Town Document Library

Adobe Document					
Document Name	MayMinutes98BrdMtg	Subject	May 1998 Retirement Board Meeting Minutes	Date	Fri 05/22/98
Directory	Retirement	Type	Minutes	Category	Retirement

TOWN OF PALM BEACH
MINUTES OF RETIREMENT BOARD MEETING
May 22, 1998

I. CALL TO ORDER

The meeting of the Retirement Board of Trustees was called to order by Chairman Harvey at 9:20 a.m. on Friday, May 22, 1998 in the Town Hall Council Chambers. Attending were Chairman Robert Harvey, Vice-Chairman James Wearn, Trustees Karen Lane, Charles Boggs, and John DeIorio. Mayor Paul Ilyinsky, Council President Lesly Smith, Town Manager Robert Doney, and Trustee George Frick were absent. Also in attendance were Plan Administrator William C. Crouse, Personnel Analyst Carla S. Kneipp, and Attorney John McCracken.

II APPROVAL OF AGENDA

Chairman Harvey asked if there were any changes to the agenda. Mr. McCracken explained that because there was a possibility that Ms. Lane would have to leave early, it was recommended that items VII, XI, and X be the first items for discussion, as a quorum would be needed for these items. He explained that these were the report on the signature page for the investment policy; the report on quarterly expenditures; and the retirement applications. Mr. Harvey asked if item VII, approval of actuary's fee should be moved. Mr. Crouse explained that this item was to be continued to the August 1998 meeting.

Mr. Wearn moved that the agenda be amended as recommended by Mr. McCracken. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

III APPROVAL OF MINUTES

Mr. Crouse reported that at the February 20, 1998 meeting, several corrections had been made to the Minutes of the November 21, 1997 minutes. He explained that while the corrections had been made to the minutes, the board had not officially approved the corrected minutes.

Mr. Wearn moved to accept the corrected minutes for the regular meeting of November 21, 1997. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

Mr. Wearn then moved to accept the minutes of the regular meeting of February 20, 1998. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

VII REPORT ON SIGNATURE PAGE FOR INVESTMENT POLICY

Mr. Crouse reported that at the meeting of February 21, 1998, the board had requested that a signature page for the Investment Policy be prepared. He explained that the signature page was to include signature blocks for the investment managers, Callan Associates, and the attorney for the Retirement Board. Mr. Crouse explained that the signature page had been reviewed by the attorney and a copy had been provided to the board members for their review.

Mr. Wearn asked that a typographical error be corrected in the first line, and to include the phrase "under date of" after the words "approved / revised", with a blank line included to indicate the date the policy was modified by the Retirement Board of Trustees. He then moved approval of the signature page for the Investment Policy with the suggested correction and modification. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

Mr. Harvey asked Mr. Crouse if this and the Investment Policy would be sent to the appropriate individuals. Mr. Crouse replied that it would be.

IX REPORT ON QUARTERLY EXPENDITURES

Mr. Crouse explained that, due to budget meetings, Mr. Demming was unable to attend the Retirement Board meeting to discuss the quarterly expenditures, but that he had provided the Board members with information regarding the Cash Flow Projection, which indicated that sufficient funds existed in the custodial checking account to cover the projected expenditures for the next three months, and that no transfer recommended at this time. He further explained that the Operating Expense Statement indicated that the retirement plan had expended approximately $274,000 for the seven month period ending April 30, 1998.

Mr. Wearn moved to accept the quarterly expenditure report as prepared by Mr. Demming. Capt. DeIorio seconded the motion, and all voting aye, the motion carried.

X. RETIREMENT APPLICATIONS

A. Judy Seadorf, 20 years
B. Joseph L. Terlizzese, 19 years, 9 months

C. Ronald Perron, 26 years, 10 months
D. Richard E. Neal, 26 years, 8 months

Mr. Crouse explained that Judy Seadorf, Parking Enforcement Officer; Joseph Terlizzese, Police Chief; Ronald Perron, Fire-Rescue Lieutenant; and Richard Neal, Assistant Fire Chief all met the age and years of service requirements for retirement. He recommended that the Board approve the four requests for retirement.

Mr. Wearn asked if approval of these retirement applications could be an all inclusive motion. Mr. Crouse replied yes.

Capt. DeIorio moved, and Mr. Wearn seconded, approval of the retirement applications of Judy Seadorf, Joseph L. Terlizzese, Ronald Perron, and Richard E. Neal. All voted in favor and the motion passed.

Mr. Wearn commented that, according to his retirement application, Chief Terlizzese's birthday would be the day following the Retirement Board Meeting.

VIII APPROVAL OF ACTUARY'S FEE FOR 1998

Mr. Crouse explained that he had spoken with the actuary for the Retirement Board, Denise Jones, who had indicated that there would be an increase in the fee for 1998. He explained that Ms. Jones would like to be present at the August meeting in order to discuss the proposed increase.

IV REPORT ON ROANOKE ASSET MANAGEMENT

Ed Vroom of Roanoke Asset Management appeared before the Retirement Board of Trustees and stated that he was sorry he had been unable to attend the February 21, 1998 meeting. He stated that unfortunately, Brian O'Connor, a consultant for Roanoke, had been taken aback by some of the questions that had been raised, and he had not been able to respond to some of the issues. Mr. Vroom stated that he had received the tapes of that meeting, and that he was prepared to address those issues. He stated that he was aware the Town was considering a move in the direction of a manager search, and he wanted to address Roanoke's performance, particularly since some of the information presented to the board at the previous meeting had included incorrect performance data that had later been corrected.

(Because of the number of issues addressed in Item IV, the remainder of this portion of the minutes are verbatim)

Mr. Vroom:
The last two years have been a difficult performance period. We'd like to review Roanoke's performance in a historical context and also review with you our performance . . . in a historical context, and how we've analyzed this performance period and what we're doing, what's been done to address

these issues. We'd also like to share with you our positive outlook of that portfolio and go through some data and reasons why we feel that way. Lastly what we'd like to remind the committee is that this is an exercise that we have been doing for 16 years with the Town and during that period of time we have delivered both tangible and intangible value to the retirement funds and I'm going to refer to that particularly some of the intangibles that we've been able to provide over the years. Moving along, on page one is an updated status as of 3/31/98. I've starred the equity position in the portfolio to bring it up to current which is now 38.4. As of 3/31 the equity allocation was 41.3. I would mention that, in my letter I indicated that equity level of 1/30 was 40.2 and the equity performance in the fund during that period of time was positive 10% so we have been continual sellers of stocks from January through the end of March so we have been following that policy very carefully. I would also remind the committee that our equity turnover is about 10% a quarter, sometimes higher, sometimes lower, so within any period of time the equity commitment in the fund can move around pretty importantly around that 40% number. I'm going to spend most of my time talking about the equity account, which is 40% of the portfolio, but on page 3 is both the short medium and long term performance of the majority of the portfolio, currently 60% of the portfolio, which has consistently beaten the benchmark with a much lower risk profile, so 60% of the fund that we manage has exceeded the benchmark, which we have set down. On page 4, the meat of the presentation . . . performance review is not a rocket science. If you look at our performance, you can clearly see a couple of things. One, we have an excellent long term record; two, there's no debate that the last two years have been very difficult for Roanoke. There's been one other period of time that we've had difficult performance, that culminated in 1990, if you look at the number, that's the year when you folks brought in another manager. During that period of time we stuck to our methodology and approach and you can see that the following five years, 91, 92, 93, 94, 95, were extraordinarily good ones for us, and we have no reason to think that won't happen again, that our approach and process are legitimate and valid, I'm still practicing the same kinds of disciplines that I've learned over the years. But, turning to the numbers here, any link of our performance, when you include the last two years, particularly in the shorter term time frames, is going to make our performance look terrible. I guarantee that any manager that you look at prospectively is going to have terrific last two years performance, that'll just be the way it goes. So, every manager around has performance cycles. Anybody who tells you they don't is not giving you the straight skinny. If you look at our numbers, you can see, and I put this in a box, if you cut our performance at the end of 1995, that's 14 years. The compound annual rate of return, the growth rate on an annualized basis of the equities in this fund was 18.9%. When you link the last two years, it drops it down, but after two awful years, the 16 year number is still within striking distance of the S & P 500, which is our ultimate bogey. I want to mention one of the intangibles here in terms of what we provided. We were hired in 1982 and this fund had no stocks. It was half in bonds that were seriously underwater and half in treasury bills rolling over in 90 days and that's what we were given. We introduced stocks into this portfolio. It was our recommendation against a lot of objections on the committee, in fact I remember the first several stocks that we bought, one of which was Merk, another Microsoft, and we have maintained throughout our tenure, a consistently positive equity point of view as far as our management. We've argued several times before you developed a more formal structure of asset allocation and consultants, we argued several times to raise the equity commitments in this fund. You can go back and it's all in the records, so I think from an intangible point of view, we have had strong incremental value to the fund. The next chart on page 5. These are numbers that are more similar to what you'll be seeing from Callan today.

