

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

**Minutes**

**May 12, 2017  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 12, 2017 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; Troy Marchese, Board Secretary (arrived at 8:45 AM), Craig Kale, Board Trustee, and Joseph Ahern, Board Trustee

Also present: Mark Parks, City of West Palm Beach – Finance Director; Hung Hoang, New Amsterdam; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

**PUBLIC COMMENT**

No public comments.

**APPROVAL OF THE MINUTES**

Mr. Frost asked if there were any changes required to the minutes of April 14, 2017. Mr. Frost offered his comments, which were duly noted. Mr. Ahern made the motion to approve the minutes, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0. (Mr. Marchese 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 outlined the report, 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**

**AmTrust:** Representatives from Saxena White contacted Mrs. Jensen regarding a potential Derivative Complaint. The action sought on AmTrust's behalf would seek relief under federal and state law for the misconduct perpetrated against the Company by the current and former officers and directors, arising from the long-running, systemic and fraudulent practice of understating the Company's loss reserves, overstating its revenue and net income, and misrepresenting its loss reserve practices and financial results. Mrs. Jensen felt the case had merit and contacted the chairman to review and consider moving forward. Mr. Frost agreed to pursue the matter and per the board policy, executed the required documents. Mr. Frost also directed Mr. Williams to notify the manager of record (New Amsterdam) to hold a minimum amount of shares in case liquidation was being considered. After the Board considered the facts as outlined, Mr. Kahle made a motion to ratify the action taken by Mr. Frost between meetings, and to engage Saxena White and move forward with the Derivative Complaint against AmTrust. The motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

**Stephen North:** Mrs. Jensen updated the Board on the court ordered temporary POA, relating to the member.

**Special Act:** Mrs. Jensen reported the final Bill is pending Governor Scott's approval.

**Annual Financial Filing:** Trustees reminded about required filing.

**Ed Thomas Matter:** Mrs. Jensen indicated that the IME report is forthcoming; there was a delay as one of the healthcare providers did not provide all the records requested. Mrs. Jensen also was contacted by Mr. Thomas' legal counsel regarding subrogation.

**Rhumblin:** New contract review completed.

## **ADMINISTRATOR'S REPORT**

**Annual State Report – Update:** Mr. Williams advised that the annual report was filed in a timely manner under the new electronic process established this year by the State. However to date, he has not received any notice(s) from the State. Issue will continue to be monitored.

**Administrative Expense Budget:** Mr. Williams presented the administrative budget pursuant to Senate Bill 172. Mr. Williams indicated the 2017/2018 administrative expense budget prepared is based on the actual administrative expenses for the fiscal year that ended September 30, 2016. The percentage of Plan Net Position is based on the ending balance of September 30, 2016. 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. Frost sought and received input from all parties present to include Mr. Parks, who was provided a copy. A motion was made by Mr. Marchese to approve the 2017/18 administrative budget as presented, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

The budget will be posted to:

[http://wpbppf.com/docs\\_state/AnnualBudget/2017-18%20WPB%20Police%20Pension%20Plan%20Adm%20Expense%20Budget%20approved%2005-12-2017.pdf#zoom=100](http://wpbppf.com/docs_state/AnnualBudget/2017-18%20WPB%20Police%20Pension%20Plan%20Adm%20Expense%20Budget%20approved%2005-12-2017.pdf#zoom=100)

## **INVESTMENT PRESENTATION - New Amsterdam**

Mr. Hung Hoang - CFA, Principal & Senior Equity Analyst appeared before the Board to review the latest investment report. The account balance as of April 30, 2017 was valued at \$32,020,288.56. For the period of December 31, 2016 through April 30, 2017, the portfolio returned 2.55% vs. 4.56% for the benchmark. On the longer term of the fiscal year October 1, 2016 through April 30, 2017, the portfolio returned 15.17% vs. 10.96% for the benchmark. Inception return on an annualized basis was valued at 9.25% vs. 7.80% for the benchmark.

Mr. Hoang conceded that the portfolio underperformed the Russell 2500 Index. The relative performance rally which took hold at mid-year 2016 retreated to some extent. Top performing names within the benchmark for the quarter were in the highest earnings growth and highest price-to-book quintiles, and as our process calls for growth at a reasonable price, we were underrepresented in these areas. Also, the largest capitalization names within the benchmark, another area in which we were underweight, outpaced the benchmark's smallest names by a margin of more than 4 to 1. An underexposure to names with a higher percentage of international revenues was an additional headwind.

