

West Palm Beach Firefighters Pension Fund

MINUTES OF MEETING HELD

June 3, 2004

Chairman David Allison called the meeting to order at 1:40 P.M. in the meeting room at Station 2, West Palm Beach, Florida. Those persons present were:

TRUSTEES

David Allison, Chairman
Tom Sheppard, Secretary
David Merrill

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur & Nick Schiess, Pension Resource Center
Joni Hamilton, Assistant City Attorney
Michael Jackson, Participant

MICHAEL JACKON BUY-BACK REQUEST

Participant Michael Jackson was present and appeared before the Board to discuss his request to purchase two years of pension service credit for prior military service. Mr. Jackson requested that he be allowed to purchase the service credit under the provisions and cost structure of the old Plan in effect at the date of his application on April 12, 2004 instead of the provisions of the new Special Act pending signature by the governor. Although the actuary had not calculated the cost of the buyback under the new plan provisions, Scott Baur reported that he expected the cost to increase based on his discussions with Brad Armstrong.

The Board reviewed the cost information for the purchase of service credit under the provisions of the old Plan. The Board also noted that the cut-off date to submit an application to DROP under the provisions of the old plan was March 28, 2004, although this deadline did not specifically extend to applications for purchase of prior qualifying service credit. Furthermore, the changes to the Special Act would become effective retroactive to October 1, 2003. Bonni Jensen recommended that the Board deny Mr. Jackson's request, since the request made by Mr. Jackson would have an adverse actuarial impact to the Plan. A lengthy and careful discussion arose to the consideration of Mr. Jackson's request. Based upon the recommendation of the Plan's Attorney, a motion was made, seconded, and passed 3-0 to deny Mr. Jackson's request to purchase the service credit under the provisions and cost structure of the old Pension Fund provisions.

MINUTES

The Board reviewed the minutes for the meeting of May 6, 2004 and noted a typographical error. A motion was made, seconded, and passed 3-0 to approve the minutes for the meeting of May 6, 2004 as corrected.

UPDATE ON SPECIAL ACT

Bonni Jensen reported that the proposed changes to the Special Act were in memo writing at that legislature, but had not yet been presented to the Governor for consideration. She noted that once the bill arrives on the Governor's desk, HB 1633 would automatically become law if the Governor did not take any action within fifteen days. However, the Governor could also veto the legislation or sign the bill into law at an earlier date. Ms. Jensen recommended that another meeting be scheduled to further discuss the transition benefits with the DROP Participants. The Board tentatively scheduled the meeting for 1:00 PM on July 1, 2004; however, this meeting would be rescheduled if the proposed Special Act was ratified by the Governor. Ms. Jensen provided the Board with the information on the transition benefits that was distributed at the May 7, 2004 workshop for the DROP Participants. She discussed the revision of several documents provided at the workshop and agreed to distribute the revised copies to the DROP Participants.

STATEMENT OF INCOME AND EXPENSE

Scott Baur provided the Board with a Statement of Income and Expense through April 30, 2004. He advised the Board that once the proposed Special Act becomes law, the City would no longer be responsible for employer pension contributions for the remainder of the fiscal year. Mr. Baur also noted that April was likely the last month the Plan would receive the employer contributions. After that time, the Pension Fund must periodically liquidate investments in order to raise the necessary funds for benefit payments and operating expenses of the plan. He advised that he would consult the Plan's Investment Consultant, Mike Calloway, to determine which investment account to withdraw the funds, as has been the past practice. A question arose as to the reason benefit payments in April 2004 were \$208,756.65, which appeared to be higher than average. Mr. Baur agreed to research the benefit payments for April and report the explanation to the Board at the next meeting. The Trustees received and filed the current monthly financial statement.

DISBURSEMENTS

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

ATTORNEY REPORT (Bonni Jensen)

Bonni Jensen reported that escalator clause increases were due to Beverly Newman, Ann Schwall, and Joan Pagan, but Joan Moore was now deceased. She reviewed the plan provisions regarding the clause and the step raise factors in determining these increases to the benefits for these members. A motion was made, seconded, and passed 3-0 to approve the benefit the escalator clause for Beverly Newman, Ann Schwall, and Joan Pagan.

Ms. Jensen then reported that the Plan had received a notice of levy from the Internal Revenue Service for a fine of \$2,400 for a mistake on tax withholding on benefit payments. Mr. Baur explained that an electronic payment to the Internal Revenue Service was identified as incorrect, voided, and replaced with the correct payment on the very same day. Ms. Jensen stated that she was communicating with the Internal Revenue Service to resolve the issue. David Allison requested that a letter of explanation be mailed to the Director of the Internal Revenue Service and a copy mailed to the Congressman of the Plan's district. Scott Baur agreed to mail the letter of explanation to both parties.

Ms. Jensen discussed the recent publicity regarding Strong Capital Management, a former Investment Manager for the Plan. She reported that she had notified the Plan's Investment Consultant, Mike Calloway of the publicity and requested that he monitor the results of class action lawsuits against Strong Capital Management, which may include the Pension Fund. A discussion arose regarding the claims against Strong Capital Management and Ms. Jensen was directed to also send notification of the matter to Millberg Wiess, who still has a securities monitoring arrangement with the Plan.

ADMINISTRATIVE REPORT (Scott Baur)

Scott Baur provided the Board with the 2003 Annual Benefit Statements for distribution to the active Participants. A discussion arose as to method of distribution and Tom Shepard agreed to arrange for the distribution of the statements. Mr. Baur noted that the statements were prepared in accordance with the Plan provisions in effect on September 30, 2003, which would not reflect the benefit changes in the proposed Special Act.

OTHER BUSINESS

A discussion arose regarding the confirmation of Participant hire dates. Mr. Baur reported that a recent mailing to Participants to verify hire dates had been completed. The Board directed Mr. Baur to update the City with a report of the verified hire dates.

Tom Sheppard requested Mr. Baur to provide the Board with information on national conferences for pension fund management.

There being no further business and the next meeting having been scheduled for Thursday, July 1, 2004 at 3:30 PM at Station 2 immediately after the workshop for DROP Participants scheduled for Thursday, July 1, 2004, at 1:00 PM, the meeting was adjourned at 2:40 PM.

Respectfully submitted,

Tom Sheppard, Secretary