

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

**Minutes**

October 19, 2012  
8:30 AM

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 19, 2012 at 8:30 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Secretary, Troy Marchese, Board Trustee and Chris Fragakis, Board Trustee.

Also present: Clay Lindsey, Eagle Asset Management; John McCann, Thistle Asset Consulting; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

**APPROVAL OF THE MINUTES**

After making his recommendation that was duly noted, Mr. Frost asked if there were any additional changes required to the minutes of September 14, 2012 & September 27, 2012. Mr. Fragakis made the motion to approve the cited minutes as noted, 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. A formal administrative report was also presented for consideration. The report contained benefit approval(s), share distribution(s), drop loan request(s) and buy back approval(s). After reviewing the foregoing, Mr. Fragakis made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

**ATTORNEY'S REPORT**

**Questcor Pharmaceuticals, Inc.**

Mrs. Jensen presented reports from Berman DeValerio, Labaton Sucharow and from Saxena White with regard to an alleged insider trading security fraud claim against Questcor Pharmaceuticals, Inc.

Mrs. Jensen reflected that in the past our security litigation vendors generally would work together on a case. In this matter the firms wish to go it alone. Mrs. Jensen advised that the Board could set up a rotation or establish some other methodology. Mrs. Jensen stated the Board would have to decide if they wish to pursue this matter and select a firm to represent the Fund.

Mr. Frost advised that he reviewed the litigation reports from all firms and felt that Labaton Sucharow had a superior position based on the information presented. Mr. Frost also felt the case was worthy to bring legal action as we suffered a loss of approximately \$280,000.00. Both Mr. Fragakis and Mr. Marchese concurred. Mr. Fragakis made the motion to retain Labaton Sucharow to represent the Fund and to seek lead plaintiff status, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

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

**October 19, 2012**

**Page 2 of 5**

The consensus of the Board in terms of firm selection (on multiple offers) was to decide on a case by case basis.

**Informal Disability Hearing – (Tabled: September 27, 2012)**

The Board of Trustees considered the request of claimant, Mr. [REDACTED] for a disability pension, having received representations of the claimant and having reviewed the records, medical and otherwise, and the independent medical evaluation of Alan M. Harben, MD and having a quorum, determined the following:

A. Claimant is mentally and physically unable to perform the duties of a police officer to which he was assigned.

B. Given the claimant's medical condition, the City of West Palm Beach does not have a position for the claimant as a certified police officer and he was terminated from his position on September 24, 2012. Therefore he is unable to render useful and efficient service as a police officer to the City.

C. The mental and physical injuries occurred in-the-line-of-duty and are total and permanent.

Pursuant to Section 16 (15) of the Special Act of the West Palm Beach Police Pension Fund, that:

1. Claimant [REDACTED] is entitled to a duty disability pension.
2. Based on the foregoing, the disability pension shall be payable effective September 24, 2012, based upon his date of termination.
3. The pension is subject to offset for workers' compensation payments to the extent that the total of the pension and the workers' compensation benefits exceed the member's average monthly wage.
4. Upon the Claimant reaching age 55 and the Claimant is still receiving a disability benefit; the pension may be converted to a normal retirement pension at the option of the Claimant.
5. The Claimant will be re-evaluated every year on September 30th for a 5 year period and at least once in each 3 year period thereafter in accordance with the provision of §16(16)(e).

The foregoing was put in the form of a motion by Mr. Marchese, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

**Emerging Market Contract - Update**

Mrs. Jensen indicated that she had several issues with the Earnest Agreement and could not come to terms. Mrs. Jensen advised that the specific areas of concern were in the Declaration of Trust.

The Application Form provides that "In the event of any conflict between the terms of this Application and the terms of the Declaration of Trust, the latter shall govern."

Withdrawal: Language provides for a delay in payment at the discretion of the Trustee.

## West Palm Beach Police Pension Fund – Minutes

October 19, 2012

Page 3 of 5

**Withdrawal:** Provides for the assessing of a redemption fee and the Trustee in its sole discretion can require a plan to pay the actual costs of the withdrawal in cash.

**Units of Participation:** There can be more than one tier within a fund with different fees and expenses.

**Suspension of Valuations and Deposit/Addition and Withdrawal Rights:** Provides for the suspension of valuations.

**Indemnification:** This indemnification provision is repeated in the Application.

Mrs. Jensen advised that she has the final documents prepared for Oppenheimer Funds, Inc. (OFI) ready for execution.

Mr. Frost was not pleased that terms could not be reached; he expressed further concern with the confusion on the fee quote presented by Earnest Representatives. Mr. Frost felt very confident in OFI and would have no opposition making OFI the sole Emerging Market Investment Manager. Mr. Marchese & Mr. Fragakis provided their positions as well, which was in line with Mr. Frost's perspective.

A motion was made by Mr. Fragakis to retain OFI the entire 6 million dollar mandate. Further, to authorize representatives of the Fund to execute the required contracts. Finally, to authorize the Plan Administrator to transfer the cited amount in the best interest of the Fund and as soon as administratively practical. Mr. Marchese seconded this motion. All Trustees voted yes, and the motion was passed 3-0.

