

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

Minutes

December 10, 2010

8:15 AM

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on December 10, 2010 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost (Acting Chairman), Troy Marchese, Board Trustee, and Wilton White, Board Trustee.

Also present: Michael Delong & (Mr. Delong's Attorney) Frank J. McKeown, Jr.; Ernest George, Retired Plan Member; Trey Greer, Earnest Partners; John McCann & Brendan Vavrica; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen; Dave Williams, Plan Administrator;

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of November 12, 2010. Mr. Frost offered his response (which was duly noted). Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. White. 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. Marchese made the motion to approve the foregoing, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0.

In addition, contained in the administrative report was DROP Loan Request for Mr. J. Nathanson. Mr. White made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

Mr. Brett Patterson requested a (hardship) share distribution. After reviewing same, Mr. White made the motion to approve the distribution based on the hardship, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

EARNEST – LARGE CAP VALUE

Trey Greer of Earnest Partners came before the Board and reviewed the 9-30-2010 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.

As of 9-30-2010, Earnest Partners returned 10.87% for the quarter vs. 10.13% for the Russell 1000V benchmark. For the year ending 09-30-2010, Earnest Partners returned 10.89% vs. 8.90% for the Russell 1000V.

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EARNEST – LARGE CAP VALUE (Con't)

Since inception of 10-26-2007, Earnest Partners returned -7.82% vs. -9.42% for the same benchmark. Market Value as of 9-30-2010, \$14,331,496.

Mr. Greer was asked to add fiscal year and cost basis to his future reports.

PERFORMANCE MONITORING REPORT

- Mr. McCann & Mr. Vavrica reviewed the allocation between fixed and equities. The Board will consider international fixed income as a new asset class.
- An Aggregate Equity Analysis was presented and reviewed by Mr. Vavrica. The report reinforces the Board's approach to diversification of equity investments.
- Portfolio Review

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 held 41.4% of the portfolio (fixed & equity), Valley Forge had 10.3%, Earnest Partners had 7.8%, Munder had 7.1%, Anchor had 8.0%, Wells had 5.2%, GW had 4.6%, DFA had 4.1%, WHV had 4.3%, Collins Capital had 3.3%, Intercontinental had 2.7%, 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 31 percentile of the investment universe. Mr. McCann also presented a performance review of each manager.

- Due to the performance of Munder, a Mid Cap Growth search was completed by Mr. McCann and presented to the Board to consider. After taking into account all aspects of the search, Mr. Marchese made the motion to invite Baird Investment Mgt, Columbia Mgt and Oak Ridge to present at our next meeting. That motion was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0.

ATTORNEY'S REPORT

Mrs. Jensen advised the Board that she has received SEC letters from our investment managers, and to date no violations have been identified.

Mrs. Jensen asked the Board to consider changing the February meeting to the 11th. There was no opposition.

DELONG MATTER (Tabled 11-12-2010)

Mr. Michael Delong & Mr. Frank J. McKeown (Mr. Delong's Attorney) was present to address the Board regarding his pending claim. It should be noted that pursuant to the special act, this portion of the meeting was tape recorded.

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Mr. McKeown presented his position on behalf of his client (Mr. Delong) with regard to the Recommended Order and the Exceptions. Mrs. Jensen reviewed the findings of the Administrative Judge and Mr. McKeown rebutted.

After hearing the foregoing, Mrs. Jensen advised that the Board should consider the totality of circumstances. Mr. White made the motion to accept the October 12th, 2010 Recommended Order of Patricia M. Hart, Administrative Law Judge, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

Mrs. Jensen advised that Mr. Delong has the right under the special act to seek a Petition for Writ of Certiorari within 30 days from the date of the final order.

ADMINISTRATOR'S REPORT

PPCC AWARD: Mr. Williams advised that for the 2nd continuous year, the West Palm Beach Police Pension Fund was a successful recipient of the 2010 Public Pension Standards Award for Funding and Administration.

The award is sponsored by the Public Pension Coordinating Council, which is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement. Mr. Williams presented the Board of Trustees with a plaque which will adorn the Office of Retirement. Mr. Williams congratulated the Board for its administrative integrity and resilience.

COLA 2010: Mr. Williams presented the COLA report for 2011 for the Board to review and consider. The COLA report was completed by Gabriel Roeder Smith and was based on the provisions set forth in the special act. Mr. White made the motion to approve the foregoing effective January 1, 2011, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

ACTUARY REVIEW

The Board discussed conducting an Actuarial Experience Study by GRS. Upon doing so, it was felt that the study would be in the best interest of the Fund. Mr. Marchese made the motion to approve the foregoing (not to exceed \$15,000.00), which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 3-0. Mr. Williams reminded the Trustees that the pending valuation for 10-01-2010 may be affected based on the study results and the assumption changes accepted (if any).

ADJOURNMENT

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

The next meeting regularly scheduled meeting is January 14, 2011 at 8:15 AM.

Jonathan Frost, Board Secretary