

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**MARCH 26, 2012**

Chairman 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

**OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, The Law Offices of Perry & Jensen  
Brad Armstrong, Gabriel, Roeder, Smith & Company  
David Kaplan, Baron Capital  
Troy Brown, Davidson, Jamieson & Cristini, PL  
Rick Roberts, City of WPB Firefighter (Retiree)  
Doug Greene, City of WPB Firefighter

**PUBLIC COMMENTS**

N/A

**PRESENTATION OF THE SEPTEMBER 30, 2011 ACTUARIAL VALUATION REPORT-GRS (PRESENTED BY BRAD ARMSTRONG)**

Mr. Armstrong provided the board with the September 30, 2011 Actuarial Valuation Report and commented that this report does not reflect the upcoming changes under the new/revised Special Act. In addition he commented that he updated the mortality table as it was required by the State. The mortality table was updated from the 1983 one to the RP2000. This change in the mortality table increased the City's contributions about \$76K.

Mr. Armstrong reviewed the City's contribute rate for October 1, 2012 which is 44.56% of payroll. He briefly explained how they come up with determining the dollar amount and stated that if the City contributes the full amount on October 1, 2012 then they would get a break in interest and would contribute \$7,047,552. Mr. Armstrong noted that the contributions this year increased from \$6,971,637 last year and this was mostly due to the lower payroll this year. He explained that when you cut the department you are also cutting the payroll, so therefore the City's contributions are going to increase. Not meeting assumed payroll growth over the past couple of years has increased the City's contribution because the State Actuaries require that payroll growth cannot exceed the ten year average. He commented that with the upcoming changes to the Special Act it will better position the pension fund and in the long run the employer contributions will all even out. For example when the City hires new employees next year it will may not necessarily increase their contributions again because there are other assumptions that might off set it.

Mr. Armstrong reviewed the statistical data and commented that there are 183 active members, which is down from the recent years with 202 members. In 2011 they expected 10 new hires and 7 retirements and there were actually no new hires and only 2 retirees, therefore this also contributed to the increase in the City's contribution rate this year. Lastly he reviewed the Plan's funded ratio for this year and noted that it slightly decreased from 68.2% last year to 64.5% this year.

**A motion was made by Dave Merrell to approve the September 30, 2011 Actuarial Valuation Report as presented including the mortality table changes. The motion was seconded by Brian Walker and carried 3-0.**

The board discussed the buyback calculations and the differences between buying back time now under the current plan versus buying it back in May once the Special Act changes are implemented. Mr. Armstrong explained that its not that the member benefits more one way or another, but that it all depends on what kind of benefit the member wants in the long run. They can either purchase additional years at 4% for a higher cost and get the higher benefit in the long run, or they can purchase years at 3% each and pay a little less for them, although you are getting less of a benefit as well.

**INVESTMENT MANAGER REPORT – BARON CAPITAL (PRESENTED BY: DAVID KAPLAN)**

Mr. Kaplan thanked the board for inviting him back and commented that Baron now manages about \$17.5B in assets and has a little over 100 employees. He explained that their portfolio analysts and research team overlap with their experience. Mr. Kaplan briefly reviewed the Firms principals and commented that there are four main points that Baron sticks to. They are long term investors in the financial community and buy and sell infrequently. There is about a 15% turnover in the portfolio per year which is very low. Most managers own stocks for a couple of weeks or months but Baron holds onto stocks for a couple of years. In addition they don't just buy small businesses; they buy small businesses that that they think will grow very big.

For the quarter ending December 31, 2011 they slightly under performed the benchmark at 13.43% versus 14.99%, but for the year to date they are ahead at 4.40% versus the benchmark at -2.91%. Mr. Kaplan reviewed the sector breakdown by GIC sectors, but he explained that Baron really measures the portfolio by the GIC sub-industry sectors. Therefore the top sub-industry contributors during the quarter were application software, health care equipment, and oil and gas equipment and services. The top holdings were Panera Bread, Genesee & Wyoming Inc, and Edwards Lifesciences Corp.

