

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
APRIL 3, 2014

Chairman David Merrell called the meeting to order at 1:35 P.M. in the Third Floor Conference Room at Station 1; 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

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

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, The Law Offices of Perry & Jensen
Troy Brown, The Bogdahn Group
Brad Armstrong, Gabriel, Roeder & Smith (GRS)
Rick Dorey, WPB Firefighter (Retiree)
Rick Roberts, WPB Firefighter (Retiree)
Jeff Stefaniak, WPB Firefighter (Active)/Union Pres.

PUBLIC COMMENTS

Mr. Dorey asked if there were any updates regarding the previous conversation between the Union and the City in regards the payments relating to negotiations. The Trustees stated that they have not heard anything back since that last meeting.

PRESENTATION OF THE 9/30/2013 ACTUARIAL VALUATION REPORT: GRS (PRESENTED BY: BRAD ARMSTRONG)

Mr. Armstrong stated that the Police Actuary (who is with GRS as well, but out of the Ft. Lauderdale office) is meeting with the City Council regarding the results of the September 30, 2013 Actuarial Valuation Report. Mr. Armstrong asked if the fire board is requiring this as well because he would never release any information over to the City without the board's permission first. The Trustees discussed and stated that if the City Council does come to the fire board with the same request as police, then the board would like Mr. Armstrong to answer their questions since he is familiar with the plan and its history.

A motion was made by Ron Frano to authorize Brad Armstrong with GRS to do a presentation to the City Council regarding the September 30, 2013 Actuarial Valuation Report if requested. The motion was seconded by Guy Montante and carried 5-0.

Mr. Armstrong presented the board with the September 30, 2013 Actuarial Valuation Report which determines the City's contribution rate for the fiscal year beginning October 1, 2014 and ending September 30, 2015. Next fiscal year the City will need to contribute 48.49% of payroll, or about \$7.5M. Mr. Armstrong explained how they determine the dollar amount that needs to be contributed each year for the City and how they also discussed how the investment performance is actuarially calculated. The Plan's funded ratio increased this year to 53.6% from 51.2% last year. He noted that the State money had increased this year to \$2.1M net of fees. Mr. Armstrong reminded the Trustees that they are now using a 20 year amortization schedule. The plan had a positive net gain this year of \$2.1M, but that is still not enough to issue a 13 check because we still have another \$29M that needs to be made up before the supplemental checks are issued. The Trustees had a lengthy discussion on the future impact of the pension fund come 2016 when members are required to take all their money out of the plan. Mr. Armstrong stated that it would be both beneficial to the member and also the City if members were still allowed to leave their money in the DROP or share account.

A motion was made by Brian Walker to approve and accept the September 30, 2013 Actuarial Valuation Report as presented. The motion was seconded by Ron Frano and carried 5-0.

Mr. Armstrong explained that when the Special Act does change, then there will be a slight decrease to the City's contribution rate. Therefore an amendment will need to be filed at that time.

A motion was made by Brian Walker to file an amendment to the September 30, 2013 Actuarial Valuation Report when the Special Act is passes. The motion was seconded by Ron Frano and carried 5-0.

Mr. Armstrong passed out a draft Actuarial Funding Policy. He noted that this policy has nothing to do with the plans investment policy guidelines, but rather it explains how the annual required contributions are calculated each year. This policy is not required but it would be a great policy to forward to the Auditors. The Trustees stated that they will review this policy and discuss it again at the next meeting.

Lastly Mr. Armstrong passed out the GASB No. 67 Implementation Package. He explained that because of the new GASB reporting requirements, his office has a lot of additional calculations that they will need to perform each year. Mr. Armstrong recommended sending this letter to the plans auditor for review and/or changes and then the board can revisit it again at the next meeting.

