

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

Minutes

**June 11, 2010
8:15 AM**

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on June 11, 2010 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Edward Mitchell, Chairman, Jonathan Frost, Board Secretary, Chris Fragakis, Board Trustee, Chris Roaf, Board Trustee, and Wilton White, Board Trustee.

Also present: Ernest George & Ralph King, Retired Members; Maya Saxena, Saxena White; John McCann, Performance Consultant, Thistle Asset Consulting; Brian Mulligan, Dann Smith and (Jerome Philott - Telephonically), Wells Capital Management; Steve Palmquist - Telephonically, Gabriel, Roeder Smith; Richard Cristini - Telephonically, Davidson, Jamieson & Cristini; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen; Dave Williams, Plan Administrator.

APPROVAL OF THE MINUTES

Mr. Mitchell asked if there were any changes required to the minutes of May 14, 2010. Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 5-0.

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. Frost made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Prior to approval, Mr. Frost inquired about the fiscal year IT cost in the amount of \$14,906.25. Mr. Williams commented that the year to date cost on the fiscal year spreadsheet may have a carryover balance from the prior fiscal year. As such, the physical fiscal year numbers would be less. Having IT support at our fingertips is vital to plan administration. Mr. Williams indicated that our web site being updated weekly and sometimes daily. Mr. Frost thought that once the web site was created there would be no more cost. Mr. Williams advised that our site contains a wealth of personal data and financial information and that is simply not the case. Mr. Williams will contact the vendor to study cost containment.

DROP/SHARE Distributions were also presented to the Board to consider. Mr. Frost¹ made the motion to approve, which was seconded by Mr. Roaf. All Trustees voted yes, and the motion was passed 5-0

ATTORNEY'S REPORT

Mrs. Saxena began her presentation by outlining her firm's responsibility as the Fund's Portfolio Monitor. Mrs. Maya Saxena provided an update to the Board relative to the Arena Resources/Sandridge Energy Litigation.

¹ Mr. Frost requested Mrs. Jensen to obtain the required documentation from Mr. Fahey prior to distribution being made.

West Palm Beach Police Pension Fund – Minutes

June 11, 2010

Page 2 of 4

Mrs. Saxena indicated that as a result of the litigation, the value of the merger/acquisition deal increased substantially, which helped all shareholders.

Mrs. Jensen announced that Governor Crist did in fact sign HB 859, which is the restatement of the West Palm Beach Police Pension – Special Act.

After highlighting the revisions, Mrs. Jensen requested the Board to consider approval of the revised summary plan description. Mr. Frost made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen reminded members their respective responsibility to complete their annual financial statement. Mr. Frost physically presented his statement to Mrs. Jensen for filing.

Mrs. Jensen indicated that the CitiGroup settlement payment is expected imminently.

Mrs. Jensen advised the Board of Trustees that the Pension Task Force will be making a presentation of their findings to the city commission on June 21, 2010 at 9:00AM.

Mrs. Jensen briefed the Board on the Delong matter. Mrs. Jensen reminded the members that the issue 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 asked the Board to consider retaining the professional services of Mr. Robert Klausner as an expert witness (Rate of Pay \$500.00 per hour). Mr. Mitchell inquired if there was anyone else available, in which Mrs. Jensen replied there was not. Mr. Frost made the motion to approve the retention of Robert Klausner as an expert witness, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen provided a Collins Capital 5% redemption request for execution. Mr. Roaf made the motion to approve, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 5-0.

WELLS CAPITAL MANAGEMENT – SMALL CAP GROWTH MANAGER

Brian Mulligan, Dann Smith and (Jerome Philott - Telephonically) appeared before the Board and reviewed the March 31, 2010 investment report. Among the issues detailed was the firm overview, the investment team, assets under investment, investment process, philosophy and strategy. Mr. Mitchell also asked Mr. Philott to expound with regard of equity selection. For illustration purposes, Mr. Philott broke down GSI Commerce, Inc. as an example to the inquiry. 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.

