

**PALM BAY POLICE AND FIREFIGHTERS' PENSION PLAN
BOARD OF TRUSTEES
Quarterly Board Meeting 07-02**

Held on the 7th day of February 2007 at Robert J. Conlan Professional Center, 1501 R. J. Conlan Blvd., NE, Suite 260, Palm Bay, Florida.

This meeting was properly noticed pursuant to law; the minutes are on file in the Office of the City Clerk, City Hall, Palm Bay, Florida.

Richard B. Adams, Chairperson, called the meeting to order at the hour of 9:07 a.m.

ROLL CALL:

PRESENT

Richard B. Adams, Chairperson, Brd Appt
William A. Yonce, Sr., Vice Chairman, City Council Appt
James M. Havener, Secretary, Fire Elected
Timothy W. Lancaster, Trustee, Police Elected
Benjamin J. Kiszkiel, Trustee, City Council Appt

EXCUSED

Also in attendance was Kathy Adams, Board Administrator, and Mr. George Hunt, Human Resources Director, City of Palm Bay. Mr. Michael Callaway, Senior Vice President, Merrill Lynch Consulting Services, arrived at 9:20 a.m. and Mr. Blake Myton, Investment Manager, Trusco, arrived at 9:31 a.m. Motion by Mr. Lancaster, seconded by Ben Kiszkiel to excuse Mr. Yonce's delay as he was on his way to the meeting. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Trustee William A. Yonce, Sr. arrived at 9: 34 a.m.

ADOPTION OF MINUTES:

Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to adopt the November 21st Special Minutes 06-15. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Motion by Mr. Kiszkiel, seconded by Mr. Lancaster to adopt the December 6th Regular Minutes 06-16. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to adopt the December 20th Special Minutes 06-17. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. The regular minutes of January 11th, 07-01 was tabled until Mr. Yonce's arrival due to a question about a motion on page three under new business. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to make the following changes to the agenda: The agenda of February 7, 2007, 07-02 is reflected as a regular meeting, but should be changed to a quarterly meeting; Under Old Business, No. 3. DROP Returns for Quarter-ending September 30, 2006 should be DROP Returns for Quarter-ending December 31, 2006. Add under New Business; No. 5. Review of Correspondence, d) Letter from George Hunt, Human Resources Director, City of Palm Bay, Public Records Request. Motion carried with members voting as follows: Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

PBP&F Pension Fund
 Quarterly Meeting 07-02
 February 7, 2007

Mr. Yonce arrived at 9:34 a.m. This item was discussed at the end of Mr. Myton's presentation. Motion by Mr. Kiszkiel, seconded by Mr. Yonce to adopt the January 11th Regular Minutes 07-01 with the following changes: Page 3, No. 3. Board Business, Fourth Sentence reads "Motion by Mr. Yonce, seconded by Mr. Lancaster to order 1G ISM for the office on Mr. Yonce's corporate VISA." Should read "Motion by Mr. Yonce, seconded by Mr. Lancaster to order 1G Thumb Drive for the office on Mr. Yonce's corporate VISA." Page 4, No. 5. Review of Correspondence, a) Monthly Bank Statement-STI, 1/30/06, First Sentence reads "The market value of the SunTrust/Trusco Funds at 11/30/06 was \$558,0007,867.14." Should read "The market value of the SunTrust/Trusco Funds at 11/30/06 was \$58,007,867.14." Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Motion by Mr. Kiszkiel, seconded by Mr. Yonce to rescind the motion for the purchase of 1G Thumb Drive for the office on Mr. Yonce's VISA as the credit of \$3.02 on Mr. Yonce's VISA had been used to pay for the recent FPPTA School. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

QUARTERLY REPORTS AT 9:30 A.M. & 11:00 A.M.:

