

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
January 12, 2012

Secretary Rick Dorey called the meeting to order at 1:35 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Rick Dorey, Secretary
Brian Walker
Dave Merrell
Julie Hermes-Castillo
Randy Sherman

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Jeanine Bittinger, Davidson, Jamieson & Cristini, PL
Richard Cristini, Davidson, Jamieson & Cristini, PL
Brian Henry, Franklin Templeton Investments (DJC)
(attend via teleconference)
Nicole Henry, Franklin Templeton Investments (DHC)
William Libby, Franklin Templeton Investments (DJC)
Dorritt Miller, City of WPB Employee (former Trustee)
Tom Sheppard, City of WPB Firefighter (Retiree)

SELECTION OF CHAIR & SECRETARY

Ms. Ross announced that Ms. Miller has resigned from the Pension Board due to the fact that the Special Act requires the City appointed Trustees to live in West Palm Beach and she just recently moved out of the area. With that said, Ms. Ross introduced Ms. Julie Herman-Castillo to the board as the new City appointed Trustee. In addition it was noted that Ms. Miller was previously the Chair of the board and therefore the board would have to select a new Chair at this time.

A motion was made by Randy Sherman to select Rick Dorey as Chairman of the Pension Board. The motion was seconded by Brian Walker and carried 5-0.

(The selection of the Secretary will have to be performed at this time due to the fact that Mr. Dorey was previously Secretary and has now been selected as Chair).

A motion was made by Randy Sherman to select Brian Walker as Secretary of the Pension Board. The motion was seconded by Dave Merrell and carried 5-0.

PUBLIC COMMENTS

Mr. Sheppard thanked Ms. Miller for the time that she served on the Board and praised her for the excellent commitment and work she has done. The Trustees' presented Ms. Miller with an axe plaque and thanked her again for the time she served on the board.

PRESENTATION OF THE SEPTEMBER 30, 2011 FINANCIAL STATEMENTS-DJ&C (PRESENTED BY RICHARD CRISTINI & JEANINE BITTINGER)

Mr. Cristini commented that the audit for the fiscal year ending 9/30/2011 was an unqualified report and all values are clearly stated. He compared last year's statistics to this year's and he explained that the cash had decreased this year compared to last year. In addition the Plan's net assets were also up this year to

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\$121,462,009 compared to \$119,860,361 in 2011. In addition the employer contributions increased as well as the State money that was received. Also benefit payments increased due to more retirees and refunds, but the admin expenses actually decreased. Mr. Cristini briefly reviewed the additional footnotes that were added in and commented that as to the best of his knowledge the IRS determination letter is still pending, and the board concurred. He reported on the realized and unrealized gains and losses as well as the investment breakdown. Also he reviewed the outstanding DROP loans and what the 5 year outlook payments are on those. It was also noted that there were no Plan amendments made during the fiscal year. Mr. Cristini explained that he thinks this Plan is very well funded and is very healthy.

Lastly Ms. Bittinger reviewed the internal controls and commented that there were no deficiencies or material weaknesses that would put this Plan at risk. Although she did mention that the Plan's custodian has not been filling the forms required to make a formal application for a return of the foreign taxes that the board has paid. She commented that it may be too late for the Plan to get the money back, but if they do then they can just reinvest it.

The Trustees' discussed the report and the presentation and Ms. Jensen commented that all the areas in the report that read "DROP" should really read "bacDROP" as that is the benefit they are referring to. Ms. Bittinger agreed and stated that she will reissue reports with the correct language.

A motion was made by Randy Sherman to approve the September 30, 2011 Financial Statements as amended. The motion was seconded by Brian Walker and carried 5-0.

INVESTMENT MANAGER REPORT – FRANKLIN TEMPLETON (PRESENTED BY BRIAN HENRY, NICOLE HENRY & WILLIAM LIBBY)

Ms. Henry introduced herself and Mr. Libby to the board and commented that Mr. Henry has joined the meeting via teleconference. Ms. Henry commented that she has been with the client service team since 1998 and Mr. Henry is the Plan's portfolio manager.

