

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

Minutes

**February 13, 2009
8:15 AM**

CALL THE MEETING TO ORDER

Mr. Jonathan Frost called to order the West Palm Beach Police Pension Fund Meeting on February 13, 2009 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Secretary (Acting Chairman), Chris Roaf, Board Trustee, Chris Fragakis, Board Trustee (departed meeting at 9:10 AM).

Also present: Fran Coopersmith, Performance Consultant, Asset Strategy Consultants; Russell Bjorkman, Intech; Tony Dong & Lon Britton, Munder Capital Management; Mark Rickabaugh & Robert Croce, Anchor Capital Advisors; Bonni Jensen, Board Attorney, Hanson, Perry & Jensen and Dave Williams, Plan Administrator.

Excused absence: Ed Mitchell & Wilton White

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of January 16, 2009. Hearing none, Mr. Frost offered his response (which was duly noted). Mr. Roaf made the motion to approve the minutes as amended, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

APPROVAL OF DISTRIBUTIONS

Mr. Williams explained the format of the distribution schedule to the members. Distributions made between 01-16-09 and 02-12-09 was presented to the Board by Mr. Williams. Mr. Roaf made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

APPROVAL TO ENTER THE DROP

Mr. Williams indicated that in reviewing the minutes from the prior administration, it was noted that Mr. Roaf's entry into the DROP was never granted. While Mr. Williams noted that this matter was routine in nature, but the record had to be made part of the minutes. The Board concurred, but as Mr. Roaf could not vote on the matter himself, as such there was not a sufficient quorum present to move forward. The matter was tabled until the next meeting.

ATTORNEY'S REPORT

Mrs. Jensen updated the Board that a Licensing Agreement for the use of the office space for the pension board. Mr. John Kazanjian, President of the Palm Beach County Police Benevolent Association executed the agreement and it was offered at this point to the Board to consider approval. Insurance coverage will have to be obtained, no after hours access and the fee is \$500.00 per month. Mr. Roaf made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

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Mrs. Jensen indicated that the take home car usage was still an outstanding issue. The Board directed Mrs. Jensen to speak to Mr. Randy Sherman directly on the matter.

Mrs. Jensen suggested putting the RFP on-hold until the presentation of the valuation. The Board concurred.

Mrs. Jensen presented the Board with an authorization for Intech to communicate fund matters with Mr. Williams. Mr. Roaf made the motion which outlined the foregoing. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 3-0.

INVESTMENT MANAGERS REPORT

ASSET STRATEGY CONSULTANTS:

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

Mrs. Coopersmith's report indicated that as of December 31, 2008 the fund had 55.3% in equities, 39.6% in fixed income, and 5.1% in hedge funds. As of December 31, 2008, Intech (Large Cap Core) held 9.8% of the portfolio, Earnest Partners (Large Cap Value) had 7.5%, Davis Hamilton (Large Cap Growth) had 8.0%, Munder Capital (Mid Cap Growth) had 6.4%, Anchor Capital (Mid Cap Value) had 7.8%, Wells Capital (Small Cap Growth) had 4.3%, Stratton (Small Cap Value) had 4.4%, DFA International Value had 3.8%, Driehaus (Small Cap Growth) had 3.3%, Davis Hamilton (Fixed Income) had 39.6% and Collins Capital (Hedge Fund) had 5.1%

The total assets were valued at \$142,707,676. For the quarter, Mrs. Coopersmith stated that the total fund returned -12.2% vs. -14.7% compared to the target index.

The fund outperformed relative to the target index for the rolling one-year period -22.9% vs. -25.4%. For the three year time period, the fund returned -2.7% vs. -3.7% for the target index. Over a five year period, the fund returned 1.1% vs. 0.8 for the target index.

Mr. Frost presented Mrs. Coopersmith with an inquiry from Investor's Solutions and asked her to follow-up.

Mrs. Coopersmith indicated that the "Madoff" loss was written off by Collins Capital. Madoff claims filing was discussed. Mrs. Coopersmith advised that she spoke with Dorothy Weaver of Collins Capital about redemption. By the end of the year was the projected distribution date.

Mrs. Jensen asked Mrs. Coopersmith if she looks into the underlying managers in the Capital Collins Account. Mrs. Coopersmith said that she does not. Mrs. Coopersmith indicated that she does ask "Madoff type inquiries" that were red flags under the Madoff case. Mrs. Coopersmith said her due diligence is on Collins Capital. Mrs. Coopersmith relies upon Collins Capital to do the due diligence on the underlying managers. Mr. Roaf indicated that lack of examination is what caused us problems with Madoff.

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Mrs. Jensen cited a City of West Palm Beach Audit Committee Meeting where she and Mrs. Coopersmith will be attending.

Mrs. Coopersmith indicated that she brought the results of a distressed debt search with her for review. The Board asked to table the matter.

INTECH – LARGE CAP CORE MANAGER

Russell Bjorkman, Intech came before the Board and reviewed the 12-31-08 investment report. The Board was advised of the future secession plans for Intech. The executive summary was reviewed. Market Value as of 12-31-08, \$13,523,132.00.

According the Asset Strategy Consultants Performance Report of 12-31-08, Intech returned -21.2% for the quarter vs. -21.9% for the benchmark (S&P 500). For the year, Intech returned -36.2% vs. -37.0% for the same benchmark. Since inception of 06-30-06, Intech returned -11.1% vs. -10.9%.

