

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
May 16, 2013

The meeting was called to order at 9:11 A.M. in the Conference Room at Station 93, Lake Worth, Florida. Those persons present were:

TRUSTEES

Rich Seamon
Valerie Hurley
Pat Highland
Mark Lamb

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor
Pete Strong, Actuary
Andy Amoroso, City Commissioner

ADDITIONS AND DELETIONS

There were no additions or deletions to the Agenda.

MINUTES

The Trustees reviewed the minutes of the meeting of February 12, 2013. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of February 12, 2013.

PRESENTATION BY COMMISSIONER ANDY AMOROSO

Andy Amoroso appeared before the Board. He stated that he was one of the newer Commissioners, being in office a little less than two years representing District 3. He stated that he is a very hands-on Commissioner and has attended a lot of various meetings. He stated that the Commission has aggressively cleaned house, and it has taken about a year and a half to clean up the policies. He stated that there is a new City Manager and new City Attorney and everyone at the City is now working very well together. Mr. Amoroso reviewed his background in the community. He stated that he would like to get more people involved in the City. He would like the Fire Department to be more involved in future events as well. There was a lengthy discussion regarding the interaction between the City and the Board. The Board expressed the desire to have more open communication with the City and work together for the overall benefit of the City, Plan and the Participants.

Mark Lamb departed the meeting on an emergency call.

Andy Amoroso departed the meeting.

ATTORNEY REPORT

Mr. Levinson reported on the status of the Disability Application filed by Cathy Waldron. It was noted that Ms. Waldron recently filed a Disability Application with the Board. The Administrator sent the file to Mr. Levinson via overnight mail the day it was filed. The Administrator advised Ms. Waldron that the process for a Disability Application was

a lengthy process and could take six to eight months. Mr. Levinson stated that he has already sent requests for medical records to all of the doctors Ms. Waldron listed on her Disability Application. He has received one response so far. As soon as he receives all of the records, he will send the file to the doctor that will perform the Independent Medical Examination. It was noted that Ms. Waldron did provide various doctors reports with her Disability Application. She inquired why the Board could not move forward with those records she provided. Mr. Levinson explained that the Board has a duty to ensure that she is entitled to the benefit for which she is applying under the Plan. The Board has to be sure that they are receiving all of the medical records from each doctor and not just a selection of the records. He advised that the process can be a lengthy process and it just has to play itself out. Mr. Levinson advised Ms. Waldron to avoid discussing the issues of her Application with the Trustees on the Board outside of a meeting. Mr. Levinson noted that one of the seven doctors listed by Ms. Waldron was Dr. Lichtblau. He noted that the Board has used him before and he does a good and thorough job. He discussed the pros and cons of sending Ms. Waldron to a doctor that has seen her before. He stated that he had not decided what would be best, as he will need to wait to see the records from all of the doctors. Mr. Levinson stated that once he receives the report of the Independent Medical Examination, the Board could call a special meeting.

Cathy Waldron departed the meeting.

ACTUARY REPORT

Pete Strong appeared before the Board. He presented the Actuarial Valuation as of October 1, 2012. He reviewed the annual required contribution. He noted that the total required contribution for the plan year ending September 30, 2014 would be \$2,625,210. He stated that with contributions from Division II of \$117,976, the City's contribution would be \$2,507,234. Mr. Strong stated that this Valuation implements the change adopted last year to start accelerating the amortization period downward. There was a net actuarial loss of \$1,428,523 for the year, which means that the actuarial experience was less favorable than expected. The loss was primarily due to a less than expected return on the actuarial value of assets, which was 3.2% versus the assumed 8.20%. He stated that there would be no 13th check because the Plan experienced a cumulative actuarial loss. The funded ratio was 47.2% versus 51.7% last year. Mr. Strong reviewed the actuarial value of benefits and assets. He reviewed the calculation of the actuarial value of assets. He reviewed the required disclosures. There was a discussion on salary increases. He stated that the actual salary increase of 4.7% versus the assumed increase of 6.5% lead to a small gain. He noted that because there are only twelve active employees salary increases would not have a dramatic effect on the actuarial experience.

Mark Lamb re-entered the meeting.

Mr. Strong stated that they have finished phasing in the 2008 loss. The market value of assets exceeded the actuarial value of assets. He stated that last year there was a large difference between the two with the actuarial value being much higher. A motion was made, seconded and carried 5-0 to approve the Actuarial Valuation as of October 1, 2012.

