West Palm Beach Firefighters Pension Fund
MINUTES OF MEETING HELD
November 4, 2004

Secretary Tom Sheppard called the meeting to order at 1:37 P.M. in the lounge at Station 2, West Palm Beach, Florida. Those persons present were:

TRUSTEES	OTHERS
Tom Sheppard, Secretary	Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Tom Harris	Scott Baur & Nick Schiess, Pension Resource Center
David Merrell	Mike Callaway, Merrill Lynch Consulting
Dorritt Miller	Ryan Fitzpatrick & Bill O'Donnell, Boston Company
Matt Young	

ELECTION OF CHAIRMAN

A motion was made, seconded, and passed 5-0 to appoint David Merrell as Chairman of the Board of Trustees.

MINUTES

The Trustees reviewed the minutes for the meeting of October 7, 2004. A correction was noted and a motion was made, seconded, and passed 5-0 to approve the minutes for the meeting of October 7, 2004 as corrected.

STATEMENT OF INCOME AND EXPENSE

Scott Baur provided the Board with a Statement of Income and Expense through September 30, 2004. A question arose regarding expenses listed under the miscellaneous account and Scott Baur agreed to e-mail the Trustees individually a schedule of itemized miscellaneous expenses. The Trustees received and filed the current monthly financial statement.

DISBURSEMENTS

The Trustees reviewed a list of disbursements presented for approval by the Administrator. A motion was made, seconded, and passed 5-0 to approve the disbursements as presented.

BOSTON COMPANY

Ryan Fitzpatrick & Bill O'Donnell appeared before the Board on behalf of Boston Company. Mr. Fitzpatrick discussed the management transition within the firm noting that Brian Ferguson, the former mid-cap strategy manager, had replaced Valerie Sill as the chairman of the large-cap value strategy. He further discussed the company structure noting that Dave Cameron had been appointed chairman of the firm. He noted that Boston Company had suffered long-term underperformance, discussed the issues that had attributed to the underperformance, and then assured the Board that the issues had been corrected. He explained that the prior requirement for market capitalization was at least $70-$80 billion and had been reduced to $40- $60 billion, which allowed a greater choice of holdings within the portfolio. The portfolio previously contained 70 to 80 equities and as a result of the change now contained 100 to 110 equities. He then discussed the Russell 1000 value index as it relates to the portfolio. He then reviewed the compliance checklist noting that all items were within compliance.

Bill O'Donnell discussed long-term performance since the portfolio's inception on December 4, 2000. He discussed market conditions and noted that small-cap had outperformed large-cap and believed that the market was in the mid-expansion phase. He reviewed the industry sector contributions to equity return and discussed market factors attributable to performance within each sector. He then reviewed the best and worst performing equities, sector weightings, details of the portfolio, and the investment process itself.

Mr. Fitzpatrick was questioned regarding the anticipated performance given current market conditions and the transition within the management team. Mr. Fitzpatrick responded that he anticipated improved relative performance to the index with low double-digit returns. A question arose whether industry weightings within the portfolio would remain the same and Mr. Fitzpatrick responded that the industry sector weightings were well positioned for the position within the market cycle and would remain unchanged. A question arose regarding the overweight in the health care sector and Mr. Fitzpatrick advised that the allocation was appropriate and generally the sector weightings would not exceed three time that of the index. Mike Calloway discussed Boston Company's reduction in market capitalization requirements and questioned Mr. Fitzpatrick what percentage of the portfolio had been turned over as a result. Mr. Fitzpatrick responded that 40% of the original portfolio was sold for the transition to smaller capitalization equities. Mr. Calloway discussed Boston Company's underperformance and Mr. Fitzpatrick anticipated that the expanded universe of equities to select for the portfolio as a result of the reduction in market capitalization would help future performance. The Trustees questioned Mr. Fitzpatrick why the Board should retain Boston Company given the past underperformance. Mr. Fitzpatrick stated that the investment process of Boston Company remained sound, previous issues had been resolved, and the portfolio is well positioned for a rebound.

INVESTMENT MONITOR REPORT (Mike Callaway)

Mike Callaway appeared before the Board and discussed the performance of the Boston Company. He noted that Merrill Lynch Consulting had monitored the firm for many years and considered the firm a sound, capable organization. He reviewed the investment style noting that it had been out of market favor. He advised that their replacement at this time may precede a market favor shift towards their style and also that their replacement may have afforded good past performance but whose style might become out of market favor.

Tom Harris departed at 2:45 P.M.

