

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
March 1, 2007

Chairperson Dorritt Miller called the meeting to order at 1:35 P.M. in the Third Floor Conference Room at Station 1, 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Dorritt Miller
Rick Dorey
Tom Sheppard
Matt Young
Tom Harris

OTHERS

Bonni Jensen, Hanson, Perry, & Jensen
Scott Baur of Pension Resource Center
Tom Foster, Retiree
Scott Baur of Pension Resource Center
Michael Callaway of Merrill Lynch
Leonard Smith, Firefighter
Frank J. McKeown, Jr., Attorney for Mr. Smith

PUBLIC COMMENTS

Mr. Leonard Smith appeared before the Board to discuss his pending disability retirement application, which he originally filed in October 2006. He advised the Board that the delay is creating a financial hardship. Mr. Sheppard noted that his application to the Pension Resource Center was submitted in the month of December 2006, not October. Mr. Smith stated he is now in financial straits. He cannot withdraw from his Share Account. Ms. Jensen, Board counsel, explained to Mr. Smith that sometimes processing can take up to six months to a year. The Board must have a doctor indicating that Mr. Smith is totally and permanently disabled. Administrator, Scott Baur provided the Board with a detailed update on the processing and scheduling. Mr. Smith further expressed his frustration with the process.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of January 4, 2007. The Trustees discussed having the last names of the persons receiving benefit approvals. A motion was made by Matt Young to approve the Minutes of February 1, 2007 as amended. The motion was seconded and carried 5-0.

Tom Harris joined the meeting.

PLAN FINANCIALS

The Trustees reviewed the unaudited plan financials as of January 31, 2006, provided by the Administrator. There was discussion on the financial statements. The Trustees received and filed the unaudited plan financial statements as of January 31, 2006.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. Mr. Sheppard questioned the delay in paying the retainer for Dr. Lamelas. Mr. Baur explained that it was a clerical error due to a change in personnel within his office but steps have been taken to ensure there is no such error again. A motion was made by Tom Sheppard to approve the disbursements presented by the Administrator. The motion was seconded and carried 5-0.

BENEFIT APPROVALS

The Trustees reviewed the retirement benefit applications presented by the Administrator. A motion was made by Tom Sheppard to approve the benefit applications presented for Lotts, Czernowski and Pait. The motion was seconded and carried 5-0.

INVESTMENT MANAGER PRESENTATION: Fayez Sarofim & Company

Mr. Robert Hopson and Ms. Manisha Thaker appeared before the Board to make a presentation on their firm. Mr. Hopson thanked the Board for the opportunity to make a presentation. Fayez Sarofim works with many firefighter groups around the community. Mr. Hopson explained that Fayez Sarofim takes a very careful approach to risk management. Both Mr. Hopson and Ms. Thaker are part of the portfolio management team.

Ms. Thaker stated that Fayez Sarofim has only one product with focus. She added that Fayez Sarofim has been around since 1958. Their firm is employee-owned with all the employee pension assets in the portfolio. Ms. Thaker noted that they have a deep research team and that Manager does not style drift.

Mr. Hopson explained the firm is controlled and owned by their employees and located in Houston, Texas. Fayez Sarofim has many clients for as long as 40 years. Ms. Thaker reviewed investment strategy based on earnings growth. Good businesses increase in value. Holdings include companies weighted from greater confidence in earnings to smaller weightings in companies with greater potential. They focus on management expertise, financial strength, predictable earnings growth, global prominence and industry leadership. The Management Team includes 26 investment professionals. Mr. Hopson reviewed the portfolio characteristics. Fayez Sarofim is very optimistic on the style of management in the current market. Manager does not weight the portfolio to the benchmark, but Fayez Sarofim invests in the exceptional large companies. Mr. Hopson reviewed historical performance of the portfolio. Fayez Sarofim believes that quality growth stocks have never been more attractively valued. The firm has a very stable employee base. The portfolio has \$34.3 billion in assets under management.

INVESTMENT MANAGER PRESENTATION: Chase Investment Council

Mr. Peter Tuz and Mr. Bob King appeared before the Board to make a presentation on their investment firm. Mr. Tuz began by thanking the Board for the opportunity to make a presentation on behalf of Chase Investment Council. Mr. Tuz stated that the firm is owned by its investment professionals. The firm manages only about 200 accounts with about \$613 million in assets, with all accounts managed on a team basis. The firm has a total staff of 18 individuals. Mr. Tuz added that the firm began in 1957. He stated Manager seeks consistent growth at a prudent cost. He added that the Manager has a risk adverse approach to portfolio management. Mr. Tuz then reviewed the portfolio characteristics.

