

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**AUGUST 7, 2008**

Chairperson Dorritt Miller called the meeting to order at 12:18 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

Dorritt Miller  
Tom Sheppard  
Rick Dorey  
Matt Young  
Randy Sherman (12:26)

**OTHERS**

Bonni Jensen – Hanson, Perry & Jensen  
Scott Baur – The Pension Resource Center  
Audrey Ross – The Pension Resource Center  
Dixie Martinez – The Pension Resource Center  
Troy Brown – The Bogdahn Group  
Mike Welker – The Bogdahn Group  
Tom Foster – Retired City of West Palm Beach Firefighter  
(1:28)

**PUBLIC COMMENTS**

**APPROVAL OF MINUTES**

The Trustees reviewed the minutes of the May 27, 2008 special meeting and the minutes of the June 5, 2008 regular meeting.

*A motion was made by Tom Sheppard to approve the minutes of the May 27, 2008 special meeting and the minutes of the June 5, 2008 regular meeting. The motion was seconded by Rick Dorey and carried 4-0.*

**REPORTING OF PLAN FINANCIALS**

The Administrator provided the Board with an unaudited financial statement and an income and expense report for review for the months of May and June. Mr. Baur commented that the Supplemental Distributions were reflected in the June statement.

*The Board received and filed the un-audited financial statements for the months of May and June.*

**DISBURSEMENTS**

The Trustees reviewed the disbursements presented for approval by the Administrator.

*A motion was made by Matt Young to approve the disbursements that were presented by the Administrator. The motion was seconded by Tom Sheppard and carried 4-0.*

**BENEFIT APPROVALS**

The board reviewed the application for an October 1, 2008 distribution of share account for Marc Leatherwood, the application for an October 1, 2008 distribution from DROP account for Robert Prusiecki, and the applications for a refund of contributions for Ryan Kissel, LeeAnna Sofge and Heather Cicero.

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A motion was made by Tom Sheppard to approve the application for an October 1, 2008 distribution from share account for Marc Leatherwood. The motion was seconded by Rick Dorey and carried 4-0.

A motion was made by Tom Sheppard to approve the application for an October 1, 2008 distribution from DROP account for Robert Prusiecki. The motion was seconded by Rick Dorey and carried 4-0.

A motion was made by Tom Sheppard to approve the application for a refund of contributions for Ryan Kissel. The motion was seconded by Rick Dorey and carried 4-0.

A motion was made by Rick Dorey to approve the application for a refund of contributions for LeeAnna Sofge. The motion was seconded by Rick Dorey and carried 4-0.

A motion was made by Tom Sheppard to approve the application for a refund of contributions for Ryan Kissel. The motion was seconded by Rick Dorey and carried 4-0.

**ATTORNEY'S REPORT: HANSON, PERRY & JENSEN (PRESENTED BY: BONNI JENSEN)**

Ms. Jensen reviewed the IRS determination memo and stated that the IRS feels that the governmental sectors have been underserved. She explained that this plan is tax qualified and had a determination letter when the fund enlisted the DROP accounts, but needs to be reinstated. The board will have to pay \$1000 to file with the IRS and it will take her about 20 hours of work to complete the letter. The board decided that they should go ahead and file an IRS determination letter.

Ms. Jensen explained the Federal and State legal updates memo. In June a new law called HEART (Heroes Earning Assistance and Relief Tax Act of 2008) was adopted. This law provides tax benefits to active duty military personnel. She reviewed the two sections that affected this fund; survivor and disability payments and the treatment of differential military pay as wages.

There was a rules workshop held in Tallahassee that discussed changing the Actuarial Reports that Ms. Jensen attended. There was no final outcome so therefore another workshop will be held in September. Ms. Jensen stated that she felt the rules imposed the actuarial assumptions. There was no explanation of why the state wanted to change the proposed rules. She will have more to discuss on this topic after the second workshop.

Ms. Jensen reported that she found a tax lawyer that is willing to look at the after tax money that could be deposited into the plan. This project could be done on an hourly basis or it could be resolved issue by issue for a total of \$4,000. Ms. Jensen commented that the purpose of having this lawyer is so the fund can come up with a policy and some guidelines regarding the after tax money into the plan. Ms. Jensen recommended to the board that they should hire this lawyer so that the work is completed by January 31, 2009 deadline for filing the determination letter. The board discussed the fees proposed by the lawyer.

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A motion was made by Tom Sheppard to hire the lawyer Ms. Jensen recommended to research the after tax money that is deposited into the plan for a fee of \$1000 for the first issue and \$3000 for the second issue and not to exceed those prices. The motion was seconded by Matt Young and carried 5-0.

Ms. Jensen briefly commented that she had her fee agreement available to be signed, which was executed.