1. **Merrill Lynch Consulting Services-Mr. Michael Callaway, Senior Vice President**-There was general discussion concerning Mr. Swanson no longer being with Merrill Lynch Consulting and now working as an independent consultant. There was discussion with Mr. Callaway about a recent notification from JPMorgan Strategic Property Fund about lowering their leverage resulting in less risk. Mr. Callaway said not to focus on leverage on an individual piece of property. The most impact is the leverage on all properties. He said they informed before the guidelines, before the purchase of any property they wouldn't leverage more than 50%, now want to leverage up to a certain percentage on individual properties, maxing out at 65%, but keep the overall leverage on the total portfolio similar. Also wasn't the flexibility portfolio lever 30 to 35%. This percent is relatively moderate, it's marginal. Mr. Callaway felt it was fine, even with the board adding \$1.5 Million additional investment. He explained the real estate process. It is a very conservative arrangement with J.P. Morgan. The plan's investment policy does not have to be changed. Mr. Adams said the website will be updated to reflect the Merrill Lynch Portfolio Growth Report. Mr. Callaway said Merrill Lynch has been with the Palm Bay Pension Fund since 1990. The average annual return has been 9.6% since 1990. He said the total market value as of 12/31/06 of \$69,077,010.00 is well within the investment guidelines. His report does not reflect the additional \$1.5 Million added to JPMorgan this week. Mr. Adams asked about the proposal for a statutory change in the amount of funds that could be invested in international funds. Mr. Callaway said there is a global real estate. He is concerned about the overlap in the international and real estate restrictions with F.S.S. 175 & 185. He said a commingled fund is not considered a security. He will check into this for the board. The proposal is to go up to 20-25% in foreign investments. Mr. Adams asked, in comparing real estate versus equities, which one would be better? Mr. Callaway said he could not answer that, but the issue would be liquidity. There is liquidity with equities, but a risk to both. He said he will research the limitations with regard to F.S.S. 175 & 185 and recommended asking Mr. Cypen, Board Attorney. Mr. Adams said the board probably would not address it unless a statutory change was made. Mr. Callaway said the total fund return for quarter-ending 12/31/06 was 4.4%. He said the fund ranked 83rd in comparison to other funds nationwide for public funds. He said

PBP&F Pension Fund
Quarterly Meeting 07-02
February 7, 2007

the ranking can change significantly from quarter to quarter. The investment policy is looking at 3-5 years, so the funds goals are being met. Mr. Callaway said the market cycle used to be generally defined as 3-5 years; however, it is now 6 years. For a 6 year period the target index and return is about the same. He said it reflects that the investment policy is appropriate for the fund. Mr. Havener asked if the benchmark is appropriate for Trusco because of the investment style. Mr. Callaway said the fund has investments in small and mid-cap funds. The investment policy gives Trusco discretion in this area and it is a fair benchmark. He said the Russell 3000 is being used in one place and the S&P 500 in another and the board may want that to be the same. Mr. Adams asked whether or not index funds were a good investment. Mr. Callaway said there is constant debate on that; the larger plans do both. He said it is a never-ending discussion. He said the international fund is lagging too. It is managed by an eight-member team. Prior to 2006 the returns have been very consistent; this year suffered a little, but the returns for fiscal year-to-date were 8.7%. Mr. Callaway said we are still in a six year market cycle. Small caps did better; lower quality companies did the best. This impacted managed funds, active versus passive. They are buying low and looking out into the future market. Mr. Yonce said that is what the board's philosophy has been and they want consistent returns with less risk. Mr. Havener said he is willing to take risks for increased returns. Mr. Adams said perhaps for diversity. Mr. Callaway said no one's bonds did well. The plan's did less than others. Mr. Callaway reviewed a couple of charts in his report and said he would be bringing some different detailed charts next quarter. Trusco's total market value at 12/31/06 was \$55,894,240; total returns were 3.9%. He said comparing them to other public funds is not a valuable statistic as they manage the entire portfolio. Mr. Callaway distributed a hand-out on the Distribution of Equity Portfolio Return and discussed it. He recommended changing the benchmark to the Russell 3000 instead of the S&P 500 as it was a fairer comparison. Mr. Myton said the difference will be more exposure to the small and mid-cap fund. He said it would increase the risk and would hope it would increase the return. He said there was a need to resolve the inconsistency, but it will not have a big impact. Mr. Callaway said it had been an unusual year for the international equity; the real estate had a good return. He said it was the high yield and high bonds that skewed the report. The fund has A or better investment policy restrictions, so it is right on target with bonds. International bonds have better returns last year. The board reviewed the compliance list. The performance has middle-of-the-road returns with 30% risk volatility and the board has not wanted volatility. Mr. Callaway discussed the original agreement. He said Merrill Lynch rewrote theirs in 2003, so everyone should have gotten 62 cents on the dollar. The board had 65 cents and they went last year to 67 cents. He said the board should have received a 12b-1 fee credit. The Euro fund has distribution fees paid to Merrill Lynch. The policy was that they don't given them back. Merrill Lynch made an exception, so the fund received these fees. In light of the Securities Exchange Commission issues, Merrill Lynch hired a law firm to look at all their policies. The new lawyers said all the 12b-1 fees should go back and they returned \$18,941.17 to Palm Bay's Fund. Going forward the fund will receive an actual check instead of credits and will be billed for consulting services. The plan's ranking for the last quarter was 16 among Florida Public Fund Clients. Mr. Callaway said they have been working with the Palm Bay Fund for 16 years. He realizes Mr. Swanson is no longer with the company. Mr. Havener said he liked the proposed changes to the report. Mr. Adams asked if there was an appearance of a conflict of interest with Merrill Lynch providing consulting service for this fund. Mr. Callaway said they do not manage any assets for the fund and they have no economic interest in it. Mr. Callaway said the

