

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

Minutes

**August 10, 2012
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on August 10, 2012 at 8:30 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 & Wilton White Board Trustee.

Also present: David A. Schwarzenberger, WHV Investment Management; John McCann & Brendon Vavrica 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 July 13, 2012. Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

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, in addition to the activity outlined in the administrative report by Mr. Williams. Mr. Frost made the motion to approve the foregoing, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

ATTORNEY'S REPORT

Mrs. Jensen advised that she continued to work with representatives from the City of West Palm Beach with regard to possible subrogation in the _____ Matter.

An update to the back pay calculations for Mr. Louis Schwartz was presented to the Board of Trustees to consider. Mrs. Jensen reiterated the question that needs to be answered: If the contribution made by the member should be treated when it was earned or when it was paid. This member made pension contributions in two payroll periods which covered the time period of August 12, 2008 to April 14, 2012.

A payroll contribution review was conducted, which showed that Mr. Yates and Mr. Pontieri received settlement payments. While the circumstances differed, the lump sum payments were credited when paid, not earned. Mrs. Jensen also stated that the member would also be paying taxes on the payment in this calendar year. Mrs. Jensen consulted with Mr. Jeff Amrose, Board Actuary who felt the payment would create a windfall. Mr. Frost stated that he was inclined to accept findings of Mrs. Jensen and made a motion to credit Mr. Schwartz for the contribution when it was paid. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 4-0. The general consensus was that matter should be contemplated by the union and the city.

Mrs. Jensen advised that to date her office has not received the disability packet from Mr. _____. Mrs. Jensen indicated that she continues to be prepared to proceed upon receipt of the required documents. Mr. Williams will follow up with Mr. _____ once again.

West Palm Beach Police Pension Fund – Minutes

August 10, 2012

Page 2 of 3

ATTORNEY’S REPORT (Con’t)

Mr. Frost wanted to be certain that a mechanism is in place to assure recovery in securities litigation settlements to which the fund is entitled to recovery and to the filings. Mr. Williams stated that payments are sporadic and difficult to track as no timelines are provided for payment. However, a spreadsheet will be devised that will track filings and when payments are received.

ADMINISTRATOR’S REPORT

Mr. Williams briefed the Board on the office relocation. The office is open and the computer system is active. It was reported that the telephones were not connected as of yet. The new building was not wired for telephone service and a new service provider was being sought. Mr. Williams was hopeful that the new service provider will be obtained at a lower cost. The voicemail is still active, so messages are being retrieved throughout the day and calls returned.

Mr. Williams advised that the Board of Trustees held open nominations for one Trustee position from July 10th to July 20th, 2012. No letters of nominations were received by this office. As such, the incumbent Mr. Troy Marchese will be reappointed until September 30th, 2014. The City of West Palm will be notified accordingly.

WHV – INTERNATIONAL EQUITY MANAGER

Mr. David A. Schwarzenberger appeared before the Board and reviewed the investment returns through June 30, 2012. Mr. Schwarzenberger provided a firm overview, investment performance. Mr. Schwarzenberger reported that as of June 30, 2012, the WHV Account quarterly return was -6.18% vs. -7.13% for the benchmark (MSCI EAFE).

For the fiscal year through July 31, 2012, the investment return was 17.91% vs. 7.60% for the same benchmark cited. The market value as of June 30, 2012 was \$8,695,673.26.

Mr. Schwarzenberger reviewed the top ten holdings of the portfolio, the sector weightings and the country weightings. A Morningstar report was provided to the Board by Mr. McCann for review.

INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and reviewed the June 30, 2012 investment report.

Asset Allocation: Mr. McCann advised that as of June 30, 2012 the fund had 55.1% in domestic equities, 8.0% in international equities, 28.3% in fixed income, 5.3% in real estate and the balance in cash.

Division of Assets: As of June 30, 2012, Garcia Hamilton held 37.3% of the portfolio (fixed & equity), Valley Forge had 11.6%, Earnest Partners had 9.4%, Oak Ridge had 8.8%, Anchor had 8.5%, Eagle had 5.5%, GW Capital had 5.2%, DFA had 4.2%, WHV had 4.3%, Intercontinental had 5.3%, with the balance in the R&D Account.

As of June 30, 2012, the total assets were valued at \$203,788,000. For the quarter, Mr. McCann stated that the total fund returned -1.83% vs. -2.01% compared to the target index. For the fiscal year, the fund return was 13.07% vs. 14.39% compared to the target index. That fiscal year return placed the Fund in the top 32nd percentile in the investment universe.

West Palm Beach Police Pension Fund – Minutes

August 10, 2012

Page 3 of 3

INVESTMENT MONITORING REPORT (Con't)

For the fiscal year, Mr. McCann stated that the total equities returned 16.74% vs. 20.18% compared to the target index. For the fiscal year, the fund return was 20.18% vs. 25.02% compared to the target index. That return placed the Fund in the top 29th percentile in the investment universe. On a three year basis, the fund return was 11.51% vs. 13.12% for the benchmark.

A flash report was prepared by Mr. McCann and presented to the Board. As of August 8, 2012, the Fund was valued at \$206,337,000.00.

The Trustees expressed a concern with the Eagle portfolio and asked Mr. McCann to prepare a search. Mr. McCann will proceed with the search and will request Eagle to attend the October 19th meeting.

Mr. McCann proposed changing the investment allocation of GHA, Oakridge and Anchor instead of rebalancing. The guidelines will be updated for further consideration of the Board.

Mr. McCann suggested the Board cease the dividend reinvestment program (DRIP) with Intercontinental and use the return to pay benefit and expenses of the Fund. Mr. McCann will provide more information at a future meeting.

OPEN DISCUSSION

No formal discussion ensued

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:00 AM.

Next meeting is scheduled for September 14, 2012 at 8:30 AM. Mr. Williams reminded all parties that the October meeting was changed to October 19, 2012 at 8:30AM. .



Jonathan Frost, Board Secretary