

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
OCTOBER 11, 2012

Chairman Rick Dorey called the meeting to order at 1:33 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, Chair
Brian Walker, Secretary
Dave Merrell
Jeff Green (arrived 2:55)
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Troy Brown, The Bogdahn Group
Ray Reza, Fayeze Sarofim & Co.
Ken Burke, Fayeze Sarofim & Co.
Brent Braunworth, City of WPB Firefighter (active)
Lyone Irurzun, City of WPB Firefighter (inactive)

PUBLIC COMMENTS

Mr. Braunworth expressed his concern regarding a member that was here today to explain his situation because he is submitting an application for a non-duty disability to the board. Mr. Braunworth asked the Trustees to please take their time in reviewing this application and to remember their Fiduciary role as Trustees on the board.

INVESTMENT MANAGER REPORT: FAYEZ SAROFIM & CO (PRESENTED BY RAY REZA & KEN BURKE)

Mr. Reza welcomed himself back and introduced Mr. Burke. He explained that Fayeze is a large cap growth manager for this fund and hold only mega cap companies in their portfolio. As of 10/4/2012 the fund is up 17.2% year to date versus the market at 18.3%, and since inception the fund has outperformed the market at 4.6% versus 3.8%. Mr. Burke explained that the portfolio holds a large waiting to energy and that is why they are currently lagging the market. He reviewed the current market environment and commented that profits are up 21%, but dividends are still underappreciated. The price to earnings ratio is still low as well, but that can be beneficial to the fund. Fayeze thinks growth will have a challenge in the US and therefore thinks it will happen faster outside of the US. Mr. Burke stated that the portfolio is positioned well for the future markets. He reviewed the risk versus reward chart and commented that this plan takes lower risk and is still getting a higher return, but that is a good position to be in. He also reviewed the plans sector contribution and explained that they are currently in a period of heightened global volatility in a slow growth recovery. They also have an overweight to consumer staples and energy because they are taking advantage of the upcoming rises. The companies that Fayeze owns have great balance sheets and are very transparent. Fayeze does have exposure to companies outside of the US such as integrated oil companies. Mr. Burke reviewed the buy and sell discipline which is not used very often as they have a very low turnover rate of about 15%.

Mr. Reza reviewed the portfolio characteristics and commented that he feels good with the price they are getting growth at. He stated that their exposure is pretty broad in the fact that they invest in US and non US stocks. Fayeze is a special unique company that has great management. They strive to account for 40-50% of the total market returns. Lastly he noted that the managers at Fayeze spend most of their

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF OCTOBER 11, 2012

time maintaining and researching the companies that they are invested in, as well as always looking for new ideas.

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

Mr. Brown reviewed the preliminary performance update through 9/30/2012. For the fiscal year to date they are up 20.2%. He commented that all the managers have done well for the quarter and the fiscal year. Mr. Brown noted that the Spectrum CD is tracking the 1.45% coupon payment. Also DiSCO 2 added \$1.8M during the year which is phenomenal. Mr. Brown stated that he is comfortable with all the managers in the portfolio. Lastly he commented that he will be meeting with a representative from PIMCO regarding their new product. Mr. Brown will update the board on this new product as he learns more.

APPROVAL OF MINUTES

The Board reviewed the minutes of the September 13, 2012 regular meeting.

A motion was made by Jeff Green to approve the minutes of the September 13, 2012 regular meeting as amended. The motion was seconded by Ron Frano and carried 5-0.

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 5-0.

BENEFIT APPROVALS

The Board reviewed the applications for retirement for Alan Ineson and Donnell Williams, the application for a non-duty disability and the application for distribution of share account (close out) for William Dahl.

Ms. Ross noted that she has confirmed with the City and the Actuary that Mr. Ineson's correct date of termination is October 13, 2011.

A motion was made by Ron Frano to approve the applications for retirement for Alan Ineson and Donnell Williams. The motion was seconded by Jeff Green and carried 5-0.

A motion was made by Jeff Green to approve the application for distribution from share account (closeout) for William Dahl. The motion was seconded by Ron Frano and carried 5-0.

Mr. Irurzun introduced himself to the board and explained why he was here today and why he is submitting a non-duty disability application. Ms. Jensen noted that according to the Special Act, Mr. Irurzun would have had to apply for the non-duty disability while he was employed with the City and not after he was terminated. The board had a lengthy discussion and reviewed the non-duty disability language in the Special Act as well as the definition of a member. Mr. Irurzun explained that he was in mid shift working when he was terminated by the City and would not have had enough time before he was terminated to submit an application because of the way the events happened so fast. Also Mr. Irurzun stated that he was never aware of the

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF OCTOBER 11, 2012

timeline or the process of filing for the non-duty disability. Ms. Jensen's recommendation at this time is, according to the Special Act, is not to grant Mr. Irurzun's non-duty disability application today and then let the member have the opportunity to appeal the board's decision if so desired. She reviewed the appeal process and stated that Mr. Irurzun would appeal the board's decision in writing, and then he would have to prove to the board in a hearing as to why he did not turn in his application while he was employed. The Trustee's discussed the situation and processes they can go through and asked Mr. Irurzun some additional questions.

A motion was made by Brian Walker to accept Lyonel Irurzun's non-duty disability application. The motion was seconded by Ron Frano but did not pass at 2-3.

Ms. Jensen noted that since the motion to accept the application did not pass, by default the application was denied. She commented that she will send Mr. Irurzun a letter stating the board's decision today, and also the instructions for appeal process as well.

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 2012.

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

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

Ms. Jensen reviewed the memo regarding Salem Trust's class action processing. Salem has never charged for this service in the past, but going forward they are trying to implement a service charge of 20% on all class action recoveries. Ms. Jensen explained that they were concerned with this issue and therefore reached out to Salem Trust. Due to the overwhelming responses Salem Trust had received from the letter, they have already sent out another letter stating to disregard to the first letter and business as usual. Ms. Jensen noted that no action is needed at this time.

Ms. Jensen stated that she reviewed the revised TSW agreement which includes the new performance base fee schedule. She commented that everything is ready to be executed.

A motion was made by Dave Merrell to approve and authorize the revised Thompson, Siegel & Whamsley agreement. The motion was seconded by Ron Frano and carried 5-0.

Lastly Ms. Jensen commented that she sent all the new hire information to Mr. Walker so that he can share it with the City as well.

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

Ms. Ross noted that the supplemental money was received into the account earlier this month.

OTHER BUSINESS

Mr. Dorey updated the board on the retirement dinner process and stated that the food menu will stay the same as last time and briefly reviewed the choices. The

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF OCTOBER 11, 2012

retirement dinner is Saturday February 23, 2012 at 6PM at the Embassy Suites in West Palm Beach. Tickets are \$50 a piece and each Trustee will receive 2 free ones.

There being no further business and the next Pension Board meeting having been rescheduled for Thursday November 8, 2012 @ 1:30PM, the meeting adjourned at 3:57PM.

Brian Walker, Secretary