

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

Minutes

**May 14, 2010
8:15 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 14, 2010 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Secretary, Chris Roaf, Board Trustee and Chris Fragakis, Board Trustee

Absent: Ed Mitchell, Chairman & Wilton White, Board Trustee.

Also present: Jeff Amrose & Steve Palmquist, Gabriel, Roeder Smith; Tony Dong & Lon Britton, Munder Capital; Arthur Barlow, Dimensional Fund Advisors; Brendan Vavrica & John McCann of Thistle Asset Consulting Group; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of April 9, 2010. Mr. Frost also offered his response (which was duly noted). Mr. Fragakis made the motion to approve the minutes, which was seconded by Mr. Roaf. 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 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

ATTORNEY'S REPORT

Mrs. Jensen reported on HB 859, which is the restatement of the West Palm Beach Police Pension – Special Act. The Bill was ordered enrolled and is awaiting the Governor's signature.

The CITIGROUP settlement papers were presented to the Board to consider. The West Palm Beach Pension Fund will receive \$75,000.00 within 30 days as a result in the settlement. Mrs. Jensen agreed with the settlement and the release. Mr. Roaf made the motion to approve the settlement and the release and direct the Board Chairman and the Board Secretary to execute the appropriate documents. This motion was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0

Mrs. Jensen advised that Mr. Michael Delong matter will be heard on July 14, 2010 at 9:00 AM before an Administrative Judge, via video conferencing at 5405 Okeechobee Blvd., Suite 200, West Palm Beach, Florida. Mrs. Jensen advised the Attorney of record for Mr. Delong is currently Mr. Frank McKeown.

West Palm Beach Police Pension Fund – Minutes

May 14, 2010

Page 2 of 5

Mrs. Jensen provided a draft copy of the West Palm Beach – Summary Plan Description, for the Board to consider at the next meeting.

ADMINISTRATOR’S REPORT

Mr. Williams presented the Board with Mr. Larry Castelli’s final calculation as certified by the Actuary. Mr. Castelli selected the standard form (ten year certain). Mr. Roaf made the motion to approve the benefit which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams presented a buy back request from Mr. Troy Marchese for 3.269 years of prior law enforcement service. Mr. Williams advised that Mr. Marchese will fund the buy back with a partial rollover, with the balance coming from his share account. Mr. Roaf made the motion to approve the buyback upon payment in full, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

Mr. Williams provided the Board with a pension refund request from Mr. Alvin Givens, a vested member of the Fund. Mr. Williams indicated that Mr. Givens was provided with a vested retirement benefit statement so he could make an informed decision. Mr. Givens was also fully informed that by taking a refund of his contributions, he was forfeiting his share account balance. With all of that information, Mr. Givens has not changed his mind and is still requesting the funds be returned. Mrs. Jensen will draft a waiver of rights and benefits release for Mr. Givens to execute. Mr. Fragakis advised that he will also follow-up with Mr. Givens directly. Mr. Roaf made the motion to approve the refund request upon proper execution of any and all required forms, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

ACTUARIAL VALUATION REPORT

Mr. Jeff Amrose and Mr. Steve Palmquist, Board Actuary’s of Gabriel Roeder Smith came before the Board and presented the September 30, 2009 Actuarial Valuation Report. Beginning October 1, 2010 the City of West Palm Beach will have to contribute 22.87% of payroll excluding DROP Members or 19.59% if DROP Member payroll is expressed. If the payment is made on October 1, 2010, the contribution amount will be \$5,028,968. If the payment is made over the fiscal year, the cost is valued at \$5,232,302.

Mr. Amrose also presented a chart that exhibited over 25 public pension systems within the State of Florida. On that chart it expressed that the West Palm Beach Police Pension Fund funded ratio was at 81.5%. This exceeds the 75.6% average when factoring in the other plans cited. In terms of contribution comparison with other public pension systems, the average annual required contribution was valued at 33.2% vs. the West Palm Beach Police Pension Fund of 22.87%.

Discussion ensued relative to the smoothing method adopted by the Board effective September 30, 2001. Currently the gains/losses are experienced over a four year term. Mr. Palmquist was asked if a five year smoothing would be reasonable.

Mr. Palmquist responded that a five year smoothing was in fact reasonable and universally used by public pension systems. The Trustees were also advised that if the five year smoothing was adopted, the 2008 & 2009 reports could be restated.

West Palm Beach Police Pension Fund – Minutes

May 14, 2010

Page 3 of 5

That restatement would decrease the city's contribution for the upcoming year by approximately \$300,000. The Trustees will take that under consideration when a full Board is present.

Mr. Palmquist explained that the State of Florida is looking at mortality tables used by pension plans. At some point Mr. Palmquist advised the Board will have to consider a move to an updated table. When questioned by Mrs. Jensen, Mr. Palmquist advised the current table is not causing any funding issues and was in line at this juncture. There was no further presentation concerning assumptions.

Mr. Frost recounted a conversation he had with Mr. Brad Armstrong of GRS in anticipation of receiving the valuation report at an earlier meeting. Mr. Palmquist advised his turn around time was in 4 weeks and the city was provided copies of the document well prior to this meeting. Mr. Palmquist advised that he received the information from Mr. Williams on March 18, 2010. Mr. Williams affirmed the foregoing and stressed that the data is provided based on the state report and the financial statements. Mr. Williams stated all of those reports must be in order prior to the release to the Actuary.

