

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

**Minutes**

**July 8, 2016  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on July 8, 2016 at 8:31 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, Wilton White, Board Trustee (departed at 9:28 AM) and Craig Kahle, Board Trustee.

Also present: Clare Cambria, OFI Global; Lou Penque - Active Member; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

**PUBLIC COMMENT**

Mr. Frost moved for a moment of silence; on July 7, 2016 an assailant ambushed and fired upon a group of police officers in Dallas, Texas, killing five officers and injuring nine others. Two civilians were also wounded. A moment of silence followed.

**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 23, 2016 & June 10, 2016. 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 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. After Mr. Williams detailed the report and responded to inquires, Mr. Marchese made the motion to approve, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

Ambac - Mrs. Jensen indicated Scott+Scott, Attorneys at Law, LLP ("Scott+Scott") is investigating a potential securities class action against Ambac Financial Group, Inc. Scott+Scott believes that there is sufficient evidence to bring a lawsuit alleging that Ambac and certain Company officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), as well as SEC Rule 10b-5.

It was reported that at present, there is a securities class action pending against Ambac in the Southern District of New York on behalf of all those who purchased common stock of Ambac between November 13, 2013 and June 30, 2015, inclusive (the "Class Period").

According to the complaint, Ambac concealed the deterioration and increased volatility in the Company's bond portfolio, including its Puerto Rican bonds, and as a result, the Company had far greater losses and loss exposure to anticipated defaults than it had previously disclosed. As a result, West Palm Beach Police Pension Fund ("West Palm") suffered over \$162,843 losses on its Class Period purchases of Ambac stock.

## West Palm Beach Police Pension Fund – Minutes

July 8, 2016

Page 2 of 4

Mrs. Jensen reported that another firm representing the Fund, Saxena White opined that after reviewing the information concerning the allegations in the Complaint, that they do not believe it merits action by this Fund in active litigation. Further, that the Fund will remain a class member in the action and will recover proportionately with other class members should a monetary recovery be attained as a result of the litigation.

The Board by consensus agreed to table this matter and monitor the matter.

Graham Matter - Mrs. Jensen briefed the Board on the status of the Graham Matter. IME's pending and that there was a workers compensation settlement reached with the city.

Contracts - Mrs. Jensen reported that she completed the review of the Rhumblin and Intercontinental Agreements.

### **ADMINISTRATOR'S REPORT**

Financial Filing - Mr. Williams reminded the Trustees of the annual financial filing requirement.

DRIP – Forms completed and filed with JP Morgan & Intercontinental

In Queue – Intercontinental forms completed, awaiting capital call for \$12,500,000.

Oakridge Transition – Complete and funds moved to Rhumblin S&P 400 Mid-Cap Index

POB – Pension obligation bond proceeds received and processed as follows:

BRC	\$1,900,000
GHA EQUITY	\$4,900,000
GHA FIXED	\$10,000,000
INTERCONTINENTAL (via NEW RHUMBLIN FIXED INCOME)	\$12,500,000
NEW AMSTERDAM	\$2,700,000
RHUMBLIN MID CAP (Former Oak Ridge allocation)	\$1,100,000
OFI	\$2,400,000
RHUMBLIN LARGE CAP	\$300,000
RHUMBLIN INTERNATIONAL	\$7,800,000
VANGUARD VTRIX	\$5,000,000
WELLINGTON	\$1,400,000

Mr. Williams thanked representatives from The Bogdahn Group and Fiduciary Trust International for their diligent efforts in putting these funds to work in such a timely manner.

Member Review – Mr. Williams reported that the Pleasant Beneficiary Matter was under review by the Actuary and then will be sent to Mrs. Jensen to ensure legal compliance.

### **INVESTMENT PRESENTATION OFI Global – Quarterly Review**

Ms. Clare Cambria of OFI Global presented at the meeting to review the first quarter 2016 investment report to the Trustees.

Ms. Cambria cited that for the quarter ending March 31, 2016, the account was valued at \$6,702,472. For the quarter, the account gross return was 3.46%, in comparison to 5.71% return for the MSCI Emerging Markets Index. On the rolling year basis, the account return was 3.19% ahead of the same benchmark cited.

## West Palm Beach Police Pension Fund – Minutes

July 8, 2016

Page 3 of 4

The following quarterly market overview was provided to the Trustees by OFI:

During the quarter, the Portfolio outperformed the Index most in the Consumer Discretionary sector. Within Consumer Discretionary, leisure, education and auto-related companies were some of the standout performers.

A rally in commodity prices made the Energy and Materials sectors the best performers for the quarter, with the sectors up in the Index 14.9% and 15.4% respectively. We were hurt by our underweight position in both sectors. It is worth noting that the Portfolio typically has limited direct exposure to commodity companies. Our predominant exposure to commodity prices is through holdings in countries with commodity-linked currencies, which should also benefit from stabilization in prices. We were also hurt by stock selection in the Financial sector.

With regard to country exposure, we remind investors that we build our portfolio through fundamental, stock analysis, with minimal focus on country weightings. For the quarter, the Portfolio outperformed the benchmark most in China and Malaysia due to stock selection and to Colombia due to an overweight. India was down for the quarter, as investors worried about macroeconomic momentum. We were hurt by our large overweight to India as well as by stock selection there. We were also hurt by our stock selection in Brazil. That market was up over 28% for the quarter on the back of rising commodity prices and hopes of a resolution to its desperate political situation. While we have a slight overweight to Brazil, our lack of exposure to cyclical sectors like commodities and financials were a drag on performance. Our position in Hong Kong also hurt our relative performance for the quarter.

Top stock contributors for the quarter included Genting Bhd (+48.6%), BM&FBovespa (+58.6%), Taiwan Semiconductor Manufacturing (+15.9%), Lojas Americanas S.A. (+15.5%), and Infosys Ltd (+10.6%). Detractors for the quarter included Housing Development Finance Corp. (-11.9%), JD.com, Inc. (-17.9%), Zee Entertainment Enterprises Ltd. (-13.1%), Tingyi (Cayman Islands) Holding Corp. (-22.1%), and Hang Lung Properties Limited (-15.7%).

Outlook - Despite a slowing rate of growth, we believe that the emerging markets will continue to be a much larger contributor to world growth than the developed world will be. Demographics are in their favor and the potential to unleash further productivity gains from an ever-evolving work force remains.

As we are long-term investors in extraordinary companies that have massive competitive advantages and real options that manifest themselves over many years. While cyclical slowdowns can hurt all companies, extraordinary companies often emerge from difficult periods with even greater competitive advantages. This is because great companies tend to have the cash flow and balance sheet flexibility to invest their businesses even during tough times. Our long term, bottom-up focus allows us to take advantage of dislocations in the market and to buy these companies at compelling valuations.

### **OPEN DISCUSSION**

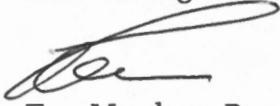
No discussion ensued.

**West Palm Beach Police Pension Fund – Minutes**  
**July 8, 2016**  
**Page 4 of 4**

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 9:35 AM.

Next meeting is scheduled for August 12, 2016 at 8:30 AM.



Troy Marchese, Board Secretary