

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
November 3, 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

There were no public comments.

ADDITIONS AND DELETIONS

There were no additions or deletions.

MINUTES

The Trustees reviewed the minutes of the meeting of August 23, 2016. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of August 23, 2016.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He provided information on the Fund's two new investments of September 30, 2016. He noted that the Fund has had Delaware for a little over a quarter and EuroPacific for about two quarters. He stated that they have been two great additions to the portfolio. Mr. Nash provided a market update as of October 31, 2016. He reviewed the 2016 market daily index total return performance noting that it has not been a smooth ride. It has been one of the most volatile years by month that the market has seen in a long time.

Mr. Nash stated that The Bogdahn Group would be rebranding its name. The change will occur early in 2017. He stated that the name will reflect the company's independence as well as the company's desire to always put the client first. He informed the Board that this is an important milestone as Joe Bogdahn has transitioned over the majority of his ownership to the new generations leaders.

Mr. Nash reviewed the performance as of September 30, 2016. The total market value as of September 30, 2016 was \$38,957,870. The asset allocation was comprised of 55.4% in domestic equities; 8.0% in international equities; 19.8% in fixed income; 10.5% in real estate; 4.5% in alternative investments; and 1.8% in cash. The Fund was up 2.71% net of fees for the quarter while the benchmark was up 3.17%. Total equities were up 3.91 while the benchmark was up 4.92%. Domestic equities were up 3.32% while the

benchmark was up 4.40%. International was up 8.23% while the benchmark was up 7.0%. Fixed income was up .25% while the benchmark was up .46%.

Mr. Nash reviewed the individual managers. Wells was up 6.12% while the Russell 3000 Growth was up 4.92%. Brown was up 3.79% while the Russell 1000 Growth was up 4.58%. Cambiar was up 6.42% while the Russell 2500 Value was up 6.18%. Delaware was flat while the Russell 1000 Value was up 3.48%. EuroPacific R6 was up 8.23% while the benchmark was up 7.0%. With respect to fixed income, Garcia Hamilton was up .25% while the benchmark was up .46%. American Realty was up 1.83% while the NCREIF was up 2.13%. The PIMCO All Asset Fund was up 3.86% while the benchmark was up .57%.

Mr. Nash stated that growth managers have had some struggles. He stated that the Fund has \$21 million spread across domestic equities. If the Fund took 10% away from large cap managers it could be put in an index fund and the Fund could gain exposure to the broad market, pay less in fees, and have daily liquidity for DROP and other required payments. Mr. Nash reviewed the fees of the portfolio. There was a lengthy discussion. He stated that he would bring back a more thorough analysis to the next meeting. He stated that maybe the Fund should begin to start reducing the growth space because it is a closed plan and because of the long term direction of the Plan. There was discussion on moving the split for total domestic equities to 50% active and 50% index. Mr. Nash stated that he would include that information for the next meeting. Mr. Nash stated that he did not recommend indexing fixed income. He stated that active fixed income managers can manage around the rising interest rate environment.

Mr. Nash provided a revised Investment Policy Statement. The revisions included changing the target for the total portfolio performance by reducing fixed income from 30% to 25% and increasing real estate from 5% to 10%, as well as by reducing the interest rate assumption from 7.75% to 7%. A motion was made, seconded and carried 3-0 to approve the revised Investment Policy Statement.

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 August 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.

Ms. Adcock noted that an election was conducted for the Trustee position held by Rory Kimbrell. She reported that Rory Kimbrell was re-elected for another term which will expire on May 31, 2018

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

Ms. Adcock reported that Steven Gelman entered the DROP on July 1 and submitted his interest election at that time. However, since his final calculation was not completed prior to the end of the fiscal year, he was not provided with the form to change his interest election in time to have it returned by September 30, 2016. This was not an error on Mr. Gelman's part. He has since submitted a form to change his interest election effective October 1, 2016. A motion was made, seconded and carried 3-0 to accept the change of interest election effective October 1, 2016 from Steven Gelman.

ATTORNEY REPORT

At the last meeting there was discussion as to whether the DROP Participants are considered active or retired. Mr. Levinson reported that DROP members are considered active. As such, retirees cannot serve on the Board until the number of all active, including DROP Participants, is ten or less. He noted that if no active members are interested in serving on the Board, the current Trustee could hold over on the Board.

Mr. Levinson discussed the two proposed Ordinances that are currently pending. He stated that he was not pursuing these Ordinances right now with the City, noting that there was no urgency in moving forward with their passage.

Mr. Levinson provided an update on the Rayonier Class Action. He stated that the case is in discovery.

OTHER BUSINESS

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

Respectfully submitted,

Rory Kimbrell, Secretary