Mr. Fragakis made the motion to approve the September 30, 2009 Actuarial Valuation Report, which was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0.

INVESTMENT MONITORING REPORT

A Morningstar Report for the Munder MidCap Account was distributed and reviewed by Mr. Vavrica.

Asset Allocation: Mr. McCann advised that as of March 31, 2010 the fund had 48.5% in domestic equities, 8.2% in international equities, 35.7% in fixed income, and 7.6% in cash.

Division of Assets: As of March 31, 2010, Davis Hamilton held 40.4% of the portfolio (fixed & equity), Intech had 9.7%, Earnest Partners had 8.1%, Munder had 6.9%, Anchor had 7.6%, Wells had 5.4%, Stratton had 4.4%, DFA had 4.1%, Driehaus had 4.1%, Collins Capital had 3.7%, with the balance in the R&D Account.

The total assets were valued at \$180,226,000. For the quarter, Mr. McCann stated that the total fund returned 4.11% vs. 4.62% compared to the target index. For the fiscal year to date, the fund return was 7.74% vs. 8.31% compared to the target index.

Mr. McCann also presented a performance review of each manager.

INVESTMENT POLICY UPDATE

Mr. McCann provided the Board an updated Investment Policy to consider. The policy was approved for legal content by Mrs. Jensen. Minor issues were brought to Mr. McCann's attention to update. Mr. Roaf made the motion to approve the Investment Guidelines as amended which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

West Palm Beach Police Pension Fund – Minutes

May 14, 2010

Page 4 of 5

INVESTMENT PRESENTATION SCHEDULE

Mr. McCann provided the Board an updated investment manager presentation schedule. Mr. McCann cited that the proposed schedules would allow the Board to receive presentations each month instead of quarterly.

DIMENSIONAL FUND ADVISORS (DFA) – INTERNATIONAL SMALL CAP

Mr. Arthur Barlow appeared before the Board for DFA. Mr. Barlow reviewed the March 31, 2010 investment report. Annualized returns were also reviewed as was relative performance.

According to the Thistle Asset Consulting Group Performance Report of March 31, 2010 the DFA International Account returned 1.78% for the quarter vs. -0.17% for the benchmark (MSCI EAFE Value Index). For the year, DFA returned 69.67% vs. 59.50% for the same benchmark. Market Value as of March 31, 2010 was \$7,404,000, which was 4.1% of the total portfolio.

MUNDER CAPITAL – MID CAP GROWTH MANAGER

Mr. Tony Dong & Mr. Lon Britton appeared before the Board and reviewed the March 31, 2010 investment report. Among the issues detailed was compliance with guidelines, financial markets summary, return drivers for the S&P MidCap 400 Index. The overall equity market was also discussed. A portfolio summary was provided to include fund totals and asset allocation. Performance measurements as well as key performance contributors/detractors were highlighted. Mrs. Jensen asked that future Munder reports include a fiscal year to date return. Mr. McCann also cited inception date of January 18, 2008 and January 31, 2008 being used as well. In relation to litigation, Mr. Britton confirmed Munder would hold at least one position of Arena Resources.

During the presentation, there was a discussion between the Thistle & the Munder representatives in relation to the benchmark. From that exchange, all parties agreed that a more appropriate benchmark would be the Russell MidCap Growth Index.

As all parties came to that consensus, a motion followed by Mr. Fragakis that effective July 1, 2010, the Munder Benchmark should be the Russell MidCap Growth Index. This motion was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 3-0

According to the Thistle Asset Consulting Group Performance Report of March 31, 2010 the Munder Mid Cap Account returned 7.08% for the quarter vs. 9.44% for the benchmark (S&P 400 Growth Index). For the year, Munder returned 52.06% vs. 62.59% for the same benchmark. Market Value as of March 31, 2010 was \$12,522,000, which was 6.9% of the total portfolio.

OPEN DISCUSSION

Mr. Roaf cited travel issues relative to educational training. Mr. Roaf felt it would be reasonable that Trustees have the option to obtain a credit card for educational travel. Mr. Williams cited the Board already has an established account with American Express. As such, additional cards could easily be issued.

West Palm Beach Police Pension Fund – Minutes

May 14, 2010

Page 5 of 5

Mr. Williams expressed that detailed records are established with the use of the card, which would be beneficial as well. Further, Mr. Williams felt that Trustees should not have to be burdened with out of pocket expenses. Mr. Frost wanted a full Board present before taking any action.

Mr. Williams advised the Board that he has been requested to attend a pension task force meeting and explain the fundamentals of the pension plan. Recently, Mr. Williams did attend a meeting along with Mr. Ernest George. Mr. Williams made it very clear to the panel that the pension board was not party to any labor negotiations and is charged with the administration of the fund, based on the special act. In Mr. Williams' opinion, he felt that although the panel was well intended, it appeared that some of the participants had a preconceived notion that benefit changes were required. Mr. Williams indicated that he did not mind attending the meeting, but he could not invest too much personal time. In terms of costs, Mr. Williams advised that the task force had no budget and would have to seek commission approval to pay for actuarial studies. Mr. Fragakis went on the record to state that he felt it was unreasonable for any pension funds to be expended on behalf of this outside entity. Mr. Frost reported that he attended a speech that was given by Mr. Robert Klausner, who is a public pension attorney. It was Mr. Klausner's opinion that Trustees should not participate in meetings such as the one described.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 11:50 AM.

Next meeting is scheduled for June 11, 2010 at 8:15 AM

Jonathan Frost, Board Secretary