

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**February 13, 2014**

The meeting was called to order at 9:15 A.M. in the Conference Room at Station 93, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

Jimmy Shook  
Pat Highland  
Rich Seamon  
Mark Lamb

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson, Attorney  
Tim Nash, Investment Monitor  
Pete Strong, Actuary  
Steve Gordon, Auditor

**PUBLIC COMMENTS**

There were no public comments.

**ADDITIONS AND DELETIONS**

There were no additions or deletions.

**MINUTES**

The Trustees reviewed the minutes of the meeting of November 21, 2013. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of November 21, 2013.

**AUDITOR REPORT**

Steve Gordon appeared before the Board. He presented the Annual Audit as of September 30, 2013. He stated that he was issuing a clean opinion. He reviewed Management's Discussion and Analysis. He reviewed the Statement of Plan Net Assets. The total assets were \$35,356,780 with most of the money in investments. Total liabilities were \$54,107. Total net assets were \$35,302,673. Mr. Gordon reviewed the Statement of Changes in Plan Net Assets. He stated that there was an increase in Plan net assets of \$4,222,242.

Mr. Gordon reviewed the schedule of administrative expenses. He reviewed the notes to the financial statements. He stated that he found no significant internal control issues. He stated that he had no disclosures he needed to point out. Mr. Gordon discussed the new reporting requirements of GASB 67. He stated that while most of the work for next year would be with the Actuary, there would be some additional work he would have to do. As such, he advised that he anticipated his fee going up about \$400 next year, but noted that it would not be an ongoing increase. A motion was made, seconded and carried 4-0 to accept the Annual Audit as of September 30, 2013.

Steve Gordon departed the meeting.

## **INVESTMENT MONITOR REPORT**

Tim Nash appeared before the Board. He discussed the market environment and reviewed the major market index performance as of December 31, 2013. He stated that the US stock market was on fire for the quarter. He stated that international markets were up for the quarter as well. Emerging markets were down for the year but he thinks that is a good place to be long term.

Mr. Nash reviewed the performance as of December 31, 2013. The total market value as of December 31, 2013 was \$36,934,810. The asset allocation was comprised of 60.2% in domestic equities; 8.7% in international equities; 19.2% in fixed income; 4.6% in real estate; 4.5% in alternative investments; and 2.8% in cash. The Fund was up 6.81% net of fees for the quarter while the benchmark was up 5.59%. Total equities were up 9.35% while the benchmark was up 9.03%. Domestic equities were up 10.12% while the Russell 3000 was up 10.10%. International was up 4.20% while the benchmark was up 4.81%. Fixed income was up 1.35% while the benchmark was down .14%.

Mr. Nash provided a review on the individual managers. Cornerstone was up 12.34% while the Russell 1000 Value was up 10.01%. Wells was up 7.82% while the Russell 3000 Growth was up 10.25%. Brown was up 8.34% while the Russell 1000 Growth was up 10.44%. Advisory was up 11.90% while the Russell 2500 Value was up 8.83%. Vanguard Developed was up 5.59% while the benchmark was up 5.75%. The Vanguard Emerging Market was up 1.55% while the benchmark was up 1.86%. With respect to fixed income, Garcia Hamilton was up 1.35% while the benchmark was down .14%. American Realty was up 2.59% while the NCREIF was up 3.14%. The PIMCO All Asset Fund was up 1.30% while the benchmark was down 1.30%. Mr. Nash reviewed the compliance checklist. He stated that he had no recommendation for change.

Mr. Nash reported that the CEO and Co-CIO of PIMCO, Mohamed El-Erian, recently departed. PIMCO quickly promoted two very respected individuals and added additional personnel. He stated that there is still very strong talent at PIMCO. He stated that they have found no other catalyst to make a change.

Mr. Nash stated that the Fund was in the queue for American Realty and the money could be called in April, but most likely not until July 1, 2014. Mr. Nash presented the Adoption Agreement for Incremental Investments for American Realty. Mr. Levinson stated that he reviewed the Agreement and it was ready to be executed.

There was discussion on the assumed rate of investment return for the Fund. Mr. Strong stated that the average assumed investment return for all of their Ft. Lauderdale clients was 7.4% and the average assumed investment return for their closed plans was 7.3%. Mr. Strong recommended the Fund continue to move down the assumed rate of return. He noted that the cost would not be as drastic as last time because last time the change in the mortality table was also included.

Tim Nash departed the meeting.

### **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. Ms. Adcock then presented three separate invoices for approval. Two were from the Attorney for December 2013 and January 2014 and one was from the Actuary for services through January 31, 2014. It was noted that on the January 2014 invoice the Attorney double billed for six entries that were also on the December 2013 invoice. Ms. Adcock noted that they normally pay the invoices for the providers and then bring the disbursements to the Board for ratification. However, since these particular invoices were extremely high due to the litigation with the City the Administrator did not feel comfortable paying them without specific Board approval. A motion was made, seconded and carried 4-0 to pay the invoice for the Actuary for services through January 31, 2014; the December 2013 invoice for the Attorney; and the modified January 2014 invoice for the Attorney that removed the double entries.

The Board reviewed the financial statements for the period ending September 30, 2013 and December 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.

### **ATTORNEY REPORT**

Mr. Levinson reported on the status of the lawsuit with the City and the Mediated Settlement Agreement. He stated that the City had a “shade meeting” on February 4, 2014. He discussed what a “shade meeting” was. He stated that he did not think such a meeting was necessary for this Board and did not think there was any advantage to conducting such a meeting. Mr. Levinson reviewed the Mediated Settlement Agreement with the Board. The change in benefits would be effective May 1, 2014. He stated that the Board should have a special meeting to allow the members to come forward with any questions or discrepancies as to their numbers in order to allow them due process. It was noted that a mailing would be sent which mailing would include the notice of hearing date, individual statements, release, refund of contributions form and special tax notice. There was discussion on the mediation. Mr. Levinson stated that he thought the Settlement Agreement was a reasonable compromise. He stated that he would not have brought this back to the Board unless he was satisfied with it. He stated that he was comfortable with the Settlement and thought it was fair. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to approve the Mediated Settlement Agreement based on the recommendation of the Attorney.

Mr. Levinson provided an update on the proposed Ordinances. He stated that he did talk to the City but there has been no action as of yet.

**ACTUARY REPORT**

Mr. Strong presented the preliminary October 1, 2013 Actuarial Valuation results. He stated that he wanted to include the settlement in the Valuation. He reviewed the exhibits which compared the old assumptions with the new assumptions and the impact of the settlement. There was a net actuarial experience loss of \$143,255. The recognized return was 7.7% versus the expected rate of 8.05%. He noted that service connected disabilities also contributed to the experience loss. He stated that the settlement does reduce the contribution requirement but does not change the funded ratio much. The savings would be about \$200,000 which maybe could be used to reduce the investment return. He stated that he would present the final Valuation at the next meeting.

**OTHER BUSINESS**

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

Respectfully submitted,

Mark Lamb, Secretary