

**POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM**

**TEMPORARY OFFICE LOCATION  
627 E. ATLANTIC BLVD.  
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES  
REGULAR MEETING  
DECEMBER 18, 2006**

The Board of Trustees convened at the Pompano Beach Elks Lodge No. 1898, 700 NE 10<sup>th</sup> Street, Pompano Beach, Florida. The Chairman called the meeting to order at 2:10 p.m.

**PRESENT:** Chairman Paul D. O'Connell  
Vice Chairman Richard E. Avallone  
Trustee Sharra Aaronian (arrived @ 2:35 p.m.)  
Trustee Daniel M. Christophers  
Trustee Patrick S. Fletcher (arrived at 6:30 p.m.)  
Trustee Ernest J. Lee, Jr.  
Trustee Peter McGinnis  
Trustee Richard H. Samolewicz

**ABSENT:** Trustee Jeffrey J. Valerga

**ALSO PRESENT:**  
James McInerney of Standish Mellon  
Ronald McCullough and Frances D'Alessio  
of Lord, Abbett & Co.  
E.C. Blackburn and Peter Alfele  
of Cherry, Bekaert & Holland, LLP  
Marissa DeMato of Lerach, Coughlin, Stoia, Geller,  
Rudman and Robbins, LLP  
Robert A. Sugarman, Board Attorney  
Pedro Herrera, Esq. of Sugarman and Susskind, P.A.  
Lindsay Dalton, Deputy Administrator

**APPROVAL OF AGENDA**

**MOTION:** To amend the Agenda of December 18, 2006 by adding Item 13b, *Acceptance of Changes to ICMA 401(a) Money Purchase Plan Documents*, under Deputy Administrator's Report.

**MOTION:** To approve the Agenda of December 18, 2006, as amended.

	M O T I O N	S E C O N D	V O T E D Y E S	V O T E D N O
O'Connell			X	
Avallone			X	
Christophers			X	
Lee, Jr.	X		X	
McGinnis			X	
Samolewicz		X	X	
O'Connell			X	
Avallone			X	
Christophers			X	
Lee, Jr.	X		X	
McGinnis			X	
Samolewicz		X	X	

Board of Trustees Minutes Page Two	December 18, 2006	TRUSTEES	M	S	Y	N
<p><u>STANDISH MELLON ASSET MANAGEMENT</u></p>						
<p>James McInerney introduced himself to the Board. He has assumed the position of Senior Relationship Manager from Dan Richter, who was promoted. He proceeded to give an overview of the merger of Bank of New York (BNY) and Mellon Financial Corporation, the parent company of Standish Mellon. He stated one of the goals of the merger was to create more economies in a low margin business on the asset-servicing side of the business. On the asset management side, Standish Mellon has \$150 billion in assets under management. Mellon Asset Management has \$920 billion in assets and Bank of New York has \$150 billion in assets under management. Mellon works under a multi-boutique strategy designed to allow independent asset management subsidiaries make their own investment decisions. Mellon has 13 subsidiaries while BNY has the same structure, but only 5 asset management firms. So the 5 BNY asset management firms will be folded underneath the Mellon umbrella. Mr. McInerney said they believe the merger will be in the best long-term interests of their clients, shareholders and employees.</p>						
<p>Next, Mr. McInerney reviewed the portfolio performance as of 11/30/06. The market value of the portfolio was \$17.4 million. Year-to-date, the portfolio returned 4.87%, slightly underperforming the 4.94% return for the Lehman Aggregate Index. For the 3 and 5-year periods, however, the portfolio outperformed the benchmark by 15 and 25 bps, respectively. He said the backdrop for underperformance over the last year points to a situation where yields rose, especially on the short end of the yield curve, and now there have been similar phenomena on the long end of the yield curve. Although more recently, short rates have remained high while long rates have declined. The reason for that is the expectation the Fed will ease its interest rate policy in 2007. As part of the backdrop, there has also been an incredible amount of risk-taking in the market. Lower quality corporate bonds have outperformed. Moreover, emerging markets, which are not allowed in the portfolio under our investment guidelines, have performed exceptionally well. Also, the decline in inflation has caused a slight drag on performance. In addition, the portfolio has been underweight in mortgages, which has resulted in underperformance.</p>						
<p>Going forward, Mr. McInerney said they believe the portfolio's underweight position in mortgages will outperform. The portfolio is also structured with an overweight in intermediate maturity bonds to take advantage of an expected steepening in the yield curve when the Fed starts to ease rates in 2007 and that too will help performance.</p>						
<p>Mr. McInerney reported that they have found attractive opportunities in emerging markets and non-dollar bond opportunities, but they are not allowed to participate. In view of this, he would like to talk to the Board about considering broadening our investment guidelines to allow the investment in some of the higher quality non-US issuers.</p>						
<p>Mr. McInerney reported that Catherine Powers has managed the portfolio for over 3 years.</p>						

