

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

### DECEMBER 4, 2014

Chairman David Merrell called the meeting to order at 1:33P.M. in the Conference Room at Station 1, 3<sup>rd</sup> Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

#### **TRUSTEES**

David Merrell, Chair  
Brian Walker, Secretary  
Guy Montante  
Ron Frano

#### **OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, KKJ&L  
Dan Johnson, The Bogdahn Group  
Rick Dorey, WPB Firefighter (Retiree)  
Jeff Stefaniak, WPB FF (Active)/Union President  
Michael Duignan, JP Morgan

#### **INVESTMENT MANAGER REPORT: JP MORGAN (PRESENTED BY MICHAEL DUIGNAN)**

Mr. Duignan welcomed himself back and commented that this Plan is invested in 2 different strategies with JP Morgan (Special Situation Fund and Strategic Fund). Mr. Duignan updated the Board on JP Morgan as a firm and commented that they are now up to \$80B in assets with over 600 clients. He explained that they appraise all their properties once a quarter, both internally and externally.

Mr. Duignan reviewed the Strategic fund and noted that for the last quarter they were up 2.4%, but behind the benchmark at 3.2%. For the one year they were up 12.1% versus the benchmark at 12.4%. He explained that the income on this fund comes from high quality properties which are usually held in the portfolio for about 5-10 years. This fund only invests in 4 different areas; office, industrial, residential, and retail and they have a very large diversification throughout the US. Currently the portfolio has a large weighting in office because that has been the best performing sector due to the long term leases and the high income stream. Mr. Duignan noted that this fund does have an incoming queue for all new money, which is around \$1.8B (or about 15 months to get in). There are currently 326 investors in this strategy and as of right now there is not talk of putting a cap on the number of properties held on the fund or the amount of assets held. Mr. Duignan commented that for 2015 they are predicting a 5% income return with a 2-3 return on appreciation.

Mr. Duignan moved on to review the Special Situation Fund. He explained that this fund buys risk assets. They buy properties that need help, redo them, and then sell them off. This fund has both a very strong income and appreciation component to it. This fund is also very well diversified, but they are selling out of hotels because they are more risky and a lot to maintain. For the quarter they are ahead of the benchmark at 3.7% versus 3.2% and since inception they are also ahead at 7.9% versus 3.6%. The Special Situation fund also has an incoming queue but that is a shorter time frame of 6-9 months to get in. Lastly they are predicting 11-12% returns for 2015, with an income of 2-3%.

#### **INVESTMENT CONSULTANT REPORT: THE BOGDAHN GROUP (PRESENTED BY DAN JOHNSON)**

Mr. Johnson briefly discussed the JP Morgan presentation and commented that he is very comfortable with both products and that there is no recommendation for a change because they are doing a great job.

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Mr. Johnson reviewed the Plan's flash performance report as of November 30, 2014. For the quarter to date they are up 3%, which is a gain of \$5.3M during the quarter. He noted that all the managers outperformed their index during the quarter with the exception of Templeton and the DiSCO 2 product. The Plan's assets are now up to \$184.5M and Mr. Johnson commented that there are no recommendations at this time for rebalancing. The Board discussed Brown's performance and noted that they are still on watch. Brown Advisory is still not outperforming their index, although they are not losing the Plan any money either. Mr. Johnson reviewed a handout he put together reflecting different time periods as to when Brown will outperform and when they will underperform their benchmark. Brown Advisory mainly protects the fund's asset on the downside. They capture 93% of the upside, but they only go down 83% during the down markets. Mr. Johnson explained that Brown Advisory does not chase stocks, but rather they buy and hold onto companies that have strong earnings and also a lot of growth potential. Brown Advisory has not had any strategy or management change; rather they have actually grown in assets and personal. The market just does not seem to be rewarding their style right now, but when things turn around they will be ready. Mr. Johnson commented that he does not have any recommendations for change with Brown Advisory at this moment.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on November 6, 2014.

**A motion was made by Ron Frano to approve the minutes of the regular meeting held on November 6, 2014. The motion was seconded by Guy Montante and carried 4-0.**

**DISBURSEMENTS**

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

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

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented for approval by the Administrator dated December 4, 2014 (1 Application for a DROP loan).

**A motion was made by Ron Frano to approve the benefit approval list as presented dated December 4, 2014. The motion was seconded by Guy Montante and carried 4-0.**

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

Ms. Jensen stated that at the last meeting the board hired both securities monitoring firms; Berman DeValerio (BD) and Bernstein Litowitz Berger & Grossman (BLB&G). She has the BLB&G agreement and side letter with her today to be executed, and the other agreement will follow shortly.

Ms. Jensen updated the Board on the Special Act and noted that it was filed by the deadline and the hearing will be held on December 15, 2014. The bill has also been sponsored by Representative Kerner and everything else is moving along at this point. Although Ms. Jensen noted that there is one additional section that needs to

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be amended in the original document, but that amended section will still be advertised.

The Trustees' reviewed the revised summary plan description and they wanted to make sure that they understood the disability clause. The Trustees tabled the summary plan description until the next meeting after they had more time to review the entire document in detail.

Ms. Jensen updated that Board on the pending duty disability case. The member just recently went for an IME, so we should have the report back from that doctor shortly after.

Ms. Jensen stated that the response pertaining to the Leroy Collins article is almost completed and she will present it to the board first prior to showing the City or the member's.

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

N/A

**OTHER BUSINESS**

N/A

**PUBLIC COMMENTS**

Mr. Stefaniak briefly discussed the options that are available to a member who is ill and is not of normal retirement age as of now.

There being no further business and the next Pension Board meeting having been scheduled for Thursday January 8, 2015 @ 1:30PM, the meeting adjourned at 3:44PM.

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Brian Walker, Secretary