

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**APRIL 6, 2017**

Chairman Dave Merrell called the meeting to order at 1:30P.M. in the Conference Room at Station 1, 3<sup>rd</sup> Floor; 500 North Dixie Highway, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

Dave Merrell, Chairman  
Brian Walker, Secretary  
Guy Montante  
Mark Parks  
Ron Frano

**OTHERS**

Audrey Ross, Resource Centers  
Bonni Jensen, KKJ&L  
Dan Johnson, AndCo Consulting  
Brad Armstrong, GRS  
Tom Wesolek, Active Firefighter/Union President  
Rick Roberts, Retired Plan Member

**9/30/2016 ACTUARIAL VALUATION REPORT: GRS (PRESENTED BY: BRAD ARMSTRONG)**

Mr. Armstrong stated that he is presenting the September 30, 2016 Actuarial Valuation Report which will determine the City's contributions for the fiscal year beginning October 1, 2017. He reminded the Board that the City makes their contributions in one lump sum payment at the beginning of the fiscal year as it saves them money on interest. Mr. Armstrong commented that this report also reflects the required mortality table change by the State to use the same table as the FRS. This change increased the Plan's normal cost overall. For the fiscal year beginning October 1, 2017 the City's required contributions are \$8,526,593, or 49.51% of covered payroll. The Trustees had a lengthy conversation on the Plan's current assumptions and whether the salary growth assumption should be reviewed because currently it looks like it is being overstated. Mr. Armstrong explained that all these assumptions are looked at on a long term basis, but he will review the salary growth assumption, although he does not think a full experience study is needed at this time. Mr. Armstrong reviewed the breakdown of the State money and the amount that is eligible for allocation. Also the change to the FRS mortality table had a \$400K impact on the Plan, but in the long term it will benefit the Plan because the FRS table is more conservative. Implementing the table costs the Plan in the beginning. Lastly he reported that the Plan's funded ratio is currently at 70%.

- ***A motion was made by Ron Frano to approve the September 30, 2016 Actuarial Valuation Report as presented. The motion was seconded by Brian Walker and carried 5-0.***

The Trustees discussed with the Actuary and the Investment Consultant the Plan's current assumed rate of return of 8% and whether that is still reasonable or not. Mr. Johnson, the Plan's Investment Consultant (with AndCo), stated that the Board did recently move down from 8.25% to 8% and that they think 8% is still reasonable, especially for this Plan.

- ***A motion was made by Ron Frano to set the assumed rate of return at 8% for next year, the year after, and long term per the recommendation of the Investment Consultant. The motion was seconded by Brian Walker and carried 5-0.***

Mr. Armstrong reported that the Division of Retirement came out with a new requirement that involves an "electronic reporting portal". He explained that they now basically have more reports to file electronically with the State, which ultimately

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causes more work and fees on their end. Therefore GRS is proposing a one-time setup fee of \$1,250 as they need to set up their online portal with the State for each Pension Plan. In addition to the one-time setup fee, there is also an ongoing \$500 fee per year to update the online portal with the Plan's current fiscal's year end information and reports each year.

- ***A motion was made by Brian Walker to approve GRS proposed fee increase of a one-time setup fee of \$1,250 in addition to the ongoing yearly fee of \$500. The motion was seconded by Guy Montante and carried 5-0.***

**INVESTMENT CONSULTANTS REPORT: ANDCO. CONSULTING (PRESENTED BY: DAN JOHNSON)**

Mr. Johnson reviewed the April 4, 2017 flash performance report and noted that for the fiscal year to date they have had a gain of \$11,155,280 and \$8,357,464 for the quarter. The total Plan assets are at a new high of \$197,657,763. He commented that all managers are positive and doing well. During the quarter we took money from domestic equity for benefit payments, but that Plan also had \$2.2M come in that was allocated to alternative investments. Mr. Johnson reviewed the DISCO II strategy that they are currently in the process of withdrawing and once the money is received, then some will go to BlackRock and Westwood and then the remaining balance will be distributed along the other managers per the policy targets. Overall the fund is doing well and is on target to reach the Plan's assumed rate of return of 8% for the fiscal year ending September 30, 2017. The Board discussed the Vanguard index fund that was added into the Plan so that we could pull cash from it for benefit payments instead of interrupting the active managers each month and their trading and cash flows. Mr. Johnson discussed the process of withdrawing money from the managers that are over weighted compared to their policy targets to make sure they stay in compliance with the Plan's policy.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meetings held on November 3, 2016, December 1, 2016 & January 5, 2017.

- ***A motion was made by Brian Walker to approve the minutes of the regular meetings held on November 3, 2016, December 1, 2016 & January 5, 2017. 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 presented by the Administrator. The motion received a second from Brian Walker and carried 5-0.***

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented by the Administrator dated April 6, 2017 (3 applications for a refund of contributions and 1 application for a DROP loan).

- ***A motion was made by Brian Walker to approve the 3 applications for a refund of contributions and the 1 application for a DROP loan. The motion received a second from Ron Frano and carried 5-0.***

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**FINANCIAL STATEMENTS**

Ms. Ross provided the statement of income and expense and the balance sheet reports for February 2017. There were no questions from the Trustees.

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

Ms. Jensen reviewed her memo in the top 10 internal controls to prevent and detect fraud. She explained that a recent survey was completed and it was found that a lot more fraud has been happening so her office put together a checklist to make sure their service providers are doing the correct things and following the correct procedures. Resource Centers and Salem Trust both have SSAE16 audits completed each year which document all their firm's processes and procedures. Ms. Jensen stated that in regards to this Plan and the service providers and following the checklist items, she does not see any issues (she noted that this memo was also a good follow up to the Board's conversation last month regarding this).

Mr. Jensen gave a brief update on the Legislative session and stated that the public records request Bill has passed the Senate and is now heading over the House and the cancer Bill seems to be at a pause. She noted that she will update the Board at the next meeting as well.

Ms. Jensen discussed the cyber liability insurance. She stated that first parties are included in the Plan's fiduciary liability insurance coverage, but the third party is an additional coverage. She reviewed what the different parties covered and noted that she thinks it would be best to have someone come in from the insurance company to speak to the Board regarding the Cyber liability insurance. Ms. Ross stated that she will get someone scheduled for the next meeting from the Plan's current insurance carrier.

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

N/A

**OTHER BUSINESS**

Ms. Ross presented the Board with the Saxena White letter regarding the Under Armour class action case. This is for informational purposes only and no action is needed.

**PUBLIC COMMENTS**

N/A

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, May 4, 2017 @ 1:30 P.M., the meeting adjourned at 3:13 P.M.

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Brian Walker, Secretary