<b>Board of Trustees Minutes</b> <b>Page Three</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<u>STANDISH MELLON ASSET MANAGEMENT (cont'd)</u>						
<p>Mr. McInerney said he understands the Board plans to hold an annual meeting with the investment managers in April 2007 and Standish Mellon looks forward to participating. In April, they would definitely like to spend some time reviewing the investments guidelines, most notably the area of derivatives. He said they spend a lot of time with their clients to help them understand how they use derivatives, what they mean and how they can use these instruments for insurance purposes to protect the portfolio from adverse movements. In the future, they would like to spend more time to get the Board comfortable with what they are doing and why and how it can benefit the portfolio and System overall. Trustee Avallone said he certainly welcomes suggestions to better strategies at the April meeting. He asked if it was possible for Standish Mellon to make a model of our portfolio today and give an example in April of where we would be with our portfolio by that time had we made those changes. For purposes of comparison, Chairman O'Connell suggested using the quarters ending 12/31/06 and 3/31/07. Mr. McInerney responded that they customize the bulk of their fixed income portfolios so he will select some portfolios with different risk profiles to demonstrate the differences in them and what those differences meant from a performance perspective as of 12/31/06 and 3/31/07. He said he can also provide the risk and return expectations given the different scenarios on a longer time horizon.</p> <p>Trustee Christophers then asked who would be attending the April meeting from Standish Mellon. Mr. McInerney replied he would attend and perhaps Ms. Powers. Trustee Christophers said he would also like them to give a little education on convertibles, options and shorts. Mr. McInerney said he had an article on one of the derivatives they use called Credit Default Swaps, which he distributed to the Board. He said this is another piece of insurance used in portfolios which allows them to short bonds to remove exposure to a particular sector. Relative to convertibles, he advised that there are some exotic convertible bond strategies, however, they do not participate in them. When they buy a convertible bond, they buy it for its bond-like features. They also buy preferreds which they can address.</p> <p>At this point, Chairman O'Connell said as soon as the dates of the April meeting are solidified, we will let them know.</p>						
<u>LORD, ABBETT &amp; CO.</u>						
<p>Ron McCullough, Client Portfolio Manager, introduced Frances D'Alessio, who is also part of Lord Abbett's Large Cap Value Client Service team. He reviewed the structure of the Large Cap Value Investment Team. Lord Abbett manages \$44 billion in large cap value assets and the firm has \$107 billion in total assets under management. The portfolio management team has three dedicated managers with on average 30 years of experience and it is led by Eli Salzman. There are also five dedicated research analysts on the investment team with on average 19 years of experience. He reported that Lord Abbett's investment philosophy and process has not changed.</p>						

