

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**August 22, 2017**

A meeting was held beginning at 9:04 A.M. in the Conference Room at Station 91, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

Rich Seamon  
Valerie Hurley  
Rory Kimbrell  
Barry Ruf

**OTHERS**

Margie Adcock, Administrator  
Paul Daragjati, Attorney  
Tim Nash, Investment Monitor

**WELCOME NEW TRUSTEE BARRY RUF**

The Board welcomed new Trustee Barry Ruf. It was noted that he was elected to fill the vacancy that occurred when Mark Lamb left the Board.

**PUBLIC COMMENTS**

There were no public comments.

**ADDITIONS AND DELETIONS**

It was noted that there should be an addition to the Agenda for the election of a new Chair.

**ELECTION OF CHAIR**

It was noted that the Board needed to elect a new Chair. There was a lengthy discussion. A motion was made, seconded, and carried unanimously to elect Barry Ruf as the Chair.

**MINUTES**

The Trustees reviewed the minutes of the meeting of March 15, 2017 and the workshop meeting of May 26, 2017. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of March 15, 2017 and the workshop meeting of May 26, 2017.

**INVESTMENT MONITOR REPORT**

Tim Nash appeared before the Board. He discussed the market environment as of June 30, 2017. He stated that all equities were positive for the quarter. International was the best performing asset class for the quarter. Growth did better than value for the quarter and the year. Health care and technology were the best performing sectors for the quarter.

Mr. Nash reviewed the performance as of June 30, 2017. The total market value as of June 30, 2017 was \$41,763,345. The asset allocation was comprised of 57.1% in domestic equities; 8.4% in international equities; 19.1% in fixed income; 9.9% in real

estate; 4.5% in alternative investments; and 1.0% in cash. The Fund was up 2.34% net of fees for the quarter while the benchmark was up 2.61%. Total equities were up 3.01% while the benchmark was up 3.61%. Domestic equities were up 2.35% while the benchmark was up 3.02%. International was up 7.69% while the benchmark was up 5.99%. Fixed income was up .86% while the benchmark was up 1.45%.

Mr. Nash reviewed the individual managers. Cambiar was up 1.16% while the Russell 2500 Value was up .32%. Macquaire Large Cap Value (formally known as Delaware) was down .40% while the Russell 1000 Value was up 1.34%. Mr. Nash stated that the parent company of Delaware is Macquaire. They have rebranded everything under one name. He stated that there were no changes to the team or their process. It was noted that Alger and the Vanguard Total Stock Market were funded during the quarter. EuroPacific R6 was up 7.69% while the benchmark was up 5.99%. With respect to fixed income, Garcia Hamilton was up .86% while the benchmark was up 1.45%. American Realty was up 1.97% while the NCREIF was up 1.79%. The PIMCO All Asset Fund was up 1.86% while the benchmark was down .40%. Mr. Nash stated that he thinks the structure of the portfolio is very strong. He thinks the portfolio is positioned well going forward and the fees have been lowered.

Mr. Nash provided a revised Investment Policy Statement. He stated that the revisions included the change to the fixed income benchmark; the change in the targets due to the increase in the real estate target; the change of the interest rate assumption; and the real estate guidelines for investments. Mr. Daragjati stated that he reviewed the revised Statement and had no objections to the Board moving forward and adopting the Statement. A motion was made, seconded and carried 4-0 to adopt the revised Investment Policy Statement.

Mr. Nash stated that the Board needed to declare the expected rate of return, which is done every year. He stated that it is normally done with the Valuation but he attended via teleconference at that meeting. There was discussion. A motion was made, seconded and carried 4-0 to declare the expected rate of return to be 7.45% for the current year with a decrease in subsequent years with a target of 7.00%, net of investment expenses for 2020 and beyond. Mr. Nash stated the he would prepare the necessary notice to the Division of Retirement.

### **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 statements for the period ending July 31, 2017.

Ms. Adcock presented correspondence dated August 10, 2017 regarding the fee for financial statements. It was noted that due to changes in reporting and testing requirements imposed by GASB, as well the time investment in the production and audit of the financial statements, a monthly fee for financial statements of \$750 effective October 1, 2017 was requested. There was a lengthy discussion regarding the fee, work involved and options. A motion was made, seconded and carried 4-0 to approve the monthly financial statement fee of \$750 effective October 1, 2017.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2018 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 4-0 to adopt the administrative expense budget and provide the budget to the City in compliance with Section 175.061(8)(a)2, Florida Statutes.

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 the engagement letter for the audit for the fiscal year ending September 30, 2017. A motion was made, seconded and carried 4-0 to approve the engagement letter for the audit for the fiscal year ending September 30, 2017

### **ATTORNEY REPORT**

Mr. Daragjati provided an update on the Rayonier Class Action. He stated that an agreement was reached and it is set for a fairness hearing on September 8<sup>th</sup>. There was a discussion on the process of securities monitoring and class actions.

Mr. Daragjati provided a Memorandum dated June 19, 2017 regarding the 2017 Legislative Update. He stated that there was nothing directly related to public sector pension plans. He reviewed the six bills that were passed: public records pre-suit written notice; public records exemption for retired firefighters; omnibus FRS bill; disabled public safety property tax exemption; body camera bill; and proposed additional \$25,000 homestead exemption. He also provided an additional Memorandum dated July 14, 2017 regarding Disabled Public Safety Ad Valorem Tax Exemption which had more detail about the disability tax.

### **OTHER BUSINESS**

The Board was provided with a letter from the Division of Retirement dated August 15, 2017 regarding the new online electronic reporting portal requirement. It was noted that beginning with all valuations dated on or after September 30, 2017, the actuarial reporting must be submitted via the online portal.

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

Respectfully submitted,

Rory Kimbrell, Secretary