Mr. Calloway reported that the value of the portfolio as of September 30, 2004 was $85,148,000. Investment income for the quarter ending September 30, 2004 was -$546,000, which he attributed to overall poor market conditions. He reported that investment performance for the fiscal year was 9.5%, which exceeded the actuarial assumption and ranked the Fund in the 41st percentile. Mr. Calloway reviewed the asset and investment manager allocation, noting that the equity allocation of 66.6% exceeded the median allocation of 55.5%. He discussed performance of management styles noting that large cap had underperformed small and mid-cap and also low quality had outperformed high quality. Mr. Calloway continued his report with a review of long-term performance noting that the portfolio is biased towards large-cap and high quality equities, which explained the Fund's lower percentile ranking but provided a relatively conservative portfolio. He noted that over a complete market cycle the portfolio had outperformed the index and most other pension funds.

Mr. Calloway reviewed the risk return analysis noting that the portfolio afforded less risk with increased returns versus the index. He discussed the characteristics of large-cap managers Davis Hamilton and Boston Company. He then reviewed the investment performance of all the individual investment managers in great detail. He discussed the long-term performance of DePrince, Race, & Zollo on a year-by-year basis noting that a requirement in their investment process was dividend yield. The Board discussed the retention of DePrince, Race, & Zollo given their underperformance. Mr. Calloway recommended the comparison of DePrince, Race, & Zollo's performance with other managers whose style also incorporated consideration of dividends. A question arose whether the market cycle would favor dividends and Mr. Calloway stated that he believed that the style should have become in favor last year. He advised that it would be difficult to locate a suitable replacement small-cap manager. Mr. Calloway was questioned whether other small-cap managers gave consideration to dividends. He replied that most small-cap managers do not consider dividend yield and suggested that it might be unfair to evaluate the performance of DePrince, Race, & Zollo with other small-cap managers whose investment process did not consider dividends. The Board discussed expanding the small-cap mandate beyond just dividend yielding small-cap managers. After a lengthy discussion, the Board agreed to retain DePrince, Race, & Zollo but with a resolution to carefully monitor future performance.

Tom Sheppard asked Scott Baur to request from Baron Capital that they provide performance comparison to the Russell 2000 growth index.

Mr. Calloway finished his report with a review of investment management fees and the compliance checklist noting that all items were within compliance that were attainable.

SUMMARY PLAN DESCRIPTION

Bonnie Jensen reported that the Summary Plan Description provided by the Actuary had been reviewed and she recommended that the Board postpone review of the document until the revisions have been fully completed and the Board agreed.

ATTORNEY REPORT (Bonni Jensen)

Bonnie Jensen provided the Board with a revised policy for the buy-back of service credit in the Plan and discussed the revisions therein necessitated by the new Special Act. A motion was made, seconded, and passed 4-0 to adopt the revised Buy-Back policy effective this date.

Ms. Jensen advised that November 19, 2004 is the deadline to submit the revised Special Act to the State. Tom Sheppard noted that the Union must approve the Special Act prior to submission, however, believed that the Union had not received the document for review.

Mr. Jensen reported that the deadline for the request for proposal for Medical Director was also November 19, 2004. She reported that Dr. Lamales had conducted evaluations on newly hired firefighters and he had recommended that waivers not be obtained for several pre-existing medical conditions discovered in the evaluations. Ms. Jensen disagreed with Dr. Lamales position on not requiring the waivers. The Board also disagreed with Dr. Lamales position on the waivers and Ms. Jensen agreed to obtain waivers for the pre-existing medical conditions from all newly hired firefighters.

Ms. Jensen reported that despite several attempts, her office had not received back an Affidavit from PIMCO attesting to any compensation from Merrill Lynch. The Board directed Ms. Jensen to follow up with PIMCO via telephone.

Ms. Jensen reported that her office had received an Agreement from the Auditor and her office had returned an Addendum to the Agreement to the Auditor and was awaiting a response.

ADMINISTRATIVE REPORT (Scott Baur)

Scott Baur reported that the Administrator was transferring funds to PIMCO as had been directed by Mike Calloway.

Mr. Baur reported the Administrator had received payroll information from the City on the transition group Participants and thus the Administrator could now calculate the exit pension contributions. He anticipated that the online account inquiry system would be updated with this information and be available at the end of November. Nick Schiess reported that the Wall Street Journal subscription for David Allison had been transferred to Matt Young who should expect to receive the publication. David Merrell reported that

that he was no longer receiving the publication and Mr. Schiess agreed to research the matter.

The Board reviewed a list of benefit approvals submitted by the Administrator, which included the benefits for the transition group members that had separated from service. A question arose as to why Participant David Dyal was absent from the list of benefit approvals and Mr. Baur advised that Mr. Dyal's benefits had not been fully processed by the Administrator. Ms Jensen requested amending future benefit approvals to state the date the Participant was leaving employment rather than the date the Participant was leaving the DROP. A motion was made, seconded, and passed 4-0 to approve the benefits as presented.

OTHER BUSINESS

There being no further business and the next meeting having been scheduled for Thursday, December 2, 2004 at 1:30 PM, the meeting was adjourned at 3:55 PM.

Respectfully submitted,

Tom Sheppard, Secretary