

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

Minutes

**March 9, 2018
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on March 9, 2018 at 8:36 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 8:51 AM); Wilton White, Board Trustee; Joseph Ahern, Board Trustee (arrived at 8:57 AM), and Craig Kahle, Board Trustee.

Also present: Mark Parks, Finance Director - City of West Palm Beach; Lou Penque; John Boles, Anchor Capital; Jeanine Bittinger & Richard Cristini, Davidson, Jamieson & Cristini; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

PUBLIC COMMENT

No public comment.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of February 2, 2018. Mr. Frost's offered his comments, which were duly noted. Mr. Kahle made the motion to approve the minutes, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0. (Trustees Marchese and Ahern – off 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 5-0.

INDEPENDENT AUDIT PRESENTATION

Financial Statements – September 30, 2017 Davidson, Jamieson & Cristini, P.L.

Ms. Jeanine Bittinger & Mr. Richard Cristini provided a detailed review of the September 30, 2017 Financial Statements. It was reported that the financial statements presented fairly, in all material respect, the fiduciary net position of the West Palm Beach Police Pension Fund as of September 30, 2017 and 2016, and the changes in fiduciary net position for the years the ended in accordance with accounting principles generally accepted in the United States of America.

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STATEMENTS OF FIDUCIARY NET POSITION

September 30, 2017 and 2016

| | <u>Assets</u> | |
|---|-----------------------|-----------------------|
| | <u>2017</u> | <u>2016</u> |
| Cash | \$ 1,157 | \$ 2,778 |
| Receivables: | | |
| Drop loans | 1,150,57 | 1,250,81 |
| Interest and dividends | 241,99 | 300,83 |
| Broker-dealers | 2,731 | 1,210,47 |
| Other | 16,618 | 19,302 |
| | <u>1,411,916</u> | <u>2,781,427</u> |
| Total receivables | | |
| | 1,411,916 | 2,781,427 |
| Investments at fair value: | | |
| U.S. Government obligations | 18,087,59 | 5,502,19 |
| U.S. Government agency obligations | 29,094,33 | 43,357,50 |
| Corporate bonds | 6,459,12 | 15,358,47 |
| Domestic fixed investment fund | 1,111,58 | 12,457,37 |
| Domestic stocks | 68,552,24 | 108,522,65 |
| Domestic equity investment funds | 133,305,65 | 58,513,94 |
| International equity investment funds | 52,676,45 | 43,560,75 |
| Real estate investment funds | 45,167,27 | 29,455,98 |
| Temporary investments | 4,412,16 | 7,656,00 |
| | <u>358,866,416</u> | <u>324,384,879</u> |
| Total investments | | |
| | 358,866,416 | 324,384,879 |
| Prepaid expenses | <u>1,205,069</u> | <u>1,121,830</u> |
| | 1,205,069 | 1,121,830 |
| Total assets | 361,484,558 | 328,290,914 |
| | 361,484,558 | 328,290,914 |
| | <u>Liabilities</u> | |
| Accounts payable | 235,300 | 239,066 |
| Accounts payable, broker-dealers | - | 848,138 |
| | <u>235,300</u> | <u>1,087,204</u> |
| Total liabilities | | |
| | 235,300 | 1,087,204 |
| Net position restricted for pensions | <u>\$ 361,249,258</u> | <u>\$ 327,203,710</u> |

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years ended September 30, 2017 and 2016

| Additions: | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|
| Contributions: | | |
| Employer | \$ 3,285,065 | \$ 9,726,454 |
| Employer bond proceeds | - | 50,000,000 |
| Participants | 2,384,738 | 2,266,435 |
| Buy back | 42,330 | 70,200 |
| DROP account | 857,914 | 306,627 |
| Share account | 46,978 | 116,404 |
| | <hr/> | <hr/> |
| Total contributions | 6,617,025 | 62,486,120 |
| Intergovernmental revenue: | | |
| Chapter 185 state excise tax rebate | 1,333,046 | 1,259,981 |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of | 39,059,250 | 17,797,270 |
| Interest | 2,108,000 | 1,875,404 |
| Dividends | 4,468,456 | 2,386,887 |
| Commission rebate | 7,011 | 6,234 |
| Class action settlement | 23,183 | 28,605 |
| Other | - | 123,748 |
| | <hr/> | <hr/> |
| Investment income | 45,665,900 | 22,218,148 |
| Less investment expenses | <u>1,171,466</u> | <u>988,623</u> |
| Net investment income | <u>44,494,434</u> | <u>21,229,525</u> |
| | | |
| Total additions | 52,444,505 | 84,975,626 |
| Deductions: | | |
| Benefits: | | |
| Age and service | 9,484,407 | 8,961,166 |
| Disability | 684,582 | 637,525 |
| Beneficiaries | 714,655 | 675,713 |
| Share accounts | 3,647,914 | 2,734,658 |
| Drop accounts | 3,533,092 | 3,215,604 |
| Refunds of contributions | 25,530 | 93,453 |
| Administrative expenses | 308,777 | 288,017 |
| | <hr/> | <hr/> |
| Total deductions | <u>18,398,957</u> | <u>16,606,136</u> |
| Net increase in net position | 34,045,548 | 68,369,490 |
| | | |
| Beginning of year | <u>327,203,710</u> | <u>258,834,220</u> |
| End of year | <u>\$ 361,249,258</u> | <u>\$ 327,203,710</u> |

