

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
OCTOBER 5, 2006

Secretary Tom Sheppard called the meeting to order at 1:43 P.M. in the Third Floor Conference Room at Station 1, 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Matt Young
Dorritt Miller
Tom Sheppard
Tom Harris
Rick Dorey

OTHERS

Bonni Jensen, Hanson, Perry, & Jensen
Scott Baur, Denise Clougherty and Bonnie Lindberg,
Pension Resource Center
Retiree Tom Foster

Election of Chairman

Tom Sheppard advised the Board that Rick Dorey was elected Trustee to fill the vacancy left by David Merrill.

A motion was made by Tom Harris to nominate Tom Sheppard for Chairman. The motion was seconded. Tom Sheppard declined to take the nomination. The motion failed. A motion was made by Matt Young to nominate Dorritt Miller for Chairman. The motion was seconded. Ms. Miller accepted the nomination for a term expiring 10-01-06. The motion carried 4-0. The Board unanimously nominated and elected Dorritt Miller as Chairman. Ms. Miller accepted the nomination of Chairman, for a term expiring 10-01-07.

Secretary Tom Sheppard turned the meeting over to the new Chairman, Dorritt Miller.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of September 7, 2006. Some corrections were noted for the Administrator. A motion was made by Tom Sheppard to approve the Minutes of September 7, 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 August 31, 2006. There was question on the office expenses of \$877.50 on last month's report. The Administrator advised that was an invoice from Ellen Schaeffer for programming, which was approved by the Board prior to July, 2006. The item was categorized as miscellaneous office expenses because there was no computer programming line.

Mr. Baur advised the Board that the City paid their contribution for the year in a lump sum payment. Mr. Baur consulted with Mike Callaway regarding disbursement of the

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF October 5, 2006

excess funds to the individual Investment Managers and will continue to seek the advise of Mr. Callaway during disbursements. Mr. Baur also advised that the real estate funding is in queue for January 2007.

DISBURSEMENTS

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

NEW HIRE APPEAL, DANIEL JACOBSON

Mr. Jacobson was expected to appear before the Board today to request additional time to get an independent medical evaluation and tests to bring before the Board regarding his dispute with the results of his pre-employment, post-offer physical examination findings. Mr. Jacobson did not attend the meeting. The Board agreed to wait until they hear more from Mr. Jacobson. No action was taken.

BENEFIT APPROVALS

A motion was made by Tom Sheppard to approve benefits applications for retirement from David Merrill, Burton Nowak, Michael Pait, Nathaniel McCray, and Steven Barnard as amended. The motion was seconded and carried 5-0.

A motion was made by Tom Sheppard to approve applications for distribution of Share Account for William Stephens, David Merrill, Gary Tassin and William Motter as amended. The motion was seconded and carried 5-0.

A motion was made by Tom Sheppard to approve applications for distribution of DROP account for Glenn Hetchler, Burton Nowak, Alred Senecal, Douglas Heller and David Heyer as amended. The motion was seconded and carried 5-0.

There was a discussion regarding the approval process and the exact situations that the Board is approving. The Board is approving the benefit that was calculated and checked by the actuary. The Board approves the amount of the disbursement that retirees are requesting. The Benefit Approval is a summary of the requests for distributions, retirements, etc. that come before the Board on a monthly basis.

ATTORNEY'S REPORT

Bonni Jensen: Hanson, Perry & Jensen

Ms. Jensen advised the Board that she provided a copy of the provisions in the plan that address the 13th check to Mr. Bud Smith, retiree at his request.

Ms. Jensen provided the Board with a copy of the memorandum she proposed the fund send to retirees regarding the Pension Protection Act of 2006 and how it affects the health insurance premiums for retirees. The law requires the retirees to make an election to take up to \$3,000 of their health insurance premiums on a pre-tax basis. Ms. Jensen agreed that the question of the VEBA money might cause questions from retirees. When

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF October 5, 2006

implemented, there may need to be some procedural changes and Mr. Baur will let the Board know what they are when they happen. The Board discussed the wording and options on the election form at length.

A motion was made by Matt Young to create a form asking the member to "choose one of the following:" Up to a \$250 a month pre-tax premium payment or pay premiums post tax. The motion was seconded and carried 4-1. Tom Sheppard voted NO on the motion. He believes we should allow the member to take the \$3,000 as quickly as possible.

The Board questioned whether this benefit continues to the spouse. Ms. Jensen believes we should stop the payment when the member dies, until we hear otherwise or receive more direction or guidance from the IRS. Ms. Jensen advised that a local attorney has already sent a letter to the IRS with many questions that have arisen since the signing of the Pension Protection Act of 2006.

At this time the Board agreed to table this issue until the next meeting. Ms. Jensen will see how others are interpreting the law at the upcoming Police and Firefighters Pension Trustees conference. This issue will be put back on the agenda for next month's meeting.

Ms. Jensen distributed copies of the revised Share and BackDROP policies, as a result of the Pension Protection Act of 2006, which changed the age of distributions without penalty from age 55 to age 50. Mr. Baur asked for clarification on the law in regards to retirees who retired prior to age 50 but are now over the age of 50. Ms. Jensen advised that this provision totally supercedes any other provision. You must have been separated from service after the age of 50. The plan has received an interpretation from the Auditor but it is not necessarily the same opinion as the majority. A motion was made by Tom Sheppard to accept the new revision to the Plan. The motion was seconded and carried 5-0.

Ms. Jensen distributed the BuyBack Policy revised per the Trustees discussion at the last meeting regarding imposing of limits on the actuary and the administrator. A motion was made by Tom Sheppard to approve the revision of the BuyBack Policy which places a time-certain on the Administrator and the Actuary for getting BuyBack calculations completed. The motion was seconded and carried 5-0.

ADMINISTRATOR'S REPORT

Scott Baur and Denise Clougherty: Pension Resource Center

PIMCO Funding vs. Oppenheimer Funding

Scott Baur advised that he conferred with Michael Callaway of Merrill Lynch and the recommendation is that the Board agree to fund the PIMCO Total Return Fund instead of the Clone fund offered by Oppenheimer. Mike Callaway does not feel that splitting between the two funds would be in the plan's best interest. The Oppenheimer portfolio would need to be watched very carefully by Mr. Callaway as they have no track record

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF October 5, 2006

that he could advise the Board in advance. PIMCO would not sign off as a fiduciary. Oppenheimer would sign as fiduciary and their fees are 7 basis points lower. The Board had a lengthy discussion regarding the pros and cons of both.

A motion was made by Tom Sheppard to fund the Oppenheimer Clone. The motion was seconded and carried 5-0.

Website Update

Mr. Baur advised that the Pension Resource Center is working on a project to make all historical and current account data available on line. This project will improve the quality of what the fund can provide through the website.

Supplemental Check

The Chapter 175 supplemental check is up by about \$150,000 more than last year. The total received into the fund is \$380,263.46. Last year's supplemental check was about \$230,000.

OTHER BUSINESS

There being no further business and the next meeting having been scheduled for November 2, 2006, the meeting was adjourned at 3:15 PM.

Respectfully submitted,

Tom Sheppard, Secretary