PBP&F Pension Fund
Quarterly Meeting 07-02
February 7, 2007

changing environment has caused changes that Merrill Lynch is addressing. He said he has been with Merrill Lynch for 31 years; starting the consulting business 22 years ago. Mr. Havener said at the recent conference there was a mention of DROP plans offering mutual funds for those accounts. He wanted to know if Mr. Callaway knew of any plans doing that and if there were any restrictions. Mr. Callaway said he would check into that for him. Mr. Adams said the board was looking at the potential changes and asked if the fund was a valued client. Mr. Callaway said he works with a lot of much larger funds, but that he would be making the quarterly presentations to the Palm Bay trustees. He said he had been with the board for a long time. He started when Ann Florin was the Chairperson. The board recessed at 11:00 a.m. and reconvened at 11:13 a.m. Mr. Callaway did not return to the meeting.

2. Trusco Capital Management-Mr. Blake Myton, Investment Manager & Ms. Karla Engard, VP Group Retirement Services-Ms. Engard did not attend the meeting due to a scheduling conflict. Mr. Myton said on an annual basis the board acknowledges, by letter, there has been no change to the investment policy. He gave a letter to the chairman for his signature. Mr. Adams said he wanted to look over the investment policy and would get back with Mr. Myton. Mr. Myton feels an 8-9% return on equities is doable. He said it was not uncommon during this type of cycle, that indexing always comes up because they do better. He said the reverse happens in a down market. The active managers still do a good job. Mr. Havener said the Feds may not change rates until next year-end. Mr. Myton said the Feds will probably hold for a long time. He said looking at a fixed income return of 5-6% for the year is a big variable. Considering Fed interest rate increases, the bond and equity returns for the year are OK. They changed to an over weighted position in equities. He said the investment manager for the relative value fund is not the manger for the mid-cap fund and it has been put with the core value team in Richmond, Virginia. They are looking for a manager for the intermediate relative value funds. He feels the changes are an improvement with more resources. As the board knew, the whole small cap growth team left and the two individuals they put in are not reflecting the good performance numbers they hoped for. Trusco announced this week they are hiring a chief investment officer for the small cap growth manager position. He worked previously with Northern Trust. The small cap is a small position of the portfolio at 2.4%. He said it was a lot of changes, but was needed to beef up the small and mid-cap process. There was discussion about changing the benchmark to the Russell 3000. Mr. Myton said small caps were more risky and his concern was the timing. He said small caps have done well for seven years, but it is not going to continue. He said it will change the risk and the question is how comfortable is the board with that risk. Mr. Kiszkiel said Mr. Callaway emphasized it was the benchmark of the fund. Mr. Havener referred to the Merrill Lynch standard deviation chart. He said it was up in the right direction. Mr. Myton said Mr. Callaway was just trying to get the target benchmarks to match. Mr. Yonce said the primary history with Trusco was to keep the risk down and to produce the numbers. He said it appeared they were now looking at changing what they have been doing. Mr. Kiszkiel said all they were trying to do was to get consistency. Mr. Adams referred back to the Merrill Lynch report target index. Mr. Myton said it was a good target, but said on another page it changes it. He said the board did not have to make a decision at this time. Mr. Kiszkiel asked about 25% in real estate and discussed F.S.S. 175 & 185. Mr. Myton felt Mr. Cypen should be asked about it. Mr. Myton also discussed the bond rating. Mr. Havener said the risk is below target, so there is some leeway. Mr. Myton left he meeting at 12:00 Noon.

