

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

Minutes

**January 9, 2015
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on January 9, 2015 at 8:30 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, Joseph Ahern, Board Trustee, Craig Kahle, Board Trustee and Wilton White, Board Trustee.

Also present: Wanda Good, Court Reporter; Peter C. Hapgood, Intercontinental Real Estate Corporation; Michael Duignan, JP Morgan; Jeff Green, City Administrator – City of West Palm Beach; Wanda Good, Court Reporter; Carla McDonald; Jennifer Parker, Counsel for Mr. McDonald; Gary Lippman, PBA Counsel; Pedro Herrera & Dustin Watkins, Special Counsel for the Board of Trustees; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen; Dave Williams, Plan Administrator. Mr. John McCann, Thistle Asset Consulting arrived at 9:43 AM.

PUBLIC COMMENT

Mr. Greene advised that he appreciated the study recently authorized with regard to the unfunded liability of the Fund. Mr. Greene reflected the city is considering a Bond to satisfy the liability.

Mr. Greene also indicated that he recently participated in an arbitration hearing with a former employee, Mr. Jason Zangara.

APPROVAL OF THE MINUTES

Minutes of December 12, 2014 were tabled.

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. Fragakis made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Dewitt McDonald– Hearing (Pursuant to Florida State Statute 112.3173)

These minutes are a brief summary of the event(s) that took place. The official record was prepared by Ms. Good, Court Reporter.

Mrs. Jensen asked all parties to announce on the record that they agreed to a continuance in this matter from September 16, 2014. All respective parties concurred. Mrs. Jensen also announced for the record that based on her legal research a quorum is the only requirement to hold the Hearing, but we have a full Board of Trustees present. All related written material related to this matter was provided to the Board.

Ms. Parker made her legal presentation first, followed by Mr. Herrera.

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Both parties cited the elements of the law(s) and argued their respective positions to the Board for and against forfeiture. Both parties were afforded all the time that they required. The Board also heard from Mr. Lippman as well, who was advocating for Mr. McDonald.

The Trustees provided their respective positions, based on the totality of circumstances. During general discussion, the Trustees felt the stipulated facts were clear and that no other conclusion could be made. The Trustees who worked with Mr. McDonald reflected on his professional service provided to the community. The decision was described as disturbing, but Mr. McDonald agreed to the stipulated facts and as such the Trustees will follow the law. Mr. White made the motion to proceed with the forfeiture and reaffirm the Notice of Proposed Agency Action. Mr. Marchese seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

As a matter for the record, Mrs. Jensen stated the final order would be prepared and presented to the Board at the next meeting (February 6, 2015).

ATTORNEY'S REPORT

Mintus Matter: Mrs. Jensen announced that the Counsel for Mrs. Mintus asked the court for a written opinion. Mrs. Jensen filed a response and she is awaiting the court to rule.

Special Tax Notice: Mrs. Jensen cited a revised special tax notice was prepared and presented to the plan administrator. Mr. Williams acknowledged the form and will be using it going forward.

IRS DROP Ruling: The IRS issued a field memorandum ruling that DROP Plans are part of the DB Plan and not a DC Plan.

SB 242 and SB 172: Mrs. Jensen cited the Bills filed related to public pension systems. A written synopsis was provided as well as copies of the Bills as they were filed.

Fact Sheet: A draft of a public pension educational report was provided for the Board to review. Comments followed and an updated draft will follow for future consideration.

Fee Adjustment: Mrs. Jensen received a proposal from WHV to reduce their investment fee from 100bps to 85 bps on the first 10 million dollars of investment. In return, the Board would agree to remove the favorite nation's clause. Input was received from Mr. McCann who felt the proposed fee reduction outweighed any favorite nation's clause being invoked. Mr. Marchese approved the fee reduction and authorized the signors to execute the Agreement. This was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

INDEPENDENT AUDIT PRESENTATION

Mr. Williams cited that the Financial Statements for September 30, 2014 were delayed due to GASB 67 requirements. The auditor and the actuary were working together to complete the report. Mr. Williams was hopeful that representatives from Davidson, Jamieson & Cristini would be able to present at the February meeting.

ADMINISTRATOR'S REPORT

No Formal Report

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INVESTMENT REPORT – JP MORGAN

Mr. Michael Duignan, JP Morgan came before the Board to review the Special Situation Property Fund. Mr. Duignan advised that the investment of the Fund was valued at \$10,678,353 as of September 30, 2014. The total commitment as of September 30, 2014 remained unchanged at \$10,000,000. For the quarter ending September 30, 2014, the rate of return for the US REIF was 3.70%, compared to the ODCE Value which returned 3.24%.

On the longer term (inception date of April 1, 2014 – September 30, 2014), the Special Situation Property Fund rate of return was valued at 7.9% compared to the benchmark of 6.3%. Mr. Duignan detailed recent acquisitions, the geographical location, the property type, the acquisition price and the investment rationale.

INVESTMENT REPORT – INTERCONTINENTAL

Mr. Peter Hapgood came before the Board to review the US REIF Account. Mr. Hapgood advised that the investment of the Fund was valued at \$13,490,485 as of September 30, 2014. The total commitment as of September 30, 2014 remained unchanged at \$9,211,297. For the quarter ending September 30, 2014, the rate of return for the US REIF was 3.70%, compared to the ODCE Index which returned 3.24%.

On the longer term (one year – September 30, 2014), the US REIF rate of return was valued at 13.99% compared to the benchmark of 12.40%. The 2 & 3 year returns also exceeded the index. Mr. Hapgood detailed recent acquisitions, the geographical location, the property type, the acquisition price and the investment rationale.

Mr. Frost reflected how impressed he was with the previous Intercontinental client conference he attended. The access to the decision makers was outstanding and helpful to the client. Mr. Hapgood thanked Mr. Frost for his perspective. Mr. Frost recommended Palm Beach County (in particular) West Palm Beach to Mr. Hapgood for future educational site locations.

OPEN DISCUSSION

Mr. Frost announced that Mr. White was up for reappointment February 20, 2015. Matter will be placed on the next Agenda.

Mr. Frost and Mr. Ahern exchanged information from recent educational events. Mr. Ahern advised he was taken by the voluminous amount of information needed as a Trustee to make an informed decision. Mr. Ahern felt longer duration terms were needed.

Mr. Frost reflected that Mr. Michael Warsh of the Chicago Board of Options Exchange (CBOE) will be attending our next meeting. Mr. Williams affirmed that he will be placed on the Agenda to address the Board.

ADJOURNMENT

Being there was no other business; 10:44 AM motion by Mr. Marchese to adjourn; which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Next meeting is scheduled for February 6, 2015 at 8:30 AM



Troy Marchese, Board Secretary