

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
JANUARY 10, 2019

Chair David Merrell called the meeting to order at 1:30 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
Mark Parks
Brian Walker

OTHERS

Scott Baur, Resource Centers
Bonni Jensen, Klausner Kaufman Jensen & Levinson
Lindsey Lobasco, Josh Hemmert, Jaclyn Weinman
JP Morgan

JP MORGAN (Lindsey Lobasco, Josh Hemmert, Jaclyn Weinman)

Jaclyn Weinman reviewed the Strategic Property Fund (core real estate holdings) and Special Situations Fund (opportunistic or value-added real estate investments) managed by JP Morgan. She stated that the market recently has become more volatile. The core portfolio takes less risk than peer managers and the benchmark by investing in properties only where people want to live and work: residential, retail, industrial, and office buildings. The fund has only 22.4% leverage mostly in fixed mortgages. The fund only develops properties in expensive markets where the properties then become long-term holdings in the portfolio. The portfolio currently has \$43.6B total assets or \$33.3B net of debt. The portfolio also holds 2.8% in cash. The Strategic Property Fund gained 8.03% net for the fiscal year ending September 30, 2018, and 10.4% gross and 9.3% net on average for the trailing 5 years compared to an average gain of 10.7% for the NFI-ODCE benchmark. As of December 31, 2018, JP Morgan managed \$18,236,073 for the West Palm Beach Firefighters Pension Fund in the Strategic Property Fund.

Ms. Weinman reviewed the Special Situations Property Fund in detail. The portfolio has a value-added mandate, purchasing assets to develop, lease-up, redevelop, or recapitalize) to produce and sell core properties. The portfolio holdings therefore tend to split evenly between core and value-added properties. The Special Situations Fund has \$7.3B in current holdings, \$4.0B net of any debt, with 45.2% leverage and 5.7% cash. The Special Situations Fund gained 10.9% gross and 9.2% net compared to 8.7% gain for the NFI-ODCE benchmark. The manager has recently reduced risk in the portfolio.

Lindsey Lobasco introduced the JP Morgan Income Builder. She stated that JP Morgan has a substantial commitment to Florida with 14,000 employees and \$1.1B in small business loans in the state. The Income Builder has total assets of \$17B with 82 public funds in the Southeast investing in the portfolio. The manager diversifies assets globally across 10 asset classes without stretching yield to increase risk. Josh Hemmert reviewed the asset classes held in the portfolio, which has a current 4.23% yield. The Income Builder provides a tactical allocation of assets across other JP Morgan asset managers a currently holds a 5-star rating by Morningstar. The Income Builder returned -0.49% for the 12 months ending November 30 and 5.42% for the trailing 5 years compared to the 4.21% Morningstar category average return.

MINUTES

The Board reviewed the minutes of the December 6, 2018 meeting.

- *Ron Frano made a motion to approve the minutes of the December 6, 2018 meeting. The motion received a second from Guy Montante, approved by the Trustees 5-0.*

BENEFIT APPROVALS

The Board reviewed the benefits submitted by the administrator for approval.

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- *Brian Walker made a motion to approve the benefits for January 10, 2019. The motion received a second from Guy Montante, approved by the Trustees 5-0.*

The Trustees considered a request by retired member Glenn Hetchler to take a distribution from his DROP Account outside the normal quarterly distribution dates due to a misunderstanding of the Distribution Policy by Mr. Hetchler. The Board discussed the provisions of the Distribution Policy.

- *Brian Walker made a motion to approve the distribution request to Mr. Hetchler based on the specific circumstances of the situation. The motion received a second from Ron Frano, approved by the Trustees 5-0.*

Mr. Baur suggested that his office could add a cover letter to the next quarterly DROP Statements mailed to members explaining the distributions schedule allowed by the current Board Policy.

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

Ms. Jensen reported that the actuary signed the Impact Statement, which her office then sent to Tallahassee. The Special Act notice also got published to keep the process moving forward through the legislature.

Saxena White identified a loss by NVIDIA due to crypto-currency holdings and mining operations. The Board does not need to take any action regarding the identified loss at this time.

ADMINISTRATOR REPORT (Scott Baur, Resource Centers)

Scott Baur returned the tablets to the Trustees, user ready, with an update. The tablets owned and used by the Board experienced connection problems in 2018 after the wireless carrier confused the account for the Pension Fund Board of Trustees with another account in West Palm Beach for the Housing Authority.

Scott Baur then provided the Fiduciary Liability Policy with Markel American Insurance Company through Ulico for renewal. The renewal premium increased by \$58.00 over the prior year.

- *Ron Frano made a motion to renew the Fiduciary Liability Policy with Markel as presented. The motion received a second from Guy Montante, approved by the Trustees 5-0.*

Mr. Baur provided the Board with Signature Authorization updates for Salem Trust, the custodian.

- *Brian Walker made a motion to update the signature authorizations on file with Salem Trust. The motion received a second from Ron Frano, approved by the Trustees 5-0.*

DISBURSEMENTS AND FINANCIAL STATEMENTS

The Board reviewed the disbursements for accounts payable presented by the Administrator. Mr. Baur presented Warrants for disbursements for pending invoices, paid invoices, and invoices paid directly by the custodian for investment managers.

- *Ron Frano made a motion to approve the Warrants dated January 10, 2019 for paid invoices, pending invoices, and invoices paid by the custodian. The motion received a second from Guy Montante, approved by the Trustees 5-0.*

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OTHER BUSINESS

The Trustees discussed a new \$100 guest fee for the FPPTA. The Board also discussed ongoing difficulties with website access and registration. The Division of Retirement holds an Annual Conference and a Trustee School as well.

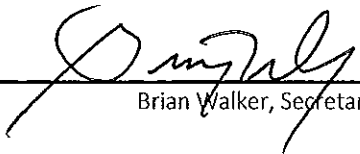
The Board considered the May NCPERS Conference in Austin, Texas, and asked the administrator to check if the Board renewed memberships for both NCPERS and the IFEBP.

PUBLIC COMMENTS

No members of the public had any comment.

ADJOURNMENT

There being no further business and the next Pension Board meeting having been previously scheduled for Thursday, February 7, 2019 @ 1:30 P.M., the meeting adjourned at 3:20 PM.



Brian Walker, Secretary