

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

Chairman David Merrell called the meeting to order at 2 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

David Merrell, Chair  
Brian Walker, Secretary  
Guy Montante  
Ron Frano

**OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, The Law Offices of Perry & Jensen  
Troy Brown, The Bogdahn Group  
Jeff Green, City of WPB Finance Director  
Jeff Stefaniak, City of WPB Firefighter/Union Pres  
Mike Martin, Abbey Capital  
Joe White, Saxena White  
Derrick Daniels, Former City of WPB Firefighter  
Nicole Jackson, Attorney Representing Mr. Daniel

**PUBLIC COMMENTS**

Mr. Green stated that he did speak with the Union's president, Jeffrey Stefaniak, regarding some pension changes. He explained that the City and the Union are currently working on putting together a study to discuss some pension changes and he noted that the City has a list of items that they want to review. The Union will also be able to submit any request for review as well. Mr. Green commented that they will be using then pension plans Actuary, GRS, to complete the study since they already have all the data; although the pension board will ultimately be responsible for paying the bill that will be associated with this study. Mr. Green reviewed the items that the City is looking into (reducing the multiplier to 2.5%, changing the retirement eligibility to age 50 with 20 years of service, implementing a dollar amount benefit cap, and moving to a 5 year final average salary), and Mr. Stefaniak stated that the Union is in the process of putting together their list of items that they would like to be reviewed. Mr. Stefaniak commented that he will bring back the list from the Union's side to the next meeting for the pension board to review and approve before it is submitted to the City.

**SAXENA WHITE PRESENTATION: (PRESENTED BY JOE WHITE)**

Mr. White stated that he was here today to update the board on the Vornado case. He reminded the board that with their permission, Saxena White sent a letter to the company asking to review their books. As a result of reviewing the books, Mr. White commented that he was pleased to announce that his firm was able to settle the case without going to litigation. He presented the board with a \$25K check as a result. The Board thanked Mr. White for his time and congratulated him on the great recovery.

**INVESTMENT MANAGER REPORT: ABBEY CAPITAL (PRESENTED BY MIKE MARTIN)**

Mr. Martin introduced himself to the board and stated that he is covering for Helen Doody as she is out on maternity leave. He thanked the board for their relationship, especially during this difficult time with managed futures. Mr. Martin briefly reviewed the firm as a whole and commented that Abbey has 4 locations with their headquarters in Dublin, Ireland. He reviewed Abbey's philosophy and commented that they are a 100% transparent with daily liquidity. Managed Futures looks for trends in the market and they can trade equities, fixed income, and almost any

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sector. Abbey Capital has 28 different managers in their portfolio and 18% of those managers trade about 1-5 times a day. Also 14 of their 28 managers are long term trend followers, which has hurt them recently as well. He commented that in the past long term trend followers always outperformed the short term trend followers, but now the market has changed and they are starting to pull back on some of the long term trend followers. Mr. Martin reviewed the funds sector allocation as of September 30, 2013 and commented that they have made some money in equities, but their holding in that sector is so small that it didn't have an impact on the portfolio. Abbey has had 5 negative years out of the last 15 years, with 3 of those years being the last 3. Mr. Martin reminded the board the Managed Futures is made to protect on the downside and he reviewed a couple of examples of when it has worked. He commented that since 2010 they have been having a difficult time and recently they hit their largest draw down at -23%.

Mr. Martin reviewed a handout that looked at historical performance of Managed Futures. He explained the history surrounding Managed Futures and how they have always outperformed until 2010. The low interest rate environment has added to the negative performance as well as the negative equity market. Lastly he reviewed some specific examples of when Managed Futures does out perform and when they do not. He commented that Abbey Capital is still using their same investment strategy and he hopes that the board will continue to ride out this rough patch with them because historically their product proves to do well after a recovery.

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

Mr. Brown discussed Abbey's presentation with the board. Abbey Capital is still the largest Managed Future manager out there, but he noted that the Bogdahn Group is no longer actively seeking managers for the Managed Futures product anymore. This fund has lost about 10% with Abbey since they were hired in 2010, although Bogdahn is recommending that they stay with Abbey but not to allocate anymore funds to them. Mr. Brown stated that if the board does come across a better investment idea later on down the road, then they would more than likely take the funds from Abbey since they have daily liquidity anyways. In the meantime, the board needs to continue to be patient with Abbey.

Mr. Troy reviewed the preliminary performance for the quarter and the fiscal year ending September 30, 2013. August was a great month and that is where most of the performance came from in the quarter. The fund is up 4.9% for the quarter and 14.9% for the fiscal year.

Mr. Brown mentioned that this was the first quarter that TSW's performance fee has actually worked against the board because of their outperformance (10% for the quarter alone). He explained that since TSW is on the incentive fee performance scheduled and since they outperformed during quarter, the board is paying them a little more. Mr. Brown also noted that it works the other way as well; if they lose money then their fee decreases as well.

