

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

### May 7, 2015

Chairman David Merrell called the meeting to order at 1:31P.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 Roberts, WPB Firefighter (Retiree)  
Matt Hart, TBC

#### **INVESTMENT MANAGER PRESENTATION: TBC (PRESENTED BY: MATT HART)**

Mr. Hart welcomed himself back and gave a brief update on the firm. He commented that there have been no changes to the portfolio or the portfolio team. He reviewed the market environment during the quarter and noted that health care was the best performing sector as financials were the worst performing. For the quarter the fund outperformed the index net of fees at 1.80% versus the index at -0.72%, and for the one year they are also ahead of the index at 10.36% versus 9.33%. The Plan's assets have increased to \$26,167,582 as of March 31, 2015 and he reviewed the top 5 stocks during the quarter as well as the bottom 5 detractors. Lastly Mr. Hart reviewed their market outlook and commented that things seem to remain steady although they are more bullish on the domestic economy. Also, when interest rates increase this portfolio will benefit from it.

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

Mr. Johnson reviewed the market environment during the quarter and noted that the Plan's assets are up to \$186M as of March 31, 2015. The Plan had a return of 3.26% net of fees versus the index at 1.92% for the quarter and for the fiscal year to date the Plan is up 6.61% net of fees versus the index at 5%. During the quarter we moved money from Dodge & Cox to fund Black Rock and Westwood. Mr. Johnson briefly reviewed each Manager's return for the quarter and noted that all the domestic and international equity managers outperformed, while the DISCO II fund and the Dodge & Cox fund slightly underperformed. Overall it was a great quarter and Mr. Johnson commented that he does not have any recommendations at this time to rebalance or for any changes.

Mr. Johnson reviewed the flash performance report as of April 30, 2015 and noted the Plan is up another 0.1% for the quarter, which puts them at 6.7% for the fiscal year to date.

Lastly Mr. Johnson stated that he received a request from Baron Capital in regards changing their benchmark and they need their client's permission in order to do so. Baron Capital is a SMID cap manager and they want to expand their definition on market cap limits. This change would allow Baron to take advantage of the full investible universe of our benchmarks and allows them to better compete in the marketplace. Mr. Johnson noted that it is Baron's internal policy that they are wanting to change and that he does not have any objection to it as it is a material

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change and does not directly affect this Plan's investments. The Trustees discussed the change and noted that they would like Baron to attend the next meeting as an update and to also discuss their recent underperformance.

**A motion was made by Ron Frano to approve and authorize the Baron Capital request to change their market cap limits. The motion was seconded by Brian Walker and carried 4-0.**

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on April 2, 2015.

**A motion was made by Brian Walker to approve the minutes of the regular meeting held on April 2, 2015 as amended. The motion was seconded by Ron Frano and carried 4-0.**

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

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented for approval by the Administrator dated May 7, 2015 (1 application for retirement-vested deferred, 1 application for distribution from Share account for a buyback purchase, 1 application for distribution from Share account due to retirement, and 1 application for a refund of mustering out money).

**A motion was made by Brian Walker to approve the 1 application for retirement-vested deferred 1 application for distribution from Share account for a buyback purchase, and the 1 application for distribution from Share account due to retirement. The motion was seconded by Ron Frano and carried 4-0.**

The Trustees had a lengthy discussion on the application for a refund of mustering out money. Ms. Ross explained that a member recently terminated his employment and will be receiving a refund of his contribution within the next couple of months or so when he gets an account established to roll the funds over into. In the meantime the members mustering out money was deposited into his Share account per the Plan document, and at this time the member is requesting a payout of that money as they were not aware that the funds would be sent over to the pension account versus being paid out to them in their last pay check with the City.

**A motion was made by Brian Walker to approve the application for a refund of mustering out money. The motion was seconded by Ron Frano and carried 3-1.**

**FINANCIAL STATEMENTS**

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

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

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

Ms. Jensen updated the Board on the State of Fund Pension Report. At the last meeting Mr. Kelly asked that Mr. Green review the document before it is presented to the members and the City Council. Ms. Jensen stated that directly following that meeting she contacted Mr. Green and asked him to review the document, but she has not heard anything back as of yet. She noted that she will bring it back to the next meeting.

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. Ms. Jensen reached out to Mr. Green but has not heard anything back so she will bring the report back to the next meeting for more direction.

Ms. Jensen stated that the Special Act Bill was passed by both Committees on April 29, 2015 and now it is being presented to the Governor for signature. The Governor has 15 days to sign the Bill or it will automatically go into effect.

Ms. Jensen notified the Board that 3 of the new hires have recently resigned and therefore they will not proceed with reviewing those members' medical records and new hire process.

Ms. Jensen noted that the Plan's tax exempt certificate was renewed.

Ms. Jensen reminded all the Trustee's that their annual Form 1 Disclosure form is due July 1, 2015.

Ms. Jensen presented the Board with the final updated DROP and Share distribution forms that the Board approved at the last meeting.

Ms. Jensen gave a brief update on the current Legislative session. Senate Bill 242 passed which will now require that this Plan (and all other defined benefit plans) use the same mortality table that the FRS is using. According to the Actuary's this will be a cost to the Plan because the FRS table is more conservative compared to the table that the Plan is currently using. Also House Bill 172 passed which will create individual share accounts for members, in which this Plan already has, but it also now states that each Plan has to come up with annual budget that has to be presented to the City. Ms. Jensen noted that the Governor has not signed either of these Bills yet so the opportunity for them to be vetoed is still there, if not they automatically become law. We will know more at our next meeting.

Ms. Jensen noted that the Plan's IRS determination letter is still pending although she did receive some questions from the IRS recently in which she responded too, so maybe we will hear something back soon. Ms. Jensen commented that she will keep the Board updated as more information becomes available.

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

Ms. Ross updated the Board on the tablets and stated that she is having the hardest timing opening an account under the Pension Plan since it is a Governmental

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account. She will update the Board as more information comes along, but hopefully we will have the tablets by the next meeting.

**OTHER BUSINESS**

Ms. Jensen updated the Board on Salem Trust and commented that they did hire a new relationship manager for their Tampa office, but that should not affect this Plan as we deal with their Deerfield office. Although the Deerfield office did recently have a back office employee that terminated their employment, but this should not have any effect on this Plan either since our main relationship manager, Karen Russo is still there.

**PUBLIC COMMENTS**

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday June 6, 2015 @ 1:30PM, the meeting adjourned at 4:07PM.

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Brian Walker, Secretary