

GENERAL EMPLOYEES' PENSION PLAN
BOARD OF TRUSTEES
June 2, 2008 – 8:30 AM

Board Members Present:

Ray Dielman, Citizen
Jim Freeman, City Clerk
Ellen Leonard, Citizen
Tanya Lukowiak, Employee Representative
James Terry, Citizen
Allen Tusing, Citizen

Board Members Absent:

Gracie Johnson, Employee Representative

Staff and Others Present:

Charlie Mulfinger, Smith Barney
Mike DeGenova, Smith Barney
Brian J. Clevon, Madison Investment Advisors, Inc.
Attorney Scott Christiansen
Diane Ponder

Chairman Leonard called the meeting to order at 8:35 am.

The Oath of Office was administered to new Trustee, James E. Terry.

1. APPROVAL OF MINUTES

MOTION: Mr. Dielman moved, Mr. Tusing seconded and motion carried 6-0 to approve the March 3, 2008 minutes.

2. INVESTMENT REVIEW

Charlie Mulfinger, Smith Barney, began the investment review with a discussion of the economy's performance for the quarter, reporting that all areas of the market were negative. He stated that the international fund is slightly over-weighted but there is no need to rebalance the total fund at this time. The portfolio as of September 30, 2007 was \$7,623,174, a gross loss for the quarter of \$423,960, \$441,202 net-of-fees. Mr. Mulfinger reviewed the quarterly report ending March 31, 2007; a summary of relevant facts is attached hereto and made a part of these minutes.

Mr. Mulfinger introduced Brian Clevon of Madison Investment Advisors, Inc. Mr. Clevon presented an overview of the firm's investment strategy and discussed the firm's expectations in the market's performance.

3. APPROVAL: EXPENSES

- A) Christiansen & Dehner, PA: February, March & April 2008 billings
- B) Gabriel Roeder Smith & Company: April & May 2008 billings

MOTION: Mr. Dielman moved, Mr. Tusing seconded and motion carried 6-0 to approve the expenses as presented.

4. EXPERIENCE STUDY

Steve Palmquist, Gabriel Roeder Smith & Company, explained the study was commissioned by the Board of Trustees because during the valuation report process a number of the current assumptions used in the valuation of the Plan are not what has actually been occurring.

Mr. Palmquist reviewed the results of an actuarial experience study during the period of October 1, 2000 through September 30, 2007. Mr. Palmquist and the Board discussed the recommendation to lower the earnings assumption from 8.5% per year before investment expenses to 7.50% net of investment expenses which, together with the other recommendations,

would increase the required contribution rate by a total of 3.06%. Discussion ensued on adopting all the recommendations except the earnings assumption. Mr. Palmquist estimated that if 7.75% net of investment expenses is adopted for the 2007 valuation report, the 3.06% contribution expense would reduce to approximately 1%.

Mr. Palmquist informed the Board the 2007 Valuation Report has not been completed because of the pending adoption of the study. He explained that the Board could wait to implement the proposed changes until next year. Mr. Freeman stated he would prefer to receive direction from the Board for budget purposes at this time rather than wait until the next quarterly meeting. Attorney Christiansen suggested the Board could change the earnings rate to 7.75% at this time and then implement 7.50% rate for next year. Mr. Palmquist and Mr. Mulfinger concurred with Attorney Christiansen's suggestion.

MOTION: Mrs. Lukowiak moved, Mr. Dielman seconded and motion carried 6-0 to adopt an assumed investment earnings rate of 7.75% net of investment expenses for the 2007 annual report and lower the assumed investment earnings rate for the year ending 2008 to 7.50% net of investment expenses.

A copy of the Seven Year Experience Study covering the period of October 1, 2000 to September 30, 2007 is on file in the city clerk's office.

5. ATTORNEY'S REPORT

Informed the Board the City Commission adopted the ordinance implementing the Partial Lump Sum Option benefit. The Board authorized Mr. Palmquist to prepare an explanation of the new benefit for distribution to the employees.

Reminded the Board that financial disclosure statements are due July 1, 2008.

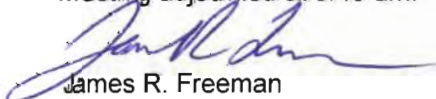
Informed the Board he is reviewing all the plans he represents with regards to tax qualification issues as they relate to the 2006 pension plan legislation. He stated his firm will probably recommend some language changes to enable the Plan to retain its tax qualified status. He stated that while governmental plans are not obligated to apply for tax qualified letters, his firm will use a sampling of plans represented by his firm to apply for the tax qualification letter; if the letters are received all plans the firm represent will be assured of the same tax qualification status.

