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

Minutes

March 13, 2015
8:30 AM

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on March 13, 2015 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, Chairman, Joseph Ahern, Board Trustee and Wilton White, Board Trustee.

Also present: Jeff Green, City Administrator – City of West Palm Beach; Jeff Amrose & Trisha Amrose, Board Actuary of Gabriel Roeder Smith; John McCann, Performance Consultant of Thistle Asset Consulting; Kenneth S. Kailin & Mary McManus of Oak Ridge Investments; William Rice, Anchor Capital; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen; Dave Williams, Plan Administrator. Richard Cristini of Davidson, Jamieson & Cristini, P.L. by conference call.

PUBLIC COMMENT

No comments provided

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 February 6, 2015. Mr. Ahern made the motion to approve the minutes as cited, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0.

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, in addition to the detailed activity outlined in the administrative report by Mr. Williams. Mr. Ahern made the motion to approve the foregoing which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0.

ATTORNEY'S REPORT

Mrs. Jensen advised that the IRS sent an inquiry to her regarding the "Letter of Determination". Mrs. Jensen will be replying on behalf of the Plan.

Mrs. Jensen reflected the draft of the "State of the Pension" is underway. Further updates will follow.

Mrs. Jensen indicated that she is assisting our Insurance Company with regard to recouping Attorney Fees paid in the Donna Mintus Case. It was determined by the court that Mrs. Mintus is responsible for her fees.

Mrs. Jensen advised that she was contacted by Mr. Donald A. Broggi, Attorney for Scott & Scott.

Scott+Scott, Attorneys at Law, LLP ("Scott+Scott") is investigating a potential securities class action against Stratasys Ltd. ("Stratasys" or the "Company") (NASDAQ:SSYS) and certain of the Company's officers and directors.

Scott+Scott believes that there is sufficient evidence to bring a lawsuit alleging that Stratasys and certain Company officers violated Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934 ("Exchange Act"), as well as U.S. Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder.

The investigation focuses on the Company's overstatement of demand for its consumer MakerBot printers and misleading statements concerning MakerBot's growth. The evidence reviewed to date indicates that Defendants concealed the substantial problems with the Company's MakerBot products, and, in turn, artificially inflated the price of Stratasys stock.

The West Palm Beach Police Pension Fund ("West Palm") suffered approximately $72,801 in losses on its Class Period purchases of Stratasys stock.

Scott+Scott recommends that West Palm file a complaint alleging claims under the Exchange Act in order to extend the current Class Period and protect the interests of Stratasys investors, including West Palm. Scott+Scott would not recommend however, that West Palm petition the court for appointment as lead plaintiff, given that many other institutional shareholders will have higher loss estimates.

Mr. White offered a motion to engage Scott+Scott in an effort to extend the Class Period, thus protecting our interests and others similarly situated. This motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0.

ACTUARIAL VALUATION REPORT
Mr. Jeff Amrose, Board Actuary of Gabriel Roeder Smith came before the Board and presented the September 30, 2014 Actuarial Valuation Report.

Contribution requirements for the plan year beginning October 1, 2015 were reported as follows:

Defined Benefit Contributions for	Contributions Expressed as Percents of UnDROPed Payroll(1)			Contributions Expressed as Percents of Payroll Including DROP		
For Fiscal Year Beginning	October 1, 2015			October 1, 2015		
	After Changes	Before Changes	October 1, 2014	After Changes	Before Changes	October 1, 2014
Normal Cost:						
Service pensions	16.33 %	16.00 %	15.86 %	12.61 %	12.35 %	12.15 %
Disability pensions	1.61	1.59	1.58	1.24	1.22	1.21
Survivor pensions						
Pre-retirement	0.26	0.31	0.31	0.20	0.24	0.24
Post-retirement	0.88	1.00	1.01	0.68	0.77	0.77
Termination benefits:						
Deferred service pensions	1.00	0.98	0.97	0.77	0.76	0.74
Refunds of member contributions	0.78	0.78	0.79	0.60	0.60	0.61
Total Normal Cost	20.86	20.66	20.52	16.10	15.94	15.72
Unfunded Actuarial Accrued Liability (UAAL):						
Retired members and beneficiaries	0.00	0.00	0.00	0.00	0.00	0.00
Active and vested terminated members	33.91	33.32	35.20	26.18	25.72	26.96
Total UAAL	33.91	33.32	35.20	26.18	25.72	26.96
Administrative Expenses (net of charges to Share and DROP accounts)	1.29	1.29	1.16	1.00	1.00	0.89
Total Calculated Contribution Requirement	56.06 %	55.27 %	56.88 %	43.28 %	42.66 %	43.57 %
Adjustments to Calculated Contribution Requirement:						
Temporary full funding credit	0.00	0.00	0.00	0.00	0.00	0.00
FS 112.64(5) compliance	9.13	8.75	10.25	7.06	6.77	7.86
Total adjustments	9.13	8.75	10.25	7.06	6.77	7.86
Total Adjusted Contribution Requirement:	65.19 %	64.02 %	67.13 %	50.34 %	49.43 %	51.43 %
Member portion	11.00 %	11.00 %	11.00 %	8.49 %	8.49 %	8.42 %
Chapter 185 portion	0.00 %	0.00 %	5.94 %	0.00 %	0.00 %	4.55 %
City portion	54.19 %(2)	53.02 %	50.19 %	41.85 %	40.94 %	38.46 %
Expected Covered Payroll for Contribution Year	18,652,936	18,652,936	17,967,196	24,162,214	24,162,214	23,461,041
City Contribution Requirement Paid Quarterly	10,108,028	9,889,789	9,017,738	10,108,028	9,889,789	9,017,738
City Contribution Requirement Paid at Beginning of Fiscal Year	9,726,454	9,516,454	8,677,322	9,726,454	9,516,454	8,677,322

