West Palm Beach Firefighters Pension Fund
MINUTES OF MEETING HELD
October 7, 2004

Chairman David Allison called the meeting to order at 1:37 P.M. at Station 2, West Palm Beach, Florida. Those persons present were:

TRUSTEES	**OTHERS**
David Allison, Chairman	Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Tom Sheppard, Secretary	Scott Baur & Nick Schiess, Pension Resource Center
David Merrell	Matt Young
Dorritt Miller	

David Allison announced his resignation from the Board effective October 31, 2004. He recommended Matt Young as his replacement, provided the Board with Mr. Young's biography, and then discussed the qualifications of Mr. Young. It was noted that Mr. Allison's position as the 5th Trustee was appointed by the Board. Tom Sheppard questioned Bonni Jensen regarding rules and procedures regarding the appointment of the position and Ms. Jensen responded that the Board may appoint Mr. Allison's replacement when necessary and his replacement would serve the remainder of Mr. Allison's term as Chairman. A motion was made, seconded, and passed 4-0 to appoint Matt Young as 5th Trustee for the remainder of Mr. Allison's term ending March 31, 2006

MINUTES

The Trustees reviewed the minutes for the meeting of August 5, 2004. A motion was made, seconded, and passed 4-0 to approve the minutes for the meeting of August 5, 2004.

STATEMENT OF INCOME AND EXPENSE

Scott Baur provided the Board with a Statement of Income and Expense through August 31, 2004. As a follow up to the Board's previous request to research an entry under miscellaneous expense for a $75 bank charge, Nick Schiess reported that the fee was in conjunction with a tax levy and that the bank had agreed to reverse the charge. The Trustees received and filed the financial statement.

DISBURSEMENTS

The Trustees reviewed the list of disbursements presented for approval by the Administrator. A question arose regarding an invoice presented from Ellen Schaefer and Scott Baur reported that the invoice was for computer programming services to convert the DROP and Share account from yearly to quarterly for the Administrator's online account inquiry system. He further noted that programming fees for system modification necessitated by changes in the Plan were pass through costs to the Plan. Mr. Baur was questioned regarding the date the online account inquiry system would be available to the Participants and he responded that the system should be available within several weeks. A question arose whether further programming charges were forthcoming and Mr. Baur advised that additional programming was completed after date of the invoice presented for approval and an additional invoice was expected. A motion was made, seconded, and passed 4-0 to approve the disbursements presented by the Administrator.

TRANSITION BENEFIT ISSUES

Mr. Sheppard advised that the VEBA Board had not met and was unable to determine the methodology behind the calculation of the VEBA contribution by the City, which would be discussed at the next meeting. He noted that a possible complication could exist if the VEBA contributions were determined to be in excess of the amount already deducted from Participants' mustering payout. The Pension Fund then receives up to $41,000 of the mustering money pre-tax as an employee contribution after the City deducts the VEBA contribution. The City pays any excess amounts directly to the member.

Mr. Baur reported that the Administrator had not received payroll information from the City for those Participants in the transition group to calculate their additional pension contributions. Therefore, the Administrator was unable to offset the affected Participants' DROP account balances, resulting in an overstatement of account balances available through the new online account inquiry system once it was available. Bonni Jensen questioned whether the online system could display notification of the overstatement and Mr. Baur advised that this was not practical as the notification would be viewed by all Participants including those not affected. Ms. Jensen recommended that the online inquiry system not be activated until the matter was resolved and the Board agreed.

Tom Sheppard reported that money from the Pension Fund cannot be used by Don Widing to make the member contribution for the Tier II VEBA benefit. Mr. Widing could reimburse the City, with the City making the contribution to the VEBA, but the City has not yet addressed the issue. In any case, the Pension Fund Board cannot address the matter of the VEBA contributions. Mr. Baur noted that the mustering payout for other Participants might not be sufficient to pay for the VEBA contributions as well. Mr. Sheppard advised that he would raise the issue at the next VEBA Board meeting.

Mr. Baur advised that several Participants requesting BackDROP loans had contacted the Administrator but the Plan's provisions for the DROP do not apply to the BackDROP. Ms. Jensen noted that a revision to the Special Act had been drafted, which included provisions for BackDROP loans. She further noted that the Board could not establish a policy for BackDROP loans and therefore the Participants must wait until the adoption of the revised Special Act.

