

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
APRIL 9, 2009**

Chairperson Dorritt Miller called the meeting to order at 1:33 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
Matt Young

OTHERS

Bonni Jensen – The Law Offices of Perry & Jensen, LLC
Audrey Ross – Tegrity Plan Administrators
Troy Brown – The Bogdahn Group
David George – Coughlin Stoia Geller Rudman & Robbins
Christophe Pochart – BNP Paribas Securities
Christopher Gross – Institutional Liability Management
Tom Foster – City of West Palm Beach Firefighter (Retiree)

PUBLIC COMMENTS

N/A

CLASS ACTION PRESENTATION: COUGHLIN STOIA GELLER RUDMAN & ROBBINS (PRESENTED BY DAVID GEORGE)

Mr. George explained that he was here today to discuss 3 different cases:

1. Star Tek Securities Litigation Case – Mr. George stated that the motion to dismiss was denied for this case, so they will be filing a class action lawsuit. He commented that he has a conference with them on the 14th of April, so he will have more of an update then.
2. CBRE Reality Case – He explained that they filed a motion to dismiss in January and they are still waiting for the court to rule on the motion. Mr. George will update the board when he receives further information.
3. Healthways – Mr. George gave a brief background on this case to update the board. Ultimately, this company would never be able to meet their financial goals and they would not be able to pay back the government. He stated that this pension fund lost about \$50,000 when the stock was sold. Mr. George explained that in the middle of March the court denied the motion to dismiss, but he wants to move forward into settling the case with no less than \$7.5M; which is the settlement authority. He stated that on behalf of all the share holders there was about \$90M that was lost and this board would be the lead plaintiff in this case. Mr. George reviewed the settlement process and what the fund could potentially receive as to what the fund actually lost.

A motion was made by Matt Young to give authority to David George with Coughlin Stoia Geller Rudman & Robbins to enter into settlement discussions and to enter into settlement for no less than \$7.5M. The motion was seconded by Tom Sheppard and carried 3-0.

INVESTMENT CONSULTANT REPORT: THE BOGDAHN GROUP (PRESENTED BY TROY BROWN)

Mr. Brown reviewed the changes to the revised Investment Policy Guidelines (IPG). He explained that he had added an addendum for each Investment Manager and he also cleaned up most of the language. Also, Mr. Brown noted that he had added the language that the City's Audit Committee had recommended. The board had asked Mr. Brown to add some additional language to the pooled investment funds section

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to reflect that the pension fund does not invest in funds that are prohibited by the Florida Statute. Mr. Brown explained that he also added additional language explaining The Bogdahn Group's criteria for investment manager review. He commented that if a manager does not obey any of the rules listed, then the manager will be warned and then if necessary replaced. The board discussed some of the language and some changes that they thought were necessary. The board agreed that the allocation amounts under the cash equivalent securities needed to be changed. Mr. Brown stated that he will change the cash equivalent target to not exceed 0-5% instead of 0-10% and will bring back the IPG to the next meeting.

Lastly, Mr. Brown reviewed the TALF product. He explained that it is a Government sponsored project and that PIMCO is one the few investment managers that can invest in TALF. He commented that if the board would like to look more into this to let him know and he can contact PIMCO.

**SUNTRUST SPECTRUM CD PRODUCT PRESENTATION – BNP PARIBAS
SECURITIES (PRESENTED BY CHRISTOPHE POCHART & CHRISTOPHER
GROSS)**

Mr. Pochart gave the board an update and background on their product. The product is sold as a 5 year CD issued by SunTrust Bank with a 1.25% coupon annually, is FDIC insured, and is linked to an index at BNP. Mr. Pochart explained they go long and short on this investment and it will be liquid. He stated that BNP is the custodian of these funds even though the CD is purchased with SunTrust Bank. Mr. Pochart then explained the funding of this investment and the process of opening the accounts and the CD.