Informed the Board the revised forms package is close to being distributed to clients. The forms are being amended to meet the state law dealing with the use of social security numbers.

Nothing new came from the recent legislative session. He did discuss the forfeiture of benefits language that is currently in the Plan regarding conviction of a crime against the City, stating the legislation has added that if an employee is convicted of a crime against someone less than 16 years of age, the employee will be subject to forfeiture of benefits. That additional language will be added the next time the ordinance is amended.

Mr. Mulfinger informed the Board the quarterly report can now be emailed in advance of the meeting if they desired. He stated he will then bring a hard copy of the summary only. Mrs. Lukowiak suggested that Mr. Mulfinger could also bring an electronic report for display during the meeting. The Board agreed to try the new format for the next meeting.

Meeting adjourned at 9:45 am.


James R. Freeman
Secretary

SUMMARY OF RELEVANT FACTS
Palmetto General Employees' Pension Fund
As of March 31, 2008

Distribution of Assets	
Equity	
-Large Cap. Value	\$1,118,253.38
-Large Cap. Growth	\$1,427,125.96
-Mid Cap. Growth	\$741,386.20
-Small Cap. Core	\$684,667.18
-International	\$882,796.86
Total Equity	\$4,854,229.58
Fixed	\$2,753,115.64
Cash (Deposit & Disbursement Acct)	\$15,828.86
Total Portfolio	\$7,623,174.08

Distribution by Percentage of Assets	
Equity Breakdown	
-Large Cap. Value	15.00%
-Large Cap. Growth	20.00%
-Mid Cap. Growth	10.00%
-Small Cap. Core	10.00%
-International	11.58%
Total Equity	65.00%
Fixed	36.12%
Cash (Deposit & Disbursement)	0.21%
Total Portfolio	100.00%

Other Important Facts:

Total Portfolio		\$7,623,174.08	
Total Gain or (Loss) - Gross-of-Fees		(\$423,960.23)	
Total Gain or (Loss) - Net-of-Fees		(\$441,202.13)	
Total Fees		(\$17,241.90)	
LORD ABBETT			
Total Assets	100.00%	\$1,118,253.38	100.00%
Equity	98.99%	\$1,106,976.23	98.90%
Cash	1.01%	\$11,277.15	1.10%
Fees		(\$2,968.93)	
Gain or (Loss) - Gross-of-Fees		(\$118,663.44)	
Gain or (Loss) - Net-of-Fees		(\$121,632.37)	
GOLDEN CAPITAL			
Total Assets	100.00%	\$684,667.18	100.00%
Equity	98.90%	\$677,110.30	98.90%
Cash	1.10%	\$7,556.88	1.10%
Fees		(\$1,762.15)	
Gain or (Loss) - Gross-of-Fees		(\$49,481.88)	
Gain or (Loss) - Net-of-Fees		(\$51,244.03)	

RENAISSANCE			
Total Assets	100.00%	\$702,981.18	100.00%
Equity	97.51%	\$685,506.15	94.01%
Cash	2.49%	\$17,475.03	5.99%
Fees		(\$1,854.07)	
Gain or (Loss) - Gross-of-Fees		(\$69,464.51)	
Gain or (Loss) - Net-of-Fees		(\$71,318.58)	
LAZARD ASSET MANAGEMENT			
Total Assets	100.00%	\$882,796.86	100.00%
Equity	94.01%	\$829,883.36	94.01%
Cash	5.99%	\$52,913.50	5.99%
Fees		(\$2,296.64)	
Gain or (Loss) - Gross-of-Fees		(\$74,031.28)	
Gain or (Loss) - Net-of-Fees		(\$76,327.92)	

WELLS - LG			
Total Assets	100.00%	\$724,144.78	100.00%
Equity	98.35%	\$712,184.32	0.00%
Cash	1.65%	\$11,960.46	100.00%
Fees		(\$1,952.41)	
Gain or (Loss) - Gross-of-Fees		(\$89,270.10)	
Gain or (Loss) - Net-of-Fees		(\$91,222.51)	
DEPOSIT & DISBURSEMENT			
Total Assets	100.00%	\$15,828.86	100.00%
Equity	0.00%	\$0.00	0.00%
Cash	100.00%	\$15,828.86	100.00%
Fees		\$0.00	
Gain or (Loss) - Gross-of-Fees		\$698.98	
Gain or (Loss) - Net-of-Fees		\$698.98	