There were some statements made in the presentation that I think were somewhat inaccurate, and if you look at, these are one, three, five year rolling periods, and also from inception, and if you look across the row, you will see, for example, for periods ending 3/31/94, the one, three, and five year period, that's top quartile performance there. And from inception, you can see the number. If you look at the 3/31/95 performance, the one three five and inception, the three and five year numbers are top quartile performance. If you look at the period ending 3/31/96, the one that's in the box, the three year and the five year numbers are top decile performance, so there have been purely consistently periods of time where we have produced absolutely outstanding short and medium term performance. I don't think the long term performance is in question here. Obviously the issue for us to deal with and for the committee to look at and analyze is the periods ending 1997 and 1998, and that's what I want to go over with you so you can understand that we fee4l like we have a handle on what went on and taken some measures to address those. I have laid out the quarters in 1997 because they were two particular issues that affected the performance during that year, and let's start with quarter one, which we badly underperformed the S & P, and the Russell 2000. The Russell 2000 growth is an index of smaller companies, it gives you somewhat of an idea of the market environment that we've been operating in. Very simply put, we had an incorrect sector strategy in our technology group and I'll get into the details of that. Quarter two and quarter three we had some recovery and then we were feeling fairly confident and then we got smacked in the fourth quarter. We were exposed in our portfolio to what went on in South east Asia to a greater extent than our peer group, and certainly to the market. We didn't see Southeast Asia coming, I don't think we can be blamed for that, the IMF didn't see Southeast Asia coming, but nonetheless, there is no excuse for the performance that occurred in the fourth quarter. Produced just a horrendous year. The performance has turned up. There was some spillover in January from Southeast Asia, but since then, February, March have turned up very sharply in the portfolio and you can see the first quarter is a better quarter, and we are very optimistic as we go forward. Let's look at page 8 because this is really the analysis from our point of view and the performance issues. In listening to the tape, there were some issues about why we invest in technology. We're growth stock investors so we're looking at a sector point of view and a company point of view, the fastest growing companies in areas that we can find, and technology is the core segment of our economy. It is a critical large important area that happens to be growing at 2 to 3 times the rate of the overall economy, so that's the reason that we even look at technology. We made an incorrect segment, that in the technology group in first quarter, it was in data networking, a segment that paid us handsomely for four years prior to that, and simply put, we missed the forest for the trees. We're bottom up managers, we look at companies specifically and if the fundamentals that we hear coming out of companies are generally positive, we go with it, but on a macro basis, there were problems developing in the data networking segment that we failed to comprehend adequately, and it hurt us badly, because we were overweighted importantly in that segment of the technology area. As far as southeast Asia is concerned, it came out of the blue, what we've done in the portfolio is quantified our exposure to companies that have exposure to that area and we have eliminated those where appropriate. On the last bullet point, long term strategy, there was some confusion at the meeting in terms of describing this as a change in policy, and it really is not a change in policy, we continue to be growth stock investors looking at companies that are able to consistently grow at two times that S & P 500. We look at that as simply an enhancement to our discipline, and basically it's in recognition that we are operating in an environment today in the marketplace that is far more volatile that it has been historically, and it has been particularly volatile in the segments that we operate in. In order to operate effectively, you have to incorporate some tactical trading strategies within your strategic long term point of view. Let me give you an example of that today. Microsoft is a great strategic investment, it's a leader in the technology area, has a great growth rate, great fundamentals, but it has a short term issue that might create tremendous volatility for that stuff going forward. That would be a tactical decision to make in the context of a long term positive strategy, so we're going to incorporate that in the portfolio to attempt to eliminate or reduce the downside volatility when we go through periods of time like southeast Asia or that kind of thing. It's not a change in our process, it's an enhancement to our process. The basic fundamental approach to each company that we look at is that we insist that a company we invest in can reasonably grow at two times the rate of the overall S & P 500 at a reasonable price. That has not changed. That is consistent. We will now incorporate in our sector concentrations, not only a bottom up analysis, but a top down, so we can avoid the situation that we experienced int eh data networking situation, where we thought we were owning good companies but the overall areas was beginning to experience slight slowdown in price competition. We've shifted our emphasis in the technology group to primarily domestic companies operating in areas that one or another are not affected by southeast Asia. We will take advantage of the volatility in the market place either on the upside or the downside to enhance the value in the fund, meaning that if we see a situation developing in one of our companies, that despite how good long term it looks, might create a tremendous volatility on the downside, we will act to reduce the downside risk in the portfolio. On the other side, if we have a situation like Sports Authority which recently moved sharply up from 13 to 17 or so because of takeover rumors, we will act on that to take advantage of those kind of price movements in the fund. When we talk about incorporate tactical trading within long term strategy, that's the kind of thing that we mean to use going forward. Let me talk about why we are so positive about the fundamentals in the portfolio. I'm going to skip over page 10, and go to the characteristics of the portfolio on page 11. On the left hand side is the statistics of the portfolio, the earnings growth of the Town of Palm Beach portfolio on the left, the middle is the S & P 500. Based on, and these are earnings year over year growth, so when I have a 1998 estimate, that means the estimate of all of the companies in the portfolio, the growth rate of the earnings of 1998 over 1997, for 1999 it's 1999 over 1998. You can see that we have a very high rate of growth for our portfolio. . . 30.2, and you can see that the growth rate expectation for the S & P is declining to 7.9 and 1999 is a similar kind of growth rate. If you look at the price earnings ratio which is the valuation matrix of the S & P in our portfolio, you can see that based on our earnings estimates for 1998, we have a valuation that's exactly similar to the S & P 500, but at growth rate, that's over three times. And 1999, the numbers and disparities become even more compelling. Now, one can say, now how do you know that your earnings growth is going to be accurate, and so on and so forth, and on page 12 is a sort of a proof statement. This is the top 20 holdings, which comprises 66% of the portfolio. Remember 1998 earnings estimates now are becoming harder estimates because these companies have already completed their first quarter and given us strong indications of what they see going forward, so you can see one by one the numbers really are quite outstanding in terms of earnings growth. On the following page, we do this scorecard, basically, when a company reports its earnings, we review it relative to our estimates, we make some little comments about the earnings just to give us a history, and not to talk about anyone specifically, but if you look at the entire portfolio, what we call the earnings scorecard, 19 of the companies that we owned reported earnings that are better than expected, better than the numbers than you saw on the prior page; 17 produced numbers that are in line with our very high expectations; 3 were below; 3 haven't reported yet. This is the reason that we are so optimistic about the underlying fundamentals of this fund. On page 14 is simply the diversification by different industry sectors, you can see that the consumer happens to be the largely industry segment, we don't talk about that much because it's such a big segment in the economy and doesn't represent a substantial over weighting relative to the averages. On page 15, I put in just the fixed income profile, which indicates that we continue to maintain a very low risk profile in the fixed income portfolio. It's predominantly triple A relatively short term and we've produced outstanding results with this portfolio. In summary, what we'd like to emphasize is that we have excellent long term performance, there's no debate that we've had two years of very difficult performance, but I think we've addressed those performance issues at least internally we've tried to analyze them, we've tried to make the necessary enhancements to the process to prevent some of that going forward. The fundamentals of the portfolio of the equities of the companies in the portfolio, I believe are the strongest that they've been in two years. Again, I would remind the committee that we are a known quantity, we've been with you folks for sixteen years, we've given you tremendous incremental value. Again, we don't talk much about the fixed income portfolio, but it is 60% of the market value, and we've exceeded our benchmark at lower risk level, and on a total fund basis, this is an impressive number. We've produced a 13.2% compound annual rate of return for 16 years, and I'd certainly love to have that with some of my money. That's the conclusion of my remarks. Thank you.

Mr. Harvey:
Any questions for Ed while he's here? You said you tried to go two times the S & P, what's your benchmark on the S & P, what do you think . . .

Mr. Vroom:
Long term, I think the normalized earnings growth for the S & P should be between 8 and 9%. It's been significantly higher than that in the last three or four years, which is the reason why small and midcap stocks who have inherently better growth rates have done so poorly. Because they've been comparing against an S & P 500 that's been growing at 15, 13, but long term, we think that the S & P is a 9% growth engine, which raises a point, the S & P sells at 22 times earnings today, with a 9% growth rate. That's a growth stock multiple, 22 times. So, we think the S & P is, from a PE basis, and growth basis, way overvalued right now, but we shoot for a typically 20% growth rate in our companies.

Mr. Boggs:
A question about the report. I've got a report here from Callan that says you were at 43.5% at the end of March and yours says 41.3. You say you've got 10.6 million in common stocks and they say you've got 11.2. Which is correct, and why is there a difference.

Mr. Vroom:
They may have picked up a preferred, we own a preferred stock and we put as part of the fixed income.

Mr. Deane:

We just go off the bank statements. It could just be from their classifications.

Mr. Harvey:
I think it's important that we get our classifications the same.

Mr. Vroom:
We own two preferreds that are considered part of the (unintelligible)

Mr. Harvey:
Carl, do you know if you handle preferreds as part of equities?

Mr. Deane:
It wouldn't be us, it would be the bank. We go off the bank statements. If they put them as equities, we would have them as equities. I think it would be a simple matter if (unintelligible) custodial report.

Mr. Harvey:
Well given the fact the last time we had such a discrepancy, I think it would be good that we get our categories in agreement so we don't have a situation where Charlie looks at one report and it says one number . . .

Mr. Vroom:
The back of the report has the valuation . . . we have two preferreds. The total equity is 41.5%. It's on the very last page.

Mr. Deane:
Another reason for the percentage difference could be in the bond price. The bank uses one pricing service and they use another, it depends on, they won't always be the same.

Mr. Boggs:
It makes it a little difficult for us, you know, I'd like to see apples and apples.

