

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
May 20, 2014

The meeting was called to order at 9:05 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
Valerie Hurley

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor

PUBLIC COMMENTS

Ricky Grau stated that he was invited to the meeting. He is the President of the Union and had received questions from members in light of the recent settlement of the lawsuit. Mr. Lamb read a letter from a member inquiring about the ability to extend the DROP and/or not have a mandatory separation from employment at the end of the DROP period. Mr. Levinson stated that when the County and the City merged the parties entered into an Interlocal Agreement. The Agreement has specific language that provides that at the end of the DROP the person must terminate employment. Mr. Levinson stated that this is not a pension decision but relates to the County and the Union. Mr. Levinson stated that he called Mark Floyd, the attorney for the Union, and stated that he felt it was worth Mr. Floyd asking the questions of the County. Mr. Grau stated that they are in the process of trying to merge Delray into the County and the County is not willing to allow employees to stay after the end of their DROP period. The County said that if a Delray DROP participant wants to continue working after their DROP period, they would need to reapply as a new employee. He stated that he did not think the County would change their mind regarding Lake Worth.

There was then discussion on the possibility of extending the DROP. It was noted that the DROP is administered by Administrative Rule. Mr. Levinson stated that he would want to study the question more before providing a legal opinion on the matter. He stated that he did talk to the Union about this and they are engaging in conversations. He also conferred with another attorney in his firm who is going to talk to the City Attorney to see what the City might say about the matter. He stated that they do not need permission from the City to make any changes, but thought it makes sense to look at the issue together with the City. He did not believe there would be an actuarial cost to extending the DROP but would need to verify that with the Actuary. The Board stated that they did not want to compromise the current active employees, did not want to open up negotiations, or have any unintended consequences. It was noted that the Board would discuss this further at the next meeting.

Ricky Grau departed the meeting.

ADDITIONS AND DELETIONS

There were no additions or deletions.

MINUTES

The Trustees reviewed the minutes of the meetings of February 10, 2014; February 13, 2014; and April 2, 2014. A motion was made, seconded, and carried 5-0 to accept the minutes of the meetings of February 10, 2014; February 13, 2014; and April 2, 2014.

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, 2014. He stated that the emerging market was the only market that was down for the quarter. Large cap and mid cap value performed the best during the quarter. Value outperformed growth in the quarter, while growth outperformed value for the year.

Mr. Nash reviewed the performance as of March 31, 2014. The total market value as of March 31, 2014 was \$36,891,355. The asset allocation was comprised of 60.5% in domestic equities; 8.7% in international equities; 19.2% in fixed income; 4.7% in real estate; 4.6% in alternative investments; and 2.3% in cash. The Fund was up .44% net of fees for the quarter while the benchmark was up 1.78%. Total equities were down .01% while the benchmark was up 1.70%. Domestic equities were down .04% while the Russell 3000 was up 1.97%. International was up .15% while the benchmark was up .61%. Fixed income was up 1.53% while the benchmark was up 1.84%.

Mr. Nash provided a review on the individual managers. Cornerstone was up 1.12% while the Russell 1000 Value was up 3.02%. Wells was down 2.06% while the Russell 3000 Growth was up 1.07%. Brown was up .09% while the Russell 1000 Growth was up 1.12%. Advisory was up .53% while the Russell 2500 Value was up 3.52%. Vanguard Developed was up .43% while the benchmark was up .77%. The Vanguard Emerging Market was down .40% while the benchmark was down .37%. With respect to fixed income, Garcia Hamilton was up 1.53% while the benchmark was up 1.84%. American Realty was up 3.20% while the NCREIF was up 2.52%. The PIMCO All Asset Fund was up 2.31% while the benchmark was up 1.03%. Mr. Nash reviewed the compliance checklist. He stated that he had no recommendation for change.

Mr. Nash discussed a new small/mid cap fund that is opening up to institutional investors. For a time they are quoting a fee of 50 basis points. He stated that he may bring out information on this fund to the Board in the near future.

ADMINISTRATIVE REPORT

The Board was presented with disbursements, including the investment manager disbursements. A motion was made, seconded and carried 5-0 to pay the listed disbursements.

The Board reviewed the financial statements for the period ending April 30, 2014.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 5-0 to approve the benefit approvals.

The Board was presented with a Memorandum from the City dated February 25, 2014 regarding converting a regular meeting to a workshop when there is no quorum present. The Board was presented with another Memorandum from the City dated March 21, 2014 regarding participation via teleconference.

The Board was presented with the 2013 Annual Report for execution.

There was discussion on the responses on the various forms that were provided to the members regarding the settlement of the lawsuit. It was noted that not everyone had returned the Refund of 25% Member Contributions Form. The Board directed the Administrator to send another letter regarding the refund of the 25% member contributions. The letter would advise that if the Administrator did not receive a completed Refund Form back by a time certain, those in the DROP would receive their refund amount via a rollover into their DROP Account and those that are not in the DROP would receive their refund by check with 20% withheld for federal taxes.

ATTORNEY REPORT

Mr. Levinson provided an update on the proposed Ordinances. He stated that he has had no conversations with the City on this matter. He stated that another Attorney in his firm, Bonni Jensen, would be reaching out to the City Attorney to discuss the proposed Ordinances. He stated that Ms. Jensen has a better relationship with the City at this point than he does.

OTHER BUSINESS

It was noted that DROP participants earn 1.5% less than the assumed rate on their DROP Accounts. It was also noted that the Fund charges an administrative fee to the DROP Participants on their DROP Accounts. Mr. Shook stated that he thought when the DROP was originally established there was not a fixed rate option so the City had an administrative fee. He did not think this was changed when a fixed rate option was added. Mr. Levinson stated that the Board could choose to keep the administrative fee for those DROP Participants that elect to earn the commingled rate and remove the fee for those that elect to earn the fixed rate. It was determined that the Board would discuss this at a future meeting.

It was noted that Mr. Shook's term was due to expire on May 31, 2014. Mr. Shook advised that Board that he did not want to run again for another term. The Board thanked Mr. Shook for all of his years of dedication and service to the Board.

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

Respectfully submitted,

Mark Lamb, Secretary