

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
May 2, 2019

Dave Merrell called the meeting to order at 1:30 P.M. in the Training Room at Fire Station 1, 3rd Floor Conference Room 500 N. Dixie Highway, West Palm Beach, Florida. Those persons present were:

TRUSTEES

Mark Parks
Ron Frano
Brain Walker
Dave Merrell
Guy Montante

OTHERS

Scott Baur, Administrator (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
David Kaplan (Baron Capital Management)
Karen Russo (Salem Trust Company)
Rick Dorey

MINUTES

The Board reviewed the minutes of the April 4, 2019 meeting.

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

INVESTMENT MANAGER REPORT: BARON CAPITAL (DAVID KAPLAN)

Mr. Kaplan gave a brief update on the firm and noted they have been an Investment Manager for West Palm Beach Fire for 15 years. He noted the criteria for holdings and low portfolio turnaround are open ended growth potential, sustainable competitive advantage, management (always meet management prior to investing), compelling valuations and potential to double value in 4-5 years. He reported Ron Baron, founder of Baron Capital, still manages portfolios. Mr. Kaplan reported YTD portfolio is up 27%. Historically the portfolio has outperformed the benchmark. He noted the portfolio gained 18.39% on average for the trailing 10 years through March 31, 2019. Mr. Kaplan reviewed the top contributors and detractors to recent performance. He also reviewed performance attribution by industry or market sector. He also noted, the manager invests in smaller companies and trims those positions as the companies grow. Mr. Kaplan explained characteristics of companies in the portfolio compared to the K2000 benchmark. He reviewed the top portfolio holdings and noted the portfolio holds only 48 issues with only 10% annual turnover.

CUSTODIAN REPORT: SALEM TRUST COMPANY (KAREN RUSSO)

Ms. Russo addressed the change in ownership, money market sweep vehicle and quarterly performance reports. She explained the changes in ownership which has no change in management personnel or systems. She reported that eventually banking and trade settlement instructions will change. She reported TMI Trust Company (TMI) believes no assignment or agreement with the Board is necessary. Ms. Russo spoke very positively about the additional management from TMI. She addressed the money market sweep vehicle and the prime fund which now has a fluctuating NAV due to SEC changes. Ms. Russo also reviewed the quarterly service report for 5 primary services with specific goals: statement production, trade settlements, income posting, cash processing and corporate actions and noted that Salem stands behind their service. Ms. Russo thanked the Board.

INVESTMENT CONSULTANT REPORT: ANDCO CONSULTING (BRENDON VAVRICA)

Mr. Vavrica reviewed market environment for quarter ending March 31, 2019, which substantially rebounded from December 31, 2018 quarter end. Growth continues to outperform value. Mr. Vavrica again explained the inverted yield curve, which usually precedes a recession by 6-24 months. The Board rebalances assets continually to meet cash needs. Mr. Vavrica will monitor risk in portfolio. He reviewed current asset allocation and cash flows. He reported for the quarter the portfolio gained 9.40% compared to 9.43% bench, FYTD was -.12% gross, -.03% net compared to .41% gross for the bench. The average gross

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return of 11.0% for the trailing 10 years ranks in the top 4%. Mr. Vavrica reviewed individual manager performance. He also reviewed current fiscal year performance now up 2.8% as of May, 2019.

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

Ms. Jensen reported the Special Act passed on May 1, 2019. She reminded the Trustees to file their annual Form 1 which the Board can now email to Supervisor of Elections. She also reported the Cancer presumption also passed unanimously for the Firefighters'. The presumptions do not trigger Workers Comp, but do trigger a lump sum payment and also 10 years of paid medical insurance premiums and reimbursement of out of pocket medical expenses by the City. The cancer presumption will become a rebuttable presumption for duty disability benefits. The proposed bill with new online public meeting posting requirements did not pass. Ms. Jensen reported the Board was presented with a class action for Spectrum. David Merrell agreed to participate.

- *Brian Walker made the motion to ratify participation in the Spectrum Class Action. The motion received a second from Ron Frano, approved by the Trustees 4-0.*

Ms. Jensen also reported a recent case in Pembroke Pines regarding the normal form of benefit payment that included a spouse. A non-married individual challenged the plan provision for discrimination on basis of marital status.

ADMINISTRATOR REPORT (Scott Baur, Resource Centers)

Mr. Baur explained and addressed Share and Drop account maintenance, the 60 day expectation and Roger Kennedy.

DISBURSEMENTS AND FINANCIAL STATEMENTS

The Board reviewed the Warrants for payments by the Administrator, the Warrants for payments by the custodian, and the Warrants for pending invoice payments dated May 2, 2019.

- *Brian Walker made a motion to approve the Warrants dated May 2, 2019, for paid and pending disbursements. The motion received a second from Ron Frano, 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 May 2, 2019.

- *Brian Walker made a motion to approve the benefit approvals for May 2, 2019. The motion received a second from Ron Frano, approved by the Trustees 3-0. (Dave Merrell stepped out the room)*

Trustees briefly discussed: Bonni, state conference this week; David, gone for June meeting; and Scott, conflict for June meeting as well.

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, June 6, 2019 @ 1:30 P.M., the meeting adjourned.


Brian Walker, Secretary