PBP&F Pension Fund
 Quarterly Meeting 07-02
 February 7, 2007

OLD BUSINESS:

1. Actuarial Services & Projects: Foster & Foster, Inc.-Ms. Adams reviewed the actuarial projects with the board. Ms. Adams said Mr. Cypen and Mr. Heinrich were advised to draft an ordinance about the 415 Limitations. Mr. Heinrich felt Mr. Cypen should draft the ordinance and he would then review it. This item is pending. Mr. Adams asked Mr. Lancaster if the city was going to have a problem with this ordinance in light of the changes with Ordinance 2006-29 originally drafted by the board's attorney. He did not want to waste Mr. Cypen's time or have the fund billed for unnecessary expenses. Mr. Lancaster said that section of the code had not been updated and individuals were going to fall within the limits. Mr. Lancaster discussed changing the order of a couple the actuarial projects on the list. The impact statement for Ordinance 2006-29 would have to include all police benefits regardless of implementation date. Mr. Lancaster wanted to expedite the determination of the supplemental police benefit. Ms. Adams said she could check with the Board's Actuary, Mr. Heinrichs, to determine if the impact statements for the two ordinances rescinding the benefit could be completed prior to the impact statement for Ordinance 2006-29. Ms. Adams said in order for Mr. Heinrichs to complete the impact statement for Ordinance 2006-29, he would need clarification on what compensation was included in total cash remuneration that was to go into effect October 1, 2007. Members had recently questioned whether or not vacation and sick payout at termination was going to be included. Mr. Lancaster said he spoke to Mr. Combs, President, FOP, and said it was their intent that it be W-2 and to cover those payouts. He said Mr. Feldman said the city wanted to eventually have W-2 as the pension compensation. Ms. Adams said that needed to be clarified in writing for Mr. Heinrichs as soon as possible. She said Mr. Heinrichs thought the Division of Retirement's intent was W-2. Ms. Adams said the city payroll clerk was not aware of this benefit and it would be helpful for the city and union to make the determination in the event the city had to upgrade their payroll system.

a. Employer Contributions for Buy Back of Prior Service 9/30/06-Mr. Adams said he telephoned Mr. Slavin, the State's Actuary, about the pending Administrative Order. Mr. Slavin said it could be July or August before it was issued because it was being reviewed by other departments and was not directed to just buy backs, but other items as well. Mr. Slavin said he previously spoke to the City's Attorney, Jim Linn, and they were in agreement the city should pay their contribution amount for the buy back and should have paid it. He said if the city does not pay it, then the pension board should not it in their annual state report of March 15, 2007 and when the state receives it, they will act accordingly.

b. Ordinance 2006-113: Deferred Retirement Option Program-Impact Statement-Motion by Mr. Yonce, seconded by Mr. Kiszkiel to approve the No Impact Letter from Foster & Foster, Inc. for DROP Ordinance 2006-113. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

c. Clarification on the Police Definition of Total Compensation Effective 10/01/2007-This item was discussed above. Mr. Lancaster said he would meet with Mr. Combs to get a clarification letter on the definition of total compensation and would talk to him about the funding issues on the buy back.

