

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
NOVEMBER 3, 2016

Secretary Brian Walker called the meeting to order at 1:37 P.M. in the Conference Room at Station 1, 3rd Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Brian Walker, Secretary
Mark Parks
Ron Frano
Guy Montante

OTHERS

Denise McNeill, Resource Centers
Bonni Jensen, KKJ&L
Tim Nash, The Bogdahn Group

It was noted that Chairman Dave Merrell was absent as he is providing deposition on behalf of the Pension Plan related to the Altisource Litigation being handled by Saxena White.

INVESTMENT CONSULTANTS REPORT: THE BOGDAHN GROUP (PRESENTED BY: TIM NASH)

Mr. Nash appeared before the Board to present the quarterly report for the period ending September 30, 2016. He began by providing an update on their firm explaining they will be announcing a name change in January 2017; which corresponds with the expansion of employee ownership. He advised this is a re-branding only and all management remains the same.

Mr. Nash went on to review the quarterly report advising the majority of the gain for the fiscal year came from the final quarter. He reported most asset classes were positive. He then addressed the bond allocation noting both bond managers have very different allocations; Garcia Hamilton had changed bond positioning dramatically in the past six months and Dodge and Cox did well due to the lower investment grade in the portfolio. Mr. Nash reported they ended the quarter with \$187M in total assets; 10.14% for the fiscal year which was below the policy of 11.94%. He further noted of 527 plans across the US, the Plan ranks in the top third. He then reviewed the asset allocation advising all are close to target and no rebalancing is necessary at this time. Mr. Nash then reviewed each manager in detail noting the Plan captured some gains just prior to the termination of Templeton and real estate has been the best asset class for the past few years. He confirmed there is no recommendation for change other than the upcoming discussion they will have at the next meeting regarding the PIMCO Total Distressed Fund that Dan Johnson will address with the Board.

Discussion followed regarding the political environment and election period. Mr. Nash explained this election has been much more challenging for the market and has more of an "unknown" situation. He explained the market has the typical specific expectations that relate to either Democrat or Republican Party lines; however Mr. Trump is an unknown and therefore the typical Republican expectation does not seem to apply. He further explained if Congress and the Presidency remain in separate parties; there is an expectation of balance; however if the dynamic changes specifically on both to the same Party, they expect significant market transitions. Lengthy discussion followed regarding the political environment and the impact of the Affordable Care Act on the Healthcare industry.

Discussion followed regarding the Brown Advisory fee adjustment and the details of the pending revisions. Mr. Nash noted previously the fee was 70 bps for the first

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\$10M then 67 bps thereafter. The new rate changes to 20 bps per year; if Brown does not exceed the bench, they will not earn more than the 20 bps and if Brown exceeds the bench, they will earn an additional performance based fee. Mr. Nash feels the fee change is a good arrangement and better alignment between the Board's and the manager's interests.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meeting held on October 13, 2016. A typo was noted on the top of page two for Mr. Johnson's name. Lengthy discussion followed regarding active member stress tests and the notes from the prior meeting. Mrs. Jensen explained the City will be doing the stress tests at the City clinic and if the test is not clean or clear, the members will be sent to a cardiologist. The active member Trustees expressed their desire to have the tests continue to be read by a cardiologist, as they had been in the past. It was noted that one heart related matter had been caught at the clinic while another had been caught at the second level performed at Good Samaritan Hospital. Discussion followed regarding the medical requirements for the provider running the stress tests. Mrs. Jensen explained the matter had been discussed at the prior meeting; however the active member Trustees were not in attendance. She explained the City wanted to keep the stress test process "in house" at the clinic and only send out if an issue was identified. Mrs. Jensen will communicate with Patricia Brosamer at the City explaining the Board's concern and will invite her to the next meeting.

- ***A motion was made by Guy Montante to have stress tests read by a cardiologist. The motion received a second from Ron Frano and carried 3-1 (with Mr. Parks voting against).***

The Trustees instructed Mrs. Jensen to inform Mrs. Brosamer accordingly.

- ***A motion was made by Ron Frano to approve the minutes of the regular meeting held on October 13, 2016 as amended. The motion received a second from Mark Parks and carried 4-0.***

FINANCIAL STATEMENTS

Mrs. McNeill reported the final September 30, 2016 statement of income and expense and the balance sheet reports are currently being reviewed and will be sent via email to the Board upon release to the auditors.

DISBURSEMENTS

The Board reviewed the disbursements presented for approval by the Administrator.

- ***A motion was made by Ron Frano to approve the disbursements presented by the Administrator. The motion received a second from Guy Montante and carried 4-0.***

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented by the Administrator dated November 3, 2016 (2 applications for distributions from DROP accounts, 1 application for distributions from Share and 1 application for a DROP loan).

- ***A motion was made by Ron Frano to approve the 2 applications for distribution from DROP accounts, 1 application for distribution from Share and 1 application for a DROP loan. The motion received a second from Guy Montante and carried 4-0.***

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

Mrs. Jensen presented the Board with a revised draft Summary Plan Description inclusive of changes from the last legislative session. She noted that a notice will be added regarding the annual Share Account earnings elections. Mrs. Jensen requested the Trustees review the document and provide feedback of any necessary changes.

Mrs. Jensen then addressed the Plans forfeiture provisions. Lengthy discussion followed regarding the process. Mrs. Jensen recommended suspension of benefits pending investigation. She explained there is a "catch all" provision in the Special Act which references using their position for personal gain and a couple of years ago, the courts decided that it did not have to be a monetary gain. She confirmed the language states forfeiture of all pensions. Mrs. Jensen recommended the funds be held until the matter has been finalized. She further explained the Share account and the Back Drop would be absorbed back into the Plan if forfeited.

- ***A motion was made by Ron Frano to approve the updated forfeiture provisions. The motion was then withdrawn.***

Discussion followed regarding additional changes. Mrs. Jensen will further amend the policy to be addressed at the next meeting.

Mrs. Jensen explained the latest new hire process went well; however one members' packet went to a prior address. She explained she would like to have stressed on the City's side for members who decline the meningitis vaccine that they are precluded from the Presumption if they do not take the vaccine.

ADMINISTRATOR REPORT: RESOURCE CENTERS (PRESENTED BY: DENISE McNEILL)

Mrs. McNeill addressed the Altisource litigation and how the records were provided from the Resource Centers.

Mrs. McNeill then reported on retiree deduction issues explaining the communication of deduction changes has been limited and a handful of members experienced deduction errors. She explained most seem to have been resolved and they hope to experience more effective communication with the City representative going forward.

OTHER BUSINESS

N/A

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, December 1, 2016 @ 1:30PM, the meeting adjourned at 3:24 P.M.

Brian Walker, Secretary