

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

**Minutes**

November 9, 2012  
8:30 AM

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on November 9, 2012 at 8:30 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Acting Chairman, Troy Marchese, Board Trustee, Wilton White, Board Trustee & Chris Fragakis, Board Trustee.

Also present: Janna Hamilton, Daniel Kallus & Gilbert Garcia, Garcia Hamilton & Associates; Ernest George, retired plan member; John McCann & Brendon Vavrica, Thistle Asset Consulting Group; 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 October 19, 2012. Mr. Fragakis made the motion to approve the minutes as noted, which was seconded by Mr. Marchese. 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 by Mr. Williams. Mr. Fragakis made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

A formal administrative report was also presented for consideration. The report contained benefit approval(s). After considering the presentation, Mr. Fragakis made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

Mrs. Jensen advised that the Oppenheimer Funds (OFI) Account was funded and appeared to be a seamless transaction.

Mrs. Jensen cited an e-mail received from Intercontinental Real Estate relative to Hurricane Sandy. According to that representation, the property damage was negligible.

Mrs. Jensen provided the Final Order for the Matter. Mr. Frost executed the Order accordingly.

**ADMINISTRATOR'S REPORT**

Mr. Williams noted the fieldwork for the independent audit was scheduled for November 14-15, 2012. Mr. Williams invited the Trustees to visit during the audit process.

Mr. Williams also announced the retirement of Mr. Stephen Palmquist, Actuary of Gabriel Roeder & Smith after 40 years of service. Mr. Williams reflected that there has been a succession plan in place for many years. Mr. Jeff Amrose will be replacing Mr. Palmquist.

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

**November 9, 2012**

**Page 2 of 3**

Mr. Amrose has been handling the day to day duties on behalf of the Fund now, so the transition should not be an issue. Mr. Williams indicated that he has full faith and confidence in Mr. Amrose.

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

Mrs. Janna Hamilton, Mr. Daniel Kallus & Mr. Gilbert Garcia, came before the Board and reviewed the September 30, 2012 investment report. Mr. Gilbert spoke about the fixed income investment philosophy of Garcia Hamilton. The fixed income portfolio characteristics were discussed. A detailed fixed income market commentary was also provided. Annualized gross returns were reviewed as was relative performance. As of September 30, 2012, Garcia Hamilton Fixed Income Account returned 3.3% for the quarter vs. 1.4% for the benchmark (Barclay's Capital Int. Aggregate). For the fiscal year, Garcia Hamilton Fixed Income Account returned 9.3% vs. 4.3% for the same benchmark. Since inception of January 31, 2004, fixed portfolio returned 6.1% vs. 5.0%. Market Value as of September 30, 2012 was \$58,955,009.34.

Mrs. Hamilton & Mr. Daniel Kallus spoke about the equity investment philosophy of Garcia Hamilton and highlighted the terms Growth, Quality and Diversification. The equity portion of the portfolio high quality characteristics was discussed. Annualized returns were reviewed as was relative performance. Portfolio composition and changes in the portfolio were discussed. As of September 30, 2012, Garcia Hamilton Equity Account returned 6.9% for the quarter on a gross basis vs. 6.1% for the benchmark (Russell 1000 Growth). For the fiscal year period, Garcia Hamilton Equity Account returned 27.6% on a gross basis vs. 29.2% for the same benchmark. Since inception of March 1, 1996, equity portfolio returned 7.4% vs. 6.0%. Market Value as of September 30, 2012 was \$18,431,390.36.

Equity performance over a three & five year term was discussed. Mr. Kallus indicated the firm's position in the high equity holdings would generally not outperform the index during an up market, but would certainly offer downside protection.

### **INVESTMENT MONITORING REPORT**

Mr. John McCann & Mr. Brendan Vavrica appeared before the Board and reviewed the September 30, 2012 investment report.

Mr. McCann presented a detailed aggregate equity analysis for the Board to consider. The analysis exhibited our current investment style, sector weightings and regional exposure. A breakdown of each equity manager followed. Mr. McCann felt the equity portfolio was nicely diversified.

**Asset Allocation:** Mr. Vavrica advised that as of September 30, 2012 the fund had 55.5% in domestic equities, 8.3% in international equities, 26.2% in fixed income, 5.2% in real estate and the balance in cash.

**Division of Assets:** As of September 30, 2012, Garcia Hamilton & Associates held 36.6% of the portfolio (fixed & equity), Valley Forge had 11.9%, Earnest Partners had 9.4%, Oak Ridge had 8.4%, Anchor had 8.7%, Eagle Asset had 5.7%, GW Capital had 5.4%, DFA had 4.3%, Wentworth Houser had 4.4%, Intercontinental had 5.2% with the balance in the R&D Account.

**West Palm Beach Police Pension Fund – Minutes**  
**November 9, 2012**  
**Page 3 of 3**

The equity portfolio was valued at \$134,814,000 as of September 30, 2012. For the quarter, Mr. Vavrica stated that the equity portfolio returned 4.53% vs. 6.09% compared to the target index. For the fiscal year, the equity portfolio return was 22.03% vs. 27.50% compared to the target index.

The fixed income portfolio (including Real Estate) was valued at \$66,310,000 as of September 30, 2012. For the quarter, Mr. Vavrica stated that the traditional fixed income portion of the portfolio returned 3.18% vs. 1.36% compared to the target index. For the fiscal year, the traditional fixed income portion of the portfolio return was a stellar 8.83% vs. 4.32% compared to the target index. For the quarter, Mr. Vavrica stated that the real estate portion of the portfolio returned 2.55% vs. 2.34% compared to the target index. For the fiscal year, the real estate income portion of the portfolio return was a 13.96% vs. 11.00% compared to the target index.

The total assets were valued at \$211,495,000. For the quarter, Mr. Vavrica stated that the total fund returned 4.27% vs. 4.48% compared to the target index. For the fiscal year, the fund return was 17.91% vs. 19.53% compared to the target index. The returns cited were welcomed and far exceeded the actuarial assumption.

The updated investment policy guidelines were presented for formal adoption. The changes were limited to the addition of the emerging market allocation. After reviewing the document, Mr. Fragakis made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. The filing of the document will be made by the Mr. Williams accordingly. Mr. McCann will seek the signatures from the investment managers.

The Board exchanged the possibility of further diversification with Mr. McCann and Mr. Vavrica.

**OPEN DISCUSSION**

No open discussion ensued.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:20 AM.

Next meeting is scheduled for December 14, 2012 at 8:30 AM



Jonathan Frost, Board Secretary