

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

### AUGUST 15, 2013

Chairman Rick Dorey called the meeting to order at 1:39 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

#### **TRUSTEES**

Rick Dorey, Chair  
Brian Walker, Secretary  
Dave Merrell  
Ron Frano

#### **OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, The Law Offices of Perry & Jensen  
Thomas Scerbo, Allianz Global Investors  
Troy Brown, The Bogdahn Group  
Rick Roberts, City of WPB Firefighters (retired)  
Jeff Stefaniak, City of WPB Firefighter/Union Pres  
Guy Montante, City of WPB Firefighter

#### **PUBLIC COMMENTS**

Mr. Roberts thanked Mr. Dorey for his time and dedication to this board and shared the many years of knowledge that he has brought forth. Mr. Dorey is retiring tomorrow and therefore will no longer be able to serve on the board under his current position.

#### **INVESTMENT MANAGER REPORT: ALLIANZ GLOBEL INVESTORS (PRESENTED BY THOMAS SCERBO)**

Mr. Scerbo welcomed himself back. He reviewed the product that this Board is invested in and stated that the portfolio is made up of domestic and foreign bonds. This product is a mirror of the PIMCO Total Return Fund, but the returns can slightly differ. For the quarter ending June 30, 2013 the fund was negative gross of fees at -3.40% versus the index at -2.32%, and for the fiscal year to date they are in the same position at -2.12% versus -2.24%. Mr. Scerbo explained that the bond environment has been very rough for about the past year due to rising interest rates. When the rates went up last quarter the bonds went down and the spreads increased as well. He reported that the worst sector during the quarter was emerging markets, and Treasuries are not appealing right now, as they are finding more yield in corporates. Mr. Scerbo stated that they will continue to remain on the defensive side until things get straightened out with interest rates, or until we know what the Feds are going to do.

#### **INVESTMENT CONSULTANT REPORT: THE BOGDahn GROUP (PRESENTED BY TROY BROWN)**

Mr. Brown discussed the current market and noted that he would not decrease their fixed income exposure lower than 20%, which is the policies target. He noted that overall in the long run fixed income causes stability for this plan, but we have to be patient right now because of the bumps in the road fixed income has hit.

Mr. Brown reviewed the June 30, 2013 report and briefly commented on the current market environment. For the quarter the fund was ahead of the index at .89% versus .44%, and for the fiscal year to date the fund is up 9.49% versus the index at 7.24%. He noted that as of the end of July the fund is up even more which puts them at an all time new high of \$160M in assets. He briefly reviewed each manager's performance for the quarter and noted that all managers outperformed their index with the exception of Fayez, Brown Advisory, and Allianz. He noted that this was PIMCO's worst quarter on record for bonds in the past 26 years. Mr. Brown

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expressed his concern for Fayeze and commented that if we do not start to see some better performance from them in the near future, then he will be bringing back some other recommendations to the board. He explained that originally Fayeze was added into the portfolio to balance out Alethia, who is no longer in the portfolio either. Long term the Plan has made money with Fayeze since inception, but the markets have changed and it seems that their style is not keeping up. Mr. Brown stated that they can discuss more at the next meeting regarding his recommendations for Fayeze. He is comfortable with the rest of the managers in the portfolio at this time and does not have any other recommendations.

Lastly Mr. Brown reviewed the notification that he received from J.P. Morgan regarding the departure of this plans senior portfolio manger, Anne Pfeiffer. He explained that J.P. Morgan prepared and planned for Ms. Pfeiffer's departure so he is comfortable with this change because the team behind her has been working on this portfolio for many years and is very experienced.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on June 6, 2013. The Trustees tabled the minutes until next meeting so that they can have more time to review them.

**DISBURSEMENTS**

The Board reviewed the disbursements presented for approval by the Administrator.

**A motion was made by Ron Frano to approve the disbursements that were presented by the Administrator. The motion was seconded by Dave Merrell and carried 4-0.**

**BENEFIT APPROVALS**

The Board reviewed the applications for retirement for Brent Braunworth, Rick Dorey, Sandra Barbee, Stephen Fischer, and William Swindell; the applications for distribution of Share account due to retirement for Rick Dorey and William Swindell; the application for distribution of DROP account due to retirement for Brent Braunworth; the applications for distribution of share account for October 1, 2013 for David Nelson and Robin Magleora; the application for distribution of DROP account for October 1, 2013 for Leon Miller; the applications for DROP loans for Don Triana, John Boccanfuso, and Matt Young; and the application for a refund of contributions for Sean Kolowich.

**A motion was made by Brian Walker to approve the applications for retirement for Brent Braunworth, Sandra Barbee, Stephen Fischer, and William Swindell . The motion was seconded by Ron Frano and carried 4-0.**

**A motion was made by Brian Walker to approve the application for retirement for Rick Dorey. The motion was seconded by Ron Frano and carried 3-0 \*(Rick Dorey abstained from voting – Form 8B on file)\*.**

**A motion was made by Ron Frano to approve the application for distribution from Share account due to retirement for Rick Dorey. The motion was seconded by Brian Walker and carried 3-0 \*(Rick Dorey abstained from voting – Form 8B on file)\*.**

**A motion was made by Ron Frano to approve the application for distribution of Share account due to retirement for William Swindell. The motion was seconded by Brian Walker and carried 4-0.**

