



City of Deerfield Beach Municipal Firefighters Pension Fund

*Meetings located at: Fire Station #102, 1441 FAU Research Park Blvd,
Deerfield Beach, Florida 33441*

Minutes of the Meeting held June 9, 2017

Trustees

John Lucas, Pro Tem Chairman – Present
Rob Weech, Chairman
Steven Hill, Trustee – Present
James Stevens, Trustee – Present
Bruce Young, Trustee - Present
Joan Maurice, Absent

Also in Attendance:

Richelle Levy, Rice Pugatch Robinson Storfer & Cohen, PLLC - Fund Counsel
Chad Little – Freiman Little Actuaries, LLC
Kim M. Calhoun – Westwood
Richelle Hayes – American Core Realty Fund
Doug Falcon – FHA-TPA Benefit Administrators, Inc.
Yolanda Shea – FHA-TPA Benefit Administrators, Inc.

Meeting called to order by Pro Tem Chairman Trustee at 8:43 A.M.

After the pledge of allegiance, the Pro Tem Chairman asked all in attendance to take a moment of silence to recognize those firefighters who have lost their lives in the line of duty.

TRUSTEE COMMENTS

Pro Tem Chairman Lucas asked if there were any Trustee comments. There were no Trustee comments.

The Pro Tem Chairman reminded the Board that the structure of the board is composed of five Trustees of which two Trustees are elected by the members, two of the Trustees are appointed by the City, and the fifth Trustee is chosen by the other Trustees. Trustee Maurice had not been in attendance for the last two meetings. Attorney Levy suggested the administrator contact the City to advise them.

The next item the Pro Tem Chairman covered was his current situation. He advised the trustees that while it has been a pleasure to serve on this Board for many years at this time he must regrettably resign as his schedule did not allow him sufficient time to continue.

Trustee Hill and Attorney Levy thanked John Lucas for all his time effort and contribution to the Plan.

Attorney Levy advised the Board a nomination for the fifth Member would be required,

A motion was made by Trustee Hill to nominate Robert Weech as the fifth member, seconded by Trustee Stevens motion passed unanimously.

Attorney Levy advised the Board a nomination for Chairman and Secretary would be required at this time,

A motion was made by Trustee Young to nominate Trustee Weech as the Chairman the motion was seconded by Trustee Hill motion passed unanimously.

A motion was made by Trustee Young seconded by Trustee Stevens to nominate Trustee Hill as the secretary motion passed unanimously.

MINUTES

The Chairman asked if anyone had any questions regarding the minutes of the meeting held April 21, 2017, Attorney Levy advised the Board if the minutes can be tabled for the next meeting as she had some observations to discuss with the administrator. The Board agreed to table the minutes for the next meeting.

INVESTMENT

Mr. Chambers discussed the investment performance results through March 31, 2017. For the quarter, the Trust earned 3.8% of which 3.7% were net of earnings. The five best-performing assets were Harding Loevner International, Eaton Vance Large Cap Growth, Vanguard FTSE All-World and Kayne Mid Cap.

For the 12-month period, the Trust earned 11.8% gross, 11.2% net.

Westwood – Kim Calhoun

Ms. Calhoun discussed the Deerfield Beach Municipal Firefighters' Pension Fund and touched on the Firms Update, Investment Guidelines Review, Performance & Market Review and Current Portfolio Strategy.

Ms. Calhoun pointed out the Equities had a substantial gain in the S&P 500 now up for the sixth straight quarter. Fixed Income posted modest gains in the first quarter. Returns were negative through the middle of March, but, a quarter-end rally led to small profits for the period. Specialty Index Returns the gains posted by REITs during the quarter were comparable with returns posted by investment grade bonds as the yields on 10-year Treasury declined slightly. She discussed the results of 1st Quarter 2017, one year and three years results. Adverse results of 2015 are affecting the how the trailing results are reported for 2016 & 2017, and that past performance is not indicative of future results.

The Trustees asked Ms. Calhoun questions and she responded to their questions to the satisfaction of the Trustees. She thanked the Board for doing business with Westwood and would be happy to answer any future questions or attend any of their meetings in the future should the Board ask her to.

American Core – Richelle Hayes

Ms. Hayes gave a brief introduction of her investment experience as well as an overview of the principals of the company and office location.

After discussing the company's history, their investment strategies and investment results as it pertains to this Plan, Trustee Hill asked Ms. Hayes what properties they invest in. Ms. Hayes responded they are investing in commercial properties such as office, retail apartments and industrial.

The Chairman asked Ms. Hayes to explain the reason for their underperformance and their plans to change their underperformance.

