

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

**Minutes**

**January 16, 2009  
8:15 AM**

**CALL THE MEETING TO ORDER**

Mr. Ed Mitchell called to order the West Palm Beach Police Pension Fund Meeting on January 16, 2009 at 8:20 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting; Ed Mitchell, Chairman (departed meeting at 9:50 AM), Jonathan Frost, Board Secretary, Chris Roaf, Board Trustee, Chris Fragakis, Board Trustee and Wil White, Board Trustee.

Also present Maya Saxena & Joe White, Saxena & White; Michael D. Futterman, Rachlin; John Kazanjian, President of the Palm Beach County Police Benevolent Association; Lou Penque, West Palm Beach Police, Member; Fran Coopersmith, Performance Consultant, Asset Strategy Consultants; Cheryl Cannistra & David Mouser, Driehaus Capital Management; Trey Greer & Jessie Magee, Earnest Partners; Gerald Van Horn & Shawn Gallagher, Stratton Management; Brian Mulligan & Jerome Philpott (telephonically); Audrey Ross & Scott Baur, Tegrit Plan Administrators; Bonni Jensen, Board Attorney, Hanson, Perry & Jensen and Dave Williams, Plan Administrator.

**APPROVAL OF THE MINUTES**

Mr. Mitchell asked if there were any changes required to the minutes of December 12, 2008. Mr. Frost offered his response (which was noted by Ms. Ross) and made a motion to approve as amended. Mr. Mitchell seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

Mr. Mitchell asked if there were any changes required to the minutes of December 30, 2008. Mr. Frost made a motion to approve. Mr. Mitchell seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

**APPROVAL OF DISTRIBUTIONS**

Distributions made between 12-30-08 and 01-15-09 was presented to the Board by Mr. Williams. Mr. Frost made the motion to approve, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 5-0.

**ATTORNEY'S REPORT**

Mrs. Jensen indicated that Ms. Maya Saxena & Mr. Joe White, of Saxena & White were present to discuss possible action against Salomon Smith Barney (now Citigroup). Ms. Saxena outlined briefly the case filed on behalf of a Delray Beach Pension Board. Ms. Saxena's recommendation at this juncture was to review the particulars along with Mrs. Jensen to determine the best course of action. The Board concurred and will await a formal determination.

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Mr. Joe White provided the Board with a brief update on the Madoff case. Mr. Joe White advised that he was unaware of any suits filed against Collins Capital thus far. Mr. Joe White advised that his firm now represents two other public pension plans with regards to Madoff. It was also learned that no Attorney-Client session could be held at this juncture.

Mrs. Jensen advised the Board that a Licensing Agreement was presented to Mr. John Kazanjian, President of the Palm Beach County Police Benevolent Association. After hours access was still an outstanding issue to the Board of Trustees and Mr. Williams.

Mrs. Jensen indicated the Gabriel Roeder Smith rates were increasing. Mr. Frost made a motion to have Mrs. Jensen complete a request for proposal for Actuarial Services, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

To keep Actuarial services active, Mr. Frost made a motion to accept the new rates, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

### **INDEPENDENT AUDIT PRESENTATION**

Mr. Futterman appeared before the Board to present his findings of the September 30, 2008 independent review of the financial statements. Mr. Futterman stated that his firm has issued a clean unqualified opinion on the West Palm Beach Police Pension Fund.

As of September 30, 2008, trust assets exceed its liabilities with a total of \$162,450,781. (Net assets are held in trust to meet future benefit payments). Management's Discussion and Analysis letter was reviewed.

Mr. Frost made a motion to accept responsibility of the Financial Statements for the Fund for September 30, 2008, and to approve same. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

### **INVESTMENT MANAGERS REPORT**

#### **ASSET STRATEGY CONSULTANTS:**

Mrs. Coopersmith provided the Board with a 12-31-08 flash investment report.

Mrs. Coopersmith asked the Board to approve the Fund being overweight in Bonds 37-38%, Mr. Frost made the motion to continue authorizing the Fund being overweight in Bonds (37-38%). Mr. Roaf seconded the motion, and the matter was approved 5-0.

Mrs. Coopersmith will file Madoff claim forms in coordination with Mrs. Jensen and representatives of Saxena & White.

Mrs. Coopersmith will complete a 2<sup>nd</sup> Redemption Notice and associated forms for the Collins Capital Account.

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### **DRIEHAUS – INTERNATIONAL SMALL CAP GROWTH MANAGER**

Cheryl Cannistra & David Mouser, Driehaus Capital Management came before the Board and reviewed the 12-31-08 investment report. 2008 was described as a difficult investment year for all equities. Regional & sector distracters were highlighted as were future opportunities at the global level. Market Value as of 12-31-08, \$4,569,680.

According the Asset Strategy Consultants Performance Report of 12-31-08, Driehaus returned -25.9% for the quarter vs. -23.8% for the benchmark ( S&P Developed Ex-US SmallCap). For the year, Driehaus returned -53.1% vs. -47.7% for the same benchmark. Since inception of 12-10-07, Driehaus returned -52.5% vs. -49.0%.

