

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
DECEMBER 13, 2012

Chairman Rick Dorey called the meeting to order at 1:30 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
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Troy Brown, The Bogdahn Group
Matt Hart, The Boston Company (TBC)
Joel Mittelman, The Boston Company

PUBLIC COMMENTS

N/A

INVESTMENT MANAGER REPORT: THE BOSTON COMPANY (TBC) - PRESENTED BY: MATT HART & JOEL MITTELMAN)

Mr. Hart and Mr. Mittelman welcomed themselves back and briefly reviewed their roles at TBC. Mr. Hart addressed the board's first concern regarding the performance fees that are being charged to the Plan. He stated that they did review their current fees with Mr. Brown a couple of weeks ago to make sure that they are inline with their peers, and after the review TBC has agreed to reduce their performance fee effective January 1, 2013.

Mr. Hart updated the board on the firm and commented that they have had a change in management since the last time they have met. TBC now has a new CEO which was a planned transition, but he reassured the Trustees that this transition will not impact their portfolio or performance. Mr. Hart stated that the same portfolio investment and operation teams are still in place.

Mr. Mittelman reported on the plans performance and stated that for the quarter to date as of November 30, 2012 they were ahead of the index net of fees at .89% versus -.53%, and for the year to date they are also ahead at 15.55% versus the index at 15.13%. He also noted that TBC has had 7 calendar years of over performance out of 9. Mr. Mittelman discussed the market environment during the down quarters, which did not favor their investment style. He reviewed the sector attribution during the most recent quarter and reported that consumer discretionary, health care, and industrials all outperformed during the quarter. Technology, utilities, and consumer staples detracted from the performance. Mr. Hart commented that during the bad markets, TBC never changed their investment style or they never took any excessive risk to put the portfolio in any danger. Mr. Mittelman gave his opinion on the future market outlook and stated that equities are still the place you want to be (over fixed income), and that housing is the only thing that is really moving well for them right now. Also he commented that they are still trading at a huge discount to the market and they have confidence that the market place will continue to grow. In closing, Mr. Hart explained that they have had a great year and they are very optimistic on the future.

Mr. Brown reviewed the new fee schedule and commented that TBC is reducing their fee by 25 basis points on the first \$50M. TBC is also asking the Board's permission

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF DECEMBER 13, 2012

to use the same fee agreement as TSW so their will not be a cap on their fee. The Trustee's concurred.

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

Mr. Brown passed out the plans preliminary performance report as of November 30, 2012. He pointed out all the cash in and outs during the quarter from the domestic equity managers and noted that this is why he is recommending adding in an index component to the equity side. This way we are not constantly pulling money from the manager and interrupting their investments. Mr. Brown reviewed an asset allocation of the plan that he created and it reflected an allocation to the Vanguard index fund. His recommendation would be to allocate \$10M (6.9% of the fund) to this account by taking \$5M from TBC, \$4M from Brown Advisory, and \$1M from Fayez. Mr. Brown stated that by adding this index fund into the portfolio; it will provide more operational efficiency for the plan, it will be a cost savings to the plan, it will reduce the manager's risk and add stability for future events, and lastly index funds also have a more secure place in the market. The Trustees' discussed the index fund and the amount of the allocation. Mr. Brown commented that he would like to have the index fund set up by a direction letter and not have to use a transition manager since we are adding to the portfolio and not replacing a manager. Lastly he noted that this transition should wait until January 2013 to take place.

A motion was made by Dave Merrell to transfer \$10M from the Equities Managers (\$5 The Boston Company, \$4M Brown Advisory & \$1M Fayez) to fund the new Vanguard Index Fund in January 2013. The motion was seconded by Ron Frano and carried 4-0.

Mr. Brown discussed the 2 other PIMCO funds, All Asset & All Asset Authority with the board. He again reviewed and compared the difference between the two funds and commented that a 5% allocation to a tactical investment can add return to the fund with less risk. Mr. Brown provided the board with 2 worksheets that reflected an asset allocation to both funds. The Trustees' had a very lengthy discussion on both of the funds and commented that they don't want to get to a point where they are too diversified and jump into every investment that is brought to them. The Trustees decided to wait until they had time to invite PIMCO in next year to review the funds in more detail to see if it is a fit for their portfolio.

APPROVAL OF MINUTES

The Board reviewed the minutes of the hearing held on October 26, 2012.

A motion was made by Dave Merrell to approve the minutes of the hearing on October 26, 2012 as amended. The motion was seconded by Ron Frano and carried 4-0.

DISBURSEMENTS

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

A motion was made by Brian Walker to approve the disbursements that were presented by the Administrator. The motion was seconded by Ron Frano and carried 4-0.

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

Ms. Jensen notified the board the IRS mileage rate will increase to 56.5 cents per mile as of January 1, 2013.

Ms. Jensen provided the board with a revised share account policy. She reviewed the revisions and updates.

A motion was made by Brian Walker to approve the revised Share Account Policy as presented by the Plan's Attorney. The motion was seconded by Dave Merrell and carried 4-0.

Ms. Jensen stated that she received all of the medical records for the non-duty disability and now we can move forward with setting up their independent medical exam (IME). Ms. Jensen explained that Dr. Zahn gave her a couple of referrals for an IME doctor relating to the members disability, but after an internet search she was not sure if these doctors would have been the best suitable for the member. Therefore Ms. Jensen did her own further research and found a couple of other doctors, and also stated that they can use the same doctor that they used years ago for another disability case similar to this one. The Trustees discussed and stated that they would like to go with the Doctor that they have used in the past (Dr. Silversmith), unless he was not available in a timely manner and then they will use the other 2 doctors that Ms. Jensen researched.

A motion was made by Dave Merrell to send the member applying for a non-duty disability to Dr. Silversmith for an IME in a timely manner. If Mr. Silversmith is not available in a timely manner for whatever reason, the board approves to send the member to either of the other 2 Doctors that Ms. Jensen provided. The motion was seconded by Ron Frano and carried 4-0.

The Trustees explained to the member who was present what the process was from here regarding his non-duty disability application. He will have to report for the IME appointment, that doctor will write a report for the Trustees following the appointment, and then the Trustees will meet again to review the report and go from there. The member acknowledged he understood the process.

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

Ms. Ross presented the board with the revised 2013 meeting dates.

OTHER BUSINESS

There being no further business and the next Pension Board meeting having been scheduled for Thursday January 10, 2013 @ 1:30PM, the meeting adjourned at 4:09PM.

Brian Walker, Secretary