PBP&F Pension Fund
Quarterly Meeting 07-02
February 7, 2007

2. JPMorgan Strategic Property Fund Investment-Ms. Adams said she received confirmation the \$1.5 Million had been wired from SunTrust and received by JPMorgan for investment in the Strategic Property Fund.

3. DROP Returns for Quarter-ending September 30, 2006-The gross returns for the fund reported by Merrill Lynch for quarter-ending December 31, 2006 was 4.41% and net of fees was 4.32%. Drop participants would earn the 4.32% for quarter-ending December 31, 2006. Mr. Havener discussed the possibility of mutual fund investments by DROP participants. He said he attended a session at the FPPTA school that addressed this item. It was agreed Mr. Havener and Mr. Yonce would research this and bring it back to the board for discussion.

4. Audit for 10/01/2005-9/30/2006-Ms. Adams said she received information about the adjustments on several employees' and met with the city paymaster. The adjustments were resulting in additional payments to the fund on some employees' and funds owed back to the city on others. Ms. Adams expressed concern about the city verifying salary adjustments. She recommended to the city paymaster that more detail had to be provided on adjustments. A city-provided report called the ABT Report was used to verify salaries and contributions against funds being wired to the pension fund's bank; however, that report was no longer being used because it was out-of-balance. Ms. Adams advised the paymaster a report would have to be created by the city to provide the necessary audit trail for any adjustments. According to the city paymaster, police overtime contributions were being included in the pension diskette, but not the salaries reported. Salary adjustments were being provided by a separate hand-written report. Ms. Adams said additional items would be included effective 10/01/2007 with the revision of pension compensation for police and she was concerned whether the city payroll department was prepared for it. The board's auditor had been made aware of the adjustments as it was impacting the year-end financial reports and audit. These events caused a delay in having the board's audit completed. The city needed the board's audit as it is included in their audit. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to call a special meeting for Thursday, February 22, 2007 at 9:00 a.m. to review the draft audit for FYE 9/30/06. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Havener, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Ms. Janes, Board Accountant, would be asked to review the Payout Expense Account at that meeting. The board recessed at 12:32 p.m. and reconvened at 1:51 p.m. Mr. Havener did not return to the meeting due to a scheduled afternoon appointment. Mr. George Hunt did not return to the meeting.

5. Review FPPTA School-Trustees Lancaster, Kiszkiel and Havener passed the Intermediate CPPT Course and were congratulated. Mr. Yonce attended a class that mentioned obtaining a Determination Letter on the pension plan from the IRS, but there would be a cost. Mr. Yonce will bring this item back to the next regular meeting. Mr. Adams discussed the two retirement payment benefit payment options with regard to taking an increased amount until social security age, then reducing the monthly amount. He wanted to clarify if this was considered a social security offset.

6. Employee Benefit Statements-Ms. Adams said the statements the board had her mail to the fire stations were returned as they no longer accept first class mail at fire stations. They were handed to Mr. Yonce to forward to the individuals.

7. Disability Application-Police Officer Johnnie Sampson-Ms. Adams said Mr. Sampson came into the office and said he had a letter stating he was retired from the police department and was

PBP&F Pension Fund
 Quarterly Meeting 07-02
 February 7, 2007.

transferring to code enforcement as a general employee. Ms. Adams advised Mr. Sampson that if he retired from the Police Department that would cancel his disability retirement application process. He left saying he was going to go to the police department to talk to them. When he returned he said he guessed he was unemployed as the code enforcement job was no longer available. Ms. Adams said she asked him to obtain a letter from the City stating what his current job status was. He then came in limping, stating he was reporting to the Human Resource Director and he would be out of work for the remainder of the week, but was still employed. He provided a letter from Mr. Hunt, Human Resource Director, stating he was no longer with the police department due to his disability status and that he was classified as a general employee. Ms. Adams said she discussed the event with Board Attorney Cypen. She felt she had an obligation to notify the board of the event. Motion by Mr. Kiszkiel, seconded by Mr. Yonce for the chairman to choose a board physician in which to send Mr. Sampson and to move forward with scheduling an appointment upon receipt and compilation of pending and received documentation. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

