

WEST PALM BEACH FIREFIGHTERS' PENSION FUND  
MINUTES OF MEETING HELD  
OCTOBER 14, 2010

Chair Dorritt Miller 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  
Brian Walker, Trustee  
David Merrell, Trustee  
Randy Sherman, Trustee  
Rick Dorey, Trustee

**OTHERS**

Bonni Jensen, the Law Offices of Perry & Jensen  
Audrey Ross, Resource Centers  
Troy Brown, the Bogdahn Group  
Brad Armstrong, Gabriel, Roeder, Smith & Co.  
Steve Palmquist, Gabriel, Roeder, Smith & Co.  
Andrew Stratton, Buck Consultants  
Joseph Griffin, Buck Consultants

**PUBLIC COMMENTS**

N/A

**SELECTION OF SECRETARY**

The Board noted that Mr. Young was previously the Secretary on the Board, and he is now replaced by Mr. Merrell. The Board will now have to vote in a new Secretary.

***A motion was made by Brian Walker to elect Rick Dorey as Secretary of the Board, replacing Matt Young. The motion was seconded by Randy Sherman and carried 5-0.***

**ACTUARY RFP PRESENTATIONS:**

• **Buck Consultants – Presented By: Andrew Stratton & Joseph Griffin**

Mr. Griffin and Mr. Stratton introduced themselves to the Board and reviewed their background. Mr. Stratton is a Senior Consultant and has been an Actuary for 30 years. Mr. Griffin has 12 years of experience in this field and mainly focuses on Governmental Plans. Mr. Stratton would be the primary contact for this Plan and also the one presenting the reports at meetings. Mr. Griffin would do the day to day work and would also work closely with the Plans Administrator. Both Mr. Stratton and Mr. Griffin work with other Police and Fire pension plans that are very similar to this fund. Buck Consultants is a public sector specialist and has been around since 1916. Buck is also associated with the Xerox Company which makes them a very large firm. Mr. Stratton reviewed the advantages of going with a large firm. Xerox is a major corporation with deep pockets to back up Buck Consultants up. Mr. Jensen noted that Buck Consultants has had many different names over the years. Mr. Stratton commented that Buck has been a small part of a lot of different organizations, but through out all the changes they have always operated in the same fashion.

Mr. Stratton explained that he will focus in on the transition plan that his firm uses, because they have a proven method that will make the transition very smooth and easy. He reviewed the transition steps 1-6, and Ms. Miller questioned whether or not they would be able to get the 9/30/2010 valuation completed by March 15, 2010. Mr. Griffin responded that if they start now and get all the documents in a reasonable time, they can meet that deadline. Mr. Stratton moved on to discuss

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how they determine their fees. He reported that they base them on hourly rates for an individual which are determined by their experience and credentials. The hourly rates can range from \$125 to \$475, which is guaranteed for 3 years.

Mr. Sherman wanted to know if Buck Consultants reviewed this funds 2009 Actuarial Valuation report, and if so did any provisions jump out at them. Mr. Stratton replied that the provisions for the 13<sup>th</sup> and the 14<sup>th</sup> check, and also the assumed rate of return stood out to him. Ms. Jensen explained that this Plan's assumed rate of return is also tied into so many other provisions within the Plan, so it would be hard to change. Mr. Griffin stated that one provision that jumped out to him when he was reviewing the report was that the final average salary. The final average salary period is very short. Lastly, Ms. Miller asked how Buck Consultants would balance between the City and the pension Board. Mr. Stratton commented that they have to avoid conflicts of interest; therefore they would need permission from the pension Board to give out any information or documents to anyone.

• **Gabriel, Roeder, Smith & Company (GRS) - Presented By: Brad Armstrong & Steve Palmquist**

Mr. Armstrong welcomed himself back and introduced Mr. Palmquist to the Board. He noted that they are the Plan's current Actuary. Mr. Armstrong reviewed what the Pension Plan's needs are from an Actuary, and stated that they have 4 different Actuaries that review all work before they release it. Mr. Palmquist commented that he works out of the Ft. Lauderdale office and gave his background. He has been an Actuary for over 30 years and started his own firm in 1973 which merged with GRS in 1995. Mr. Palmquist mentioned that he remembers working on a project for this City back in the 1970's.

Mr. Armstrong reviewed the advantages of GRS and reported that they serve over 600 public employee retirement benefit programs with 125 of those plans being Florida Public Pension Plans. GRS offers more products and services, they are regular speakers at the FPPTA conference and they always take direction from the Board first. Also, Mr. Armstrong noted that GRS has the experience with this Plan, the Division of Retirement, other service providers and they are employee owned.

Mr. Sherman asked the difference between the two fee quotes for performing a benefit calculation. Mr. Armstrong stated that they have two different prices; one for actually calculating a benefit and one for reviewing and certifying the calculation. Mr. Merrell questioned whether it was an advantage or disadvantage to having the same Actuary on the Plan for so many years. Mr. Palmquist replied that in his mind there is no doubt that having the same Actuary is better because they are very familiar with this Plan, and they are also involved with a lot of the changes. Although, he did comment that it is also good to have an Actuarial Auditor come in every 5 years or so to do an outside audit as well. Mr. Palmquist noted that when GRS has had outside audits done, they have never found any flaw or an incorrect document.

