

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

**Minutes**

**July 20, 2018  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on July 20, 2018 at 8:35 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, Craig Kahle, Board Trustee.

Also present: Lou Penque, Retired Member; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator.

**MOMENT OF SILENCE – Trustee Wilton White**

Mr. Frost called for a moment of silence to remember Mr. Wilton White, who faithfully served this Fund. <https://www.legacy.com/guestbooks/palmbeachpost/wilton-larsen-white-condolences/189580153?cid=full>

**PUBLIC COMMENT**

No public discussion ensued.

**APPROVAL OF THE MINUTES**

Mr. Frost asked if there were any additional changes required to the minutes of June 8, 2018. Mr. Marchese made the motion to approve the minutes as cited, which was seconded by Mr. Ahern. 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.

**ATTORNEY'S REPORT**

Public Employee Pension Transparency Act: Mrs. Jensen briefly outlined how nearly twenty national associations representing state and local governments, elected and appointed officials, public finance professionals, public employees and public retirement systems jointly sent a letter of opposition to all members of the U.S. House of Representatives today regarding the Public Employee Pension Transparency Act (PEPTA). "PEPTA does not protect benefits, save taxpayer dollars or improve retirement system financing," said the letter. "To the contrary, it conflicts with existing governmental accounting standards, inserts the federal government into areas that are the fiscal responsibility of sovereign States and localities, imposes costly federal regulation, and threatens to eliminate the tax-exempt bonding authority of state and local governments." Retirement systems have been urged to send letters to their congressional delegations, urging them not to co-sponsor the bill or allow it to be included in any legislation under consideration. Mr. Frost advised he would follow-up directly with the local delegation regarding this matter. No formal letter would be required at this juncture.

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**MEMBERSHIP REVIEW:** Mrs. Jensen reviewed FSS 112.3173 with regard to the potential forfeiture hearing for two recently convicted members. Mr. Williams indicated to his knowledge the members have not separated service at this juncture. Once he learns that the officers were separated, he will provide an exit package for a refund of pension contributions, in which a waiver of service form is included. While on this topic Mrs. Jensen advised she reviewed the termination of Brian Mahoney (Early Retirement Applicant). She reflected after review of his cause of termination, there is no basis for a 112.3173 review.

**JPMORGAN:** Mrs. Jensen reported that no action is required with regard to the “Third Amendment and Restated Declaration of Trust” for the Special Situation Fund managed by JPMorgan Chase. The document was included in the Trustee packet for informational purposes.

**TRUST:** Mrs. Jensen received a request from an Attorney representing Retiree – Mr. Edward Wagner with regard to naming a Trust for Mr. Wagner’s DROP/Share account(s). Mrs. Jensen sought direction from the Board to respond due to her billable time that the Fund would be subjected to. The consensus of the Board was not to spend any time in the matter and if Mr. Wagner wanted to reimburse the Fund for Mrs. Jensen’s time, that would be permissible.

**DISABILITY UPDATE:** Mrs. Jensen indicated that the Louis Schwartz claim is still in discovery phase, however is steadily underway.

### **ADMINISTRATOR’S REPORT**

**RATE OF RETURN:** Mr. Williams announced the June 30, 2018 rate of return was posted to the DROP and Share accounts. All members were provided a formal e-mail notice.

**EARNINGS ELECTION:** Mr. Williams provided annual notice to all share and drop members about the earnings options election. Members have until September 30<sup>th</sup> to make a change. A link to the form may be found at:

<http://www.wpbppf.com/docs/penDocs/2012Application2ElectEarningsMethod.pdf#zoom=100>

**ADMINISTRATIVE EXPENSE:** Mr. Williams also provided administrative expense annual notice to the membership as well. The report completed by GRS Consulting revealed the administrative fee of 11 basis points would remain unchanged for the next fiscal year 2018/2019. This was great news and Mr. Williams commended the Board for diligence efforts to curb costs.

### **NEW BUSINESS**

**NOMINATION:** Mr. Williams provided a notice to all active members (via internal city e-mail) about the upcoming open seat of Trustee Troy Marchese on September 30, 2018. Nominations were accepted from July 9, 2018 till July 19, 2018. At the close of the nomination process, there were no challengers for the seat, so no election was warranted. Trustee Marchese will retain his seat for the prescribed time. Notice was provided to the city and posted accordingly to the Funs website.