A Morningstar Report and a PSN² Report for the Wells Capital Management Account was distributed and reviewed by Mr. McCann.

PRESENTATION OF FINANCIAL STATEMENTS

Mr. Richard Cristini appeared before the Board telephonically to present his findings of the March 31, 2010 independent review of the financial statements.

² PSN is an investment manager database.

West Palm Beach Police Pension Fund – Minutes

June 11, 2010

Page 3 of 4

As of March 31, 2010, trust assets exceeded its liabilities with a total of \$178,429,396. (Net assets are held in trust to meet future benefit payments). This represents an increase in plan assets of \$12,808,947 through March 31, 2010. All pertinent aspects of the report were covered in detail to include the schedule of investment and administrative expenses. Mr. Cristini indicated the administrative expenses were well below the accepted industry standards. The Board accepted the report and thanked Mr. Cristini for his efforts.

ACTUARIAL VALUATION

Mr. Palmquist appeared before the Board telephonically to present his findings with regard to changing the smoothing method from the current four years to five years. The exercise was being considered at the recommendation of Mr. Williams. The purpose would be to change the experience gains/losses over a longer period. Mr. Williams cited the measure was being offered due to the economic reality the city is facing. Mr. Palmquist cited his findings and stated that if the Board changed the method, it would not harm the plan in any manner. Mr. Palmquist advised that five year smoothing is the most frequently used method among public pension plans.

The change would result in a decrease of \$295,925 in city contributions for fiscal year ending 2011. The anticipated decrease would continue to rise through the end of fiscal year 2013. Mr. George commented that he was against any decrease in contributions. The Board accepted the study and thanked Mr. Palmquist for his efforts.

ADMINISTRATOR'S REPORT

Mr. Williams provided an administrative report for the Board to consider the approval of the benefit amount and selection for DROP Members Mr. John Riddle and Mr. Martin Tierney. Mr. Frost made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mr. Williams presented the results of the 2009 Pension Satisfaction Survey. Mr. Williams indicated that the survey was developed at the direction of the Board to determine the level of satisfaction as gauged by *our shareholders*, who are the retirees of the West Palm Beach Police Pension Fund.

In terms of the membership response, Mr. Williams advised that 217 surveys were mailed out to our membership. A total of 73 surveys were returned. This equates to 33.64% response rate. Mr. Williams contacted the local police benevolent association (*an organization widely known for conducting surveys*) and learned that in general, there is normally 40-60% return rate for their surveys. As such, Mr. Williams was pleased with the return ratio. In time, he anticipates increased participation.

Mr. Williams reflected that this was actually our 2nd annual survey. In 2009, Mr. Williams conducted a 2008 baseline survey to determine the level of satisfaction from the prior administration. That baseline was sought to measure improvements going forward. No formal report was prepared, as only one response was returned.

Finally, the overall satisfaction was examined by taking the benchmarks sought for all the questions. That average revealed an 85.69% satisfaction level overall. This will be our baseline percentage going forward.

West Palm Beach Police Pension Fund – Minutes

June 11, 2010

Page 4 of 4

Mr. Williams advised that the entire survey will be published to our web site on the announcement page. A summation will also be published in our next quarterly newsletter. Mr. Williams congratulated the Board for their keen administrative sense.

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. Mr. Williams advised that Trustees should not have to be exposed to any out-of-pocket expenses if other alternatives exist. Members felt it would be reasonable, if an internal control policy was developed to protect the member and the plan. Mrs. Jensen will develop a policy for the Board to consider. Mr. Roaf made the motion to approve the issuance of credit cards to Trustees who want them. This motion was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:25 AM.

The next meeting regularly scheduled meeting is July 9, 2010 at 8:15 AM.

The next meeting special meeting is July 14, 2010 at 9:00 AM, 5405 Okeechobee Blvd., Suite 200, West Palm Beach, Florida.

Jonathan Frost, Board Secretary