<b>Board of Trustees Minutes</b> <b>Page Four</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p><u>LORD, ABBETT &amp; CO. (cont'd)</u></p> <p>Next, Ms. D'Alessio reviewed the Investment Objectives and Guidelines. She said the focus is on the primary benchmark, which is the Russell 1000 Value Index and the secondary benchmark is the S&amp;P 500 Index. The performance time horizon is 3 to 5 years or a full market cycle. The inception date of this portfolio was 10/14/04. The only substantive investment restriction is no foreign securities or ADRs are permitted.</p> <p>Ms. D'Alessio reported that the portfolio had a very good third quarter of 2006. The portfolio was up 7.0%, outperforming the 6.2% return of the Russell 1000 Value Index. She said the year-to-date numbers have been slightly more challenging. This portfolio is a low beta, low volatility portfolio and as such it has a more defensive position and has not participated in that dramatic move that the broader market has seen. For the 1-year period, the portfolio returned 14.9%, outpacing both the Russell 1000 Value Index (14.6%) and the S&amp;P 500 Index (10.8%). Since inception, Ms. D'Alessio reported that the portfolio is behind the Russell 1000 Value Index due to the fact that the portfolio is still pulling away from that difficult period of the second half of 2004 and first half of 2005 when the portfolio was underweight in energy and did not participate in the run up of oil prices.</p> <p>Ms. D'Alessio reviewed the Attribution Analysis. Significant contributors to the performance were Utilities and Producer Durables due to stock selection and Integrated Oils and Other Energy due to an underweighting in these sectors. The sector underweight in Financial Services was a detractor in terms of performance and the Healthcare sector was a detractor due to one stock in particular, Boston Scientific. She then reviewed the Sector Allocation which gives a snapshot of how the portfolio is currently structured. She said Lord Abbett uses a bottom-up stock selection approach. The portfolio is built on a stock-by-stock basis by identifying undervalued stocks through formal valuation analysis. The main reason they had a dramatic overweight in Healthcare versus the benchmark is valuation. Mr. McCullough stated for the first time in a long time these stocks are starting to be attractively valued because the valuations have been driven down in the last 5 years mostly by selling out of growth portfolios and they are seeing signs that the fundamentals are beginning to turn. Ms. D'Alessio said another overweight is in the Consumer Staples area. Again, valuations are extraordinarily attractive and it is also a low volatility, high quality group. At the other end of the spectrum, there is a significant underweight in Financial Services with most of the underweight concentrated in the regional banks. She said the Financial Services sector tends to be overearning relative to the norm.</p> <p>At this point, Trustee Christophers informed Mr. McCullough that the Board is considering holding an annual educational meeting where all the managers will come and have more time with the Board to review what the portfolio has done for the year as well as to discuss any investment guideline restrictions they feel may be affecting performance. The Board would like the managers to educate us and tell us what they can do for us</p>						

<b>Board of Trustees Minutes</b> <b>Page Five</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<u>LORD, ABBETT &amp; CO. (cont'd)</u>						
<p>next year and thereafter in terms of performance and what has to be done to achieve these goals. Then, we would like to hold you to it and in the event it does not happen, you may be called before the Board to give an explanation. He said the Board is trying to come up with new ideas to make money for our members. This annual educational meeting would be held sometime in April 2007.</p>						
<p>Mr. McCullough asked if the Board had in mind to bring down all the managers at one time and then have an open-ended discussion, focusing somewhat on the portfolio they manage, but also on the overall Plan and how their piece fits in. Mr. Sugarman stated that the Board would like a portfolio manager, economist or someone on the investment management team to attend. Marketing personnel are also welcome to come, but we definitely want the actual decision-makers here.</p>						
<p>Mr. McCullough said he applauded the Board's decision on what has been outlined because it makes a lot more sense to spend more time delving a little more deeply into how the managers do things, how they have done and/or their outlook for the markets going forward. He said Lord Abbett has participated in sessions like this in the past where you get together for sometimes two or three days for round tables, open-ended discussions where you talk about markets in general and then usually there is a closed session where you talk about your specific portfolio. To the extent that the Board can broaden its horizons and allow the best possible investments to take place, the better off it will be.</p>						
<p>Trustee Christophers informed Mr. McCullough that as soon as the dates are finalized, he will be advised.</p>						
<u>APPROVAL OF MINUTES</u>						
<p><b>MOTION:</b> To waive reading of the Minutes of October 16, 2006 and November 13, 2006 and to approve same as submitted.</p>	<p>O'Connell Avallone Aaronian Christophers Lee, Jr. McGinnis Samolewicz</p>	<p>X</p>			<p>X X X X X X X</p>	
<u>APPROVAL OF WARRANT NOS. 2552 THROUGH 2558</u>						
<p><b>MOTION:</b> To approve payment of bills set forth on Warrant Nos. 2552 through 2558 as follows: No. 2552 \$13,567.52, No. 2553 \$478.00, No. 2554 \$619.05, No 2555 \$1,246.88, No. 2556 \$14,278.00, No. 2557 \$662.75 and No. 2558 \$1,429.50.</p>	<p>O'Connell Avallone Aaronian Christophers Lee, Jr. McGinnis Samolewicz</p>	<p>X</p>		<p>X</p>	<p>X X X X X X X</p>	