Mr. Vroom:
I don't blame you. We take some responsibility for not paying as close attention to the equity allocation, and this is an issue that arose in 1995, when we had 50%, and if you take your eyes off the equities for a minute in that kind of an environment, they're over the top, and the reason that I say this, and I don't say this as an excuse but just so you'll understand, when you were turning your equity portfolio over, let's say 10% a quarter, we don't simultaneously buy and sell, there may be buy programs that are going in, so at any point in time, you could take a snapshot so it needs to be monitored on a weekly basis by us, and we are doing that, as you can see. At the end of the year, in our letter, we indicated that we were at one level because we were buying in the last week of the year, that was brought down by mid January, so that at the end of January it was 40%, then you had that 10% up in the equity, or more than 10% in February and March, and we consistently brought it down in that period of time, so we're monitoring it carefully.

Mr. Harvey:
I think Charlie's point is very good, especially given the fact they have guidelines, and if we have a 40% guideline and then one person is treating preferreds one way and one is treating them another, we don't know what the real target is. We may have to come back and redefine in our policy how to handle preferreds, if that's the issue.

Mr. Vroom:
A preferred is a fixed income instrument, at least that's how we look at it.

Mr. Harvey:
It's a hybrid instrument, not a debt security. It's a fixed payment, but it's not a guaranteed debtor instrument.

Mr. Vroom:
Right

Mr. Boggs:
It's been six weeks since the end of the quarter, and it seems to me like you guys could have talked to each other and said my report is going to say this, and you say my report is going to say this. Let's try to get them . . .

Mr. Vroom:
I don't see that portion of the report.

Mr. Harvey:
I think that as a board we may have to do some sub defining to you people given the fact that there is a gray area, but why don't we do the best we can in terms of reconciling what the differences are, whether in fact it's the preferred issue or bond pricing issues or something.

Mr. Vroom:
It's clearly based on the valuation, that's where the difference is, between what they're showing and what we have, is the preferreds.

Mr. Harvey:
Okay. And since we have other managers, to get them on the same wavelength. They may be treating preferreds as equities, or something. Clearly a convertible preferred is another hybrid instrument in itself, and that would take on equity characteristics. So, that's something that we would have to as a board subdefine. I think it would be helpful that you and Carl get together and make sure that it's the preferred issue, and if there are any other issues that caused any major difference. Any other questions?

Mr. Wearn:
I just noticed that Mr. Vroom brought with him an associate, and I wondered if she might be formally

introduced.

Mr. Vroom:
I really apologize. This is Adele Weisman, who has been my partner since 1981, and she's also our telecommunications expert in the firm. Brian, Adele, and I have been togther for a long time. Adele happened to have several years as one of the youngest officers, she was the treasurer of a Fortune 500 company for several years before she joined us, so she has real industry experience in the chemical industry. Adele and I go back to Bankers Trust Company, so Adele, I apologize for not introducing you sooner. Thanks for reminding me Jim.

Mr. Wearn:
I also wonder if before Mr. Vroom departs, that we might hear from Callan so that if there are any further questions or comments that we can address them then.

Mr. Harvey:
While we have Ed here up at the podium, are there any other questions? If not, thank you Ed, for your presentation, and we'll now have Callan and Associates.

Mr. Deane:
Allow me to give a little big of background. Our reports tend to focus on the three and five year numbers. I became associated with this plan back in 1995, three years ago, and looking at the three to five year numbers, particularly on Roanoke, over those time periods, were always fairly good and I never went on beyond that point. After the conclusion of 96 and 97 where we had two really bad years, I thought I had better do a little bit more of an analysis because this really makes them look bad. It's something that's inherent in an equity strategy, that Roanoke has, which is smaller cap companies. They're going to be very volatile compared to the S & P 500, compared to the total equity database, so with that in mind, I went back for a ten year period of time, to look at the data to see how do they look on longer term. And that's when I got my eyes opened a little bit and said this is something we need to look at. When I brought the original information in here, the information that I handed you was incorrect. We had taken the total portfolio of bonds and stocks together and plotted those numbers against an equity background. That was a mistake on our part, and for that I apologize to the trustees and also to Roanoke. That was certainly unfair. But during the meeting, we went back and reran the numbers, I called our office and had them rerun the numbers and put the equity only against the equity background, which is what you have in front of you now. That takes you up to the period end of December 31st. The point that I wanted to make here is that if you'll look at the cumulative numbers, the very first page, none of them look very good. On a cumulative basis, when you include 96 and 97 they're in the bottom of the database, they're almost at the bottom of the database for that time period. First indication, we're not real happy, performance hasn't been real good. The next page breaks the analysis down a little bit more finite, into a year by year look, so you can see what happened on a year by year basis. When we go back to 1988, and you've got the A represents Roanoke's performance compared to all the equity funds in our database, now remember, that the equity funds in our database if we look at that particular slice of it, include all kinds of portfolios, they include large cap portfolios, growth, value, small cap, mid cap, this is just every equity fund in our database, to give you the range.

The point is that when Roanoke was running money back in this time period, they were still a mid to small cap manager but their charger was to beat the S & P 500 over longer periods of time, regardless of what their strategy was. So, as you move forward, you see top quartile, bottom quartile, top quartile, bottom quartile, top quartile, top quartile, top quartile, bottom, bottom. You add them all up and you have I believe five top quartile years and four bottom quartile years and one average. And intuitively, people tend to think that if you had a top quartile and a bottom quartile, and you average out, you're median. Well, that isn't really what happens, and this is kind of a clear case of that, so when you link them all together, what happens is you have to have a lot more top quartile years than you do bottom quartile. The key is staying out of the bottom quartile. This is a pattern that is one that is inherent in the smaller cap portfolios, particularly looking at the last five years, and I believe that other than one or two years in that five year period, if you even went back to seven years, small cap has really not done very well on a relative basis. The market has begun to tilt toward the large cap portfolios. Let's put this in a little further perspective. The portfolio itself is, what did you say, two eight, the capitalization?

Mr. Vroom:
Two eight.

Mr. Deane:
Yes, portfolio is about 2.8 billion, which would put that in our database probably at the lower end of the midcap range, or the higher end of the small cap range. So, it definitely is a breed of portfolio that's a little bit different. Within that portfolio you're going to have a lot of volatility. Nothing shows this any clearer than the year by year look that you've got here. The other way to look at this is Roanoke has about 25% of your assets now, 24% roughly, according to the statement as of the end of March that we use. Of that, 40% is in their equity portfolio, roughly. That means that 10% of the total portfolio, bonds stocks and everything that you have, 10% is in Roanoke's equity strategy. 25% of the total equities in your pension plan are in Roanoke's strategy, so it's not a dominant force in terms of the total equity portfolio. Compared to, and I have not gone back 16 or 18 years, didn't have the data to go back that far, but we did go back the ten year data time period. My job is to bring you the information, let you see what the information is. You all have to make your own decisions as to whether or not you're comfortable with that. From a fiduciary standpoint, the fact that you're being made aware of what's going on in the portfolio and put into perspective, almost whatever decision you make is okay. Nobody's ever been sued for bad performance, it's only for making a mistake in the process of managing the assets, so there is no right or wrong is what I'm trying to bring to you at this point. This is a portfolio for the last ten years that we've looked at, in a cumulative basis, has not earned its keep for that ten year period. It's earned it in pieces within that ten year period, it hasn't earned it on a cumulative basis. That's my job to report that to you. Do you all have the current March quarte4r report? Did you had those out? Okay, I'm not going to take you through that, just to say that both the managers from a total fund on the balanced manager side, Loomis and Roanoke, both of the managers underperformed their targets somewhat, primarily due to the fact that value stocks were out of favor in the quarter, which is Loomis' forte, small cap stocks were out of favor in the quarter, which is Roanoke's, so it's not surprising that they underperformed. We had another one of those markets where the S & P just tilted everything up. All right? Both the managers, on a cumulative basis, have done a good job with the bond portfolio, in the performance side. I was questioning a little bit as Ed

was going through his comments, we hadn't talked about it ahead of time, but if I move you back to page 21 of that report, which is the bond performance for Roanoke, they tend to move around a little bit, because I'm sure that looking at the numbers that I have here, it looks like there's a little interest rate anticipation going on, and sometimes they get it right and sometimes they don't, cumulative, they're in the top third over the last five years of our bond universe, which is pretty good numbers, with a premium of 50 or 60 basis points over the benchmark. The only question that I have is on the risk side. We had the risk of the portfolio, which is down in the bottom right hand corner, can you see the little dot representing where their risk reward placement is? It's well to the right of the risk median, slightly above on the return median, so Ed made a couple of comments about it being better performance at lower risk. It's better performance, I don't question that at all, but the risk on a relative basis, and believe me it isn't much, but the risk was a little higher. What we've done on that bond portfolio, Ed, is we've taken the triple B's and Yankees out, because you can't buy those, and so that reflects the index without those securities. Okay? That's the only comment I had. The last page of the handout that you got from me is a rolling three year look, and if you go back the third one from the left, was about where I came into this, and everything was looking wonderful, and then as you move to 1996 he didn't have a good 96 so that brought the three year rolling number down, and the three year rolling number down from 97 is really at the bottom. But you can see, going back through different time periods, that there's only four out of ten rolling years where they've been above the median, six where they've been below. Bottom line, the objectives really haven't been met over that full time period that we looked at here. The other side of the coin is that this is a mid to small cap portfolio, mid to small cap has been totally out of favor for quite a long period of time. Most of the time periods we've looked at here, you weren't looking at this portfolio as a mid to small cap, you were looking at it as a portfolio for the total market for you. Conclusion of my remarks.

Mr. Vroom:
All right, let's open it to the board for questions to Carl.