Ms. Jensen provided the board with the meningitis vaccination information that she researched. The current company that the board has will offer a discount on the price. They will charge \$5 per shot and \$50 per nurse to be there to administer the shot. Mr. Sheppard commented that at the August 1, 2008 meeting the City stated that they were looking into giving all active and new hires this same vaccination. The board decided to wait and see if the City will be doing these shots before the board makes a decision.

Lastly, Ms. Jensen reviewed the addendum to the administrator contract, which was executed. She commented that the old contract did not recognize that the Pension Resource Center is a Fiduciary.

**INVESTMENT CONSULTANT REPORT – THE BOGDAHN GROUP  
(PREPARED BY TROY BROWN AND MIKE WELKER)**

Mr. Brown reviewed the portfolio as of June 30, 2008 and commented that it was negative for the quarter. He reviewed the funds asset allocations and stated that they are inline with the policy at 53.5% in domestic equity, 11.9% in international equity, 23.3% in domestic fixed income, 10.2% in real estate and 1% in cash. He also commented that the energy sector was up 17% and financials were down 18%.

Mr. Welker explained a new chart that they put in their booklets that tracks the financial reconciliation. In order for this chart to be accurate the managers will have to deduct their payments from their own account. The board had a lengthy discussion on how the invoices for the investment managers should be paid.

A motion was made by Tom Sheppard to have Salem Trust pay all the investment manager invoices directly from each of their accounts.. The motion was seconded by Matt Young and carried 5-0.

For the quarter ending June 30, 2008 the fund outperformed the index at -0.4% versus -1.4%, but was still negative. Mr. Brown then reviewed each investment manager's return for the quarter:

- Aletheia - Had a great quarter at 4.9% versus the Russell 1000 at 1.2%. They are very strong in energy and is in the 15<sup>th</sup> percentile.
- Fayez Sarofim- Fayez holds 18% of the portfolio and they slightly out beat the benchmark at 1.7% versus 1.2%. They hold 24% in energy and have a 10% exposure in financials.

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- Thompson, Siegel, Whalmsley- This manager had the biggest outperformance for the quarter at 4.9% versus -1.2%. They have an underweight in consumer discretionary and have about a 15% weight in financials.
- Baron Assets- The only negative performance at -1.3% versus 4.5%. This fund has a triple rate in financials, but does not have any value in energy. Mr. Brown commented that he expects this portfolio to turn around in the next quarter, and does not recommend any changes at this time.
- Boston Company- . Mr. Brown stated that they have turned around their portfolio and had a decent quarter at -1.7% versus -5.3%. They are underweighted in energy which did not help them in the quarter.
- Euro Pacific - Mr. Brown explained that this account was still over at Merrill Lynch and needs to be transferred to Salem Trust. They were down for the quarter at -2.3% versus the index at -1.9%.
- Templeton- In this quarter it was about what this fund didn't own as to what they owned. They underperformed at -4.3% versus -1.9%.
- JP Morgan- Outperformed for the quarter at 0.9% versus 0.6%. They did not purchase any real estate, but they did sell some properties. They currently hold 149 properties in their portfolio.
- PIMCO- Performance for the quarter was negative at -2.3% versus -1.1%.

**EDUCATIONAL PRESENTATION: THE BOGDAHN GROUP (PRESENTED BY: TROY BROWN AND MIKE WELKER)**

Mr. Welker explained that it is his job to educate the board on new and additional opportunities that are out there. He wanted the board to consider looking into infa structures and alternative real estate.

Mr. Welker reviewed the correlation matrix that shows the importance of adding additional asset classes. The purpose is so the fund can maintain good returns with less risk. Mr. Welker is only recommending moving about 5-10% of the portfolio into infa structures or quadrant funds.

Mr. Welker reviewed infra structures and explained what it consist of and gave some examples. He reviewed the negative and positives of infra structures and commented that they are long term investments. The boards' current investment policy guidelines do allow the fund to invest in these.

Mr. Brown reviewed the private and public real estate and explained the difference between the two. There are 4 different asset classes within real estate, and he then reviewed the four quadrant funds. The quadrant fund invests in all domestic real estate and would just be a step up from the real estate fund that they have now.

The board had a lengthy discussion on the two recommendations from the investment consultants. The trustees agreed that they would like to hear more about the quadrant fund at the next meeting. Mr. Brown and Mr. Welker stated that they will do more research on this topic and bring it back to the board.

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**ADMINISTRATION REPORT: THE PENSION RESOURCE (PRESENTED BY  
SCOTT BAUR, AUDREY ROSS & DIXIE MARTINEZ)**

Mr. Baur introduced Dixie Martinez to the board and gave her background at the Pension Resource Center. Ms. Martinez will be covering for Ms. Ross when she is on maternity leave.

**OTHER BUSINESS:**

Aletheia will be present at the next meeting.

There being no further business and the next meeting having been scheduled for September 4, 2008, the meeting was adjourned at 3:19PM.

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Tom Sheppard, Secretary