

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
MAY 2, 2013

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
Jeff Green, Secretary
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
David Kaplan, Baron Capital
Robert Robbins, Robbins, Geller, Rudman & Dowd
David George, Robbins, Geller, Rudman & Down
(joined via teleconference)
Troy Brown, The Bogdahn Group
Rick Roberts, City of WPB Firefighters (retired)

PUBLIC COMMENTS

N/A

ROBBINS, GELLER, RUDMAN & DOWD, LLP (RGR&D) – PRESENTED BY ROBERT ROBBINS AND DAVID GEORGE (VIA TELECONFERENCE)

Mr. George joined the meeting via teleconference. He stated that he wanted to update the board on the DeVry case and apologized that he could not make it in person today. Mr. George reviewed the history of the case and stated that it was originally filed back in November 2010. In March 2013 the court dismissed the case in prejudice because the courts found that the senior executives with DeVry did not know what was happening at the campus level. Mr. George explained that on April 26, 2013 his company filed an appeal to reserve the rights of the board. He noted that the court at the end of the case is required to be in accordance with Rule 11. Mr. George expressed to the board that RGR&D stands behind every action that they have made and do not think that they did anything in violation of Rule 11. He also stated that RGR&D did hire a professional to review their briefs and they ultimately concluded that nothing was violated under the Rule 11. Mr. George explained that the Courts will look at the briefs on May 17, 2013 to determine and rule if they did break anything in regards to the Rule 11. From there RGR&D will have until June 5, 2013 to appeal back if they wanted too. Mr. George reassured the board that he will update them either way on any outcome.

INVESTMENT MANAGER REPORT: BARON CAPITAL (PRESENTED BY DAVID BARON)

Mr. Baron welcomed himself back and gave a brief update on the firm. He stated that Baron has a total of 115 employees, with 26 employees on the research team. He reviewed the portfolio characteristics and stated that they have very low turn over, about 18%. The average that they hold onto a stock for is about 5 years, which reflects that they are a long term investor. Mr. Baron reviewed the plans performance and commented that they have outperformed in 2011 and 2012, but for the quarter ending March 31, 2013 they underperformed at 12.89% versus the benchmark at 13.21%. He reviewed the contributors and the detractors during the quarter and commented that they were underweighted in healthcare, consumer staples, and information technology. Lastly Mr. Baron noted that they do not own more than 5% in one company so if they made any changes to the portfolio or the

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firm, then they will either trim back on that one holding or take it completely out of the portfolio altogether.

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

Mr. Brown reviewed the March 31, 2013 quarterly report. He noted that his presentation now includes a page that lists the investment team that works on this funds portfolio. Mr. Brown briefly reviewed the market environment during the quarter and commented that he does not think a 60/40 portfolio plan will meet the assumed rate of return of 8.25% for the next 10 years, but this plan is 70/30 so they are in a better position than most. The Trustees briefly discussed their current asset allocation and if they needed to change their expected rate of return. Mr. Brown noted that the fund had a \$9M gain during the quarter, which was a return of 6.25% versus the benchmark at 5.71%. For the fiscal year the fund is also up 8.52% versus the benchmark at 6.78%. Mr. Brown noted that since the end of the quarter they are up even more, which puts them at 9.2% for the fiscal year ending 9/30/2013.

Mr. Brown stated that it was a strong quarter overall and none of the managers were negative. The Spectrum CD was close to 13% for the month of March, which is the highest quarter for them. The Spectrum CD will be issuing their third coupon later this month. He reviewed each manager's performance during the quarter and noted that Fayez and Baron underperformed. He discussed Fayez's performance and stated that they have been underperforming for a while now, but are still ahead since inception. Mr. Brown also noted that Fayez refuses to switch to the performance base fee schedule, but Mr. Brown does not recommend any changes to them at this time. The board had a lengthy discussion and asked Mr. Brown to bring back a manager search to the next meeting for review.

APPROVAL OF MINUTES

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

A motion was made by Ron Frano to approve the minutes from the regular meeting held on April 4, 2013 as amended. The motion was seconded by Jeff Green and carried 3-0.

DISBURSEMENTS

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

A motion was made by Jeff Green to approve the disbursements that were presented by the Administrator. The motion was seconded by Ron Frano and carried 3-0.

BENEFIT APPROVALS

The Board reviewed the application for retirement for Malcolm Bomford.

A motion was made by Jeff Green to approve the application for retirement for Malcolm Bomford. 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 March 2013.

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

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

Ms. Jensen explained that the board received a letter back from the Division of Retirement regarding the September 30, 2012 Valuation Report, which was not approved by the State. Mr. Jensen briefly reviewed the reasons why the Division is not approving the report and stated that the Plans Actuary is aware of the letter and is working on drafting a response back. Mr. Brown commented that he put together a chart that reflects the board's historical assumed rate of return and how many times they have met it for purposes of the response to the Division. Mr. Jensen stated that she will update the board as more information becomes available.

Ms. Jensen stated that Senate Bill 458 that they previously discussed did not pass this legislative session, nor did any other bill that will affect Chapter 175/185 plans.

Ms. Jensen noted that she had the JP Morgan Special Situation Fund agreement to be executed by the board today.

Ms. Jensen commented that a typo in the Special Act Implementation was just discovered. Therefore she will revise the typo and send Ms. Ross the revised page to insert in.

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

N/A

OTHER BUSINESS

There being no further business and the next Pension Board meeting having been scheduled for Thursday June 6, 2013 @ 1:30PM, the meeting adjourned at 3:40PM.

Brian Walker, Secretary