

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

AUGUST 4, 2016

Chairman Dave Merrell called the meeting to order at 1:36P.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
Michael Consorte, Capital Group
Mark Seaman, Capital Group

INVESTMENT MANAGER REPORT: CAPITAL GROUP/EUROPACIFIC (PRESENTED BY: MICHAEL CONSORTE & MARK SEAMAN)

Mr. Consorte and Mr. Seaman introduced themselves and stated that this is the first time they have presented to this Board. Mr. Consorte commented that he is here today to review and update the Board on the EuroPacific fund in which this Plan has been invested in for about 13 years now. First he updated the Board on the firm and noted that they were founded in 1931 and they currently have \$1.39T in assets firm wide. They are a privately held firm with active management only. Mr. Consorte reviewed the firm's investment philosophy and their long term perspective for their clients. Lastly he reviewed the breakdown of their investment team and analyst and noted that they have an extensive global research team.

Mr. Seaman reviewed the fund's investment process and commented that their main goal is to preserve capital and dividends, as income is not the main priority of the portfolio. He explained that a collection of people make a decision when buying and selling companies and not just one person. There are 9 portfolio managers with a very diversified background. Mr. Seaman stated that they tend to lean towards the larger capital gain stocks in the portfolio but they do own some SMID to small cap companies as well. As of June 30, 2016 they have 8.5% in cash as that is normal for them. There are 290 holdings in the portfolio with an average holding period of 3-5 years, and the turnover rate is about 30% per year. Mr. Seaman reviewed the largest 20 holdings in the portfolio which represent about one third of the total fund. He also reviewed the sector allocations and noted that financials is the largest sector in the portfolio but below the index because they recently reduced their exposure there. The largest holding by Region is in Europe/Middle East. Mr. Seaman reviewed the Plan's performance and noted that their one year number is the worst at -10.24% and year to date they are still negative, but their long term performance is good. Lastly Mr. Seaman discussed the negative interest rates overseas and commented that they have been avoiding those areas as they don't invest in those type of companies.

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

Mr. Johnson reviewed the June 30, 2016 quarterly report. He commented that overall it was a good quarter as bonds did well but international is still down. It has been a rough market environment for active management over the last year or so. As of June 30, 2016 the total Plan assets are up to \$181.3M. During the quarter they added \$3.3M and for the fiscal year they are up \$10.6M. Mr. Johnson reviewed the asset allocation by sector and manager. Real Estate is slightly overweighed but still in range. The total fund net of fees for the quarter was up 1.76% versus the

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benchmark at 2.39%, and for the fiscal year to date they are up 5.71% versus the benchmark at 8.05%. Mr. Johnson briefly reviewed each manager's performance during the quarter and noted that all domestic equity managers were positive with the exception of Brown Advisory. Both international equity managers were negative during the quarter and Templeton even lagged the benchmark. Domestic fixed income had a great quarter and added value to the portfolio overall. Real Estate is also doing well in addition to the alternative investments. The PIMCO Disco II fund is still positive but behind the index. He reviewed the Templeton Global Bond fund and explained that their recent underperformance was mainly due to the fact that they did not participate in the negative interest rate environment. Mr. Johnson is still recommending the Templeton Global Bond fund despite their recent underperformance, but they will be monitoring it closely.

Mr. Johnson briefly reviewed the July 31, 2016 flash performance report. He noted that for the month they are 2.6% and for the fiscal year to date they are up 8.9%. He noted that all managers are doing well with the exception of the Templeton Global Bond Fund which is still negative and behind the index. The Trustees asked Mr. Johnson to bring in an international equity manager search to the next meeting to review, including active management too.

The Trustees continued their discussion on the PIMCO DISCO II fund from last meeting. Mr. Johnson stated that his recommendation of moving half of the DISCO II fund to real estate and the other half to the PIMCO TacOps fund still stands. Ms. Jensen stated that she reviewed the TacOps plan documents and her biggest question is where this investment fits into the fund because it is really an illiquid investment and the Plan's policy does not allow that. Mr. Johnson explained the illiquid part of the investment and noted that the Plan would need to change their IPG language to allow for the TacOps fund. The Trustees had a lengthy discussion on the TacOps fund as a whole. Ms. Jensen stated that she still has some questions and will get together with Mr. Johnson to answer them and then they will report back to the Board at the next meeting. No action was taken today.

APPROVAL OF MINUTES

The Board reviewed the minutes of the workshop held on May 5, 2016 and the regular meeting held on June 2, 2016.

A motion was made by Brian Walker to approve the minutes of the workshop held on May 5, 2016. The motion was seconded by Ron Frano and carried 4-0.

A motion was made by Brian Walker to approve the minutes of the regular meeting held on June 2, 2016. The motion was seconded by Ron Frano 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 Brian Walker and carried 4-0.

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented for approval by the Administrator dated August 4, 2016 (1 application for distribution from DROP

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account due to a hardship, 4 applications for distributions from Share accounts-closeouts, 1 application for a refund of contributions, and 1 application for a DROP loan.

A motion was made by Ron Frano to approve the 1 application for distribution from DROP account due to a hardship, 4 applications for distributions from Share accounts-closeouts, 1 application for a refund of contributions, and 1 application for a DROP loan. 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 June 2016.

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

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

Ms. Jensen reviewed her memo regarding the stockholder action involving TiVo, Inc. She explained the case and the issues found during a recent merger between TiVo, Inc. and Rovi Corporation. BLB&G is recommending that this Plan file as lead Plaintiff in this class action case due to the loss the Plan incurred. Ms. Jensen commented that TSW has been directed to hold 100 shares of this company in their portfolio until further notice.

A motion was made by Ron Frano to approve and authorize the Plan to move forward with filing as the lead Plaintiff in the class action case against TiVo, Inc. The motion was seconded by Brian Walker and carried 4-0.

Ms. Jensen noted that they completed the new hires process over the summer and have received back two signed waivers.

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

Ms. Ross noted the Mr. Frano was reappointed by the City to serve another 4 year term which will expire in 2020.

Ms. Ross stated that the Plan had previously purchased ERISA insurance, but it is not applicable to this Plan so it was not renewed this year. Therefore the insurance company provided the Board with a quote for crime insurance to replace the ERISA. The Trustees had a lengthy discussion on the insurance and the need for it. Also the quote was kind of high compared to the coverage. The Trustees decided not to take any action.

Ms. Ross presented the Board with the Administrative Budget for the fiscal year ending September 30, 2017. She reminded the Trustees that this is a new requirement from the State of Florida. Once approved this report will be filed with the Plan Sponsor and posted on the Pension Plan's website.

A motion was made by Ron Frano to approve the September 30, 2017 Administrative Budget as presented. The motion was seconded by Guy Montante and carried 4-0.

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OTHER BUSINESS

Ms. Ross presented the Board with the September 30, 2015 Chapter 112.664, F.S. Compliance Report that was prepared by GRS. She explained that this report is due to the GASB standards and does not have any impact on the Plan's financials or assets. A copy of this report will be filed with the Division of Retirement and posted on the Plan's website as required.

Mr. Walker stated that he will be sending Ms. Ross a save the date flyer to insert into the retirees checks for the retirement dinner in March 2017.

Mr. Walker also presented the Board with an updated retirement exit guide.

PUBLIC COMMENTS

There being no further business and the next Pension Board meeting having been scheduled for Thursday, September 1, 2016 @ 1:30PM, the meeting adjourned at 3:27PM.

Brian Walker, Secretary