Notice of Nomination - Posted July 9, 2018:

<http://www.wpbppf.com/docs/announcements/Trustees%20Election%20Notice%2007-09-2018.pdf#zoom=100>

Notice of Reappointment Posted July 19, 2018:

<http://www.wpbppf.com/docs/announcements/WPB%20Police%20Pension%20Trustee%20Troy%20Marchese%20Reappointment%2007-19-2018.pdf#zoom=100>

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FIFTH MEMBER TRUSTEE<sup>1</sup> – REPLACEMENT: Members were afforded the opportunity to nominate potential candidates to consider for the vacant seat of Mr. Wilton White. The position expires on February 20, 2019, which is the balance of Mr. White's current term. Various names were discussed but a consensus grew when Mr. Marchese named Ms. Dana Santino. Mr. Marchese opined that her selection would add diversity to the Board. Further her background as a lawyer in Family & Trust work would be a positive attribute. At the conclusion of the discussion, Mr. Marchese made a motion to nominate Ms. Dana Santino as the 5<sup>th</sup> member of the Board of Trustees. The motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

Official notice will be provided to the City of West Palm Beach by Mr. Williams and may be viewed at:

<http://www.wpbppf.com/docs/announcements/Santino%20-%20Appointment%20of%205th%20member%2007-20-2018.pdf#zoom=100>

### **INVESTMENT EDUCATIONAL PRESENTATION - Seix Investment Advisors LLC.**

Ms. Ellen Welsh, CFA, Senior Investment Manager thanked the Board for this educational opportunity to discuss leverage loan investments. The key fundamentals were outlined. The benefits were outlined as follows: Leveraged loan investors can benefit from both relatively attractive yields and the possibility of price appreciation if the credit quality of the company improves. Leveraged loans deliver highly competitive returns vs. equities on a risk adjusted basis. Leveraged loans are NOT strongly correlated with most other major asset classes. As interest rates begin to rise, leveraged loans typically outperform investment grade bonds. The addition of an allocation to leveraged loans increases diversification and can improve a portfolio's total risk and return profile. Risk / Reward Profile also followed. Leveraged loan performance in periods of rising rates was detailed as well. At the conclusion of the presentation, the Board expressed gratitude to Ms. Welsh for taking the time to meet with the Board.

After Ms. Welsh's departure from the meeting, the Board discussed holding formal presentations in the asset class. By consensus the Board agreed and directed Mr. McCann to bring three candidates for interviews at the August 10, 2018 meeting.

### **INVESTMENT MONITORING REPORT**

Mr. McCann presented a flash report for the fiscal year through June 30, 2018. The Fund is 83 basis points ahead of the benchmark. During the review by Mr. McCann, New Amsterdam's under-performance was noted. The Board by consensus felt it would be wise to reduce the Fund's exposure to the active market. It was determined the best option was to transfer 15 million dollars from New Amsterdam and establish another index account with Rhumblin mirroring the Russell 2500 Index. Mr. McCann agreed with this action as well. At the conclusion of the discussion, Mr. Marchese placed the foregoing in the form of a motion, to wit: To transfer 15 million dollars from New Amsterdam and establish another index account with Rhumblin mirroring the Russell 2500 Index as soon as administratively practical. This motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0. Mr. McCann & Mr. Williams will work together with the Rhumblin representatives to ensure a seamless transition.

Information from Mr. Cristini, Board Auditor provided to Mr. McCann. He will review and will report on the GFOA – Investment Guidelines – Best Practices at the next meeting.

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<sup>1</sup> (3) Board of trustees of police pension fund.

*A fifth trustee, who shall be chosen by a majority of the other four (4) trustees. This fifth person's name shall be submitted to the city, which shall, as a ministerial duty, appoint such person to the board as a fifth trustee. The fifth person shall serve as trustee for a period of four (4) years, and may succeed himself or herself as a trustee.*

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**FINANCIAL STATEMENT OF MARCH 31, 2018**

Mr. Williams provided the cited report to the Trustees to consider. Arrangements can be made to a telephone conference with the auditor should there be any questions and/or concerns. No formal action required.

**OPEN DISCUSSION**

Mr. Frost spoke of the positive pension workshop before the city commission that was held on June 11, 2018. Accolades to Mr. Jeff Amrose for a job well done.

In a spirit of transparency, the slide presentation provided to the city commission was posted on-line and may be viewed at:

<http://www.wpbppf.com/docs/announcements/WBPB%20Commsion%20Workshop%206-11-2018.pdf#zoom=100>

The video can be viewed on the city's website at:

<https://vimeo.com/channels/781231/274505466>

Trustees discussed positive educational aspects the Opal Public Funds Summit they attended.

Mr. Frost asked Mrs. Jensen about seeking quotes for a cyber security audit.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:33 AM.

Next meeting is scheduled for August 10, 2018 at 8:30 AM.



Troy Marchese, Board Secretary