WELLS - MG			
Total Assets	100.00%	\$741,386.20	100.00%
Equity	98.23%	\$728,290.56	98.23%
Cash	1.77%	\$13,095.64	1.77%
Fees		(\$2,057.21)	
Gain or (Loss) - Gross-of-Fees		(\$115,691.32)	
Gain or (Loss) - Net-of-Fees		(\$117,748.53)	

MADISON			
Total Assets	100.00%	\$2,753,115.64	100.00%
Fixed	92.23%	\$2,539,172.70	92.23%
Cash	7.77%	\$213,942.94	7.77%
Fees		(\$6,302.90)	
Gain or (Loss) - Gross-of-Fees		\$91,943.32	
Gain or (Loss) - Net-of-Fees		\$85,640.42	
<i>Your Portfolio</i>			
Duration		3.83 years	
Yield to Maturity		3.41%	

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

BREAKDOWN OF RETURNS
Palmetto General Employees' Pension Fund
As of March 31, 2008

ACTUARIAL ASSUMPTION = 8.50%

EQUITY						
Lord Abbett						
Large Cap Value						
	Quarter	(9.57)	(9.81)	(8.72)	(8.78)	(9.45)
	1 year	(6.26)	(7.15)	(10.01)	(7.29)	(5.08)
	3 year	7.63	4.66	6.00	6.41	5.85
	5 year	13.00	11.97	13.67	13.78	11.32
	Since 6/30/02	8.40	7.42	8.53	8.71	7.12
	Lord Abbett/Oppenheimer - Since 5/31/98	3.70	2.78	5.71	NA	3.64
Renaissance/Alliance						
Large Cap Growth						
	Quarter	(8.97)	(9.21)	(10.40)	(10.41)	(10.19)
	Since 9/30/07	(10.59)	(11.12)	(11.18)	(10.87)	(10.87)
	Renaissance/Alliance - 1 year	(2.16)	(2.96)	(1.46)	(0.06)	(0.75)
	Renaissance/Alliance - 3 year	5.96	5.03	6.29	7.03	6.33
	Renaissance/Alliance - 5 year	8.50	7.55	10.25	11.45	9.96
	Renaissance/Alliance - Since 12/31/99	(4.27)	(5.15)	(3.88)	0.73	(4.10)
Wells						
Large Cap Growth						
	Quarter	(10.94)	(11.19)	(10.19)	(10.41)	
	Since 9/30/07	(8.20)	(8.46)	(10.87)	(10.87)	
Wells/Baird/ING Furman Selz						
Mid Cap Growth						
	Quarter	(13.46)	(13.70)	(10.95)	(11.66)	
	1 year	(1.51)	(2.46)	(4.56)	(0.50)	
	Since 12/31/06	2.81	2.01	(0.63)	2.80	
	Baird/ING Furman - 3 year	6.61	5.63	7.76	9.11	
	Baird/ING Furman - 5 year	11.76	10.75	15.19	15.36	
	Baird/ING Furman - Since 5/31/98	2.69	1.78	5.55	NA	
Golden/Missouri Valley						
Small Cap Core						
	Quarter	(6.71)	(6.96)	(9.90)	(9.51)	
	Since 3/31/07	(14.24)	(15.06)	(12.99)	(11.85)	
	1 year	(14.24)	(15.06)	(12.99)	(11.85)	
	Golden/Miss Valley - 3 year	2.94	1.99	5.06	5.45	
	Golden/Miss Valley - 5 year	13.45	12.42	14.90	15.74	
	Missouri Vly/Mississippi - Since 5/31/98	8.01	7.05	5.58	NA	
Lazard Asset Management						
International						
	Quarter	(7.72)	(7.96)	(8.91)	(9.58)	
	1 year	(1.06)	(2.01)	(2.70)	(6.78)	
	3 year	11.34	10.32	13.32	12.78	
	5 year	17.63	16.57	21.40	23.47	
	Since 5/31/98	6.88	5.93	6.26	8.43	
FIXED INCOME						
Madison Investment Adv						
	Quarter	3.45	3.21	3.01	2.53	0.43
	1 year	10.12	9.12	8.90	8.37	3.55
	3 year	6.04	5.09	5.67	5.55	4.10
	5 year	4.35	3.43	4.36	4.62	3.01
	Since 5/31/98	5.66	4.75	5.88	6.06	3.43
TOTAL RETURN						
	Quarter	(5.24)	(5.47)	(5.31)	(5.32)	
	1 year	0.40	(0.49)	(0.31)	(0.75)	
	3 year	6.37	5.43	6.76	7.03	
	5 year	9.49	8.52	10.78	10.94	
	Since 5/31/98	3.99	3.09		5.41	

