

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

**Minutes**

**June 12, 2015  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on June 12, 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, Joe Ahern, Board Trustee and Craig Kahle, Board Trustee. Troy Marchese, Board Secretary (arrived at 8:40 AM)

Also present: Mark Parks, City of West Palm Beach – Finance Director; Clay Lindsey, Eagle Asset; Brendon Vavrica, 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 May 15, 2015. Mr. Ahern 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. Mr. Marchese was off the dais.

**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 and responded to inquires, Mr. Ahern made the motion to approve, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0. Mr. Marchese was off the dais.

**ATTORNEY'S REPORT**

Mrs. Jensen reported recent legislation which included Senate Bill 172. Mrs. Jensen's outline is attached hereto.

Mrs. Jensen presented the State of the Pension Fund as amended. The Trustees felt by consensus a workshop should be set-up with the commission. Mr. Marks noted the Board's request. After considering the report, Mr. Kahle made a motion to accept and approve. Mr. Marchese seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen updated the Board on the IRS – Letter of Determination. The Fund is under final evaluation and a quality review is underway. The Letter of Determination if awarded will only be good until January 31, 2016. The Board by consensus felt it would be prudent to re-file with the IRS as soon as administratively prudent, in order to maintain qualified status. Mr. Ahern placed the foregoing in a form of a motion. This was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen advised that she is assisting the insurance company in the recovery of Attorney Fees in the Mintus Matter. No cost is being borne by the Fund.

**ADMINISTRATOR'S REPORT**

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

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Mr. Williams presented the inaugural administrative budget pursuant to Senate Bill 172. Mr. Williams echoed Mrs. Jensen's earlier presentation with regard to this issue. All Plans are required to prepare a "detailed accounting report" and "administrative expense budget", and provide copies to the plan sponsor, as well as make it available to plan members, and post it to the web. The budget must be provided before the beginning of the "fiscal year".

Mr. Williams reflected that the "detailed accounting report" is the financial statements approved by the Board of Trustees. Mr. Williams reflected that in a spirit of transparency, the financial statements have been posted to the web each year, since the inception of the site in 2008.

Mr. Williams indicated the 2015/2016 administrative expense budget prepared is based on the actual administrative expenses for the fiscal year that ended September 30, 2014. The percentage of Plan Net Position is based on the ending balance of September 30, 2014. Mr. Williams advised that unlike other governmental entities that develop budgets, our goal is not to meet the budgeted amount. It is not a situation where we use or lose it, simply an exercise on paper required by legislation. Mr. Kahle stated he felt that this is simply an artificial process that is meaningless, but recognized the due diligence undertaken to comply with what is now state law. The Board acknowledged the additional administrative effort and responsibility. Mr. Frost sought and received input from all parties present. By consensus the Board moved to reduce the miscellaneous line by \$50,000.00. A motion was made by Mr. Marchese to approve the 2015/15 administrative budget as amended, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

Mr. Williams reported that a new disclosure page is designed and will be launched in short order. This disclosure page will fulfill all reporting requirements. A link for this new page will be transmitted to the city clerk for the city's web site. Mr. Williams thanked Mrs. Jensen for her assistance in legally decoding all of the new requirements.

Mr. Williams sought approval to receive a rollover for a member who recently left the city's employment. The rollover would be allocated to the variable return only. The Board felt the request was permissible and reasonable. Mr. Ahern made a motion to approve the rollover request which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0.

### **INVESTMENT PRESENTATION Eagle Asset – Quarterly Review**

Mr. Clay Lindsey presented at the meeting to review the first quarter 2015 investment report to the Trustees.

Mr. Lindsey cited that for the quarter ending March 31, 2015, the account was valued at \$16,120,779.00. The net contributions were valued at \$11,578,871.00. For the quarter, the account net return was 3.36%, in comparison to the 6.63% return for the Russell 2000 Growth Index. On the fiscal year basis, the account net return was valued at 12.08% vs. 17.36% for the same benchmark cited. The one year and inception numbers were also provided.

The following quarterly market overview was provided to the Trustees:

Driven largely by continued strong performance in biotech, growth dramatically outpaced value in the first quarter as the Russell 2000 Growth Index (up 6.6 percent) outperformed its value counterpart, the Russell 2000 Value Index (up 2.0 percent).

Sector returns within the index were mostly positive, led by nominally-weighted utilities (up 20.5 percent), health care (up 12.9 percent) and energy (up 8.8 percent).

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Alternatively, returns were slightly negative in telecommunication services (down 3.2 percent), consumer staples (down 1.5 percent), and materials (down 0.8 percent).

In terms of the market outlook, it was reported that given the strength in the U.S. dollar, not surprisingly small caps – with more limited international exposure – outperformed their large cap brethren during the first quarter.

Equity markets figure to be choppy over the next several months. Strong domestic performance, fueled in part by a steady rebound in housing, lower gasoline prices and attendant employment gains could be offset by continued downward earnings revisions on the part of multinationals. A further investor focus will be on the possibility of a Federal Reserve interest rate boost possibly as early as June.

Eagle suspects the dollar will remain strong, energy will remain in a trading range, Gross Domestic Product for the first quarter will disappoint earlier expectations and the Federal Reserve will cautiously defer an interest rate increase until the third quarter.

Under such a scenario, equity markets should remain choppy; however, small caps should continue their outperformance.

Mr. Frost commented that he was not pleased with performance and indicated that Eagle should remain on our watch list. No opposition to that position was voiced from the other Trustees present.

### **INVESTMENT MONITORING REPORT**

Mr. Brendon Vavrica appeared before the Board and presented the updated investment guidelines. Mr. Vavrica reviewed the updates mostly caused to investment manager changes. At the conclusion of the presentation, Mr. Marchese made a motion to approve the policy as amended. That motion was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. Required filing will follow by Mr. Williams.

Mr. Brendon Vavrica presented the SB534 investment report for public disclosure. Mr. Kahle made a motion to approve SB534 investment report. That motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. Required posting will follow by Mr. Williams.

### **FINANCIAL STATEMENTS OF MARCH 31, 2015**

Tabled

### **OPEN DISCUSSION**

Mr. Frost commented on his moderation on an equity panel at an upcoming education conference.

As a result of schedule conflicts with the July 10<sup>th</sup> meeting date, the Board agreed to adjust the meeting date to July 13<sup>th</sup> should there be a need to meet.

### **ADJOURNMENT**

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

Next meeting is scheduled for July 13, 2015 at 8:30 AM. Tentative based on need.

Troy Marchese, Board Secretary