ATTORNEY REPORT

Bonni Jensen provided the Board with draft revised Special Act noting that it was preferential to restate the entire Plan rather that just amending the Plan. She also noted that both the City and Union must approve the revision and that December 2, 2004 was the filing deadline. Ms. Jensen discussed the specific language within the draft revision beginning with the definition of replacement salary for salary amounts prior to October 1, 2000 for the purposes of calculating Participants' final average salary. The investment guidelines provided for the investment into real estate at a maximum of 15% allocation at market value and a maximum of 10% in derivative investments and futures. She noted that the Investment Consultant had previously recommended real estate as an alternative to low bond returns. The guidelines also set forth a maximum of 20% investment into foreign stocks and bonds. Of the bonds allocation, 80% must hold a rating in one of the four highest classifications as was also recommended by the Investment Consultant. Dorritt Miller objected to the 80% allocation to high grade Bonds and expressed concern that the remaining 20% might be invested into junk bonds. A lengthy and careful discussion ensued and it was noted that the current investment limitations might limit overall investment returns. It was also noted that many types of bonds existed outside the four highest classifications and the ultimate decision on all investments was based upon the advise of the Investment Consultant. Ms. Jensen noted that at a recent FPPTA Conference, it was suggested that achieving investment returns equal to the actuarial assumption might no longer be attainable with conventional investment vehicles. Eligibility for the BackDROP was revised from whole years to between 36-60 months. The BackDROP provisions were supplemented with the loan provisions that existed for the DROP under the prior Special Act. The benefit for Surviving spouse was redefined as the highest of either 75% of a deceased retired Participants' highest 12 months salary or accrued benefit. A motion was made, seconded, and passed 4-0 to adopt the revised Special Act, provide it to the City and Union for approval, and then submit it to the State for consideration in the next legislative session.

Ms. Jensen reported that Participant Al Ashby had contacted her office regarding a QDRO, however, Ms. Jensen advised him that the Plan provides survivorship benefits to a current spouse but not an ex-spouse.

Ms. Jensen provided the Board with responses for the Request For Proposal for Medical Director from Coach Comp America and Drs. Lamales, Kardon, and Lupu. The Trustees discussed the responses. Ms. Jensen discussed the responsibility of the Medical Director, which was to review applications for disability benefits and conduct pre-employment physical examinations to identify pre-existing medical conditions. The pre-employment examinations were not used for employment decisions but rather to identify pre-existing medical conditions that would be taken into consideration in the event that a Participant submitted an application for disability benefits under the Plan. She noted that the concern with the current Medical Director, Dr. Lamales, is the untimely manner in which the reports from the evaluations were provided. Dr. Lamales stated within his proposal, however, that service would improve. The Trustees noted that only three responses were received and questioned Ms. Hanson on the manner in which the RFP's were advertised. Ms. Hanson responded that notifications were mailed directly to local entities and also published in the Palm Beach Post. It was noted that the deadline for response was close enough to a recent hurricane to affect the number of responses that were received. The Trustees discussed retaining Dr. Lamales as medical Director. After a lengthy discussion, a motion was made, seconded, and passed 4-0 to resend out the RFP.

Ms. Jensen reported that Affidavits had been received from all the Plan's Investment Managers, with the exception of PIMCO, attesting that Merrill Lynch had not compensated them. However, the Affidavit had been mailed to the incorrect contact person within PIMCO.

Ms. Jensen provided the Board with a draft copy of the revised Summary Plan Description prepared by the Actuary for review at the next meeting. She reported that the State had approved the Annual Report and Mr. Baur reported that the plan received the Chapter 175 premium tax receipts.

ADMINISTRATIVE REPORT

Scott Baur provided the Board with an engagement agreement for the 2004 audit. A motion was made, seconded, and passed 4-0 to approve the agreement contingent upon review by the Attorney.

The Trustees reviewed a list of benefit approvals submitted by the Administrator. A motion was made, seconded, and passed 4-0 to approve the benefits submitted by the Administrator subject to an offset for retroactive pension contributions owed to the Plan by the transition group Participants.

Scott Baur reviewed a buyback calculation for Michael Jackson provided by Brad Armstrong, actuary for the Pension Fund. Mr. Baur and Mr. Armstrong jointly recommended that the Board adopt a buyback policy that allowed members to use the prior qualifying service credit purchased to allow the member to retiree earlier, using a final average salary always calculated at the 23rd year. He noted that the plan might be interpreted for the final average salary to be calculated earlier than the 23rd year, based on the amount of time purchased by the member and the number of years of BackDROP. The calculation of the final average salary, however, also impacts the cost of the buyback. Trustee Tom Sheppard indicated that he wanted to give members the choice on the buyback and calculation of the final average salary. A motion was made, seconded, and approved 4-0 to offer members two options for a buyback depending on the calculation date for the final average salary.

OTHER BUSINESS

Mr. Shepard requested that the list of upcoming conferences be provided to Matt Young and to transfer the Wall Street Journal subscription from David Allison to Mr. Young.

There being no further business and the next meeting having been scheduled for Thursday, November 4, 2004 at 1:30 PM, the meeting was adjourned at 3:10 PM.

Respectfully submitted,

Tom Sheppard, Secretary