**A motion was made by Brian Walker to approve the application for distribution of DROP account due to retirement for Brent Braunworth. The motion was seconded by Ron Frano and carried 4-0.**

**A motion was made by Ron Frano to approve the application for distribution of share account on October 1, 2013 for David Nelson and Robin Magleora, and the applications for distribution of DROP account on October 1, 2013 for Leon Miller. The motion was seconded by Brian Walker and carried 4-0.**

**A motion was made by Brian Walker to approve the applications for a DROP loan for Don Triana, John Boccanfuso, and Matt Young. The motion was seconded by Ron Frano and carried 4-0.**

**A motion was made by Brian Walker to approve the application for a refund of contributions for Sean Kolowich. The motion was seconded by Ron Frano and carried 4-0.**

#### **REPORTING OF PLAN FINANCIALS**

The Administrator provided the Board with an unaudited financial statement and an income and expense report for review through the month of June 2013.

**The Board received and filed the un-audited financial statements through the month of June 2013.**

#### **ATTORNEY'S REPORT: THE LAW OFFICES OF PERRY & JENSEN (PRESENTED BY: BONNI JENSEN)**

Ms. Jensen reviewed her memo in regards to the important pension disclosure amendments to Chapter 112 (SB 534). She explained the 3 additional reporting requirements that the Division of Retirement will start requesting effective October 1, 2014. She noted that our Actuary will be working on a plan of action to implement the requirements of SB 534.

Ms. Jensen notified that the 2012 State Report was approved and that the money should be disbursed any day now. She noted that the State money this year still goes to the City. Also the Division of Retirement sent a letter stating that the September 30, 2012 Actuarial Valuation Report is also considered to be approved at this time, pending the changes are made that were discussed earlier today.

Ms. Jensen briefly updated the Board on Derrick Daniel's situation. She commented that they did receive an order to lift the hold off the mustering out money, but they have not received an order to lift the hold off of his pension benefit. Therefore we can not pay out his mustering out money from his Share account until he collects his pension benefit, which in this case is a refund of contributions.

Ms. Jensen explained that the way the plan's current policy is written, members mustering out money is to be deposited into either their DROP or Share account when they separate service. Also the policy states that the mustering out money must remain in that account for up to 1 year. Now, under the "new plan" members must take all their DROP and Share monies out of the plan within 6 months after separating service. Therefore the board needs to determine what to do with the

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mustering out money when the members close their accounts out after 6 months. The Trustees had a lengthy discussion and noted that the mustering out money should be paid out and distributed along with either the Share account or DROP account monies when the member separates service.

**A motion was made by Dave Merrell to allow members mustering out monies to be paid out of the DROP or Share accounts when members are electing to withdraw their funds after 6 months of separating service. The motion was seconded by Ron Frano and carried 4-0.**

Ms. Jensen commented that she was contacted by the City and the Union regarding a waiver. Both parties requested a waiver that would reflect that the bargaining units are waiving their rights to open up negotiations in order to lower the plans assumed rate of return. Ms. Jensen stated that she provided the parties with a prior waiver that was used in this situation.

Ms. Jensen updated the board on the Ameristar case that is being handled by Saxena White. They concluded that there was not a lot of damage in the case, so it was dismissed without prejudice. Also in regards to the Alexander case, Robbins Geller did look at their books and records and there maybe some settlement in the future, but no new updates as of now.

Lastly Ms. Jensen stated that at the last meeting the board discussed the Actuarial Valuation cost studies that were performed in regards to negotiations. She explained that the costs of these studies are being passed on to the retirees through their DROP and Share account administrative fees. The additional studies that are being completed are in regards to the benefit changes that are happening now and do not affect the retirees, and therefore the retirees should not have to bear those cost.

**A motion was made by Dave Merrell to communicate with the Actuary that the fees for the studies that were just recently completed by GRS in regards to bargaining should not be passed along as administrative fees to the retirees DROP and Share accounts. The motion was seconded by Ron Frano and carried 4-0.**

**ADMINISTRATOR REPORT: RESOURCE CENTERS (PRESENTED BY: AUDREY ROSS)**

Ms. Ross noted that the elections for Mr. Dorey's seat conclude today at 5 and ballots will be counted tomorrow. 3 members are currently running.

**OTHER BUSINESS**

Mr. Stefaniak approached the board to discuss refinancing the Plan's unfunded liability. Mr. Dorey explained that just earlier in the meeting the board decided not to change the amortization schedule because by doing so it would reduce the plans multiplier, and in addition the board would need to revise the Special Act to remove certain language that now prohibits them from reducing the amortization period. Also the assumption changes are not something the Union and the City can negotiate as they are set by the board, but the Trustees noted that this is something that they can look at again in a couple of years since they should be looking and reviewing all their assumptions every so often anyways.

Mr. Walker noted that there are 7 new hires that will be starting in October.

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The Trustees presented Mr. Dorey with an axe from the pension board. They thanked Mr. Dorey for all his time and dedication that he has paid into this board. Mr. Dorey has served on this board for many years in many different seats and will be truly missed. Mr. Dorey thanked the Trustees and commented that he will still be coming to most of the meetings.

There being no further business and the next Pension Board meeting having been scheduled for Thursday September 5, 2013 @ 1:30PM, the meeting adjourned at 4:08PM.

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Brian Walker, Secretary