

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

**Minutes**

**November 13, 2015  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on November 13, 2015 at 8:35 AM, in the executive 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, Wilton White, Board Trustee and Craig Kahle, Board Trustee.

Also present: Mark Parks, Finance Director – City of West Palm Beach; Richard Walsh, OFI; John McCann, Brendon Vavrica & Jose Christiansen, Thistle Asset Consulting; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; 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 October 9, 2015. Mr. Frost provided his observations, which were duly noted. Mr. Kahle made the motion to approve the minutes of October 9, 2015 as amended, which was seconded by Mr. Marchese. 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. At the conclusion of the report by Mr. Williams, Mr. Kahle made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

Mrs. Jensen reflected that a payment of \$34,488.13 was received by the Plan as a result of the Madoff Matter. This payment was transmitted by our former manager – Collins Capital (Tremont Fund). The Madoff – Special Master will be advised accordingly.

Mrs. Jensen reviewed the NCPERS – Code of Conduct for the Board to consider. Upon doing so, Mr. Frost stated that he feels the Board already follows such measures. As a result by consensus the Board took no further action.

Mrs. Jensen updated the Board on the IRS – Letter of Determination. Although a favorable “Letter of Determination” was received, amendments will be required in the special act. As it is so late in the year, filing for the upcoming legislative session has elapsed. A Policy may be considered at this juncture, to remain in place until a formal amendment can be made in the next legislative session in 2017.

Mrs. Jensen briefed the Board on the DFC – Lead Plaintiff Matter. Discovery has been filed by the defendants and Mr. Williams has been providing the required information to Saxena White.

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As what was described as a defense tactic, the defense wants to depose the Chairman, out of the state, in Pennsylvania. Mr. Frost felt a video deposition or local deposition was more reasonable based on his availability. Mr. White made a motion for Mr. Frost to handle the matter as he determines in the best interest of the Plan. This motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen provided her position on the recent State of the Pension presentation to the City of West Palm Beach – City Commission. Mrs. Jensen felt the Commissioners asked very good questions. Mr. Parks also offered his position that the report was well received.

### **ADMINISTRATOR’S REPORT**

Mr. Williams indicated that the audit fieldwork with Davidson Jamieson and Cristini is scheduled for the week of November 16<sup>th</sup>. Trustees are welcomed and encouraged to visit and engage the auditors during this process.

Mr. Williams created a new pension e-mail address for the Trustees under the domain wpbppf.com. The Trustees were reminded that the sunshine law applies to communications of this nature as well.

Mr. Williams cited the DFC Matter discovery has taken approximately 8 hours of additional work. Further, that Saxena White (in particularly Stefanie Leverette) has exhibited nothing but professionalism and excellence throughout the process.

### **OFI Global Asset Management – Emerging Markets Equity Fund**

Mr. Richard Walsh appeared before the Board to review the September 30, 2015 investment report. Mr. Richard Walsh began by providing a team/organizational update. The investment team approach and the process were outlined, as was the investment philosophy and goals. The portfolio “hits and misses” were touched upon as well. Sector and country weights relative to the Index were also provided.

As of September 30, 2015 the OFI Account returned -16.84% (gross) for the quarter vs. -17.90% for the benchmark (MSCI Emerging Market Index). For the fiscal year, the portfolio returned -22.22% (gross) vs. -19.28% for the same benchmark. Since inception of (October 25, 2012) the portfolio returned -3.20% (gross) vs. -5.31% for the same benchmark. Market Value as of September 30, 2015 was valued at \$6,392,000.

The Trustees thanked Mr. Walsh for his presentation. Mr. Walsh was asked to include NET RETURN in the report going forward, and to include Fiscal Year. The Trustees also felt a six-month update would be warranted. Mr. Vavrica will coordinate with Mr. Williams to schedule a return visit.

### **INVESTMENT MONITORING REPORT**

Mr. John McCann Brendon Vavrica & Jose Christiansen appeared before the Board and presented the September 30, 2015 investment report. Before doing so Mr. McCann introduced his associate Mr. Jose Christiansen to the Board.

Asset Allocation: As of September 30, 2015 the fund had 54.9% in domestic equities, 7.1% in international equities, 2.5% in emerging markets, 22.6% in fixed income, 10.6% in real estate and the balance in cash.

Division of Assets: As of September 30, 2015 Garcia Hamilton & Associates held 29.4% of the portfolio (fixed & equity), Rhumblin had 9.8%, BRC had 10.3%, Oak Ridge had 4.5%, Anchor had 5.0%, Eagle Asset had 5.8%, GW Capital had 5.3%,

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New Amsterdam had 8.9%, Vanguard (VTRIX) had 4.1%, Wentworth Houser had 3.3%, Intercontinental had 5.7%, JP Morgan had 4.9%, OFI had 2.5% with the balance in the R&D Account.

As of September 30, 2015, the total assets were valued at \$255,976,000. For the quarter, the total fund returned -5.76% vs. -5.12% compared to the target index. Although negative, that return ranked the total portfolio in the TOP 1%, which emphasizes how difficult the quarter was. For the fiscal year, the total fund returned 0.20% vs. 0.67% compared to the target index. While lagging the policy return, the Fund ranked in the TOP 1% for the fiscal year, which was in-line with the policy return.

The domestic equity portfolio was valued at \$140,515,000 as of September 30, 2015. International equities during the same timeframe were at \$18,213,000. Mr. McCann reported that Emerging Markets were valued at \$6,392,000. Fixed income and real estate were valued at \$57,790,000 and \$27,108,000 respectively.

For the quarter, the equity portfolio returned -8.57% vs. -9.08% for the target index and ranked in the TOP 17%. For the fiscal year, the equity portfolio return was -1.87% vs. -2.21% compared to the target index and ranked in the TOP 33%.

For the quarter, the fixed income portion of the portfolio returned 1.75% vs. 1.08% compared to the target index. For the fiscal year, the fixed income portfolio return was 3.78% vs. 2.95% compared to the target index. Those portfolio returns were in the TOP 1% and TOP 3% respectively.

For the quarter, the Intercontinental Real Estate portfolio returned 4.05% vs. 3.09% compared to the target index (NCREIF). For the fiscal year, the Intercontinental portfolio return was 12.18% vs. 13.47% compared to the target index. For the quarter, the JP Morgan Real Estate portfolio returned 4.75% vs. 3.09% compared to the target index (NCREIF). For the fiscal year, the JP Morgan portfolio return was 19.52% vs. 13.47% compared to the target index.

A detailed review by Mr. McCann & Mr. Vavrica followed with each respective manager along with an Aggregate Equity Review.

### **OPEN DISCUSSION**

Mr. Parks announced that he will be posting various financial reports (including pension) on the city's web site.

### **ADJOURNMENT**

Being there was no other business; motion to adjourn by Mr. Marchese, which was seconded by Mr. White. The meeting was adjourned at 10:30 AM.

Next meeting is scheduled for December 11, 2015 at 8:30 AM

Troy Marchese, Board Secretary