Ms. Hayes responded that two things have happened; they are transitioning this portfolio from properties with capitalization rates ("cap") rates that are higher towards those with lower cap rates. They are taking a little bit of a hit but it means less potential for volatility. The Chairman asked if changing the targeted cap rate is going to improve their overall performance. She responded affirmatively.

Secondly, besides their bias towards conservative purchases of known properties with little risk, and they have borrowed on a minimal basis compared to some other real estate investment companies. So in effect their results are not improved by taking on more debt as they are not leveraged.

Mr. Chambers asked Ms. Hayes how they are a fiduciary to this board; Ms. Hayes responded that they are a fiduciary to this Board as well as to their company. She pointed out that this is very important and some of the large corporations will not be a fiduciary.

Ms. Hayes thanked the Board for having her. She would be pleased for them to contact her.

The Chairman pointed out that right now this Plan is a closed plan, and therefore traditionally they do not spend a lot of time with the investors but as the plan becomes more mature the Board needs to hear from the various investment managers.

The Chairman asked Mr. Chambers to explain how the MLPs help the plan. Mr. Chambers described how MLPs work and how to invest in them. He advised the Board how Parametric is an excellent alternative to hedge funds.

The Chairman encouraged the new Trustees to attend education conferences so that they can better understand the investment manager's results and strategies.

The Chairman asked Mr. Chambers who will be presenting at the next board meeting Mr. Chambers responded he would have Intercontinental Real Estate and SSI Investments.

The Chairman asked the administrator to work with Mr. Chambers to also have Eaton Vance and Collins present at a future meeting.

ACTUARY

Mr. Little did not have any subject matters to report to the Board.

OLD BUSINESS

Ms. Levy advised that at the last meeting the Board directed her to contact Parametric regarding modifying the language regarding changing the limit of liability and indemnity side letter. Parametric does not agree to amend the language for those two provisions; therefore, she contacted Mr. Chambers's office as it was decided that if Parametric would not accept these two requests they would look into the Mutual Fund option which Mr. Chambers will discuss with the Board.

Mr. Chambers said there is a mutual fund solution, at the last meeting the Board did not give the go-ahead to go with the mutual funds. Mr. Chambers said the Parametric mutual fund at 65 point expense ratio is a recommendation to buy and include in this portfolio. The Trustees asked if the language on the mutual funds allow for modification, Ms. Levy advised the Board that while you

can't change the language on mutual funds, the mutual funds are regulated and have other protections as provided by the SEC.

Mr. Chambers recommended the proceeds from the liquidation of the hedge fund be used to fund the purchase.

A motion was made by Trustee Stevens seconded by Trustee Young that as the hedge funds get liquidated, those monies would be invested in the Parametric Mutual Fund, motion passed unanimously.

PUBLIC FORUM

None

NEW BUSINESS

None

ATTORNEY

Ms. Levy advised the Board that one of the Plans investment monitor attorney Jane Goldstein has switched firms, she is now with Shepherd, Finkelman, Miller & Shah. Ms. Goldstein will continue offering the same benefits however there is a new agreement to execute as a result of the company change. The services provided by Shepherd, Finkelman does not cost anything to the Board.

Motion made by Trustee Stevens seconded by Young to approve the Shepherd, Finkelman, Miller & Shah monitor agreement motion passed unanimously.

ADMINISTRATOR

Mr. Falcon asked the Trustees to review the disbursements for the City of Deerfield Beach Municipal Firefighters Pension Fund for the period April 15, 2017 through June 6, 2017.

A motion is made by Trustee Hill seconded by Trustee Young to ratify the City of Deerfield Beach Municipal Firefighters Pension Fund Disbursements/Ratifications for the period April 15, 2017 through June 6, 2017, in the amount of \$100,019.46 motion passed unanimously.

Mr. Falcon informed the board that they had done a bit of rebalancing; Miller Howard was terminated and the Plan received an amount from the Intercontinental liquidation. Your MLP is fully funded at the target of 5%.

He discussed recent transactions which affected the maintenance of the "R&D" account.

Mr. Falcon said he spent a quite a bit of time with the auditor and their issues with Fifth Third reporting. The auditor stated that there was extra work.

The Chairman observed that perhaps Fifth Third while excellent at what they do may not offer all the services that the fund is accustomed to receiving.

Mr. Chambers agreed that there were certain services that the prior administrator performed that Fifth Third could not.

The Chairman asked the administrator to reach out to Fifth Third and let them know what the board's expectation is and see what their response is. Also, given the current predicament of not having internet he would entertain recommendations for a solution including wireless devices.

OTHER BUSINESS

None

ADJOURN

Next meeting will be August 18, 2017, 2:00 p.m.

Motion made by Trustee Hill seconded by Trustee Young and passed unanimously to adjourn the meeting at 11:34 a.m.