

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES'
DEFINED BENEFIT RETIREMENT SYSTEM**

**MINUTES OF MEETING HELD
FEBRUARY 27, 2018**

A regular meeting of the Board of Trustees was called to order at 1:32 by Chair Leon Pinder in room 5.19 (3rd Floor, City Hall), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Jose-Luis Rodriguez, Secretary
Benny Rodgers, Trustee (departed 2:36)
Dorritt Miller, Trustee
Mary Brandenburg, Trustee (arrived 1:53)
Stephen Hunter, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Jon Breath, Investment Consultant – And.Co Consulting
Richelle Hayes, Investment Manager, American Realty
Stacey Weinger, Attorney – City of West Palm Beach
Tracy Musser, Investment Manager, TSW

PUBLIC COMMENTS

N/A

MINUTES

The Board reviewed the minutes from the regular meeting held on November 14, 2017.

A motion was made by Stephen Hunter to approve the minutes from the regular meeting held on November 14, 2017. The motion was seconded by Dorritt Miller and carried 4-0.

The Board reviewed the minutes from the special meeting held on December 6, 2017.

A motion was made by Stephen Hunter to approve the minutes from the special meeting held on December 6, 2017. The motion was seconded by Dorritt Miller and carried 4-0.

INVESTMENT MANAGER REPORTS:

American Realty Advisors – Presented by Richelle Hayes

Ms. Hayes welcomed herself back and reintroduced herself to the new Trustees on the Board. This Plan invested with American Realty in 2015. She reviewed her firm and stated that they manage \$8.2B in assets and also have a value added fund as well. This Plan is invested in the core added value real estate fund, which is their largest product. American Realty has 8 offices throughout the US and she briefly reviewed their client list which

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contains a lot of Florida defined benefit Plan's such as this one. The core fund has \$6B in assets with 68 US real estate properties; they do not own any international properties. Their leverage remains low at 19.5% and their risk adverse and will not go above 23% leverage. The occupancy rate remains high at 93.5%. Ms. Hayes reviewed their balanced portfolio which consists of 4 main investments; office, multifamily, retail and industrials. The Plan's return for the quarter was 1.44% versus the index at 1.85%, but for the one year they are up at 6.89% versus 6.66%. Ms. Hayes stated that their last negative quarter was back in 2009 and they have made an 8% return per year for the last 7 years.

TSW – Presented by Tracy Musser

Ms. Musser introduced herself and stated that this Plan owns a mutual fund through TSW. She gave a brief updated on the firm and stated that most of the portfolio managers are employee owned. They have \$25B in assets which is split between US large cap and other domestic equity strategies. For the quarter the international mutual fund was up 4.4% versus the index at 4.2%, but for the one year they are slightly behind at 23.7% versus the index at 25%, but it is still a strong return. Ms. Musser reviewed their investment philosophy and explained the process when they are buying and selling a stock. She stated that their turnover remains low at 22.6% and they currently have 98 stocks in the portfolio, with 100 being at their high end. Lastly she gave a brief market outlook and stated that they think the non-US looks more favorable to them as they protect on the downside and keep up with the markets.

**INVESTMENT CONSULTANT REPORT – THE BOGDAHN GROUP
(PRESENTED BY: JON BRETH)**

Mr. Breth presented the Board with the December 31, 2017 quarterly performance report. He gave a brief market update and noted that rates did rise during the quarter and the Feds stated that there will be another 3 hikes before the end of this year. They ended the quarter with \$47.2M in assets and were slightly behind the benchmark at 3.99% versus 4.05%. He briefly reviewed each manager's performance and noted that all did well despite the market place and he does not have any recommendations in regards to the managers.

Mr. Breth reviewed the January 31, 2018 flash performance report. Since the quarter ended things have adjusted and the Plan is now outperforming the index at 3.58% versus 2.96% for the quarter to date. For the fiscal year they are also ahead and already above the plans assumed rate of return for the fiscal year at 7.70% versus the index at 7.13%. GHA and PIMCO underperformed for the quarter, but all other managers are doing well. He reviewed the Plan's asset allocation and stated that there is an overweight to domestic equity. Therefore Mr. Breth's recommendation is to move \$1M from the domestic equity to core fixed income, GHA portfolio. He explained

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that even though GHA is underperforming at the moment, they are underweighted and need to be brought back up to the policy target ranges. Also he thinks GHA will start being rewarded by the market place here soon. The Trustees had a lengthy discussion on the rebalancing recommendations.

A motion was made by Mary Brandenburg to authorize the transfer of \$1M from the domestic equity to the core fixed income, GHA account per the recommendation of the Plan's Investment Consultant. The motion was seconded by Stephen Hunter and carried 4-0.

**ADMINISTRATIVE REPORT – RESOURCE CENTERS (PRESENTED BY:
AUDREY ROSS & DENISE MCNEILL)**

- **DISBURSEMENTS**

The Board reviewed the disbursement list presented through February 27, 2018.

A motion was made by Dorritt Miller to approve the disbursements through February 27, 2018. The motion was seconded by Mary Brandenburg and carried 4-0.

- **BENEFIT APPROVALS**

Ms. Ross presented the Board with the benefit approval list dated February 27, 2018.

A motion was made by Mary Brandenburg to approve the benefit approval list dated February 27, 2018. The motion was seconded by Dorritt Miller and carried 4-0.

- **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of January 2018.

The Board received and filed the financial statements through the end of January 2018.

**ATTORNEY REPORT – CITY OF WEST PALM BEACH (PRESENTED BY:
STACEY WEINGER)**

N/A

OTHER BUSINESS

Ms. Brandenburg stated that she was concerned with her attendance as she does live up north half of the year. She is always willing to attend those meetings by phone, but she wanted to bring this up with the Board. The Trustees thanks Ms. Brandenburg for her time and dedication and concurred

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that they understand she will not be able to make every meeting and that was fine.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for May 22, 2018 at 1:30PM, the meeting was adjourned at 2:19PM.

Jose-Luis Rodriguez, Secretary