

WEST PALM BEACH FIREFIGHTERS' PENSION FUND  
MINUTES OF MEETING HELD  
FEBRUARY 6, 2014

Chairman David Merrell called the meeting to order at 1:31 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  
Scott Kelly  
Ron Frano

**OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, The Law Offices of Perry & Jensen  
Troy Brown, The Bogdahn Group  
Greg Grabar, PIMCO  
Richard Cristini, Davidson, Jamieson & Cristini (DJC)  
Jeanine Bittinger, Davidson, Jamieson & Cristini (DJC)

**PUBLIC COMMENTS**

N/A

**PRESENTATION OF THE 9/30/2013 AUDITED FINANCIAL STATEMENTS: DJC  
(PRESENTED BY: RICHARD CRISTINI & JEANINE BITTINGER)**

Mr. Cristini noted that the auditing standards changed this year and due to that there are more footnotes in this year's audit. He commented that overall a clean opinion was issued for the September 30, 2013 audit. Mr. Cristini compared the asset information from 2012 to 2013 and noted that the total plan assets increased from \$145.3M to \$164.5M. Also both the employer and employee contributions decreased this year, but the Chapter 175 money was up from last year. He commented that the DROP and share accounts are not considered plan liabilities because they are designated dollars. Lastly Mr. Cristini reviewed the plans internal controls and noted there was only one adjustment relating to the DROP loan receivables. He stated that we will see this adjustment every year due to the interest accounting, but it is immaterial to the plan. Mr. Cristini also noted that the issue with the foreign taxes has gone away due to the new GASB requirements.

**A motion was made by Brian Walker to accept and approve the September 30, 2013 audited financial statements as presented. The motion was seconded by Ron Frano and carried 5-0.**

Mr. Cristini explained that due to the Salem Trust conversion issue and the delay in issuing the custodial statements, it caused his office an additional 30 hours in work trying to reconcile everything. Therefore Mr. Cristini's office will be submitting a bill to the plan for \$2K, in which he would recommend in return forwarding the bill to Salem Trust. Also with Salem's new system it changed the reporting format, and therefore his office may have to charge for converting the information in the future if Salem does not help them come up with a resolution.

Lastly Mr. Cristini explained that his office received a letter from the City regarding their "Group Audit". The City considers themselves to be in a group audit with all the other pension boards within the City. His office responded to the City stating that the pension board is not in a group audit with the City, because the pension board hires their own independent auditor and also the plan members are covered under the pension board. Also the City is requesting that the pension board should hold open their subsequent events until March 2014, but Mr. Cristini stated that they have

already completed the pension audit so they will not hold the time period open any longer.

**INVESTMENT MANAGER REPORT: PIMCO (PRESENTED BY GREG GRABAR)**

Mr. Brown briefly reviewed the board's options in regards to transferring the money out of Allianz and into a different PIMCO account. Mr. Brown stated that he is recommending to the board to take the in-kind transfer to the PIMCO total return fund, and then the board can move the money from there as they so wish. Mr. Brown explained that he does think it would be beneficial to move half (\$15M) of the Allianz money to another investment and leave the other half in the PIMCO total return fund. He commented that he has 6 other investors with Allianz and only one client has cashed out.

Mr. Grabar welcomed himself back and explained what happened behind the scenes for Allianz to close their fund spur of the moment. He explained the alternative options that they are providing to the board at this point, but he does not have a written offer for the board today for the in-kind transfer to the PIMCO total return fund. Mr. Brown reminded the Trustees that they need to make their decision by February 28, 2014 as that is Allianz's deadline (all the money has to be out of the Allianz account by March 31, 2014). The Trustees had a lengthy discussion on where they want to move the money to and how it should be transferred out of the Allianz account. Mr. Grabar stated that he will try his hardest to get written confirmation from Allianz in regards to the in-kind transfer to the PIMCO total return fund as soon as possible, as he is aware he was suppose to have that information available for today's meeting.

**A motion was made by Ron Frano to approve and authorize the in-kind transfer from the Allianz Account to the PIMCO Total Return Account (and if the in-kind transfer is not allowed by Allianz, then the board will move the funds over to Salem Trust to hold in cash until further notice) . The motion was seconded by Scott Kelly and carried 5-0.**

Mr. Brown discussed the transition process between the 2 funds. The entire transition would happen over the course of 48 hours, and they do not need to use a transition manager for this either. From there Mr. Brown stated that they can move some money out into another investment if they wished.

