

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**SEPTEMBER 4, 2014**

Chairman David Merrell called the meeting to order at 1:43P.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  
Dan Johnson, The Bogdahn Group  
Troy Brown, The Bogdahn Group  
Rick Roberts, WPB Firefighter (Retiree)  
Brian Kahley, Franklin Templeton

**PUBLIC COMMENTS**

N/A

**INVESTMENT MANAGER REPORT: FRANKLIN TEMPLETON (PRESENTED BY BRIAN KAHLEY)**

Mr. Kahley introduced himself and stated that he is the main contact for this Plan. He has been with Franklin Templeton for 15 years and his office is located in Ft. Lauderdale.

Mr. Kahley addressed the recently released Wallstreet Journal article regarding the lawsuit between Franklin Templeton and the Stockton, CA Retirement System. He commented that the article is a little misleading because the Municipality filed bankruptcy and Franklin Templeton has a large investment in them. Mr. Kahley stated that the litigation is still pending so he could not give out too much information about the case at this time. He explained that Franklin Templeton investors loaned the City a bond and in return Franklin Templeton held 2 golf courses as collateral. The City then filed bankruptcy and ultimately Franklin Templeton took a huge hit so according to the article in the lawsuit Franklin Templeton is proposing to reduce all retirees income by 60% to make up for the losses. The Trustees asked some questions, but Mr. Kahley stated again that he could not answer or go into too much detail about the case due to the pending litigation. He reassured the Board that Franklin Templeton is acting in the best interest on behalf of their shareholders. The Trustees reiterated that it reflects poorly on this Pension Plan, as a retirement Plan, investing in a company that is proposing to cut retirees incomes by 60%. Mr. Kahley stated that he understood the boards concerns and would get back to the Board with more information once it became available. Also he wanted the Board to understand that this Plan does not own any of the Bond that was loaned to the City of Stockton, CA.

Mr. Kahley reviewed the two accounts that the Plan is currently invested in. He started with the global bond fund and noted that they recently had one of their fixed income analyst leave the firm due to other opportunities. The global bond fund currently has 235 holdings in the portfolio and their average holding stays in the portfolio for around 3-5 years. Mr. Kahley reviewed the funds positioning and stated that their largest holding is in currency, and he also noted that the portfolio is positioned very defensively due to rising interest rates in the near future. 81.64% of the portfolio is invested in investment grade bonds and the other 18.36% is invested

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in non-investment grade bonds. The Franklin Templeton Global Bond fund invest in bonds throughout the whole world, but their largest holding is in Europe. For the quarter to date the fund is up 2.48% versus 0.21%, but for the year to date they are slightly behind at 3.48% versus the index at 4.01%.

Mr. Kahley reported on the Foreign Equity account and noted that the assets are up to \$6.9B in this fund. The turnover in this fund is low at 16% and he reviewed the 3 principals they use in their investment philosophy: value, patience, and bottom up stock picking. Mr. Kahley briefly reviewed the Fund's sector allocation and noted that they currently have an overweight to health care and energy and an underweight to materials and consumer staples. Their largest weighting is in Europe and their smallest is in the Mid-East/Africa and they also have a 17.16% exposure to emerging markets. He reviewed the performance and commented that for the quarter to date they are down -1.67% net of fees versus the index at 2.80%, and for the year to date they are also behind the index at 1.23% versus 4.87%. Lastly Mr. Kahle gave a brief market outlook and stated that he thinks active management is still the way to go as he thinks passive management will start fading due to the market environment.

Mr. Brown commented that it is still his recommendation to stay with Franklin Templeton because both strategies are great funds, although they will keep a watch on the pending lawsuit.

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

Mr. Brown briefly reviewed the flash performance report as of August 31, 2014. For the quarter the Plan is up 1% and for the fiscal year they are up 12%. He commented that the Plan's assets are now up to \$176.9M and all the managers are outperforming for the quarter so far with the exception of TSW and Templeton. Mr. Brown stated that he does not have any recommendations for changes at this time.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on August 7, 2014.

***A motion was made by Ron Frano to approve the minutes of the regular meeting held on August 7, 2014 as amended. The motion was seconded by Brian Walker and carried 5-0.***

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

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

***A motion was made by Brian Walker to approve the disbursements that were presented by the Administrator. The motion was seconded by Ron Frano and carried 5-0.***

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented for approval by the Administrator dated August 7, 2014 (29 applications for distribution of DROP and Share accounts, 1 application for a refund of contributions, and 1 application for a DROP loan.

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**A motion was made by Ron Frano to approve the 29 applications for distributions from DROP and Share accounts as presented. The motion was seconded by Scott Kelly and carried 5-0.**

**A motion was made by Ron Frano to approve the 1 application for a refund of contributions. The motion was seconded by Scott Kelly and carried 5-0.**

**A motion was made by Ron Frano to approve the 1 application for a DROP loan. The motion was seconded by Brian Walker and carried 5-0.**

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

Ms. Jensen reviewed the revised the "statement of policy regarding backdrop and share accounts". She noted the revision.

**A motion was made by Scott Kelly to approve the revised "statement of policy regarding backdrop and share accounts" as presented. The motion was seconded by Brian Walker and carried 5-0.**

Ms. Jensen notified the board that the Saxena White case is moving along and that shortly after the last meeting Scott & Scott contacted her wanting this Plan to file as lead plaintiff. Ms. Jensen notified Scott & Scott that the plan is filing as lead plaintiff with another firm.

Lastly Ms. Jensen notified the board that Robbins, Geller, Rudman & Dowd (RGR&D) recently had an article published about their firm in the Wall street Journal that reported that a court sanctioned them. Ms. Jensen briefly reviewed the details involved.

**A motion was made by Scott Kelly to terminate the Board's contract with RGR&D effective immediately and to direct Ms. Jensen to look for an alternative class action firm. The motion was seconded by Ron Frano and carried 5-0.**

**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 October 2, 2014 @ 3:12PM, the meeting adjourned at 3:42PM.

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Brian Walker, Secretary