Ms. Miller had questions about the FDIC insurance and how they cover pension plans. Mr. Gross commented that the calculation is based off the value of the plan and the highest paid participant, in which the Actuary might have to calculate. The board reviewed BNP's index and their past performance. Mr. Gross reported that they issue an annual coupon every year to keep the cash flow going instead of paying out a lump sum at the end of the 5 years.

Ms. Miller wanted to know what would happen under these 2 circumstances:

1. What would happen if SunTrust Bank fails? Mr. Gross commented that the FDIC would move the funds to another bank. If there was no other bank with that option, then they would payback the principal amount with the accrued interest to the fund.
2. What would happen if BNP failed? Mr. Pochart explained that the index would not be maintained unless sold to another bank, or SunTrust could transfer the money to another index.

Mr. Pochart notified the board that if they wanted to liquidate their funds before the 5 years were over then they will get their money back at market value within 4-5 business days with no penalty and at a 95% liquidation value.

Lastly, Mr. Brown asked if any other pension funds have actually invested in this product yet. Mr. Pochart replied that no other pension fund has funded the product yet, but there are a lot of funds that are in the same position that this board is in.

BOARD DISCUSSION

The board had a lengthy discussion on this product, and discussed where the money would be taken from to fund BNP. Mr. Brown recommended reallocating the portfolio to 50% domestic equity, 10% foreign, 5% absolute return, 25% fixed income and

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10% real estate. The board had a discussion on whether this product would be considered equity or not, and agreed that the funds should come from the fixed income; not the equities.

A motion was made by Tom Sheppard to move \$5M from the fixed income to invest in BNP, and to reduce the fixed income allocation to 20% and the cash to 5%. The motion was seconded by Matt Young and carried 3-0.

APPROVAL OF MINUTES

The Board reviewed the minutes of the March 12, 2009 regular meeting.

A motion was made by Tom Sheppard to approve the minutes of the March 12, 2009 regular meeting. The motion was seconded by Matt Young and carried 3-0.

DISBURSEMENTS

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

A motion was made by Tom Sheppard to approve the disbursements that were presented by the Administrator. The motion was seconded by Matt Young and carried 3-0.

ATTORNEY'S REPORT: THE LAW OFFICES OF PERRY & JENSEN (PRESENTED BY: BONNI JENSEN)

Ms. Jensen reviewed the new IRS withholding tables memo. She commented that the taxes have decreased and members will see this reflect in their May 1, 2009 pension check. If members would like to change the amount they can fill out a new W4P form.

Ms. Jensen briefly reviewed the Worker, Retiree, and Employer Recovery Act of 2008 and outlined the changes that have occurred.

She commented that Merrill Lynch entered into settlement with the SEC. Also, Ms. Jensen stated that she was approached by some Florida attorney's asking her to join a class action for the items that Merrill Lynch is being accused of. Ms. Jensen refreshed the board with the items that Merrill Lynch is under investigation for. She recommends that she should meet with the other class action attorney's for more information.

A motion was made by Tom Sheppard to allow Bonni Jensen to move forward with the Merrill Lynch case. The motion was seconded by Matt Young and carried 3-0.

***MEETING ADJOURNED AT 3:44PM AND A WORKSHOP BEGAN**

Ms. Jensen updated the board on some house bills that were still floating out there. House bill 673 which is trying to increase the FRS multiplier from 2% to 3% was amended to allow public pension funds to keep their 175 monies if there was a Government merger.

The House bill 5, which would allow foreign assets to increase to 25% and would also allow City's to increase the terms of the Trustees, has been amended. This bill has been amended to reverse the bill that states all the extra 175 monies after 1997 have to be used to buy extra benefits. The amended bill now would require the 175 monies to be allocated and the extra money would be distributed to the City with a

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cap of 3 years. This bill has been through 2 committees and still has 2 more to go through.

ADMINISTRATOR REPORT: TEGRIT PLAN ADMINISTRATORS (PRESENTED BY: AUDREY ROSS)

N/A

OTHER BUSINESS:

N/A

There being no further business and the next Pension Board meeting having been scheduled for May 14, 2009, the workshop was adjourned at 3:58PM.

Tom Sheppard, Secretary