

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

DECEMBER 1, 2016

Chairman Dave Merrell called the meeting to order at 1:32 P.M. in the Conference Room at Station 1, 3rd Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Dave Merrell, Chairman
Mark Parks
Ron Frano

OTHERS

Denise McNeill, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, The Bogdahn Group
Matthew Hart & Meghan Timbas, The Boston Co
Rick Dorey, retired plan member
Rick Roberts, retired plan member

Dan Johnson explained that Baron was initially scheduled to attend this meeting; however they advised they would not be able to attend and the Boston Company was able to attend in their place.

INVESTMENT MANAGER REPORT: BOSTON COMPANY (PRESENTED BY: Matthew Hart and Meghan Timbas)

Matthew Hart and Meghan Timbas of the Boston Company appeared before the Board to present the quarterly report. Mr. Hart introduced Meghan Timbas and then he provided a company update, reviewing the team. He reviewed their philosophy and investment process. He noted the last few weeks have been very strong for the equity market. Meghan Timbas explained the BREXIT move created issues in the market earlier in the year that has since turned. She explained their firm did not change their process and are now being rewarded for their patience and perseverance. She reviewed their sector attribution advising the following: since real estate is now reflected as a separate sector they only have one real estate holding and are underweight in that sector as a whole; they also had only one holding in telecom (At&T), which was sold and now they have no holdings in that sector; and utilities remain zero as they are not willing to pay for the stock just to get a dividend yield. Ms. Timbas explained the portfolio is overweight in areas where they feel the prices are more attractive. She reviewed the portfolio characteristics; confirming the company is remaining true to their style. She noted the press release the prior evening regarding the oil shortage explaining the US can replace the need from OPEC's shortage. Mr. Hart explained when evaluating what to own, they consider overall oil price as well as volume and the need to transport the oil. He compared EOG to Exxon noting Exxon is expensive while EOG is less recognized. Ms. Timbas explained they are seeing valuations with wide dispersions and they feel there is much value in the market. Mr. Hart responded to various questions from the attorney and trustees. Mr. Johnson summarized noting they are avoiding bonds; they have more exposure to financials and tech and they expect interest rates to rise. Mr. Hart addressed specific holdings noting the financial sector includes REITS while utilities include the SPDR. Mr. Hart and Ms. Timbas departed the meeting.

INVESTMENT CONSULTANTS REPORT: THE BOGDAHN GROUP (PRESENTED BY: Dan Johnson)

Mr. Johnson appeared before the Board to present a flash report through November 28, 2016. He reminded the Trustees the information is preliminary and coming off of a strong fiscal year end. He explained there has been much uncertainty over the presidential election and there is now a re-patriotism to invest domestically. He reported subsequent to the election, the bond market has moved dramatically on

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longer term rates. Mr. Johnson reviewed each manager noting Boston has been very strong in the new fiscal year and the value side has outperformed quarter to date. He reported both bond managers are down; however both have done very well relative to the market. Mr. Johnson addressed Pimco Disco II explaining that he feels the opportunity has matured and the Board may exit quarterly with a sixty day notice.

Mr. Johnson presented a draft revised Investment Policy Statement. He reviewed the recommended changes allowing for slight adjustments related to fixed income, real estate and total alternatives. Mrs. Jensen confirmed she had already received and reviewed the IPS and the recommended changes are acceptable in relation to the language in the Special Act. It was noted the ranges needed to be corrected in the policy.

- ***A motion was made by Ron Frano to approve the revised Investment Policy Statement as amended. The motion received a second from Mark Parks and carried 3-0.***

Mr. Johnson recommended the Board liquidate the Pimco Disco II with the next liquidity window and for the assets to come back into the Plan to be reallocated to the target assets accordingly.

- ***A motion was made by Ron Frano to liquidate the Pimco Disco II with the next liquidity window and for the assets to come back into the Plan to be reallocated to the target assets accordingly. The motion received a second from Mark Parks and carried 3-0.***

Dan Johnson will send the final revised IPS along with the necessary instruction to liquidate the Pimco fund accordingly.

Mr. Johnson advised he will be at their corporate retreat and would be unable to attend the next meeting. He will email the flash report to the Board. The Trustees confirmed it was an excused absence for Mr. Johnson.