Mr. Wearn:
Mid to small cap out of favor for quite some time, do you have any projection as to when, if at all, it may recover?

Mr. Deane:
My concern on what styles are in and out of favor are not of the predictive nature. My concern is compared to other portfolios of the same kind or the same capitalization, where are we, and in this book, it shows that over a five year period I think we're down in the 87th percentile, so bumping on that 90th percentile. So, compared to a peer group for the last five years, its under performance there. The inherent pattern of Roanoke, is that when the market turns to favor them, they tend to either shoot the lights out or strike out. They're either hitting home runs or striking out, and that's been the pattern over a ten year period of time where you have five home runs, four strike outs, and one double, and it ends up with losing the ball game on a cumulative basis.

Mr. Harvey:

Go to page 18, is that where the quarterly analysis is on Roanoke? Why don't you go over that and Loomis Sayles for a second too, and the S & P.

Mr. Deane:
Okay, let me take you to 17 first because that addresses the pie chart for the asset mix. Again, we use strictly the data sent to us by the bank, the manager doesn't send us the data. I would suggest that the manager, who also gets a copy of the bank data, reconcile that, and maybe include that in just a little statement that "we disagree with the bank as we classified preferreds here, and our bond pricing is different than theirs, and it accounts for x amount". I wouldn't ask them to change their accounting system, but at least to reconcile it.

Mr. Harvey:
But how do you account for it? The bank statement?

Mr. Deane:
Yes.

Mr. Harvey:
Okay. But if we said that preferred belonged in fixed income, you would adjust your numbers to do that?

Mr. Deane:
Yeah, we could do that.

Mr. Harvey:
Okay. I think it's up to the board since we know there's a discrepancy between you, I think we would have to get some guidance on trying to get everyone to do it the same way.

Mr. Deane:
Usually, most of the difference usually occurs in the bond pricing area.

Mr. Harvey:
What's your view of where preferred should be?

Mr. Deane:
Well, if it's preferred stock, we would automatically classify it as a stock. As an equity, it is an equity, it's not a fixed income product. That's our look at it, but we'll put it either way.

Mr. Harvey.
But you run plenty of analysis, and most of the times preferreds would show up in equity.

Mr. Deane:
Yes. Most of the bank systems I believe put it in equity.

Mr. Harvey:
Does Loomis Sayles own any preferreds, do we know?

Mr. Deane:
I don't know about Loomis. I would doubt it.

Mr. Boggs:
So how does that affect our limits, the 37 to 43% range.

Mr. Harvey:
It obviously affects it, but not a major amount.

Mr. Deane:
It really shouldn't. I doubt whether you would be holding a huge amount in preferreds, to tilt it that much.

Mr. Harvey:
I think we're talking about 1% difference.

Mr. Boggs:
It's 2.2% between these two.

Mr. Deane:
But they've got a band around their target, of plus or minus 3, so it shouldn't throw them out.

Mr. Boggs:
But they were 3.5 over the 40%, based upon your numbers.

Mr. Harvey:
Yes. It's important that we have the same understanding. They can't have a target and have a misunderstanding about where we put preferreds, because that makes the target a kind of target. We have a target and we have to get all these (several people talking) because Loomis could be doing the same thing and having preferreds and putting them in equities, and pretty soon when we're trying to compare the two or whatever, you can't get them anywhere close.

Mr. Deane:
So anyway, at the end of the quarter, we had them just about right on target with the equity to fixed.

Mr. Harvey:
Okay, we're on page what?

Mr. Deane:
I'm just moving to 18. And you can see that on page 18, the total fund ranked in the 94th percentile. Now, the target is the dark number in there that ranks 83rd. So, we had a target return of 6 and a half percent for the quarter, we came in at 5, so we're 150 basis points behind out target.

Mr. Harvey:
They target being?

Mr. Deane:
Now that's the key. The target being the S & P 500. And the Lehman Brothers aggregate X to Triple B's. So, that's not surprising that they would underperform that. The S & P, if you look at page 20, we don't have the S & P listed on there, that's the median cap. But the S & P was in the 27th percentile, only 27% of the equity managers beat the S & P 500 over that time period, so it's not surprising that our target is ahead of where we were. Unless we were fully in the S & P 500, there was very little chance we could keep up with it. So that's not a surprising number. Over the last five years, we're trailing the target by about 50 basis points per year. Again, over the last three years particularly, the S & P has been a driving force. Pretty strong for five years, too, but for the last three years, it's really been a kicker, a really tough one to beat. Let me take you to page 20, as we look at the analysis of Roanoke, just their equity portfolio. And the equity portfolio came in with about a 9 and a half percent rate of return, that's compared to an 11% return for mid cap portfolio median. So, they ranked in the 73rd percentile for the quarter against other mid cap portfolios. The ranking would probably improve somewhat if we ranked them against pure small cap managers, and in my opinion, where you are right now, you're kind of in between. Now, as we go out for the last year, still being hurt by 1997, 1996, going out over two years, 97th, 99th, 97th. Five years, 82nd percentile, the median of 20.9% versus our 17.4, so it's a definite lag in the equity portfolio. One interesting thing to look at, look in the lower right hand box. See all the little bar charts going across? This is just looking at a quarter by quarter analysis versus the median midcap portfolio in our database. Did they beat it? Did they not beat it? And, if you look back, 1993, up through 1995, there were only two quarters in there that they didn't beat it. But then you move from 1995, and there were only two quarters that they did beat it. So, that's kind of a pattern in their performance history. Over performance, under performance.

Mr. Harvey:
Would you also do the same analysis on Loomis while you're here? Page 14 or 13.

Mr. Deane:
On page 14, Loomis came in with about a 5% rate of return, about even with Roanoke, if I'm not mistaken, but still trailing 150 basis points from the S & P 500. Not surprising. Value stocks were out, large cap growth were in. Over the last 12 months, Loomis is struggling. Same reason. Value. Excuse me, I'm looking at the total portfolio here. Look at the total portfolio compared to the target. And they're lagging their targets over the last three years, they're about 130 basis points behind their target. Now, that's for a three year period of time, which is inception on the portfolio. The main reason for that

is the S & P 500, if you'll turn to page 15. This is the equity portfolio. They had a fairly rough quarter, with a 10.6% rate of return in the equity portfolio. Behind the target. They're behind the S & P 500 quite a bit, which is not surprising, as I mentioned earlier. Over the last year, they ranked slightly above average for value managers, and you can see where the S & P is. S & P ranked 9th among all value managers. There's only 9% of the value managers that beat the S & P. That was a tough bogey for value, you can see value was out of favor. Going out over the last three years since inception, they're in the 40th percentile, above average for value managers, but behind the S & P 500. S & P has compounded money at almost 33% per year for the last three years, and they've compounded money at 30% per year, so they're lagging, the total fund is lagging on them, but it's primarily due to the S & P 500. Against their peer group, they're above average for what we hired them to do. On the fixed income side, on page 16, fixed income portfolio has performed fairly strong, almost as good as Roanoke. Over the last three years they're in the 40th percentile. Their risk posture, it's a little hard to see because it's very cluttered, but the risk profile is slightly higher risk than the index and the median, slightly higher performance. So it's almost a trade off there. Compared to our targets in total, and when we look at the total fund, ANB, the index managers, are right on the S & P, so you've captured the market with the index fund, and that's about 25% of your total assets, so 25% in the S & P did very well. Your T bond account is not an active account and it's lagging the index, and we've got it against an intermediate index. But it lagged a little bit. When you put those together, the driving force is not asset mix, it's the S & P clobbering most of the equity managers, compounded by the fact that 25% of your equities are in mid to small cap stocks, which have really taken a beating, and then beyond that, your equity manager in that strategy has been below average.

Mr. Harvey:
All right. Are there any further questions? Jim?

Mr. Wearn:
Do you have any recommendations, vis a vis the style of Roanoke, or vis a vis Roanoke?

Mr. Deane:
I think it would be remiss for me to make any recommendations regarding the style of Roanoke. The style is what it is. That's their bailiwick.

Mr. Wearn:
Let me clarify. What I meant is the style of money manager that we have embodied in Roanoke.

Mr. Deane:
Okay. One of the reasons that I gave you the percentages of how much of the total portfolio their equities represent and how much of the total equity portfolio their equities represent was to try to put that in perspective a little bit. Small to mid cap, and particularly, and I don't know how big the capitalization ranges go over time, but if you're around a five billion or lower cap, then that definitely puts them at the low end of the mid cap range and at the high end of the small cap. What we you have inherent in that strategy is a very volatile strategy, compared to the total market. In doing all the

simulations of the returns using that as a category, long term you expect higher returns. It's more risk. And historically, we've gotten higher returns out of the small cap market over long periods of time. But you also get higher volatility, and beyond a certain point, you begin to lose the effect of the added return because of the added risk. And that point usually comes out at about 10 to 15 percent of the equity portfolio. Once you get beyond that, you don't get the incremental return beyond that, without increasing the risk dramatically. So, we think that small to midcap definitely has a place in a portfolio long term, and you probably ought to have some representation in that area. You've got a large cap in Loomis, value, you don't have any large cap growth at all, but you've got the small cap. The question is, how much. You've got 25% of your equity portfolio right now in mid to small cap. Is that too much? It's borderline. The second part of the question on Roanoke, I just deliver the numbers, and over the last ten years on a cumulative basis, they haven't earned their keep. They have not earned the rate of return above the median, mid cap manager, nor above the S & P. I'm not surprised against the S & P, a lot of managers haven't done that, but against the median group, that's where they've faltered. The risk is very high. The standard deviation of returns is very high with this strategy. It really boils down to the comfort level of the trustees on this for the style.

