

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

Minutes

**June 13, 2014
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on June 13, 2014 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, Craig Kahle, Board Trustee.

Also present: Matt Stuart & Clay Lindsey, Eagle Asset; John McCann, Thistle Asset Consulting; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; Dave Williams, Plan Administrator.

PUBLIC COMMENT

No comments provided

APPROVAL OF THE MINUTES

After making his recommendations that were duly noted, Mr. Frost asked if there were any additional changes required to the minutes of April 17, 2014 & May 9, 2014. Mr. Marchese made the motion to approve the minutes as cited, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0.

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. Marchese made the motion to approve, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0.

COLFAX – Update

It was reported that Mr. Frost was prepared to give a deposition in the case. Mrs. Jensen presented an amended derivative complaint for Mr. Frost's signature.

WALGREEN'S – Proposed Settlement

Mrs. Jensen presented the proposed settlement agreement for the Board to consider as follows:

Within one month of the effective date of this agreement, Walgreens will identify a dedicated contact point (including a dedicated email address) for DEA within the Department of Pharmaceutical Integrity to facilitate Walgreen's responses to DEA requests for information and documents, specifically including responses to request for dispensing log data and pseudoephedrine data.

Walgreens will maintain a department of Pharmaceutical Integrity, composed of personnel with pharmacy-related training and managerial personnel, who shall be training in relevant diversion-related issues, to coordinate compliance efforts related to controlled substances.

West Palm Beach Police Pension Fund – Minutes

June 13, 2014

Page 2 of 6

Upon request by DEA to Walgreens Department of Pharmaceutical Integrity within two business days Walgreens will provide to DEA, via appropriate secure means of electronic transmission, controlled substances dispensing logs.

For all Schedule II prescriptions, Walgreens currently affixes a sticker to each paper prescription containing certain dispensing information such as: Serial Number to each prescription, the prescribers name, address, telephone number and DEA registration number, the patients name, address and telephone number, the prescription issue date, the drug and quantity dispensed and the file date.

Within 3 months of the effective date of this agreement, Walgreens pharmacies will affix such a sticker to all paper controlled substance prescriptions in each state, regardless of requirements of state law.

Walgreens's pharmacies utilize a computer application for the storage and retrieval of refill information for original paper prescriptions. To the extent that DEA wishes to retrieve electronic records regarding refills, Walgreens' department of Pharmaceutical Integrity will facilitate responses to such requests, including by providing such information to DEA upon request in a manner that is sort-able and retrievable by prescriber name, prescriber DEA registration number, patient name, patient address, drug dispensed, date filled and last name of dispensing pharmacist.

Walgreens remains committed to properly training its pharmacy personnel to deal with evolving diversion-related issues. Walgreens will continue to enhance its Good Faith Dispensing Policy and training materials to identify "red flags" of potential diversion for pharmacists to consider in making professional judgments regarding dispensing of controlled substances.

Walgreens will train its pharmacy personnel at least annually on Good Faith Dispensing and will update Good Faith Dispensing Policy and training materials to respond to changing diversion threats of which Walgreens is aware.

Walgreens will maintain procedures to verify that the DEA registration number for the issuing prescriber of a controlled substance is a current, valid registration number. Such verification shall be performed using information from the NTIS database or similar third party DEA database.

Walgreens agrees to maintain a system integrating NTIS data with Walgreens' computer that will: (1) update NTIS registration data on a weekly basis and (2) prevent a pharmacy from filling a controlled substance prescription using a registration number not listed in such NTIS data until such prescriber's valid registration number is confirmed.

Beginning in 2014, Walgreens will exclude any accounting for controlled substance prescriptions dispensed by a particular pharmacy from bonus computations for pharmacists and pharmacy technicians at that pharmacy.

For each retail pharmacy, Walgreens will maintain, either electronically or in paper form, a log of pseudoephedrine purchases that can be made available upon request to authorized DEA personnel. DEA agrees that Walgreens Department of Pharmaceutical Integrity will facilitate transmission of such information, including through transmission of electronic records to DEA.

West Palm Beach Police Pension Fund – Minutes

June 13, 2014

Page 3 of 6

Within one week of the effective date of this agreement, Walgreens will designate a DEA contact point in its Department of Pharmaceutical Integrity to address inquiries regarding suspicious order monitoring and reporting.

At least one existing employee at each Walgreens distribution center that distributes controlled substances will receive appropriate training on suspicious order monitoring requirements and on reporting relevant issues to the Department of Pharmaceutical Integrity.

Walgreens will maintain the tolerance threshold, ceiling limits and other elements of its current suspicious order monitoring and reporting system, either for the duration of this agreement or until Walgreens distribution activities are transitioned to a third party.

Walgreens will endeavor to conduct its evaluations of "orders of interest" identified by its tolerance thresholds and ceiling limits within 4 business days and shall inform DEA field offices of orders that Walgreens has determined are "suspicious" within two business days of making any such determination.

Within 90 days of the effective date of this agreement, suspicious order reports shall identify reasons an order was determined to be suspicious, and the registration number for the specific Walgreens distribution center that would have received the order at issue.

Within 18 months of the effective date of this agreement, Walgreens will initiate enrollment in and operationally implement DEA's controlled substance ordering system for all orders of all Schedule II controlled substances placed by its retail pharmacies to its distribution centers.

After considering the foregoing, Mr. Marchese made the motion to accept the proposal, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0.

ATTORNEY'S REPORT

Mrs. Jensen reported that as a result of an issue identified during the Mintus Matter, she is updating the Summary Plan Description (SPD). Once the SPD is completed she will present for approval. Mr. Williams indicated that upon approval, the e-version will be posted to the web and a one page update will be sent to members.

