

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

Minutes

**October 14, 2016
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 14, 2016 at 8:42 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: James Graham, Disability applicant; Jeff Green – City of West Palm Beach (arrived at 8:55 AM – departed 9:38 AM); Ernest George - Retired Member; Lou Penque - Active Member; Curt Rohrman & Jeffrey Detwiler, Garcia Hamilton; John McCann, The Bogdahn Group; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Penque commented that he would like to meet with Mrs. Jensen to consider modification(s) to the special act.

INFORMAL HEARING – James Graham, Disability Request

Mrs. Jensen informed the Board that at this juncture the Board was to consider all the medical reports and evidence received in this matter. That was to include but not limited to the independent medical examinations (IME) by Dr. Harris and Dr. Worth. Mrs. Jensen also reflected that Mr. Graham could also address the Board as well. A timeline of reported injuries were considered and was not disputed by Mr. Graham. Further, the IME's were also outlined in detail by Mrs. Jensen. A MRI that was ordered by Dr. Harris was also considered by the Trustees. Mr. Graham did address the Board and felt that he had a bad experience with the city over his injuries. Mr. Frost stated that he was sorry to hear about his perception in this matter, but this Board is separate and apart from the city. Mr. Frost indicated that the Board had followed its procedures in processing the application in accordance with its fiduciary responsibility.

In brief, the Trustees discussed the medical records and found based on the totality of circumstances; Mr. Graham has pre-existing injuries and genetic deficiencies. Those issues have rendered Mr. Graham disabled. Mrs. Jensen interjected and asked Mr. Graham if he would formally convert his application from duty related to non-duty related disability. Mr. Graham was provided a brief synopsis of the difference. Mr. Graham was advised that he did not have to make a decision today and not to feel pressured in any way, as the Hearing was informal at this juncture. Mr. Graham acknowledged the foregoing and said he would let the administrator know either way.

With the condition that Mr. Graham voluntarily changes his application to a non-duty disability application, Mr. Marchese made the motion that Mr. Graham is physically unable to perform the duties of a police officer to which he was assigned. Given the Mr. Graham's medical condition, the City of West Palm Beach does not have a position for him as a certified police officer; therefore he is unable to render useful and efficient service as a police officer for the City. The physical injuries occurred outside the-line-of-duty and are total and permanent. Mr. Kahle seconded the motion. All Trustees voted yes, and the motion was passed 4-0. Mr. Graham departed the meeting at this juncture.

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APPROVAL OF THE MINUTES

Mr. Frost asked if there were any additional changes required to the minutes of September 2, 2016. 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 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 inquiries, Mr. Ahern made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

ADMINISTRATOR'S REPORT

SHARE Distribution: While Mr. Williams was reviewing the share allocation report, Mr. Marchese noted a couple names listed that were non-sworn. Mr. Williams reflected that the city provides the membership base information to him. Mr. Williams asked that this matter be tabled until the next meeting so he may clarify with the city.

Mr. Williams cited that he has experienced a lag in communication from police personnel. That (in part) has led to issues as cited above. Mr. Williams explained that when a new member is hired he always asked for and received a personnel action form. That form outlines the member information and position held in the agency. That flow of information seems to have stopped. Trustees Marchese and Ahern will intervene.

INVESTMENT PRESENTATION Garcia Hamilton – Quarterly Review

Mr. Curt Rohrman & Jeffrey Detwiler, of Garcia Hamilton reviewed the seconded quarter 2016 investment (equity and fixed income) reports to the Trustees.

Equity Report: Mr. Rohrman cited that for the quarter ending June 30, 2016, the account was valued at \$19,843,876. For the quarter, the account net return was 1.3%, in comparison to the 0.6% return for the Russell 1000 Growth Index. On the fiscal year basis, the account net return was valued at 8.3% vs. 8.8% for the same benchmark cited. On a longer term basis, the portfolio return was 10.8% for the last three years, which lagged the index. Since the inception (March 1, 1996) the return was valued at 7.6%.

Mr. Rohrman also provided a September 30, 2016 gross snapshot return. For the quarter ending September 30, 2016, the account was valued at \$24,918,418. (which included POB Funds). For the quarter, the account gross return was 4.0%, in comparison to the 4.6% return for the Russell 1000 Growth Index. On the fiscal year basis, the account net return was valued at 13.1% vs. 13.8% for the same benchmark cited.

On a longer term basis, the portfolio return was 11.9% for the last three years, which missed the index. Since the inception (March 1, 1996) the return was valued at 8.1%, which outpaced the index.

The following quarterly equity market overview was provided to the Trustees:

Stocks finished with moderate gains, masking a sharp decline and recovery at quarter-end as investors digested Britain's decision to exit the European Union. For the quarter, the S&P 500 Index increased 2.5% including dividends while the Russell 1000 Growth Index inched 0.6% higher.

Global growth remains anemic. U.S. employment statistics softened and measures of productivity remain disappointing. The U.S. Federal Reserve wavered on additional interest rate hikes.