Mr. Harvey:
On page 20 you have a chart of risk. You've measured Roanoke Asset's risk against similar portfolio styles, is that it?

Mr. Deane:
Yes.

Mr. Harvey:
As opposed to the S & P 500.

Mr. Deane:
That's correct.

Mr. Harvey:
If we measured this against the S & P 500, the risk would be?

Mr. Deane:
Greater.

Mr. Harvey:
Greater. So, we have instead of getting the advantage of small stocks in terms of outperforming, for greater risk we should have greater return. So, the S & P 500 is delivering lower risk and higher return?

Mr. Deane:
During this time period? Yes. I really don't like to say that because it isn't going to last very long, and it's very unusual for the S & P to be running this strong, but the fact remains that it has. This whole group of managers that we're looking at, almost all of them have a higher risk than the S & P 500.

That's just inherent in the style. And you can look at it by their year by year returns, you can see that up down, up down, up down, there's volatility in that strategy.

Mr. Harvey:
Now Loomis, on page 15, you measured their risk against the S & P 500.

Mr. Deane:
Yes. And the reason for that is that their portfolio. The S & P 500 is not a bad benchmark.

Mr. Harvey.
Yes. I understand. What I think we should do. We're trying to keep apples and apples. What we're bench marking here is the S & P 500, so even though we do want to know how Roanoke is doing against their peer groups, as one measure, but as another measure, since we held in our investment guidelines the S & P, and since we have Loomis against the S & P 500. In their case, it's showing that they're taking lower risks than the S & P 500. Is that right?

Mr. Deane:
Well, about the same risks.

Mr. Harvey:
About the same risks, a little over return. I think it would be helpful to have Roanoke also plot it on a similar basis.

Mr. Deane:
I think what I would try to do on this is see if I can get the S & P plotted on that graphic. I'd rather keep the risk characteristics against their peer group, but see if we can plot the S & P on that.

Mr. Harvey:
Well, that would be good.

Mr. Deane:
What you want is a reference.

Mr. Harvey:
Yes, that would be better. I agree. But it would be good to have this somewhere because I don't know what these other groups. . . what sort of risk we're taking.

Mr. Deane:
Sure.

Mr. Harvey:
All right. Are there any other questions? Comments? Carl, thank you very much for your thoughts. Ed, do you have a comment? No?

Mr. Crouse:
I'd like to bring up one other matter before Carl leaves, and that would be relative to a motion made by Mr. Wearn at the February 20th meeting to initiate a manager search process and requested Callan Associates to prepare a written report . . . proposal, which we did provide to the Board members. At that meeting, Mr. Wearn had requested that this proposal be presented at the meeting by Callan, and they wrote a letter dated March the 9th, which we have in the package, and also he requested that any board member that's unable to attend commit their input in writing, we have no input submitted by any of the members that are not here, however, since this was a motion, you might want to proceed with discussing this with Mr. Deane. And if you haven't pulled your letter, I'll come by and help you find it.

Mr. Harvey:
Is this it?

Mr. Crouse:
It's behind that, it's attached to it. There are two letters. Do you have yours Carl?

Mr. Deane:
My letter? Yes.

Mr. Harvey:
Our next board meeting is when, October?

Mr. Crouse:
August.
(Several people talking - unintelligible)

Mr. Harvey:
Bill, I think what I'd like to do, since it's 10:30, let's take a break, and then we can come back and deal with it. We can always notify Carl what we want to do, because I think there's some broader issues, given the fact a lot of board members aren't here, so why don't we go with that for right now?

Mr. Deane:
I agree.

Mr. Harvey:
Let's take a ten minute break .

(BREAK - reconvened at 10:45 a.m.)

Mr. Harvey:
We're all back here. I think that the issue we're heading towards here . . . we had this letter regarding the process of selecting another. . . whether we should go out for a search, that's one of the issues on the table. I think there might be a second issue we may want to think about, is the S & P 500 index portfolio, vis a vis the managers, vis a vis the risk. It appears . . . that one seems to be no controversy.

Mr. Deane:
You basically four options. Option number one is do nothing. Option number two is to go through a complete search, fire Roanoke, do a complete search and hire somebody else. That's the least desirable, if I may say so, even though I stand to make money doing a search out of something like that. It's least desirable because it's most disruptive, and it's costly. Beyond my fees, you have manager transition, a lot of transactions involved and maybe opportunity lost with time valued money being transferred to cash and so forth. So, you want to make sure that you're totally unsatisfied with what you've got and that you can do nothing but improve it by firing the manager. Number three is, you could transfer some of the money from one manager to the other. My analysis, as I first went into this, was trying to tell you how much of the money Roanoke is managing, with a high risk profile. 25% of the total equities in there, 10% of the total assets. As to whether that's too much or not, it's for you all to decide. But you're bordering up on a fairly high commitment to a very highly volatile strategy of portfolio management. The fourth option would be to fire Roanoke and put all of the money into the S & P 500. I would tend to back away from that simply because with the Roanoke strategy you are in a market area that someday is going to be turning around to do well.

Mr. Boggs:
Are you sure?

Ms. Lane:
It's cyclical.
Mr. Deane:
I can't say that for sure. In the past, it has always come back into favor and done well, but it's not uncommon for mid to small cap stocks to underperform for long periods and then outperform for long periods.

Mr. Harvey:
And I guess there's a fifth option, without firing a manager, hiring another manager, and add.

Mr. Deane:
I would discourage that simply because you don't have enough total assets in here, I mean, you'd be paying at the really high end for every manager that you get.

Mr. Wearn:
I'd like to question the viability of another set of options, perhaps. With the 25% that we have with Roanoke, and I'm using this one as an example, we have 40% in equity, or roughly 10% of the total fund that we have available for investment. And it is that 10%, which is responsive predominantly to

their style, I think. The 15%, picking up the balance of the 25%, might better be placed with another manager who specializes more in that aspect than the fixed investment, and perhaps having Roanoke or a like or other style manager just investing in where their style is a specialty. What I'm trying to say is that maybe we should go to consider an alternative of managers according to a variety of styles which might get us better balance for the 50% of the fund, assuming we want to continue investing 50% of the fund under money managers. We could conceivably have for example, this is over simplified, we could conceivably have five different styles. As I understand it, there are large numbers of styles, between ten and twenty, depending on who I speak to. And it seems that the styles that we currently have, the first one we started out with when we went to a second money manager back in 1990 was Wolf Webb, and that style did not seem to perform and also we seemed to end up with a manager that did not perform. So we had both problems, the style and the manager. And it seems that with Roanoke we may be having not only a problem with the style, but also with the manager, and I'm just wondering if it might be better advised for us to reconsider the styles that we wish to have in place over the next, from a strategic standpoint, over the next five to ten years, and predicate our decision making on that.

Mr. Deane:
A valid point. If you look at the market in general, basically the market, if you decide it by style, is basically 50% value, 50% growth. If you look at it by capitalization, it's about 80% mid to large and 20% small. So, given that, the S & P 500 is a fund that is kind of a hybrid. It's a core portfolio, which has a little bit of growth, a little bit of value. Right now, the growth stocks have done better, so that's kind of tilting the S & P over to the growth side, and the value people are lagging a little bit. But you don't have a pure growth manager in the large to mid cap area. Loomis will operate in the large to mid cap value, you don't have anybody in pure growth side over here, you have the mid to small, kind of growth oriented, but most of them down there are growth oriented managers in Roanoke. That is a viable option. What you're saying is to pull x amount of dollars maybe from Loomis and Roanoke and the index to fund a growth, if I understand you correctly, to fund a growth mid to large cap manager. The issue of Roanoke is still there, but the issue of, are we market balanced, are we market neutral in our styles and capitalization, the answer is probably no. That definitely would be the other option.

Mr. Harvey:
There are index funds for the Russell 2000 and these other indexes? Do the manager fees also run 20 basis points or so?

Mr. Deane:
They're a little bit higher than your domestic large cap, but they are lower than the active. The problem that I have in that area is that if you look at the Russell 2000 compared to the active managers in that universe, most of the active managers are beating it. It's a less efficient market, so there's more opportunity for gain in the mid to small cap area, so you may be giving up something if you went to an index in terms of return that would not be offset by the less cost involved.

Mr. Harvey:
Of course, that's what we thought we were getting with Roanoke, right?

Mr. Deane:
Yes

Mr. Harvey:
What you're saying is the odds are even better in the small cap area . . . outperform the index, but in Roanoke's case, that hasn't happened.

Mr. Deane:
It hasn't happened.

Mr. Harvey:
At least in the last ten years.

Mr. Deane:
Correct.

Mr. Harvey:
Charlie?

Mr. Boggs:
You know, there may be one other alternative, and that is keeping Roanoke, but taking some of their funds away and redistributing them . . . take them down to $10 million instead of $25, and put them on probation for a year or two years and see how they do, and just redistribute the other, according to our . . .

Mr. Harvey:
What do you feel, Carl, is the minimum size . . .

Mr. Deane:
Ten million. Once you start trying to place less than ten million, unless you need put it in a co-mingled fund, and because of restrictions that we have, I don't think we really should fool with that.

Mr. Harvey:
The fund is now $107 million, so it's grown, so that we can at least have 20 million . . . Those are options there that we can explore.

Mr. Deane:
A median is about six managers for a fund this size, quite frankly.

