

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

JUNE 7, 2018

Chairman David 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

David Merrell, Chairman
Brian Walker, Secretary
Guy Montante
Mark Parks

OTHERS

Audrey Ross, Resource Centers
Brad Armstrong, GRS
Bonni Jensen, KKJ&L
Brendon Vavrica, AndCo. Consulting
Janna Hamilton, GHA

INVESTMENT MANAGEMENT REPORT: GHA (JANNA HAMILTON)

Ms. Hamilton welcomed herself back and stated that there have been no changes to the firm or the portfolio since she last met with this Board. She explained that in regards to the portfolio they have been in the "barbell" position the past couple of years and they will start changing that soon, especially in the credit area. They remain short on duration and the portfolio has benefited from that over the last 9 months or so. Ms. Hamilton discussed the interest rates and the current bond market and the affect it has had on the portfolio. Due to the market they have been selling off their longer treasuries for the 10 year so hopefully they will benefit from that as well. For the quarter ending March 31, 2018 the fund was negative at -0.6%, but still outperformed the index at -1.5%. For the fiscal year to date they are still slightly positive at 0.2% versus the index at -1.1% and all long term numbers remain positive as well. Ms. Hamilton explained that in April interest rates slightly decreased but have since gone back up and despite the market volatility, they are managing the portfolio very well. Lastly Ms. Hamilton shared that GHA received the best place to work award for 2016 and 2017, as well as the fixed income manager of the year award for 2018. As a firm, they are very proud of these awards.

ACTUARY REPORT: GRS (BRAD ARMSTRONG)

Mr. Armstrong stated that he was here today to present the 5 year experience study that the Board recently requested. Per the Division of Retirements recommendation, the Board is looking to lower their assumed rate of return from 8% to 7.5%, with the lowest cost impact possible. He reminded the Board that they previously lowered the Plan's assumed rate of return from 8.25% to 8% with no cost to the City so they are hoping to have this same outcome again. Therefore Mr. Armstrong did this experience study to see what other Plan assumptions could be or needed to be changed or updated to help offset the costs of lowering the Plan's assumed rate of return to 7.5%. He reviewed in detail the assumptions that were looked at and recommended changes to the following: economic assumptions, retirement rates, disability rates, mortality assumptions (mandatory by State), and marriage proportion. By changes all these assumptions, including lowering the assumed rate of return to 7.5%, the City's cost slightly increases as a percentage of pay from 49.92% to 50.51%, but the actual dollar amount decreases. Therefore if the Board accepts this experience study as it, it will not increase the City's contribution rate, if anything it may slightly decrease it. All the other minor assumption changes helped offset the cost of lowering the Plan's assumed rate of return which is great! Ms. Jensen stated that the assumption changes presented today are allowed within the Special Act as is. The Trustees had a lengthy discussion.

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- ***A motion was made by Brian Walker to approve the experience study as presented to allow for the assumption changes stated above, which includes lowering the Plan's assumed rate of return from 8% to 7.5%. The motion received a second from Guy Montante and carried 4-0.***

INVESTMENT CONSULTANT REPORT: ANDCO. CONSULTING (BRENDON VAVRICA)

Mr. Vavrica notified the Board that the Brown Advisory transition to Polen Capital has been completed with no issues.

Mr. Vavrica briefly reviewed the May 31, 2018 flash performance report. For the quarter to date they are up 1.8% and for the fiscal year to date they are up 7%. He does not have any concerns or recommendations at this time.

MINUTES

The Board reviewed the minutes of the May 3, 2018 meeting.

- ***A motion was made by Brian Walker to approve the minutes of the May 3, 2018 meeting as amended. The motion received a second from Mark Parks 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 Mark Parks and carried 4-0.***

BENEFIT APPROVALS

The Board reviewed the benefit approval list presented by the Administrator dated June 7, 2018 (9 applications for distributions from DROP/Share accounts for May 1, 2018).

- ***A motion was made by Brian Walker to approve the 9 applications for distribution from DROP/Share accounts for May 1, 2018. The motion received a second from Mark Parks and carried 4-0.***

FINANCIAL STATEMENTS

The Board reviewed the interim balance sheet and income and expense through May 2018.

- ***The Trustees received and filed the interim balance sheet and income and expense through May 2018.***

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

Ms. Jensen gave a brief update on the Facebook case through Saxena White. She stated that this Plan is no longer the lead plaintiff in the case as there are now other larger groups taking the lead. This Plan is still part of the class action case, just not as lead plaintiff.

Ms. Jensen stated that she will have the SPD available for the next meeting as the minimum required distribution age of 70 ½ language has been added in.

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Ms. Jensen reviewed the sunshine law memo regarding a recent settled case out of St. Lucie County. This new case involves electronic devices that are part of the sunshine law and public records. This is for informational purposes only.

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

Ms. Ross notified the Board that the Share accounts have been updated and revised. The new statements will be handed out to the active members at the upcoming pension workshops and the retirees will be mailed.

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, August 2, 2018 @ 1:30 P.M., the meeting adjourned at 3:24 P.M. *Note the July meeting was canceled*

Brian Walker, Secretary