

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
JANURY 10, 2013

Chairman Rick Dorey 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

Rick Dorey, Chair
Brian Walker, Secretary
Dave Merrell (departed meeting at 4:21PM)
Jeff Green (departed meeting at 4:34PM)
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Troy Brown, The Bogdahn Group
Richard Cristini, Davidson, Jamieson & Cristini
Jeanine Bittinger, Davidson, Jamieson & Cristini
Helen Doody, Abbey Capital
Rick Roberts, WPB Firefighter (retiree)
Doug Greene, WPB Firefighter (active)
Brent Braunschworth, WPB Firefighter (active)
Tom Wesolek, WPB Firefighter (active)

PUBLIC COMMENTS

N/A

PRESENTATION OF THE SEPTEMBER 30, 2012 FINANCIAL STATEMENTS-DJ&C (PRESENTED BY RICHARD CRISTINI & JEANINE BITTINGER)

Mr. Cristini commented that the audit for the fiscal year ending 9/30/2012 was an unqualified report and all values are clearly stated. He compared last year's statistics to this year's and he explained what the securities due at the year represent. The Plan's net assets were up this year to \$145,385,813 compared to \$121,462,009 in 2011. Mr. Cristini noted that due to the great investment year the Plan had a net gain of \$21,818,308 for 2012 versus the net loss last year of (\$122,602). In addition the employer contributions increased as well, but the State money that was received decreased. 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 the Plan was amended during the fiscal year and Mr. Cristini briefly reviewed some of the changes, which included a decrease in City contributions. Mr. Cristini explained that he thinks this Plan is very well funded and is very healthy at this time.

Mr. Cristini reviewed the internal controls and commented that there were no deficiencies or material weaknesses that would put this Plan at risk. Although he did mention that the Plan's custodian was not filling the forms required to make a formal application for a return of the foreign taxes in 2011, and it is now his understanding that that the board has implemented this recommendation in 2012. Ms. Ross noted that she will check with the Custodian regarding the filing for 2012. Mr. Cristini also explained that that the reporting of the DROP loan receivables should be revised to reflect the principle payments only and not interest. Mr. Ross stated that she will

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check with her department to see if this is something that can be changed on the internal interim financial statements.

Mr. Cristini explained that next year there will be new GASB requirements which will change the format of the Plans financial statements. Also there will be a new requirement for the City's financial statements as well. If the City adopts the new requirements then the pension plan will have to as well, so they do need to know the City's decision. Mr. Green commented that the City has not made a final decision yet.

A motion was made by Ron Frano to approve the September 30, 2012 Financial Statements as presented. The motion was seconded by Jeff Green and carried 5-0.

Lastly Ms. Bittinger explained that it is time to review the Audit engagement letter. She stated that they are asking for a fee increase after 3 years. The current fee is \$9,800, which also includes preparation of the 2012 Annual Report as well. They are asking for a 3 year fee increase as follows: 2013 - \$12,500 for the audit and \$1,600 for the annual report; 2014 - \$13,500 for the audit and \$1,800 for the annual report; and 2015 - \$14,500 for the audit and \$2,000 for the annual report. The Trustees had a lengthy discussion on the different options they had at this time and noted that the overall fee increase is very large, but is still below what other Auditors will charge. Ms. Bittinger commented that they are still giving the board a break on their fee because of their long term relationship. The Board stated that if they do accept the fee increase, then they would like noted in the contract that DJC will not come back and ask for an other kind of fee increase through 2015.

A motion was made by Jeff Green to accept DJC's fee increase as outlined above, with amending their contract to state that the fees are locked in until 2015 and will not increase. The motion was seconded by Ron Frano and carried 5-0.

Ms. Bittinger stated that she will revise the contract to reflect the adopted language above, and then she will send it to Ms. Jensen for review and execution by the board of Trustees.

INVESTMENT MANAGER REPORT: ABBEY CAPITAL - PRESENTED BY: HELEN DOODY)

Ms. Doody introduced herself and thanked the Trustees for the invite to be here today. She explained that this fund, Managed Futures adds a lot of diversification to the portfolio. Abbey Capital currently manages \$3.6B in assets with 60 team members. She noted that their traders are across the globe with offices in Dublin and New York. This is a very liquid fund and money can be pulled out within one day. Ms. Doody explained that they are a multimanager fund and that they blend 2 investment styles together. Abbey blends trend following and non-trend following styles. She also stated that managed futures can take advantage of both the up and down markets, but they don't perform well during the volatile markets. Ms. Doody reviewed the asset allocation and commented that they like to keep a large allocation to commodities, which is different from most other managers. Although this philosophy has hurt them over the last 18 months because of the uncertainty in the market place. She reviewed the funds performance and explained why they have been underperforming more recently. The fund is currently in a drawdown and Ms. Doody explained that they don't know if they are at the bottom of it or not. She

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reviewed the funds historical performance and noted that their second largest drawdown was in January 2004 to January 2005.

Ms. Doody explained that they are currently having issues with their short term investors and actually had to recently fire a manager because they were losing investors and Abbey was concerned that they were also losing their research team. Lastly she commented that if we see strong trends in the market then Abbey will capture it, but it is hard to tell at this moment which direction the portfolio will go in because of the uncertainty in the market place at this time. The Trustees opened up for some questions.

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

Mr. Brown discussed Abbeys presentation and he commented that he is still comfortable with them.

Mr. Brown noted that the Vanguard index fund will be opened up shortly as he has all the documents with him today to be executed by the board.

Mr. Brown presented that board with a preliminary update as of December 31, 2012. For the quarter they are up 2.1%. He noted that he will have the full report available at the next meeting.

