

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

### NOVEMBER 2, 2017

Chairman Dave Merrell called the meeting to order at 1:32P.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  
Janna Hamilton, GHA  
Gilbert Garcia, GHA  
Dan Johnson, And Co. Consulting  
Rick Dorey, Retired Plan Member  
Rick Roberts, Retired Plan Member

#### **INVESTMENT MANAGER REPORT: GHA (PRESENTED BY: JANNA HAMILTON & GILBERT GARCIA)**

Ms. Hamilton gave a brief update on the firm and stated that in 2017 they received the award for the "best place to work". There are currently 31 employees and they are 100% employee owned with no litigation or debt. Mr. Garcia noted that when he started with GHA in 2002 there were a little over \$300M in fixed income assets and in 2008 they crossed the \$1B mark. He reviewed the new systems that they have brought in over the last couple of years to be able to handle the firm's growth and noted that the same fixed income team remains in place with 10 members. Mr. Garcia reviewed the Plan's performance and noted that for the quarter to date they are at 0.49% versus the index at 0.85% and explained their recent underperformance, but all long term numbers since inception have been strong. He reminded the Board that they invest in only high quality managers that don't invest in anything below BBB. The Trustees had a lengthy discussion on the market place, interest rates, and where the portfolio is currently positioned in anticipation of rising rates. Mr. Garcia noted that he thinks they are starting to enter the market they have been expecting and if so the portfolio will really benefit from it going forward.

#### **INVESTMENT CONSULTANT REPORT: ANDCO CONSULTING (PRESENTED BY: DAN JOHNSON)**

Mr. Johnson gave a brief update on the market environment during the quarter and reviewed some of the events that took place such as the hurricane. Rates did not rise during the quarter but there should be another hike in December. It was a great quarter for risk assets as the riskier you were the better you did. Mr. Johnson reviewed the Plan's asset allocation and noted that they are in line with the policies targets as of the quarter ending September 30, 2017. For the quarter the fund was slightly behind the index at 3.14% versus 3.58%, but for the fiscal year they did great at 13.03% versus the index at 12.79%. He reviewed the Plan's financial reconciliation for the quarter and fiscal year and noted that they started the fiscal year off with \$186M in assets and as of September 30, 2017 they are up to \$203M so it was a great year! Mr. Johnson stated that he does not have any recommendations for rebalancing at this time. He briefly reviewed the manager's performance and noted that it was a tough quarter for some of the small cap and domestic equity managers. Mr. Johnson discussed Brown's performance and noted that he thinks there are better options out there that the Plan can look at either today or at a later date as a review

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Mr. Johnson reviewed the October 31, 2017 flash performance report. For the month of October they are up 1.4% which puts the Plan's assets at \$213M. He noted that the State money and the City's contributions for the whole fiscal year are included in this as well.

Lastly Mr. Johnson passed out and briefly reviewed Brown and some other comparable managers. He stated that he will go into detail over the report at the next meeting but he just wanted the board to have the analysis in the meantime. He explained that Brown has been underperforming the benchmark, underperforming their peer group, and his research team at AndCo has some concerns with Brown after speaking with them. The Trustees discussed the managers in the analysis and asked Mr. Johnson to include some index funds as well in the search they will be going over next month.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the regular meetings held on October 5, 2017.

- ***A motion was made by Brian Walker to approve the minutes of the regular meeting held on October 5, 2017. The motion was seconded by Ron Frano and carried 5-0.***

**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 5-0.***

**BENEFIT APPROVALS**

The Board reviewed the benefit approval list presented by the Administrator dated November 2, 2017 (1 application for distribution from Share account due to 2017 RMD).

- ***A motion was made by Ron Frano to approve the 1 application for distributions from Share account due to 2017 RMD. The motion received a second from Brian Walker and carried 5-0.***

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

Ms. Jensen presented the Board with the updated summary plan description (SPD) to reflect the new Plan benefits since all members under the "grandfathered/old" plan have retired.

- ***A motion was made by Brian Walker to approve the revised SPD as presented. The motion received a second from Ron Frano and carried 5-0.***

Ms. Ross stated that she will distribute the revised SPD to the active members.

Ms. Jensen updated the Board on the Mark Peterson situation and concluded that the City did in fact offset his workers comp payments through GRICE. Therefore a total of \$294K was offset and there is nothing the Board needs to do at this point. Ms. Jensen did not for the record that she attend the mediation regarding this and they did not settle the workers comp case.

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- ***A motion was made by Brian Walker to continue to pay Mark Peterson his monthly pension payment as his workers comp benefit was offset through GRICE. The motion received a second from Guy Montante and carried 5-0.***

Ms. Jensen reviewed her memo on the Federal, State and Local Death benefits. She explained that recently a lot of active public safety officers are unfortunately passing away and she wanted the Board to be aware of the Plan's death benefits as well as the benefits from the Federal and State level that are payable to the family. Overall she commented that the death benefit under this pension plan is very good and is substantially one of the best in Florida in her opinion.

Ms. Jensen stated that as a follow up from the last meeting regarding Salem Trust's class action recovery services, she reached out to other service providers to get some comparisons. She explained that another firm she works with, KTMC, does not charge for the filing services as well as some other firms she researched. Also Ms. Jensen reached out to the third party company that Salem uses and they said they would only charge the Plan 15% for all recoveries if they went directly to them, instead of the 20% they charge going through Salem. The Trustees had a lengthy discussion and asked Ms. Jensen to bring in some firms to the January meeting to interview.

Ms. Jensen noted that she had the 5<sup>th</sup> addendum to the Administrator contract to be executed today reflecting the recent financial statements fee increase that the Board agreed to at the last meeting.

- ***A motion was made by Ron Frano to approve the 5<sup>th</sup> addendum to the Administrator contract as presented. The motion received a second from Guy Montante and carried 5-0.***

Lastly Ms. Jensen noted that this year her firm will not be holding an annual conference this year and will donate what would have been spent on the conference to hurricane relief funds.

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

Ms. Ross presented the Board with the 2018 meeting dates.

**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 7, 2017 @ 1:30 P.M., the meeting adjourned at 3:47 P.M.

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Brian Walker, Secretary