

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

SEPTEMBER 1, 2016

Chairman Dave Merrell called the meeting to order at 1:31P.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
Kevin Osten, Brown Advisory
Mary Gregory, Brown Advisory
Rick Roberts, Retired WPB Firefighter

INVESTMENT MANAGER REPORT: BROWN ADVISORY (PRESENTED BY: MARY GREGORY & KEVIN OSTEN)

Ms. Gregory introduced herself and stated that she is the relationship manager for this Plan. She updated the Board on the firm and noted that they recently opened a new office in Austin, Texas. They have 35 investment professionals with a total of \$53B in firm assets. Ms. Gregory briefly reviewed the other strategies that their firm manages and commented that most of the assets are in the large cap growth fund, in which this Plan is invested in. Mr. Osten welcomed himself back and stated that he was here today to discuss and update the Board on their specific portfolio with Brown Advisory. As of July 31, 2016 the fund has a total of \$25.5M in assets, which is up from their initial investment of \$13.8M in 2011. For the quarter to date as of June 30, 2016 the total fund net of fees was down -0.22% versus the index at 0.61%. Mr. Osten discussed the long term performance which is the most important and are solid returns; the short term performance is what is lagging. He reviewed and compared returns of different segment markets over different time periods and concluded that recently the market has been driven by the high yield names in which they don't participate in, hence the recent underperformance. They are underweighted in the high yield sectors compared to the market which affected their short term performance. Mr. Osten stated that as a firm they have not and will not change their investment process or policy just because of the recent market place and try to benefit from the high yield stocks. Also they don't feel like this market place will continue as is for too much longer and eventually things will shift back and their product will start performing great once again. Mr. Osten reminded the Board that their product protects on the downside as they value the portfolio over full market environments and not just quarters. They are not sector or benchmark neutral and he reviewed some of their holdings and what helped the portfolio and what hurt. The Trustees asked why they would not want to index this fund instead of paying an active manager to underperform and Mr. Osten stated that the index did well a couple of years ago and if they switched over now than they would not make as much because it would not be good timing. Mr. Osten reiterated that he thinks the market place is starting to turn around and their active management strategy will start being rewarded. Lastly Mr. Johnson asked if Brown Advisory would consider doing a performance base fee at this time because when they previously asked it was turned down. Mr. Osten stated that he will look into this as they do it for other clients and will report back to the Board.

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

Mr. Johnson reviewed the August 29, 2016 flash performance report. For the quarter to date they are up 3.3% and for the fiscal year to date they are up 9.6%, which is a gain of \$16,536,567. He briefly reviewed each manager's performance and noted that since the last quarter ended Brown is now outperforming as well as all the other managers, with the exception of the Templeton Global Bond fund in which he will review separately.

Mr. Johnson reviewed the Templeton Global Bond (TGB) fund and its short term and long term performances. He compared the TGB fund and the other managers in the same category to the index and noted that the TGB fund has only outperformed the EuroPacific fund once. Therefore Mr. Johnson stated that if the Board was looking to make a change from the TGB fund then he would recommend transferring it to the EuroPacific fund because the EuroPacific fund is already in the portfolio and has better performance with lower fees. The Trustees stated that they original added the TGB fund to the portfolio to compliment the EuroPacific fund because they have different investment styles. Mr. Johnson reviewed and compared the two funds and noted that they would be taking less risk moving it all to the EuroPacific fund and getting a better return for less. The Trustees had a lengthy discussion on their options.

A motion was made by Brian Walker to approve and authorize the closeout of the Templeton Global Bond fund and to transfer all assets to the EuroPacific fund. The motion was seconded by Ron Frano and carried 4-0.

Lastly the Board discussed the DISCO II fund which will eventually be coming to an end and what they will do with those funds. Mr. Johnson is recommending splitting the DISCO II assets 50/50 between real estate and funding the new PIMCO TacOps account. He noted that if we are going to add more to real estate and fund the new TacOps account then we need to amend the IPG to increase the real estate target to 12.5% and increase the alternative investments to 7.5% by taking 5% from other fixed income. Ms. Jensen reviewed her memo regarding the TacOps fund and noted that she had some questions and concerns. She discussed the lock up of the money and the illiquid assets which were her main concern as it could affect the other Plan's investments or assets. The Trustees had a very lengthy discussion on the TacOps fund and stated that they have been reviewing this investment for months now and they just don't feel comfortable with moving forward with it at this time and therefore they tabled the TacOps discussion indefinitely. Mr. Johnson stated that he agrees with the Board's decision and will bring back other recommendations to replace the DISCO II fund, although he still thinks real estate is a great option as well.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on August 4, 2016.

A motion was made by Brian Walker to approve the minutes of the regular meeting held on August 4, 2016 as amended. 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 September 1, 2016 (17 applications for distributions from DROP accounts on 10/1/2016, 5 applications for distributions from Share accounts on 10/1/2016, 7 applications for retirement, and 1 application for a DROP loan).

A motion was made by Ron Frano to approve the 17 applications for distributions from DROP accounts on 10/1/2016, 5 applications for distributions from Share accounts on 10/1/2016, 7 applications for retirement, and 1 application for a DROP loan. 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 July 2016.

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

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

Ms. Jensen explained that a couple of years ago the Board agreed to file as lead plaintiff in the Altisource class action litigation case, but ultimately it was dropped because another pension plan had a greater loss and took over as the lead plaintiff. After the last pension board meeting, Saxena White has come back to the board asking them to refile as an additional lead plaintiff in the case again. Currently they are still in the discovery phase of the case and therefore the Plan will need to provide some information in addition to Mr. Merrell as Chair will be disposed.

A motion was made by Ron Frano to approve and authorize the Plan to refile as lead plaintiff in the Altisource case with Saxena White. The motion was seconded by Guy Montante and carried 4-0.

Ms. Jensen explained that she was recently asked by a retiree if they are allowed to leave their DROP or Share accounts to a charity upon their death. She checked with the IRS on this topic and her recommendation to the Board is to not allow a member to name a charity as their beneficiary on either the DROP or Share accounts as it is a very complicated process for defined benefit plans. Ms. Jensen's recommendation is to leave the money to a Trust Account if a person cannot be designated as a beneficiary.

Ms. Jensen noted that she should have an updated summary plan description at the next meeting to be reviewed.

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

Ms. Ross stated that she received a request from TSW in regards to using this pension plan as a reference in their reports and presentations.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF SEPTEMBER 1, 2016

A motion was made by Brian Walker to authorize TSW to use the WPB Firefighters' Pension Plan as a reference in their presentations. The motion was seconded by Ron Frano and carried 4-0.

Ms. Ross briefly stated that we received the 2015 State money into the Plan and it will be used for benefit payments and accounts payable per the Consultant's recommendation. She noted that the amount received this year was \$1,574,940.87, which was \$25,722.10 less than last year (across the Board for all pension plans, all State money was down this year compared to last year).

OTHER BUSINESS

N/A

PUBLIC COMMENTS

There being no further business and the next Pension Board meeting having been scheduled for Thursday, October 6, 2016 @ 1:30PM, the meeting adjourned at 3:57PM.

Brian Walker, Secretary