

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
May 3, 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

OTHERS

Bonni Jensen, Hanson, Perry, & Jensen
Scott Baur of Pension Resource Center
Tom Foster, Retiree
Denise Clougherty of Pension Resource Center
Dr. Elise Zahn
Mr. Michael Callaway, Merrill Lynch

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of April 5, 2007. There were a few corrections that the Administrator will make. A motion was made by Tom Sheppard to approve the Minutes of April 5, 2007 as amended. The motion was seconded and carried 4-0.

PLAN PHYSICIAN INTERVIEW

The Administrator introduced Dr. Elise Zahn to the Board and others present. Dr. Zahn responded to the RFP for a Medical Director and was invited to the meeting to discuss the requirements and expectations of the Board as Plan Physician. Dr. Zahn addressed the Board advising them that she is currently the Director of Columbia Hospital. The Board advised Dr. Zahn of their expectations in regards to time lines and turn around of information and explained what the Board does with the medical information. Dr. Zahn assured the Board that she could respond in a timely manner. She believes she can arrange for liability insurance through the hospital, which currently carries \$1 million to \$3 million.

The Board thanked Dr. Zahn for her time. The Board currently pays Dr. Lamelas \$500 per month retainer and \$150 per hour. The Board agreed to retain Dr. Lamelas until we have a contract in place with Dr. Zahn. A motion was made by Tom Sheppard to direct the attorney to negotiate terms with Dr. Zahn, subject to verification of insurance. The motion was seconded and carried 4-0. The Board discussed the termination clause in the contract with Dr. Lamelas, which requires 30 days' notice.

The Board agreed to change the order of business and allow the Investment Consultant to present his report.

INVESTMENT CONSULTANT REPORT

Mike Callaway, Merrill Lynch

Mr. Callaway appeared before the Board to present the quarterly investment performance report for the portfolio. Mr. Callaway reported that the plan had investment assets of \$119,684,490 as of March 31, 2007. The plan has an inception to date return of 10.6% since 1988. As of 3/31/07 the plan had 25.4% bonds, 9.1% Real Estate, and 65.5% in equities. The plan had eight portfolio managers on March 31, 2007. The total portfolio returned 2.7% for the quarter compared to 1.8% for the benchmark, and returned 8.4% for the fiscal year to date compared to 7.3% for the benchmark.

Ms. Jensen reported that House Bill #3 has not yet passed but has been moving. Mr. Callaway advised caution on how to increase exposure to foreign equities if House Bill #3 passes. He then advised the plan performed above the target and above average except for EuroPacific Growth and Baron Capital. Mr. Callaway reviewed individual manager performance in detail. Davis Hamilton & Jackson finally had an above-average return for the quarter. Even though Baron had a below average return for the quarter, they produced much greater returns over time with lower volatility than the benchmark. EuroPacific, though recently under performed, has been much more defensive with the portfolio. JP Morgan was up 3.7% for the quarter. Mr. Callaway concluded that the fund ranks ninth among its peers in Florida, noting that the changes made were positive and has no new suggestions or recommendations at this time.

REPORTING OF PLAN FINANCIALS

The Administrator provided the Board with an unaudited financial statement and an income and expense report for review. The Board reviewed the financial statements and Mr. Sheppard would like to see an income and expense report on the Retirement Dinner. Ms. Jensen advised the Administrator check with the auditor on the receipt and posting of money for the sale of tickets to the Retirement Dinner. The Board agreed to Receive and File the un-audited financial statements.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. A motion was made by Tom Sheppard to approve the disbursements presented by the Administrator. The motion was seconded and carried 4-0.

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 James Flowers for retirement and distribution of DROP account. The motion was seconded and carried 4-0.

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Ms. Miller advised the Board that there was no news yet on new Trustee to replace Tom Harris.

REVIEW OF SERVICE PROVIDER RELATIONSHIPS

PENSION RESOURCE CENTER

The administrator relationship is due for review by the Board. The Board agreed to defer the review of Pension Resource Center to the next meeting. The Administrator will add it to the Agenda for the meeting of June 7, 2007.

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

Ms. Jensen commented that the Special Act passed. She previously reported that House Bill #3 has not yet passed, and the Faye Sarofim and Aletheia agreements are completed. She discussed transition management with the Trustees. The Trustees agreed to ask Mike Callaway for his opinion on the use of Transition Managers.

Per the Board's request at the last meeting, Ms. Jensen provided each Trustee with a DRAFT policy for the Annual Retirement Dinner, to be hosted by the Pension Plan. The Board discussed the details of the policy at length and Ms. Jensen will bring a revised DRAFT policy to the next meeting.

OTHER BUSINESS

Mr. Dorey discussed the invoices due for the Retirement Dinner. A motion was made by Tom Sheppard to authorize the payment of \$575.00 to the DJ for the Retirement Dinner. The motion was seconded and carried 4-0.

The Board agreed to skip the July meeting, as there will be no quorum.

Mr. Baur advised that historical DROP and Share information is now available on line.

There being no further business and the next meeting having been scheduled for June 7, 2007, the meeting was adjourned at 3:21 p.m.

Tom Sheppard, Secretary