

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
AUGUST 13, 2009**

Secretary Tom Sheppard called the meeting to order at 1:30 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, Chair (1:31)
Tom Sheppard, Secretary
Randy Sherman, Trustee
Matt Young, Trustee

OTHERS

Bonni Jensen – The Law Offices of Perry & Jensen
Audrey Ross – Resource Centers
Scott Baur – Resource Centers
Richard Cristini – Davidson, Jamieson & Cristini
Jeanine Bittinger – Davidson, Jamieson & Cristini
Troy Brown – The Bogdahn Group
David George – Coughlin Stoia Geller Rudman & Robbins
Brian Walker – City of WPB Firefighter
Tom Foster – City of WPB Firefighter – Retiree (4:05)

PUBLIC COMMENTS

N/A

STAR TEK SETTLEMENT DISCUSSION – COUGHLIN STOIA GELLER RUDMAN & ROBBINS (PRESENTED BY: DAVID GEORGE)

Mr. George updated the board on the Star Tek case and explained that they settled for \$7.5M and they are currently in the process of filing for the motion. Mr. George commented that he was here today to get the Attorney fees approved by the board. He commented that they have already put \$1.9M into the case and explained what the Attorney's fees were based on. Mr. George stated that they are only seeking to receive 25% of the settlement which is the lowest percentage.

A motion was made by Tom Sheppard to approve the 25% fee to Coughlin Stoia Geller Rudman & Robbins in regards to the Star Tek case and to sign the Declaration. The motion was seconded by Randy Sherman and carried 4-0.

Lastly, Mr. George commented that this funds total loss was about \$26,000 but he does not know the amount of the final payout. Also, it will probably be about six months before the fund receives their money.

ANNUAL REPORT DISCUSSION – DAVIDSON, JAMIESON & CRISTINI (PRESENTED BY: RICHARD CRISTINI & JEANINE BITTINGER)

Ms. Miller briefly explained to the board her purpose of brining the Auditors here. She stated that in the past couple of years the annual report has been received by the State late. She wanted to get a better understanding of the process and to see what can be done so it will not be late again. Ms. Bittinger reviewed the process with the board and stated that it was to her recollection that last years report was the only report that was late. She stated that even though the report was late last year they are still on the list for the first distribution. Ms. Ross and Ms. Bittinger explained what they will be doing different this year to make sure that the report will be submitted on time. Ms. Ross commented that she will need the report by the

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February or March 2010 meeting to get it signed by the board in order to submit it to the State by the March 15 deadline.

APPROVAL OF MINUTES

The Board reviewed the minutes of the May 27, 2009 special meeting and the June 11, 2009 regular meeting.

A motion was made by Tom Sheppard to approve the minutes of the May 27, 2009 special meeting as amended. The motion was seconded by Randy Sherman and carried 4-0.

A motion was made by Tom Sheppard to approve the minutes of the June 11, 2009 regular meeting. The motion was seconded by Randy Sherman and carried 4-0.

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

Mr. Brown gave a brief update on the current market. He stated that the lower quality stocks came back the strongest. The stocks that got the biggest rally in March through June were the ones that were being questioned. Mr. Brown commented that he is on the positive side of the market, but does not think the market will shoot straight up.

Mr. Brown reviewed the funds performance for the quarter ending June 30, 2009. He stated that within the quarter the total fund made \$10,865,532, and this is the first time in 5 quarters that the total fund is positive and ahead of the benchmark at 12.33% versus 11.67%. The total equities also were positive and out performed at 18.54% versus 18.16%, the total domestic equity was at 17.51% versus the benchmark at 16.82%, and the total international equity was positive but below the benchmark at 23.94% versus 25.85%. The total fixed income did great throughout the quarter at 6.14% versus 1.50% and the real estate was negative but ahead at -4.40% versus the benchmark at -5.20%. Mr. Brown reviewed each individual manager's performance for the quarter ending June 30, 2009:

- Boston Company: Positive and out performed at 17.75% versus 16.82%. They are a value manager and they were over weighted in finance which did very well this quarter and under weighted in information technology. Mr. Brown commented that we took money from this manager to fund the TALF program.
- Aletheia: Did very well for the quarter at 20.99% versus the benchmark at 16.32. They have 25% allocated to energy and 22% allocated to materials. Mr. Brown commented that this manager is asking the board permission to increase their international allocation to 15% which will reflect the revised Investment Policy Guidelines as well.

