Police Officer Board of Trustees of the Town of Palm Beach Retirement System Workshop of January 25, 2007

I. CALL TO ORDER

Mr. Raymond Snow, Chairman for the Police Pension Plan, called the Workshop to order at 9:05 a.m.

TRUSTEES	OTHERS
	Mark Hurrel, Meridian Performance Partners
	Sean Higman, Prime Buchholz
Raymond Snow (Chairman-Police)	Jon Prime, Prime Buchholz
James McC. Wearn, (Secretary-Police)	Scott Baur, Pension Resource Cente
Michael Lynch (Trustee-Police)	Denise C. Clougherty, PRC
	Robert Klausner, Klausner and Kaufman

II. APPROVAL OF AGENDA

The Trustees reviewed the Agenda and approved it without changes.

III. INVESTMENT MANAGER REPORT, MARK HURREL, MERIDIAN PERFORMANCE PARTNERS

Mr. Sean Higman introduced Mr. Mark Hurrell of Meridian Partners and gave a brief overview of the reason the workshop had been called, so that Meridian Partners could have an informal discussion with the Trustees regarding their past and recent underperformance in the market. Mr. Higman emphasized that as Investment Consultant for both the Police and the Firefighters Pension Plans, he is not making any recommendations for termination of Meridian at this time, but added that the Trustees will be discussing this issue in their February Board meetings.

The Trustees had no questions of Mr. Higman.

Mr. Hurrell introduced himself to the Trustees and thanked them for the opportunity to meet with them and discuss the performance of Meridian Performance Partners. He further noted that the last time he'd been here to meet with the Trustees was the first quarter of 2005. Mr. Hurrell gave the Trustees an update on the firm and the product, reminding them that Meridian is employee owned with 42 employees; 10 investment professionals, and 7 professionals in client services. He discussed the hedge fund, which is their sole business. Meridian Performance Partners' fund is a traditional Hedge to Equity Product with currently $3.3 billion in assets. He remarked on the objectives and changes in the portfolio since inception of 3/01/03, noting that they've seen an 8.7% cumulative return since inception. Mr. Hurrell went over the strategies of the firm and how they allocate by risk buckets, comparing their target range with the returns, and how the portfolio has evolved to long-range allocations. Mr. Hurrell admitted that Meridian has had 13 negative quarters, but that they had under performed in only one of those quarters; eight quarters being positive. He went over the long term returns and emphasized that Meridian's main goal is to control exposures in the portfolio, know the Managers intimately, and make adjustments as necessary. The market has been significantly less volatile than in the past.

Mr. Hurrell presented the quarterly report for the 4th Quarter 2006, citing a 5.9% return for 4Q06 and a 6.7% return for the calendar year 2006 versus the S&P 500 Index which had a 6.7% return for 4Q06 and 15.8%

for calendar year 2006. He stressed that the fund had generated an annualized return of 12.4% during a period when the S&P 500 Index returned 6%.

Mr. Hurrell opened the floor for questions, responding to the Trustees questions and concerns in detail. Mr. Hurrell stressed qualitative versus quantitative holdings and makes no recommendations for change in the portfolio at this time. He also reported that they are not changing what they do, but making incremental adjustments they deem necessary. He discussed fees, saying that in general, fees are 1% management fees, 15% incentive fee over 10% return.

Mr. Hurrell thanked the Trustees for the opportunity to speak with them and the Trustees, in turn, thanked Mr. Hurrell for coming here to discuss the portfolio with them, stating the discussion was very helpful and appreciated.

The Workshop was adjourned at 9:55 a.m.

James McC. Wearn, Secretary