

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
DECEMBER 6, 2018

Chair David Merrell called the meeting to order at 1:33 P.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
Ron Frano
Guy Montante
Brian Walker

OTHERS

Denise McNeill, Resource Centers
Bonni Jensen, Klausner Kaufman Jensen & Levinson
Brendon Vavrica, AndCo Consulting
Rick Dorey

MINUTES

The Board reviewed the minutes of the November 1, 2018 meeting.

- *Brian Walker made a motion to approve the minutes of the November 1, 2018 meeting. The motion received a second from Guy Montante, approved by the Trustees 4-0.*

INVESTMENT CONSULTANT REPORT (Brendon Vavrica, AndCo Consulting)

Mr. Vavrica reviewed recent market activity reporting the Plan was down around 3.8% at the end of November. He explained it has not been a great start to the new fiscal year. There was much sell off of the market from October into November. When people begin to show fear and panic; that tends to be close to the bottom and they are seeing a lot of bond purchases which tend to reflect fear. Currently; with tax cuts, corporate earnings and GDP, overall there are a lot of positive fundamentals in the market. The reaction in the past few days in the market has been due to trade talk and while there has been a lot of noise, nothing has really changed. There may be another rise in interest rates this year. Discussion followed regarding the market and inflation. Mr. Vavrica explained much of the inflation review does not take into consideration some of the true basic consumer costs. Stock prices can differ in any one-to two-year period greatly while long term, they are relatively reasonable.

Mr. Vavrica presented a Tactical Asset Allocation Manager Analysis as per the discussion from the prior meeting. It was noted Blackrock, JP Morgan and Pacific were options in place of Westwood. He explained they are concerned with the lack of experience by the person taking over the Westwood portfolio in March. The recommendation is to exit the Westwood holding and if all goes well, they can always go back into the investment. He reviewed each of the other three managers; PIMCO is very different and uses derivatives. The frustration with derivatives is that you cannot see the holdings. Mr. Vavrica explained in the 2008 crash in the financials; many of the assets were in mortgages and the Fed instructed the banks to sell the sub-prime. The banks knew they could not make money selling them individually so they packaged them altogether and sold them as a package; therefore it is difficult to see the detail of the substance held. Mrs. Jensen reminded the Trustees that the Board held PIMCO for a long time and sold due to a management change. Mr. Vavrica continued reviewing each of the three managers in detail inclusive of the volatility, fees and leverage held. Since all are mutual funds, no contracts will be necessary and they can be purchased right away. It was noted JP Morgan is already scheduled to attend the January meeting. Mr. Vavrica explained his office has their annual meeting that same week and he is not able to attend the January board meeting. Mr. Vavrica noted strictly from a diversified standpoint, PIMCO looks the most different while Blackrock and JPMorgan are similar. The trustees instructed Mr. Vavrica to invite the additional person from JPMorgan who handles the JP Morgan Income Builder fund to the January meeting along with the JPMorgan manager currently scheduled to attend. It was noted they are considering moving \$10M. Discussion was tabled to the January meeting.

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ACTUARY REPORT

The actuary's impact statement and GASB68 reports were included in the Trustee packets for informational purposes.

ATTORNEY'S REPORT (Bonni Jensen, Klausner Kaufman Jensen & Levinson)

SPECIAL ACT UPDATE: Mrs. Jensen reported she had met with the legislative delegation for the Plan. Additionally, she had received a call the prior evening from a new legislative representative with specific questions regarding the Plan's long term rate of return. They were pleased with the Plan's long term rate of return being in the top fifth percentile. Mrs. Jensen will follow up with the legislative staff to see if there are any further questions.

TRAVEL POLICY: Mrs. Jensen explained the City updated their expense reimbursement policy. She reviewed the changes with the Trustees. Currently receipts are required for all charges over \$25 and it was noted the Board may want to increase the no receipt threshold to \$26 in relation to the expense allowance on meals.

- *Brian Walker made a motion to approve the revisions to the Travel Policy inclusive of increasing the no receipt limit to \$26. The motion received a second from Ron Frano, approved by the Trustees 4-0.*

SAXENA WHITE MEDTRONIC SETTLEMENT NOTICE: Mrs. Jensen explained the Medtronic Settlement Notice provided in their packet was for informational purposes.

LEGAL UPDATES: Mrs. Jensen reported she had worked on a batch of new hire records between meetings.

ADMINISTRATOR REPORT (Denise McNeill, Resource Centers)

RESOURCE CENTERS UPDATE: Mrs. McNeill addressed recent staff changes at the Resource Centers in follow up to the notice provided to the Trustees in November. She thanked them for the long term relationship and explained that Scott Baur would be the administrator for the Board going forward; however there had been a schedule issue with this particular meeting date. She reminded the Trustees they are always welcome to reach out to Mr. Baur or Mrs. McNeill on any matters.

2019 MEETING SCHEDULE: A meeting schedule for 2019 had been included in the Trustee packets. They explained the schedule had been addressed in October and the two items for clarification were to change the January meeting to January 10th and there would be no meeting in July. The 2019 schedule will be updated accordingly.

VERIZON WIRELESS ACCOUNT: Mrs. McNeill addressed an issue with the Verizon account. Verizon had changed the billing address and did not respond when the Resource Centers inquired why they were not receiving invoices. Verizon sent the account to a collection agency and the agency was finally able to provide copies of the missing invoices. The final account balance has been paid and the Resource Centers is in the process of opening a new account for the Board. The Trustees noted the mailing address the account had been erroneously changed to; appeared to be the City of West Palm Beach Housing Authority so it was clearly an error by Verizon. The trustees provided their tablets to the administrator for the wireless updates.

DISBURSEMENTS AND FINANCIAL STATEMENTS

The Board reviewed the disbursements for accounts payable presented by the Administrator.

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- *Ron Frano made a motion to approve the accounts payable for December 6, 2018. The motion received a second from Brian Walker, approved by the Trustees 4-0.*

The Interim Financial Statements were presented in the packet for review. Mrs. McNeill explained the auditor is currently on site in their Palm Beach Gardens office working on the audit.

BENEFIT APPROVALS

The Board reviewed the benefit approvals presented by the Administrator for December 6, 2018. Discussion followed regarding the Minimum Required Distribution process as required by the IRS.

- *Brian Walker made a motion to approve the benefits for December 6, 2018. The motion received a second from Guy Montante, approved by the Trustees 4-0.*

OTHER BUSINESS

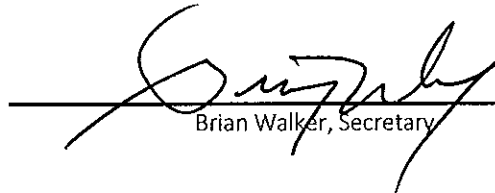
Mrs. McNeill had reported to the Trustees via email of Marian West's passing. She was the beneficiary of a deceased firefighter and also handled the pension in-house at the City for many years prior to her retirement. Mrs. West had been a tremendous help with historical information when the administration transitioned from ASI in the late 90's.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, January 10, 2019 @ 1:30 P.M., the meeting adjourned at 2:50 PM.


Brian Walker, Secretary