

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

### JUNE 2, 2016

Chairman Dave Merrell called the meeting to order at 1:35 P.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  
Mark Parks  
Ron Frano

#### **OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, KKJ&L  
Dan Johnson, The Bogdahn Group  
Matthew Beck, Dodge & Cox (via telephone)  
Rick Roberts, Retired WPB Firefighter  
Rick Dorey, Retired WPB Firefighter

#### **INVESTMENT MANAGER REPORT: DODGE & COX (PRESENTED BY: MATTHEW BECK VIA TELEPHONE)**

Mr. Beck introduced himself and gave a brief update on the firm as a whole. He stated that a lot of their employees come to them after college and end up staying with them long term which is beneficial to the company as a whole. Dodge & Cox is independently owned with 76 shareholders. There are a total of 249 employees with an independent research staff. Their main office is located in San Francisco, CA and they offer 6 products as a firm. The firm's total assets are up to \$257.3B, but the product that this plan is invested in is at \$44.2B. Mr. Beck reviewed the fixed income portfolio in which this plan is invested in. They take a different approach than most other fixed income managers when it comes to investing as they focus primarily on yield. They only invest in companies rated AA or higher and their outlook is 3-5 years. They manage a very well diversified portfolio with a mixture of mortgages and treasuries and they only buy cash bonds as they do not hold any derivatives in the portfolio. Mr. Beck reviewed the Plan's performance as of March 31, 2016 and noted that the assets are up to \$8.9M and year to date they are up 3.74% versus the index at 3.43%. All long term numbers are well with the exception of the one year in which they lagged the index. He explained what led to the underperformance and how they recovered from it already. Mr. Beck discussed the interest rates and what effect they have on the portfolio. He stated that if the rates do rise then they have an advantage because of the way they are positioned they would benefit from it. The Trustees questioned the structure of employees and noted that overall everything was good.

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

Mr. Johnson reviewed the May 31, 2016 flash performance report. For the quarter they are up 1.9% and for the fiscal year they are up 6.2%. He noted that global bonds took a hit last month because of the negative interest rates and that is what affected the Templeton Global Bond fund once again as that was the worst performing sector in the month of May. All other managers are positive and Mr. Johnson does not have any recommendations at this time for changes or rebalancing.

Mr. Johnson updated the Board on the PIMCO Disco II fund which is still open at this point, but the Board needs to decide whether they are going to stay in the fund or move out. The Trustees discussed the PIMCO TacOps fund in which Mr. Johnson is recommending the plan move into along with adding more to real estate. The Trustees had a lengthy discussion on the TacOps fund and Mr. Johnson noted that

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they still have time so they don't have to make a discussion at today's meeting although a decision will need to be made soon. The Board would like Ms. Jensen to start reviewing the TacOps legal documents/agreements as it is their intent to eventually move forward with this fund.

**A motion was made by Ron Frano to authorize Ms. Jensen to review the PIMCO TacOps legal documents and agreements with the intent to move forward pending the review outcome. The motion was seconded by Brian Walker and carried 5-0.**

Lastly Mr. Johnson reviewed the proposed investment policy guidelines (IPG) which would include the new PIMCO TacOps fund as well as changing the target allocations to fixed income, alternatives, and real estate. He noted that this is just a draft and once the Board makes the final decision to move forward with the TacOps then they will execute the final policy.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meeting held on April 7, 2016.

**A motion was made by Brian Walker to approve the minutes of the regular meeting held on April 7, 2016. The motion was seconded by Ron Frano and carried 5-0.**

~~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 Brian Walker to approve the disbursements that were presented by the Administrator. The motion was seconded by Guy Montante and carried 5-0.**

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented for approval by the Administrator dated June 2, 2016 (1 application for retirement, 3 applications for distributions from DROP accounts for July 1, 2016, 1 application for distribution from Share account for July 1, 2016, and 1 application for a refund of contributions).

**A motion was made by Brian Walker to approve the 1 application for retirement, 1 application for retirement, 3 applications for distributions from DROP accounts for July 1, 2016, 1 application for distribution from Share account for July 1, 2016, and 1 application for a refund of contributions. The motion was seconded by Ron Frano and carried 5-0.**

**FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of April 2016.

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

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

Ms. Jensen reviewed her memo regarding upcoming issues: budget issues, mutual consent, and public records. She noted that we will review the administrative budget at the next meeting and the Board is already in compliance with the mutual consent

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since share accounts are already established and being funded. In regards to the public records request, it is just a reminder that all Boards are subject to the public records law in which Ms. Jensen briefly described and reviewed. No action is needed on behalf of the Board.

Ms. Jensen presented the Board with the revised new hire medical records process. She noted that the City made some revisions in regards to their processes.

**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 5-0.**

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

Ms. Ross reminded the Trustees that their annual form 1 disclosure form is due July 1, 2016.

**OTHER BUSINESS**

Ms. Ross presented the Board with the proposed audit agreement from Davidson, Jamieson & Cristini for 2016 through 2018. The Trustees discussed the fee increases and noted that they would like an explanation for the increases, although they are happy with the services. Ms. Ross noted that she will get an explanation for the fee increase for future reference.

**A motion was made by Guy Montante to approve the DJC audit agreement for 2016 through 2018 as presented. The motion was seconded by Ron Frano and carried 5-0.**

Mr. Walker stated that they are getting closer to the 2017 retirement dinner and therefore need to put a deposit down on the Embassy Suites hotel where the venue will be held.

**A motion was made by Guy Montante to authorize the Plan to issue a deposit to the Embassy Suites hotel for the 2017 retirement dinner in between meetings. The motion was seconded by Ron Frano and carried 5-0.**

Also Mr. Walker explained that one of the active members creates the video that is played at the retirement dinner. Last retirement dinner this member did not charge for any of his services, but Mr. Walker wanted to know if this member can be reimbursed this year for any out of pocket expenses he incurs while creating the video for the retirement dinner. Ms. Jensen noted that the member can submit an invoice to the Plan to be reimbursed and it would just be part of the retirement dinner costs.

**PUBLIC COMMENTS**

There being no further business and the next Pension Board meeting having been scheduled for Thursday, August 4, 2016 @ 1:30PM, the meeting adjourned at 3:30PM. **\*Note - the July 7, 2016 meeting was canceled\***

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Brian Walker, Secretary