

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

SEPTEMBER 6, 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

Brian Walker, Chairman
Ron Frano
Guy Montante
Mark Parks

OTHERS

Audrey Ross, Resource Centers
Tracy Musser, TSW
Bonni Jensen, KKJ&L
Dan Johnson, AndCo. Consulting

INVESTMENT MANAGEMENT REPORT: TSW (TRACY MUSSER)

Ms. Musser gave a brief firm update and stated that they are up to 23.3B in assets with 75 associates. She reviewed the recent turnovers and additions to the firm and noted that they are still in search of a CEO. As of June 30, 2018 the fund was at 5.95% versus the index at 5.80% for the quarter and for the fiscal year to date they are up 7.53% versus 7.37%. Ms. Musser discussed August which was a tough month due to the market environment. She reminded the Trustees that their portfolio captures most of the upside but also offers great downside protection. She reviewed the Plan's sector allocation and noted that consumer discretionary and financials were favorable during the quarter, but health care and energy detracted from the performance. Ms. Musser reviewed the Plan's M&A activity from 2014-2018 and stated that there was a lot of activity in the first quarter of 2018 due to the markets. Going forward they are not too concerned with the interest rates as they are well positioned going forward and if the market drops they are prepared because they offer that downside protection.

INVESTMENT CONSULTANT REPORT: ANDCO. CONSULTING (DAN JOHNSON)

Mr. Vavrica reviewed the August 31, 2018 flash performance report and for the fiscal year to date the fund is up 11.7% and for the quarter they are up 3.8%. The Plan assets have increased to \$225.2M which is a total gain of \$24.1M for the fiscal year. He briefly reviewed each manager's performance and noted that the Euro Pacific and the Templeton Global Bond were slightly negative and there was a slight overweight to domestic equity, although they have been taking money from there as needed for benefit payments and AP. No actions or recommendations at this time. Lastly Mr. Johnson reminded the Board that TSW is on a performance base fee and reminded the Board how that works.

MINUTES

The Board reviewed the minutes of the August 2, 2018 meeting.

- ***A motion was made by Ron Frano to approve the minutes of the August 2, 2018 meeting. The motion received a second from Mark Parks and carried 4-0.***

DISBURSEMENTS

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

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- ***A motion was made by Ron Frano 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 September 6, 2018 (16 applications for distribution from DROP & Share accounts for October 1, 2018 and 2 applications for DROP loans).

- ***A motion was made by Guy Montante to approve the 16 applications for distribution from DROP & Share accounts for October 1, 2018 and 2 applications for DROP loans. 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 July 2018.

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

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

Ms. Jensen reviewed the Mednax case that came up in between meetings and per the Plan's policy the Chairman moved forward to accept the case as lead plaintiff. Ms. Jensen will have another update at the next meeting.

- ***A motion was made by Ron Frano to ratify the Mednax case filing as the Plan is filing as lead plaintiff. The motion received a second from Guy Montante and carried 4-0.***

Ms. Jensen briefly updated the Board on the Google case which was voluntarily dismissed by Federal action and therefore this case will be dropped and this Plan is no longer involved.

- ***A motion was made by Ron Frano to approve the dismissal of the Google case the Board previously filed through Scott & Scott. The motion received a second from Guy Montante and carried 4-0.***

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

Ms. Ross presented the Board with the 2018/2019 fiscal year budget. She reminded the Trustees that this is an exercise they are required to complete each year.

- ***A motion was made by Mark Parks to approve the 2018/2019 fiscal year budget as presented. The motion received a second from Guy Montante and carried 4-0.***

Ms. Jensen gave an update on the Special Act. She stated that they still need a sponsor and the one they have previously used is up for election this year so she will see what other options are available. She also discussed some other items that need to be updated in the Special Act such as the minimum mandatory benefit rate of 2.75% and also the language regarding the "professional expert" and the current State Law that is pending regarding this. Since they are amending the Special Act

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now they will add in general language regarding this and will also update the document to reflect the 2.75% minimum benefit.

Ms. Jensen stated that the State money increased this year by about \$600K and the total amount will be distributed to the Share accounts this year. They briefly discussed the supplemental amounts and why this Plan did not receive an allocation this year.

Lastly Ms. Jensen notified the Board that they recently received a letter from the State regarding the City's shortfall regarding their FY 2017 contributions. Mr. Armstrong revised page 6a of the State Annual Report to reflect the correct amount was paid and nothing else was owed.

OTHER BUSINESS

The Trustees briefly discussed the next retirement dinner and stated that they will start looking into it for the upcoming year.

PUBLIC COMMENTS

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, October 4, 2018 @ 1:30 P.M., the meeting adjourned at 3:05 P.M.

Brian Walker, Secretary