

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
MARCH 11, 2010**

Chair Dorritt Miller called the meeting to order at 1:36 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
Matt Young, Secretary
Randy Sherman, Trustee
(departed 2:45)
Brian Walker, Trustee
Rick Dorey, Trustee

OTHERS

Bonni Jensen, The Law Offices of Perry & Jensen
Scott Baur, Resource Centers
Karen Russo, Salem Trust Company
Troy Brown, The Bogdahn Group
Brad Armstrong, Gabriel, Roeder, Smith & Co.
Tom Sheppard, City of WPB Firefighter
Tom Wesolek, City of WPB Firefighter

PUBLIC COMMENTS

Mr. Wesolek commented that he would like the pension board to consider having FPPTA come in to do a Town Hall meeting regarding pensions. He stated that even perhaps the City Commission would like to attend. Mr. Wesolek explained that he believed now would be a great time to have FPPTA come in since the City is proposing to look over and evaluate the pension plans. He explained that the City is forming a committee to make recommendations regarding the pension plans. Mr. Young suggested that someone should contact FPPTA to identify what kind of audience they are trying to target. Mr. Walker commented that he will contact FPPTA on behalf of the Board.

9/30/2009 ACTUARIAL VALUATION REPORT: GABRIEL, ROEDER, SMITH & COMPANY (PRESENTED BY: BRAD ARMSTRONG)

Ms. Miller asked some questions in regards to GRS's Ft. Lauderdale office who actually responded to the RFP that was sent out by the Police pension fund. Mr. Armstrong explained the different offices and commented that the Board always has the option to express their preferences.

Mr. Armstrong reviewed the September 30, 2009 report. He commented that the City's contribution will increase from 27.11% of covered payroll to 31.11% of covered payroll for the fiscal year beginning October 1, 2010. This is about a 6% increase for the City which is approximately an extra \$1M contribution for the year. Mr. Armstrong stated that the low investment return contributed to the increase in the required contributions, as well as the fixed return rate on the share and DROP accounts. The fund experienced a loss of \$12,210,700 during the fiscal year which is about 4% of the 6% increase in City contributions. The Board discussed whether or not leaving money in the share or DROP accounts had an impact on the plan or not. Mr. Armstrong stated that it does and does not. The fact that members have the option to leave their money in the plan and since most members do and now for longer periods of time that has a sizable impact on the increased City contributions. Although if members were forced to pull all their money out over a short period of time, then that change would impact the investments and the cash flow of the plan. Mr. Armstrong reminded the Board of their fiduciary duty to administer the plan as written, and that all changes would have to be carefully considered regarding any

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possible impacts to the plan. The Trustees' discussed changes to the mortality tables and to the plan assumptions.

The Board discussed the 4 year smoothing method and Mr. Armstrong commented that the funded ratio has increased to 71.4%. He stated that if the plan continues to stay positive then he predicts that the funded ratio will increase to 73% by the end of the next fiscal year. Ms. Miller asked some questions in regards to the funded ratio since the pension plans target funded ratio is at 80%, and they were under that target. Mr. Armstrong discussed the setback and benefit changes that caused them to not remain at 80% funded. Mr. Young asked about the different funding progress schedules that were in the report. Mr. Armstrong explained that if you were to exclude the share and DROP assets and liabilities, then the plans funded ratio would only be 61.7%.

Ms. Jensen advised the Board that they need to send a letter to Tallahassee stating their expectations for what kind of return they will be getting next year and for the long term.

A motion was made by Matt Young to approve the 9/30/2009 Actuarial Valuation Report as presented by the Actuary. The motion was seconded by Rick Dorey and carried 5-0.

SALEM TRUST: PRESENTED BY KAREN RUSSO

The Board stated that they brought in Salem Trust today so that they can figure out what happened between the trade off in shares between Merrill Lynch and Salem Trust where different amounts were reported by each party. Ms. Russo explained that the A-Shares were received by Salem Trust from Merrill Lynch in which they were then traded for R5-Shares. She stated that because of the change in share classes, this would account for the discrepancies between the share balances.

Ms. Miller asked that this explanation be passed on to the Auditor's so that they can make note for next year's audit. Ms. Jensen suggested that the Auditor's should send a letter or an addendum to correct the management recommendations that are made to the Board.

Mr. Brown stated that he agreed that is where the discrepancies between the shares came from. He also recommended to the Board that they should exchange the R5-Shares to the R6-Shares, as the fee is 5 basis points lower.

A motion was made by Matt Young to exchange the American Fund R5-Shares for the R6-Shares. The motion was seconded by Brian Walker and carried 5-0.

Lastly, Ms. Russo also provided a class action report for the quarter ending December 31, 2009.

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

Mr. Brown updated the Board on the current market environment. He stated that Treasuries were the worst performing asset class for the 12 months ending December 31, 2009. Also growth performed better than value and lower quality performed better than higher quality within the quarter.

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Mr. Brown reported that the plan has received \$3.9M back of the \$5M from real estate and they are scheduled to get another \$1.9M back. He explained that if the Board takes the allocation below 5% then they could actually get more than \$1.9M back if other clients that are in the queue receive their redemption; since JP Morgan has \$475M to distribute. Mr. Brown recommended that the Board should restructure their reinvestment of the distributions and explained how.