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Earnings estimate cuts continued, reflecting persistent weakness in the global economy. Second quarter earnings now look to be 5.1% below year ago levels, marking the fifth consecutive quarter of lower year-to-year profits. For the first time since 2009, full year earnings might decline with 2016 projected to be 0.6% below 2015 levels.

Market valuations at 17.2x forward earnings are at the upper end of historical ranges.

The following quarterly equity portfolio overview was provided to the Trustees:

The portfolio gained 1.2% in the quarter, 62 basis points ahead of the benchmark Russell 1000 Growth Index.

Outperformance was attributable to several isolated items: overweight Johnson & Johnson, overweight aerospace/defense, overweight high-quality stocks, and underweight airlines.

GHA market outlook remains somewhat cautious, with the U.S. Federal Reserve dictating stock market direction near term.

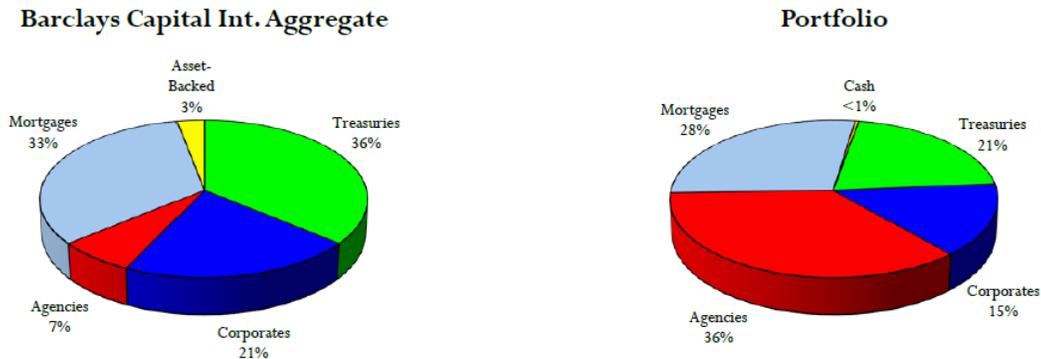
The portfolio remains conservatively positioned with a meaningful overweight in high-quality stocks.

Fixed Income Report: Mr. Detwiler cited that for the quarter ending June 30, 2016, the account was valued at \$58,877,984. For the quarter, the account net return was 1.2%, in comparison to the 1.4% return for the Barclays Index. On the fiscal year basis, the account net return was valued at 3.4% vs. 3.3% for the same benchmark cited. On a longer term basis, the portfolio return was 4.4% for the last three years, which handily outpaced the index. Return of 3.2%. Since the inception (January 31, 2004) the return was valued at 5.2%.

Mr. Detwiler also provided a September 30, 2016 gross snapshot return. For the quarter ending September 30, 2016, the account was valued at \$66,257,358. (which included POB Funds). For the quarter, the account gross return was essentially flat with a return of 0.3%, in line with the Barclays Index. On the fiscal year basis, the account gross return was valued at 3.9% vs. 3.6% for the same benchmark cited.

The following quarterly fixed income portfolio overview was provided to the Trustees:

Portfolio characteristics compared to the index:



Mr. Frost was pleased to see that equity performance was improving, but made it very clear that the performance is being watched closely and indexing is being considered. Mr. Frost confirmed that our System was a large percentage of the assets under management, so he knows the importance of the portfolio to GHA. Mr. Rohrman reflected that active market portfolios have proven to protect on the downside.

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Mr. Rohrman further explained his mandate is to exceed the benchmark and when he does not, to provide explanation why, not excuses.

INVESTMENT PRESENTATION - The Bogdahn Group

Mr. John McCann advised the preliminary return exceeded the assumed rate of return. A formal report will be provided in November.

Mr. McCann was reminded that a special report for the POB was to be presented as well.

Mr. McCann advised a change of client representatives at New Amsterdam. He will invite Rich McCloskey to the November meeting. No change reported with investment management.

Mr. McCann announced that the name of his firm was changing and a formal name change announcement will be forthcoming.

ATTORNEY'S REPORT

Mrs. Jensen announced the HLSS litigation is moving forward.

Mrs. Jensen filed additional information requested in the Madoff Matter. An additional \$125,090.19 was received as a supplemental payment.

Pleasant and Codomo death benefits were reviewed by Mrs. Jensen at the request of Mr. Williams.

Mr. Williams asked for and received direction on the Zangara Buyback request. Mr. Zangara had two breaks in his service with the West Palm Beach Police Department and wishes to pursue a buyback of this time. Mr. Marchese felt that his was a very unique situation unlike any other terminations/re-hires in the past. In this case, Mr. Marchese made the motion to permit Mr. Zangara the ability to re-pay the plan for the funds withdrawn, prior to retirement, based on a repayment agreement which Mr. Zangara must sign. The motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

OPEN DISCUSSION

Mr. Frost complimented Mrs. Jensen's efforts in the Graham Matter, which was echoed by the balance of the Trustees.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:39 AM.

Next meeting is scheduled for November 4, 2016 at 8:30 AM.



Jonathan Frost, Chairman
For - Troy Marchese, Board Secretary