

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

OCTOBER 5, 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
Karen Russo, Salem Trust Company
Mary Gregory, Brown Advisory
Kevin Osten, Brown Advisory
Rick Roberts, Retired Plan Member

CUSTODIAN REPORT: SALEM TRUST COMPANY (PRESENTED BY: KAREN RUSSO)

Ms. Russo presented the Board with the June 30, 2017 quarterly custodial report and reviewed the information contained in it. These reports will continue to be issued on a quarterly basis. She also presented the Board with the Salem Trust SSAE18 Audit Report as of June 30, 2017. A clean opinion was issued, all good results.

Ms. Russo explained that Salem Trust currently contracts out a third party to file class actions filings on behalf of their clients. This current company takes 20% on all class action claims. Effective immediately Salem Trust will be passing that 20% on to their clients. The Board can continue to have Salem Trust file class actions claims knowing the 20% will be passed through to the Plan, or they can hire another class action firm to do the filings. Ms. Jensen stated that there are a couple of other firms that offer this type of service for no charge as they make their business out of filing these types of claims. Currently this Plan does not have an agreement with any of those firms and she will bring back information to a future meeting. In the meantime Salem Trust has been providing this service to the Board and Ms. Jensen recommends the Board continue with them, acknowledging the 20% withholding on claims, until they make another decision.

- ***A motion was made by Ron Frano to authorize the Plan to continue to use Salem Trust to file class action claims, acknowledging the 20% charge on all claims received. The motion was seconded by Brian Walker and carried 4-0.***

The Trustees stated that they have been discussing cyber liability insurance recently and wanted to know if Salem Trust had a separate cyber policy in addition to their I&O insurance. Ms. Russo stated that she can look into it but she reviewed in detail Salem's policies and procedures when it comes to transferring money because as Custodian for this Plan they only hold the Plan assets, the benefit payments and AP are paid by the Plan Administrator.

INVESTMENT MANAGER REPORT: BROWN ADVISORY (PRESENTED BY: MARY GREGORY & KEVIN OSTEN)

Ms. Gregory and Mr. Osten welcomed themselves back. Ms. Gregory stated that 2017 has been a strong performer for them. Currently this Plan is paying 20 basis points as they have recently switched to a performance base fee. During the year they have seen a decrease in correlation of stocks which has benefited the portfolio. For the quarter ending June 30, 2017 the fund was up 5.60% net of fees versus the

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index at 4.67%. She explained that their stock picking has also helped them out during the year and it continues to do so. As of August 31, 2017 they are up 2.66% for the month versus the index at 1.86%. This Plan started their original investment off with \$13.8M in 2011 and now they are up to \$27.7M. Ms. Gregory stated that they have had great growth over the last year and firm wise there have been no changes overall. The portfolio team remains the same, although they have seen some out flows recently due to Plan's getting out of active management all together, in which they do not agree with. Brown Advisory has been expanding their research team in Europe, London and globally throughout. Mr. Osten briefly reviewed the funds sector allocation and attribution. He discussed the stocks and companies that added performance during the quarter and the ones that took away, but overall they are seeing a lot more activity in the market which they are benefiting from. The Trustees had a very lengthy discussion on the stock holdings and individual companies within the portfolio.

APPROVAL OF MINUTES

The Board reviewed the minutes of the regular meetings held on August 3, 2017.

- ***A motion was made by Ron Frano to approve the minutes of the regular meeting held on August 3, 2017. The motion was seconded by Brian Walker 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 Guy Montante and carried 4-0.***

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented by the Administrator dated October 5, 2017 (18 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 18 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 August 2017. There were no questions from the Trustees.

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

Ms. Jensen presented the Board with the updated Summary Plan Description. It was noted that a 4% interest rate is applied to the bacDROP for calculation purposes for all non-grandfathered members. The Trustees tabled to the review of the SPD until the next meeting.

Ms. Jensen stated that the Actuary calculated a large overpayment in regards to Mark Peterson's situation where he was overpaid due his worker comp payments never being offset since 1994. The Trustees had a very lengthy discussion on this

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issue and what their responsibilities are as a Board. Ms. Jensen recommended inviting Mr. Peterson to the next pension Board meeting for discussion. The Trustees discussed stopping Mr. Peterson's pension payment effective December 1, 2017 after they meet with him in November.

- ***A motion was made by Brian Walker to invite Mark Peterson to the November 2, 2017 pension Board meeting for discussion and to stop his pension payment effective December 1, 2017 (unless another decision is made at the November 2, 2017 meeting). The motion received a second from Guy Montante and carried 4-0.***

Ms. Jensen stated that the Plan's Actuary made a presentation to the City per their request and everything went well.

Ms. Jensen stated that the Plan received a check from Altisource for Mr. Merrell's reimbursement for his time and travel while doing the deposition related to this case. It was noted that ultimately Mr. Merrell should be reimbursed for this expense and therefore the Plan will reimburse him once they receive the backup for the amount.

Lastly Ms. Jensen stated that the City has an old Special Act listed on their Municode website and they will be working on updating that.

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

Ms. Ross presented the Board with a letter from her firm regarding the financial statements that her office prepares. She explained that a lot of work goes into preparing these statements as these are what the Auditors and Actuary use at fiscal year end. The statements are viewed by a CPA that is contracted out by PRC so that they are in compliance with all the auditing standards. PRC will be starting to charge for this service going forward a monthly fee of \$750. They reviewed the letter and Ms. Ross stated that the Plan is responsible for providing the Auditor with the general ledger and balance sheet each year, whether PRC does it or another service provider. The Trustees had a lengthy discussion and noted that they would a fee guarantee locked in. Mr. Merrell asked Mr. Baur over the phone to lock in the \$750 financial statement fee increase for 4 years. Mr. Baur concurred.

- ***A motion was made by Brian Walker to approve PRC's proposed monthly financial statement fee of \$750 effective October 1, 2017 with a fee guarantee of 4 years. The motion received a second from Ron Frano and carried 4-0.***

Ms. Ross stated that she will be getting with Mr. Baur to review the latest Share account allocation as the percentages were offset in regards to what was allocated to the members versus what the City received. This will be completed when the 2017 allocation is completed by the end of the year.

Ms. Ross presented the Board with the Cyber liability insurance quote. The Trustees reviewed what this policy covers and noted that the premium is only \$1,508.19 per year.

- ***A motion was made by Ron Frano to approve the proposed Cyber Liability Insurance quote of \$1,508.19 per year and to bind coverage. The motion received a second from Brian Walker and carried 4-0.***

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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, November 2, 2017 @ 1:30 P.M., the meeting adjourned at 4:37 P.M.

note the September 7, 2017 meeting was canceled

Brian Walker, Secretary