

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
FEBRUARY 7, 2008

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

Dorritt Miller
Randy Sherman
Tom Sheppard
Rick Dorey
Matt Young

OTHERS

Marc Leatherwood – City of West Palm Beach, Firefighter
Bonni Jensen – Hanson, Perry & Jensen
Scott Baur – The Pension Resource Center
Audrey Ross - The Pension Resource Center
Tom Foster – City of West Palm Beach, retired Firefighter
Troy Brown – Merrill Lynch

PUBLIC COMMENTS

A participant in the fund, Mark Leatherwood reviewed his personal situation with the board. He stated that he wants to leave in March, but to be eligible for the backDROP he must stay till April since that will be his normal retirement date (at 26 years). The board discussed the language on the eligibility to be entitled to the backDROP, confirming that Mr. Leatherwood has to stay until his normal retirement date in April.

Mr. Leatherwood also had some questions in regards to the benefit options. Mr. Baur reviewed the different benefit options that are available and how they work. Mr. Baur stated that you are allowed to take a withdrawal from your Share or DROP account when you separate service and then also in the two open enrollment periods throughout the year. Mr. Leatherwood asked which account does your sick and vacation time get rolled over into. Mr. Baur stated that all unused sick and vacation time is rolled over into your share or DROP account when you retire.

Mr. Foster asked if it was possible to have your 13th or 14th check rolled over into his DROP account. Mr. Baur explained that you are able to roll the funds over tax free into your DROP account and don't have to pay taxes until you do a withdrawal.

APPROVAL OF MINUTES

The Trustees reviewed the minutes for the meeting of January 3, 2008 meeting.

A motion was made by Dorritt Miller to approve the Minutes of the January 3, 2008 meeting as amended. The motion was seconded by Rick Dorey and carried 5-0.

The board had a discussion on the \$100,000.00 employee contribution that was uncounted for as reported in the Audit. Mr. Baur stated that it was not extra money from the city that it actually came from a participant rollover contribution into a DROP account

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF FEBRUARY 7, 2008

that was misclassified. Mr. Baur explained the situation and apologized for his failure to find it in the beginning of the process.

REPORTING OF PLAN FINANCIALS

The Administrator provided the Board with an unaudited financial statement and an income and expense report for review for the month of December. Mr. Baur explained the prepaid balances and the litigation income from Salem Trust.

The Board received and filed the un-audited financial statements for the month of December.

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator. The board asked to remove Dr. Zahn's invoice from the disbursement list since she was paid in December.

A motion was made by Randy Sherman to approve the disbursements that were presented by the Administrator. The motion was seconded by Dorritt Miller and carried 5-0.

BENEFIT APPROVALS

The board reviewed the applications for an April 1st distribution from share account for Kerry Heath and Rhett Turnquist, applications for an April 1st distribution from DROP account for Michael Pait, Richard Roberts and Kerry Heath. Also, application for retirement for Kerry Heath and lastly, an application for a loan from DROP account for Rhett Turnquist.

A motion was made by Dorritt Miller to approve the applications for an April 1st distribution from share account for Kerry Heath and Rhett Turnquist. The motion was seconded by Rick Dorey and carried 5-0.

A motion was made by Dorrit Miller to approve the applications for an April 1st distribution from DROP account for Michael Pait, Richard Roberts and Kerry Heath. The motion was seconded by Rick Dorey and carried 5-0.

A motion was made by Dorritt Miller to approve the application for retirement for Kerry Heath. The motion was seconded by Matt Young and carried 5-0.

A motion was made by Rick Dorey to approve the application for a loan from DROP account for Rhett Turnquist. The motion was seconded by Matt Young and carries 5-0.

INVESTMENT CONSULTANT REPORT: Merrill Lynch (Presented by Troy Brown)

Mr. Brown reviewed the recommended language that he added to the investment policy. Mr. Brown explained he was the one that wrote the original investment policy so he feels pretty comfortable with the language. He also explained some of the other products that the board could think about investing in, and if they considered doing the portable alpha strategy that he explained then they would need to expand their investment policy.

A motion was made by Dorritt Miller to approve the revised Investment Policy. The motion was seconded by Matt Young and carried 5-0.

Mr. Brown reviewed the funds performance as of December 31, 2007 and explained all the volatility that has been going on in the market. He commented that for the first time in 7 years they have had a negative fourth quarter in equities. He stated that their fixed income managers have done a great job managing the fixed income side. Merrill Lynch thinks that we are in recession as of January 1, 2008, and that the credit and housing problems are not getting better.