**BOARD DISCUSSION**

The Trustee's reviewed both presentations and shared their opinions regarding each firm. Mr. Sherman noted that he thinks that it is time that the Board should consider having someone else look into the Plan. Ms. Miller noted that she was a little worried that Buck Consultants can already commit to such a close deadline, when they haven't even received or reviewed any documents relating to the Plan

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yet. The Board had a lengthy decision as to whether they should stay with their current Actuary, or change to a new Firm.

**A motion was made by Rick Dorey to approve that the Plan retain their current Actuary, Gabriel, Roeder, Smith & Company. The motion was seconded by Brian Walker and carried 4-1.**

**PIMCO/BRAVI STRATEGY FUND PRESENTATION – PIMCO (PRESENTED BY: GREG GARBER)**

Mr. Garber formally introduced himself to the Board and stated that he was here today to review PIMCO's BRAVO (Bank Recapitalization and Value Opportunities) Strategy fund. There is \$3M allocated to the PIMCO BRAVO strategy fund, and like the TALF investment this product is private and will have your money locked up. Mr. Garber reviewed a chart that explains the spreads. He explained that the BRAVO fund will take advantage of the Banks failures and they will try to restructure the failing loans. PIMCO will buy non performing loans at a steep discount price, and then they will try to work with each individual owner so that they can be able to make some kind of monthly payment. Mr. Brown explained that it will be a loan mortification program, and that within the past couple of days they have stopped all foreclosure processes until they can get everything straightened out.

Mr. Garber explained to the Trustees' that this is a long term investment. The Banks have reached out to PIMCO because they want to show that they are making some kind of progress on their books. He reviewed the process they would have to go through to get these loans off the Banks books and onto theirs. They would have to first bargain with the Banks to sell them multiple loans at discounted prices, and then they have to sort through each individual loan and decide what they are going to do with it (keep it, foreclose on it, short sell, etc). Then PIMCO would hire about 7-8 servicing companies to service all of these loans and report back to PIMCO on a daily basis. Mr. Garber stated that PIMCO will then have the ultimate say as to what will happen with these loans. He reviewed the team of people that will be working with PIMCO on this investment, which includes Hugh McColl who is the former Chairman and CEO of Bank of America.

Lastly, Mr. Garber reported that the first call to get into this investment will close at the end of October, and then they will have two more; December and March. Mr. Brown stated this investment is a little more riskier then the TALF, but they would get a discount fee rate since they are already a PIMCO/TALF client. Also, this is a 5 year lock up investment with two possible 1 year extensions.

**BOARD DISCUSSION**

The Board discussed whether or not they were comfortable with this type of investment or not. Mr. Brown recommended that the Board should not make a decision today, but to go over all the materials that were provided to them and then they can discuss it next months meeting. The Board agreed and decided to table this discussion/decision until the next meeting.

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

Mr. Brown briefly reported that he will be presenting the Managed Futures Presentation at the next meeting. Also, for the fiscal year ending September 30,

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2010 the fund had a return of 9.2%, which is above the Plan's assumed rate of return. He commented that this was the strongest September since 1939.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the September 9, 2010 regular meetings.

**A motion was made by Randy Sherman to approve the minutes of the September 9, 2010 regular meeting as amended. The motion was seconded by Rick Dorey and carried 5-0.**

**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 Brian Walker and carried 5-0.**

**BENEFIT APPROVALS**

The Board reviewed the application for a DROP loan for Michael Pait.

**A motion was made by Randy Sherman to approve the application for a DROP loan for Michael Pait. The motion was seconded by Brian Walker and carried 5-0.**

**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 August 2010.

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

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

Ms. Jensen reviewed her memo regarding the Federal Updates. The first update is regarding a new rule relating to the pay to play rule. Effective September 13, 2010 the new rule set by the SEC makes it unlawful for an investment adviser to provide investment advice/services to a governmental entity (including a pension plan) for compensation for two years after making a contribution to an official or candidate for political office of the governmental entity. Secondly, she reviewed the GASB preliminary views. She explained that GASB will now measure the Plan's unfunded liability which is going to make the City's unfunded ratio liability look even worse on their books. Ms. Jensen reported that these views are not in effect yet, but they are trying to make them effective the second calendar quarter in 2012. She commented that she will keep the Board updated of any changes.

Ms. Jensen stated that she has the addendum to the new Custodial agreement with Salem Trust to be executed by the Board. The addendum is revising the fees which are effective until October 1, 2013.

Ms. Jensen noted that she responded to the Audit inquiry letter that she received.

Ms. Jensen wants direction from the Board as to what the limits are for service providers speaking to other service providers, and also what her limits are to speaking and assisting clients (members of the pension plan). The Board agreed

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that all third party service providers should go through the administrator, and Ms. Jensen should bill the third parties directly for her work and time, and not the pension board.

**ADMINISTRATOR REPORT: RESOURCE CENTERS (PRESENTED BY: AUDREY ROSS)**

Ms. Ross stated that she had the First Southern bank account signature cards that needed to be resigned today. They need to update the account to remove Matt Young as a signor and replacing him with Mr. Merrell.

**OTHER BUSINESS**

The Board briefly discussed the audit timeline, and Ms. Ross stated that the Auditors have completed most of their work, and they are scheduled in her office the first week in December to complete the field work.

Mr. Dorey stated that he will be going to the Crown Plaza Hotel in the near future to check out the dinners for the upcoming retirement dinner. He commented that the prices are around the same price per plate as they were last time.

There being no further business and the next Pension Board meeting having been rescheduled for November 19, 2010, the meeting adjourned at 4:42PM.

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