Mr. Wearn:
That's getting to the question I was about to ask. If we were just starting out today, brand new, as a board of trustees, and we had the funds that we have available, there would be no history that we would be bound to look at, and we would be looking with strategy to the future, where would we put the

money, and how would we wisely invest it. And that's . . .

Mr. Deane:
Our recommendation would be to a market neutral status. 80/20 on the equity side, and 50/50 value growth, so that what that means is basically, a large cap growth, a large cap value, mid to small, there's three, and then one, maybe two, fixed income managers. So, I mean, you're not far off that.

Mr. Wearn:
I think it would be meaningful for us to have that perhaps better spelled out in a letter, piece of correspondence, that we could all look at and consider and place this matter on the agenda for the August meeting, hopefully with better board of trustees attendance, because I think that's a very basic and essential question that we really need address, perhaps even before we address the question of Roanoke's performance.

Capt. DeIorio:
I have a question to make sure I understand, basically, what we're saying is, we have Loomis, who is a value large cap manager . . .

Mr. Deane:
Mid to large . . .

Capt. DeIorio
We have Roanoke, who is a growth small to mid cap, so from the figures that you gave before, we're lacking a growth large cap?

Mr. Deane:
Pure growth, mid to large. You want one that will move into those areas.

Capt. DeIorio:
Okay, and in addition to that we have the index fund and then the laddered portfolio.

Mr. Deane:
See, the index fund is tilted very strongly to big cap, doesn't get into small cap very much.

Mr. Boggs:
Could I ask you a question?

Mr. Harvey:
Yes.

Mr. Boggs:
The laddered portfolio, is that a good use of our investment? I mean, could we not do better with some kind of fixed . . .

Mr. Harvey:
Perhaps. I think that was an outgrowth of the management fees, and they were just buying treasuries, and of course, then they go and reduplicate it, or whatever, but for our managers to go buy treasuries, that didn't make much sense. So we just made a simplified laddered portfolio . . . The other issue that we can raise is a bigger . . . asset allocation issue . . . should we be 40/60, should we be 50/50, should we be 60/40 the other way. And of course, that gets harder making that switch where we are in the market place. You know, we've had this big run, and currently . .

Mr. Boggs:
We're waiting for the hammer to fall.

Mr. Harvey:
Yes. I think we can look back and say gee it would have been better if we had been more aggressive, but again, these are public funds, retirement funds here, and we're fiduciaries, we clearly have taken a very prudent risk adverse, and when you take a look at the foreign markets, I personally take a look because there's a message there every day, and some of them have gotten hit pretty bad, so just markets going down 5 to 10% would really sudden make a bond portfolio look fantastic . . . put you up in the top quartile suddenly, for that one time. But probably, this is not a good time to change asset allocation, but it's something we should discuss and think about if something happens maybe that's our opportunity to make the switch there. So, it comes back and we have all these different options that we're trying to kick around at this juncture.

Capt. DeIorio:
I'd like to see us go in a direction . . . Mr. Wearn's point of having it maybe spelled out a little bit more clear, what we were just talking about . . . what we have, what we're lacking, and I think that may be the first step that we may need to do before we start talking about the asset allocation mix.

Mr. Deane:
The asset allocation that you have right now at least, from the work that we did prior, indicated that you have at least a median opportunity to meet or exceed your actuarial assumption, which appeared to be the level of risk that the board was willing to take. Beyond that, what I would suggest, along the lines suggested by you, that I come back in August, and I'll do what we call a style mapping, plot all the managers together on a style map, show where we have weak areas, and maybe overlap, and then we can make a determination as to maybe all we need to do is shift money, as opposed to changing managers. And now, the issue of asset allocation is one that is a philosophical thing that the Board together will have to get together on to change.

Mr. Wearn:
I wonder if we might have that mapping and your thoughts in advance of the meeting.

Mr. Deane:
Yes, it won't take long to do. I'll get that out to you at least two weeks prior to the meeting, because I

don't have to wait for the June data, I can go ahead and do it based on the March quarter data, it isn't going to change that much.

Mr. Wearn:
If it's even possible to have it sooner than that, that would be very preferable from my standpoint, anyway.

Mr. Deane:
Okay, I'll commit to sometime in July, how's that?

Mr. Wearn:
Okay.

Mr. Boggs:
Let me ask you another question while you're here. I think we discussed it at the last meeting, but isn't the median or the mean of the funds that you manage about a 55% equity, 45% fixed?

Mr. Deane:
The median for public plans is about 52, 53% in domestic equities, and about 8 in international equities, and that has really come up in the last five years, so you're at about 60% total exposure to an equity market place at median, but that means half or below, half or above.

Mr. Boggs:
Think 50/50. I'm like a yo yo, I keep bouncing and bringing it back up.

Mr. Deane:
It was more than subliminal.

Mr. Harvey:
You brought in the international . . . have we excluded international? Is that in our policy?

Ms. Lane:
Yes. Unfortunately.

Mr. Boggs:
Fortunately right now.

Ms. Lane:
Right now. But the returns that you've gotten previous to that have been great, prior to . . .

Mr. Deane:

The last quarter, international was the best performer.

Ms. Lane:
Absolutely.

Mr. Harvey:
For the quarter. And Japan is one of your bigger sectors.

(Several people talking . . . unintelligible).

Mr. Deane:
We were fortunate in that the packed basin had slightly positive returns, and Europe carried them with about a 30% return for Europe, for the quarter. Crazy.

Mr. Wearn:
I also think that in addition to considering what styles or predicates we're using or going to use, strategically, for investment, that we have a very serious problem with Roanoke's performance over the past ten years. And I think we need to do something concerning the funds that are invested there, I only put that on the table without a solution, however, in mind at this point. I just have a significant concern about it, and I think we need to be prepared to address it at the next meeting or two, at the latest.

Mr. Boggs:
Can we wait that long?

Mr. Wearn:
I don't know.

Mr. Boggs:
They've been greatly underperforming their peers for more than two years, and we've lost a lot of money for their fund because we haven't taken any action because of their past performance. You know, I think they can only ride on that so long. I would seriously suggest that we consider taking some money away from them and redistributing it right now.

Ms. Lane:
Absolutely.

Mr. Boggs:
And putting them on probation. And if they don't do better with what they have left over the next year, then let's replace them, or take the rest of the money and redistribute it through the other funds.

Mr. Deane:
The nice thing there is that, with the availability of the S & P 500 index, it's a perfect vehicle for transitory assets. Easy, not very costly.

Mr. Harvey:
Jim?

Mr. Wearn:
The question I would have on doing something like that, whether it would be advisable to take away what they have in fixed, that is, the 60% of their 25%, or to take away both portions of fixed and the equity.

Mr. Boggs:
Callan did better than they did in fixed.

Mr. Deane:
Loomis, you mean?

Mr. Boggs:
Yes, Loomis, I mean. Loomis did better than they did in fixed.

Mr. Deane:
They both beat the index.

Mr. Harvey:
We're not hiring Roanoke for their . . . even though their numbers are okay. They're both outperforming their fixed index, and that's maybe an artificial thing, we set up an index and we've thrown it out there. I don't think there's any magic in the bond managing. Although I think Loomis does . . they're far more active in trying to identify upgrades and that type. . . we're really hiring Loomis for their small cap ability. We can go hire a bond manger, as far as that goes, and take the bond money away from both these people and say, here's a bond manager, you do nothing but bonds, don't worry about equities, and just bring in our equity managers. Maybe that's the direction that we have to think about.

Mr. Deane:
The key there is that the spreads around the median for bonds is so much tighter. The opportunity is much less for beating it, and . . .

Mr. Harvey:
Which was similar to what we did with the index fund.

(Several people talking - unintelligible)

Mr. Deane:
You're looking at ten to fifteen basis points at the most to run that, where I don't know what you're paying the managers, but I would guess 40, 50, 60 basis points, something like that?

Mr. Harvey:
Well, there are a lot of issues up in the air, but I think we should open our minds to a lot of these options versus just narrowly focus on Roanoke, I think we ought to have a broader thought process, asset allocation, another manager, or take money, like you suggested, from Roanoke, shift it somewhere else. The question is, like Jim said, he's not pleased with Roanoke, the question is, I'm not sure what we do. So, I think we have to work on the solution on what we do, where do we want to be, and to get there, I think we can figure out, but we have to figure out where we want to be.

Mr. Deane:
I think my analysis that I will get to you ahead of time will be a kind of top down analysis that will address the manager structure within the current asset allocation with some recommendations, and then some steps that, if the recommendations A were accepted here, the steps you'd have to do, recommendations B . . . that's the way I envision the report coming to you, so you will have a field of action to say, well, we're either going to do X with Roanoke, or we're going to do Y with Roanoke, as opposed to, it may be premature to start shifting money around, and we're only talking about a couple of months anyway, so I'm not sure that any action is totally necessary at this point, until we do something like that.

Mr. Harvey:
Roanoke's other accounts, maybe you don't know this, do they have this much other fixed income business? Or are they mainly a small cap house?

Mr. Deane:
I don't know. We do not follow them very much . . . they're a smaller operation, but anybody that's in the small to midcap area is primarily an equity specialist.

Mr. Harvey:
Yes. See, I'm wondering too whether we go look for equity managers and have equity/equity and bonds/bonds, and maybe not mix the two. Do you have information on bond index funds?