Board of Trustees Minutes Page Six	December 18, 2006	TRUSTEES	M	S	Y	N
<u>APPLICATIONS FOR RETIREMENT</u>						
<p><b>MOTION:</b> To approve retirement applications for the following:</p> <ol style="list-style-type: none"> <li>1. Fire Lieutenant Michael Clementi – Normal retirement effective 12/21/06 and DROP entry effective 01/01/07.</li> <li>2. Deputy Sheriff Allen Adkins – Normal retirement effective 12/23/06.</li> <li>3. Deputy Sheriff Kathleen Simms – Normal retirement effective 01/20/07.</li> <li>4. Deputy Sheriff David Cleaveland – Vested retirement benefit deferred to normal retirement date 03/01/2015.</li> </ol>	<p>O'Connell Avallone Aaronian Christophers Lee, Jr. McGinnis Samolewicz</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>		
<p>Trustee Christophers questioned what the Board's liability and responsibility was concerning giving advice to those police officers and firefighters who elect to apply for a normal retirement benefit in lieu of entering the DROP. Discussion was held and Ms. Dalton informed the Board that almost all eligible firefighters' elect to DROP, but less than 20% of eligible police officers elect to DROP. The reason often given by police officers was that they prefer to take their benefit payments and invest the money in their own way. Trustee Christophers said understandably each person needs to make his/her own decision, but for police officers there are a lot of issues involved since they are employed by BSO.</p>						
<p>Mr. Sugarman stated that we do not give the members any tax advice. As long as Ms. Dalton informs them that their pension benefits are taxable income that is about all the advice we can give them. Chairman O'Connell said for police members there could be significant ramifications in selecting the DROP versus a benefit payment with regard to their payout of sick leave and vacation accruals. Mr. Sugarman said complicated choices and decisions could be involved depending on the individual's circumstances and hopefully they seek the advice of a professional financial adviser.</p>						
<p><u>PRESENTATION OF AUDITED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2006 BY PETER ALFELE OF CHERRY, BEKAERT &amp; HOLLAND, LLP</u></p>						
<p>On behalf of the Board, Chairman O'Connell congratulated Mr. Alfele, the manager on the audit engagement, on his promotion to Partner with Cherry, Bekaert &amp; Holland (CBH). Mr. Alfele will be transferring to CBH's office in Virginia Beach, VA. He informed the Board that our audit and has always been overseen by Mr. E.C. Blackburn in the West Palm Beach office and that will continue. Mr. Blackburn will most likely be responsible for presenting the Report next year.</p>						
<p>Mr. Alfele distributed the Financial Statements for years ended September 30, 2006 and 2005 and presented the audit report. He reported that the net assets increased by \$8.3 million from \$164.5 million at 9/30/05 to \$172.8 million at 9/30/06. This increase was attributable to employer contributions and investment returns.</p>						

<b>Board of Trustees Minutes</b> <b>Page Seven</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<u>PRESENTATION OF AUDITED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2006 (cont'd)</u>						
<p>Mr. Alfele stated the biggest issue of 2006 was due to the fact that Broward Sheriff's Office (BSO) failed to meet its 2006 financial obligations when it contributed \$2.0 million less than its obligation. On the Statement of Changes in Net Plan Assets (page 11), the annual required BSO employer contribution is reported. The contribution, based on the actuarial valuation performed by the Board actuary, was \$2,912,025 for 2005 and \$3,714,986 for 2006. In fiscal years 2005 and 2006, BSO underpaid the required actuarial contributions by \$1,249,236 and \$2,049,236, respectively. On the Statement of Plan Net Assets (page 10), this unpaid deficit is reported as an employer contribution receivable. As of 9/30/05, the receivable was \$1,246,275. As of 9/30/06, the accumulated receivable totaled \$3,295,511. Again, this was the difference between the actuarially determined employer contribution and the actual amount paid by the BSO. Mr. Blackburn stated that this information is also explained in the Financials Note 7 on page 18.</p>						
<p>Mr. Alfele said the Board has countersued BSO for the contribution amounts that have not been paid and it has taken the position that state law requires BSO to pay the full deficient amount. This position is stated in these Financial Statements and that is how it is being reported. He said if a settlement is reached awarding the Retirement System the full amount owed, the expectation is that amount will be counted in future actuarial valuations as an asset of the Plan. As a result, future required contributions will probably be reduced and at least a portion of future cash remittances will first be applied to reduce the employer contribution receivable.</p>						
<p>Mr. Alfele stated that in talking with legal counsel and also the actuary, the receivable amount of \$3,295,511 could be different. If the settlement comes back and directs the actuary to change the manner in which those past valuations were computed, then that amount may not be realized and CBH will adjust that number in the future.</p>						
<p>Mr. Sugarman explained that in the event we make a settlement where we pay out less in benefits, then our liabilities go down, and we would reduce the amount that is due according to what the actuary informs us.</p>						
<p>Chairman O'Connell referred to the Schedule of Funding Progress (page 19) and asked Mr. Alfele if the Retirement System is significantly underfunded in comparison to other Systems. Mr. Alfele replied since 2000 our funded ratio has trended down from 117.4% in 2000 to 67.9% in 2005. He said the trend is important and over the last six years, this trend has not been reversed. Understandably, the decline in the funded ratio is the result of investment losses in 2001 and 2002 which have been recognized over the last 4 years under the smoothing method and this is the final year for recognizing those investment losses.</p>						
<p>Chairman O'Connell remarked that we will then be recognizing significant positive smoothing. He asked Mr. Sugarman if there are any red flags that the Board needs to be concerned about looking at the trend.</p>						