As exhibited above, the Total Normal Cost as of October 1, 2015 is valued at 20.86% of payroll (or 16.10% if including dropped payroll). Further, the Unfunded Actuarial Accrued Liability cost is valued at 33.91% of payroll (or 26.18% if including dropped payroll). The [1]Administrative Expense for the Fund was valued at 1.29% of payroll. Mr. Amrose valued the Total Calculated Contribution Requirement to be 56.06% as of October 1, 2015, which is a net decrease from October 1, 2014 of 0.82%.

Additionally, pursuant to [2]F.S.112.64(5) an expense of 9.13% is imposed due to the lack of payroll growth. That is a decrease from 10.25% for the fiscal year October 1, 2014. Based on the foregoing, the Total Adjusted Contribution Requirement was valued at 65.19%, or a decrease of 2.76% from October 1, 2014. The active member portion is 11.00%, Chapter 185 portion is 0.00%, which leaves a net percentage due from the Fund Sponsor (City of West Palm Beach) of 54.19%, or $10,108,028. As in years past, if the city contribution is received on October 1, 2015, this amount is reduced to 52.14% which equates to $9,726,454. This represents an increase of $1,049,132 from the prior fiscal year, primarily due to the city not having the Chapter 185 credit.

It was highlighted that the funding level was valued at 80.3% as of October 1, 2014, which is an increase from the October 1, 2013 level of 77.8%.

Mr. Amrose reflected that beginning with the September 30, 2011 Actuarial Valuation Report, the mortality table was updated from the 1983 Group Annuity Mortality Table to the RP-2000 Combined Healthy Participant Mortality Table using Scale AA after 2000 to reflect future mortality improvements. The change in the mortality rates is being phased-in over five years, as such, this is the forth year.

Mr. Amrose advised that the activities of the Pension Fund and its members generated an experience gain of $3,620,537 during the plan year ended September 30, 2014. The principal source of the gain was recognized investment return of 10.9% vs. 8.0% expected. The net investment return on market value was 9.4% for the total fund and 10.0% for the defined benefit program. Currently the actuarial value of assets, which is used to determine the contribution requirements and funded ratios for the Fund, is less than the market value by 5%, or $13.0 million. This means that there are gains from prior periods as well as the current fiscal year that will be recognized in the 2015-2017 reports. These gains will put downward pressure on the contribution requirements and upward pressure on the funded ratios in those reports. If these gains were immediately recognized, the City contribution would decrease to 47.97% of covered payroll ($8,947,813 if made quarterly or $8,610,037 if made on October 1, 2015) and the funded ratio would increase from 80.3% to 84.5%. The Trustees felt having future gains would be most beneficial for the Plan and the City.

Mr. Amrose concluded his presentation by issuing an opinion that the required contribution rate determined by the most recent actuarial valuation is sufficient to meet the Fund's funding objective, presuming continued timely receipt of required contributions.

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[1] Davidson, Jamieson & Cristini – Financial Statements for FYE September 30, 2014 valued Administrative Expenses at 0.13% of the *plan assets*.

[2] (5)(a) If the amortization schedule for unfunded liability is to be based on a contribution derived in whole or in part from a percentage of the payroll of the system or plan membership, the assumption as to payroll growth shall not exceed the average payroll growth for the 10 years prior to the latest actuarial valuation of the system or plan unless a transfer, merger, or consolidation of government functions or services occurs, in which case the assumptions for payroll growth may be adjusted and may be based on the membership of the retirement plan or system subsequent to such transfer, merger, or consolidation.

Mr. Amrose reviewed the GASB 67 reporting requirement. One notable measurement is the Plan's Net Position as a % of Total Pension Liability (which is based on market value of assets). That dimension was valued at 85.19%.