Lastly Mr. Brown commented that the Boston Company has agreed to the new fee schedule. Ms. Jensen noted that she had the revised fee agreement with her today to be executed by the board.

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

NON DUTY DISABILTY APPLICATION

Ms. Jensen explained that Mr. Irurzun went for the independent medical exam (IME) and the doctor (Dr. Silversmith) produced a very extensive report following the visit. Ms. Jensen reviewed the findings of the report and noted the conversations between Dr. Silversmith and Mr. Irurzun. Dr. Silversmith reported that he was unable to determine if Mr. Irurzun can perform the functions of a firefighter because he believes that if Mr. Irurzun is taking his medications he can do his job. Also Dr. Silversmith noted that Mr. Irurzun is currently seeing a medical doctor for psychiatric reasons and that his former doctors state that his diagnosis is off and on. Dr. Silversmith's recommendation to the board is to have Mr. Irurzun complete a functional capacity evaluation. Ms. Jensen explained that the Plan does have a provision that allows a medical committee to be formed if needed. The Trustees had a very lengthy discussion regarding the IME report and their options from here. Ms. Jensen stated that based upon Dr. Silversmith's report she does not think the board has enough information to grant or deny the non-duty disability at this time. She reviewed the different options the Trustees had and stated that she thinks it would be best if they gathered more information before a decision is made.

Mr. Braunschworth and Mr. Wesolek passed out the job description of a firefighter as provided in the National Fire Protection Association, Standard 1582 and explained that Mr. Irurzun could not perform three or four of the duty's listed here, therefore he can not perform the jobs/tasks of a firefighter. Ms. Jensen noted that the NFPA Std. 1582 presented here today was not the same referenced job description that was passed along to Dr. Silversmith. Mr. Wesolek commented that the job

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description here today is from the NFPA and the one provided to Dr. Silversmith was from the City. The Trustees discussed and commented that they can also send the job description presented today back to Dr. Silversmith and ask him to re-evaluate using this description.

The Trustees inquired about what would happen if they did approve the non-duty disability application today and if they did not. Ms. Jensen reminded the Trustees of their legal obligations to the board.

A motion was made by Brian Walker to approve the non-duty disability application for Lyonel Irurzun. The motion was seconded by Ron Frano and carried 4-1.

The Trustees discussed when Mr. Irurzun's pension should become effective. Mr. Irurzun was terminated from the City in August 2012 and then filed for the non-duty disability in September 2012. The Trustees stated that in the past the disability pensions have been effective the first of the following month after the board's approval. Ms. Ross noted that after Mr. Irurzun was terminated in August 2012, he did not collect any income from workers comp, social security, or any other entity.

A motion was made by Dave Merrell to authorize the non-duty disability benefit for Lyonel Irurzun to be effective October 1, 2012, with his first pension check being issued on February 1, 2013 (which will retro back to 10/1/2012). The motion was seconded by Jeff Green and carried 5-0.

Ms. Jensen noted that as a follow up from last meeting she will also send a letter to the City in an attempt to try to set up alternative filing method or some kind of compromise (without an actuarial impact on the City of the Fund) for disability applicants that can not file on their own behalf.

Ms. Jensen commented that she had the revised share account policy and brought with her today a copy to be executed.

The board received a letter from Saxena White regarding the Ameristar Casinos case. The fund currently holds 7,141 share of Ameristar in the Baron account which is valued at \$190,000. Since this fund has a significant financial position in Ameristar, Saxena White would like to bring this action to the Nevada State court on behalf of the fund. Ms. Jensen stated that Mr. Dorey as Chairman has already given the authorization in between meetings to move forward with the filing and now the board needs to ratify that decision.

A motion was made by Jeff Green to authorize Saxena White to file the Ameristar casino case on behalf of the fund. The motion was seconded by Ron Frano and carried 5-0.

Ms. Jensen updated the board on the new hire process and commented that out of 21 new hires, 20 needed waivers. As of date 8 members have received the waivers. Ms. Jensen stated that the members do have the opportunity to appeal or challenge the waivers.

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APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meetings held on November 8, 2012 and December 13, 2012.

A motion was made by Brian Walker to approve the minutes of the regular meetings held on November 8, 2012 and December 13, 2012. 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 Ron Frano 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 application for retirement (vested deferred) for Anthony Johnson.

A motion was made by Brian Walker to approve the application for retirement (vested deferred) for Anthony Johnson. The motion was seconded by Ron Frano 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 November 2012.

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

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

Ms. Ross presented the board with the 2012 share account forfeitures. The board reviewed and made revisions. Ms. Ross noted that she will bring back a revised list to the next meeting.

Ms. Ross stated that in between meetings the Chair gave her permission to bind the 2013 fiduciary liability insurance. She noted that the fee for this year is \$12,239.89, which is \$997.87 less than last year.

A motion was made by Brian Walker to bind coverage for the 2013 fiduciary liability insurance. The motion was seconded by Ron Frano and carried 3-0.

OTHER BUSINESS

Mr. Dorey updated the board on the status of the retirement dinner. He noted that the Walkers, Montante's and the Ellis's have been putting a lot of effort into helping set up the retirement dinner. Mr. Dorey wanted that board's permission to comp the tickets for the Montante's and the Ellis's (a total of 4 tickets). It was noted that Mr. Walker is a trustee on the board and will already receive 2 free tickets.

A motion was made by Ron Frano to allow the Montante's and the Ellis's to receive free tickets to the retirement dinner (4 tickets in total). The motion was seconded by Brian Walker and carried 3-0.

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There being no further business and the next Pension Board meeting having been scheduled for Thursday February 7, 2013 @ 1:30PM, the meeting adjourned at 4:37PM.

Brian Walker, Secretary