

**WEST PALM BEACH FIREFIGHTERS' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**March 7, 2019**

Chair David Merrell called the meeting to order at 1:31 P.M. in the Training Room at Fire Station 5, 700 N. Congress Avenue, West Palm Beach, Florida. Those persons present were:

**TRUSTEES**

Dave Merrell, Chairman  
Ron Frano  
Guy Montante  
Brian Walker

**OTHERS**

Scott Baur and Wanda Gordon, Resource Centers  
Bonni Jensen, Klausner Kaufman, Jensen & Levinson  
Dan Johnson and Dan Osika, AndCo Consulting  
Richard Cristini and Jeanine Bittinger, Auditors  
Rick Dorey

**MINUTES**

The Board reviewed the minutes of the January 10, 2019 meeting.

- *Ron Frano made a motion to approve the minutes of the January 10, 2019 meeting. The motion received a second from Brian Walker, approved by the Trustees 4-0.*

**9/30/2018 AUDITED FINANCIAL STATEMENT REPORT**

**(Richard Cristini & Jeanine Bittinger, Davidson, Jamieson & Cristini, P.L.)**

Mr. Cristini reviewed the items tested during the audit engagement, with no significant findings. He explained the audit process, audit obligations & responsibilities and City CAFR process. Mr. Cristini reviewed the balance sheet and noted the total assets increased in FY18 to \$227,717,241 from FY17 of \$207,273,396. He attributed much of the gain to positive investment results. At 35 basis points for investments and 8 basis points for administration expenses, he stated the total plan expenses were very low. The report included no new required disclosures. Mr. Cristini reported that his firm issued an unqualified (clean) opinion. He reviewed gains by manager and noted a decrease in DROP loans. He also noted that the Plan holds no (GASB 72) level 3 investments of less liquid/less transparent assets; Real Estate holdings do not get a level classification. Bonni Jensen commented on the 7.5% assumed investment return included on the GASB 67 Report, but noted the pending changes to the Special Act will not likely take effect until the summer. The GASB 67 schedule comes from the Actuary, so if the Special Act fails to pass, then the page will require revision.

- *A motion was made by Brian Walker to approve the September 30, 2018 Audited Financial Statements as presented. The motion received a second from Ron Frano and carried 4-0.*
- *A motion was made by Ron Frano to approve the Audit Engagement for September 30, 2019 (\$18,500) and Annual Report preparation (\$3,500). The motion received a second from Guy Montante and carried 4-0.*

**INVESTMENT CONSULTANT REPORT (Dan Johnson and Dan Osika, AndCo Consulting)**

Mr. Johnson provided an update on the firm. He noted the firm as of the end of year had 89 employees with \$90 billion in client assets. He also asked the Board to complete a 3<sup>rd</sup> party client survey. He explained that as of quarter ending December 31, 2018, the market had substantial losses due to the markets increased uncertainty and Fed policy. He also mentioned the fixed income assets had modest gains.

Mr. Johnson reviewed the recent market activity reporting the Plan had total investment assets of \$211,508,064, down from \$224,239,889 as of September 30, 2018. He explained the Plan had more outflows now for benefits than cash inflows from contributions. He further explained all assets now since

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1988 represent investment gains. He reviewed asset and manager allocations and noted that they were in line with investment policy targets. For the quarter ending December 31, 2018, the Fund was down, returning -8.87% net of fees compared to the benchmark which was down, showing a return of -8.25%. The gross return for trailing 5 years was up an average of 6.15%, which ranks the Fund in top 5<sup>th</sup> percentile. Mr. Johnson reviewed the individual manager performance and noted the bond and equity managers had strong results despite the difficult market environment.

Mr. Johnson provided an update through February 28, 2019 and reported the portfolio recovered most of the losses from the quarter ending December 31, 2018. The Pension Fund now had a loss of only 1.5% for the fiscal year to date through February 28, 2019. He reported the Chief Investment Officer for manager Westwood left, and given the uncertainty with change, he recommended the Board consider a replacement. He recommended the Board invest in a global tactical asset allocation fund for portfolio diversification. He presented various options to the Board, all open and daily liquid mutual funds. He reviewed all of the options and explained differences in strategy and asset allocation among the choices. He also reviewed long term performance results and risk return characteristics for different periods. Mr. Johnson recommended the JP Morgan Income Builder which had lower fees at 52 basis points and better results than the current Westwood fund.

