

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**MAY 14, 2009**

Secretary Tom Sheppard called the meeting to order at 1:31 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

Tom Sheppard  
Matt Young  
Rick Dorey  
Randy Sherman  
(Departed @ 3:35PM)

**OTHERS**

Bonni Jensen – The Law Offices of Perry & Jensen, LLC  
Audrey Ross – Tegrit Plan Administrators  
Troy Brown – The Bogdahn Group  
Bob Burns – PIMCO  
Tom Foster – City of WPB Firefighter (Retiree)

**PUBLIC COMMENTS**

Mr. Foster commented that he receives 2 checks per month and they usually come in 2 different envelopes. He would like to know if they can be mailed in one. Ms. Ross commented that she will check with the payment department.

**INVESTMENT MANAGER PRESENTATION (GOVERNMENT PROGRAM): PIMCO (PRESENTED BY BOB BURNS)**

Mr. Brown briefly reminded the board that PIMCO was here today to review the (Term Asset-Backed Securities Loan Facility (TALF) program. Mr. Sheppard wanted to know before the presentation started, where the money would be withdrawn from to fund this program if the board where to invest in it. Mr. Brown commented that it would come from the equity portion of the portfolio as the product would be classified as equities.

Mr. Burns introduced himself to the board and gave a background on PIMCO. He explained that PIMCO is one of the largest fixed income managers and they do not invest in asset classes that are not performing well. He then reviewed the TALF program and how it works. The investment thesis of this product is so that the fund seeks to invest in asset-backed securities (ABS) eligible for TALF financing. PIMCO believes the terms of the government program will provide for very attractive investment opportunities in AAA fixed income assets. Mr. Burns explained that the original amount of this loan was for \$200B, but he thinks that it could eventually be increased to \$1T. He then reviewed all the asset back securities that were involved in this program including, auto loans, credit cards, student loans and much more. The investment of this program is 3 years. He explained that the purpose of the TALF program is that the Feds are trying to create an outcome for the creditors.

Mr. Burns then reviewed some advantages of this product. First, the financing is through the Feds, the securities they buy are not re-margined and the security loans are not recourse. He also explained that the target return on this product is between 12-15% after the fees are processed. Mr. Burns reviewed the AAA securities that are involved and how they are structured.

Mr. Burns reviewed the process of this investment. He used as an example that the board would invest \$7M and get a loan from the Feds for the remaining \$93M to have a total investment of \$100M. He commented that the rate is not set until you actually purchase the holdings. Also, you will pay interest on the \$93M that was borrowed from the Feds, but will only get the returns on the \$7M that the fund invested.

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Mr. Burns mentioned to the board that the \$200B in TALF money is only available until December 31, 2009. He commented that if the board invests less than \$10M with PIMCO, then they will be required to put the full deposit in at the beginning of this investment. Mr. Burns reviewed some different case studies regarding the different ABS that you can buy into and how they work.

Lastly, Mr. Burns explained that PIMCO charges on the whole investment of \$100M, but caps it off at 75 basis points. Also, there is a profit that is split between PIMCO and the fund on anything over the 8% return.

**BOARD DISCUSSION:**

Mr. Brown commented that he really thinks this program is a great investment. He explained that it makes sense because of the leverage. Mr. Brown stated that his recommendation to the board is to invest in this product.

Ms. Jensen reported that she is having a conference call with PIMCO and other Florida Attorney's tomorrow so that PIMCO can answer any remaining questions about this investment.

Mr. Brown stated that it is a big advantage to have PIMCO as the manager of this investment. He mentioned that the only con to this investment is that it is locked up for 3 years, but that you do get a monthly income from it. Mr. Brown again commented that he would consider this investment as a private equity, but Ms. Jensen stated that she would double check with the Auditor's to see how they would classify it as they are the ones that do the financials.

The board had a lengthy discussion on their different options. Mr. Brown commented that the longer you wait then the less opportunity there will be to invest in the TALF. Again, Mr. Brown stated that his recommendation is to invest \$10M of the portfolio in to the TALF program.

Ms. Jensen advised the board that PIMCO will not be a fiduciary to the board as other investment managers are. The board briefly reviewed some other risks that could happen; for instance the Government could change the rules at anytime and this investment is not liquid. Also, Ms. Jensen explained some of her concerns she had regarding the Florida Statute. She commented that she will do some research and get back to the board.

**A motion was made by Tom Sheppard to invest \$10M of the portfolio (\$5M from equity and \$5M from bonds) in the TALF program pending Bonni Jensen's questions regarding the Florida Statute. If the fund is not allowed to invest \$10M per the Florida Statute, then the fund will only invest \$5M. The motion was seconded by Matt Young and carried 4-0.**

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

Mr. Brown reviewed the funds performance for the quarter ending March 31, 2009. The fund was down 6.5% for the quarter, but did beat the benchmark at -6.84% versus -8.04%. He commented that in April 2009 the fund made \$5.8M which returned about 95% of their losses for the year. For the year to date the fund is up 1% and for the fiscal year to date they are still down -14%. Mr. Brown stated that the equity investments are up 10% for the month of April which really helped out the portfolio.

