

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
APRIL 7, 2016

Chairman Dave Merrell called the meeting to order at 1:35 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
Brad Armstrong, Actuary
Rick Dorey, Retired WPB Firefighter

PRESENTATION OF THE 9/30/2015 ACTUARIAL VALUATION REPORT: GRS (PRESENTED BY: BRAD ARMSTRONG)

Mr. Armstrong stated that he was here today to present the September 30, 2015 Actuarial Valuation Report. He discussed all the other new reports they had to complete this year due to the GASB requirements. He noted that this report does not include the new FRS mortality table, but next year's report will reflect the change and it will also have an impact on the plan as well. For the next fiscal year the City will need to contribute 43.54% of covered payroll which is compared to 44.8% last fiscal year. Next year the City will continue to use a portion of the State money to offset their contributions, but we do not know that amount yet. Mr. Armstrong stated that the City of West Palm Beach contributions all their required dollars in one lump sum payment in the beginning of the fiscal year so that they receive an interest break. He reviewed any changes during the fiscal year and noted that the Plan did not meet its assumed rate of return this fiscal year so they will amortize that loss over the next 10 years. The mortality table change that will be reflected in next years report will increase the City's contributions and decrease the Plan's funded ratio. This year the Plan had an actuarial loss of \$1,947,551, although the Plan's funded ratio did increase this year from 68.7% to 70.8%. Mr. Armstrong commented that overall the Plan is doing very well and is financially sound.

A motion was made by Brian Walker to approve the September 30, 2015 Actuarial Valuation Report as presented. The motion was seconded by Ron Frano and carried 4-0.

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

Mr. Johnson briefly reviewed an S&P500 chart from the time period from 10/9/2007 to 3/31/2016. This chart reflects that the markets have recently gone back up and during the peak till now the total return equaled out to be -1.68%.

Mr. Johnson reviewed the Plan's flash performance report as of March 31, 2016. He noted that his was a preliminary report as some numbers are not final. Started the quarter with \$183M in assets but the fund had a large distribution of \$3.3M so they ended the quarter with \$180M. For the quarter the fund had a gain of 0.1% and for the fiscal year to date they are up 3.8%. The total equity was negative for the quarter, although it is positive for the fiscal year to date. Mr. Johnson stated that overall all the managers are doing well despite the market place and he does not have any recommendations at this time.

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Mr. Johnson discussed the DISCO II product and noted that the Board will need to make a change to this fund by early next year at the latest. His recommendation is to get out of the DISCO II fund altogether and move the assets to the Tac Ops fund that PIMCO also offers. He is also recommending to increase the real estate target even though it is currently overweighed. The max in real estate is 10% but because it has been performing very well it is up to 11.5% although Mr. Johnson is recommending to increase the target maximum to 12.5% as the Special Act allows the Plan to go up to 15%. Mr. Johnson recapped his recommendations; remove the DISCO II fund and take 2.5% of the funds and move it to real estate and take the other 2.5% and invest it in the Tac Ops fund. He also presented the Board with a redline revision of the IPG outlining his changes. The Trustees had a very lengthy discussion on the Special Act language and also the Tac Ops fund. Mr. Johnson reminded the Trustees that they do not need to make a decision today as they still have time, but he would like the Board to start thinking about it.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on March 3, 2016.

A motion was made by Ron Frano to approve the minutes of the regular meeting held on March 7, 2016 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 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 April 7, 2016 (1 application for distribution from DROP account – hardship request).

A motion was made by Brian Walker to approve the application for distribution from DROP account - hardship request. The motion was seconded by Guy Montante 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 2016.

The Board received and filed the financial statements through the end of February 2016.

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

Ms. Jensen presented the Board with the updated new hire medical records process. She noted that per the Board's direction, employees have 30 days after their new hiring training ends to submit a second opinion form another doctor to challenge the determination that is presented to them in their new hire waiver.

A motion was made by Ron Frano to approve the amended new hire medical records process as presented. The motion was seconded by Guy Montante and carried 4-0.

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Ms. Jensen reviewed her firm's memo in regards to the normal retirement age regulation. She commented that these regulations do not apply to this pension plan because it does not allow for in service distributions.

Ms. Jensen reviewed the Gray Robinson letter in regards to the mustering out money having the IRS 415(c) limits applied or not. The Board hired a tax attorney to review the Pension Plan and to make a recommendation to the Board as to whether or not the contributions of accumulated leave amounts to member's backDROP or Share accounts in the Plan are subject to the limitations on "annual additions" set forth in IRS 415(c) limits. After reviewing the Plan Gray Robinson has determined that all mustering out money comes into the pension plan as the IRS 415 limits do not apply to this Plan. Ms. Jensen stated that she will notify the City of this as well.

Ms. Jensen notified the Board that the Apollo case brought on by Saxena White will cease at this point because TSW already sold the stocks prior to the Boards commitment.

Ms. Jensen stated that the google case with Scott & Scott is still pending.

Ms. Jensen presented the Board with the Division of Retirement fact sheet for 2015 that has to be published on the Plan's website.

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

Ms. Ross stated that all the Trustees tablets should now be updated with their personal email address through the pension plan as we created our own domain.

OTHER BUSINESS

Ms. Ross presented the Board with the Salem Trust information in regards to the global tax reclamation services they offer. Salem Trust and Global Tax take a portion of the money that is recovered, but this is a solution in recovering the foreign taxes. All fees are based off of recovery only and are not annual. The Trustees discussed the services and the fees.

A motion was made by Brian Walker to approve the Salem Trust Global Tax recovery services as presented. The motion was seconded by Ron Frano and carried 4-0.

PUBLIC COMMENTS

Mr. Dorey asked about an update on the Police Board and the pension obligation bond that they were looking into. Ms. Jensen stated that the Police Board is moving forward with the bond and is set for May.

Mr. Dorey recommended holding off on the employee workshops until after October 2016 because then all the active employees will have the same benefits because all the "grandfathered" members will have to retire by then.

Mr. Dorey discussed combining the pension retirement dinners with the Union awards. Mr. Walker stated that he spoke to the membership about this and their consensus was to keep the events separated just like in the past.

Mr. Dorey asked Ms. Ross to check on the online calculator to see if it was ever fixed in regards to computing the correct final average salary; if not it should be

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removed until PRC launches their new system. The same with the DROP and Share statements as they are not in the correct time order. Ms. Ross stated that she will check on both items.

There being no further business and the next Pension Board meeting having been scheduled for Thursday, May 5, 2016 @ 1:30PM, the meeting adjourned at 3:21PM.

Brian Walker, Secretary