### **EARNEST – LARGE CAP VALUE**

Trey Greer & Jessie Magee, Earnest Partners came before the Board and reviewed the 12-31-08 investment report. Guideline compliance was reviewed as was the state of the equity markets. A large cap portfolio commentary was provided, as was performance attribution and sector weightings. Equity portfolio characteristics were also reviewed.

According the Asset Strategy Consultants Performance Report of 12-31-08, Earnest Partners returned -21.0% for the quarter vs. -22.8% & -22.2% respectively for the benchmarks (Russell 1000 and the Russell 1000V). For the year, Earnest Partners returned -40.6% vs. -37.6% & 36.8% for the same benchmarks. Since inception of 10-25-07, Earnest Partners returned -38.7% vs. -36.0% & -35.9%. Market Value as of 12-31-08, \$10,337,521.

### **STRATTON – SMALL CAP VALUE**

Gerald Van Horn & Shawn Gallagher, Stratton Management came before the Board and reviewed the 12-31-08 investment report. Annualized returns were reviewed as was relative performance. Stock selection and sector allocation was reviewed along with the risk vs. reward comparison chart. Downside protection was also outlined against the benchmark. The peaks and valleys of 2008 were also provided.

According the Asset Strategy Consultants Performance Report of 12-31-08, Stratton Management returned -21.7% for the quarter vs. -26.1% & -24.9% respectively for the benchmarks (Russell 2000 and the Russell 2000V). For the year, Stratton Management returned -27.6% vs. -33.8% & 28.9% for the same benchmarks. Since inception of 10-31-07, Stratton Management returned -29.5% vs. -34.2% & -30.7%. Market Value as of 12-31-08, \$6,123,372.

### **WELLS CAPITAL MGT. – MONTGOMERY SMALL CAP GROWTH EQUITY**

Brian Mulligan & Jerome Philpott (telephonically) came before the Board and reviewed the 12-31-08 investment report. The purchase of Wachovia was highlighted. No changes with the investment management team. Investment processes were reviewed as was portfolio structure and characteristics.

According the Asset Strategy Consultants Performance Report of 12-31-08, Wells Capital Management returned -26.2% for the quarter vs. -26.1% & -27.4% respectively for the benchmarks (Russell 2000 and the Russell 2000G).

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For the year, Wells Capital Management returned -38.8% vs. -33.8% & 38.2% for the same benchmarks. Since inception of 12-17-07, Wells Capital Management returned -38.8% vs. -33.8% & 38.2%. Market Value as of 12-31-08, \$5,927,648.

### **OLD BUSINESS**

Performance Monitor Search was tabled and the Board wanted the matter to remain on the agenda.

### **NEW BUSINESS**

It was announced that the term of the 5<sup>th</sup> Member of the Board, held by Mr. White expires on February 20<sup>th</sup>. Any interested members will be considered on February 13<sup>th</sup>.

### **OPEN DISCUSSION**

Mr. Roaf informed the Board that the City of West Palm Beach was going to report the use of take home police cars as taxable income. Mr. Roaf asked Mrs. Jensen if the city did so, would that taxable value be pensionable under the definition of earnings/salary. Mrs. Jensen answered in the affirmative. Mr. Fragakis made a motion to accept the interpretation and as such, the amount determined would be pensionable both to the member and the city. Mr. Roaf seconded the motion and discussion ensued. Mr. John Kazanjian & Mr. Lou Penque provided their perspective that the city is wrong for reporting the use of take home cars as taxable income. The urgency of the matter was raised, and Mr. Roaf advised that the city sent out forms for the employees to complete for the 2008 tax year. All Trustees present voted yes, and the motion was passed 4-0. (Mr. Mitchell departed the meeting at 9:50 AM). Mr. White asked Mrs. Jensen to notify the city.

### **ADMINISTRATOR'S REPORT**

Mr. Williams asked Mr. Baur to provide a hard copy of the required 2008 state reports, which Mr. Baur said he would.

Mr. Williams asked Mr. Baur if he sent the Actuary the required files. He said he did and will ensure that Mr. Armstrong has what he needs to complete the October 1, 2008 Actuarial Valuation. Mr. Williams indicated that February 13, 2009 is the target date for report presentation.

Mr. Williams indicated that data was still being requested from Mr. Baur and thanked him in advance for his continued assistance in the transition.

Mr. Williams informed the Board that Mr. Gorski came in and spoke about restarting his buy back, that he (Gorski) asked to stop. Mr. Williams was advised that Mr. Gorski rescinded his option to buy back his prior service and forever waived his ability to do so. A copy of the waiver will be sent to Mr. Gorski.

Mr. Fragakis made a motion that the bank account held by Mr. Baur's firm on behalf of the West Palm Beach Pension Fund should be closed out and the funds transferred to Salem Trust R&D Account. This motion was seconded by Mr. White and the matter passed 4-0.

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Mr. Frost thanked Mr. Baur for his services as this was his last official meeting.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 11:20 AM.

Next meeting is scheduled for February 13, 2009 at 8:15 AM

Jonathan Frost, Board Secretary