After Mr. Cristini and Ms. Bittinger fielded questions from the Trustees, Mr. Kahle made a motion to accept the Financial Statements for the Plan, for September 30, 2017; further to authorize the appropriate parties to execute the management representation letter. This motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Mr. Williams will transmit hardcopies to the city and will also post to:

[http://www.wpbppf.com/docs_state/FinancialStatements/2017%20West%20Palm%20Beach%20Police%20Pension%20FS%20\(003\).pdf#zoom=100](http://www.wpbppf.com/docs_state/FinancialStatements/2017%20West%20Palm%20Beach%20Police%20Pension%20FS%20(003).pdf#zoom=100)

Mr. Cristini and Ms. Bittinger presented the auditing services agreement for fiscal years 2018-2020 to the Board for consideration. The Trustees added language as it related to Investment Measurement(s) at Fair Value. Motion to accept the agreement as amended by Mr. Kahle, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 5-0.

ATTORNEY'S REPORT

Amtrust Update: Mrs. Jensen learned that Saxena White would like to file a shareholder books and records request under Section 220 of the Delaware General Corporation Law ("Section 220"). Delaware courts encourage shareholders who are investigating corporate wrongdoing to use the Section 220 process before filing a complaint. The Section 220 request would seek documents related to the board's consideration of a proposed deal, the conflicts of the board members, and the board's discussions related to the underlying derivative case. If the company rejects the demand, Saxena White will file a complaint challenging the deal and note to the court that the company rejected the Section 220 demand. After the Board considered the foregoing, a motion was made by Mr. White to proceed with the foregoing process, seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Special Act Update: Mrs. Jensen reported the legislation is progressing through the session.

Aberdeen Standard Contract: Mrs. Jensen reviewed her findings in the proposed contract. There was a host of issues that the Board by consensus could not agree to. Mr. Marchese made the motion to decline the terms of the contract, which seconded by Mr. White. All Trustees voted yes, and the motion was passed 5-0.

ADMINISTRATOR'S REPORT

Mr. Williams reported that to date a capital call has not been received from JPMorgan – Real Estate. The Plan is in queue for 3.5M. A follow up will be undertaken.

INVESTMENT MONITOR PRESENTATION – AndCo Consulting:

Mr. McCann advised the Board that the fixed income portfolio requires rebalancing. He proposed having Rhumblin liquidate \$14.5M each from the Large Cap Value and the Large Cap Growth portfolio. The proceeds, \$29M, is to be placed in the GHA Fixed Income portfolio. After discussion and consideration, motion by Mr. Marchese to accept the recommendation of Mr. McCann in order to maintain compliance with the Board's Investment Policy. Mr. White seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

INVESTMENT MANAGER PRESENTATION – Anchor Capital

Mr. Boles provided a firm update, by advising the repurchase of Anchor ownership from Boston Private Financial Holdings is underway. Mr. Boles thanked the Board for executing the required document(s) relating to the sale/repurchase. Once completed, Anchor Capital will be 100% owned by Anchor employees. Performance was outlined as follows:

| Performance | | | | |
|-----------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| | Fiscal YTD (10/01/17-02/28/18) | 1 Year (02/28/17-02/28/18) | 3 Year (02/28/15-02/28/18) | Since Inception Annualized (05/12/03-02/28/18) |
| Total Portfolio | 3.38 | 7.21 | 6.91 | 10.91 |
| Russell Mid Cap Value | 2.61 | 5.47 | 7.07 | 11.41 |

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OPEN DISCUSSION

No discussion ensued.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 11:15 AM.

The next regular meeting is scheduled for April 13, 2018 at 8:30 AM.

A handwritten signature in black ink, appearing to read 'Troy Marchese', written in a cursive style.

Troy Marchese, Board Secretary