LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
June 14, 2007

James Shook called the meeting to order at 9:05 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

TRUSTEES	**OTHERS**
James Shook	Margie Adcock and Scott Baur, Administrator
Wes Lamb	Adam Levinson, Attorney
Pat Highland	Larry Cole, Investment Monitor
Rich Seamon	Steve Palmquist, Actuary

ADDITIONS AND DELETIONS

The Board decided to add to "Other Business" the issue of merger with the County and FRS.

MINUTES

The Trustees reviewed the minutes of April 12, 2007. A motion was made, seconded, and carried 4-0 to accept the minutes of April 12, 2007.

ACTUARY REPORT

Steve Palmquist appeared before the Board to present the Actuarial Valuation as of October 1, 2006. He discussed the required City contribution. He noted that the cost went up 1.10% of payroll. He stated that the Division II contribution is 10.7% or $380,519 for this fiscal year ending September 30, 2007. The Division II contribution will be $404,407 for the fiscal year ending September 30, 2008. Mr. Palmquist explained how the State monies are determined. He stated that there is a maximum of 6% of total Fire Department payroll on the first distribution. The rest of the money might be given in a supplemental distribution but the Fund shares one-half with the State at this point. He stated that from time to time the Fund should ensure that the City is providing total Fire Department payroll. He stated that the Fund should try to make sure that the City is reporting all of the payroll so as to maximize the money the Fund collects. Mr. Palmquist stated that there was a net actuarial experience loss of $99,172. He stated that the loss was due to investment earnings of 5.9% which was below the assumed rate of 8.5%. He stated that the average for salary increases was 2.4% versus the assumed rate of 6.5% which created a gain. Mr. Palmquist reviewed the history of investment return based on the actuarial value of assets. He stated that for the past five years the return has been below the investment assumption but he expects that will change next year. He reviewed the history of salary increases. He reviewed the benefit of the 13th check. He stated that since 2001 the Fund has not been able to pay a 13th check. He advised that since there is a cumulative loss of $3,502,125 there is no 13th check that can be payable this year. Mr. Palmquist reviewed the experience and assumptions for retirements, deaths and terminations. He noted that people are staying longer than anticipated which has reduced the cost of the Plan and provides a small gain from year to year on a net basis. He reviewed the summary of income and disbursements. He reviewed the schedule of funding progress and noted that the funded ratio is 65.6% as of October 1, 2006. He expects the funded ratio to improve in future years.

Mr. Palmquist stated that he has not had the opportunity to go through the Summary Plan Description as of yet as he just received the most recent revised document from Mr. Levinson. He stated that he would review it and provide any comments to Mr. Levinson.

Mr. Levinson provided Mr. Palmquist with a revised draft of the DROP Administration Rule to review.

Mr. Levinson asked Mr. Palmquist if he had any comments on a possible merger between the County and City and the aspects of a closed plan. Mr. Palmquist reviewed the annual required contribution. He stated that the payment of the unfunded liability will continue at the same level. The cost as a percentage of payroll will keep going up. He stated that the funding method would most likely change to the aggregate method where the cost would be much more stable.

A motion was made, seconded and passed 4-0 to approve the Actuarial Valuation as of October 1, 2006.

INVESTMENT MONITOR: MERRILL LYNCH

Larry Cole appeared before the Board. He discussed the performance for the quarter ended March 31, 2007. The total market value of the Fund as of March 31, 2007 was $24,270,930. The quarterly earnings were $497,906. The asset allocation was comprised of 55.6% in domestic equities; 11.3% in international equities; 30.5% in fixed income; and 2.6% in cash. Mr. Cole reported the asset allocation per manager was comprised of 39.2% in Bernstein; 36.7% in Davis Hamilton; 5.6% in Baron; 7.1 in Advisory; and 11.3% in Oakmark.

The total Fund was up 2.1% for the quarter, while the benchmark was up 1.7%. Davis Hamilton was up 2.3% and Bernstein was up .8%. The domestic equity portion of the portfolio was up 1.9% for the quarter while the Russell 3000 was up 1.3%. Davis Hamilton was up 2.8% and Bernstein was up .3%. Advisory was up 3.5% and Baron was up 2.9%. The international equity portion of the portfolio was up 4.9% while the EAFE was up 4.2% for the quarter. Fixed income was up 1.5% for the quarter while the benchmark was up 1.6%.

Mr. Cole provided a review on the individual managers. The total market value for DHJ as of March 31, 2007 was $8,914,020. He stated that although DHJ did well for the quarter, he stated that the Board is still making the right decision to make a change. The total market value for the Fund’s portfolio with Alliance Bernstein was $9,525,580. He stated that Bernstein for the long term has an average absolute return. He stated that relative to the broad market they are truly adding value. Relative to value managers they appear to be struggling though. He thinks it is worth keeping Bernstein as a manager.