<b>Board of Trustees Minutes</b> <b>Page Nine</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p>At this point, the Chairman called for a five-minute break.</p> <p><u>ACQUISITION OF FREEDOM CAPITAL MANAGEMENT BY VOYAGEUR ASSET MANAGEMENT AND CONSENT TO ASSIGNMENT</u></p> <p>Ms. Dalton informed the Board that Mr. Mulfinger recommended that the Board provide its consent to the assignment requested by Freedom Capital due to Freedom being acquired by Voyageur Asset Management. Mr. Mulfinger stated that his firm has also done research on Voyageur and they have given them a four diamond rating, which is their highest rating.</p> <p><b>MOTION:</b> To consent to assignment and to authorize the Chairman to execute the Letter of Assignment dated November 22, 2006, based on the recommendation of our consultant Charles Mulfinger.</p>						
<p><u>APPROVAL OF ANNUAL BONUSES FOR LINDSAY DALTON AND BARBARA GODFREY</u></p> <p>Chairman O’Connell reported that in the past it has been Board policy to review and approve annual bonuses for Ms. Dalton and Ms. Godfrey at the December Board meeting.</p> <p><b>MOTION:</b> To approve annual bonuses in the amount of \$1,000 for Ms. Dalton and Ms. Godfrey.</p>	<p>O’Connell Avallone Aaronian Christophers Lee, Jr. McGinnis Samolewicz</p>	<p>X     X</p>	<p>     X</p>	<p>     X X X X X X</p>	<p>     X X X X X X</p>	<p>     X X X X X X</p>
<p><u>ROBERT A. SUGARMAN, ESQ.</u></p> <p><u>City Lawsuit</u> – Mr. Sugarman reported that Mr. Divers received an email from Mr. Jim Linn stating that the City and BSO are okay with one more extension to 1/15/07 of the no-action period relating to the pending motions. They do, however, want to proceed to set the City’s Motion for Partial Summary Judgment which could take 2-3 months to schedule. Mr. Sugarman said we will likely seek a hearing on the Board’s Motion to correct what we believe was the Judge’s error in granting the City’s Motion for Summary Judgment on the 8.6% contribution issue.</p> <p><u>Trustee Awards Presentation Dinner</u> – Mr. Sugarman informed the Board that the dinner honoring retiring Trustee Robert Lynn at the Capital Grille will be co-hosted by Lerach Coughlin and BCOM, Inc. Also, with regard to gifts since it is the holiday season, he advised that the Trustees should not accept anything they think is a bribe. Gifts can be accepted up to \$25 without being reported by the donor or recipient. Gifts exceeding \$25 to \$100 must be reported by the donor.</p>						

