

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

**Minutes**

**February 11, 2011  
8:15 AM**

**CALL THE MEETING TO ORDER**

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on February 11, 2011 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, Troy Marchese, Board Trustee and Wilton White, Board Trustee.

Also present: Ernest George, Plan Member; Scott Mullet, GW Capital; 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. Mitchell asked if there were any changes required to the minutes of January 14, 2011. Mr. Frost offered his response (which was duly noted). Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Fragakis. 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. Fragakis made the motion to approve, which was seconded by Mr. Frost. All Trustees voted yes, and the motion was passed 5-0

Mr. Williams also presented an Administrative Report of distributions and an adjusted pension entry date due to a buy back for Mr. Jay Donde. Mr. White made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0

**ATTORNEY'S REPORT**

Mrs. Jensen presented the Oak Ridge contract for execution. Mr. Frost made the motion to accept the contract & approve the execution, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen outlined an issue that arose with Widow Patrice Herring. In review, Mrs. Herring recently filed a name change and presented a marriage certificate. This caused Mr. Williams to ask Mrs. Jensen for an analysis of the benefit provisions that were in place when Mr. Herring retired. In further examination of the Herring file, a correspondence was found where Mrs. Herring asked and received a review of her benefit entitlement from a prior administrator. The provision of the Special Act that was presented to Mrs. Herring was not applicable to Mrs. Herring, but the record shows that Mrs. Herring relied upon the information provided prior to her remarriage. Based on that reliance, Mrs. Jensen felt her benefit should not be interrupted.

Mr. Frost made the motion asking Mrs. Jensen to develop a written communication to the prior administrator for the Chairman to review. That motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

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

**February 11, 2011**

**Page 2 of 3**

Mrs. Jensen advised that the September 30, 2010 Financial Statements were revised as directed by the Board.

Mrs. Jensen highlighted HB 303 & SB 290 and its status.

Mrs. Jensen announced the Internal Revenue Mileage allowance for 2011 and will monitor due to rising fuel costs.

A discussion arose about the redundancy from our current security monitoring firms. Mr. Frost made a motion to sever our relationship with Abraham Fruchter & Twersky and Labaton Sucharow. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 5-0. Mrs. Jensen will proceed with the notice as administratively practical.

### **ADMINISTRATOR'S REPORT**

Mr. Williams presented the results of the 2010 West Palm Beach Pension Satisfaction Survey. Mr. Williams indicated that the survey was developed to determine the level of satisfaction as gauged by *our shareholders*, who are the retirees of the West Palm Beach Police Pension Fund. Tabulating the overall responses for all questions showed an increase of satisfaction of 94 basis points (2009 - 85.69% vs. 2010 - 86.63%). Mr. Williams advised that the report will be posted on the announcement page of the web site. The Board appreciated the time members took to respond.

### **GW CAPITAL – SMALL CAP VALUE MANAGER**

Mr. Scott Mullet appeared before the Board and reviewed the December 31, 2010 investment report. Mr. Mullet provided an organizational update. Mr. Mullet detailed GW Capital's investment approach. The overall equity market was discussed by Mr. Mullet. A portfolio summary was reviewed to include fund totals and asset allocation. Performance measurements as well as key performance drivers were discussed.

According to the Thistle Asset Consulting Group Performance Report of December 31, 2010, GW Capital Small Cap Value Account returned 18.40% for the quarter vs. 15.36% for the benchmark (Russell 2000V). That return placed GW Capital in the 8th percentile. For the year (which consists of two quarters), GW Capital returned 30.84% vs. 26.58% for the same benchmark or in the 15<sup>th</sup> percentile. Market Value as of December 31, 2010 was \$10,321,000.

Mr. Mullet provided updated returns through January 31, 2011. From the inception date of May 25, 2010, the GW Capital Account returned 33.4% vs. 26.7% for the benchmark cited. Market Value as of January 31, 2011 was \$10,489,449.

### **INVESTMENT MONITORING REPORT**

Asset Allocation: Mr. McCann advised that as of December 31, 2010 the fund had 51.7% in domestic equities, 8.4% in international equities, 31.4% in fixed income, 2.6% in real estate and the balance in cash.

Division of Assets: As of December 31, 2010, Garcia Hamilton Jackson held 40.1% of the portfolio (fixed & equity), Valley Forge had 10.3%, Earnest Partners had 8.4%, Munder had 7.7%, Anchor had 8.1%, Wells had 5.7%, GW Capital had 5.2%, DFA had 4.2%, Wentworth Houser had 4.7%, Intercontinental had 2.6%, Collins Capital had 0.3%, with the balance in the R&D Account.

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

**February 11, 2011**

**Page 3 of 3**

The total assets were valued at \$198,918,000. For the quarter, Mr. McCann stated that the total fund returned 7.01% vs. 6.73% compared to the target index. For the fiscal year, the fund return was 7.01% vs. 6.73% compared to the target index. That return placed the Fund in the 47th Percentile in the investment universe. On a one year basis, the fund return was 14.35% vs. 14.09% for the benchmark.

The Callan Periodic Table of Investment Returns (1991-2010) was presented to the Board of Trustees to review and consider.

Mr. McCann also felt the time was appropriate to rebalance several managers with assets held in the R&D Account. Mr. McCann suggested transferring the following amounts: \$1,300,000 to Earnest Partners, \$1,600,000 to DFA, \$550,000 to the Munder account (the new Oak Ridge Account) and \$550,000 to Wentworth Hauser Violich. As warranted, future R&D funding to pay benefits, etc. will come from the Garcia Hamilton Accounts to wit: 79% Fixed Income & 21% Equity blend. Mr. McCann will communicate with Garcia Hamilton representatives. Mr. Frost accepted the foregoing, which was adopted as a motion. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams will work in concert with Mr. McCann and our custodian representative Mrs. Castillo to accomplish this action.

Mr. McCann presented the amended investment policy and guidelines to the Board to consider. The majority of the changes were limited to the change in managers. There was also a change to the fixed income benchmark. Mr. Frost made the motion to accept the changes, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Brief discussion followed about research being conducted by Thistle personnel for other alternative investments.

### **NEW BUSINESS**

**Appointment of 5<sup>th</sup> Member:** Mr. White expressed his desire to continue to serve on the Board of Trustees' as the 5<sup>th</sup> Member. Mr. Fragakis made a motion to reappoint Mr. White to the Board of Trustees. The motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. Mr. Williams will make the required notification.

**Administrator Review:** Mr. Williams' efforts and that of his staff were reviewed by the Board of Trustees. Upon doing so it was determined that an increase of 2.5% effective March 1, 2011 would be appropriate. The foregoing was placed in the form of a motion by Mr. Frost and seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams thanked the Board for their consideration. Mr. Williams is honored to serve the hard working members past and present.

### **OPEN DISCUSSION**

Mr. Frost spoke about the NAPO Conference.

### **ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:15 AM.

Next meeting is scheduled for March 11, 2011 at 8:15 AM

Jonathan Frost, Board Secretary