

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
MAY 8, 2008

Chairperson Dorritt Miller called the meeting to order at 1:38 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
Tom Sheppard
Rick Dorey
Matt Young

OTHERS

Bonni Jensen – Hanson, Perry & Jensen
Audrey Ross – The Pension Resource Center
Scott Baur – The Pension Resource Center
Troy Brown – Merrill Lynch
Brad Armstrong – Gabriel, Roeder, Smith & Company
Tom Foster – City of West Palm Beach Firefighter (retiree)
Ed Willard – City of West Palm Beach Firefighter (retiree)
David Pack – City of West Palm Beach Firefighter (retiree)

PUBLIC COMMENTS

Ms. Jensen advised the board that Steven Studley would not be present at the meeting but asked Ms. Jensen to present his doctors affidavit to the Trustees in regards to his medical conditions that were found in doing his new hire physical. Mr. Studley will accept the doctor's affidavit of his medical records and it will be placed in his personnel file.

A motion was made by Tom Sheppard to accept Steven Studley's doctor affidavit, and to file it in his personnel file. The motion was seconded by Rick Dorey and carried 4-0.

INVESTMENT CONSULTANT REPORT: MERRILL LYNCH - PRESENTED BY TROY BROWN

Mr. Brown stated that for the quarter ending March 31, 2008, Pimco did tremendously well in regards to the fixed income performance, but the equities did not do quite so well. The total fund for the quarter was ahead of the target index at -4.5% versus -5.3%. Domestic equity was also slightly ahead of the Russell 3000 at -8.0% versus -9.5%. Mr. Brown commented that their portfolio consist of 9 active managers and 6 outperformed for the quarter ending March 31, 2008.

On April 1st the market went up 4%, but at the end of April the fund was still a little behind. The fund lost \$5M in the last quarter, but in regards to the investment policy guidelines they are right on target.

Mr. Brown reported that overall they had a pretty decent quarter, and going back to 2004 the fund always outperformed except for in 2006. He recommends no changes to the portfolio at this time.

The bond portfolio for the quarter had great performance at 3.7% versus 2.5%, and the international got hit at -9.3% versus the target index at -8.8%. He commented that financials also got hit pretty hard in the quarter which impacted the international fund as well.

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Mr. Brown reviewed each manager's performance for the quarter ending March 31, 2008;

- The Boston Company (large cap value) – outperformed the target index for the quarter at -7.2% versus -8.7%. The Boston Company represents 24% of the portfolio, and for the quarter there was not one sector in the index that was positive. Information technology and financials were the worst sectors.
- Fayez Sarofim (large cap growth) – This company buys mega cap companies which really helped them out this quarter. They were ahead of the index at -7.9% versus -10.2%. Fayez had a big overweight in energy, but hurt in consumer discretionary.
- Aletheia Research (large cap growth) – This fund is measured against the Russell 1000 growth, and 30% of its portfolio is located in oils, with 3 names in the gold companies. They also did well for the quarter at -6.9% versus -10.2%. They rank in the top 9th percentile.
- Baron Assets (small cap growth) – This fund is in the top 11 of all small cap managers at -10.8 % versus -12.8% for the quarter. The only sector that was positive this quarter was energy at 6%, and health care, financials, and information technology were hit very hard.
- Thompson, Siegel & Walmsley (small cap value) – This manager underperformed for the quarter at -9.3% versus the target index at -7.2%. There were not a lot of transactions that took place during the quarter. Mr. Brown stated that he would put this negative quarter behind him and move on.
- Templeton Foreign (international equity – mutual funds) – This fund was also down for the quarter due to financials. This was the worst performing fund at -10.7% versus -8.8%.
- EuroPacific Growth (international equity – mutual funds) – The fund outperformed the index this quarter at -6.8% versus -8.8%. This fund has 8 different portfolio managers that take less of a risk.
- Pimco (fixed income & cash sample) – This fund outperformed the benchmark at 9.7% versus 2.5%, they did very well for the quarter.
- JP Morgan (real estate) – There was not a single sell in the quarter but there were 3 properties that were bought. They were a little behind the index for the quarter at 1.0% versus 1.6%. Mr. Brown commented that they are much diversified in property types and locations which can help them.

Mr. Brown stated that he has resigned from Merrill Lynch and his last day there will be May 31, 2008. He commented that Merrill Lynch will be closing their Florida office; due to a number of issues. He reported that he will be joining the Bogdahn team and is looking forward to it. Ms. Jensen stated that she will write a letter to Merrill Lynch requesting all of the funds historical data so they can transfer it over to the new monitor. The board had a discussion on whether or not they wanted to continue with Mr. Brown even though he will be joining another team. The Trustees asked whether or not they would have to change their portfolio, or could they keep their same managers. Mr. Brown stated that the Bogdahn group is very flexible with their managers because they are independent consultants.