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Mr. Brown then briefly reviewed each managers return for the quarter ending March 31, 2009:

- The Boston Company- Out performed the benchmark but still negative at -11.35% versus the benchmark at -16.77%.
- Aletheia- They were underweighted through out the quarter which put them behind the benchmark at -6.88% versus -4.12%.
- Fayez Sarofim- Also underperformed at -7.74% versus the benchmark -4.12%.
- Thompson, Siegel & Whalmsley – They did much better this quarter. They beat the benchmark at -10.48% versus -16.32%.
- Baron Assets- Out performed for the quarter at -5.32% versus -9.74%, and they were also ahead as of April.
- EuroPacific – Did great for the quarter ending March 31, 2009 at -7.96% versus -13.85%.
- Templeton- This international account barely beat the benchmark at -13.56% versus -13.85%.
- Oppenheimer/PIMCO – They were positive and ahead of the benchmark for the quarter at 1.79% versus .10%. This fund also added 1.3% in the month of April which made up their underperformance for the year.
- JP Morgan – Underperformed quite a bit at -13.45% versus -7.33% for the quarter. Mr. Brown commented that they revalued every property that they hold in the portfolio within the quarter. Also, Mr. Brown stated that the fund took JP Morgan off the auto reinvestments, and they also received a redemption within the quarter.

Lastly, Mr. Brown reviewed the changes that he made in the revised Investment Policy Guidelines. He explained that he also added a separate addendum to the back for each investment manager.

**A motion was made by Rick Dorey to approve the revised Investment Policy Guidelines as presented by the Consultant. The motion was seconded by Matt Young and carried 3-0.**

**A motion was made by Rick Dorey to approve the addendums for each Investment Manager that were inserted into the Investment Policy Guidelines as presented by the Consultant. The motion was seconded by Matt Young and carried 3-0.**

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the April 9, 2009 regular meeting.

**A motion was made by Rick Dorey to approve the minutes of the April 9, 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 Rick Dorey to approve the disbursements that were presented by the Administrator. The motion was seconded by Matt Young and carried 3-0.**

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The board had a brief discussion on the upcoming FPPTA conference. There is now a cost for the entertainment and the dinner. Members must purchase tickets in advance for \$45 per person. The board discussed being able to purchase tickets for themselves and their spouses in advance and then they will deduct the ticket cost for their spouses on their travel reimbursement.

**A motion was made by Rick Dorey to approve the purchase of the FPPTA dinner ticket for the member and their spouse in advance. The motion was seconded by Matt Young and carried 3-0.**

**BENEFIT APPROVALS**

The Board reviewed the application for a DROP loan for Will Stephens and the application for retirement for George May.

**A motion was made by Rick Dorey to approve the application for a DROP loan for Will Stephens. The motion was seconded by Matt Young and carried 3-0.**

**A motion was made by Rick Dorey to approve the application for retirement for George May. 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 reminded the board that her firm recently went through a name change as one of the partners retired. She had a new contract that needed to be approved and signed reflecting the name change.

**A motion was made by Matt Young to accept and approve the name change of Bonni Jensen's firm. The motion was seconded by Rick Dorey and carried 3-0.**

Ms. Jensen commented that StarTek was moving into settlement with a recovery between \$15-40M.

**A motion was made by Rick Dorey to approve the settlement of StarTek between the amounts of \$15-40M. The motion was seconded by Matt Young and carried 3-0.**

Ms. Jensen reminded the Trustees' that their Form 1 Disclosures are due July 1, 2009.

Ms. Jensen notified that board that the mileage rate decreased from \$.58 to \$.55.

Ms. Jensen reported that she revised the share account policy to reflect the language that was added in regards to letting members still receive their share account monies even though they were suspended for a time frame.

**A motion was made by Matt Young to approve the revised share account policy as presented. The motion was seconded by Rick Dorey and carried 3-0.**

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Ms. Jensen reviewed the escalator clause for 2009 with the board. There is only 1 member remaining.

**A motion was made by Matt Young to approve the escalator clause for 2009. The motion was seconded by Rick Dorey and carried 3-0.**

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

N/A

**OTHER BUSINESS:**

Mr. Sheppard briefly commented that there is no new news in regards to the current negotiations that are still in the process. The City is still recommending that the Fire should switch to the FRS, and they are also recommending that they should do away with the fixed rate of return.

There being no further business and the next Pension Board meeting having been scheduled for June 11, 2009, the meeting adjourned at 4:15PM.

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Tom Sheppard, Secretary