

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

December 3, 2015

Chairman David Merrell called the workshop to order at 1:30 P.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

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, The Bogdahn Group
Matt Hart, The Boston Company (TBC)
Rick Dorey, Retired WPB Firefighter
Rick Roberts, Retired WPB Firefighter

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

Mr. Hart briefly gave a firm update and stated that the lead portfolio manager on the emerging market portfolio will be retiring next year and he will be replaced by the second inline. He commented that this change does not have any effect on this Plan but did want to update the Board on the change. Mr. Hart reviewed TBC's investment process and philosophy and noted that their main goal is to protect on the downside and add value on the upside. He reviewed the fund's performance as of September 30, 2015 and noted that it has been a rough quarter for equities and they are down -8.95% versus the index at -8.39% and for the calendar year they are also in the same position at -6.88% versus the index at -8.96%. Although since the end of the quarter they are already back up another 400 basis points. Mr. Hart reviewed the sector allocations during the quarter and energy was leading their stock selection and financials hurt them the worst. Currently the portfolio has a slight overweight to consumer staples and materials, an underweight to industrials, and no holding in utilities. Overall he noted that they are holding on in this tough market environment and if interest rates do rise then it will increase/benefit their financial holdings.

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

Mr. Johnson reviewed the Plan's flash performance report as of November 30, 2015. Fiscal year to date they are up 4.9%, which is a gain of \$8.5M and now brings the Plan's total assets up to \$185.6M which is new high. All managers are starting the new fiscal year out well and are up with the exception of Garcia Hamilton.

Mr. Johnson briefly discussed what he spoke about at the recent Division of Retirement conference and reviewed the take away from it. Overall you need to add some risk into the portfolio, in which this Plan already does but there are some other investments out there Mr. Johnson would like the Board to consider just looking at for the moment. He explained that the PIMCO DISCO II fund will be going away in about 12-24 months and they will need to replace it with something. Therefore Mr. Johnson brought another product forth for the Board to review today; Special Opportunities Fund III with EnTrust. This is a co-investment strategy and Mr. Johnson briefly reviewed the product and how it works. This is the third Special Opportunities Fund that EnTrust has started and it launched back in February 2015 and it already has \$1,679.4mm invested in it. All the companies they invest in are individual investments and are totally transparent. There is a 4 year lock up with term and the fee is 1.25 basis points on all assets, although EnTrust also gets 10% on anything over a 7.5% profit. There are a total of 15-30 investments all together

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in the fund and the minimum funding requirement is \$1M. Lastly this product is only open to all new investors until March 31, 2016. The Trustees had a very lengthy discussion on this investment and reviewed the fund, but ultimately they agreed that they are not interested with moving forward at this time.

APPROVAL OF MINUTES

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

A motion was made by Ron Frano to approve the minutes of the regular meeting held on November 5, 2015. 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 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 3, 2015 (2 revised applications for retirement, 1 application for distribution from DROP account due to a hardship withdrawal, 1 application for distribution from DROP account for 1/1/2016, and 1 application for a refund of contributions including mustering out money).

A motion was made by Brian Walker to approve the 2 revised applications for retirement, 1 application for distribution from DROP account due to a hardship withdrawal, 1 application for distribution from DROP account for 1/1/2016, and 1 application for a refund of contributions including mustering out money. The motion was seconded by Guy Montante and carried 4-0.

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

Ms. Jensen stated that the Plan has finally received a favorable IRS determination letter, although the letter has now expired. In addition Ms. Jensen also explained that going forward the IRS will no longer be issuing these letters as well. The determination letter does state that the Plan is in compliance, but there are some changes that the Board needs to adopt into their Plan since the time to make the Special Act changes has expired, the Board would need to adopt a policy. Ms. Jensen briefly reviewed the changes and she recommended that the Board adopt it to be in compliance going forward. She commented that she spoke to the City Manager regarding this and he is on Board with this process too. The Trustees briefly reviewed the policy and asked to table this subject until the next meeting so that they will have had enough time to review the document.

Ms. Jensen stated that the City Commission recently held a workshop regarding pension obligation bonds. She commented that the City has not made any move to invest in them that she is aware of.

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

Ms. Ross stated that she had a quote from Verizon wireless on the new tablets and the monthly fees. The Chair asked to table this discussion until after the holidays.

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OTHER BUSINESS

Mr. Walker stated that he would like permission from the Board to work directly with the Resource Centers on the Share account allocations/forfeitures and the "retirement exit guide" document. He explained that he spoke with Scott Baur at the Resource Centers in regards to the Share account allocations over the past couple of years and at that time it was discovered that some of the recent new hires still did not have a Share accounts. In 2013 when those members were hired, there was not an allocation to be distributed among the members because the State money was negotiated to go to the City and there were no forfeitures that year. Mr. Walker would like to learn more about the allocation process and make sure everyone is accounted for now. Also some members a couple of years ago created an internal "retirement exit guide" which he does not think is totally accurate. He would like to get with the Resource Centers to go over the retirement process in general and to update/fix the "retirement guide" document that is currently being circulated. The Trustees stated that they had no issue with Mr. Walker working directly with the Pension Plan's Administrator, as long as there are no other Trustees involved or present because that would violate the Sunshine Law.

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday January 7, 2016 @ 1:30PM, the meeting adjourned at 4:05PM.

Brian Walker, Secretary