Mr. Kaplan briefly reviewed the Community Health System (CHS) stocks that they recently sold out of the portfolio and refunded the fund for. He reviewed that stock and what happened with the investment of it. CHS had a very small holding (less than 1%) in an ambulatory service that they were not aware of. Baron identified the problem and made the right decision to pay back the fund for the loss that they had incurred on this investment, and they completely sold out of it as well. Mr. Brown asked Mr. Kaplan what their normal procedure is when a stock they own a large percentage of needs to be sold. Mr. Kaplan explained that if the stock is causing a big riff in the news then Baron will sell out of it whether they are making money on it or not. For example Diamond Food's stock dramatically decreased so Baron called them up to get more information and because they did not like the response they received from management, they completely sold out of the holding. They try not to affect the stock price too much by virtue of their sale but sometimes that impact is unavoidable.

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

Mr. Brown briefly updated the board on the preliminary returns through February 29, 2012. The board made \$8.4M or 2.9% in February and the total assets are now up to \$140,875,419. He explained that the DISCO 2 fund has a one year lockup

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which will expire in December 2012. In November 2012 the board will then decide whether they want to exit the investment or continue.

Mr. Brown reviewed the revised IPG and commented that he added in the DISCO 2 fund and also dedicated a benchmark to global bonds.

**A motion was made by Dave Merrell to approve the revised IPG as presented. The motion was seconded by Brian Walker and carried 3-0.**

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the January 12, 2012 regular meeting.

**A motion was made by Brian Walker to approve the minutes of the January 12, 2012 regular meeting. The motion was seconded by Dave Merrell and carried 3-0.**

**DISBURSEMENTS**

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

**A motion was made by Dave Merrell to approve the disbursements that were presented by the Administrator. The motion was seconded by Brian Walker and carried 3-0.**

**BENEFIT APPROVALS**

The Board reviewed the applications for distribution of DROP account (April 1, 2012) for Paul Fortunato, George Hannah, Doug Heller, Robert Henderson, Marc Leatherwood, Mike LeBlanc, Michael Pait, Kenneth Riblett, Thomas Williams and Dennis Withington, the applications for distribution of share account (April 1, 2012) for David Abdo, Howard Buttery, Paul Fortunato, Linda Grasso, David Pack and Michael Williams, the application for retirement for Wayne Lentini and the application for a DROP loan for Cletus Pirtle.

**A motion was made by Dave Merrell to approve the applications for distribution of DROP account (April 1, 2012) for Paul Fortunato, George Hannah, Doug Heller, Robert Henderson, Marc Leatherwood, Mike LeBlanc, Michael Pait, Kenneth Riblett, Thomas Williams and Dennis Withington. The motion was seconded by Brian Walker and carried 3-0.**

**A motion was made by Brian Walker to approve the applications for distribution of share account (April 1, 2012) for David Abdo, Howard Buttery, Paul Fortunato, Linda Grasso, David Pack and Michael Williams. The motion was seconded by Dave Merrell and carried 3-0.**

**A motion was made by Dave Merrell to approve the application for retirement for Wayne Lentini. The motion was seconded by Brian Walker and carried 3-0.**

**A motion was made by Dave Merrell to approve the application for a DROP loan for Cletus Pirtle. The motion was seconded by Brian Walker and carried 3-0.**

**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 2012.

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**The Board received and filed the un-audited financial statements through the month of January 2012.**

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

Ms. Jensen stated that House Bill 1499 did not pass in the Legislative session which is good. This bill was proposing that any Plan that was not 80% funded would go on a "watch list" with the Division of Retirement. The Plan then would have 3 years to work on getting their Plan 80% or higher funded.

Ms. Jensen notified the board that Trustee Julie Castillo had resigned her position because her employer did not think it was best for her to serve. We do not have a replacement for either Trustee seat that is currently vacant.

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

Ms. Ross noted that once we are provided with replacement Trustees, then she will have the signature cards updated.

**OTHER BUSINESS**

There being no further business and the next Pension Board meeting having been rescheduled for Thursday April 12, 2012 @ 1:30PM, the meeting adjourned at 4:35PM.

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Brian Wallker, Secretary