

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
OCTOBER 13, 2011

Chair Dorritt Miller called the meeting to order at 1:32 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
Randy Sherman, Trustee

OTHERS

Bonni Jensen, The Law Offices of Perry & Jensen
Audrey Ross, Resource Centers
Troy Brown, The Bogdahn Group
Rushant Sanathara, PIMCO

PUBLIC COMMENTS

N/A

INVESTMENT MANAGER PRESENTATION – PIMCO (PRESENTED BY RUSHANT SANATHARA)

Mr. Sanathara introduced himself to the board and gave the Trustees a brief history on his background. He explained that he was invited here today to review PIMCO's DiSCO 2 strategy fund. Mr. Sanathara reviewed the product and explained what type of securities it consists of. The original DiSCO product had a 3 year lock up which is coming to the end and instead of closing out the product they are going to roll out another one, which will contain the same assets. The DiSCO 2 product is a structured credit security which seeks to take liquidity risk, not credit risk. Mr. Sanathara reviewed some examples of the product and commented that most securities consist of student loans, auto loans, and credit cards. Other securities also include commercial and residential mortgage backed securities as well. As securities sell off the cash flows go straight to the top of the AAA trench, as the losses go to the bottom with the BB ratings.

Mr. Sanathara commented that this product is high quality with a low lock up and an increased credit. Also this fund's return is an average of 10-12% net of fees. He reviewed some events in the past that have changed the regulatory in the market and commented that these events were actually an advantage for this PIMCO product. Mr. Sanathara stated that he does not think this product will be available forever because of the issues regarding loans. Also this product is more attractive to the market now than it was in 2008 when the DiSCO 1 product came out.

Mr. Sanathara then reviewed the asset allocation of this product. A majority of the portfolio is in US residential MBS, as the next highest allocation is in US commercial MBS. He noted that they will not be investing in any of the areas with the biggest concerns like Ireland, Greece, and Europe. Mr. Sanathara explained to the board how the transition from the DiSCO 1 product to the DiSCO 2 product would occur. The DiSCO 1 product would sell off all their securities at market price and then the DiSCO 2 fund would buy them all up at once. There will be \$1.5B rolled over from the DiSCO 1 product into the DiSCO 2 product, and then they will accept another \$1.5B in new monies as well. Mr. Sanathara explained that when they first started the DiSCO 1 product they had 21 employees working on it, and now they have over 100 employees dedicated to just this product. Lastly he explained that his product is

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more like a hedge fund structure and that the only down side is taking the liquidity risks.

BOARD DISCUSSION

The board discussed the product and the presentation. Mr. Brown commented that this product has been approved by the Bogdahn Group investment committee, and if the board approved it, he would be recommending a \$5M investment. Also this investment would be considered fixed income so no revisions would have to be made to the Investment Policy Guidelines.

A motion was made by Rick Dorey to invest \$5M from cash into the PIMCO DiSCO 2 Fund. The motion was seconded by Brian Walker and carried 5-0.

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

Mr. Brown briefly updated the board on the September 30, 2011 returns. He stated that these are not the final numbers, but next monthly he will have his complete report available.

APPROVAL OF MINUTES

The Board reviewed the minutes of the September 22, 2011 regular meeting.

A motion was made by Brian Walker to approve the minutes of the September 22, 2011 regular meeting as amended. The motion was seconded by Rick Dorey and carried 4-0.

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 Brian Walker 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 September 2011.

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

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

Ms. Jensen briefly reviewed the form 1 reporting and stated that the Trustees now have to disclose their "intangible personal property" on their Form 1 disclosures that they are required to fill out.

Ms. Jensen commented that she was directed by the City and the Union to file a placeholder bill, in which she has already completed.

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

N/A

OTHER BUSINESS

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N/A

There being no further business and the next Pension Board meeting having been rescheduled for Thursday November 10, 2011 @ 1:30PM, the meeting adjourned at 3:14PM.

Rick Dorey, Secretary