<b>Board of Trustees Minutes</b> <b>Page Ten</b>	<b>December 18, 2006</b> <b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p><u>PRESENTATION ON POTENTIAL CLAIM AGAINST APOLLO GROUP, INC. BY MARISSA DEMATO, ESQ. OF LERACH COUGHLIN</u></p> <p>Ms. Demato of Lerach Coughlin introduced herself and distributed Case Summary reports on Apollo Group. She reported that the Fund's loss on this security was approximately \$700,000. She reviewed the complaint that alleges during the Class Period 11/28/01 and 10/18/06, Apollo and certain officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 by making materially false and misleading statements to artificially inflate the value of Apollo stock. More specifically, it alleged that the defendants issued stock options to management in accordance with applicable laws when in fact it "backdated" options granted to all levels of management during 2001 to 2006. Then in June 2006, in the midst of a nation-wide options scandal in connection with the backdating of options, Apollo openly denied that it had backdated options, but on 10/18/06, the public learned that this was not the case. The market reacted quickly and Apollo's stock price fell to \$37.55 per share from its prior day close of \$48.68 per share, over a 22%.</p> <p>There was discussion on the Board considered serving as lead plaintiff in this securities class action.</p> <p><b>MOTION:</b> To serve as lead plaintiff in the Apollo Group securities fraud litigation if so appointed and to authorize the Chairman to sign the necessary declarations and other documents to participate and to authorize Lerach Coughlin to represent the Retirement System throughout the litigation.</p> <p>Mr. Sugarman stated that his firm will continue to be the Board's liaison with Lerach Coughlin wherein he will review all the pleadings, settlements, preparation for the deposition and for the deposition itself. His firm will be paid on the same contingency basis as in past settlements and their fees will come out of Lerach Coughlin's court-approved attorneys' fee award. Mr. Sugarman stated that a disclosure letter will be sent to the Board fully disclosing all fees if and when paid.</p> <p><u>ACCEPTANCE OF CHANGES TO ICMA 401(A) MONEY PURCHASE PLAN DOCUMENT</u></p> <p>Mr. Sugarman said the ICMA recently made changes to the 401(a) Money Purchase Plan documents. Since the Retirement System staff participates in this Plan, Ms. Dalton forwarded the implementation package and the amended documents to him for review. He said the changes are beneficial and do not diminish benefits. The ICMA is using a negative-election process to amend the documents so the Trustees simply accept the changes which take place automatically.</p>	<p>O'Connell  Avallone  Aaronian  Christophers  Lee, Jr.  McGinnis  Samolewicz</p>	<p>X</p>	<p>X</p>	<p>X  X  X  X  X  X</p>	<p>X  X  X  X  X  X</p>

<b>Board of Trustees Minutes</b> <b>Page Eleven</b>	<b>December 18, 2006</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<u>ACCEPTANCE OF CHANGES TO ICMA 401(A) (cont'd)</u>						
<p><b>MOTION:</b> To accept changes to the ICMA 401(a) Money Purchase Plan document and to adopt the amended Plan document through the negative election process.</p>	<p>O'Connell  Avallone  Aaronian  Christophers  Lee, Jr.  McGinnis  Samolewicz</p>	<p>X</p>	<p>X</p>	<p>X  X  X  X  X  X  X</p>		
<u>COMMITTEE REPORTS</u>						
<p><u>Investment Committee</u> – Committee Chair Avallone reported that there will be a meeting in January 2007 to discuss all the information that was presented by our actuary and investment consultant on asset allocation at the November Investment Committee meeting.</p>						
<p>With regard to the April Educational Meeting, Trustee Christophers said the Embassy Suites Deerfield Beach Resort has availability on April 13 and 14, 2007. He also had prepared a rough draft of the agenda. Chairman O'Connell asked the Trustees for a firm commitment on the dates and any thoughts on the agenda. Discussion was held. Trustee Christophers was directed to make the necessary arrangements with Embassy Suites. Ms. Dalton was instructed to contact the investment managers. This meeting will replace the regular April Board meeting.</p>						
<p><u>Building Committee</u> – Committee Chair Christophers reported that the underground storage tank at the Bank of America building has been removed. He said soil samples were taken and he anticipates a clean bill of health. We now await a Tank Closure Assessment Report which will be submitted to the Broward County Environmental Protection Department for the okay to proceed.</p>						
<p>Committee Chair Christophers reported that the architectural design plans for our office space have been redrafted several times and we are getting close to the final product. He also met with an audio visual consultant to discuss getting a price on setting up video conferencing in the new Board room. Furthermore, he said the Board might want to keep in mind that there is office space of approximately 1800 s.f. across the hall on the 4<sup>th</sup> floor with a lease expiring in June or July of 2007. It was decided to look into other alternatives in terms of office space.</p>						
<p><u>Communications Committee Report</u> – No report.</p>						
<p><u>Professional Advisors Review Report</u> – No report.</p>						