Mr. Johnson reported Brown agreed to accept the proposed fee; 20 bps base fees and 25% participation rate. He explained Brown will need to beat the bench by 2% on a rolling three year period to get the current fee. Mrs. Jensen explained as per new State law, any contract renewed must have revised language which needed to be added.

- ***A motion was made by Ron Frano to execute the Brown fee addendum. The motion received a second from Mark Parks and carried 3-0.***

Denise McNeill reported of an additional billing received from TSW that was above the normal fee allowance; therefore Salem Trust had sent the invoice to the administrator for confirmation. Mr. Johnson confirmed the additional fee is based on their agreement and the invoice should be paid.

- ***A motion was made by Ron Frano to approve payment of the additional TSW fee invoice. The motion received a second from Mark Parks and carried 3-0***

APPROVAL OF MINUTES

Mrs. McNeill apologized for the confusion noting the minutes were not available from the prior meeting.

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 Mark Parks and carried 3-0.***

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented by the Administrator dated December 1, 2016 (7 applications for distributions from DROP accounts and 3 applications for distributions from Share). Mrs. McNeill will verify the age listed for Mr. Ineson.

- ***A motion was made by Ron Frano to approve the 7 applications for distributions from DROP accounts and 3 applications for distributions from Share. The motion received a second from Guy Montante and carried 4-0.***

The Trustees informed the administrator that they were awaiting a copy of the 70 ½ distribution list for 2016. Mrs. McNeill will provide the information for the next meeting.

FINANCIAL STATEMENTS

Mrs. McNeill provided the statement of income and expense and the balance sheet reports for October. There were no questions from the Trustees.

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

Mrs. Jensen reviewed a memo from her office regarding the new online annual report requirements. Mrs. McNeill explained the administrator will be communicating with the State regarding the matter and they feel the party responsible for producing the annual report should be the responsible party to do the online filing. She confirmed the auditor is engaged to do the annual report for this plan.

Mrs. Jensen then reviewed a memo from her office regarding the FRS Mortality Table change. She explained the Board is to mimic FRS and FRS has just changed their mortality table; therefore the Plan will need to adjust as well. Mrs. Jensen will communicate with the actuary to ensure proper reporting. She also reported FRS reduced their assumed rate of return by five bps; from 7.65% down to 7.6%

Mrs. Jensen explained that she had received a request from Brian Walker to clarify the final average salary detail in the Summary Plan Description. She suggested the item be tabled to the January meeting since he is not in attendance.

Mrs. Jensen advised the City had reported an overpayment to a member's terminal leave account. She had communicated the matter with the administrator and Mrs. McNeill had confirmed the City was to reduce the amount of the overpayment from the next wire sent to the Plan. She explained if the reversal was done properly through payroll, it should come through as a negative amount in that member's file. The administrator will follow up to make sure the amount is properly reduced from the member's account.

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

Mrs. McNeill addressed a request from the auditor regarding presentation of the 2016 audited financial report. The auditor will not be able to attend the February 2nd meeting to present the audit. As such, the Board can either reschedule their February meeting or if the Board will allow, the auditor can release the draft report to the City once completed, then the Board can approve the report at their March meeting. The City is expecting the information in February and the auditor would need Board approval to release the draft before the Board approves.

- ***A motion was made by Ron Frano to allow the auditor to release the draft audit report to the City as soon as it is available. The motion received a second from Mark Parks and carried 3-0.***

Mrs. McNeill reported the fiduciary liability insurance coverage is in progress for renewal.

Mrs. McNeill then reported that Mr. Frank Cote had passed away. She confirmed that his benefit had been reviewed and he had a ten year certain for which no further benefit is payable since Mr. Cote retired in the early 90's.

OTHER BUSINESS

Dave Merrell provided the Trustees with an update of his deposition given on behalf of the Board for the Ocwen - Altisource litigation. Mrs. Jensen explained that since allowing institutions to bring actions, it has increased class action payouts across the industry. Mrs. McNeill addressed the process regarding access to the records for class action suits on behalf of the Plan Administrator.

PUBLIC COMMENTS

N/A

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, January 5, 2017 @ 1:30 P.M., the meeting adjourned at 3:26 P.M.

Brian Walker, Secretary