

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
SEPTEMBER 7, 2006

Chairperson David Merrell called the meeting to order at 1:40 P.M. in the Third Floor Conference Room at Station 1, 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

David Merrell, Chairperson
Dorritt Miller
Tom Sheppard
Tom Harris
Matt Young

OTHERS

Bonni Jensen, Hanson, Perry, & Jensen
Scott Baur, Denise Clougherty and Bonnie Lindberg,
Pension Resource Center
Retiree Tom Foster
Rick Dorey
Retiree, Chief "Bud" Smith

COMMENTS

Retiree, Bud Smith opened the meeting with comments regarding the retirees and widows of the department from the early 1950s. Mr. Smith provided the Board with copies of the research he had done on the early retirees and their widows, regarding the number of them still receiving less than \$1,000 per month. Mr. Smith gave the Trustees an overview of what the retirement plan, as well as the department itself, was like about 50 years ago. Mr. Smith believes that the Actuary is making assumptions that are not correct and requested a copy of the Actuarial Valuation of the plan. He further presented a breakdown of what it would cost the plan to increase benefits to these select people to \$1,000 per month. Mr. Smith made an emotional plea to the Board of Trustees for their support in approaching the City Commission with a request to find a way to supplement the retirement benefits for these individuals and see it through to completion. Mr. Smith thanked the Board and Administrator for all of their cooperation and assistance. The Board Attorney, Ms. Bonni Jensen assured Mr. Smith that the Trustees, indeed, do not have the authority to approve any of his requests or take any action, and that those requests need to be brought before the City Commission. Mr. Smith answered questions from the Trustees, and then departed the meeting at 2 P.M. There was general discussion among the Board and the Trustees agreed there was very little they could do for Mr. Smith and his request.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of August 3, 2006. Some corrections were noted for the Administrator. A motion was made to approve the Minutes of August 3, 2006, as amended. The motion was seconded and carried 5-0.

PLAN FINANCIALS

The Trustees reviewed the financial statements for the fund. The Trustees received and filed the financial statements ended July 31, 2006. There was question on the office expenses of \$877.50. The Administrator advised he would provide the detail at the next meeting.

DISBURSEMENTS

After considering the disbursements a motion was made to approve the disbursements for July 2006. The motion was seconded and carried 5-0.

BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals. The Trustees requested that future benefit application approvals include years of service prior to the BackDrop and years of service after the BackDrop. A motion was made to approve benefits applications for Rick Roberts and Michael Pait. The motion was seconded and carried 5-0.

ATTORNEY'S REPORT

Bonni Jensen: Hanson, Perry & Jensen

Ms. Jensen provided the Board with a copy of the newly signed Pension Protection Act of 2006. Ms. Jensen explained what provisions of this new law were applicable to the plan. Ms. Jensen also advised the Board that she would need to do more research regarding the provisions that affect the plan and members, such as the ability to take a health insurance deduction if the member does not have City provided health insurance. Ms. Jensen will try to get more clarification but advised that until we get more direction or guidance, we will have to interpret it as it is written. Ms. Jensen recommended that the Board consider amending the policy to reflect age 50 instead of age 55, as written in the new Pension Protection Act of 2006. A motion was made to amend the policy to reflect the new provisions in the Pension Protection Act of 2006, and change the requisite of age 55 to age 50 for lump sum distributions. The motion was seconded and carried 5-0.

ADMINISTRATOR'S REPORT

Scott Baur and Denise Clougherty: Pension Resource Center

Mr. Baur advised the Board that Daniel Jacobson, a new hire, has requested an extension of his deadline to request a hearing before the Board regarding his MRI results from his post-offer physical exam. Ms. Clougherty advised that the letter received from Daniel Jacobson was never forwarded to the attorney for review. The error was in the administration, not the fault of Mr. Jacobson. A motion was made to approve a hearing

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for Daniel Jacobson to come before the Board at the next meeting. The motion was seconded and carried 5-0.

Mr. Baur recommended that the Board change the custody of their mutual fund to save money, based on a snapshot of the asset value as of January 1, 2006. Mr. Baur advised he has discussed this with Michael Callaway and he is in agreement that this alternate custody arrangement will reduce the annual costs. Mr. Baur recommends moving it to Salem Trust but first, changing the class of the mutual fund from A Share to an R5 Share. The savings would be about \$5,000.00. A motion was made to change the class from A Share to an R5 Share, and then move the custody to Salem Trust. The motion was seconded and carried 5-0. Mr. Baur advised this could be completed in the month of September.

OTHER BUSINESS

Tom Sheppard had a concern regarding the Administrator's time frame of doing BuyBack calculations. He would like to see a time certain for turnaround of BuyBack calculations, or a policy so that it doesn't take five or six months to get these numbers to the participants, as that amount of time is unacceptable. He feels the policy should be a two-part policy giving the Administrator two to three weeks for getting a preliminary calculation to the Actuary, and then a time frame for the Actuary to get the calculations back to the Administrator. A motion was made to write a policy that gives the Administrator two weeks to get BuyBack calculations to the Actuary, and gives the Actuary thirty days to return calculations to the Administrator. The motion was seconded and carried 5-0.

Mr. Sheppard also mentioned concern over the Administrator taking the liberty to send a letter to participants telling them that the Board is taking some type of action, without going through the Attorney or Trustees first. The Administrator acknowledged the concerns and advised he would go through the Attorney and Trustees in the future.

The Board discussed whether they would direct that money be put into the PIMCO Clone or put some of the money in the clone and some in the mutual fund at PIMCO. Currently, the fund is paying 40 basis points; PIMCO would charge 50 basis points with no revenue sharing. A motion was made to table the decision until the next meeting. Mr. Baur advised he would discuss it with Michael Callaway.

The Board extended best wishes and gratitude to David Merrell, who will not be returning to the Board of Trustees, as he is retiring on October 1, 2006. The Board wished him well, and thanked him for his dedication to the Board of Trustees for the West Palm Beach Firefighters' Pension Plan.

TRUSTEE VACANCY

As of October 1, 2006, when David Merrell retires from service, there will be a vacant seat on the Board of Trustees. Notices have been posted several times at the fire stations for persons interested in being considered for the seat. Present at the meeting was Mr.

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Rick Dorey, the only person who expressed an interest in being nominated for the vacancy. The Board will consider the replacement of Mr. Merrell and the appointment of a new Chairman at the next regular meeting.

There being no further business and the next meeting having been scheduled for October 5, 2006, the meeting was adjourned at 3:17 PM.

Respectfully submitted,

Tom Sheppard, Secretary