Mr. Henry gave a brief explanation of his job description and commented that it was a rough fiscal year ending 9/30/2011. From June 2010 to June 2011 the Plan had a 14% return, but within the past 6 months is where the underperformance has been. The primary detractor to this underperformance was the weakness of the dollar. In addition there is still fear that Europe will dismantle and the risk of the global assets are going to be low, therefore Templeton believes that their strategy and philosophy will continue working throughout 2012. He reviewed the stocks and sectors that outperformed during the quarter and also the ones that did not. Mr. Henry commented that they are very big into telecommunications, industrials and energy, and the underweight to materials actually helped them out during the quarter. Mr. Henry briefly gave the board his thoughts on the future market outlook and stated that the concerns of a recession returning were overblown and that he thinks the diversification of this portfolio will really balance them out. The portfolio is in balance for a re-growth of assets as they only invest in Government bonds and currency. Although he did comment that he does think interest rates will rise again soon.

The Trustees' asked some questions pertaining to the volatility of the portfolio and how they plan to contain it more in the long run. Mr. Libby explained that by being diversified and looking at the portfolio long term, history shows that their strategy

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has always been favored. Over the long term this strategy has added value by investing in the diversified foreign equity markets outside of the US. Mr. Libby commented that they do have the same concerns as a fixed income manager in that they have a great amount of fear for the European Countries which have driven securities down again. People are now just starting to look at the balance sheets and their exposure to the emerging markets, in which Templeton under weights. Lastly Mr. Libby explained that the portfolio turnover is low and will remain that way throughout 2012.

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

Mr. Brown briefly updated the board on the preliminary returns for the quarter ending 12/31/2011 and commented that he will have the full report with him next meeting. Also he announced that the West Palm Beach Firefighters' Pension Fund was nominated as small plan of the year.

Mr. Brown reviewed the request he received from Baron. Baron holds a stock in the portfolio, Community Health Systems (CYH) and they want permission from the board to increase their holdings. Mr. Brown explained that we cannot meet this request unless we revise the IPG and the board allows it. The board discussed the current stock holding and Mr. Brown advised the board that they can either direct Baron to sell the stock completely out of the portfolio, or they can allow Baron to hold on to the current stock but can not increase the holdings of it. The board discussed the stock performance and the different options they had. The board concluded that they will defer Baron's request until the March meeting when they are present to give us more information on this stock and answer any additional questions.

APPROVAL OF MINUTES

The Board reviewed the minutes of the December 8, 2011 regular meeting.

A motion was made by Randy Sherman to approve the minutes of the December 8, 2011 regular meeting. The motion was seconded by Brian Walker 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 Dave Merrell and carried 5-0.

BENEFIT APPROVALS

The Board reviewed the application for distribution of share account (due to retirement) for Tim Ketchner.

A motion was made by Randy Sherman to approve the application for distribution of share account (due to retirement) for Tim Ketchner. 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 November 2011.

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

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

Ms. Jensen reviewed the memo regarding the Palm Beach County Ethics Opinion. She explained that the PBC Commission on Ethics determined that the 5th Trustee, who is considered an official, must abide by the new gift reporting law requirements. All Trustees must report on a quarterly basis all items received as reportable under the new gift law requirements.

Ms. Jensen notified that board that the Special Act has been filled as House Bill 1325. It has not been assigned to a committee as of yet, but both the Union President Tom Wesolek and Mr. Dorey will be up in Tallahassee to give us any updates as they become available.

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

Ms. Ross noted that she had the Salem Trust Authorized signors form here today to be executed as we had to remove Ms. Miller as a signor and replace her with Ms. Hermas-Castillo.

OTHER BUSINESS

Mr. Dorey explained that he is in the process of booking the Embassy Suites for the retirement dinner in 2013. He has a couple different dates that they are available to hold the dinner and reviewed them with the board. The board discussed trying to reserve the hall for Saturday February 13, 2013.

The board briefly discussed the IRS limits regarding the amount of money you can withdraw in one year, and also the requirements for taking mandatory distributions at age 70 ½. Ms. Ross explained that when a member takes a large lump sum withdrawal, then she has been using the "rule of thumb" that the Actuary has given regarding the IRS 415 limit. Ms. Ross commented that so far no one has gone over this threshold. In addition Ms. Ross explained that their system tracks and flags when a member is about to reach age 70, in which then a letter is produced with the minimum distribution amount that is required (according to the IRS website and tables) for them to start taking at age 70 ½ to meet the IRS requirements. These letters are sent to the retirees about 6 months in advance of when the distribution should start taking place, therefore giving the retiree time to decide.

There being no further business and the next Pension Board meeting having been rescheduled for Thursday February 9, 2012 @ 1:30PM, the meeting adjourned at 3:50PM.

Brian Walker, Secretary