

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
November 13, 2017

A meeting was held beginning at 9:15 A.M. in the Conference Room at Station 91, Lake Worth, Florida. Those persons present were:

TRUSTEES

Rich Seamon
Barry Ruf
Rory Kimbrell

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor (via teleconference)

PUBLIC COMMENTS

There were no public comments.

ADDITIONS AND DELETIONS

Mr. Levinson stated that he wanted to add a discussion about accumulated time to his Attorney Report. A motion was made, seconded, and carried 3-0 to approve the Agenda as amended.

MINUTES

The Trustees reviewed the minutes of the meeting of August 22, 2017. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of August 22, 2017.

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 September 30, 2017.

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 provided with certification from the Resource Centers that they successfully completed their SSAE 16 SOC 1 Audit as of June 30, 2017. Ms. Adcock advised of a change in their policy related to employee terminations and the need for a smooth transition of accounts.

The Board was presented with information regarding ordering a plaque for Mark Lamb in appreciation of his service on the Board. A motion was made, seconded and carried 3-0

to move forward with ordering the plaque to be presented to Mr. Lamb at a future meeting.

ATTORNEY REPORT

Mr. Levinson provided an update on the Rayonier Class Action. He stated that the case was settled. He stated that the Court approved reimbursement of \$2,400 for litigation costs and expenses. He stated that he would report on how much was recovered compared to the loss at the next meeting.

Mr. Levinson provided a Memorandum dated October 24, 2017 regarding their 2018 Client Conference. He stated that they would not be holding their annual Client Conference in 2018. Hurricane Irma caused damage to the hotel that they usually hold their conference at. Rather than looking elsewhere for a venue they have decided to put on webinars in the upcoming year and make donations to the affected areas.

The Board was provided with a letter from the Actuary dated October 31, 2017 regarding their fee to comply with the State's electronic reporting portal requirement. It was noted that there would be a startup fee of \$1,250 with an ongoing fee in subsequent years of \$500. A motion was made, seconded and carried 3-0 to approve the fee proposed by the Actuary to comply with the State's electronic reporting portal requirement.

Mr. Levinson presented correspondence dated November 3, 2017, and a Draft Professional Services Agreement, reflecting a fee increase in their hourly rate from \$300 to \$350 effective January 1, 2018. He noted that the retainer rate of \$900 billed every other month would not increase. It was noted that there would be no limit on the length of the meeting. Mr. Levinson stated that they are increasing their fee for all of their plans. Their relationship with the Board goes back to a long way. They have not increased their fee to this Plan in over eight years. There was a lengthy discussion. It was noted that that the Attorney has been representing the Board for a long time, they have a wealth of knowledge about the Fund, and they provide a value to the Fund. A motion was made, seconded and carried 3-0 to approve the Professional Services Agreement increasing the hourly rate from \$300 to \$350 effective January 1, 2018, with the retainer rate of \$900 billed every other month with no limit on the length of the meeting.

Mr. Levinson provided information regarding the FRS assumed rate of return. It was noted that the assumed rate has decreased from 7.65% to 7.60% last year to 7.50% this year. He stated that the trend is to continue to lower the assumed rate.

Mr. Levinson reported on a matter regarding the City of Miami. He noted that back in 2011 the City of Miami declared financial urgency. The Florida Supreme Court ruled against the City procedurally stating that the City improperly declared financial urgency. The Court ruled that relief from the unfair labor practice goes back to 2011, which amounts to \$250 million. The City of Miami is working through the consequences of the unfair labor practice. The remaining part of the case is a substantive challenge as to whether the Constitution even allows such a statute.

Mr. Levinson discussed accumulated leave. It was determined that he would discuss this further at the next meeting.

OTHER BUSINESS

It was reported that the term for the 5th Trustee expired on September 30, 2017. It was noted that there were not enough Trustees present to re-appoint Mr. Seamon as the 5th Trustee for another term. However, he continues to hold over in his position until a re-appointment is made.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board via teleconference. He discussed the market environment as of September 30, 2017. He stated that there were very strong results for the quarter. International was the best performing asset class for the quarter. He stated that US markets were pretty strong.

Mr. Nash reviewed the performance as of September 30, 2017. The total market value as of September 30, 2017 was \$42,987,992. The asset allocation was comprised of 58% in domestic equities; 8.7% in international equities; 18.5% in fixed income; 9.6% in real estate; 4.5% in alternative investments; and .6% in cash. The Fund was up 3.65% net of fees for the quarter while the benchmark was up 3.35%. Total equities were up 4.98% while the benchmark was up 4.91%. Domestic equities were up 4.70% while the benchmark was up 4.57%. International was up 6.86% while the benchmark was up 6.25%. Fixed income was up .47% while the benchmark was up .85%.

Mr. Nash reviewed the individual managers. Cambiar was up 2.81% while the Russell 2500 Value was up 3.83%. Macquaire Large Cap Value (formally known as Delaware) was up 4.88% while the Russell 1000 Value was up 3.11%. Alger was up 5.86% while the Russell 1000 Growth was up 5.90%. Vanguard Total Stock Market was up 4.54% while the benchmark was up 4.55%. EuroPacific R6 was up 6.86% while the benchmark was up 6.25%. With respect to fixed income, Garcia Hamilton was up .47% while the benchmark was up .85%. American Realty was up 1.88% while the NCREIF was up 1.88%. The PIMCO All Asset Fund was up 3.25% while the benchmark was up .70%. Mr. Nash reviewed the compliance checklist. He stated that he is looking to see positive improvement with the changes in the managers.

There was discussion on the 13th check. The Fund has not been able to pay a 13th check in years. It was noted that the Actuary looks at this every year to determine if a 13th check is payable. There is still a significant amount of cumulative loss that the Fund needs to work through before it will be able to pay out a 13th check.

Mr. Nash reviewed a fee analysis as of September 30, 2017. He stated that the total annual fee for investment management, custodial and consulting was \$242,771 which is about 56 basis points. He stated that the Fund has a very competitive fee structure.

Mr. Nash discussed a letter that was sent from Advisory Research dated October 24, 2017. The letter advised about a security incident regarding account information. Mr. Nash stated that Advisory was replaced with Cambiar. The Fund had a separate account with Advisory and the account was closed. The data breach Advisory had was through the internet website where the venerable information included names, custodial account numbers, and potentially password credentials with Regions. However, the account is closed for this Fund and there is no money in it. Mr. Nash stated that he spoke with Regions and there are no issues related to the old Advisory account. He does not think the issue poses any problem for this Fund.

OTHER BUSINESS (CONTINUED)

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

Respectfully submitted,

Rory Kimbrell, Secretary