- *Brian Walker made a motion to follow the recommendation of the Investment Consultant and approve the termination of Westwood and invest in the JP Morgan Income Builder Fund. The motion received a second from Ron Frano, approved by the Trustees 4-0.*

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

SPECIAL ACT UPDATE: Mrs. Jensen reported on the Special Act. The Legislative session began 2 days ago. The committee already asked some questions regarding HB 901. The committee expressed some concerns that "standard of review" language might now conflict with new constitutional amendment.

HB 265 – SB 518: Mrs. Jensen reported the HB adds procedural requirements for publishing meeting materials. Meetings will require additional packets, public participation forms, response period for public questions, 24-hour notice for emergency meetings and 3 minutes per person for comments, which should be listed first of last on the agenda. Mrs. Jensen had two concerns: website ADA compliance lawsuits and publishing requirements for disability applications. The session also included a firefighter cancer bill.

Mrs. Jensen provided a memo dated January 2019 regarding Power of Attorney-Florida Statute 709. She reviewed proposed requirements for power of attorney and summarized exceptions to the Public Records Law.

Mrs. Jensen provided a memo dated February 6, 2019 summarizing Annual Report data requirements and a memo dated February 2019 for changes to the Federal Mileage Reimbursement Rates.

Saxena White asked the Pension Fund to become a lead plaintiff on the Conagra class action litigation. Per the Board policy Mr. Merrell agreed to allow the Board to become lead plaintiff noting the Board must ratify the decision.

- *Brian Walker made a motion to ratify the decision for the Board to become lead plaintiff in the Conagra class action litigation. The motion received a second from Ron Frano, approved by the Trustees 4-0.*

Saxena White as also looking at the NVIDIA case, but another potential lead plaintiff had substantially greater losses.

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**ADMINISTRATOR REPORT (Scott Baur and Wanda Gordon, Resource Centers)**

Mr. Baur provided the Board a copy of the Salem Trust 4Q18 Service Report Summary. He also provided a copy of a Press Release dated January 29, 2019 which announced the relocation of the Salem Trust Company Deerfield Beach office. The announcement further advised of the change in administrative support, which will now be handled out of the Salem Trust Company Tampa office. Mr. Baur announced the hiring of Wanda Gordon (formally of Salem Trust Company) to The Resource Centers.

Mr. Baur provided the Board a copy of the Saxena White Select Investment Monitoring Report for 4Q18 and Fiduciary Policy.

There was a discussion on materials and conferences. The Board expressed interest in obtaining memberships to both IFEBP and NCPERS.

- *A motion was made by Ron Frano to approve obtaining memberships to IFEBP and NCPERS. The motion received a second from Brian Walker and carried 4-0.*

The Board also discussed the upcoming Klausner conference on June 10, 11, and 12, 2019.

**DISBURSEMENTS AND FINANCIAL STATEMENTS**

The Board reviewed the disbursements for accounts payable presented by the Administrator for March 7, 2019.

- *Ron Frano made a motion to approve the accounts payable for March 7, 2019 as corrected. 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.

**BENEFIT APPROVALS**

The Board reviewed the benefit approvals presented by the Administrator for March 7, 2019.

- *Brian Walker made a motion to approve the benefit approvals for March 7, 2019. The motion received a second from Ron Frano, approved by the Trustees 4-0.*

**Discussion**

There was a question from Mr. Montante regarding the notice for lump sum distribution on The Resource Centers website. He was concerned about the retirees not understanding the timing of requesting and receiving a distribution from the Plan. Mr. Baur mentioned the possibility of adding a notice to the mailed statements to further clarify this topic. A discussion followed with regards to the frequency of distributions and statements, 1099R issues on withdrawals and members receiving a Special Tax Notice for taking lump sum distributions.

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Other Business

Mr. Merrell stated that he and Mr. Parks are scheduled to go on a Wall Street Trip on April 4, 2019. As such, there may not be a quorum for the next meeting.

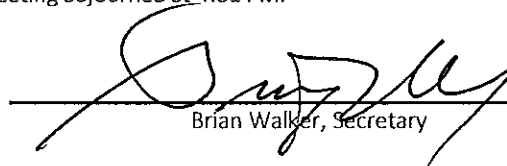
Rick Dorey stated that he thought the Board needed to start planning now for the Retirement Dinner. Mr. Frano suggested the Board also consider using the Country Club Facilities at Breakers West because hotels have high prices by comparison.

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, April 4, 2019 @ 1:30 P.M., the meeting adjourned at 4:01 PM.

  
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Brian Walker, Secretary