

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**August 23, 2016**

The special meeting was called to order at 9:13 A.M. in the Conference Room at Station 91, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

Mark Lamb  
Rory Kimbrell  
Rich Seamon

**OTHERS**

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

**PUBLIC COMMENTS**

Mr. Kimbrell stated that he has had some questions from Participants regarding the change in the options available for the interest rate on the DROP accounts effective October 1, 2016. More specifically the Participants were inquiring as to the option with the 0%-8% collar and if it was calculated annually or quarterly. It was noted that this was addressed in the information provided in the letter that was sent to the DROP Participants advising that the calculation would be done annually. It will be compounded annually, not quarterly and it is based on net returns. Mr. Nash provided a handout of the value of \$100 for 5 years using the three different options as of September 30, 2015. It was noted that there would not be an administrative fee at this time, but it is possible that the Board could reinstate an administrative fee at some later point. It was noted that information on the Fund's investment performance can be found on the Fund's website. The Board will post fiscal year flash reports in future years with information on the eleven month ending return as of August 31<sup>st</sup> by about September 10<sup>th</sup>..

Mr. Lamb stated that he was asked by Garcia Hamilton regarding the need to send hard copies of their reports. The Board determined that electronic copies of the reports would be acceptable.

**ADDITIONS AND DELETIONS**

There were no additions or deletions.

**MINUTES**

The Trustees reviewed the minutes of the meeting of July 12, 2016. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of July 12, 2016.

**INVESTMENT MONITOR REPORT**

Tim Nash appeared before the Board. He stated that he will bring a revised Investment Policy Statement to the next meeting to account for the new investment managers and interest rate. He will also prepare a new Addendum for Cambiar.

Mr. Nash discussed the market environment as of June 30, 2016. He stated that it was the second quarter in a row where emerging markets has been positive. He noted that emerging markets has been mostly down for the last two years. He reported that the developed international market was down because of Brexit concerns. Value did better than growth in the quarter. Mr. Nash reviewed the performance as of June 30, 2016. The total market value as of June 30, 2016 was \$38,275,898. The asset allocation was comprised of 54.7% in domestic equities; 7.5% in international equities; 20.40% in fixed income; 10.6% in real estate; 4.40% in alternative investments; and 2.4% in cash. The Fund was up 1.41% net of fees for the quarter while the benchmark was up 2.11%. Total equities were up .93 while the benchmark was up 2.03%. Domestic equities were up 1.32% while the benchmark was up 2.63%. International was down 1.79% while the benchmark was down .40%. Fixed income was up 1.44% while the benchmark was up 2.21%.

Mr. Nash reviewed the individual managers. Wells was up 3.41% while the Russell 3000 Growth was up .80%. Mr. Nash stated that it was a great quarter for Wells. There was a lengthy discussion. It was noted that index funds have done better than active management. However, he is a little reluctant to recommend making a change right now because he does not want to give up rising returns. He expects to see active managers do better coming up. The Board stated that they would like to see more information. Mr. Nash stated that he would prepare a longer term analysis and blend the index with the managers. Brown was down .04% while the Russell 1000 Growth was up .61%. Cambiar was down 1.27% while the Russell 2500 Value was up 4.37%. Mr. Nash stated that Cambiar struggled in the quarter. He stated that small value stocks have been down. He stated that they tend to have a more aggressive portfolio and thinks they will do quite well going forward. It was noted that Delaware and EuroPacific R6 was funded during the quarter. With respect to fixed income, Garcia Hamilton was up 1.44% while the benchmark was up 2.21%. American Realty was up 1.26% while the NCREIF was up 2.18%. Mr. Nash stated that they are ranked in the 100<sup>th</sup> percentile but noted that there are only 23 managers in the universe. He stated that he does not really like using rankings for this asset class because it is not overly representative of the universe. The PIMCO All Asset Fund was up 4.06% while the benchmark was up 1.32%.

### **ADMINISTRATIVE REPORT**

The Board was presented with disbursements, including the investment manager disbursements. A motion was made, seconded and carried 3-0 to pay the listed disbursements.

The Board reviewed the financial statements for the period ending July 31, 2016.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 3-0 to approve the benefit approvals.

The Board was presented with the engagement letter for the audit for the fiscal year ending September 30, 2016. A motion was made, seconded and carried 3-0 to approve the engagement letter for the audit for the fiscal year ending September 30, 2016.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2017 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to adopt the administrative expense budget and provide the budget to the City in compliance with Section 175.061(8)(a)2, Florida Statutes.

It was noted that there was still a City Trustee vacancy on the Board for the position that was held by Patricia Highland.

### **ATTORNEY REPORT**

Mr. Levinson discussed the two proposed Ordinances that are currently pending. He stated that now that the dust has settled, he will re-engage with the City Attorney's Office on the two proposed Ordinances.

Mr. Levinson provided an update on the Rayonier Class Action. He stated that Rayonier tried to get the case dismissed, but the Judge did not dismiss the case. He stated that it is an active case in discovery.

### **OTHER BUSINESS**

There was discussion on the position of the Trustees once the number of Participants reaches ten. Chapter 175 provides that retirees can serve on the Board once there are ten or less active firefighters. It was noted that there soon will be ten active Participants and six DROP Participants. The Board inquired as to whether the DROP Participants are considered active or retired. Mr. Levinson stated that he would look into this and report back to the Board.

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

Respectfully submitted,

Rory Kimbrell, Secretary