8. Disability Application-Firefighter William Foley-Ms. Adams said she was still gathering documentation on Mr. Foley. Ms. Bobbi Kidd, City Risk Manager advised there was no settlement claim, but Ms. Adams was provided with a court document from Mr. Foley stating otherwise. Ms. Adams said she made a second request for all documentation related to this claim. She spoke to Ms. Kidd who advised she did not have any physician reports on Mr. Foley; however, she did have some depositions. Ms. Adams told her she needed all the documents related to the court case provided by Mr. Foley. She was told by Ms. Foley the case was moved to Daytona because of a potential conflict with a Brevard County judge. The judge was a relative of Trustee Yonce's. Ms. Adams said she was waiting for those documents to arrive from Ms. Kidd. Motion by Mr. Yonce, seconded by Mr. Kiszkiel to use the cardiac physician previously approved by the board, if available and at a new rate schedule if required, and to move forward with scheduling an appointment upon receipt and compilation of pending and received documentation. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

9. Application for Buy Back of Prior Service, Retirement and DROP-Police Officer David Crispin-Motion by Mr. Lancaster, seconded by Mr. Yonce to have Foster & Foster calculate the employee buy back calculation on Police Officer David Crispin for immediate purchase and to conduct the calculation for the city's cost as soon as feasible and to approve his application for Retirement and DROP contingent on the buy back funds being paid by his requested retirement date. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

10. Application for Buy Back of Prior Service-Pending Police Officers-Ms. Adams said she was having several employees inquiring as to when they could bring in their paperwork to begin their buy back process. The board directed Ms. Adams to move forward in sending the applications for buy back of prior service for police officers to Mr. Foster, even though it is not a priority for Mr. Foster, unless the member is retiring within 30-90 days.

11. American Legal Publishing Corporation-New Code Book Binder for Ordinances-Motion by Mr. Kiszkiel, seconded by Mr. Yonce to purchase a new code of ordinance book at the revised amount of \$18.00 plus postage and to have it placed on Mr. Adams' corporate VISA. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea.

PBP&F Pension Fund
 Quarterly Meeting 07-02
 February 7, 2007

12. Website Development-Mr. Adams said there were 4,500 hits on the site within the first two weeks. The site was now averaging 1,500 hits. He said 60% were from the members. The documents were being converted to a pdf format.

13. Board Procedures for Insurance Documentation-Ms. Adams said she had prepared a draft report for the board, but had to finalize it. Although the board's insurance had been renewed, the certificate and policy usually does not arrive until around May or June.

NEW BUSINESS:

All items of business marked with an asterisk were considered under Consent Agenda and enacted by the following motion: Motion by Mr. Kiszkiel, seconded by Mr. Yonce to approve the Consent Agenda. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea.

***1. Consideration of Warrants for Payment**

***a) Robert J. Conlan Professional Center, Inc.-\$1,222.69-Reoccurring Monthly Warrant for Lease Agreement for Period Beginning 4/01/2007-03/31/2008-Approved.**

***b) Koch Reiss & Company, P.A.-\$7,000.00-Progress Billing for Audit Work for Period Ending 9/30/06-Invoice #31076-Approved.**

***c) Sun Trust Bank-\$54,587.22-Quarterly Administrative/Trustee Services for Period Ending 12/31/2006-Approved.**

***2. New Plan Member Application, Member Beneficiary Changes, Pre-Retirement Death Benefit Option Selection and Retirement Beneficiary Forms-**New plan member application and beneficiary forms were approved and accepted on Police Officers Christopher Howe; Samuel B. Ivey; Glenn A. Whitter and Firefighter Michael McHale. A member beneficiary change was approved and accepted on Police Officer Jennifer S. Cordeau and Firefighter Sean Emerson. Member beneficiary changes for retirement were approved and accepted for Police Officers Donald J. Bauman; Douglas A. Dechenne and Don W. Smith.

