

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

Minutes

December 14, 2012
8:30 AM

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on December 14, 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: Edward Mitchell, Board Chairman; Jonathan Frost, Board Secretary; Troy Marchese, Board Trustee and Chris Fragakis, Board Trustee.

Also present: Ernest George, Retired Member; Trey Greer & Margaret Champagne, Earnest Partners; John McCann, 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 November 9, 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 detailed activity outlined in the administrative report by Mr. Williams. Mr. Fragakis made the motion to approve the foregoing which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mr. Williams presented the 2013 Cost of Living - COLA report, which is effective January 1, 2013. Mr. Frost noted that there were variations in the percentage of increases. Mr. Frost inquired to the impact to the plan and why it would not be the same across the board. Mr. Williams advised it was based on the special act and the amount of the COLA was up to 3%. After reviewing the documents, Mr. Marchese made the motion to approve the foregoing which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0. Mr. Williams will formally notify each respective member accordingly in written form.

ATTORNEY'S REPORT

Mrs. Jensen presented the Final Order for execution for the Gorski matter. Order was signed accordingly.

Mrs. Jensen presented for the updated investment guidelines for final execution, which was approved at the October 19, 2012 meeting. Guidelines formally executed accordingly.

Mrs. Jensen informed the Board the IRS 2013 standard mileage rates were 56.5 cents per mile.

Mrs. Jensen provided a brief update on Questcor. The Board's motion to be lead Plaintiff is in second place behind the motion of the West Virginia Investment Management Board and the Plumbers & Pipefitters National Pension Fund, which claim at \$1.5 million loss. She will provide updates as they are received.

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ADMINISTRATOR’S REPORT

Mr. Williams presented the 2012 forfeitures to the Board to consider. The funds reallocated were used to bring the share account of Louis Schwartz up to date, since he was returned to service. The amount due to Mr. Schwartz was \$40,793.82. Mr. Fragakis made the motion to approve the foregoing which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mr. Williams informed the Board of a matter related to Mr. James Cink. The member entered the DROP on 6/30/2010. Mr. Williams confirmed that pension contributions ceased at that juncture with Ms. Brosamer, City of WPB - HR. During the 09-30-2012 annual audit of the financial statements, it was discovered by Ms. Jeanine Bittinger of Davidson Jamieson, Cristini that Mr. Cink was making pension contributions once again. Mr. Williams looked into the matter and it was discovered that Mr. Cink was promoted in December of 2011. On the payroll of 12/24/2011 pension contributions began once again. Mrs. Brosamer was contacted and the internal matter was resolved. Further, internal controls were put in place in the Finance Dept. to avoid a similar issue going forward. Mr. Williams also reflected that Mr. Cink was unaware that the deductions were being made, although it was being reported on his payroll detail report. Finally, Mr. Williams has discussed further red flags in our database with our IT representative. A refund of the contributions was issued by the city to Mr. Cink. Mr. Williams complimented Ms. Bittinger for her efforts.

Mr. Williams reported that the final payment was received from Ms. Ericka McCrutcheon, daughter of Mrs. McCray on 11-13-2012. A total of \$2,665.32 was recovered and the matter is now considered closed.

Mr. Williams advised that last year he was directed to bring the 2013 FPPTA Membership Dues to the Board for approval. The Board discussed the value of retaining the membership. There was a concern by a member that FPPTA may be more than an educational endeavor and was becoming more political. The consensus of the Board was to renew the membership for its education element.

EARNEST – LARGE CAP VALUE

Trey Greer & Margaret Champagne of Earnest Partners came before the Board and reviewed the 09-30-2012 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.

For the quarter which ended 09-30-2012, the Earnest Portfolio returned 2.89% vs. 6.50% for the Russell 1000 Value Index. The representatives reflected that Earnest does not chase returns. Further they indicated that their performance was not from what they owned, but what they did not own. With that being said, the representatives felt that the portfolio was designed for long terms results and therefore in the best interest of the Fund. For the fiscal year ending 09-30-2012, Earnest Partners returned a stellar 24.81%. Since the inception date of 10-26-2007, Earnest Partners returned 7.16% vs. 5.74% for the same benchmark. The inception return places the Earnest return in the Top 38% tile. Market Value as of 9-30-2012, \$19,786,290.

INVESTMENT MONITORING REPORT

Mr. McCann presented the Board with a Morningstar Report outlining Earnest Partners.

Mr. McCann provided an updated asset allocation report for the Board to consider. The Board may consider an additional diversification in the real estate arena.

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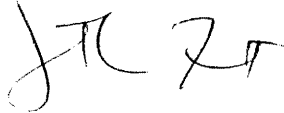
OPEN DISCUSSION

No discussion ensued.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 9:40 AM.

Next meeting is scheduled for January 11, 2013 at 8:30 AM

A handwritten signature in black ink, appearing to read 'JTF ZF', is written above the typed name.

Jonathan Frost, Board Secretary