

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

OCTOBER 13, 2016

Chairman Dave Merrell called the meeting to order at 1:32P.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
Mark Parks
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, The Bogdahn Group
Kim Calhoun, Westwood Group
Rick Dorey, Retired WPB Firefighter
Rick Roberts, Retired WPB Firefighter

INVESTMENT MANAGER REPORT: WESTWOOD GROUP (PRESENTED BY: KIM CALHOUN)

Ms. Calhoun introduced herself and stated that she has been with the firm for 20 years. Westwood manages the income opportunity fund for this Plan. Westwood is based out of Dallas, Texas with 177 employees and \$21B in total firm assets. They currently serve over 60 Florida clients and last year their firm was voted best "place to work" by Pension & Investments magazine. She briefly reviewed their client list and noted that public funds are their main priority. Ms. Calhoun reviewed the investment strategy of the income opportunity fund. There are 8 different asset classes that they invest in; dividend paying common stocks, preferred stocks, convertibles, REITS, MLP's, Royalty Trusts, Fixed Income, and Cash. She reviewed the investment team that is involved with this portfolio and noted that there are 2 portfolio managers, 18 analysts that are sector experts, and 6 research associates. The Trustees discussed the current cash holding which is currently a little higher than normal and wanted to know how they manage that. Ms. Calhoun explained that recently yields have been pushed down so low that fixed income is a hard place to find returns in so they are holding onto the extra cash until they find something attractive they want to invest in. She reviewed the Plan's return for the quarter ending June 30, 2016 and noted that they were up 3.68%. This fund is well diversified amongst all the asset classes and she discussed the current interest rates and what affect they may have on the portfolio. If interest rates increase there will not be a large impact to the portfolio because they are so low now, that increasing them by 20-25 basis points will not do much. Overall their fund is doing well despite the low interest rate market environment.

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

Mr. Johnson briefly noted as a follow up to the report that he thinks Westwood is a great strategy that adds to their performance.

Mr. Johnson briefly reviewed the preliminary September 30, 2016 flash performance report. They ended the quarter with \$185.9M in total assets, which is a gain of \$6.4M or 3.6% for the quarter. For the fiscal year they gained \$16.6M or 9.9%, which is above the Plan's assumed rate of return. Mr. Johnson stated that this Plan is doing very well and it is reflected in the results. He briefly reviewed each manager and noted that domestic equity drove the performance this quarter, although all managers were positive with the exception of the Templeton Global Bond fund. During the quarter the Plan liquidated Templeton and transferred it to the EuroPacific fund which is reflected in this report. Mr. Johnson reminded the Trustees that they

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF OCTOBER 13, 2016

need to move out of the DISCO II fund within this fiscal year and he will bring back some recommendations to a near future meeting for the Board to review and discuss. Overall this fund is doing very well and Mr. Brown does not have any recommendations for changes.

Lastly Mr. Johnson commented that as a result of the last meeting, Brown Advisory has agreed to move to a performance base fee. He will bring back their revised fee addendum to the next meeting for the Board to review and approve. He also noted that he will try to negotiate the fee down per the Boards direction.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on September 1, 2016.

A motion was made by Ron Frano to approve the minutes of the regular meeting held on September 1, 2016 as amended. The motion was seconded by Mark Parks and carried 3-0.

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

Ms. Jensen presented the Board with a memo from Scott & Scott regarding the Google litigation case which is still pending an outcome. Nothing significant has happened in the appeal of the decision granting summary judgement in favor of the decedents. The memo states that none of the parties have filed any briefs to date, so a decision is likely several months away. Ms. Jensen commented that she will keep the Board updated as she received more updates.

Ms. Jensen reviewed the memo from BLB&G regarding the TiVo, Inc. litigation case. She stated that this case has been dismissed and the manager holding this stock can now sell it if desired as a hold is no longer required.

Ms. Jensen presented the Board with a draft summary plan description. She reviewed the changes that have been made and other changes that still need to be incorporated. Ms. Jensen stated that she will get with the Plan's Actuary on the changes and should have a final copy for the Board to review and approve at the next meeting.

Ms. Jensen reported that the recent new hire process went very smooth this go around. Also she was recently notified by the City that they will be performing the stress tests at their City Health Center instead of passing through the charges to the pension Board. The pension Board will still receive a copy of the results; they just will not be responsible for the payment anymore. Ms. Jensen noted that she was fine with this change in process.

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 Mark Parks and carried 3-0.

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented for approval by the Administrator dated October 13, 2016 (2 applications for distributions from DROP accounts due to retirement, 3 applications for distributions from Share/DROP accounts due to 2016 MRD, and 1 application for a DROP loan).

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF OCTOBER 13, 2016

A motion was made by Ron Frano to approve the 2 applications for distributions from DROP accounts due to retirement, 3 applications for distributions from Share/DROP accounts due to 2016 MRD, and 1 application for a DROP loan. The motion was seconded by Mark Parks and carried 3-0.

FINANCIAL STATEMENTS

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

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

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

Ms. Ross presented the Board with the 2017 meeting dates.

OTHER BUSINESS

Ms. Ross presented the Board with the Salem Trust letter regarding the release of their 2016 SSAE16 Audit well ahead of their October 31, 2016 deadline. It was noted that a clean report with not findings was issued.

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been scheduled for Thursday, November 3, 2016 @ 1:30PM, the meeting adjourned at 3:18PM.

Brian Walker, Secretary