

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
April 2, 2015

Secretary Brian Walker called the meeting to order at 1:31P.M. in the Conference Room at Station 1, 3rd Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Brian Walker, Secretary
Guy Montante
Ron Frano
Scott Kelly

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Troy Brown, The Bogdahn Group
Mark Parks, City of WPB Finance Director
Kim Rothenberg, City of WPB Attorney
Jeff Stefaniak, WPB Firefighter (Active)
Rick Dorey, WPB Firefighter (Retiree)
Brad Rinsem, Salem Trust Company
Karen Russo, Salem Trust Company

SALEM TRUST COMPANY (PRESENTED BY: BRAD RINSEM & KAREN RUSSO)

Mr. Rinsem introduced himself and Ms. Russo. He stated that he was here today to review their failed system conversion issue that took place in 2013 and now the subsequent SAE16 audit that followed. Mr. Russo briefly ran through the conversion process and what lead up to all the issues that they had during that time. Investment Managers were not following the new instructions and ultimately that caused delays in transactions and trades being posted and then a snowball of other issues occurred from there. Everything since then has been fixed and till this day everything continues to run smoothly, although they did just wrap up their audit cycle for that time period in which the transition occurred. The auditors issued an adverse opinion in their audit and when the report was released it caused a stir with some of auditors that they work with on the pension funds. Mr. Rinsem explained that some auditors felt like they needed to do additional testing since they could not rely on Salem Trust's audit at this point, and some auditors stated that they already do additional testing during the auditing process so they were comfortable with the outcomes. Ultimately in the end there have been no findings in the reports where additional testing was completed and that going forward all their SAE16 reports should come back clean since this is something they have no put behind them. The Trustees questioned whether or not the next SAE16 report will have an overflow of issues since the last report only covered through June 30, 2013 and their issues seemed to rollover until the end of the calendar year.

Lastly Ms. Jensen asked Mr. Rinsem to update the Board on the Pennant Capital issue since they were here today anyways. Mr. Rinsem explained that their holding Company owns another company, Pennant Capital, and that Company is going under and is no longer in business. He briefly explained what happened and commented that a lot of fraud was involved. A majority of the money that was embezzled will be going back to the clients that were affected as they continue to sell off more of the assets. Mr. Rinsem reassured the Board that this issue does not have anything to do with or any impact on Salem Trust Company as they are two completely separate company's and firms. He will keep the Board updated on this issue as more information becomes available.

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

Mr. Brown briefly discussed the Salem Trust presentation and stated that this Plan's auditor should not be charging more for this year's audit because it is already completed. Mr. Brown stated that his firm is still comfortable with Salem Trust and he noted that personally he really likes them as well because they are very easy and helpful to work with.

Mr. Brown explained that last month they actually purchased the incorrect fund. At the last Board meeting the Trustees approved a \$4.5M allocation to Westwood Income Opportunities Fund (along with a \$4.5M allocation to BlackRock which processed smoothly), but the incorrect ticker/mutual fund was purchased. Mr. Brown explained that the letter of direction was drafted by his office with the incorrect ticker and then passed off to the Pension Resource Centers and Salem Trust for processing without being caught. In this situation Mr. Brown was able to contact Salem Trust right away and with their fast approach and help we were able to get everything straightened out without any impact to the Plan. In fact there was a net gain to the Plan of \$53,990.47, but Mr. Brown did state for the record that if there was a loss to the Plan then Bogdahn would be writing a check to the Plan for the loss since it was his firm's fault. The Trustees thanked Salem Trust and Mr. Brown for their detailed attention and fast reaction in this case.

Mr. Brown reviewed the flash performance report as of March 31, 2015 and noted that for the quarter to date they are up 3% and for the fiscal year to date they are up 6.4%. The Fund had a gain of \$11.3M for the fiscal year to date which puts the total assets up to \$185.7M as of March 31, 2015.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on March 5, 2015.

A motion was made by Ron Frano to approve the minutes of the regular meeting held on March 5, 2015 as amended. 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 Ron Frano to approve the disbursements that were presented by the Administrator. The motion was seconded by Scott Kelly and carried 4-0.

