

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

June 4, 2015

Chairman David Merrell 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

David Merrell, Chair
Brian Walker, Secretary
Guy Montante
Ron Frano
Mark Parks (departed 2:42PM)

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, The Bogdahn Group
Chris Gibson, Brown Advisory
Kevin Osten, Brown Advisory

INVESTMENT MANAGER PRESENTATION: BROWN ADVISORY (PRESENTED BY: CHRIS GIBSON & KEVIN OSTEN)

Mr. Gibson introduced himself and Mr. Osten to the Board. He noted that Greg Caron is their main contact for this fund but he could not make it today. He briefly updated the Board on the Firm and noted that the product this Plan is invested in is their largest portfolio but they do have another strategy as well. Mr. Gibson also noted that this fund is closed to new investors as they reached their max of \$50B, but with market appreciation the assets keep increasing. Mr. Osten reviewed the fund's performance as of March 31, 2015 and noted that for the quarter they outperformed the index at 3.99% versus 3.84%, but then they are trailing for all time frames after that in which he explained why. The market environment in 2014 was not favorable to their strategy, but things have since turned around in 2015. He reviewed the top 5 contributors as well as the bottom 5 detractors during the quarter. The portfolio currently has an overweight to consumer staples, health care, and information technology and an underweight to consumer discretionary with no holdings in telecom services and utilities. Lastly Mr. Johnson asked about the increased turnover in 2015 and Mr. Gibson stated that THEY moved into new names but there was no change of strategy.

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

Mr. Johnson discussed the Brown Advisory presentation. He reminded the Board why they hired them and commented they are still doing just that. Brown works a high concentrated portfolio as they only own 33 stocks. Mr. Johnson stated that he is still comfortable with them and that he will continue to monitor them going forward, but does not have any recommendations at this time.

Mr. Johnson reviewed the May 31, 2015 flash performance report. For the quarter they are up 0.8% and for the fiscal year they are also up 7.5%. The Plan's assets are now up to \$185.9M, which was a gain of \$1.4M during the quarter. He commented that he will have the full June 30, 2015 quarterly report available at the next meeting.

Mr. Johnson reviewed the hedge fund primer report for educational purposes only. These are hedge fund of funds accounts and Mr. Johnson explained what they consist of and how they are traded. He also explained the difference between hedge funds and hedge fund of funds as well as the difference between hedge funds and traditional investments. Mr. Johnson asked the Trustees to review this report for

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discussion at the next meeting because he would be recommending a 5% allocation to a hedge fund primer account.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on May 7, 2015.

A motion was made by Ron Frano to approve the minutes of the regular meeting held on May 7, 2015 as amended. The motion was seconded by Brian Walker 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 Guy Montante and carried 4-0.

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented for approval by the Administrator dated June 6, 2015 (2 applications for retirement, 1 application for distribution from Share account due to retirement, 1 application for distribution from DROP account due to retirement, 1 application for distribution from DROP account due to a court order, 4 applications for DROP loans, and 1 application for a refund of contributions.)

A motion was made by Brian Walker to approve the 2 applications for retirement, 1 application for distribution from Share account due to retirement, 1 application for distribution from DROP account due to retirement, 1 application for distribution from DROP account due to a court order, 4 applications for DROP loans, and 1 application for a refund of contributions. The motion was seconded by Ron Frano 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 April 2015. She noted that the retirement dinner account has been updated to reflect the correct expenses. There were some retirement dinner expenses that were not categorized correctly, but it has been since straightened out.

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

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

Ms. Jensen noted that the Special Act bill was passed although it does still need to be signed by the Governor. If he does not sign it then after so long it will automatically go into effect. She will keep the Board updated.

Ms. Jensen explained that the House Bill 534 ruling came out and all new required documents are due to the Division of Retirement by June 29, 2015. The Actuary will take care of completing all the required reports and they will also file them with the Division of Retirement, but the City and the Administrator are required to post all the reports on their website by the deadline as well. Ms. Ross stated that they are creating a separate tab on the pension website and they will post all these new required reports under that one section so that is everything is together and will be

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easy to access. Ms. Jensen also reviewed Senate Bill 172 which was also signed into law this last Legislative session as well. This new Bill requires that all pension plans create individual share accounts, in which this Plan already has so they are deemed to be in compliance. This Bill also mandates that each pension board create an administrative budget that will need to be submitted to the City. She explained that this budget will only reflect administrative and investment consultant expenses only and will not include any investment manager related expenses. This budget is due October 1, 2015. Ms. Ross commented that her office is aware of this new requirement and they have been working on a template for their pension plans to use. She will bring a sample budget to the next meeting for the Board to review. Lastly Ms. Jensen commented that the Bill regarding the requirement of using the same mortality table as the FRS was passed but it has not been signed into place by the Governor yet. She will update the Board on that Bill as more information becomes available.

Ms. Jensen commented that the IRS determination letter is still pending.

Ms. Jensen stated that per the Board's direction a couple of meetings ago she sent the State of Pension Report to Mr. Green to review before it was sent out to the membership but she has not heard anything back as of yet.

A motion was made by Brian Walker to authorize the Plan's Administrator to email out the State of Pension report as is to all the members of the Plan and the pension Trustees. The motion was seconded by Guy Montante and carried 4-0.

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

Ms. Ross updated the Board on the tablets and stated that she is having the hardest time opening an account under the Pension Plan since it is a Governmental account. She will update the Board as more information comes along, but hopefully we will have the tablets by the next meeting.

OTHER BUSINESS

N/A

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday August 6, 2015 @ 1:30PM, the meeting adjourned at 4:09PM. *Note the July meeting was canceled*

Brian Walker, Secretary