

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
MARCH 14, 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
Jeff Green
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Greg Caron, Brown Advisory
Kevin Osten, Brown Advisory
Brad Armstrong, Gabriel, Roeder, Smith & Co.

PUBLIC COMMENTS

N/A

PRESENTATION OF THE SEPTEMBER 30, 2012 ACTUARIAL VALUATION REPORT: GABRIEL, ROEDER, SMITH & COMPANY - GRS (PRESENTED BY BRAD ARMSTRONG)

Mr. Armstrong provided the board with the September 30, 2012 Actuarial Valuation Report and commented that this report does reflect the changes of the revised Special Act from May 2013.

Mr. Armstrong reviewed the City's contribution rate for October 1, 2013 which is 49.26% 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, 2013 then they would get a break in interest. That contribution amount is \$7,370,114. Mr. Armstrong noted that the contribution this year has increased from \$6,156,287 last year and this was mostly due to the lower payroll than expected this year. The plan had a net loss of \$511,196 during the year which also increased the City's contributions by .21% if payroll. He commented that the plan's unfunded liability has increased to \$74,512,759, which will be amortized out over the next 20 years. The Trustees' discussed the last time that they had an experience study completed and Mr. Armstrong noted that it was at least a couple of years ago. He noted that he will send out the letter that was previously circulated regarding the study. The Trustees commented that they would like to discuss looking into updating their assumptions and have an experience study completed at the next meeting. Ms. Jensen stated that the only assumptions that can not be changed without a Special Act amendment is the 20 year amortization schedule and the assumed rate of return of 8.25%. The Trustees discussed other assumptions that they can look at such as the inflation rate and the salary increase assumptions because right now they are currently set too high. Mr. Armstrong reviewed the plans funded ratio and commented that it slightly increased this year to 65.6% from 64.5% last year. The Trustees discussed some things that the Plan can do to increase the funded ratio such as the "stop/start" method, or maybe using a 30 year amortization schedule instead of 20 years. Mr. Armstrong stated that he can discuss some of these changes with the State Actuary to get his opinion and will get back to the board. Ms. Jensen reminded the Trustees that if they change the years of the amortization schedule, then it would also require a Special Act amendment. Lastly Mr. Armstrong

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reviewed the statistical data and commented that there are 171 active members and 176 retired members.

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

INVESTMENT MANAGER REPORT: BROWN ADVISORY (PRESENTED BY GREG CARON & KEVIN OSTEN)

Mr. Caron welcomed himself and Mr. Osten back. He briefly reviewed the firm and commented that Brown Advisory was founded in 1993 and they have 9 offices throughout the United States. Brown Advisory has been managing money for this plan since 2011 and the portfolio is currently valued at \$11,366,934. Mr. Caron noted that they added a couple of new analyst to the team recently. He reviewed the firm's investment process and strategy. He commented that that there are about 35 managers in the portfolio and that they run a very concentrated portfolio. Also they are very diversified across all the sectors which is beneficial for the plan. For the quarter ending December 30, 2012 the fund was negative net of fees, but still ahead of the benchmark at -0.75% versus -1.32%. For the one year the fund is also ahead at 15.71% versus 15.26%, but since inception they are trailing the benchmark net of fees at 6.63% versus 8.19%.

Mr. Osten reviewed the firm's investment process in more detail and explained that they are patient investors and will not pay too much for growth. He explained what type of companies they look for and what qualities they must have to be able to get into the portfolio. Mr. Osten reviewed the sector attribution and commented that consumer discretionary and financials did well for this fund during the quarter, but consumer staples, energy, and information technology had detracted from the funds performance. He also noted some of the individual stocks that added to the plans performance and the ones that detracted.

Lastly Mr. Caron stated that the environment remains challenging, but it is slowly growing. Also he noted that Mr. Troy Brown had recently approached Brown Advisory regarding switching to a performance base fee. Mr. Caron stated that they do not do performance base fees for clients with under \$50M, but this plan does already receive a discounted fee by 10 basis points.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meetings held on January 12, 2013 and February 7, 2013.

A motion was made by Jeff Green to approve the minutes from the regular meetings held on January 12, 2013 and February 7, 2013. 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 Dave Merrell to approve the disbursements that were presented by the Administrator. The motion was seconded by Ron Frano and carried 5-0.

