

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

**Minutes**

**November 12, 2010  
8:15 AM**

**CALL THE MEETING TO ORDER**

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on November 12, 2010 at 8:28 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Edward Mitchell, Chairman, Jonathan Frost, Board Secretary & Troy Marchese, Board Trustee.

Also present: Ernest George, Retired Member; Steve Palmquist & Jeff Amrose, Gabriel, Roeder Smith & Company; Lon Britton & Thomas Mudie, Munder Capital Management; Gilbert Garcia & Janna Hamilton, Garcia Hamilton & Associates; Brendan Vavrica & John McCann, Thistle Asset Consulting; Bonni Jensen, Law Offices of Perry & Jensen and Dave Williams, Plan Administrator.

**APPROVAL OF THE MINUTES**

Mr. Mitchell asked if there were any changes required to the minutes of October 8, 2010. Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Marchese. 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. Additionally, share and drop distributions were also presented for consideration. Mr. Frost made the motion to approve the foregoing, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

**ATTORNEY'S REPORT**

Mrs. Jensen presented the Board an amendment of subscription from Intercontinental Real Estate Corporation. The Chapter funds received from the state were allocated to each investment manager in accordance with our investment guidelines. As a result, Intercontinental Real Estate Corporation was scheduled to receive \$172,296.90. As this is an increase of our initial investment, the funds will not be accepted and held in queue until called. Mr. Frost made the motion to approve the amendment of subscription from Intercontinental Real Estate Corporation, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0. The funds will remain in the R&D Account until called by Intercontinental Real Estate Corporation.

Mrs. Jensen advised that the Board was scheduled to consider the Recommended Order and the Exceptions in the Delong matter this date. However, Mr. Michael Delong's Attorney, Mr. Frank McKeown, Jr. faxed a request for a continuance as he could not make it to this meeting. The Board acknowledged that Mr. Delong has been afforded due process during this entire series of meetings, and agreed to continue the matter till the next meeting, December 10<sup>th</sup> at 9:00 AM.

## **West Palm Beach Police Pension Fund – Minutes**

**November 12, 2010**

**Page 2 of 4**

Mrs. Jensen presented a draft of the revised public records request policy. Mr. Frost made the motion to approve the revision as stated, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

### **MUNDER – MID CAP GROWTH MANAGER**

Mr. Lon Britton & Mr. Thomas Mudie, Munder Capital Management appeared before the Board and reviewed the September 30, 2010 investment report. Munder was summoned by the Board due to Munder's underperformance. Among the issues detailed was the firm overview, the investment team, assets under investment, investment process, philosophy and strategy.

From inception to January 18, 2008, the annualized return was -2.39% net v. the benchmark (Russell Midcap Growth Index) return of 1.09%. For the current fiscal year ending September 30, 2010, the net return was valued at 17.14% v. 18.27% for the benchmark. On the short term, for the quarter ending September 30, 2010, the net return was valued at 12.75% v. 14.65% for the benchmark. A portfolio summary was provided to include portfolio weightings and characteristics in holdings such as cash. Performance measurements as well as key performance contributors/detractors were highlighted.

The representatives were advised that the Board was not pleased and would hope for improvement in short order. Mr. McCann prepared a search for consideration and comparison for a future meeting.

### **GARCIA HAMILTON & ASSOCIATES – LARGE CAP GROWTH & FIXED INCOME MANAGER**

Mrs. Janna Hamilton & Mr. Gilbert Garcia came before the Board and reviewed the September 30, 2010 investment report. Mr. Garcia spoke about the investment philosophy of Garcia Hamilton. The fixed income portfolio characteristics were discussed. Annualized returns were reviewed as was relative performance. Market outlook and fund negative/positive attribution was reviewed. As of September 30, 2010, Garcia Hamilton Fixed Income Account returned 2.8% for the quarter vs. 2.1% for the benchmark (Barclay's Capital Int. Aggregate). For the year period, Garcia Hamilton returned 8.2% vs. 7.5% for the same benchmark. Since inception of January 31, 2004, fixed portfolio returned 6.1% vs. 5.2%. Market Value as of September 30, 2010 was \$60,617,247.38.

