

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

AUGUST 3, 2017

Chairman Dave Merrell called the meeting to order at 1:35P.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
Brian Walker, Secretary
Guy Montante
Ron Frano

OTHERS

Audrey Ross, Resource Centers
Bonni Jensen, KKJ&L
Dan Johnson, AndCo Consulting
Tracy Musser, TSW
Craig Arneson, Ullico Causality Group (via phone)
Rick Dorey, Retired Plan Member

INVESTMENT MANAGER REPORT: JP MORGAN (PRESENTED BY: KATE HURLEY & JACKIE WEINMAN)

Ms. Hurley and Ms. Weinman introduced themselves and explained their roles at JP Morgan. Ms. Hurley stated that they will be reviewing both real estate accounts that this Plan is invested in. They reviewed the Strategic Property Fund investment process and philosophy in which they only invest in the 4 main property types such as, office, retail, residential, and industrial. When they are purchasing a property they look at diversification, development, and high quality stabilized assets with very low debt. For the quarter ending June 30, 2017 the fund was almost in line with the benchmark at 1.6% versus 1.7%, and for the 1 year they are in line with at 7.9%. Ms. Weinman reviewed the Plan's long term returns as well and discussed where they stand today and their outlook on pricing. They are expecting a 6-8% return for the remainder of the year. Ms. Weinman moved on to reviewing the Special Situation Property Fund, in which this Plan is also invested in. She explained that the "entry" is the difference between the two funds. In the Special Situation Fund they buy old buildings and redo. For the last quarter the fund was up 2.1% versus the benchmark at 1.7%, and for the year they are also up at 8.4% versus the benchmark at 7.9%. They discussed some recent transactions that were not the most favorable to the portfolio, but it was a lesson learned when it comes to choosing properties. Ms. Weinman reviewed the asset allocation and stated that they hold the most in the office space, with the lowest position in retail as they just don't find a lot of opportunity there. In this fund they are expecting a return of 9-11% for the remainder of the year.

Mr. Johnson discussed the client service team for this Plan, which has had a lot of changes recently. Ms. Hurley explained that they have had recent turnover and then following that they have reconstructed their client service team to better serve their clients.

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

Ms. Johnson reviewed the May 30, 2017 flash performance report. For the quarter to date, the fund is up 1.7% and for the fiscal year they are up 8.3%. That is a gain of \$15.4M for the fiscal year so far. During the quarter we had to move \$1.3M for benefit payments. Also in April we cashed out the PIMCO DISCO II fund and allocated amongst the managers and also kept some funds in the R&D account for cash flow. Currently the Plan's assets are at \$200,500,446 which is a new all-time high. He briefly reviewed each manager's performance and noted that TBC, TSW, Templeton Global Bond and JP Morgan Special Situations fund were down, but that

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was due to the market place. Overall the Plan is doing great and he does not have any recommendations at this time. The Board thanked Mr. Johnson for his guidance all of these years to get them to where they are now.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meetings held on April 6, 2017 and June 1, 2017.

- ***A motion was made by Ron Frano to approve the minutes of the regular meetings held on April 6, 2017 and June 1, 2017 as amended. The motion was seconded by Guy Montante and carried 4-0.***

DISBURSEMENTS

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

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

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented by the Administrator dated August 3, 2017 (3 applications for distributions from DROP or Share accounts for 10/1/2017, 1 application for a DROP loan, and 1 application for a refund of contribution).

- ***A motion was made by Ron Frano to approve the 3 applications for distributions from DROP or Share accounts for 10/1/2017, 1 application for a DROP loan, and 1 application for a refund of contribution. The motion received a second from Brian Walker and carried 4-0.***

FINANCIAL STATEMENTS

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

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

Ms. Jensen reported that the Legislative session recently ended and there were no Bills that passed during the session that affect this Plan or any defined benefit Plan directly. Although she briefly discussed some other Bills that passed that are good to be aware of such as Senate Bill 80 public records request pre-suit written notice, Senate Bill 1108 public records exemption for retired firefighters', Senate Bill 7022 omnibus GRS bill, House Bill 455 disabled public safety property tax exemption, House Bill 305 body camera bill, and House Bill 7107 proposed additional \$25K homestead exemption.

Ms. Jensen stated that the City has invited the Firefighter pension board to attend an upcoming City Council meeting to make a pension presentation. The Plan's Actuary, Mr. Armstrong stated that he would attend this meeting on behalf of the Board as he is already planning on attending it to do the Police pension presentation as well.

- ***A motion was made by Guy Montante to authorize the Plan's Actuary, Brad Armstrong with GRS, to attend an upcoming City Council meeting on behalf of the Board for a pension presentation. The motion received a second from Ron Frano and carried 4-0***

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Ms. Jensen explained that she recently received a letter from the Plan's class action monitor BLBG regarding Rent-A-Center (RAC). BLBG is requesting the Board's authorization to look at RAC's books and records regarding a possible case. Ms. Jensen stated that there are concerns that the Board of Directors for RAC are breaching their fiduciary duties by refusing to consider good faith take overs. The Trustees discussed and stated that right now they would only be giving BLBG the authority to review the books and records and that any other action would need to be brought back to the Board first.

- ***A motion was made by Ron Frano to authorize BLBG to look at RAC's books and records only and to report back to the Board before moving forward. The motion received a second from Brian Walker and carried 4-0.***

Ms. Jensen stated that the Police Pension Board has also hired Dr. Zahn to do their medical reviews as well. As an outcome of this, Ms. Jensen was able to negotiate Dr. Zahn's monthly fee retainer down to \$350 effective September 1, 2017.

- ***A motion was made by Brian Walker to approve Dr. Zahn's revised monthly retainer fee of \$350 effective September 1, 2017. The motion received a second from Brian Walker and carried 4-0.***

Ms. Jensen notified the Board that retiree Mark Peterson is looking into settling his workers comp case. She explained that his workers comp benefit now exceeds his pension benefit when there should have been an offset at some point in time. The Pension Board was never notified when he started receiving additional money through workers comp because his case has been open for 20 years. Ms. Jensen stated that she would like the Board's permission to research this issue and then will come back to the Board with a recommendation.

- ***A motion was made by Ron Frano to authorize the Plan's Attorney to research Mark Peterson's workers comp case and get to gather more information to bring back to the Board. The motion received a second from Brian Walker and carried 4-0.***

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

Ms. Ross presented the Board with the proposed administrative budget for the fiscal year ending September 30, 2018.

- ***A motion was made by Ron Frano to approve the proposed administrative budget for the fiscal year ending September 30, 2018 as presented. The motion received a second from Brian Walker and carried 4-0.***

Ms. Ross notified the Board that she did not receive the quote back yet regarding the Cyber liability insurance. She will have it for the next meeting.

OTHER BUSINESS

N/A

PUBLIC COMMENTS

N/A

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There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, October 5, 2017 @ 1:30 P.M., the meeting adjourned at 3:53 P.M.

note the September 7, 2017 meeting was canceled

Brian Walker, Secretary