

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

September 3, 2015

Chairman David Merrell called the workshop to order at 1:30.M. in the Conference Room at Station 1, 3rd Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

David Merrell, Chair
Guy Montante
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, The Bogdahn Group
David Kaplan, Baron Capital
Rick Roberts, Retired WPB Firefighter

INVESTMENT MANAGER PRESENTATION: BARON CAPITAL (PRESENTED BY: DAVID KAPLAN)

Mr. Kaplan welcomed himself back and updated the Board on the firm. There are a total of 138 employees with \$37.3B in assets. Baron is a long term investor and they look to buy companies for 3 plus years. Mr. Kaplan explained that price does matter and they model each company out 5 years to make sure they are long term priced oriented. He noted that research is always ongoing at their firm and it takes them a while to invest in a company because of all the research they have to go through first. Mr. Kaplan briefly reviewed the reasons and the criteria on why they would get rid of a manager in their portfolio, but overall they have relatively low turnover rate compared to their peers at 10%.

Mr. Kaplan explained that this Plan has been with Baron since 2004 and long term they have done well but the last couple of years have been hard on them and they have been underperforming. Since inception in 2004 through July 31, 2015 this portfolio has outperformed the index 95% of the time which is a very strong statistic. He reviewed the top 5 and the bottom 5 holdings in the portfolio and also the asset allocations. Currently there is an underweight in health care and information technology. Consumer discretionary added the most return during the quarter and consumer staples was the worst performing sector. Mr. Kaplan explained that due to all the market volatility and the period they are going through, they have been underperforming. Also they have a lower BETA compared to other managers was also has hurt their performance. Lastly Mr. Kaplan reviewed his market outlook and noted that they are going to stick to their investment process and philosophy as they are already starting to see things turn around in the market place.

INVESTMENT CONSULTANTS REPORT: THE BOGDAHN GROUP (PRESENTED BY: DAN JOHNSON)

Mr. Johnson reviewed the flash performance report as of August 31, 2015 and noted that for the quarter they are down -2.8% and for the fiscal year to date they are up 3.9%. The Plan had a loss of \$5.1M quarter to date but fiscal year to date they have gained \$7.1M. Mr. Johnson explained that domestic equity and international equity were the main underperformers during the quarter. He briefly reviewed each manager's performance during the quarter and noted that the fund is very diversified and that we are basically rebalancing every month as cash is needed for benefit payments. The Trustees discussed the bond market and Mr. Johnson stated that the Feds are making a really big deal over nothing in regards to interest rates and inflation. Also during the quarter corporate bonds really sold off and that really hurt this funds portfolio. The Board discussed Garcia Hamilton and their different

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF SEPTEMBER 3, 2015

outlook/approach on rates which is opposite than most other managers. GH continues to underweight corporates and went long and it benefited their portfolio. GH was rewarded for this compared to their peers because of their different outlooks. Lastly Mr. Johnson reviewed the real estate funds which have been doing great and was positive. Overall the portfolio is looking very good and he does not have any recommendations at this time in regards to the managers or rebalancing.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on August 6, 2015.

A motion was made by Ron Frano to approve the minutes of the regular meeting held on August 6, 2015. The motion was seconded by Guy Montante and carried 3-0.

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 3-0.

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented for approval by the Administrator dated September 3, 2015 (14 applications for distributions from DROP accounts for October 1, 2015 and 5 applications for distributions from Share accounts for October 1, 2015.)

A motion was made by Ron Frano to approve the 14 applications for distribution from DROP accounts for October 1, 2015 and 5 applications for distributions from Share accounts for October 1, 2015. The motion was seconded by Guy Montante and carried 3-0.

FINANCIAL STATEMENTS

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of July 2015.

The Board received and filed the financial statements through the end of July 2015.

ATTORNEY'S REPORT: KKJ&L (PRESENTED BY: BONNI JENSEN)

Ms. Jensen briefly reviewed a sample of the portable electronic device policy and the purpose of behind having one.

Ms. Jensen updated the Board on the Saxena White class action case and noted that this is for informational purposes only and no actions are needed.

Ms. Jensen stated that Scott & Scott is asking the Board's permission to send a letter to google on behalf of them requesting to review their books and records. Ms. Jensen noted that this is relating to the foreign google accounts and not the U.S. google case that they are already involved in. By reviewing their records it will determine whether there is a case to be filed or not. This would be the Boards second case with against google if they did move completely forward with it. The Trustees had a lengthy discussion and concluded that they were not interested in moving forward right now and did not take any action.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF SEPTEMBER 3, 2015

Ms. Jensen notified the Board that she is still working on the IRS determination letter, which is still pending.

Lastly Ms. Jensen explained that the final State of the Pension Fund Report has been distributed to all the active members via email.

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

Ms. Ross presented the Board with the final revised 2016 administrative budget that is due to the City by September 30, 2015.

A motion was made by Ron Frano to approve 2016 administrative budget as presented. The motion was seconded by Guy Montante and carried 3-0.

OTHER BUSINESS

Ms. Jensen noted that this Plan's State money increased this year from \$1.5M to \$1.6M, and we should be receiving those funds in soon.

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday October 1, 2015 @ 1:30PM, the meeting adjourned at 3:27PM.

Brian Walker, Secretary