A motion was made by Tom Sheppard to allow Aletheia to increase their International allocation to 15%, which is in accordance with the revised IPG. The motion was seconded by Matt Young and carried 45-0.

- Fayez: They are a high quality large cap manager that slightly underperformed at 13.16% versus the benchmark at 16.32%. They are over weighted in consumer staples. Mr. Brown stated that he feels comfortable with the portfolio position going forward.

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- TSW: This is a SMID cap value manager that was over weighted in health care and very under weighted in financials which really hurt them this quarter. They were behind the benchmark at 14.58% versus 18.76%. Mr. Brown commented that they did add about 7% in technology to the portfolio which they will hopefully benefit from.
- Baron: This manager had a strong return, but was still below the benchmark at 22.20% versus 23.38%. They are a small growth manager looking for long term cash growth and can't find it. They are over weighted in consumer discretionary.
- EuroPacific: This fund benefited from the weakened dollar although they are still trailing behind at 22.30% versus 25.85%. They are under weighted in financials which did not favor them this quarter, and also their cash allocation hurt them as well.
- Templeton: They benefited from holding on to the Indian financials which were previously hurt. They were almost ahead of the benchmark at 25.68% versus 25.85%. This fund was over weighted in UK which has a strong quarter as well.
- PIMCO/Oppenheimer: The fund is now starting to see some of the positive volatility that hurt them before. They had a huge outperformance for the quarter at 6.14% versus 1.78%.
- JP Morgan: This fund has 5 dispositions and a queue with \$839M of write downs. For the quarter they were negative and behind the index at -4.40% versus -5.20%. They have 90% occupancy and 10% of those leases are coming up for renewal.

Mr. Brown updated the board on the JP Morgan queue and commented that they have no new purchases and the queue still remains at \$2.2B which is about 15% of the net value. He explain that this fund has a \$5M redemption request that is coming in and he does not know what to do with that money yet. He commented that he does not have a place to put the \$5M so he asked the board whether they want to withdrawal from the queue or leave it and place it in another investment such as infra structure. The board stated that they can also replace the money to the managers they took from to fund the TALF. Mr. Brown commented that he will have more of a recommendation at the next meeting.

- Spectrum CD – This fund is still going good and Mr. Brown explained that BNP will do another structure similar to this one with Wells Fargo.

Mr. Brown explained that in July the board made a \$5M commitment to the TALF program, but they only got 60% which was \$3M. HE reported that the TALF fund is up 8.65%. The program is running through 12/31/09 and then this fund will start receiving coupons. Mr. Brown commented that four of Bogdahn's other clients have joined this program as well.

Lastly, Mr. Brown updated the board that since the quarter ended they have moved another 50% positive. Also, he notified the board that he received and responded to a subpoena that they received from Healthways.

DISBURSEMENTS

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

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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 4-0.

BENEFIT APPROVALS

The Board reviewed the application for a DROP loan for Dennis Withington, the applications for retirement for Tim Cook, Patrick Morris and Don Triana, the applications for distribution of DROP account for David Heyer, Tim Cook and Phillip Dudley and the applications for distribution of share account for David Heyer, Don Triana, William Serey, Joe Robinson and Phillip Dudley.

A motion was made by Tom Sheppard to approve the application for a DROP loan for Dennis Withington. The motion was seconded by Matt Young and carried 4-0.

A motion was made by Tom Sheppard to approve the applications for retirement for Tim Cook, Patrick Morris and Don Triana. The motion was seconded by Matt Young and carried 4-0.