Mr. Hoang feels the portfolio is well positioned. Due to higher forecast earnings growth and return on equity. Solid cash flow generation. Lower balance sheet debt. Better quality financial accounting.

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**INVESTMENT PRESENTATION – AndCo Consulting**

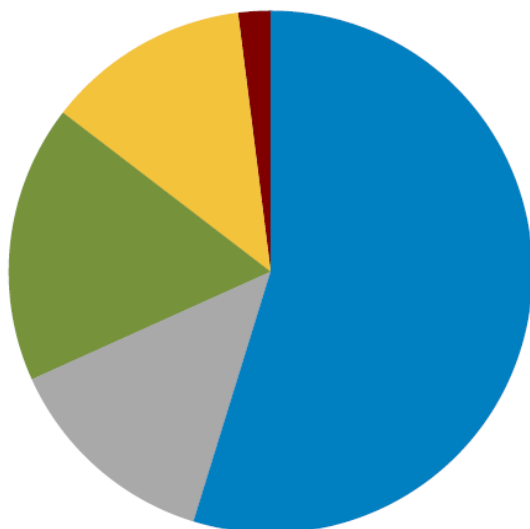
Mr. John McCann appeared before the Board and presented the March 31, 2017 investment report.

As of March 31, 2017, the total assets were valued at \$344,458,992. For the quarter, the total fund returned 3.73% vs. 4.03% compared to the target index.

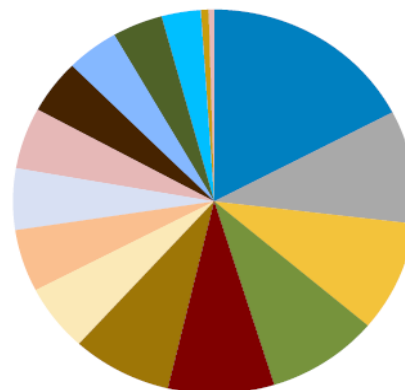
On a rolling year basis, the total fund returned 12.82% vs. 12.20% compared to the target index. The median return for all public funds was reported to be 10.79%, which our return exceeded by 193 basis points.

On a three and five-year basis, the Plan returned 6.12% & 8.43% respectively. That five-year return ranked our Fund in the TOP 22% of the investment universe and well exceeds our compliance standard of Top 40%.

Asset Allocation By Segment as of March 31, 2017 : \$344,458,992



Asset Allocation By Manager as of March 31, 2017 : \$344,458,992



Allocation	Market Value	Allocation
Garcia Hamilton Fixed Income	59,670,547	17.3
361 Capital (BRC Equity)	32,810,581	9.5
RhumbLine Equity	32,169,496	9.3
New Amsterdam Equity	30,966,578	9.0
Intercontinental	29,379,230	8.5
Garcia Hamilton Equity	27,593,081	8.0
Eagle Equity	19,447,406	5.6
Wellington	18,058,888	5.2
Vanguard Intl Equity (VTRIX)	17,813,105	5.2
RhumbLine International Equity	17,778,145	5.2
Anchor Equity	15,681,304	4.6
RhumbLine S&P Mid Cap 400	14,560,754	4.2
J.P. Morgan	13,940,778	4.0
Oppenheimer Int Equity	10,870,569	3.2
R&D Cash	2,140,208	0.6
RhumbLine Fixed Income	1,578,322	0.5

Allocation	Market Value	Allocation
Domestic Equity	188,609,361	54.8
International Equity	46,461,796	13.5
Domestic Fixed Income	59,191,141	17.2
Real Estate	43,320,008	12.6
Cash Equivalent	6,876,686	2.0

The Board asked Mr. McCann to request Wellington to appear at the August meeting to review their performance.

The report detailed all managers and investment classes, and may be viewed at: [http://wpbppf.com/docs/investments/WPBPPF\\_Report\\_2017\\_Q1.pdf#zoom=100](http://wpbppf.com/docs/investments/WPBPPF_Report_2017_Q1.pdf#zoom=100)

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Mr. Frost posed a question to all parties present if our investment philosophy should change due to our funding status. Mr. McCann felt our allocation was reasonable. Mr. Parks commented that the Board should stay the course. It was felt, that the addition of index funds, counterweights active management and dampens risk and investment costs.

**OPEN DISCUSSION**

Mr. McCann was reminded to attend the May 26, 2017 special meeting to review long term rates. The Board wanted his independent position on the matter.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:20 AM.

Next special meeting is scheduled for May 26, 2017 at 8:30 AM

Next special meeting is scheduled for June 9, 2017 at 8:30 AM



Troy Marchese, Board Secretary