

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

MAY 5, 2016 (WORKSHOP)

Trustee Guy Montante called the workshop to order at 1:36 P.M. in the Conference Room at Station 1, 3rd Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Guy Montante

Ron Frano

Mark Parks

(joined mtg from 2:58pm to 3:03pm)

OTHERS

Audrey Ross, Resource Centers

Bonni Jensen, KKJ&L

Dan Johnson, The Bogdahn Group

Andy Burkly, Franklin Templeton

Brian Kahley, Franklin Templeton

Jay LaRocco, Franklin Templeton (via telephone)

Rick Dorey, Retired WPB Firefighter

Rick Roberts, Retired WPB Firefighter

INVESTMENT MANAGER REPORT: FRANKLIN TEMPLETON (PRESENTED BY: ANDY BURKLY, BRIAN KAHLEY & JAY LAROCO VIA TELEPHONE)

Mr. Kahley introduced himself, Mr. Burkly and Mr. LaRocco who joined via phone. He gave a brief update on the firm as a whole and stated that about a year ago the global macro team was carved out to be on their own, which was a very successful move for the firm. Other than that there have been no changes to the portfolio or the team. First Mr. Kahley gave a brief overview and update on the Templeton Global Bond fund. He reviewed their research team which consists of 20 employees that are located all around the world which is a huge advantage to their firm. This fund has a little higher risk associated with it, but also offers great diversification. Mr. Burkly reviewed the investment philosophy and process and noted that they stay focused on 3 main sources; duration, currency, and sovereign credit exposure. For the quarter the global bond fund was up 0.13% versus the index at 7.09%, but since inception they are up and outperforming their index at 7.86% versus 6.29%. Mr. Burkly commented that they will remain on the defensive side until they see some rise in interest rates. He discussed what lead to their underperformance during the quarter and noted that it was mostly related to the fall in interest rates as it reflected negatively on their portfolio. They do have a slight overweight to emerging markets which helped balance the portfolio out and remain flat during the quarter, as well as keeping their duration short. The Trustees discussed the negative interest rates in the foreign market and if it had any effect on this portfolio. Mr. Burkly stated that they do not have any exposure to those foreign bonds that are bearing negative interest rates and they would have to see some kind of financial reconstruction before they would even look into buying into them. Overall despite the bad quarter, they are excited about moving forward as things are already starting to turn around and the market place will then favor their investment style. He noted that they are already starting to see growth in moderation and that they think they will see another interest rate hike in 2016 which will also benefit their portfolio.

Mr. LaRocco updated the Board on the Templeton's Global Equity fund and noted that there have been no changes to this fund's portfolio or team members. He reviewed the investment philosophy and noted that their 3 main focuses are value, patience, and bottom up stock selection. It is a rough market environment out there right now for active equity managers and for the quarter the total fund was down -3.10% versus the index at -0.26%, but since inception they are up 7.64%. Also since the quarter ended things have already turned around and the fund is up 1.4%

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF MAY 5, 2016 (WORKSHOP)

for the month of April. He reviewed the sector weightings and noted that financials is their largest holding and is inline with the index. They have a slight overweight to energy and health care, an underweight to consumer staples, and no holding in utilities. Lastly Mr. LaRocco stated that overall this fund is doing well despite last quarter and they are well positioned going forward.

Mr. Parks joined the workshop and the West Palm Beach Firefighters' Pension Fund meeting was called to order at 2:58PM

(Due to a special request on the agenda a meeting was called to order for one approval only)

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented for approval by the Administrator dated May 5, 2016 (1 application for distribution from DROP account – hardship request).

A motion was made by Ron Frano to approve the application for distribution from DROP account - hardship request. The motion was seconded by Mark Parks and carried 3-0.

Mr. Parks departed the room and the West Palm Beach Firefighters' Pension Fund meeting was adjourned at 3:03PM; the workshop continued

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

Mr. Johnson briefly reviewed the April 30, 2016 flash performance report. For the fiscal year to date the fund is up 5.2% and for the quarter to date they are up 1%. All managers are outperforming their relative indexes with the exception of the Templeton Global bond fund.

Mr. Johnson also briefly reviewed the March 31, 2016 quarterly performance report. He discussed the market environment during the quarter and noted that in February the market started turning around for the better and bonds were up 3%. Mr. Johnson noted that it was unusual for bonds to be up that much and that we should not expect that going forward. For the quarter the total fund net of fees was up 0.35% but trailing the index at 1.77%, and for the fiscal year to date they are in the same position at 3.88% versus the index at 5.54%. Mr. Johnson discussed both Templeton accounts; global bond and domestic equity. He stated that he is still comfortable and confident with the Templeton global bond fund as it is positioned to protect the fund against low interest rate environments, which we are currently in. In regards to the domestic equity fund Mr. Johnson is still comfortable with them as well. He explained that it is a rough market environment out there for active domestic equity managers right now so we have to hang in there. Also the Templeton equity fund is a nice compliment to the EuroPacific fund. Overall Mr. Johnson stated that the fund is doing very well and he does not have any recommendations for rebalancing or changes at this time.

APPROVAL OF MINUTES

Tabled

DISBURSEMENTS

Tabled

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF MAY 5, 2016 (WORKSHOP)

FINANCIAL STATEMENTS

Tabled

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

Tabled

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

Tabled

OTHER BUSINESS

Tabled

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday, June 2, 2016 @ 1:30PM, the workshop concluded at 3:35PM.

Brian Walker, Secretary