A motion was made by Tom Sheppard to approve the applications for distribution of DROP account for David Heyer, Tim Cook and Phillip Dudley. The motion was seconded by Matt Young and carried 4-0.

A motion was made by Tom Sheppard to approve the applications for distribution of share account for David Heyer, Don Triana, William Serey, Joe Robinson and Phillip Dudley. The motion was seconded by Matt Young 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 through the month of June 2009.

Ms. Ross explained to the board that the class actions are now being categorized in the appropriate places. Ms. Jensen commented that overall the Firefighters state money is down about 16%, and this fund will receive a little over \$1M this year.

The Board received and filed the un-audited financial statements through the month of June 2009.

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

Ms. Jensen reviewed Robin Magleora's duty disability case and the letter from Dr. Zahn stating that the member is not able to do the full duties of a firefighter. Ms. Jensen explained that Dr. Zahn had agreed with Dr. Rochman on the decision. The Trustees stated that they had plenty of time to review the medical records and notes. The board had a lengthy discussion on different options and reviewed the duty disability process. Ms. Jensen commented that it was verified with the Chief that there are no light duty positions available in the department.

A motion was made by Tom Sheppard to approve the duty disability for Robin Magleora effective today. The motion was seconded by Matt Young and carried 4-0.

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Ms. Jensen reviewed the Administration Agreement. Ms. Miller had some questions and Mr. Baur clarified his firm's name change process from Resource Centers to Tegrit and back to Resource Centers. Ms. Jensen commented that she will revise the language to reflect Tegrit releasing the contract and then the engagement with Resource Centers.

Ms. Jensen briefly reviewed the "revised" IRS tax withholding tables and explained why another one was published. Ms. Ross commented that the retirees were notified of the changes.

Ms. Jensen updated the board on the UBS litigation with Scott & Scott. She explained that the Judge did not appoint a lead counsel so therefore all the cases that have been filed have been joined with the ones filed in 2007. Ms. Jensen stated that she will keep the board updated, but as of now there is no lead plaintiff and they are still part of the class action lawsuit.

Ms. Jensen reported that Ms. Miller concluded her deposition regarding Healthways. Ms. Miller commented that everything went very well and it was a great experience.

Ms. Jensen explained that she received a letter from Local 727 regarding the current negotiations. Again, the City is proposing to close the pension plan and all new hires would join the FRS. Also, the City is proposing to eliminate the 8.25% interest rate that is credited to members' back-DROP accounts. Ms. Jensen reported that the letter is asking the fund to do an Actuarial Impact Statement regarding the cost of the plan and also for a legal opinion on this matter. She noted that in the Special Act there is a clause that states the City may not opt out of the 175 monies. The board had a lengthy discussion on who should pay for the impact statement and how they should proceed. Ms. Jensen commented that usually the pension fund would pay for the statement.

A motion was made by Randy Sherman to deny both requests by Local 727. The motion was not seconded and failed.

A motion was made by Tom Sheppard to table the request from Local 727 until next meeting. The motion was seconded by Matt Young and carried 3-1.

A motion was made by Tom Sheppard to allow Bonni Jensen to research and see if the Actuarial Impact Statement is an appropriate expense for the pension plan. The motion was seconded by Matt Young and carried 4-0.

The board had a discussion on the disability review process. Ms. Jensen commented that she will discuss with Dr. Zahn her job description.

Lastly, Ms. Jensen reviewed the City's Investment Policy Report. She explained the purpose and process of this report. She reviewed the City's recommendations with the board.

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

N/A

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OTHER BUSINESS:

Mr. Brown commented that he received a side letter from the PIMCO/TALF fund and will follow up as there looks like there should be some additional side letters for other funds as well.

Ms. Miller stated that she was notified that Mr. Sheppard's term has expired or was about to expire. Ms. Ross commented that she will look into that and get an election started either way.

There being no further business and the next Pension Board meeting having been scheduled for September 10, 2009, the meeting adjourned at 4:11PM.

Tom Sheppard, Secretary