

WEST PALM BEACH FIREFIGHTERS' PENSION FUND  
MINUTES OF MEETING HELD  
MARCH 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

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on February 6, 2014.

**A motion was made by Brian Walker to approve the minutes of the regular meeting held on February 6, 2014 as amended. The motion was seconded by Ron Frano and carried 4-0.**

Ms. Ross stated that she received the additional invoice from the Auditors (DJC) in the amount of \$2K regarding the additional time they spent on the audit due to the issue with the Salem Trust statements. The Trustees discussed the invoice and stated that they will pass this charge through to Salem Trust.

**A motion was made by Brian Walker to authorize Ms. Ross to send the additional DJC invoice in the amount of \$2K to Salem Trust for payment. 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.**

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

**BENEFIT APPROVALS**

The Trustees asked Ms. Ross to not present the names from the benefit approvals list in the minutes.

The Board reviewed the benefit approval list presented for approval by the Administrator dated March 6, 2014.

**A motion was made by Ron to approve the benefit approvals list as presented by the Administrator. The motion was seconded by Brian Walker 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 January 2014.

***The Board received and filed the un-audited financial statements through the month of January 2014.***

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

Ms. Jensen noted that the Resource Centers has issued their SSA 16 audit as of September 30, 2013. She briefly explained what this report is.

Ms. Jensen stated that the plan has not heard anything else from the Palm Beach Post regarding their public records request.

Ms. Jensen notified the board that the Special Act is House Bill 931 and is sponsored by Kerner. Also the Legislative Session starts next Tuesday.

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

N/A

**OTHER BUSINESS**

Mr. Walker stated that the retirement dinner is coming up again in 2015 and he shared some details with the board. He noted that the Embassy Suites slight increased the dinner prices this year, but they still don't charge a facility fee. Therefore once a date is chosen, Mr. Walker will need to make a \$1K deposit.

***A motion was made by Brian Walker to authorize the pension board to submit a deposit (up to \$2K) to the Embassy Suites for the 2015 retirement dinner and to allow Brian Walker to execute the contract. The motion was seconded by Guy Montante and carried 5-0.***

Mr. Walker stated that in the future they may consider doing something joint with the Union in regards to the retirement dinner.

**INVESTMENT MANAGER PRESENTATIONS:**

• **TAPLIN, CANIDA & HABACHT (TCH) - PRESENTED BY ALAN HABACHT & SCOTT KIMBALL**

Mr. Habacht introduced himself and Mr. Kimball. TCH is a fixed income shop located in Miami. They are owned by BMO (Bank of Montreal), but TCH works independently of them. TCH was founded in 1985 and they currently have \$9.1B in assets. He reviewed the fixed income team and stated that they have been working together for almost 29 years now. Mr. Habacht explained that if they were hired, then they would manage a separate account for this plan, customized to our requirements. Mr. Kimball states that TCH manages different fixed income strategies, but the one they are here to review today is the Core Fixed Income account in which he is the portfolio manager of. Mr. Kimball reviewed their investment philosophy and process and stated that compliance is very important to them. TCH uses a cross between bottom up and top down research and they also hold a variety of investments in their core fixed income portfolio with 150 different companies. Currently there are 31 clients in this fund and it is also highly liquid. Mr. Kimball discussed the funds performance and stated that they have outperformed their index for all time periods,

but going forward it will be a different market place for fixed income. The fee for this product is 25 basis points for all assets. The Trustees asked some questions regarding interest rates and the portfolio structure and personal. Mr. Habacht explained that the 3 lead managers will be retiring soon, but they have been preparing for that as firm.

- **SAWGRASS ASSET MANAGEMENT - PRESENTED BY CHRIS GRECO & DAVID FURFINE**

Mr. Greco and Mr. Furfine introduced themselves and stated that this product would be a great fit for this plan because it offers great stability, it is very liquid, it is very compatible with the PIMCO product that the fund is currently in, and it also offers downside protection. They also have a lot of Florida clients, are very involved in FPPTA, and they even have their own conferences as well. Mr. Greco stated that by adding this product into the portfolio, it will reduce the risk with outperformance. Sawgrass has outperformed the index overall with less risk and he explained what their firm does not do that makes them different from the other managers. Mr. Furfine is the portfolio manager for this product and he reviewed the investment process. He noted that that they take a top down approach and he reviewed the sector allocations. They mainly invest in higher quality companies that have an average of AA ratings. Mr. Furfine reviewed the funds performance and commented that they have outperformed 7 of the last 9 periods. Sawgrass captures 106% on the upside and 87% on the downside, which makes them have different correlation compared to the other managers. Currently there are 60 names in the portfolio and their average duration is about 5.9 years. The fee for this product is 20 basis points on the first \$15M, and then there is a breaking point at \$30M to 15 basis points.

- **GARCIA, HAMILTON & ASSOCIATES (GHA) - PRESENTED BY CHRIS GILBERT GARCIA & JANNA HAMILTON**

Mr. Garcia introduced himself and Ms. Hamilton. GHA was founded in 1988 and they are 100% employee owned. He explained that they have been growing this fixed income product and now the assets are up to \$3B. Mr. Gilbert explained that GHA is a very top down oriented firm where their main goal is to over perform net of fees. They only invest in high quality funds that preserve capital and maintain liquidity with high current income. Currently the portfolio is dominated with Treasuries and mortgage back securities. GHA only buys 15 year mortgages because they are better borrowers, and they only buy companies with high corporate bonds as well. They do no invest in non-dollar dominations bonds, high yield securities, or no derivatives. Mr. Garcia explained that GHA has a lot of flexibility and therefore they can quickly adjust to changing market conditions because they are a small company. For example, Mr. Garcia discussed the Lehman Brother's fallout and how GHA stuck through it. GHA will move their sectors around when there is displace in the market. He reviewed how they control risk and noted that during the downtimes they buy everything that is failing and they seem to benefit from it. Mr. Garcia stated that when it comes to performance they look at yield curve everyday and they have outperformed during all time periods. The average duration in this portfolio is 5.9 years, but their coupon is much larger because they want the income to reinvest. The fee for this product is 25 basis points on the first \$25M and then it goes down to 20 basis points. The Trustees discussed the fees and asked if they could be lowered since the police and general also have accounts with them. Mr. Garcia stated that he does not want fees to become an issue, but he will see what they can do and will get back to Mr. Brown.

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MEETING OF MARCH 6, 2014

BOARD DISCUSSION:

The Trustees had a very lengthy discussion regarding the presentations. They discussed the differences between each manager's investment process as well as fees.

**A motion was made by Scott Owens to hire Garcia, Hamilton & Associates and to direct Troy Brown to ask GHA to grant a lower fee (results to be brought back to the board). The motion was seconded by Guy Montante and carried 5-0.**

**A motion was made by Brian Walker to authorize the approval of splitting the assets in the PIMCO account in half with GHA. The motion was seconded by Ron Frano and carried 5-0.**

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

Mr. Brown noted that he does feel very comfortable with the boards decision today.

He reviewed the February 28, 2014 flash performance report and noted that they are up 7.6% for the fiscal year to date.

Lastly he explained that he is still recommending that the board move the PIMCO fund over to the mutual fund at Salem Trust so they can hold custody of the assets. Salem does charge 2 basis points for this fund.

**A motion was made by Ron Frano to authorize the transfer of the PIMCO Total Return fund to the mutual fund at Salem Trust for custody. The motion was seconded by Brian Walker and carried 5-0.**

There being no further business and the next Pension Board meeting having been scheduled for Thursday April 3, 2014 @ 1:30PM, the meeting adjourned at 3:16PM.

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Brian Walker, Secretary