MUNDER – MID CAP GROWTH

Tony Dong & Lon Britton came before the Board and reviewed the 12-31-08 investment report. Portfolio characteristics, holdings and market environment were discussed. Market Value as of 12-31-08, \$8,841,573.00

According the Asset Strategy Consultants Performance Report of 12-31-08, Munder Capital returned -25.5% for the quarter vs. -27.3% & -27.4% respectively for the benchmarks (Russell Mid Cap Index and the Russell Mid Cap Growth Index). For the year, Munder Capital returned -36.1% vs. -41.5% & 44.3% for the same benchmarks. Since inception of 01-18-08, Munder returned -36.1% vs. -41.5% & -44.3%.

ANCHOR CAPITAL – MID CAP VALUE

Mark Rickabaugh & Robert Croce came before the Board and reviewed the 12-31-08 investment report. A summary of the performance was provided. Market Value as of 12-31-08, \$10,772,045.

According the Asset Strategy Consultants Performance Report of 12-31-08, Anchor Capital returned -15.1% for the quarter vs. -27.3% & -27.2% respectively for the benchmarks (Russell Mid Cap Index and the Russell Mid Cap Value Index). For the year, Anchor Capital returned -26.9% vs. -41.5% & 38.5% for the same benchmarks. Since inception of 04-30-03, Anchor Capital returned 9.0% vs. 4.6% & 5.6%.

OLD BUSINESS

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

Appointment of the 5th member was discussed, it was determined that Mr. White still had a desire and interest to serve in the capacity of the 5th member of the Board. Mr. Fragakis made the motion to reappoint Mr. White to the Board as the 5th member. This motion was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0.

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ADMINISTRATOR’S REPORT

Mr. Williams indicated that Salem Trust billing use to come from the checking account. The funds are now taken from the respective investment managers accounts on a pro-rata basis. Mr. Williams indicated that in the case where the cash was not available, he would like the authority to have the funds come from the R&D Account. Mr. Fragakis concurred with the foregoing and entered it in the form of a motion. Mr. Roaf seconded the motion. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams indicated that Intercontinental wanted direction on the reinvestment of earnings to the account. After reviewing the particulars and receiving input from Mrs. Jensen and Mrs. Coopersmith, the Board elected not to reinvest earnings. Mr. Fragakis made the motion not to reinvest earnings from the account. This was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams indicated that Wells Capital wanted to provide electronic access to a 3rd party administrator to reconcile the account held by Salem Trust. No access to the funds would be accessible, simply the reporting area of the Wells Capital Account. Salem Trust needed Board approval to provide such access. Mr. Fragakis agreed and placed the foregoing in the form of a motion, which was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams advised that a member of the fund identified as Mr. Thomas Hale contacted a member of the Board, Mr. Fragakis. Mr. Hale noticed that he was receiving the variable rate of return (fund performance) on his share account, when in fact he selected the fixed rate of return. Mr. Williams researched the matter and discovered an earnings request form was in fact completed and received by the prior administration back on 09-15-06. The effective date of the form should have been 10-01-06. The form was presented to the Board to review. Mr. Williams sought permission to recalculate Mr. Hale’s account accordingly. Mr. Roaf concurred with the foregoing and placed the matter in a form of a motion. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 3-0. Mr. Fragakis will contact Mr. Hale and brief him accordingly.

Mr. Williams indicated that during the transition, it was discovered that on 10-01-08, a DROP distribution was provided to Mr. Horace Duncan by the prior administration in the sum of \$20,000.00. That distribution was verified by Mrs. Audrey Ross (former administrative staff) and Mr. Duncan himself. That distribution resulted in Mr. Duncan’s DROP Account having a negative balance of -\$6,559.35 (as of 10-01-08). Mr. Williams asked that he be permitted to correct the account deficiency by transferring the sum in question from the member’s share account as of 10-01-08. Mr. Fragakis placed the foregoing in the form of a motion. This was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams advised that Mr. Brad Armstrong, the Board Actuary was sought out to complete an independent review of the way the interest and administrative fee was being applied under the new computer program. Annual administrative fee set by Mr. Armstrong at 60 basis points as of 10-01-08.

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Mr. Brad Armstrong reviewed and agreed to the method of applying interest and the administrative fee to the DROP and Share accounts. Now that approval has been obtained, DROP and Share statements will be sent out on or about February 17th.

Mr. Williams briefed the Board on Web Access to the DROP and Share Accounts. In the past, all members had access to the accounts on-line by using their date of birth and social security number. Mr. Williams indicated that the use of that data is very troublesome. Mr. Williams also advised that members who want their data on-line should be the only data posted to the web. The new procedure will only post data upon the execution of an internet access request form. Each member will be able to select his/her unique password. Letters sent out to all members explaining the new process along with the form.

Mr. Williams advised that Mr. Armstrong did not receive the last piece of data from the prior administration until after hours on February 6, 2009. As a result, the report was not complete and could not be presented until the March meeting.

Mr. Williams advised the Board that to date the state supplemental reports have not been received from the prior administration. Mr. Williams will continue to follow-up accordingly.

Mr. Williams indicated that the payroll department is submitting report data to us that cannot be read by our system. Our IT representative asked for the data in a different format, but it was not approved. It was also discovered after the January transition that the former administrator did not update the payroll after 09-30-08. Mr. Williams advised that he will continue to work with the city in resolving the matter.

Mr. Williams brought a hardship share distribution for Mr. Leach to the Board for review. Mrs. Jensen advised that if the member was not receiving monthly payments, he could close out his account at anytime. Mr. Williams asked that the Board consider the matter just in case. Mr. Fragakis approved the hardship distribution, but indicated that documentation of the hardship would have to be provided to the administrator. Mr. Frost seconded the motion. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams advised that he and Mrs. Jensen have a follow-up transition meeting with various city representatives on February 19, 2009.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 11:00 AM.

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

Jonathan Frost, Board Secretary