Mr. Deane:
Sure. The problem we have with an index, is we'd have to put enough money into it. You won't allow triple B's and the Yankee bonds, so we'd have to try to find an index or an indexer that would run it without those securities. If you just went to the aggregate index, you're going to have triple B in there.

Mr. Boggs:
Is there one that has triple B's but doesn't have the Yankees?

Mr. Deane:
I don't know.

Mr. Harvey:

Didn't we run into that problem, though, it's a State statute?

Mr. Deane:
Yes.

Mr. Harvey:
So we're not going to be able to overcome that.

Mr. Deane:
Right.

Mr. Harvey:
So, what we're looking, then, is somebody who would then manage it against an index or an adjusted index as we've defined it.

Mr. Deane:
And I think with 40 or 50 million, you could probably find somebody to do that, one of the regular indexers would probably tweak their product to that.

Mr. Harvey:
Is there a government agency index type of thing, as opposed to pure treasury?

Mr. Deane:
Treasuries and agencies, combination?

Mr. Harvey:
Yes, or maybe just agencies.

Mr. Deane:
I don't know the answer to that. There are combination agency/treasury indexes, but I'm not sure.

Mr. Harvey:
I think if you could send some information on those bond options, too, so we have some thoughts here, because the more I think about this, I think trying to separate out equity managers, to have them . . . I'd rather have them get up there and talk about equities versus the bonds because his expertise is in small cap, not the bonds. He's doing better in the bonds, I'd be surprised if he spends that much time on the bonds.

Mr. Wearn:
That was the very question that I was first initially raising, that I really think that we ought to reconsider where our money managers are acting, and which ones we have, and what styles we're utilizing.

Mr. Deane:

I would support that 100%. The evidence in looking back at the different categories of managers indicate that the specialty managers tend to do better, say an equity manager does better on equities than a balanced manager does on equities, in total. You'll find some balanced managers that do quite well, but because they're only focusing on one thing, and they don't have to worry about asset allocation between two different asset classes and being an expert in both sides.

Mr. Harvey:
Is Loomis' expertise coming in here, the equity aspect, and we give them the bond money . . . they also have that expertise too?

Mr. Deane:
They had to have had good bond performance in order to get into the search.

Mr. Harvey:
Then, they've done well, the bond side hasn't hurt us. I wonder if that's just because interest rates have come down, I mean, when interest rates go up, are their numbers going to go different?

Mr. Deane:
Basically, Loomis is a type of a manager that is fairly stable, with the index in terms of not trying to guess interest rates going up or down. They won't vary the duration of the portfolio very much around the index, so that they don't lose if the interest rates move a different way. Roanoke, on the other hand, is very much an interest rate anticipator, and they're either top quartile or bottom, just like the equities, top or bottom. So, there's a totally different strategy involved there, and if we were going to index fixed income assets, I would certainly recommend that they be placed with what we would call a core, almost duration neutral, type manager, to capture. And just make it up on sector and bond selection.

Mr. Harvey:
I think going back to one of Jim's points or question is, his question to you is, okay, if we had a blank sheet of paper, if we started over, how would we design this.

Mr. Deane:
Just look at it that way.

Mr. Harvey:
I think maybe we ought to look at it from that standpoint, and with all these options on the table, asset allocation, strictly an equity manager verus a blended manager, and try to make one massive shift versus trying to solve Roanoke at this point of time. I mean, the odds are in favor of Roanoke, I think that things ought to get better. I think they're clearly focused on things, I think they know that we know we're unhappy, and I think they are very focused on that. Now, whether they can turn it around or not, it may not be in their hands, it may be in the market's hands.

Mr. Deane:
Could be. But they're certainly aware.

Mr. Harvey:
Jim?

Mr. Wearn:
Just as a comment. I'm not sure that it's necessarily going to turn around, because when I look at the first Callan handout on the periods ending on December 31, 1997, the ten year periods, we have consistently 90 percentile or above ranking, and consequently, even when, looking at the single years themselves, even when we had four of those that were in the top quartile, it still didn't balance it out, and I think the analysis that Mr. Deane used that I wrote down, is that we're losing the ball game on a cumulative basis. So, even if it does turn around, I have a very significant concern about the next ten years and where we are. I don't have that great a concern over the next two or three months . . . we start to rethink the entire process at this point. And so long as we're going in that direction for the August meeting, I think I'd be comfortable with continuing the way we are at the moment, however, monitoring it as I do when we get the monthly reports from the bank to be sure that we're not having any major, major downturns.

Mr. Harvey:
Clearly, the August agenda is the broader issue here, and if you can get that mailed out. I think two other things, Bill, maybe this would fall in your bailiwick to help out. One is the, since we were short of board members, is to maybe mail out something to the ones that aren't here, given the fact the ones that are here, to make sure they notify us if they can't make it. B, can we look into the Acting Town Manager position and see whether he in fact qualifies? Do we need motion for this?

Mr. Wearn:
I don't think we need a motion, I'd like to suggest a third, and that is, maybe if the minutes could be produced, perhaps as soon as practicable, and distributed, that would tell those who were not here more precisely the considerations were.

Mr. Harvey:
Yes, maybe in that letter to those people, emphasize that what's coming up is a broad analysis of the process, and would they take special note in the minutes of those sections, what's coming up in August and what to expect from Carl in the mail.

Mr. Wearn:
And Mr. Chairman, another suggestion. Perhaps they might be requested, if they're not able to attend, to either verbally have a communication with Mr. Crouse, the Administrator, so that he can bring to the board a synopsis of their view on some of these subjects, or to write us a letter.

Mr. Harvey:
Yes, if they can't make it, a comment on whatever they can bring to bear . . . because I would like a broader Board participation in that process. You can maybe phrase it in that manner. Carl, thank you very much. All right, let me ask you before you leave, do we need any motions or anything like this, on

this, or do we have what we need in motion for August? I think we have a couple more items here.

V. REQUESTS OF RETIREE ARTHUR RAY ROEBUCK III.

Mr. Crouse reported that the Board had received a letter from Mr. Roebuck dated April 2, 1998, regarding three requests. He explained that each of these three requests had been reviewed by the Attorney for the board, and that each board member should have a copy of that letter in their package.

Mr. McCracken reported that Mr. Roebuck had raised a tax question which had been referred to a tax lawyer in his office. He explained that the response addressed to Cheryl Somers was in the board members' package. Mr. McCracken explained that what had been concluded was that the Town was correct in providing a 1099R for Mr. Roebuck, in that the IRS takes the position that when an employee retires on disability, the payments the employee receives are taxed as wages until the employee reaches minimum retirement age. He further explained that in the event of a duty disability retirement, the benefits were not taxable if they are in the nature of workers' compensation; however, under the Town's code, any duty disability pension benefits that are paid are reduced by the amount of worker's compensation. Mr. McCracken explained that in this case, what was paid by retirement plan was in excess of applicable workers compensation benefits, and therefore, not excludable. He stated that his firm's conclusion was that the Town had properly categorized Mr. Roebuck's benefits. Mr. McCracken stated that Mr. Roebuck had also asked if the board could make a change in his benefit, but the code clearly provided that the amount of benefits were determined with reference to provisions in effect at the time of retirement. Mr. McCracken explained that if and individual retired and subsequently the benefits were increased, the individual was not entitled to those increased benefits, unless the Town Council were to order retrospective treatment of the ordinance, and that had not happened. He explained that he did not think the board could give Mr. Roebuck the benefit of any increase which had subsequently occurred in duty disability benefits after his retirement.

Mr. Harvey asked if there was a third item raised by Mr. Roebuck. Capt. DeIorio stated that there was another request about changing the duty disability to nontaxable for life. Mr. McCracken explained that this could not be done.

Mr. Wearn stated that he thought items two and three had been orally addressed, and were both impermissive, and item one was addressed by the associate of Mr. McCracken. He explained that based upon this legal analysis and advise, he would move that the Plan Administrator respond in writing to Mr. Roebuck that the board had considered all of those matters, and the end result of that consideration.

Mr. Harvey asked if there was any discussion regarding this. Capt. DeIorio asked what the ordinance language would have to say in order for duty disability pensions to not be taxable. He explained that there were a lot of requests, from Police and Fire especially, to have it in the ordinance where the language allows for the disability pension to be tax free. He explained that there were many other municipal agencies who have that, and from what he understood, it had to do with the language in the ordinance. Capt. DeIorio stated that the IRS, from what he understood, went either way, depending on what the ordinance said.

Mr. McCracken stated that the way he understood it was that prior to reaching retirement age, it was taxable unless it was in the nature of workers' compensation benefits, and the Town's ordinance provided that whatever the amount of workers' compensation benefits were, would be an offset from what would be received from the retirement plan, so unless the board was to change the ordinance to not utilize that offset, it would still be taxable. He stated that he did not know what the change could be to make it non taxable.

Mr. Harvey stated that if there was an offset and Mr. Roebuck was getting payments because of workers' compensation, those were tax free, so he had achieved part of what he was after.

Mr. Boggs asked if this particular person was getting something over and above workers' compensation. Mr. Harvey explained that if it was a worker's compensation disability, he would receive workers' compensation, and he would not pay taxes on that. He stated that it looked like the Town's methodology was pretty good, given the fact that if Mr. Roebuck had a workers' compensation issue, he would be getting those funds tax free, which would offset what he received from the retirement system.

Mr. McCracken replied that this was correct. He explained that with respect to the second part, when the individual reached retirement age, the statute clearly provides that the benefits were not excludable if they're determined in reference to age or length of service. Mr. McCracken stated that he was not sure what changes could be made to the ordinance that would satisfy Mr. Roebuck's request. He stated that Mr. Crouse had indicated that it was thought that perhaps Police Officers and Firefighters in other communities were treating these benefits as non-taxable, and the board could try to find out how they were doing that.

