

**West Palm Beach Police Pension Fund  
2100 North Florida Mango Road  
West Palm Beach, Florida 33409**

**Minutes**

**December 13, 2013  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on December 13, 2013 at 8:40 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Chairman, Troy Marchese, Board Secretary (Arrived at 8:45 AM), Wilton White, Board Trustee, Chris Fragakis, Board Trustee and Craig Kahle, Board Trustee.

Also present: Sharon Ward, BRC Investment Management; John McCann, Thistle Asset Consulting; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

**PUBLIC COMMENT**

No comments provided

**APPROVAL OF THE MINUTES**

Mr. Frost asked if there were any changes required to the minutes of November 8, 2013. Mr. Kahle made the motion to approve the minutes, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese not present at this time.

Mr. Frost asked if there were any changes required to the minutes of November 22, 2013. Mr. White made the motion to approve the minutes, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese not present at this time.

**APPROVAL OF DISTRIBUTIONS**

New Warrants were presented for review and execution. Warrants approved at the last meeting were presented to the Board in spreadsheet format by Mr. Williams. A formal administrative report was also provided for consideration. After Mr. Williams detailed the report, Mr. White made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese not present at this time.

Mr. Williams presented the 2014 Cost of Living - COLA report, which is effective January 1, 2014. After reviewing the documents, Mr. White made the motion to approve the foregoing which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. Mr. Williams will formally notify each respective member accordingly in written form. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese not present at this time.

**ATTORNEY'S REPORT**

Matter: Mrs. Jensen advised additional information was received from Dr. LaPointe and provided to Dr. Miller, Board IME. Mrs. Jensen reflected that the cited reports received from Dr. LaPointe had future dates and medical notes, thus were in conflict.

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Matter: Mrs. Jensen stated that Mr. \_\_\_\_\_ has now been terminated by the City of West Palm Beach. Additional information was obtained by Mrs. Jensen and transmitted to Dr. Stock to complete his IME.

Mintus Matter: Mrs. Jensen indicated that because there were several parties involved, she and Mr. Williams will meet with each party and seek a written release. If a release was not received by all parties, she would file an interpleader action. Mr. Fragakis agreed with the foregoing and placed it in the form of a motion. Mr. Marchese seconded that motion. All Trustees voted yes, and the motion was passed 5-0.

Summary Plan Description was presented to the Board to consider. Minor updates were provided to Mrs. Jensen and duly noted. Motion by Mr. Marchese to approve, seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

### **ADMINISTRATOR'S REPORT**

Mr. Williams was pleased to present the 2013 Public Pension Coordinating Council – Public Pension Standards Award for Funding and Administration to the Board of Trustees. Mr. Williams cited that this honor was presented in recognition of meeting professional standards of plan funding and administration. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR). Mr. Williams reflected that this nationally recognized award has been issued to the Fund since his tenure began. The Board was congratulated on a job well done!

Mr. Williams advised the lease was up on the current copy/scanner/printer. Mr. Williams sought and received a quote from our current vendor for a replacement. A similar machine was quoted based on piggyback bid of Miami Dade Contract. The cost was \$25.29 less per month than the current machine and the printing costs were approximately half of the current cost. Mr. Williams recommended the 60 month lease. Mr. Fragakis agreed with Mr. Williams' position and placed the foregoing in the form of a motion. This motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Mr. Williams cited that the U.S. Real Estate Investment Fund, LLC made a distribution of \$111,130.38 for the third quarter of 2013.

Mr. Williams advised the Board \_\_\_\_\_ completed a disability application and was subsequently terminated. \_\_\_\_\_ is seeking his job back, therefore his application is pending. \_\_\_\_\_ was advised of this and agreed to keep Mr. Williams up to date with his status.

### **BRC INVESTMENT MANAGEMENT**

Ms. Sharon Ward, Head of Fundamental Analysis for BRC appeared before the Board to review the September 30, 2013 investment activity. The date of inception for BRC was August 30, 2013. For that period noted, the portfolio return 4.91% compared to the S&P 500 which returned 3.14%. Ms. Ward provided a flash report update as of November 30, 2013. The portfolio return was 12.86% or nearly 300 basis points greater than the Russell Index.

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Ms. Ward reflected that during the quarter, the predictive ability of their behavioral models approached record levels. The rate at which investors responded to earnings revisions was significantly higher than the 2nd quarter but was still marginally below long-term averages. Performance during the quarter was positively impacted by a large number of positive earnings surprises and positive stock selection. No significant negative earnings surprises were experienced. Positive Security analyst behavioral models resulted in 762 excess security analyst revisions which was the third highest quarterly observation we have recorded since 1996. Third quarter earnings announcements were very strong. Of the portfolio holdings that announced earnings during the quarter, 69% exceeded expectations significantly compared to the universe beat rate of 51%. This spread is the highest recorded in over 6 years. The portfolio experienced no significant negative surprises, which hasn't occurred since 2009. Modest overweighting in Consumer Discretionary stocks relative to the Russell 1000 Value helped portfolio returns due to the strong relative performance of these stocks. Strong security selection in Energy (EOG Resources), Health Care (Mylan), and Technology (Yahoo!) benefited BRC returns relative to the benchmark.

### **INVESTMENT MONITORING REPORT**

Mr. John McCann appeared before the Board and presented a detailed aggregate equity analysis for the Board to consider. The analysis exhibited our current investment style, sector weightings and regional exposure. A breakdown of each equity manager followed. Mr. McCann felt the equity portfolio was nicely diversified.

A flash report was provided by Mr. McCann and revealed an increase of 6.06% since September 30, 2013. A portion of this increase was attributed to the city contribution.

### **OPEN DISCUSSION**

Mr. Frost and Mr. Fragakis exchanged information from recent educational events.

### **ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:45 AM.

Next meeting is scheduled for January 10, 2014 at 8:30 AM

Troy Marchese, Board Secretary