The total market value for Oakmark was $2,739,520. The total market value for the Fund’s portfolio with Advisory Research was $1,729,390. The total market value for the Fund’s portfolio with Baron was $1,362,420.

Mr. Cole reviewed the investment policy checklist. He stated that he directed the excess of $525,000 that was in the checking account to be transferred to the DHJ fixed income account based on the fact that the Fund is very close to the maximum on the equity side. Mr. Cole reviewed the trading and fee summary.

Steve Palmquist departed the meeting.

Mr. Levinson inquired about the status of the SEC investigation. Mr. Cole stated that there has been no new news.

There was then discussion on the status of the contract with Merrill Lynch. Mr. Cole stated that the Board approved the fee change two years ago and when the contract was still not completed in May 2006, the Board decided to accept a basis point fee. The Board signed a contract that Mr. Levinson drafted at the last meeting which was sent to New Jersey for signature by Merrill Lynch. The New Jersey attorneys made some revisions to that contract and that was just forwarded to Mr. Levinson yesterday. The Board stated that they wanted this matter concluded. Mr. Levinson stated that he would try to work out an agreement before the next meeting.

Mr. Levinson stated that he had requested the breakdown for the fees Merrill Lynch paid as a reimbursement of 12b1 fees. He stated that he has not received the information as of yet.

ATTORNEY REPORT

There was discussion on the contract between the Board and Aletheia Research and Management. Mr. Levinson stated that Aletheia agreed to a fee of 75 basis points because of the other two relationships in the City. He stated that he had a contract for the Board to sign. He noted that he was still working out a contract with Rigel.

Mr. Levinson provided the Board with a revised draft of the DROP FAQ. He asked the Board to review the document for the next meeting where it could hopefully be approved. Mr. Levinson provided the Board with a revised Administrative Policy for the DROP. He reviewed the changes with the Board and advised that he provided a copy to Mr. Palmquist for review. He stated that hopefully the Board can approve this document at the next meeting.

Mr. Levinson discussed an e-mail dated June 2007 from Mr. Levinson to Larry Scott regarding Wilton Manors and FRS. He stated that based on that letter, his view was that a DROP Participant could begin FRS credit should there ever be a merger. However, FRS would most likely look to the Fund’s DROP Rules.

Scott Baur entered the meeting.

ADMINISTRATIVE REPORT

There was discussion on the transfer from DHJ to Aletheia and Rigel. The Board would like a transfer date at the end of June if both contracts are in place. It was noted that Salem Trust Company would be asked to establish two new equity accounts and one-half of the equity portfolio of DHJ would be given to each new manager. Mr. Cole suggested changing the Addendum for Bernstein so that there is one Addendum for large cap value and one Addendum for fixed income. This would enable them to control the asset allocation much easier. He stated that he would bring the documents to the next meeting.

The Board reviewed the financial statement for the period ending February 28, 2007.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 4-0 to approve the list of benefit approvals.

The Board reviewed the financial statement for the period ending April 30, 2007.

The Board was presented with a list of disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

It was noted that the term for Mark Lamb expired on June 1, 2007. A notice was provided to the Board for review for an election. The notice would be posted at the stations.

The Board was provided with a notification to Board/Committee Members from the City Clerk.

It was reported of a matter involving Roshella Kilgore who was the beneficiary of David Adams. Ms. Kilgore was receiving the remaining amount of Mr. Adams' 10 year certain benefit. When the City transferred information to Pension Resource Center, the City used Mr. Adams' date of death as the date of initial payment. Therefore, there has been an overpayment to Ms. Kilgore. It was noted that a letter has been sent to Ms. Kilgore attempting to collect the overpayment made.

Larry Cole and Pat Highland departed the meeting.

OTHER BUSINESS

There was discussion on the recent merger discussions between the City and Palm Beach County Fire Rescue. Mr. Levinson provided a letter dated May 12, 2006 from the Department of Management Services and FRS. He noted that members are required to be given a choice to remain in the Plan and continue to earn benefits; remain in the Plan for what they have accrued and earn future service in FRS; or receive a refund of their employee contributions in the Plan to purchase a portion of service with FRS at 2%.

Scott Baur departed the meeting.

Mr. Levinson discussed other mergers he has been involved in and is aware of. There was discussion on terminating a plan versus closing a plan in connection with a merger.

There being no further business, the Trustees adjourned the meeting.

Respectfully submitted,

Mark Lamb, Secretary