Discussion ensued with regard to the investment policy for the Emerging Market mandate. Mr. McCann advised that he would be amending the current policy based on the action taken and presenting it to Mrs. Jensen for legal review. Mr. Fragakis made a motion to add the mandate cited to the investment policy and to authorize the Chairman to execute upon legal review. This motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

### **INVESTMENT MONITORING REPORT**

Mr. John McCann appeared before the Board and reviewed the September 30, 2012 investment report. Mr. McCann advised that the report being provided this date, did not have the final results from Intercontinental Real Estate. Further, that he would have the final report prepared for the next meeting.

**Asset Allocation:** Mr. McCann advised that as of September 30, 2012 the fund had 55.6% in domestic equities, 8.3% in international equities, 26.2% in fixed income, 5.1% in real estate and the balance in cash.

**Division of Assets:** As of September 30, 2012, Garcia Hamilton held 36.7% of the portfolio (fixed & equity), Valley Forge had 11.9%, Earnest Partners had 9.4%, Oak Ridge had 8.5%, Anchor had 8.7%, Eagle had 5.7%, GW Capital had 5.4%, DEA had 4.3%, WHV had 4.4%, Intercontinental had 5.1%, with the balance in the R&D Account.

As of September 30, 2012, the total assets were valued at \$211,479,000. For the quarter, Mr. McCann stated that the total fund returned 4.14% vs. 4.37% compared to the target index. For the fiscal year, the fund return was 17.75% vs. 19.40% compared to the target index.

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

**October 19, 2012**

**Page 4 of 5**

For the last quarter, the total equities returned 4.53% vs. 6.09% compared to the target index. For the fiscal year, Mr. McCann stated that the total equities returned 22.03% vs. 27.50% compared to the target index.

For the last quarter, the fixed income returned 3.18% vs. 1.36% compared to the target index. For the fiscal year, the fixed income return was 8.83% vs. 4.32% compared to the target index. That return placed the Fund in the top 30<sup>th</sup> percentile in the investment universe.

Mr. McCann announced that the three year return of the fund return was 9.14% vs. 10.21% for the benchmark, but handedly beating its investment assumption.

Mrs. Jensen asked Mr. McCann about the so-called fiscal cliff. Mr. McCann felt that that the Fund should stay the course.

The status of the Intercontinental Real Estate dividend reinvestment was discussed. Mr. Williams advised that to date, he has not received any documentation. Mr. McCann suggested that Mr. Williams contact representatives asking for the required form, to have Mrs. Jensen review and approve it and then executed by Mr. Mitchell. The Board wanted to reaffirm their position in this matter. A motion was made by Mr. Fragakis to ceased participation in the Intercontinental Real Estate DRIP, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

### **ADMINISTRATOR'S REPORT**

Mr. Williams was pleased to present the 2012 Public Pension Coordinating Council – Public Pension Standards Award for Funding and Administration to the Board of Trustees. Mr. Williams cited that this honor was presented in recognition of meeting professional standards of plan funding and administration. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR). Mr. Williams reflected that this nationally recognized award has been issued to the Fund since his tenure began.

Mr. Williams presented the Board with the 2013 investment manager schedule. Having no opposition, there was a consensus of the Board to adopt. Mr. McCann will notify all the managers.

Mr. Williams advised the annual retirement confirmations were mailed out to all pensioners and that Mrs. Williams reported to him that 52 forms remain outstanding. The matter is being pursued.

Mr. Williams advised the Board of the timeline for the fieldwork for the Audit. Mr. Mitchell presented a letter from the city which highlighted their timeline. Mr. Williams advised that all consideration will be afforded to the city's request.

### **EAGLE ASSET MANAGEMENT - SMALL CAP GROWTH**

Mr. Clay Lindsey appeared before the Board and reviewed the investment returns through September 30, 2012. Mr. Lindsey provided a firm overview, investment performance. Discussion ensued on portfolio weightings and characteristics.

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

**October 19, 2012**

**Page 5 of 5**

For the quarter, the rate of return was valued at 7.42% vs. 4.84% for the Russell 2000 Growth benchmark. On a fiscal year basis this segment of the portfolio returned 27.72% vs. the benchmark (Russell 2000 Growth) which returned 31.18% for the same time period. Market Value as of September 30, 2012 was \$12,010,463.

The Board was pleased to see the returns improve. The Board realizes the inception date of this manager was May 24, 2011, but with that being said still expects continued improvement.

**MANAGER SEARCH PRESENTATION – SMALL CAP GROWTH  
BY: THISTLE ASSET CONSULTING**

The Board felt that due to Eagle Asset's improvement, no action would be taken at this juncture. No presentation was made by Mr. McCann and he concurred with the Board.

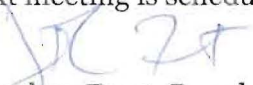
**OPEN DISCUSSION**

No formal discussion

**ADJOURNMENT**

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

Next meeting is scheduled for November 9, 2012 at 8:30 AM

  
Jonathan Frost, Board Secretary