

**STATEMENT OF THE
JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES
REGARDING THE RELATIONSHIP WITH MERRILL LYNCH
CONSULTING SERVICES**

The Jacksonville Police and Fire Pension Board of Trustees (Board) retained Merrill Lynch Consulting Services (MLCS) to provide independent fiduciary guidance to the Board on issues relating to Investment Manager Performance Measurement; review of and updating the Fund Asset Allocation Plan; Fund Investment Policy and other related investment related monitoring services needed by the Board. For over 20 years MLCS provided the required services to the Board.

Chapter 175.061(6)(a) and 185.06(5)(a) require the Pension Board to “retain a professionally qualified independent consultant who shall evaluate the performance of any existing professional money manager”.

Nearly 2 years ago, the Board was made aware in published reports of the Securities and Exchange Commission (SEC) staff investigation into certain specific business practices of Merrill Lynch Consulting Services and also those of Mr. Michael Callaway (the Consultant), a representative of Merrill Lynch Consulting Services who has a fiduciary relationship with the Board as the Investment Performance Measurement Consultant to the Board. The staff of the Board has cooperated fully with the SEC staff during the investigation.

On October 29, 2007 the Board was informed by MLCS “the SEC staff has indicated that it believes that some practices engaged in by Merrill Lynch and Mike Callaway

violate certain regulatory prohibitions”. Also, on October 29, 2007, we were informed by the Consultant the SEC “has taken issue with some of Merrill Lynch’s and my practices.” The Board has no detailed knowledge of the particular practices the SEC staff believes to violate regulatory prohibitions, nor does the Board by its actions today express a view of the SEC staff recommendations.

In special session, on November 5th, 2007, the Board voted to terminate the Agreement for Investment Evaluation and Consultant Services with MLCS and the Consultant, effective December 31, 2007.

The Board directed the Fund Staff to re-activate the deferred search for “Investment Evaluation and Consultant Services”, and immediately schedule follow up interviews with the 3 firms previously ranked highest in the search.

This statement represents the position of the Board. No Trustee or employee of the Board will make any additional statement relating to the SEC investigation, MLCS or the Consultant pending final action of the SEC. The Executive Director-Administrator was directed to notify MLCS and the Consultant of the action of the Board.

Approved by the Jacksonville Police and Fire Pension Board of Trustees on November 5th, 2007.

John Keane
Executive Director - Administrator