Mrs. Jensen confirmed that the Trustees were aware of the departure of Dan Kallas from Garcia Hamilton. A succession portfolio manager is already in place. Mr. McCann indicated that he is monitoring the situation and will take a wait and see approach.

Mrs. Jensen announced the appeal of the Mintus Matter now in circuit court. A frivolous action complaint is being considered. After discussing the situation, it was elected to file a claim with our fiduciary insurance carrier. That action was placed in the form of a motion by Mr. Kahle and seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

Mrs. Jensen advised that the Zangara Matter was to be heard on August 8th. An update on prior public records request was presented. Mr. Williams received payment, but it was unclear if the requestor still wanted the documents. A follow-up will be made prior to release and acceptance of payment.

West Palm Beach Police Pension Fund – Minutes

June 13, 2014

Page 4 of 6

Mrs. Jensen advised that the IME is set for June 20th for the Murray Matter.

Mrs. Jensen cited that during Jeff Amrose’s presentation to the commission, additional studies were sought. Those studies were valued in excess of \$5,000.00. The Board was not willing to fund such studies at this time. It was suggested that Mrs. Jensen see if Mr. Jeff Green wished to pursue the matter.

FINANCIAL STATEMENTS OF MARCH 31, 2014

Mr. Williams distributed the report prepared by Mr. Richard Cristini, our Plan Auditor. The report is a compilation of the plan records through March 31, 2014.

WEST PALM BEACH POLICE PENSION FUND

STATEMENTS OF FIDUCIARY NET POSITION

March 31, 2014 and 2013

See Independent Accountant’s Compilation Report

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Cash	\$ 3,999	\$ 5,557
Receivables:		
Interest and dividends	512,017	705,895
DROP loans	810,586	650,458
Broker dealers	1,405,493	880,781
Other	<u>42,627</u>	<u>34,556</u>
Total Receivables	2,770,723	2,271,690
Investments at fair value:		
U.S. Government securities	9,330,819	-
U.S. Government agency securities	23,958,888	35,836,103
Corporate bonds	24,177,927	19,043,394
Domestic stocks	140,145,784	128,711,334
International stocks	10,789,395	9,390,366
Domestic equity investment fund	7,796,700	6,239,645
International equity investment fund	12,199,443	9,729,237
Real estate investment fund	12,943,531	11,759,987
Temporary investments	<u>17,228,500</u>	<u>8,270,500</u>
Total investments	258,570,987	228,980,566
Prepaid expenses	<u>20,377</u>	<u>19,657</u>
Total assets	261,366,086	231,277,470
	<u>Liabilities</u>	
Accounts payable	334,599	269,401
Broker-dealers	1,471,065	988,495
Prepaid employer contributions	<u>4,470,769</u>	<u>3,253,462</u>
Total liabilities	6,276,433	4,511,358
Net position restricted for pensions	<u>\$ 255,089,653</u>	<u>\$ 226,766,112</u>

Mr. Williams indicated that Mr. Cristini is available for a formal review via conference call, or will be available any time to discuss the report should that be required. Mr. Marchese made a motion to accept the report, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0.

INVESTMENT PRESENTATION Eagle Asset – Quarterly Review

Mr. Clay Lindsey and Mr. Matt Stuart were present at the meeting to review the first quarter 2014 investment report to the Trustees.

Mr. Lindsey cited that for the quarter ending March 31, 2014, the account was valued at \$16,592,148.00. The net contributions were valued at \$11,578,871.00 on May 24, 2011. For the quarter, the account net return was -0.26%, in comparison to the 0.48% return for the Russell 200 Growth Index. On the fiscal year basis, the account net return was valued at 4.34% vs. 8.70% for the same benchmark cited. The one year and inception numbers were also provided.

The following quarterly market overview was provided to the Trustees: The Russell 2000 Growth Index (up 0.5 percent) trailed the Russell 2000 Value (up 1.8 percent) over the course of the first quarter. Sector returns within the Russell 2000 Growth were mixed from an absolute perspective; with positive results led by healthcare (up 4.1 percent, driven by an explosive biotech industry) and energy (up 3.1 percent). Consumer discretionary (down 4.7 percent) saw retailers attribute poor performance to severe weather while financials (down 1.0 percent) also traded off during the quarter. Top detractors and contributors were also noted by Mr. Lindsey. Sector allocation and portfolio characteristics relative to the Russell 2000 Growth Index were highlighted as well.

In terms of the market outlook, it was reported that given the valuation discrepancy between large and small cap as well as extended valuations for small-cap growth in particular, small-cap growth-oriented investing could lag both large-cap stocks generally and small-cap value over the shorter term but nevertheless produce positive returns.

Mr. Lindsey closed by saying how over the longer term, that Eagle has outperformed the benchmark. Mr. Frost commented that is why the Board hired Eagle to begin with and that is what the Board expects going forward.

ADMINISTRATOR’S REPORT

Mr. Williams reminded the Trustees of the annual financial filing requirement.

Mr. Williams reported that he will be meeting with Mr. Dewitt McDonald to see if he wishes a refund of his pension contributions, in lieu of a public review for possible forfeiture.

INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and presented a SMID Cap Search. The managers under review are Eagle Small Cap and Anchor Mid Cap. After considering the report, Mr. Marchese made a motion to hear presentations from the following firms:

- Atlanta Capital
- New Amsterdam
- Great Lakes

The foregoing motion was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0.

OPEN DISCUSSION

Mr. Frost commented on the correspondences being sent to our custodian by Saxena White regarding class action filings. Mr. Frost felt that the information was helpful and appreciated the efforts being made to help the Plan.

West Palm Beach Police Pension Fund – Minutes

June 13, 2014

Page 6 of 6

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:15 AM.

Next meeting is scheduled for July 11, 2014 at 8:30 AM

Troy Marchese, Board Secretary