Capt. DeIorio stated that it could just be a matter of getting copies of other ordinances or other municipalities' plans to see what the wording was. Mr. Harvey stated that he had no problem with this if the board could find a way to word this. He stated that it seemed to be a non cost issue, if the board members could word it the right way. Mr. Harvey explained that the board created it that way because if it was workers compensation, it was tax free.

Mr. McCracken asked if Capt. DeIorio could find an example of this so he could look at the ordinance and compare it to the Town's. Capt. DeIorio indicated that he could.

There being no further discussion, Mr. Boggs seconded Mr. Wearn's earlier motion, and all voting aye, the motion carried.

VI REPORT ON SECTION 15.25 OF THE RETIREMENT ORDINANCE REGARDING SURVIVAL SPOUSE BENEFITS.

Mr. Crouse reported that this was a request of a retiree that had been presented at the previous meeting by Capt. DeIorio. He explained that this had been reviewed by the attorney, who would address this issue.

Mr. McCracken explained that the code provision discussed previously regarding pension benefits calculated at the time of retirement were applicable to this situation. He stated that he had spoken to Denise Jones regarding, this because when the man in question retired, his benefits were calculated based upon who his wife was at that time. He explained that the ordinance historically had provided that the survivor's benefit would be payable to a spouse if he were married to her at the time of retirement and at the time of death. He explained that when the ordinance was changed in 1995, the ordinance was changed to state that it was only the surviving spouse at the time of death. He stated that it was not required to have a spouse who was married to the retiree at the time of retirement as well as at the time of death. Mr. McCracken explained that this request came from a retiree who was hopeful that he would be able to benefit from the 1995 ordinance change.

Mr. McCracken then explained that he had spoken to Denise Jones, and she had indicated that when the ordinance was changed in 1995, the actuary's report did not consider the 160 retirees at that time, some of whom might be in the position of having a different spouse at the time they died than the time they retired. Mr. McCracken stated that there would be a cost to the system if this change was applied to those retirees. Mr. McCracken explained that Ms. Jones was not sure whether it would be a significant cost or not. He also explained that Ms. Jones had stated that in order to come to that determination, they would have to perform a study, one that she did not relish doing, and she was unable to quote a fee for that study, because a lot would depend upon how much cooperation and help she could get from the Personnel Department to do some of the checking that would need to be done regarding records as to whose wife had died and who had remarried. Mr. McCracken explained that Ms. Jones had estimated that it would probably take three to four days to do that study, at an hourly rate of $100 to $150 per hour. Mr. McCracken stated that the board would have to determine whether the cost was justified to recommend that the ordinance change be applied retrospectively.

Capt. DeIorio stated that based on the fact that this was a request from one retiree, considering the cost and the amount of work that would need to be done, perhaps he should find out if this was a concern of the other retirees. He then stated that he would like some guidance on what the board's responsibility was to a request of a retiree for something that clearly would affect the other retirees. He asked what the board's responsibility was as far as finding out if it was a priority to them as opposed to just one individual. Capt. DeIorio explained that the board was in the process of looking at the duty disability and inquiring from other plans to determine if a change needed to be made, even if it was not made retroactive; however, the board was responding to a retiree's request. He stated that this was another retiree's request, and he wanted to know what the board's responsibility was for finding out from the other retirees.

Mr. Harvey asked if the Personnel Department kept detailed files on retirees. Mr. Crouse explained that one thing that was required was that the Town be notified at the time of a retiree's death. He explained that the department did not keep track of spouses and other issues like that. He stated that this type of thing would have to be researched, and while it was possible to do, it would take time on his staff's part to get the answers to the questions that Ms. Jones would need to know in order to do her report. Mr. Harvey asked if it was possible that the board would be providing benefits to the beneficiary of a retiree who had changed wives. Mr. Crouse stated that this was exactly the type of information that his staff would be trying to find. Mr. Harvey asked how this would work, as far as payments to spouses were concerned. Mr. Crouse explained that for retirees who retired prior to 1995, in order for their spouse to receive survivor benefits, the retiree had to have been married to the same spouse at the time of the individual's retirement as well as at the time of the individual's death. He explained that if a study was performed, and benefits were applied retrospectively to some point in time, all spouses who had not been married to retirees at the time of retirement would be entitled to these benefits.

Mr. Crouse stated that Capt. DeIorio had brought up the fact that the board was looking in the Roebuck issue, and because it entailed time from the board's attorney, these were costly issues. He stated that the question of looking into this raised the issue of the board setting a precedent of looking at benefit changes retrospectively to include previous retirees. He also stated that the board would have to determine where would they draw the line, because there were a lot of changes to the benefit structure of the pension plan, and in all cases that were addressed, it was always prospective. He explained that if the board started going retrospective on the benefits, then the board would face the issue, at some point in time, as to where they would draw the line retrospectively. Mr. Crouse stated that in his 20 years with the Town, this board had not addressed retrospective benefit changes. He explained that the only issue that had ever been applied retrospectively was when the Town Council addressed those retirees who received pensions of less than $300 per month, and the Town Council, as a council action, took money from the general fund, rather than making it an issue of retirement funds. Mr. Crouse explained that any change to the retirement ordinance had to go to the state with the cost allocations and approval by the state, and the funding had to be there for any of these changes.

Mr. Wearn stated that he felt it was appropriate to have some kind of written response on this inquiry, and he moved that this response include a statement of the policy that was expressed by Mr. Crouse, and that it be provided as the explanation for not going forward with any significant expenditure of either Town administration or consultant's cost and expense. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

XI ANY OTHER MATTERS

Mr. Wearn stated that the committee substitute for the State of Florida House Bill 3075 was a bill that passed the legislative session for 1998, which came to a close on Friday, May 1, 1998. He explained that it involved municipal police and fire pension trust funds, and the passage of that bill was now pending before the governor for his action. Mr. Wearn explained that he would note to the board that if that bill became law, as he understood it, it would cause a significant unfunded mandate to be imposed upon the Town of Palm Beach, and also would have significant far reaching effect on this board.

Mr. Boggs asked if the retirement board of trustees would be required to split into two boards. Capt. DeIorio replied that it could be two or three boards. Mr. Crouse stated that the house bill, as of the previous day, was still on the governor's desk and that it had to either be signed or vetoed. He explained that if the bill was not signed it would become law in seven days as of the previous day. He explained that if it became law, it would impact the Town's retirement board as follows: the Town would have to be split into a minimum of two boards, one representing general employees, and one or two representing the public safety employees, with that decision to be made by the pubic safety departments. He further stated that the issues with those boards were: the boards would have the full authority of hiring their own attorney, money managers, and also the authority to use the premium tax monies for supplemental benefits, with the Town and Town Council losing control of the 175 and 185 monies, which amount to approximately $350,000. Mr. Crouse stated that additionally, HB3075 would define the term disability retirement for all plans, with regards to police and fire; and it would prohibit the use of coordination of workers' compensation benefits and social security benefits, which in fact were opposite to what the Town's plan did. Mr. Crouse stated that this issue had been going on for ten years in the legislation, and the police and fire unions had been working hard to get this passed, and it was finally passed almost unanimously. Mr. Crouse stated that if members of the board agreed with this, he would encourage them to call the governor's office and file their opinion that the bill should be vetoed. He explained that he had made the call and had encouraged a number of people to make that call because this would cost the Town of Palm Beach and the taxpayers more money, and it was an unfunded mandate, explaining that the state would pass the law but they would not forward any monies to the municipalities to offset the cost. Mr. Crouse stated that he would give that number to the board members if they wished to make the call.

Mr. Wearn asked Mr. Crouse if he had the number available. He explained that in addition to having the telephone number included in the record, he would also comment that the economies of scale and the cooperative collegial efforts that they had on this board, he believed had been of significant benefit to the past, present, and future staff of the Town of Palm Beach, which was really the only reason that he served on this board, and he would hate to see them lose all of those benefits. Mr. Harvey stated that he echoed the same thought.

Mr. Crouse stated that as additional information, the boards themselves for the police and fire employees, were specifically made up as follows: five members, two selected by the Police and/or the Fire; two members selected by the Town, or employer; and that those four members selected the fifth. Mr. Crouse then supplied the telephone number to the governor's office, which was 850/488-4441. He stated that the fax number was 850/487-0801. Mr. Crouse stated that as of the 18th of May, the calls going in to the governor's office were 446 calls pro the House Bill, and five calls con. Mr. Crouse stated that the board definitely should voice their concerns.

Capt. DeIorio asked Mr. Crouse if he had any copies of the bill available. Mr. Crouse explained that he had literature available if Capt. DeIorio would like copies of it.

Mr. Harvey asked if there were any other items.

Capt. DeIorio asked if the board was going to further inquire into other plans, as far as their duty disability language. Mr. Harvey indicated yes. Mr. McCracken asked that Capt. DeIorio let him know those communities that this was applicable to. Capt. DeIorio indicated that he would.

XII ADJOURNMENT

There being no further business, Mr. Wearn moved to adjourn. Mr. Boggs seconded the motion, and all voting aye, the meeting was adjourned at 12:20 p.m.

Approved:

____

John DeIorio, Secretary

FUTURE MEETINGS:

August 21, 1998
November 20, 1998
February 19, 1999
May 21, 1999