The fund is in line with the policy, and the asset allocations are where they are suppose to be with 53.3% in equities, 24% in bonds, 1.1% in cash, 9.2% in real estate and 12.5% in international equities. Out of the 9 active managers, 8 out performed and 1 missed the benchmark by a lot.

For the quarter ending December 31, 2007 they were above the index at 0.6% versus 0.9%. Mr. Brown reviewed each investment manager and their performance for the quarter. The Boston Company had a strong quarter with -2.2% versus -5.8% for the benchmark, which put them in the top 19 percentile. Fayez was up a little over the benchmark at -0.7% versus -0.8%, but was heavily overweighed in energy. Aletheia also outperformed at 0.0% versus -0.8% for the benchmark. Baron Assets had a lot of turnover in the quarter and is down -4.1% versus -2.1% for the target index. Thompson, Seigel and Walmsley had a great quarter at 0.5% versus -7.0% for the benchmark. Mr. Brown stated that in this portfolio it was not about what you owned it was about what you didn't own. Templeton (international) had a very strong performance in the quarter at 1.6% versus -1.7%. A year ago this fund did not look so good, but they have had a huge turnaround. They buy their stocks dirt cheap and then hold onto them until they go up. The Euro Pacific fund has also had a great performance at 1.3% versus -1.7% for the benchmark. Euro Pacific has a different strategy then Templeton so that is why they are a good mix. Pimco is the fixed income side and they were very smart with current quarter. They out performed the benchmark at 4.0% versus 3.1%. Lastly, JP Morgan was a trailing behind the benchmark for the current quarter at 2.8% versus 3.2%,

Mr. Brown reported that there is no new information in regards to Mike Callaway. He did respond to the Wells notice though, and we are waiting for the outcome. Mr. Brown stated that the rumors going around were not true and that Mr. Callaway did not retire.

ATTORNEY'S REPORT:, Hanson, Perry & Jensen (Presented by: Bonni Jensen)

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF FEBRUARY 7, 2008

Ms. Jensen stated that she updated the retirement dinner policy and explained the changes that were made. The board discussed the new language, and stated that they will set up a separate account in the general ledger for the reimbursements to be paid into.

A motion was made by Matt Young to approve the retirement dinner policy. The motion was seconded by Dorritt Miller and carried 5-0.

Ms. Jensen reported that as far as the backDROP election form for members who are between the backDROP initial eligibility and retirement, she would have to refer back to Brad Armstrong for calculations and there might be a cost.

ADMINISTRATION REPORT: The Pension Resource Center (Presented by: Scott Baur & Audrey Ross)

Mr. Baur stated that we got all the monitor consultant RFP responses back, and there were not as many as he thought there would be. Mr. Baur recommends rebidding and resending out the RFP again.

The board had a lengthily discussion regarding whether to continue with the RFP or if they should keep Merrill Lynch even if Mr. Callaway did get charged. The board decided to table this matter till the next meeting until we hear back from Merrill Lynch regarding the situation.

Mr. Baur proposed a fee increase and passed out a flow chart on his firm and explained all the details in the fee increase he was proposing. He explained the breakdown on how his office works and the different duties and positions. He commented that he needed to go back and do fee increases for his older clients because it comes down to a staffing issue which leads to a communication and other issues. West Palm Beach Fire takes the most attention due to their benefit options and calculations and we would like to service them better.

Mr. Baur commented that he is also willing to discuss staffing someone at the city to service the West Palm plans, but would need a fee increase to do so. He explained how we now have someone at the Cape Coral office to serve members and how it works.

The board expressed some of his concerns with the firm and stated he would like to see something happen in regards to the service before they started paying more.

The board agreed to see what the other two plans (West Palm Beach Police and General) are doing in regards to this situation and will get back to them at the March meeting.

OTHER BUSINESS:

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF FEBRUARY 7, 2008

Ms. Jensen stated that Dr. Zahn spoke to someone at the Columbia Hospital who could do the MRI's for the new hires for slightly less money then the current cost. The board asked if they should go out for an RFP for MRI's to see if they can get them done for less. Also is the bacterial and meningitis test necessary, because if not that could also bring down the charge.

Mr. Dorey wanted permission from the board to put down a \$500.00 deposit at the Crown Plaza Hotel to hold the room for the retirement dinner that will be held there on February 29, 2009.

A motion was made by Randy Sherman to put a \$500.00 deposit down at the Crown Plaza Hotel for the retirement dinner that will be held there on February 29, 2009. The motion was seconded by Matt Young and carried 5-0.

There being no further business and the next meeting having been scheduled for March 6, 2008, the meeting was adjourned at 4:35PM.

Tom Sheppard, Secretary