Index = 15% Russell 1000 Value + 20% Russell 1000 Growth + 10% Russell Midcap Growth + 10% Russell 2000 + 10% EAFE + 35% LB G/C Int. Bonds

* Golden Capital replaced Missouri Valley on March 7, 2007

Palmetto General Employees' Pension Fund
Valuation & Performance
As of May 28, 2008

	Value	Fiscal YTD Return As of 5/28/08
Lord Abbett	\$1,157,680	-10.50%
Renaissance	\$750,656	-4.35%
Wells (LG)	\$821,364	4.31%
Wells (MG)	\$863,636	-0.75%
Golden	\$758,504	-3.15%
Lazard	\$867,599	-4.08%
Madison	\$2,677,529	5.59%
Deposit & Disbursement	\$27,412	
Total Fund	\$7,924,380	-0.70%

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COMPLIANCE CHECKLIST

City of Palmetto General Employees' Pension Fund

As of March 31, 2008

GUIDELINES

Equity Portfolio

Listed on recognized exchange
 Single issue not to exceed 10% at market value for each equity in each separately managed portfolio
 Total equity portfolio < 67.5% of total fund at market
 Total international (ordinance) < 20% of total fund at market
 Single issue not to exceed 5% at market value for the total portfolio

Yes
 Yes
 Yes
 Yes
 Yes

OBJECTIVES

Total Portfolio

Exceed Target Index
 Exceed actuarial assumption (8.5%)*
 Exceed CPI + 4%*
 * Measured using net dollar-weighted return

3 years No
 5 years No
 Since Inception N/A
 No
 No
 Yes
 No
 No

Lord Abbett & Company

Large Capitalization Value Equity Portfolio

Market Value < 17.5% of total fund
 Performance (Inception 6/5/2002)
 Rank in the Top 50% of manager universe
 Return > Russell 1000 Value

Yes
 3 years Yes
 Since Inception No
 No

Lazard Asset Management

International Equity Portfolio

Market Value < 12.5% of total fund
 Performance (Inception 5/8/1998)
 Return > MSCI EAFE (Net)

Yes
 3 years No
 Since Inception Yes
 Yes

Renaissance

Large Capitalization Growth Equity Portfolio

Market Value < 11.25% of total fund
 Performance (Inception 9/27/2007)
 Rank in the Top 50% of manager universe
 Return > Russell 3000 Growth

Yes
 3 years N/A
 Since Inception N/A
 N/A

Madison Investment Advisors

Fixed Income Portfolio

Market Value < 37.5% of total fund
 Performance (Inception 5/8/1998)
 Return > Lehman Intern. Gov't/Credit
 U.S. Government / Agency or U.S. Corporations
 Bonds rated "A" or better
 Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)

Yes
 3 years Yes
 Since Inception No
 Yes
 Yes
 Yes

Wells

Large Capitalization Growth Equity Portfolio

Market Value < 11.25% of total fund
 Performance (Inception 9/27/2007)
 Rank in the Top 50% of manager universe
 Return > Russell 1000 Growth

Yes
 3 years N/A
 Since Inception N/A
 N/A

Wells Capital

Mid Capitalization Growth Equity Portfolio

Market Value < 12.5% of total fund
 Performance (Inception 12/7/2006)
 Rank in the Top 50% of manager universe
 Return > Russell Midcap Growth

Yes
 3 years N/A
 Since Inception N/A
 N/A

Golden Capital

Small Capitalization Core Equity Portfolio

Market Value < 12.5% of total fund
 Performance (Inception 3/7/2007)
 Rank in the Top 50% of manager universe
 Return > Russell 2000

Yes
 3 years N/A
 Since Inception N/A
 N/A
 N/A

**CITY OF PALMETTO
OATH OF OFFICE**

I, James E. Terry, do solemnly swear that I will support, protect and defend the Constitution and Government of the United States and of the State of Florida and of the City of Palmetto; that I am qualified to hold office under the Constitution and laws of the State of Florida, and under the Charter and Ordinances of the City of Palmetto; that I will well and faithfully perform at all times the duties of the office of Trustee of the General Employees' Pension Plan which I am now about to enter, so help me God.



James E. Terry

Date: June 2, 2008