The board had a discussion on whether or not they wanted to revisit the RFP's that they had previously put out, or to stay with Mr. Brown in his move over the Bogdahn group.

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A motion was made by Tom Sheppard to stay with Troy Brown in his move over to the Bogdahn Group, and to have the Bogdahn Group come in and do a presentation. The motion was seconded by Rick Dorey and carried 4-0.

2007 ACTUARIAL VALUATION REPORT: GABRIEL, ROEDER, SMITH & COMPANY – PRESENTED BY BRAD ARMSTRONG

Mr. Armstrong reviewed the contribution requirements with the board. He stated that the plan can consistently pay out benefits to members if the city makes their required contributions on time every year. The normal costs of contributions are 20.47%. He commented that the unfunded actuarial accrued liability went down, which is in favorable to the cities contributions, and the administrative expenses went up 18 basis points. The total calculated contributions requirement for the fiscal year ending September 30, 2007 is 46.34%

In the fiscal year they had 24 new hires, 11 retirees, 1 disability and 2 vested members. He commented that in the past couple of years the city has made their contributions in the beginning of the fiscal year instead of through out the year which gave the plan a discount. The city will be in compliance if they make a payment of \$3,773,358 on October 1, 2008.

Mr. Armstrong stated that more retirees are leaving their money in their DROP/share account at the fixed rate of 8.25% which lead to a gain. He explained that the fund has an extra \$2M that is set aside that could be used to fund a bad year, and can be liquidated at any time.

Mr. Armstrong announced that since the fund had a gain, that there will be a supplemental distribution this year. 153 eligible retirees will split the amount of \$1,777,759. This is the first supplemental distribution in 7 years; the last one was in 2000.

The funded ratio is starting to climb; they are currently at 78.3%, but the goal is to be 100% funded. Mr. Armstrong said that they should be 79% funded by next year. He commented that new employees do help with raising the funded ratio after sometime.

A motion was made by Tom Sheppard to approve the 2007 Actuarial Valuation Report. The motion was seconded by Rick Dorey and carried 4-0.

The board had a discussion on the amount of the supplemental distribution that will be paid out this year. Mr. Baur stated that he already has all the information needed, and that he will send a spreadsheet out to the Trustees to review that will include the amounts that will be paid to each retiree. After, he will send a letter out to the retirees stating the amount that will be paid out, and for them to choose their option of payment.

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the April 3, 2008 meeting.

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A motion was made by Tom Sheppard to approve the minutes of the April 3, 2008 meeting. The motion was seconded by Matt Young 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 for the month of March.

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

DISBURSEMENTS

The Trustees reviewed the disbursements presented for approval by the Administrator.

A motion was made by Tom Sheppard to approve the disbursements that were presented by the Administrator. The motion was seconded by Rick Dorey and carried 4-0.

BENEFIT APPROVALS

The board reviewed the application for a DROP loan for John Boccanfuso.

A motion was made by Tom Sheppard to approve the application for a DROP loan for John Boccanfuso. The motion was seconded by Matt Young and carried 4-0.

ATTORNEY'S REPORT: HANSON, PERRY & JENSEN (PRESENTED BY: BONNI JENSEN)

Ms. Jensen stated that there were 2 retirees that will be eligible for the escalator clause this year.

A motion was made by Tom Sheppard to approve the escalator clause for the 2 eligible retirees. The motion was seconded by Matt Young and carried 4-0.

Ms. Jensen reminded the trustees that the Form 1 needs to be filed by July 1, 2008.

Ms. Jensen proposed her fee increase from \$175 per hour to \$200 per hour. She commented that other plans have not approved her 5% annual COLA increase. The board had a discussion on Ms. Jensen's fee increase.

A motion was made by Matt Young to approve Bonni Jensen's fee increase of \$200 per hour without the 5% COLA increase each year. The motion was seconded by Rick Dorey and carried 4-0.

Ms. Jensen stated that there is a vaccination for meningitis, but the length of effectiveness is unknown. The board currently pays \$300 for the antigen test when the vaccine only cost between the amounts of \$130-\$150 for a one time dose.

A motion was made by Matt Young to use the meningitis vaccine instead of the antigen test for the new hires. If there are signs or symptoms then they need to take the antigen test as well. The motion was seconded by Rick Dorey and carried 4-0.

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Ms. Jensen also commented that we could extend the vaccine to all active members when they go for their annual physicals. Members do have a choice to opt out if they wish.

**ADMINISTRATION REPORT: THE PENSION RESOURCE CENTER -
PRESENTED BY SCOTT BAUR & AUDREY ROSS**

Mr. Baur commented that they currently allow members to deposit after tax contributions into their DROP account, and he wanted some rules and guidelines to be put into affect. Ms. Jensen stated that she wants to consult a tax advisor about this situation before they discuss it any further.

OTHER BUSINESS:

There being no further business and the next meeting having been scheduled for June 5, 2008, the meeting was adjourned at 5:04PM.

Tom Sheppard, Secretary