

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**APRIL 4, 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  
Ron Frano

**OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, The Law Offices of Perry & Jensen  
Greg Pittenger, J.P. Morgan  
Michael Duignan, J.P. Morgan  
Troy Brown, The Bogdahn Group  
Rick Roberts, City of WPB Firefighters (retired)

**PUBLIC COMMENTS**

N/A

**INVESTMENT MANAGER REPORT: J.P. MORGAN (PRESENTED BY GREG PITTENDER & MICHAEL DUIGNAN)**

Mr. Pittenger welcomed himself back and introduced Mr. Duignan. He updated the board on the firm and commented that they did have one new investor join the portfolio recently and one portfolio manager retired. He was replaced with another employee from within the fund. Mr. Pittenger reviewed the investment process and commented that J.P. Morgan does have there own internal investment committee which consist of 10 members. Mr. Roberts asked about the investment committee and what processes they go through when selecting a property. Mr. Pittenger explained in great detail who the investment committee consist of and exactly what they do. This committee reports on ways to protect the plan in the future during the market changes and comes up with strategies to preserve the most capital that they can. He noted that currently their capital leverage is at 35% which is relatively low, although they will not go beyond 50% per their policy. Mr. Pittenger reported that the Real Estate returns are projected to be between 7-8% over the next 3 years since Real Estate is doing well and is getting better. He briefly reviewed the funds performance as of December 31, 2012 and commented that they were ahead for the quarter at 2.8% versus the benchmark at 2.3%, and for the one year they are also ahead of the benchmark at 12.1% versus 10.9%.

Mr. Duignan introduced himself and stated that in 2008 the board reviewed the Special Situation Fund but they did not move forward with it at that time due to the market situations. Therefore he commented that they are now back to review the fund once again since the market conditions have changed since then. The Special Situation fund strategy is more of a cycle and he reviewed the flow. This strategy is similar to the investment that the fund is currently in, in that it is also an open ended core fund. Mr. Duignan explained that this strategy purchases properties, develops them, renovates them, and then lastly they re-lease them out again. The Special Situation Fund focuses mainly on top tier markets with high occupancy rates. He reviewed the reasons why it is beneficial to invest in this type of product. This product has the potential to earn about 400-500 basis points, and about 50% of the assets are in the redeveloping stage and the other 50% is already completed and is being leased out. Currently this product manages \$3B in assets with 82 properties in

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the portfolio. Mr. Duignan discussed with the board what would make them sell a property, such as signing a new lease or if the property is 100% leased out. They hold onto properties for about 5 years or until they are 100% leased out, whichever happens first. He noted that longest property in the portfolio has been held for 7 years. Mr. Duignan reviewed the performance of the Special Situation fund and for the most recent quarter the fund was up 2.6%, for the one year it is up 12.5%, and since inception it is up 7%. Also out of the last 15 years this fund has only been negative twice. He commented that this plan does pay out a quarterly disbursement and even through the recession and the redemption queue that they had, J.P. Morgan was still paying out their quarterly income distributions to their clients. Lastly he explained that the Special Situation fund is in great shape and now is a great time to get into it. He noted that there is now a queue to get into the fund, which is about 6 months long.

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

The Trustees discussed the Special Situation fund and presentation. Mr. Brown commented that he thinks this is still a great investment for this fund. He explained that we are coming to a point where interest rates are going to rise and fixed income is not going to generate a lot of income and therefore the board needs to think about allocating more to Real Estate. Mr. Brown noted that he would recommend taking the money from the bonds side (the PIMCO/Oppenheimer account) to allocate more to Real Estate. That way the fund will also be protecting itself on the bond side in case rates do increase. He also commented that J.P. Morgan is not the only manager that offers the Special Situation fund, but they are the only managers that are an open ended fund and not closed end. Mr. Brown reiterated that this is a great opportunity for this fund to get into especially since they would let this fund enter with a \$4M commitment (opposed to the normal \$5M minimum funding requirement). Lastly he noted that the fee for this fund is 125 basis points. The Trustees had a lengthy discussion on Special Situation Fund and where the funding sources would come from.

