

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
MARCH 10, 2011

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
Rick Dorey, Secretary
Brian Walker, Trustee
Dave Merrell, Trustee
Randy Sherman, Trustee

OTHERS

Bonni Jensen, the Law Offices of Perry & Jensen
Audrey Ross, Resource Centers
Troy Brown, the Bogdahn Group
Charles Constable, Brown Investment Advisory
Paul Li, Brown Investment Advisory
Dann Smith, Wells Capital Management
John Krueger, Wells Capital Management
Tom Sheppard, City of WPB Firefighter (Retiree)

PUBLIC COMMENTS

N/A

INVESTMENT MANAGER INTERVIEWS – MANAGED FUTURES

• **6800 Capital, LLC – Presented By: Robert Keck**

Mr. Keck introduced himself to the board and stated that he is the President and CEO of the firm and also the co chair on the investment committee. They have been in business for over 22 years and have 14 employees. He stated that most of his clients are primary institutional clients with another 20% in Police or Fire municipal plans. Their assets are up over \$400M and they are very conservative and risk adverse. Mr. Keck explained that he developed the fund to be unique because they do things more differently than other managers. They currently have 33 managers in their fund and trade anyone from over one day to one year. In this fund the compound annual rate of return is over 15%, and he commented that they have never had a negative year. He explained that their goal is consistency of return and then reviewed their investment strategy. They have a huge diversification which helps control their risk, which include in America, Europe, Asia and Australia. Mr. Keck reported that they believe in diversification over many time frames and gave an example of how diversification helped manage their risk control.

Mr. Keck reviewed their overview process on manager selections. He explained that first they do a background check on all companies that are involved with that manager, and then all 4 investment committee personal will sit down and separately interview that manger. Once that manager is hired, then they will closely monitor them. The monitoring process will determine if a manager has too much or too little risk and deviation. Mr. Keck reviewed the make up of the account and stated about 50% of the managers are managed accounts and the other 50% are mutual funds, with about 11 of those mangers in offshore funds.

The board had discussed the presentation and asked Mr. Keck some questions. The board wanted to know in what kind of situation would the firm decide to drop off a commodity. Mr. Keck stated that they are a manager of a manager so therefore they don't interfere with their trading, although he commented that the only way

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they would interject is if a manager won't get rid of a commodity that is about to explode themselves. In addition there are multiple reasons or trends that can make you want to sell off or move out of a commodity. Lastly Mr. Keck commented that the average time they hold onto a manager in their portfolio is 5-10 years, and they markets they invest in are international although the trading is done in the US markets.

- **Abbey Capital – Presented By: Aodhagan Hurley**

Mr. Aodhagan introduced himself to the board and stated that all their funds are actively managed accounts and their pure focus is on the managed futures products. They were founded in Dublin, Ireland in April 2000. They have a team of 44 managers who focus primarily on fixed income investments and managed futures. They have over \$5.1B allocations to managed futures and they have daily liquidity. He commented that managed futures is an asset class that has a favorable correlation with equities and a negative one with bonds. Mr. Aodhagan reviewed the long term returns which were between 12-15% per year, and commented that they like to blend different types of managers to reduce the risk. In addition they also have segregated accounts, which is a unique structure. He stated that they hold contracts from anywhere between 2 weeks and 2 years, and that they do believe in trends in the market so therefore they will follow them.

Mr. Aodhagan stated that this is a core strategy with other factors that also blend in. When they blend all these strategies together their correlation between the trading styles are very low. He then reviewed a case where they actually gained during the bad markets and commented that sideways markets are typically not beneficial for managed futures. Mr. Aodhagan explained that they created their own system that tracks all trades and all managers, and that is how they choose what managers they want in their fund. Lastly, Mr. Aodhagan commented that their firm has the largest allocation to managed futures, so therefore they have more leverage to negotiate fees.

Board Discussion:

The Trustees discussed both Manager presentations, and noted that one manager only has quarterly liquidity and the other has daily. The board also discussed where they would be taking the money from to fund managed futures and Mr. Brown stated that the \$5M would come from equities. Mr. Brown also commented that this investments purpose it to help protect the fund during the down markets.

A motion was made by Randy Sherman to hire Abbey Capital for the managed funds investment by transferring \$5M from the equities to this new fund. The motion was seconded by Rick Dorey and carried 4-1.

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

Mr. Brown briefly reviewed the performance for the end of February in which we are up 11.6% for the fiscal year to date.

Mr. Brown explained that the transition manager they were currently using ConvergeEX, had some indemnification clause in their agreement that this board did not want in there and ConvergeEX refused to remove the language. Ms. Jensen moved forward and found another transition manager Abel Noser who will be in charge of the transition. Mr. Brown noted that ConvergeEX did come back after the fact and agreed to take out the clause and do the transition.

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A motion was made by Randy Sherman to hire Abel Noser (in place of ConverqEX) to do the manager transition and to also use them for commission recapture in the future. The motion was seconded by Brian Walker and carried 5-0.

Lastly, Mr. Brown stated that the agreement with Brown Advisory has been executed and is ready to go.

APPROVAL OF MINUTES

The Board reviewed the minutes of the February 10, 2011 regular meetings.

A motion was made by Dave Merrell to approve the minutes of the February 10, 2011 regular meeting. The motion was seconded by Randy Sherman and carried 5-0.

DISBURSEMENTS

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

A motion was made by Randy Sherman to approve the disbursements that were presented by the Administrator. The motion was seconded by Rick Dorey and carried 5-0.

BENEFIT APPROVALS

The Board reviewed the applications for an April 1, 2011 distribution from share account for Marc Leatherwood, Michael Pait, Nathaniel McCray, Robin Beans and William Serey and the applications for an April 1, 2011 distribution from DROP account for George Hannah, George May, John Boccanfuso, Phillip Dudley, Tim Cook, William Cejmer and William Krick.

A motion was made by Randy Sherman to approve the applications for an April 1, 2011 distribution from share account for Marc Leatherwood, Michael Pait, Nathaniel McCray, Robin Beans and William Serey. The motion was seconded by Brian Walker and carried 5-0.

A motion was made by Rick Dorey to approve the applications for an April 1, 2011 distribution from DROP account for George Hannah, George May, John Boccanfuso, Phillip Dudley, Tim Cook, William Cejmer and William Krick. 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 January 2011.

The Board received and filed the un-audited financial statements through the month of January 2011.

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

Ms. Jensen briefly commented that the Legislative session has begun. She reviewed Senate bill 1128 and noted that the bill has been filed and there have already been 8 amendments to it, in which she briefly reviewed.

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Also, she briefly reviewed Senate bill 1130 which states they are looking into starting a defined contribution plan for the FRS as their main plan, and also the employees would have to contribute into the plan themselves.

Mr. Jensen provided the board with the revised statement of policy regarding buyback of firefighter/military time. She explained that the one thing she revised is the delivery of the calculation to the member. Currently the policy reads that the calculations will be sent to the member via certified mail. We are changing it to state that the calculations will be sent via email with a read receipt.

A motion was made by Randy Sherman to approve and adopt the revised statement of policy regarding payments that was prepared by the Plan's Attorney. The motion was seconded by Dave Merrell and carried 5-0.

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

N/A

OTHER BUSINESS

The board discussed if they could lower their payroll assumptions and what effect it would have on the plan. Mr. Sherman stated that if you lower it now it will increase the City's costs up front.

There being no further business and the next Pension Board meeting having been rescheduled for April 14, 2011, the meeting adjourned at 4:09PM.

Rick Dorey, Secretary