FINANCIAL STATEMENTS

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of February 2015.

The Board received and filed the financial statements through the end of February 2015.

ATTORNEY'S REPORT: KKJ&L (PRESENTED BY: BONNI JENSEN)

Ms. Jensen updated the Board on the Special Act, House Bill 1167 and explained that she received a phone call from their Sponsor and he stated that the Governor wants the Board to remove the in-service distribution clause from the Special Act (lines 633-639). The Governor is looking to remove this clause from all pension plans.

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Both the City's Manager Jeff Green and the Union's Rep Tom Wesolek have agreed to remove the language and move forward with the other changes. Ms. Jensen commented that the Board needs to make this amendment before the Committee meets again next Tuesday.

A motion was made by Guy Montante to approve the Special Act amendment by striking out lines 633-639. The motion was seconded by Ron Frano and carried 4-0.

Ms. Jensen presented the Board with the final copy of the State of the pension fund report. Mr. Kelly stated that he would like the City Manager Jeff Green to review this document before it is presented to the members of the Plan as well as the City Council.

A motion was made by Scott Kelly to approve the State of Pension Report as presented, pending Mr. Greens review. The motion was seconded by Ron Frano and carried 4-0.

Ms. Jensen presented the Board with a revised new hire checklist. She explained that the City changed their carriers to the City Medical Center and now they are only performing 2 out of 3 back MRI's. The new Medical Center will no longer do a Thoracic MRI as the other 2 MRI's are significant enough.

A motion was made by Ron Frano to approve the revised/updated new hire checklist as presented (removing the Thoracic MRI from the checklist). The motion was seconded by Guy Montante and carried 4-0.

Ms. Jensen stated that she recently received some questions from the IRS in regards to the Plan's determination letter that has been pending since 2009. Ms. Jensen responded to the recent questions but has not heard anything back yet.

Ms. Jensen presented the Board with revised DROP and Share distribution forms. The forms now allow for a partial lump sum withdrawal. The Trustees discussed the forms and made some comments/recommendations. Ms. Jensen noted that she will make the revision and will bring back the final copies to the next meeting.

A motion was made by Ron Frano to approve the revised/updated DROP and Share Distribution Forms as amended. The motion was seconded by Scott Kelly and carried 4-0.

Ms. Jensen briefly updated the Board on the 2 pending class action cases. The google case which is a derivative case is moving forward with this Board as lead plaintiff and the other case, Ocwen Altisource, they are not filing as lead plaintiff.

Ms. Jensen explained that Mr. Armstrong revised the September 30, 2014 Actuarial Valuation Report which now includes the updated historical information and a slight change to comment A. She noted that these revisions did not change any of the numbers or Plan information.

A motion was made by Ron Frano to approve the revised September 30, 2014 Actuarial Valuation Report. The motion was seconded by Guy Montante and carried 4-0.

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The Trustees discussed the additional 3.79% increase in the City Contributions as a result of the FS-112.64 Compliance in the Actuarial Valuation Report. Ms. Jensen explained that the City would need to look into resolving this problem because it has to do with the payroll growth. Currently the 10 year payroll growth is less than 5%, which is the Plan's assumed rate, so since it was not met there is an additional cost of 3.79%. Mr. Kelly stated that he will review this with Mr. Green and report back to the Board.

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

Ms. Ross stated that she has been working with a business specialist at Verizon and presented the board with 3 different payment plans/contracts when it comes to purchasing the tablets. The Trustees had a lengthy discussion and noted that they wanted to go with the 10GB, which would be split between all 5 tablets.

A motion was made by Ron Frano to approve and authorize the purchase of 5 tablets (galaxy note pro tablet 12.2 inch, 10GB, unlimited contract, with the bundle package). The motion was seconded by Guy Montante and carried 4-0.

OTHER BUSINESS

Mr. Kelly stated that today is his last meeting and that Mr. Parks will be taking over his position on the Board as Finance Director. Mr. Kelly thanked the Board and stated that all the Trustees and service providers are doing a great job

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday May 7, 2015 @ 1:30PM, the meeting adjourned at 3:34PM.

Brian Walker, Secretary