Mr. Brown stated that after the last meeting he asked Salem Trust to reduce their fees in light of their issues, per the board's request. He explained that Salem gave the board a 20% discount on the total fee calculation for the quarter ending June 30, 2013, but they will not reduce their trading fee schedule of 2 basis points on the total market value or the \$5 trading fee. Mr. Brown stated that he will send Salem the same request, asking them to reduce their fees for the quarter ending September 30, 2013 as well. The Trustees' had a lengthy discussion on the Salem

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Trust issue and stated that there is nothing they can do at the moment because they have to at least stick with them for the remainder of the fiscal year. Mr. Brown commented that he did reach out to all the managers to make sure that Salem Trust posted all their trades correctly and all the managers confirmed back that they did not run into any problems. Mr. Brown stated that his recommendation is to stay with Salem Trust because overall (other than the current issue); they have not run into any other issues with them. Lastly Ms. Jensen explained that she did send out the Custodial RFQ's as instructed to after Salem missed their first deadline. The Trustees reviewed the RFQ responses and ultimately decided not to move forward with them at this time, but they will hold onto them just in case Salem does not meet their September statement deadline as well.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on September 5, 2013.

**A motion was made by Brian Walker to approve the minutes of the regular meeting held on September 5, 2013. 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 4-0.**

**BENEFIT APPROVALS**

The Board reviewed the application for a refund of contributions for Derrick Daniels (as well as a request to release his mustering out money which was deposited into his share account when he separated service), who is a vested member. Ms. Jensen reviewed the background of this situation and stated that the member originally submitted his application for a refund of contributions months ago, but a couple of days after the application was submitted the board received an enjoining court order that stated that the pension fund was not allowed to release any of Mr. Daniel's funds until further notice. Since then the plan has received the correct court orders now releasing the money.

*\*Mr. Daniel's joined the meeting with his Attorney Nicole Jackson\**

Ms. Jensen explained that the Trustees' requested that Mr. Daniel's be present at today's meeting because as a past practice when a vested member is taking a refund of their contributions in lieu of a pension benefit, the board would like to have an opportunity to speak to the member directly. The Trustees have a fiduciary responsibility to the members of the plan to protect them and their assets. Ms. Jensen stated that Mr. Daniel's is deciding to forfeit his future monthly pension benefit (which would commence at age 50) as well as his share account in return for a one time lump sum refund payment. Mr. Daniel's stated that he is very well aware of the decision he is making and understands all the rules and regulations surrounding his decision. He commented that he is fully aware that he is forfeiting a greater benefit for a refund of his contributions and he stated that he has made this decision after speaking to his friends, family, and his tax advisor. Again, Ms. Jensen explained that since Mr. Daniel's is a vested member electing a refund of his contributions in lieu of a pension benefit, then he will need to sign the legal waiver and the special tax notice acknowledging this decision before his money is disbursed (it was noted that the board uses this same practice for all vested members that

**Deleted:** A motion was made, seconded and carried 4-0 to accept the minutes of the meeting held May 23, 2011.

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decide to opt out of their pension). Mr. Daniel's stated that he will review this waiver with his Attorney and understands that it does need to be executed before he receives his payments.

**A motion was made by Brian Walker to approve the application for a refund of contributions for Derrick Daniels. The motion was seconded by Ron Frano and carried 4-0.**

**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 August 2013.

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

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

Ms. Jensen reviewed the draft Interim Election form for selection of payment option for vested members. She asked the Trustees to carefully review this form and that they can either discuss it more or approve it at the next meeting.

Ms. Jensen reviewed the Special Act changes that she drafted regarding the transfer of the mustering out money and also reducing the plans assumed rate of return to 8%. She commented that once these changes are approved by the board, then she will start the process of filing these changes in the Special Act for the 2014 Legislative session.

**A motion was made by Ron Frano to approve the Special Act changes as presented (the transfer of the mustering out money and as well as reducing the plans assumed rate of return to 8%). The motion was seconded by Brian Walker and carried 4-0.**

Ms. Jensen stated that she also put together some other suggestive language changes that she would like to see the board incorporate into the Special Act as well. She commented that these changes are due to some of the situations that the Board has recently encountered and she thinks that by adding in more specific language it will help out in the future. The Trustees reviewed the recommended changes and stated that since they are administrative changes only (no benefit changes), they do not see an issue with adding those changes into the Special Act at this time as well.

**A motion was made by Ron Frano to approve the additional Special Act changes as presented. The motion was seconded by Brian Walker and carried 4-0.**

Ms. Jensen stated that she sent the agreement to the Union and the City to sign regarding their right to waive bargaining in regards to the Special Act changes that were discussed above.

Lastly Ms. Jensen wanted to notify the Trustees that in preparation for the next meeting, she will be sending out a letter regarding a proposed fee increase for her services.

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

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Ms. Ross stated that the plan received their 2012 Supplemental money and that per the recommendation of the plans consultant, it stayed in the Plan's receipt and disbursement account and will be used for benefit payments.

**OTHER BUSINESS**

There being no further business and the next Pension Board meeting having been rescheduled to Thursday November 7, 2013 @ 1:30PM, the meeting adjourned at 4:58PM.

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Brian Walker, Secretary