BENEFIT APPROVALS

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The Board reviewed the applications for retirement for Everett Carlo, John Ferguson, and Jeffrey Kachman, the applications for a distribution from share account (April 1, 2013) for Lyonel Irurzun, Everett Carlo, John Ferguson, Toby Harrison, Mark Yates, and William Serey, and the applications for distributions from DROP accounts (April 1, 2013) for John Ferguson, Walter Barndt, George Hannah, Bill Henderson, Marc Leatherwood, Michael Pait, Ken Riblett, Gary Wilburn, Mark Yates, and Matt Young, and the application for a DROP loan for Mark Yates, and the application for a refund of contributions for Anthony Jinete.

A motion was made by Dave Merrell to approve the applications for retirement for Everett Carlo, John Ferguson, and Jeffrey Kachman. The motion was seconded by Ron Frano and carried 5-0.

A motion was made by Brian Walker to approve the applications for a distribution from share account (April 1, 2013) for Lyonel Irurzun, Everett Carlo, John Ferguson, Toby Harrison, Mark Yates, and William Serey, and the applications for distributions from DROP accounts (April 1, 2013) for John Ferguson, Walter Barndt, George Hannah, Bill Henderson, Marc Leatherwood, Michael Pait, Ken Riblett, Gary Wilburn, Mark Yates, and Matt Young. The motion was seconded by Jeff Green and carried 5-0.

A motion was made by Dave Merrell to approve the application for a DROP loan for Mark Yates. The motion was seconded by Ron Frano and carried 5-0.

A motion was made by Brian Walker to approve the application for a refund of contributions for Anthony Jinete. The motion was seconded by Jeff Green 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 February 2013.

The Board received and filed the un-audited financial statements through the month of February 2013.

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

Ms. Jensen briefly notified the board that she was contacted by Rick Curtis and that he is looking into hiring a lawyer for pension purposes. She noted that Mr. Curtis was a vested member that cashed out his pension and took a refund of contributions, therefore forfeiting any future pension benefit. At that time Mr. Curtis attended the pension board meeting and the Trustees tried to convince him to leave his money in the plan and not take a refund, but Mr. Curtis proceeded with cashing out his pension anyways. Recently Mr. Curtis attended a City Council meeting and demanded to get back into the pension plan even though he cashed out of it and knew the consequences at that time. Ms. Jensen commented that she will notify the board if she hears anything else. The trustees had a lengthy conversation regarding vested members taking a refund of their contributions. Even though these members sign a legal waiver stating that they are forfeiting any and all future benefits in lieu of a refund of their contributions, there still seems to be an ongoing issue with the members coming back and asking for additional money or pension benefits. The Trustees noted that they would like to discuss alternative options regarding this in more detail at the next meeting.

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Ms. Jensen stated that she was contacted by the Estate Attorney representing Mr. Gressler's family. She noted that Mr. Gressler had a pending lawsuit that was thrown out when he passed away, although he was owed some money. Mr. Gressler's family is in the process of opening an Estate due to this case, but stated that they will not be coming back to the pension plan to ask for any money.

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

Ms. Ross briefly explained that a couple of the new hires have submitted a buyback application for prior firefighter time from the Town of Palm Beach. Those members don't actually have that time available to purchase at the moment, but they want to see the cost to buyback the time here before they make a decision as to whether or not they want to cash out their other pension. Ms. Ross stated that she just wanted to discuss this with the board because the policy does state that each member is entitled to one free buyback calculation, but the members would be cashing out a higher pension for a lower benefit here. The Trustees discussed and noted that this calculation would still be considered the members one free calculation even if they do not go through with it.

OTHER BUSINESS

Ms. Jensen stated that we are still waiting on waivers from most of the new hires. Mr. Walker commented that there will be four new hires in April as well.

Mr. Walker inquired about retirees first pension checks and when they are effective. Ms. Ross explained that a pension is effective the 1st of the month following the member's separation date. Also members can not take any distributions from their Share or DROP accounts until they are eligible to start collecting their pension (therefore a member can not received a share or DROP distribution prior to their first pension check). Ms. Jensen concurred.

There being no further business and the next Pension Board meeting having been scheduled for Thursday April 4, 2013 @ 1:30PM, the meeting adjourned at 4:19PM.

Brian Walker, Secretary