A motion was made by Rick Dorey to cancel and get out of the queue with JP Morgan, and to reinvest their earnings in the real estate fund. The motion was seconded by Matt Young and carried 5-0.

Mr. Brown reviewed each manager's performance for the quarter ending December 31, 2009 and also up until February 28, 2010. The total fund for the quarter ending December 31, 2009 was slightly behind the index at 2.84% versus 3.30%, but they are ahead for the one year at 20% versus the index at 18.12%. Mr. Brown commented that he is still working on a diversified fixed income portfolio and that he would like to have Aletheia attend the next meeting if possible.

APPROVAL OF MINUTES

The Board reviewed the minutes of the January 14, 2010 regular meeting.

A motion was made by Rick Dorey to approve the minutes of the January 14, 2010 regular meeting as amended. The motion was seconded by Brian Walker and carried 4-0.

DISBURSEMENTS

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

A motion was made by Brian Walker to approve the disbursements that were presented by the Administrator. The motion was seconded by Rick Dorey and carried 4-0.

BENEFIT APPROVALS

The Board reviewed the applications for an April 1, 2010 distribution of Share accounts for George May, Joe Robinson, Larry West, and Matt Young; the applications for an April 1, 2010 distribution of DROP accounts for Burton Nowak, Don Triana, Doug Heller, Marc Leatherwood, Michael Pait and Thomas Foster; the applications for DROP loans for David Baxter, Don Triana and Robert Bothe; the application for retirement for Thomas Sheppard and the application for distribution of DROP account due to retirement for Thomas Sheppard and the application for a refund of contributions for Samir Khan.

A motion was made by Rick Dorey to approve the application for an April 1, 2010 distribution of share account for Matt Young. The motion was seconded by Brian Walker and carried 3-0 (Mr. Young abstained from the vote).

A motion was made by Rick Dorey to approve the applications for an April 1, 2010 distribution of share accounts for George May, Joe Robinson, and Larry West. The motion was seconded by Brian Walker and carried 4-0.

A motion was made by Rick Dorey to approve the applications for an April 1, 2010 distribution of DROP accounts for Burton Nowak, Don Triana, Doug

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Heller, Marc Leatherwood, Michael Pait and Thomas Foster. The motion was seconded by Brian Walker and carried 4-0.

A motion was made by Rick Dorey to approve the applications for DROP loans for David Baxter, Don Triana and Robert Bothe. The motion was seconded by Brian Walker and carried 4-0.

A motion was made by Rick Dorey to approve the application for retirement for Thomas Sheppard. The motion was seconded by Brian Walker and carried 4-0.

A motion was made by Rick Dorey to approve the application for distribution of DROP account due to retirement for Thomas Sheppard. The motion was seconded by Brian Walker and carried 4-0.

A motion was made by Rick Dorey to approve the application for a refund of contributions for Samir Khan. 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 January 2010.

The Trustees' questioned what the \$679.21 that is in the "receivable-other" account. Mr. Baur commented that he would have to look into that and get back to the Board with the answer at the next meeting.

The Board received and filed the un-audited financial statements through the month of January 2010.

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

Ms. Jensen reported that the Attorney General issued an opinion regarding meetings of a retirement board via electronic technology and how this is impacted by the Sunshine Law. Ms. Jensen commented that as long as the Board has a physical quorum, then a Trustee can attend and vote via electronically. Ms. Jensen recommended adding this language regarding the electronic meetings on the bottom of the agenda disclosure.

Ms. Jensen provided the Board with a memo regarding the Star Tek settlement which happened on December 17, 2009.

Ms. Jensen reviewed the revisions and changes that were made to the Rules and Regulations for Selection of Trustees' plan document.

A motion was made by Matt Young to approve and accept the revised Rules and Regulations for Selection of Trustees' plan document that was presented. The motion was seconded by Brian Walker and carried 4-0.

Ms. Jensen briefly updated that Board on the pending change to the Special Act and stated that the bill status is reported as being in the House Committee and is still pending.

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Ms. Jensen reviewed the provisions of the proposed House Bill 1902. The proposed changes would include a 5 year projection of employee contributions, an experience study to be done once every 5 years, there will be limits to pension amounts, changes to prior service credit purchases, they will limit a majority of Trustees' that are active and retired members, and much more. Ms. Jensen also reviewed some of the proposed changes to the FRS.

The Board briefly reviewed the Auditor and Actuary RFP responses and decided to table this matter until all Trustees' are present.

The Board also tabled the summary plan description that was drafted by GRS until the next meeting.

ADMINISTRATOR REPORT: RESOURCE CENTERS (PRESENTED BY: SCOTT BAUR)

Mr. Baur presented the Board with the 2009 share allocation spreadsheet. The Board reviewed.

A motion was made by Rick Dorey to approve the 2009 share allocations that were presented. The motion was seconded by Brian Walker and carried 4-0.

Lastly, Mr. Baur commented that since the administration expenses decreased within the last fiscal year, so therefore the administration expenses on the DROP and Share accounts will also decrease. This change will be reflected on the March 31, 2010 statements.

OTHER BUSINESS

N/A

There being no further business and the next Pension Board meeting having been scheduled for April 8, 2010, the meeting adjourned at 4:35PM.

Matt Young, Secretary