After fielding questions of the Trustees, a motion was made by Mr. Ahern to accept and approve the September 30, 2014 Actuarial Valuation Report as prepared and presented by Gabriel Roeder Smith and Company. Mr. White seconded the motion. All Trustees voted yes, and the motion was passed 3-0. Mr. Williams will file accordingly with the State of Florida.

At this juncture the Board also discussed the assumed rate of return with Mr. Amrose. Upon doing so, it was determined that the current assumption was reasonable for this year, the next several years and for the future. This is an area that the Board continues to reflect on. Mr. White reaffirmed the foregoing in the form of a motion, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0.

UPDATED - PRESENTATION OF FINANCIAL STATEMENTS OF SEPTEMBER 30, 2014 - Davidson, Jamieson & Cristini, P.L. – Richard Cristini
Mr. Cristini attended via conference call. Pages 16 & 25 of the financial statements were corrected (typos) to coincide with the balance of the report. Mr. White made a motion to accept the updates accordingly, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0.

OAK RIDGE INVESTMENTS – MID CAP GROWTH MANAGER
Mr. Kenneth S. Kailin & Ms. Mary McManus appeared before the Board and reviewed the December 31, 2014 investment report, updated through February 28, 2015. A firm update was provided. It was reported the firm is now 100% employee owned. The firm's investment philosophy, investment process and sell discipline was briefly discussed. Performance measurements, as well as key performance attribution were discussed.

According to the Oak Ridge Report of December 31, 2014, portfolio returned 5.84% for the quarter which was in line with the benchmark (Russell Midcap Growth). For the fiscal year to date through February 28, 2015, Oak Ridge returned 12.33% vs. 11.22% for the same benchmark. Market Value as of December 31, 2014 was $11,820,000.

ANCHOR CAPITAL – MID CAP VALUE MANAGER
Mr. William Price appeared before the Board and reviewed the December 31, 2014 investment report, updated through February 28, 2015. Mr. Price felt that Anchor performed well in the fourth quarter 2014. Their lack of exposure in oil was reported as their biggest driver. Additional comments were provided on the U.S. economy going forward.

According to the Anchor Report of December 31, 2014, portfolio returned 8.82% for the quarter which surpassed the benchmark return of 6.05% (Russell Midcap Value). For the 2015 year to date through February 28, 2015, Anchor returned 3.69% vs. 2.61% for the same benchmark. The annualized inception report was reported as 12.5% vs. 12.54% for the benchmark. Market Value as of December 31, 2014 was $13,347,000.

The Trustees were encouraged with the maximum diversification held by these managers.

INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and presented the September 30, 2014 investment report.

Asset Allocation: As of December 31, 2014 the fund had 54.9% in domestic equities, 7.7% in international equities, 2.8% in emerging markets, 23.1% in fixed income, 9.1% in real estate and the balance in cash.

Division of Assets: As of December 31, 2014, Garcia Hamilton & Associates held 30.3% of the portfolio (fixed & equity), Valley Forge had 10.0%, BRC had 10.1%, Oak Ridge had 4.3%, Anchor had 4.9%, Eagle Asset had 5.7%, GW Capital had 5.7%, New Amsterdam had 8.4%, Vanguard (VTRIX) had 4.2%, Wentworth Houser had 3.8%, Intercontinental had 5.0%, JP Morgan had 4.0%, OFI had 2.8% with the balance in the R&D Account.

As of December 31, 2014, the total assets were valued at $272,055,000. For the quarter, the total fund returned 2.92% vs. 3.35% compared to the target index. That quarterly fund return placed in the top 12% of the investment universe. The 3 and 5 year return continues to exceed the assumed rate of return.

The domestic equity portfolio was valued at $149,353,000 as of December 31, 2014. International equities during the same timeframe were at $20,922,000. Additionally, Mr. McCann reported that Emerging Markets were valued at $7,688,000.

For the quarter, the equity portfolio returned 3.38% vs. 4.23% compared to the target index.

The fixed income portfolio was valued at $62,846,000 as of December 31, 2014. For the quarter, the traditional fixed income portion of the portfolio returned 1.41% vs. 1.20% compared to the target index. That cited fund return ranked in the top 35 percentile of the investment universe.

For the quarter, the Intercontinental Real Estate portion of the portfolio returned 3.84% vs. 3.25% compared to the target index.

For the quarter, the JPMorgan Real Estate portion of the portfolio returned 3.78% vs. 3.25% compared to the target index.

ADMINISTRATOR'S REPORT

Mr. Williams presented the State of Florida Annual Report for execution by the Chairman. After being signed, Mr. Williams indicated that he will file accordingly with the State of Florida.

Mr. Williams advised he is gearing up for the mid-year audit.

OPEN DISCUSSION

Mr. Frost shared information recently received during a local educational event he attended in Palm Beach Gardens.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:16 AM.

The next meeting regularly scheduled meeting is April 10, 2015 at 8:30 AM.

Troy Marchese, Board Secretary