INVESTMENT CONSULTANT REPORT: THE BOGDAHN GROUP (PRESENTED BY TROY BROWN)

Mr. Brown stated that the GHA contract is in the process of being put together and executed. He commented that GHA will not come down on their fee, although they are offering the plan a free quarter. The Trustees had a discussion on the fee rate and noted that they will move ahead with the free quarter. The GHA account is to be funded with 50% of the PIMCO balance, which is about \$16M.

A motion was made by Scott Kelly to hire Garcia, Hamilton & Associates and to accept the 25 basis points fee, with the first quarter free. The motion was seconded by Ron Frano and carried 5-0.

Mr. Brown briefly discussed what was going on with PIMCO. He commented that he is still recommending PIMCO to his clients despite their recent personal changes. For West Palm Beach Firefighters' Bogdhan is recommending that only 50% of the portfolio stay with PIMCO. The Trustees concurred.

Mr. Brown presented the board with the preliminary flash performance report as of March 31, 2014. He noted that the JP Morgan Special Situation Fund is now fully funded, and for the quarter to date the fund is up 1.4% and for the fiscal year to date they are up 7.8%.

Lastly Mr. Brown discussed Abbey Capital's long term and short term performances as well as managed futures altogether. He explained that his office had a meeting regarding managed futures and they are now recommending to move away from that asset group all together. Abbey Capital has daily liquidity and therefore Mr. Brown's recommendation is to close their account at Abbey Capital and to move the funds over to the Vanguard account for benefit payments.

A motion was made by Ron Frano to terminate Abbey Capital effective today Thursday April 3, 2014. The motion was seconded by Guy Montante and carried 5-0.

A motion was made by Scott Kelly to transfer \$2M from the Abbey account to the Vanguard account and to take the remaining balance from the Abbey account and transfer it to cash. The motion was seconded by Guy Montatne and carried 5-0.

APPROVAL OF MINUTES

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

A motion was made by Scott Kelly to approve the minutes of the regular meeting held on March 6, 2014 as amended. The motion was seconded by Ron Frano and carried 5-0.

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 Guy Montante and carried 5-0.

Deleted: A motion was made, seconded and carried 4-0 to accept the minutes of the meeting held May 23, 2011.

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 February 2014.

The Board received and filed the un-audited financial statements through the month of February 2014.

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

Ms. Jensen briefly updated the board on the recent new hires. She stated that they are currently waiting on the signed waivers to be returned from the last group of new hires, and there are another 8 new hires starting towards the end of April.

Ms. Jensen stated that the Plan's Special Act is moving along very quickly in the Legislative Session and she will update the board as new information becomes available.

Lastly Ms. Jensen stated that recently a retiree passed away on March 27, 2013. His spouse is entitled to 75% of his monthly pension benefit, but the retirees 2 adult children are entitled to the remaining balances in his share and DROP accounts as the beneficiaries of the accounts. Prior to the retiree passing away he elected to take an additional withdrawal from his Share account, to be paid out to him on April 1, 2014. The pension office was notified of the retiree's death before the payment was mailed out so now the board needs to decide whether this money should be sent out to the spouse or to the children. The Trustees had a lengthy discussion regarding this and explained that the member's intent was to take the distribution prior to his death and the board even approved the withdrawal a couple of months ago at a pension meeting. Therefore the Trustees decided to continue to pay out the distribution to the member as he elected before his death. If his spouse is unable to cash the check (since it will be payable to the retiree), then she must return the

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check back to the plan and then it will be distributed with the rest of the DROP and share balances between the 2 children.

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

N/A

OTHER BUSINESS

Mr. Walker updated the board on the 2015 retirement dinner. He stated that he is working with the hotel to come up with a menu, but in the meantime they will be sending the paperwork for the deposit. Ms. Ross stated that whenever the invoices arrive, to pass it along to her so that she can get the check cut.

There being no further business and the next Pension Board meeting having been scheduled for Thursday May 1, 2014 @ 1:30PM, the meeting adjourned at 3:55PM.

Brian Walker, Secretary