

WEST PALM BEACH FIREFIGHTERS' PENSION FUND  
MINUTES OF MEETING HELD  
August 2, 2007

Secretary Tom Sheppard called the meeting to order at 1:30 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

Randy Sherman  
Rick Dorey  
Tom Sheppard  
Matt Young

**OTHERS**

Bonni Jensen, Hanson, Perry, & Jensen  
Scott Baur of Pension Resource Center  
Tom Foster, Retiree  
Jeffrey Vaughn of Pension Resource Center  
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 Matthew Young to approve the Minutes of April 5, 2007 as amended. The motion was seconded and carried 4-0.

**REPORTING OF PLAN FINANCIALS**

The Administrator provided the Board with an unaudited financial statement and an income and expense report for review. The Board agreed to Receive and File the unaudited financial statements.

**DISBURSEMENTS**

The Trustees reviewed the disbursements presented for approval by the Administrator. A motion was made by Rick Dorey 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 Rick Dorey to approve the benefit applications presented for Robert Brooks, Rhett Turnquest and Paul Lotts for retirement, distribution of DROP and distribution of Share account. The motion was seconded and carried 4-0.

**INVESTMENT CONSULTANT REPORT**

**Mike Callaway, Merrill Lynch**

Mike Callaway states that he will send all future reports to PRC via email. Mr. Callaway reports that this is a good environment for the fund. Mr. Callaway refers to the June 30, 2007 Preliminary Report which shows a total portfolio growth of 10.7% since inception. Mr. Callaway reviews the funds asset allocation model stating that 54.5% of fund is in equities. Mr. Callaway states that Faye Sarofim has done well so far since replacing Davis Hamilton Jackson. Mr. Callaway reviews the fund's performance stating that the fund is up 4.5% for the quarter and up 13.2% for the Fiscal Year to Date. Mr. Callaway states that the domestic equity portfolio did very well for the quarter up 6.5% vs. the S&P 500 which was up 6.3%. The international equity portfolio was up 100 basis points over EAFE at 23.7% vs. 22.7%. Mr. Callaway states that the Bond portfolio under performed its benchmark with a quarterly return of -1.8% vs. -.5%. Mr. Callaway expresses his concern for the Bond portfolio and assures the Board that he will talk with Oppenheimer and consult the Board at the next meeting. Mr. Callaway refers to the Manager Review and points out that Faye Sarofim and Aletheia do not have anything to report as they have not been managing for a full quarter. Mr. Callaway expresses disappointment with Baron however believes that they can turn around their performance. Mr. Callaway states that the International managers are doing very well. Tom Sheppard requests that one manager should be present at every meeting, especially those that are under performing such as Oppenheimer. The other Trustees agree. Mr. Callaway states that he would be happy to coordinate that for the Board and suggests that Oppenheimer attend the next meeting. Mr. Callaway requests that the contract be updated and asks Bonni Jensen to put it on the agenda. Mr. Sheppard asks about turnover at Mr. Callaway's company. Mr. Callaway states that Swanson and Kirshner has left, but no other turnover exists.

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

Bonni Jensen states that the Special Act Amendment has passed and it was sent to all Trustees. Tom Sheppard asks Ms. Jensen to send a copy to Randy Sherman as he is new and was not on the distribution list. Ms. Jensen reviews the plan with Mr. Sherman to give him insight to the matter.

Ms. Jensen mentions Dr. Elise Zahn whom the Board interviewed for the Medical Director position and states that Dr. Zahn is requesting \$1,000 per month retainer to cover insurance required by the Board to serve as Medical Director. Tom Sheppard asks why the prior doctor didn't have insurance. Mr. Sheppard asks if the Board can choose not to require it and ask Dr. Zahn to lower the retainer to \$500 per month. Matthew Young asks if her company requires the insurance. Mr. Sheppard states that it was in the contract that the Medical Director must have this insurance. Mr. Sheppard states that the Board should not require this insurance as they never have before. The

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MEETING OF August 2, 2007

Board agrees that if Dr. Zahn will agree to \$500 per month retainer and a per hour charge of \$200, no insurance will be required.

Ms. Jensen reminds the Board of the Form-1 filing and states she believes that everyone has filed. Ms. Jensen asks Randy Sherman if he is familiar with Form-1. Mr. Sherman states that he has already filed for this year.

**CLASS ACTION SECURITIES: Donald Broggi; Scott & Scott**

Donald Broggi states he understands that this fund has an Investment Monitoring Council. Mr. Broggi states how a pension fund could benefit from an additional monitoring council stating that it is always possible that one firm may miss an error that occurred while the other firm catches it. Additionally, Mr. Broggi states that there is no downside to have an additional monitor as there is no cost associated with their service. Mr. Broggi states that his firm takes electronic data and creates reports that disclose if there was a loss and for how much. Mr. Broggi stresses that the Trustees have a fiduciary responsibility to oversee the fund and be able to identify loss. Mr. Broggi states that their service does require a retainer, however it is cancelable at any time. Matthew Young asks if they have any references. Tom Sheppard states that they were just retained by West Palm Beach Police. Mr. Sheppard states that he sees no harm in having another monitoring firm. A motion was made by Matthew Young to retain the Investment Monitoring services of Scott & Scott. The motion was seconded and carried 4-0.

**ADMINISTRATOR'S REPORT: Scott Baur; Pension Resource Center**

Scott Baur

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Tom Sheppard, Secretary