

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
November 2, 2006

Secretary Tom Sheppard called the meeting to order at 1:33 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
Rick Dorey
Tom Sheppard
Tom Harris

OTHERS

Bonni Jensen, Hanson, Perry, & Jensen
Scott Baur, Denise Clougherty of Pension Resource Center
Retiree John "Bud" Smith
Retirees Tom Foster, Doug Heller
Michael Callaway, Al Kirshner of Merrill Lynch

PUBLIC COMMENTS

Retiree Bud Smith addressed the Board with his concerns about the poverty level among the 36 widows and retirees who currently receive less than \$1,000 per month from the pension fund. Mr. Smith has met with several of the firefighters throughout the department and discussed some of his ideas with them. Mr. Smith expressed his displeasure in not having his phone calls answered, and not having been able to meet with Tom Sheppard of the Pension Plan's Board of Trustees. He has met, also, with many of the governmental leaders in the City of West Palm Beach and will continue to pursue some sort of relief for this group of people and requested the Board's support. The Board, again, explained to Mr. Smith that they are not authorized to make any benefit changes in the pension plan. He was advised to perhaps pursue his interest with the City Commissioners directly, as the Board cannot negotiate for retirees. Mr. Smith requested a letter of support from the Board. After Mr. Smith's departure there was a lengthy and in-depth discussion regarding Mr. Smith's pursuit and if there were any options the Board could offer to try and help Mr. Smith. The Board discussed some options, but all options would require the approval of the membership.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of October 5, 2006. A motion was made by Tom Harris to approve the Minutes of October 5, 2006. The motion was seconded and carried 4-0.

PLAN FINANCIALS

The Trustees reviewed the financial statements for the fund. The Trustees received and filed the financial statements ended September 30, 2006.

DISBURSEMENTS

After considering the disbursements a motion was made by Tom Harris to approve the disbursements for October 2006. The motion was seconded and carried 4-0. The Board requested that Trustees sign their expense forms prior to reimbursement.

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

The Administrator provided the Board with benefit approvals. A motion was made by Matt Young to approve the benefits for George Hannah. The motion was seconded and carried 4-0. The Board agreed to defer the approval for David Pack until the Actuary has reviewed and certified the calculation.

INVESTMENT MONITOR REPORT: Mike Callaway, Al Kirshner of Merrill Lynch

Michael Callaway addressed the Board and presented the quarterly report. Mr. Callaway advised that the portfolio performed well for the quarter with a return of more than 3% for the quarter and 8.5% for the fiscal year ended September 30, 2006. Mr. Callaway stated that most managers under performed in this quarter. Domestic equities trailed the R3000 index; international equity performed well with a 5.9% return and continues to be the biggest contributor; bonds were up 4.1% for the quarter, 3.7% for the fiscal year, and for the first time in ten years both bonds and stocks on an average were up 3%. It was a strong quarter for bonds. In domestic equities, none of the managers out performed the benchmark. Its been the smaller stocks that have been doing well but this quarter it reversed itself.

Mr. Callaway further reported that Thompson Siegel and Walmsley starting trading on October 7th after the fiscal year. Both TSW and Baron Capital performed as expected. Mr. Callaway went over the large cap performance and gross return of the Boston Company. Davis Hamilton Jackson did not perform well this quarter, although this was the quarter they were expected to perform better. Merrill Lynch is uncomfortable with their performance and believes they are in the wrong stocks. Everything up until this last quarter has been explainable. They are in high quality, high cap. The risk is that what they do has not been in favor. Low quality has been performing better. It worked then, but has not done well since about 2003. Mr. Callaway says he does not recommend getting rid of them on that basis alone, however. He recommends the fund prepare a list of other options and perhaps next quarter Davis Hamilton Jackson may do very well. Mr. Callaway believes, at this time, it is better to wait the quarter, but be prepared to make a decision at the next quarterly meeting.

Mr. Callaway further expressed that he is comfortable with the abilities of Thompson Siegel and Walmsley; International Equity did well; PIMCO, though still within the guidelines, dropped 3%, still achieving their goals.

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Mr. Callaway advised the Board that the fund is in the top 1/3 of their peer group.

Oppenheimer Agreement: Mr. Callaway reported that Oppenheimer does not have the same kind of fiduciary responsibility that the fund is looking for. They are going to charge the fund commission to get into the product, which means undetermined costs. It appears that there is no advantage, there are undetermined fees, Oppenheimer will not sign our agreement, but we must sign theirs. A motion was made by Tom Harris to remain status quo and not move into the Oppenheimer fund. Mr. Callaway clarified for the Board that the fund is in the Total Return II Clone right now. He is recommending the fund go into the Total Return Mutual Fund. Mr. Harris withdrew his motion. Mr. Harris made a motion to go into the Total Return Mutual Fund. The motion was seconded and carried 4-0.

ATTORNEY'S REPORT

Bonni Jensen: Hanson, Perry & Jensen

Ms. Jensen advised the Board that the city will be hiring 14 new firefighters scheduled to begin on December 4, 2006. Four of the physicals have already been sent to Dr. Lamelas for his review.

Ms. Jensen provided the Board with a revised Health Insurance Premium Deduction Election in which she added a paragraph recommended by the FPPTA as a good faith interpretation of the Special Act. A motion was made by Tom Harris to accept the Revised Health Insurance Premium Deduction Form presented by Ms. Jensen. The motion was seconded and carried 4-0. Ms. Jensen advised the Board that in the event the retiree deceases, the wife retains the retiree's election.

Regarding the Special Act Amendment, Ms. Jensen advised that the deadline for amendments is November 22, 2006. The legislative delegation will meet December 13, 2006 to consider amendments. A motion was made by Tom Harris: that, after legal review, the Board has pre-approved the submission of special act amendment contingent upon the city's review process. The motion was seconded. Ms. Jensen agreed to send to the city and get some census or agreement from them. The Board agreed to give Board Counsel authority to proceed pending the approval of the city. The motion carried 4-0.

Ms. Jensen advised the Board that the Summary Plan Description is due to be updated. She also advised the Board that Mangonia Park has been added and approved for Chapter 175 money for next year.

ADMINISTRATOR'S REPORT

Scott Baur and Denise Clougherty: Pension Resource Center

Mr. Baur provided the Board with Share Account allocations and supplemental allocations that are credited to accounts on the day they are actually deposited. He reported that the Website is new and improved and should be completely operational by

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the middle of November. The Share Account statements will be mailed to individuals probably by the end of the month. Mr. Baur added that he has a reconciliation sheet showing comments on each person who does not have exactly 27 pay periods for the year.

OTHER BUSINESS

There being no further business and the next meeting having been scheduled for December 7, 2006, the meeting was adjourned at 4:15 p.m.

Tom Sheppard, Secretary