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

Mr. Brown noted that the plan closed out the quarter ending December 31, 2013 with the highest quarter of the year. In December the tapering started to take effect and the total fund was up \$6.26% versus the index at 5.42%. During the quarter 8 managers outperformed the index and the total plan assets are now up to \$176M, which is a new high for the portfolio. Mr. Brown reviewed the plans asset allocation and noted that Real Estate is currently over weighted, but he also wants to add more to it by the end of the year as well. Therefore his recommendation would be to increase the Real Estate allocation and eliminate managed futures altogether. The Trustees discussed managed futures as a whole and noted that their strategy did work in this portfolio but due to the changing market conditions it may be time to move away from them. Mr. Jensen reminded Mr. Brown that come 2016 members will be pulling a lot of money out of the plan due to the plan changes and to keep that in mind when making investment recommendations to the board.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND  
MEETING OF FEBRUARY 6, 2014

Mr. Brown presented the board with a core fixed income manager search for the \$15M that would be coming from the PIMCO account (the other \$15M will remain in the PIMCO total return account). He reviewed each manager's historical performance as well as their fees. Mr. Brown explained that due to the size of this plan and the other investments, his recommendation for interviews would be Garcia Hamilton, Sawgrass, and Taplin Candia & Habacht (TCH). The Trustees concurred and Mr. Brown stated that he will set up the interviews for the March meeting.

Lastly Mr. Brown stated that he had a conversation with all the commission recapture managers that this plan currently uses and they all agreed to lower their fee. ConvergeX is decreasing their fee to .085 cents and Abel Noser is decreasing to .1 cent. Ms. Jensen has the revised Abel Noser contract with her today to be executed.

**A motion was made by Ron Frano to approve and execute the revised commission recapture contract with Abel Noser reflecting the fee decrease to .1 cent. The motion was seconded by Brian Walker and carried 5-0.**

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on January 9, 2014.

**A motion was made by Brian Walker to approve the minutes of the regular meeting held on January 9, 2014 as amended. The motion was seconded by Ron Frano and carried 5-0.**

**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 Guy Montante and carried 5-0.**

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

**BENEFIT APPROVALS**

The Board reviewed the application for retirement for Michael Cress, the application for distribution of share account (due to divorce) for Mark Pignato, the applications for distribution of DROP account Mike LeBlanc, Aaron Richardson, and Gary Wilburn, the applications for distributions of share account for Howard Buttery and Patrick Morris, and the application for refund of contributions for Fred Gamble.

**A motion was made by Brian Walker to approve the application for retirement for Mike Cress, the application for distribution of DROP account (due to divorce) for Mark Pignato, the applications for distributions of DROP account for Mike LeBlanc, Aaron Richardson, and Gary Wilburn, the applications for distribution of share account for Howard Buttery and Patrick Morris, and the application for a refund of contributions for Fred Gamble.. The motion was seconded by Guy Montante 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 December 2013.

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

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

Ms. Jensen notified the board that they were not able to fulfill the public records request from the Palm Beach Post in regards to the disabled retirees. She explained that the items they were requested were against the HIPPA law. Therefore PRC has returned the check from the Palm Beach Post with a letter explaining why they could not provide the documentation that was being requested.

Ms. Jensen provided the board with the affidavit that she is going to provide to the 3 new hires that did not go through the new hire physical process.

**A motion was made by Scott Kelly to approve the affidavit for the 3 new hires that did not undergo the new hire physical process. The motion was seconded by Brian Walker and carried 5-0.**

Ms. Jensen notified the board that she had to fill out a new economic impact statement at the last minute due to the legislature sending out the form within a week of when it was due. Additionally, because House Bill drafting prefers an amendment (which is a short document) versus a restatement (which is a much longer document), the Special Act will not be restated it will just be amended.

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

Ms. Ross stated that as a follow up from the last meeting, the plan's fiduciary liability insurance does have the IRS sanctions covered under the policy.

**OTHER BUSINESS**

There being no further business and the next Pension Board meeting having been scheduled for Thursday March 6, 2014 @ 11:30AM, the meeting adjourned at 3:41PM.

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Brian Walker, Secretary