MEETING OF THE TOWN OF
PALM BEACH FIREFIGHTERS' RETIREMENT SYSTEM
BOARD OF TRUSTEES
Meeting of February 7, 2009
c/o WILLIAM P. HANES CONSULTING, INC.
P.O. BOX 2112
PALM BEACH, FL. 33480

I. Call to Order

Chairman Rathborne called the meeting to order at 9:10 A.M. at the Emergency Operations Center (EOC) in the Town of Palm Beach.

In Attendance:

TRUSTEES:
Carol Rathborne, Chairman
Mike Hays, Chairman Pro Tem
Jayson French, Secretary
Wilbur Ross
Sergio de Araujo

ALSO PRESENT:
Bonni Jensen, Attorney

II. Approval of Agenda

Mr. Ross made the motion and Mr. French seconded the motion to approve the agenda.

III. Public Comments

There were no public comments.

IV. Investments

Ms. Rathborne explained the reason for calling the special meeting is one of the mangers has put up a gate and Prime Buchholz had not told the Board at the time the gate was enacted. She discussed that she had learned this in a conversation on February 5, 2009 with Sean Higman and Jon Prime of Prime Buchholz, Bill Hanes, and herself.

Ms. Rathborne stated she had discussed with Prime Buchholz matters of the merger of the Police Officers and Firefighters Pension Boards. She had asked that Prime Buchholz contact the money managers in order to ascertain if additional savings could be achieved if the two funds were merged. When she asked if

there were any other matters that needed to be discussed before next week's February 11, 2009 meetng, Prime Buchholz indicated there was not. She then raised the issue of the real estate allocation and expressed her doubts about the Guggenheim investment. After approximately 15 minutes of conversation about Guggenheim, Mr. Prime said it did not matter because the pension fund could not get out of the investment anyway. When Ms. Rathborne questioned the Board's inability to terminate the Guggenheim investment, Mr. Prime stated that Guggenheim enacted a gate on December 12, 2008.

Ms. Rathborne stated there are two issues: that Prime Buchholz knew about the gate and didn't tell us; and, that Prime Buchholz took the position that because we had not put in a redemption notice as of December 31, 2008, that we did not need to be put in the queue for redemption. Ms. Rathborne said what is troubling is that 100% of the fund is gated with no idea when it will open, but when it does open the funds ahead of us in the queue are ahead on redemptions.

There were numerous questions to follow. Mr. French asked how long the gate will last. Mr. Ross stated that it could be for a long time. He stated that instead of cash, Guggenheim could pay out whatever the fund owns. Ms. Rathborne stated that the Firefighter's fund value with Guggenheim is $3 million. She stated there was a partial redemption of $427,500 of Guggenheim based on a May, 2008 notice because of rebalancing of the portfolio by Prime Buchholz.

Ms. Rathborne stated that she has asked that Guggenheim make a presentation to the trustees at next week's meeting on Wednesday, February 11, 2009.

Mr. Ross stated he believed that what Ms. Rathborne had discussed is symptomatic of the way the consultants operate. He stated that they seem to be confused as to whether they are the principal or advisor and his concern regarding Prime Buchholz is that they totally advocate for the managers that they recommend and that they do not seem to present an alternative. He stated his belief that the consultants are supposed to make recommendations to the Board and that the Board has complete discretion to choose. Mr. Ross discussed that the performance of Guggenheim is below what has been represented by the consultants. The trustees discussed the underperformance of Guggenheim.

Ms. Rathborne asked Mr. Raymond Snow if he remembered why the Police fund decided to redeem $450,000 from Guggenheim on December 31, 2008? Mr. Snow stated that the Police Board notified Guggenheim for a redemption of $450,000 in order to rebalance the portfolio. But, unlike the Firefighter's fund, the Police Officer's fund did not get the redemption because the gate was enacted, and therefore, the fund is in the redemption queue for the $450,000.

The trustees discussed issues that they wanted to ask Guggenheim representatives at the following Wednesday Board meeting.

V. Other business

Ms. Rathborne asked if there is any other business. There were no comments.

VI. Adjournment

Mr. Hays made the motion to adjourn and Mr. French seconded. All trustees approved the motion.

Attested by:

Jayson French, Secretary