Board of Trustees Minutes Page Twelve	December 18, 2006	TRUSTEES	M	S	Y	N
<p><u>OLD BUSINESS - BCOM's INVESTMENT ADVISORY AGREEMENT</u></p>						
<p>Mr. Herrera said BCOM's most recent Investment Advisory Agreement, which was forwarded to him this morning, proposes an acquisition fee of 1% based on the purchase price, a 1% development fee, an annual advisory fee of 1% of the appraised value of the investment and an incentive. He said the incentive fee was unacceptable and BCOM has agreed to withdraw that fee. However, BCOM also proposes a disposition fee on the sale of building. This fee is contingent on the investment itself getting an internal rate of return in excess of 12% per year whereby when the property is sold, BCOM would get certain percentages on the value of the investment over and above that return.</p> <p>Trustee Christophers recommended that Chairman O'Connell send this back to the Investment Committee in January to get further clarification and to define all the terms of the agreement in discussion with BCOM and possibly our auditor. Also, he had just received a copy of the property management proposal which can be discussed at that Committee meeting.</p>						
<p><u>DEPUTY ADMINISTRATORS' REPORT</u></p>						
<p><u>Proposed Computer Support and Maintenance Agreement with Voltech</u> – Ms. Dalton reported that our contract with Voltech is up for renewal and Mr. Pomeranz has submitted a new proposal dated 12/5/06. Due to the ability to now perform much of the required maintenance through remote access, he has reduced the monthly fee to \$300 and any services outside of the monthly fee will be billed at the hourly rate of \$85.</p>						
<p><b>MOTION:</b> To approve the 12/5/06 proposed annual computer support and maintenance agreement with Voltech, effective 1/1/07.</p>	<p>O'Connell Avallone Aaronian Christophers Lee, Jr. McGinnis Samolewicz</p>	<p>X</p>	<p></p>	<p></p>	<p>X X X X X X X</p>	<p></p>
<p><u>MISCELLANEOUS</u></p>						
<p><u>Pension Protection Act of 2006</u> – Chairman O'Connell reported that in the backup is a memorandum from NCPERS for the Trustees' review, regarding the Pension Protection Act of 2006. This memorandum summarizes the sections of the Pension Protection Act of 2006 which are of greatest interest to public pension plans and the actions required to bring plans into compliance, as follows: (1) 10% early distribution penalty; (2) \$3,000 tax exemption on health insurance and long term care; and (3) purchase of permissive service credit. Most of the Act is effective for tax year 2007, but some provisions do take effect immediately.</p>						
<p>Mr. Sugarman informed the Board that his firm is preparing a letter and a form pertaining to the provision that allows a retiree to use up to \$3,000 from his pension benefits on a tax-exempt basis to buy health insurance.</p>						

Board of Trustees Minutes Page Thirteen	December 18, 2006	TRUSTEES	M	S	Y	N
<u>MISCELLANEOUS (cont'd)</u>						
<u>FPPTA Trustees' School</u> – Chairman O'Connell reported that the Trustees' School will be held from January 28-31, 2007 at Amelia Island Plantation Resort in Fernandina Beach, Florida.						
<u>28<sup>th</sup> Annual Police Officers and Firefighters Pension Trustees' School</u> – Mr. Sugarman reported that the annual conference will be held March 12-14, 2007 at the FSU Center for Professional Development in Tallahassee.						
<u>Bernstein Litowitz Berger &amp; Grossman, LLP</u> – Trustee Avallone reported that this law firm would like to make a presentation before the Board on their portfolio monitoring and securities litigation services. After discussion, it was decided that the firm would be invited to make its presentation at an Investment Committee meeting in January and the Committee would report back to the Board with its recommendations.						
<u>Trustee Appreciation Award Presentation and Dinner</u> – At 5:30 p.m., Chairman O'Connell recessed the meeting. He said the meeting would reconvene at 6:30 p.m. at the Capital Grille restaurant in Fort Lauderdale for the Trustee Appreciation Award presentation and dinner in honor of retiring Trustee Robert Lynn.						
Chairman O'Connell called the meeting back to order at 6:30 p.m. at the Capital Grille. Trustee Fletcher was in attendance at this point. At the meeting, the Chairman presented a plaque and an award to Mr. Lynn in recognition of his ten years of dedicated service as a member of the Board of Trustees.						
<u>ADJOURNMENT</u>						
<b>MOTION:</b> To adjourn meeting.						
Meeting adjourned at 9:30 p.m.						
Respectfully submitted,  Lindsay Dalton, Deputy Administrator						
O'Connell Avallone Aaronian Christophers Fletcher Lee, Jr. McGinnis Samolewicz		X       	       	       	X X X X X X X X	       