Mr. Tuz continued, reporting that the firm uses a quantitative screen that filters companies based on fundamentals, then a technical screen to identify when companies become attractive for investment. Mr. Tuz further explained the buy/sell discipline used by the firm. He then reviewed a couple specific examples from the portfolio, along with the current holdings. The firm has achieved significantly higher returns than the Russell 1000 Growth index over the pasts 10 years, with much less risk. The portfolio has an 80% upside capture ratio and a 40% down capture. Chase employs 2 senior analysts and two junior analysts. They use primarily a quantitative approach to screening companies. Mr. Chase no longer takes as active a role in the investment process. The firm has a "Most Favored Notion" clause, regarding fees. The Board discussed their impression the decision making process in stock selection.

INVESTMENT MANAGER PRESENTATION: ALTHEIA

Mr. Joe Boskovich, Jr. and Mr. Chad Cook appeared before the Board to make a presentation on their investment firm. Mr. Boskovich began his presentation by reviewing performance. Mr. Boskovich states their portfolio ranks as the number one growth portfolio in their universe. The team builds the portfolio using a bottom-up approach to securities selection, without respect to sector weightings. The firm has \$4 billion under management. Securities selection begins by looking at insider buying and selling, as well as activity by other notable investors. The firm then analyzes financials very carefully. The team sells when insiders sell or financials begin to show weakness. Mr. Cook reviewed performance and risk for the portfolio again in detail. Mike Callaway of Merrill Lynch asked about growth of assets under management. In response, Mr. Boskovich explained that given that manager invests on a very LargeCap universe, the firm believes the portfolios still have great capacity to absorb cash inflows.

Mr. Callaway stated that Altheia investments do not take a conventional approach to asset management. The Board discussed the presentations by the different managers. A motion was made by Tom Sheppard to split the assets between Faye Sarofim and Altheia, giving Faye Sarofim the first pick from the portfolio and letting Altheia transition the leftovers. The motion was seconded and carried 5-0.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF March 1, 2007

Tom Harris advised the Board that this would be his last meeting as Trustee of the West Palm Beach Firefighters' Pension Fund. He thanked the Trustees and expressed his appreciation to serve on this particular Board for such a long period. Tom Sheppard thanked Mr. Harris for his service and cooperation working on this pension plan, as well as outside labor issues.

ATTORNEY'S REPORT: Bonni Jensen, Hanson, Perry & Jensen

Ms. Jensen updated the Board on changes to the Special Act. LeRach continues to negotiate with Stations Casinos on behalf of the plan. Ms. Jensen reviewed changes in the fees to execute the audit agreement. Fees are good for five years.

Ms. Jensen updated the Board on other pending legislation to bring Chapter 175 and Chapter 185 in line with the Pension Protection Act 2006.

Ms. Miller advised the Board that the City of West Palm Beach has resolved issues with Coach Comp on behalf of the plan. Mr. Brian Dunbar is the last person from the department to be seen by Coach Comp.

Ms. Jensen advised the Board that she has received an updated address for Mr. Estrada.

ADMINISTRATOR'S REPORT

Mr. Scott Baur updated the Board on operational changes within the Pension Resource Center. Mr. Baur further advised that he added policies to the website, as well. They are highlighted to indicate that they are newly added.

Mr. Sheppard inquired about a possible replacement for Dr. Lamelas.

OTHER BUSINESS

Matt Young asked about loan provisions, which were in the plan on DROP accounts. Ms. Miller advised she would work on a replacement for Trustee, Tom Harris. She added that the vacancy must be filled by a resident of the City of West Palm Beach. Mr. Sheppard requested that the Administrator mail letters to retirees regarding the upcoming Retirement Dinner. A motion was made by Matt Young to direct the Administrator to mail the Retirement Dinner letter to retirees. The motion was seconded and carried 5-0. Mr. Sheppard and Mr. Dorey briefly discussed the costs for the upcoming Retirement Dinner.

There being no further business and the next meeting having been scheduled for April 5, 2007, the meeting was adjourned at 4:18 p.m.