

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**August 7, 2007**

James Shook called the meeting to order at 9:00 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

James Shook  
Wes Lamb  
Pat Highland  
Rich Seamon

**OTHERS**

Margie Adcock and Scott Baur, Administrator  
Adam Levinson, Attorney  
Larry Cole, Investment Monitor

**ADDITIONS AND DELETIONS**

It was noted that a Participant requested a 10-year DROP which item was not on the agenda. The Board stated that it would not unilaterally consider that item today, as the Board would need consultation with the Union and the Actuary before making a decision. It was noted that it could be added for discussion purposes but the Board would not take any action on it today. The Board decided to add it to the agenda under the Attorney's Report and move that item ahead of the Investment Monitor Report as so many Participants were in attendance to hear the discussion on that issue.

**MINUTES**

The Trustees reviewed the minutes of June 14, 2007. A motion was made, seconded, and carried 4-0 to accept the minutes of June 14, 2007.

**ATTORNEY REPORT**

Adam Levinson appeared before the Board. He first discussed the potential merger. He provided the Board and the Participants with a brief background on the issue. He stated that in the last two months the Board became aware that the City was interested in pursuing a merger with the County. About two weeks ago an informational meeting occurred with a representative from the County and the firefighters and discussed integration issues such as transfer and pay. It was noted that the County does not want to pursue a merger if the membership was against it. Apparently a majority of the membership seemed to indicate interest in moving forward with a possible merger. Mr. Levinson provided an e-mail from Sarah Carr at the Division of Retirement dated August 6, 2007 answering questions regarding the options given to members if a merger occurs. Mr. Levinson reviewed the options. There are certain variables that can be considered. One is that the City can purchase time for employees but such purchase must be done uniformly for everyone. Another variable is the employee contributions. Mr. Levinson stated that he would like to see in the merger agreement a guarantee that the employee contribution would remain stable at 11.25% or a reasonable rate. He noted that only the firefighters that stay in the Plan are eligible to receive the State premium tax monies. The variable is on how many employees will stay in the Plan and how many will transfer to FRS. Mr. Levinson then discussed the questions from the Participant's e-mail dated August 6, 2007. Among the questions was a request for the Board to consider extending

the DROP from 7 to 10 years. There were a number of questions and a lengthy discussion on this matter among the Board as well as the Participants.

### **INVESTMENT MONITOR: MERRILL LYNCH**

Larry Cole appeared before the Board. He provided a preliminary report for the quarter ended June 30, 2007. The total market value of the Fund as of June 30, 2007 was \$25,682,080. The quarterly earnings were \$912,961. The asset allocation was comprised of 55.8% in domestic equities; 11.0% in international equities; 28.8% in fixed income; and 4.3% in cash. Mr. Cole reported the asset allocation per manager was comprised of 38.4% in Bernstein; 16.9% in Davis Hamilton; 5.6% in Baron; 7.2 in Advisory; 11.0% in Oakmark; 10.5% in Aletheia; and 10.5% in Rigel. Mr. Cole provided two Addendums for Bernstein, one for equities and one for fixed income. He also provided an Addendum for Davis Hamilton for fixed income and an Addendum for Rigel and an Addendum for Aletheia. Mr. Levinson advised that he reviewed them and they were all in order. A motion was made, seconded and carried 4-0 to approve the Addendums with Bernstein, Davis Hamilton, Rigel and Aletheia based on the recommendation of the Investment Monitor.

The total Fund was up 3.8% for the quarter, while the benchmark was up 3.5%. The domestic equity portion of the portfolio was up 6.3% for the quarter while the Russell 3000 was up 5.8%. The international equity portion of the portfolio was up 3.2% while the EAFE was up 6.7% for the quarter. Fixed income was down .5% for the quarter while the benchmark was down .1%.

Mr. Cole provided a review on the individual managers. Bernstein was up 3.5% while the Russell 1000 Value was up 4.9%. He stated that Bernstein was underperforming the Russell 1000 Value but was outperforming the S&P. He stated that it is an area of concern and he is disappointed with the numbers. The Board hired them as a large cap value manager and they are using a core value product. He stated that value has been the place to be and he believes performance will improve as the market rotates to growth. However, the numbers are unacceptable and he suggested the Board have them come to the next meeting. He also suggested doing a manager search to replace them just in case things do not turn around. A motion was made, seconded and carried 4-0 to have Bernstein attend the next meeting.

Advisory was up 6.6% while the Russell 2000 Value was up 2.3%. Baron was up 5.6% while the Russell Mid Cap Growth was up 6.7%. Oakmark was up 3.2% while the EAFE was up 6.7%. Mr. Cole noted that this was not a great quarter for Oakmark. With respect to fixed income, Davis Hamilton was down .2% and Bernstein was down .7% while the benchmark was down .1%.

Mr. Levinson stated that they resolved the contract with Merrill Lynch. It was noted that the Chairman signed the agreement today and it would be sent to Merrill Lynch for signature.

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

Mr. Levinson stated that Mr. Cole provided the information on the breakdown for the fees Merrill Lynch paid as a reimbursement of 12b1 fees.

Larry Cole departed the meeting.

### **ATTORNEY REPORT CONTINUED**

Mr. Levinson provided the Board with a revised draft of the DROP FAQ; DROP Administrative Rule; and DROP Application. The Board reviewed the various documents. A motion was made, seconded and carried 4-0 to approved the DROP Administrative Rule pending correction of the numbering. A motion was made, seconded and carried 4-0 to approve the DROP FAQ pending correction on page 7 and with the Attorney's discretion on any other changes. A motion was made, seconded and carried 4-0 to approve the DROP Application subject to final edit by the Attorney and the Administrator.

### **ADMINISTRATIVE REPORT**

Scott Baur presented the Board with a Trustee Conference Procedure. He noted that the procedure is a standardized procedure that they were putting in place that will help facilitate arrangements for Trustees to attend the various conferences.

The Board reviewed the financial statement for the period ending June 30, 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 was presented with a list of disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

The Board was provided with a document on What to Expect Upon Retirement that can be provided to members and would be put on the web site.

It was noted that the term of Richard Seamon was due to expire on September 30, 2007. A motion was made, seconded and carried 3-0 to reappoint Richard Seamon as the 5<sup>th</sup> Trustee for another term to expire on September 30, 2009.

### **OTHER BUSINESS**

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

Respectfully submitted,

Mark Lamb, Secretary