Mrs. Hamilton also spoke about the investment philosophy of Garcia Hamilton and highlighted the terms Growth, Quality and Diversification. The equity portion of the portfolio characteristics was discussed. Annualized returns were reviewed as was relative performance. Portfolio composition and changes in the portfolio were discussed. As of September 30, 2010, Garcia Hamilton Equity Account returned 12.9% for the quarter vs. 13.0% for the benchmark (Russell 1000 Growth). For the year period, Garcia Hamilton returned 11.5% vs. 12.7% for the same benchmark. Since inception of March 1, 1996, equity portfolio returned 6.5% vs. 4.7%. Market Value as of September 30, 2010 was \$15,077,201.83.

## **West Palm Beach Police Pension Fund – Minutes**

**November 12, 2010**

**Page 3 of 4**

### **INVESTMENT MONITORING REPORT**

Asset Allocation: Mr. McCann advised that as of September 30, 2010 the fund had 48.0% in domestic equities, 8.1% in international equities, 36.4% in fixed income, 2.7% in real estate and the balance in cash.

Division of Assets: As of September 30, 2010, Garcia Hamilton Jackson held 41% of the portfolio (fixed & equity), GW Capital had 5%, Earnest Partners had 8%, Munder had 7%, Anchor had 8%, Wells had 5%, Valley Forge had 10%, DFA had 4%, Wentworth Houser had 4%, Intercontinental had 3%, Collins Capital had 4%, with the balance in the R&D Account.

The total assets were valued at \$182,809,000. For the quarter, Mr. McCann stated that the total fund returned 7.56% vs. 8.72% compared to the target index. For the fiscal year, the fund return was 10.59% vs. 10.46% compared to the target index. That return placed the Fund in the Top 31st Percentile in the investment universe.

Mr. McCann presented an aggregate equity analysis for the Board to consider. The analysis exhibited our current investment style, sector weightings and regional exposure.

### **ACTUARY REVIEW/UPDATE**

Mr. Jeff Amrose and Mr. Stephen Palmquist of Gabriel Roeder Smith appeared before the Board to discuss the potential impact on actuarial assumption modifications. Various scenarios were discussed with the goal of further securing the fund and while being mindful to maintaining costs. Both representatives encouraged the Board to consider an actual experience study of the fund. This report would illustrate the strengths and weaknesses in the current assumptions and would allow the Board to make a more educated choice in terms of changes to the assumptions. The Board asked for a written proposal to consider.

### **ADMINISTRATOR'S REPORT**

**Benefit Approval:** Mr. Williams presented documentation relating to the (DROP) benefit approval of Thomas Bonney, Patrick Flannery, Jakovos Saridakis and Karl Seifel. Mr. Frost made the motion to approve the benefit as presented, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

**Share Distribution:** Mr. Williams presented the share account distribution and forfeiture reports for the Board to consider. The total amount that was received from the State of Florida and distributed was \$1,049,869.36. Further after an adjustment to Mr. Zangara's account of \$1,321.80, \$139,462.25 was reallocated due to share forfeiture. Mr. Frost made the motion to approve the foregoing, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

**Date of Entry Adjustment:** Mr. Williams provided the Board with an adjusted date of entry for Mr. Joseph Ahern. The request was being made due to the member purchasing two years of service. Mr. Ahern's original date of hire was July 23, 2000 as a result of this purchase of time, his adjusted pension entry date will be July 23, 1998. The foregoing was confirmed by the Board's Actuary. Mr. Frost made the motion to accept and approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

**Audit Update:** Mr. Williams advised that the field work for the annual independent audit took place November 8-10, 2010.

**West Palm Beach Police Pension Fund – Minutes**

**November 12, 2010**

**Page 4 of 4**

**OPEN DISCUSSION**

Nothing to report

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:28 AM.

The next meeting regularly scheduled meeting is December 10, 2010 at 8:15 AM.

Jonathan Frost, Board Secretary