribution policy.

Tom Sheppard identified a number of pay problems when he recently completed a study and review of firefighter payroll. In some cases, the reported payroll to the Pension Fund may not be accurate if the City does not pay the employee the correct amounts under the current contract. The Board discussed current procedures to review payroll reported by the City of West Palm Beach to the Pension Fund. Tom Harris will check to see if the City can print a "P" or other designation adjacent to items on the paycheck stub included in the gross compensation for pension. The Human Resources Department maintains the pay classifications, since HR also inputs the benefit amounts into the payroll system.

ATTORNEY REPORT

Bonni Jensen presented the new policy for Share and DROP Account withdrawals, which she will now amend to reflect the quarterly cycle for providing participants in the DROP with statements.

Ms. Jensen then presented the Board with an agreement for a new legal firm to monitor the portfolio for possible securities issues. A motion was made, seconded, and approved

3-0 to execute the agreement with Milberg et. al. to review the pension fund holdings for securities issues. A motion was made, seconded, and approved 3-0 to direct Salem Trust to grant electronic access to custodial information to Milberg and discontinue providing custodial statements to the firm represented by attorney Mike Pucillo.

Bonni Jensen recommended that the Board schedule a hearing for Mildred Hubbard at the January meeting. After some discussion, the Board decided to start the meeting scheduled for January 8 at 1 PM for the hearing. The Trustees requested that only necessary issues be discussed at the regular meeting to follow the hearing.

Ms. Jensen sent letters with acknowledgements for pre-existing medical conditions to five of the employees newly hired in the Department by the City. She has received one of the acknowledgements back at this time. She noted that the Pension Fund has no changes to the Special Act this year to provide to the legislative delegation from Palm Beach County.

OTHER BUSINESS

Dave Merrill will attend the FPPTA conference in October.

Al Ashby failed to execute the annual affidavit provided to retired participants during the allotted time period. The Board directed the administrator to respond to a Public Record Request submitted by Mr. Ashby. A motion was made, seconded, and approved 5-0 to modify the policy for the annual affidavits to suspend pension payments to participants who fail to respond after a first, second, and third notice. Bonni Jensen will bring a written draft for the updated policy to the next meeting for review.

There being no further business and the next meeting being scheduled for Thursday, November 6, 2003, at 1:30 P.M. at Station 2, the meeting was adjourned.

Respectfully submitted,

Tom Sheppard, Secretary