

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
May 7, 2009

The meeting was called to order at 9:09 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

TRUSTEES

Mark Lamb
Rich Seamon
Pat Highland
Jimmy Shook

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor
Steve Gordon, Auditor

ADDITIONS AND DELETIONS

Mr. Levinson stated that he would discuss some additional memorandums under his Attorney Report.

MINUTES

The Trustees reviewed the minutes of the meetings of February 9, 2009 and February 23, 2009. A motion was made, seconded, and carried 4-0 to accept the minutes of the meetings of February 9, 2009 and February 23, 2009.

AUDITOR REPORT

Steve Gordon appeared before the Board. He presented the Annual Audit as of September 30, 2008. He stated that he was issuing a clean opinion. He reviewed the Statement of Plan Net Assets. The total assets were \$24,396,166 with most of the money in investments. Total liabilities were \$248,626. Total net assets were \$24,147,540 versus \$27,019,263 for the prior year. Mr. Gordon reviewed the Statement of Changes in Plan Net Assets. He stated that there was a decrease in Plan net assets of \$2,871,723. He reviewed the notes to the financial statements. He reviewed the administrative expenses. A motion was made, seconded, and carried 4-0 to approve the Audit as of September 30, 2008. Mr. Gordon presented the 2008 Annual Report for signature.

Steve Gordon departed the meeting.

ATTORNEY REPORT

Adam Levinson appeared before the Board. He provided the Board with a memorandum dated March 19, 2009 regarding the new IRS withholding tables. He discussed the changes in the income tax withholding. There was a lengthy discussion on sending a notice to the retirees. It was determined that a notice should be sent to the retirees advising of the changes in the tax withholding tables.

Mr. Levinson provided the Board with a memorandum dated February 25, 2009 regarding the insurance premium tax database alert. He discussed the memorandum. He

stated that he thought it was worthwhile for a designated person in the City, such as Mr. Bates, to make sure the new construction is in the database, and if there is a merger, to make sure the special code is in the proper field. He stated that he was willing to meet with or talk to anyone in the City regarding this. There was a lengthy discussion. It was noted that this should be discussed at the upcoming joint meeting with Division II.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. Mr. Nash discussed the market environment and reviewed the Russell style index performance as of March 31, 2009. He noted that nothing was positive. Growth was down much less. He discussed fixed income. He noted that high quality bonds were down more than any others. The total market value as of March 31, 2009 was \$19,654,150. The asset allocation was comprised of 38.3% in domestic equities; 6.5% in international equities; 47.2% in fixed income; and 8.0% in cash. He stated that the Fund was 12% off the normal long-term equity targets. He recommended moving 10% from bonds to equities. There was a lengthy discussion. It was noted that there was a rebalance after March 31 from the checking account, so equities were a little higher. Mr. Nash stated that he would update the asset allocation to include the rebalance done after March 31. If the updated equity allocation is not at 52%, he would recommend moving 5% from bonds to equities. However, if the equity allocation is at 52%, he would recommend to do nothing at this point. A motion was made, seconded and carried 4-0 to, if necessary, rebalance to 52% in equities from fixed income.

Mr. Nash reviewed the performance as of March 31, 2009. The Fund was down 5.30% net of fees for the quarter while the benchmark was down 6.68%. Domestic equities were down 9.75% while the Russell Value 3000 was down 10.80%. International was down 13.02 while the EAFE was down 13.85%. Fixed income was up .86% while the benchmark was up .03%. Mr. Nash provided a review on the individual managers. Cornerstone was down 9.91% while the Russell 1000 Value was down 16.77%. Aletheia was down 7.22% and Rigel was down 7.94% while the Russell 1000 Growth was down 4.12%. Advisory was down 16.84% while the Russell 2000 Value was down 19.64%. Vanguard was down 15.82% while the EAFE was down 13.85%. The Vanguard Emerging Market was up .07% while the benchmark was up 1.02%. With respect to fixed income, Davis Hamilton was down .71% and the bond holding account was down 1.09% while the benchmark was up .03%. Mr. Nash stated that while this has been the worst nine months since the Great Depression, the Fund is near the top of the pack compared to all of the other peer group managers. He stated that no manager in the peer group has a positive return for the quarter or fiscal year to date.

Mr. Levinson stated that there was a statute passed that is waiting to be signed by the Governor, which will allow international exposure to increase to 25%. The statute will also place a restriction on investments in Sudan and Iran and requires divestiture to be completed by March 1, 2010. Mr. Nash stated that they will want to revise the Investment Policy Statement to give the latitude to go up to 25% in international, although they do not recommend actually investing the maximum 25% in international at this time. It was noted that Mr. Nash provided an updated Investment Policy Statement to allow for real estate and some other asset classes as well as Addendums for each manager at the last meeting, subject to review by the Attorney and Chairman. Mr.

Levinson stated that he reviewed the revised IPS and the Addendums for Rigel, Aletheia, Advisory, Cornerstone and Davis Hamilton. A motion was made, seconded and carried 4-0 to authorize the Chairman to sign the revised Investment Policy Statement and Addendums for Rigel, Aletheia, Advisory, Cornerstone and Davis Hamilton.

ATTORNEY REPORT (CONTINUED)

Mr. Levinson further discussed the new statute, which is Bill 538. He stated that it also provides for increasing the terms of trustees from two years to four years. He stated that he was going to be preparing and sending a memorandum on the new statute once the Governor signs it.

Mr. Levinson stated that they sent a letter to Chris Catuccy dated March 2, 2009. He stated that he has not received any response as of yet from the City.

There was then discussion on the merger. It was noted that there was going to be a joint meeting between the Boards of Division I and Division II in a couple of weeks. He stated that it was important to have a copy of the merger agreement. There was a lengthy discussion on the merger issues and questions.

There was discussion on the updated version of the Travel Policy. Mr. Levinson stated that he provided it to the Board at the last meeting for review. The Board will approve it at the next meeting.

Tim Nash departed the meeting.

ADMINISTRATIVE REPORT

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

The Board was presented with a list of disbursement that included a check register and a separate list of disbursements was attached with included the investment manager disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

Ms. Adcock noted that the term for Mark Lamb is due to expire on May 31, 2009. She provided the Board with a copy of the notice of election that will be posted.

OTHER BUSINESS

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

Respectfully submitted,

Mark Lamb, Secretary