Mr. Strong stated that the City sent a subpoena for records to their office related to the lawsuit filed by the City. He stated that they pulled information from their off site

storage and the City's Attorney came to their office and reviewed the documents and asked for some copies to be made.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He discussed the market environment and reviewed the major market index performance as of March 31, 2013. He reviewed the performance as of March 31, 2013. The total market value as of March 31, 2013 was \$32,389,254. The asset allocation was comprised of 56.6% in domestic equities; 9.1% in international equities; 27.0% in fixed income; 5.0% in real estate; and 2.3% in cash. The Fund was up 5.92% net of fees for the quarter while the benchmark was up 5.36%. Total equities were up 8.69% while the benchmark was up 9.72%. Domestic equities were up 9.87% while the Russell 3000 was up 11.07%. International was up 1.67% while the benchmark was up 3.27%. Fixed income was up .72% while the benchmark was down .12%.

Mr. Nash provided a review on the individual managers. Cornerstone was up 11.44% while the Russell 1000 Value was up 12.31%. Wells was up 6.90% while the Russell 3000 Growth was up 9.82%. Brown was up 9.66% while the Russell 1000 Growth was up 9.54%. Advisory was up 11.88% while the Russell 2500 Value was up 13.35%. Vanguard Developed was up 4.51% while the benchmark was up 5.23%. The Vanguard Emerging Market was down 2.70% while the benchmark was down 1.57%. With respect to fixed income, Garcia Hamilton was up .72% while the benchmark was down .12%. American Realty was up 2.49% while the NCREIF was up 2.68%.

Mr. Nash stated that the purchase of the PIMCO All Asset Fund would be made in the next few weeks. The Board asked what other assets classes could be added to the portfolio. The Board discussed investing in Master Limited Partnerships (MLPs) and real estate. Mr. Nash stated that the Ordinance would have to be changed first. He stated that if the Ordinance were changed, he would bring out a full search of the options available. Mr. Nash reviewed the compliance checklist. He stated that he had no recommendation for change with the exception of continuing to try to get the passage of the proposed Ordinance that would allow for global bond investing.

ADMINISTRATIVE REPORT

The Board was presented with disbursements, including the investment manager disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

The Board reviewed the financial statement for the period ending March 31, 2013.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 4-0 to approve the benefit approvals.

The Board was presented with a request from the City for permission to use pension data previously provided to GRS for the Fund's Valuation for the City's OPEB requirement. Mr. Levinson stated that the City needed to do OPEB reporting. He stated that he had no objection to the Board approving the request. A motion was made, seconded and carried 4-0 to authorize the Board to sign the request from the City.

It was noted that the term for Mark Lamb is due to expire on May 31, 2013. As such, an election will be conducted. Additionally, the term for Rich Seamon, who serves as the 5th Trustee, is due to expire on September 30, 2013. It was noted that the Board would address the appointment of the 5th Trustee at the next meeting.

ATTORNEY REPORT (CONTINUED)

The Board was presented with a Memorandum from the City Clerk dated April 17, 2013 regarding issues to be discussed at a future meeting. The City was asking the Board to discuss three issues at a Board meeting and submit written comments, advice and recommendations to the Clerk's Office no later than July 1, 2013. The Board reviewed the three issues. The Board discussed the issue of Ordinance changes and the lawsuit. The Board was in agreement with the City's mission statement for the Board. The Board would like to see more interaction with the Commission either at Board meetings or otherwise, plus consideration of the proposed Ordinances. The Board directed the Attorney to work with the Administrator to send a letter to the City Clerk responding to the Memorandum based upon the Board's input.

There was discussion on the process for Trustee reappointment by the City. Ms. Highland stated that her term is up on July 31, 2013. She stated that she is interested in reapplying and understands that there might be a change in the process. Ms. Adcock stated that she would correspond with the City Clerk to find out the process of reappointment for a City Trustee position.

Mr. Levinson provided a letter to the United States House of Representatives dated April 24, 2013 regarding the Public Employee Pension Transparency Act. He discussed the letter. Mr. Levinson provided a memorandum dated May 1, 2013 regarding the State Budget Crisis Task Force. He reviewed the memorandum.

Mr. Levinson reported on the status of the lawsuits. He stated that the City sent subpoenas to the Actuary and the Administrator requesting documents. The City also sent a Request for Admissions.

Mr. Levinson discussed the status of the proposed Ordinances. He stated that he has not received any response on either proposed Ordinance.

OTHER BUSINESS

There being no further business, the Trustees adjourned the meeting.

Respectfully submitted,

Mark Lamb, Secretary