

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

**Minutes**

**May 15, 2015  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 15, 2015 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, Joseph Ahern, Board Trustee and Craig Kahle, Board Trustee.

Also present: Mark Parks, Finance Director – City of West Palm Beach; William Lynch & Hung Hoang, New Amsterdam; 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**

Mr. Frost asked if there were any changes required to the minutes of March 13, 2015 and/or April 10, 2015. Mr. Frost's observations were duly noted. Mr. Kahle made the motion to approve the minutes of March 13, 2015 and April 10, 2015, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

**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. Mr. Frost inquired about custodial fee breakdown reported on the schedule exhibit. Mr. Williams advised that the fees for the period ending November 30, 2014 were never billed by Fiduciary Trust. As such, there was a carryover balance for the period ending February 28, 2015. Mr. Frost asked Mr. Williams to update the schedule for each billing period. At the conclusion of the report by Mr. Williams, Mr. Marchese made the motion to approve, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

Mrs. Jensen reminded the Trustees of the annual required financial filing. Mr. Williams let the Trustees know he would ensure delivery to the Supervisor of Election's if the Trustees wanted him to do so.

Mrs. Jensen briefed the Board on new state reporting requirements. The information will be reported by the Board Actuary. A copy of the report will also be posted to the city and pension fund web site. This should be completed no later than June 29, 2015 to comply with the 60 day reporting rule.

Mrs. Jensen highlighted other legislation that was passed in the recent session, but was pending the signature of Governor Scott. SB242 if signed would be effective January 1, 2016 and relates to actuarial assumptions mirroring FRS. SB172 has some additional reporting requirements, Mrs. Jensen will provide further details at a future meeting, if signed into Law.

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Mrs. Jensen updated the Board on the Zangara Matter. Apparently Mr. Zangara prevailed in his arbitration case against the City of West Palm Beach. We are waiting to see the actual result.

Mrs. Jensen updated the Board on the Stratasys Matter. The Board sought but was not named lead plaintiff in this case. The court apparently named another Plan with larger losses. In any case, this Fund would still be the beneficiary, if the case prevails.

Mrs. Jensen presented the Rhumblin Investment Agreement for the Board's consideration. The Board elected to terminate Valley Forge on April 10, 2015, pending successful negotiations and execution of the required documents. Mr. Frost executed the agreements accordingly on behalf of the Board. Mr. Williams will proceed with the orderly transition.

Mrs. Jensen indicated that she is still working with the insurance company to settle the Donna Mintus - Attorney Fees Matter. The Fund is not being billed for this intervention.

Mrs. Jensen presented the Draft of the Defined Benefits - Facts Presentation to the Board. Several changes were offered by the Board. It was suggested to follow-up with Mrs. Jensen after the meeting if there were any other suggestions.

Mrs. Jensen departed at 10:00 AM.

### **ADMINISTRATOR'S REPORT**

Mr. Williams indicated that he is working with Mr. Cristini from Davidson Jamieson and Cristini on the financial statements for March 31, 2015. Further details to follow as warranted.

Mr. Williams advised the Board that the current desktop and laptop is 7 years old, have an outdated unsupported operating system; as such they have outlived their use. Instead of IT repair efforts, he requested the Board authorize the replacement which would cost approximately \$2,000.00. Mr. Ahern made a motion to approve the cited purchase, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

### **NEW AMSTERDAM – SMID CAP MANAGER**

Mr. William Lynch & Mr. Hung Hoang appeared before the Board to review the March 31, 2015 investment report. Mr. William Lynch & Mr. Hung Hoang provided an organizational update, noting that the firm is 100% employee owned. The investment team and the process was highlighted. How they as a firm identify the 40-45 positions to invest in, from a pool of 10,000 companies was detailed. The pair also discussed the sell discipline. Portfolio sector weights and characteristics were reviewed as they compare to the Russell 2500.

As of March 31, 2015, New Amsterdam Account returned 8.15% for the quarter vs. 5.17% for the benchmark (R2500). For the fiscal year through March 31, 2015, portfolio returned 16.7% vs. 12.3% for the same benchmark. Since inception (August 19, 2014) the portfolio returned 11.17% vs. 5.99% for the same benchmark through April 30, 2015. A snapshot for the month of April 2015 showed a positive return of 0.57% vs. -1.75% for the benchmark. Market Value as of April 30, 2015 was valued at 24,993,242.68.

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### **INVESTMENT MONITORING REPORT**

Mr. John McCann appeared before the Board and presented the March 31, 2015 investment report.

**Asset Allocation:** As of March 31, 2015 the fund had 55.7% in domestic equities, 7.7% in international equities, 2.8% in emerging markets, 22.1% in fixed income, 9.1% in real estate and the balance in cash.

**Division of Assets:** As of March 31, 2015, Garcia Hamilton & Associates held 29.1% of the portfolio (fixed & equity), Valley Forge had 9.7%, BRC had 10.6%, Oak Ridge had 4.6%, Anchor had 5.0%, Eagle Asset had 5.8%, GW Capital had 5.7%, New Amsterdam had 9.0%, Vanguard (VTRIX) had 4.3%, Wentworth Houser had 3.6%, Intercontinental had 5.0%, JP Morgan had 4.1%, OFI had 2.8% with the balance in the R&D Account.

As of March 31, 2015, the total assets were valued at \$275,932,000. For the quarter, the total fund returned 2.81% vs. 2.58% compared to the target index. That return ranked the total portfolio in the TOP 37%. For the fiscal year, the total fund returned 5.81% vs. 5.99% compared to the target index. While lagging the policy return slightly, the Fund ranked in the TOP 17% for the fiscal year. On a rolling one year basis, the fund ranked in the TOP 23% with a return of 7.58%.

The domestic equity portfolio was valued at \$153,818,000 as of March 31, 2015. International equities during the same timeframe were at \$21,300,000. Mr. McCann reported that Emerging Markets were valued at \$7,601,000. Fixed income and real estate were valued at \$61,028,000 and \$25,100,000 respectively.

For the quarter, the equity portfolio returned 3.13% vs. 3.04% for the target index. For the fiscal year, the equity portfolio return was 6.61% vs. 7.40% compared to the target index.

For the quarter, the traditional fixed income portion of the portfolio returned 1.64% vs. 1.32% compared to the target index. For the fiscal year, the fixed income portfolio return was 3.07% vs. 2.53% compared to the target index. Those portfolio returns were in the TOP 4% and TOP 2% respectively.

For the quarter, the Intercontinental real estate portfolio returned 0.89% vs. 3.40% compared to the target index (NCREIF). Mr. McCann reported that Intercontinental made several large purchases this quarter and would expect a bounce back next quarter. For the quarter, the JP Morgan real estate portfolio returned 4.04% vs. 3.40% compared to the target index (NCREIF).

A detailed review was followed by Mr. McCann with each respective manager.

Mr. McCann also touched on his discussion with Mr. Gilbert Garcia, relative to Commercial mortgage-backed securities.

### **OPEN DISCUSSION**

No Discussion

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**ADJOURNMENT**

Being there was no other business; motion to adjourn by Mr. Marchese, which was seconded by Mr. Ahern. The meeting was adjourned at 10:22 AM.

Next meeting is scheduled for June 12, 2015 at 8:30 AM

Troy Marchese, Board Secretary