3. Board Business-The board requested Mr. Swanson attend the March 7th meeting for a presentation to the board and to include his fee schedule. Ms. Adams said she received notification that Sprint would be increasing their equipment service and repair program from \$3.00 to \$4.00 effective February 18, 2007. Motion by Mr. Lancaster, seconded by Mr. Kiszkiel to purchase a vertical and lateral file cabinet from Office Depot. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Kiszkiel, Yea; Mr. Lancaster, Yea; and Mr. Adams, Yea. Upon arrival the vertical file cabinet is to be placed in the trustees' office and the existing lateral file in that office to be moved to the file room. Ms. Adams said the Temp Agency was told the board would need someone through the end of March. The current temporary clerk was hired by the company across the hallway as a part-time employee and would be starting with them within a couple of weeks. The contract with the employment agency stated they would send someone the next day, if the existing individual could not complete the contract. Mr. Lancaster said he would not be at the April meeting due to a previously scheduled Spring Break. He said he was approached by Officers Rebecca Melius and Scott Smith wanting to buy back their prior service with Palm

PBP&F Pension Fund
 Quarterly Meeting 07-02
 February 7, 2007

Bay that exceeded the four-year maximum. They felt the rewrite of Chapter 99 would have grandfathered their previous time in the plan. Ms. Adams said she spoke to Mr. Cypen. He stated that was not the intent of the rewrite. Ms. Adams said she had spoke to individuals when they came back to the city and had spoke to one specifically about the time and that was when she contacted Mr. Cypen. She would copy the file documents for Mr. Lancaster so he could meet with them.

4. Upcoming Events-Educational Opportunities-Motion by Mr. Lancaster, seconded by Mr. Yonce to send Mr. Kiszkiel, Mr. Yonce and Mr. Havener to the JP Morgan Real Estate Conference with the normally approved expenses. Motion carried with members voting as follows: Mr. Yonce, Yea; Mr. Lancaster, Yea; Mr. Kiszkiel, Yea; and Mr. Adams, Yea. No one was interested in attending the NCPERS Conference. Mr. Adams said he was still planning to attend the CPPT Continuing Education Trip to the New York Stock Exchange as approved in July.

5. Review of Correspondence:

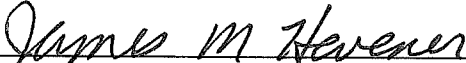
- a) **Monthly Bank Statement-STI, 12/31/06**-The market value of the SunTrust/Trusco Funds at 12/31/06 was \$58,227,369.61. The Grand Total of all the Funds, including International Funds Real Estate at 12/31/06 was \$71,460,148.80.
- b) **Monthly Statement- American Euro Pacific, 12/31/06**-The market value of the International Funds at 12/31/06 were \$7,434,888.19.
- c) **Monthly Statement-JPMorgan Strategic Property Fund, 12/31/06**-The market value of the JPMorgan Strategic Property Fund at 12/31/06 was \$5,747,891.00. (This does not include the additional investment of \$1.5 Million transferred this week.)
- d) **Letter from George Hunt, Human Resources Director, City of Palm Bay, Public Records Request**-Ms. Adams said the board received a fax yesterday from Mr. Hunt requested copies of all individual credit card receipts and any other materials that track spending on the part of the Pension Board for the period of time between January 1, 2006 and September 30, 2006. Particularly those receipts related to out of county trips and the purchase of computers. Ms. Adams said these items were available for Mr. Hunt's inspection when he came in previously and he chose the items he wanted copied, which included VISA invoices. Receipts were attached to the warrants and VISA invoices in the files inspected. A computer inventory file and school travel files are now available and were part of the pension audit files during Mr. Hunt's previous review. Ms. Adams said she will be available after today's meeting for Mr. Hunt to review the files. She will not be available Thursday or Friday as requested. The board acknowledged that Mr. Hunt left the meeting at 12:32 p.m. and did not return.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 3:15 p.m.


 Richard B. Adams, Chairperson

ATTEST:



James M. Havener, Secretary