**A motion was made by Dave Merrell to authorize the transfer of \$4M from the PIMCO/Oppenheimer account to fund the Special Situation Fund offered by J.P. Morgan. The motion was seconded by Brian Walker and carried 4-0.**

Ms. Jensen noted that the Special Situation Fund agreement will be signed in between meetings.

The board briefly discussed the Brown Advisory presentation from last meeting since Mr. Brown was not present. Mr. Brown noted that Brown Advisory will not switch to the performance base fee. He also commented that he will be watching them closely as they have had a lot of recent underperformance.

Mr. Brown explained that there is another great investment opportunity out there that he will be bringing back to the board to review in the near future. He briefly touched on the product which is called the direct lending strategy fund. This is a closed ended fund and therefore will lock up the funds money for 7 years, although this product does generate income on an annual basis.

Lastly Mr. Brown reviewed the funds preliminary performance for the quarter ending March 31, 2013. For the quarter the fund is up 6.2% and for the fiscal year to date the fund is already up 8.4%.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on March 14, 2013.

**A motion was made by Brian Walker to approve the minutes from the regular meeting held on March 14, 2013. The motion was seconded by Dave Merrell and carried 4-0.**

**DISBURSEMENTS**

The Board reviewed the disbursements presented for approval by the Administrator. Ms. Ross explained that a check from a different pension fund was accidentally deposited into this funds account. Therefore we reimbursed the other pension fund by cutting a check from this fund and depositing into the other fund. You will see this reflected on the disbursements list.

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

**BENEFIT APPROVALS**

The Board reviewed the application for retirement for Stephen Fischer, the application for distribution of share account (due to an IDO) for Thomas Harrison, the application for distribution of DROP account (a hardship withdrawal) for Don Triana, and the application for a DROP loan for Jon Brasseur.

Ms. Ross noted that Mr. Triana's hardship request letter is attached to the benefit approvals as well.

**A motion was made by Brian Walker to approve the application for a distribution from DROP account (hardship withdrawal) for Don Triana. The motion was seconded by Ron Frano and carried 4-0.**

**A motion was made by Ron Frano to approve the application for retirement for Stephen Fischer. The motion was seconded by Brian Walker and carried 4-0.**

**A motion was made by Dave Merrell to approve the application for a distribution of Share account (due to an IDO) for Thomas Harrison. The motion was seconded by Brian Walker and carried 4-0.**

**A motion was made by Brian Walker to approve the application for a DROP loan for Jon Brasseur. 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 briefly updated the board on the current pending Senate Bill 458 and House Bill 1399. She explained that the Senate Bill has passed through all committees and will now go to the floor for 3 readings. She discussed some of the changes. All plans will have to open a defined contribution plan, in which this plan already has; the Share accounts. She explained that this bill has revised some of the definitions and also it has set a base frozen amount of the Chapter 175 monies. All monies that are received over the base amount will be distributed out as follows (per dollar): the first 50 cents will go to the Plans unfunded liability until the plan is 80% funded, the next 25 cents will be paid towards the funds current base benefits,

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and then the last 25 cents will go to the members individual share accounts. Ms. Jensen stated that as soon as more information becomes available, or as soon as a Bill is completely passed she will notify the board.

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

Ms. Ross presented that board with the letter from GRS regarding the 5 year Actuarial experience study that board was interested in having performed. She noted that the last study was completed in 2001 and the board should have one performed every 4-5 years. GRS estimated that the cost of the study to be \$12,500 and it will be completed by June 30, 2013. The Trustees noted that this experience study is something that really needs to be completed, but asked that GRS have the study completed by June 1, 2013 since the board will not be meeting in July. Ms. Ross commented that she will relay that information along to GRS.

**A motion was made by Brian Walker to authorize GRS to complete a 5 year experience study regarding the plans current benefits and assumptions. The motion was seconded by Dave Merrell and carried 4-0.**

**OTHER BUSINESS**

There being no further business and the next Pension Board meeting having been scheduled for Thursday May 2, 2013 @ 1:30PM, the meeting adjourned at 3:49PM.

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Brian Walker, Secretary