

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

Minutes

February 8, 2013
8:30 AM

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 8, 2013 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: Lou Penque, Palm Beach PBA, Douglas A. Schwartz, J.D. Sitton & Greg Pittenger, JPMorgan Asset Management; Scott Darling, Richelle Hayes & Jeff Miller, American Realty Advisors; Scott Mullet, GW Capital; 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. Frost asked if there were any changes required to the minutes of January 11, 2013. Mr. Fragakis made the motion to approve the minutes, 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, 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 3-0.

ATTORNEY'S REPORT

Mrs. Jensen informed the Board that the Fiduciary Liability Insurance Policy was renewed.

Mrs. Jensen advised the Board that the Fund received a Subpoena Duces Tecum for Mr. Filipkowski. The matter was addressed & complied with by the Plan Administrator and reviewed by her office.

Mrs. Jensen indicated that at the January 11, 2013 meeting the Board was briefed on the Duff & Phelps matter, but the Board did not affirm the Chair's action in filing an action. Mr. Fragakis made a motion to affirm the action of Mr. Mitchell in the Duff & Phelps matter, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

Mrs. Jensen stated that her office is processing the disability claims of _____ and _____ . Her staff is gathering the records at this juncture. Nothing further reported.

Mrs. Jensen briefed the Board that she has been working with Mr. Williams regarding Francisco Reyes. This member had ten years of service, six of which were during active military service.

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Mrs. Jensen said that Mr. Reyes is entitled to five years of service without employee contributions, and would receive credit for year six with member contributions being made. Representatives from the City of West Palm Beach – HR are working on finalizing those figures.

ADMINISTRATOR'S REPORT

Mr. Williams provided no formal report.

NEW BUSINESS

1. Appointment of 5th Member – Board of Trustees

Mr. Frost asked that this matter be tabled until the March Meeting. No further action taken.

2. PBA License Agreement Revision

Mr. Lou Penque appeared before the Board requesting an increase of \$300.00 per month to the current license agreement. Mr. Penque reflected that the space used by the Fund doubled since the move. Mr. Williams advised that the Board now has a secure file room. In the old building the files were locked, but maintained in a common area. Mr. Williams cited that the auditors recommended that the files be in a secure room. Mr. Frost felt that the increase was fair and equitable. Mr. Marchese made a motion to approve the increase effective March 1, 2013, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

GW CAPITAL – SMALL CAP VALUE MANAGER

Mr. Scott Mullet appeared before the Board and reviewed the December 31, 2012 investment report. Mr. Mullet provided an organizational update, highlighting the expansion to his firm. Mr. Mullet detailed positive & negative contributors to the portfolio. The overall equity market was discussed by Mr. Mullet. A portfolio summary was reviewed to include fund totals and asset & sector allocation.

According to the Thistle Asset Consulting Group Performance Report of December 31, 2012, GW Capital Small Cap Value Account returned 5.61% for the quarter vs. 3.22% for the benchmark (R2000V). That return placed GW Capital in the Top 17th percentile. For the year, GW Capital returned 18.95% vs. 18.05% for the same benchmark or in the Top 25th percentile. Market Value as of December 31, 2012 was \$11,988,000.

INVESTMENT MANAGER PRESENTATIONS

Representatives from J.P. Morgan Asset Management (Special Situation Property Fund) & American Realty Advisors (American Core Realty Fund) were all provided an opportunity to address the Board with regard to a Real Estate Strategy. The representatives provided details about their respective firms. The firm's investment team experience, philosophy, investment process and history were outlined in detail. All candidates provided thought provoking presentations to the Board of Trustees.

The Board discussed all aspects of each presentation. By consensus, Mr. Fragakis made the motion to retain J.P. Morgan Asset Management (Special Situation Property Fund) for an allocation of 10 million dollars. Further, the Chairman shall have the authority to execute all agreements after review & approval of Mrs. Jensen. Finally, the Plan Administrator has the authority to move the assets accordingly to achieve the foregoing as soon as administratively practical. That motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0.

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INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and presented the December 31, 2012 investment report.

Asset Allocation: As of December 31, 2012 the fund had 53.6% in domestic equities, 8.5% in international equities, 25.1% in fixed income, 5.2% in real estate, 2.9% in Emerging Markets and the balance in cash.

Division of Assets: As of December 31, 2012, Garcia Hamilton & Associates held 34.9% of the portfolio (fixed & equity), Valley Forge had 11.1%, Earnest Partners had 9.1%, Oak Ridge had 8.2%, Anchor had 8.4%, Eagle Asset had 5.7%, GW Capital had 5.5%, DFA had 4.5%, Wentworth Houser had 4.4%, Intercontinental had 5.2%, OFI had 2.9% with the balance in the R&D Account.

The equity portfolio was valued at \$116,559,000 as of December 31, 2012. For the quarter, the equity portfolio returned 0.68% vs. 1.80% compared to the target index. For the fiscal year, the equity portfolio return was 0.68% vs. 1.80% compared to the target index.

The fixed income portfolio (including Real Estate) was valued at \$54,622,000 as of December 31, 2012. For the quarter, the traditional fixed income portion of the portfolio returned 0.82% vs. 0.18% compared to the target index. For the fiscal year, the traditional fixed income portion of the portfolio return was 0.82% vs. 0.18% compared to the target index. For the quarter, the real estate portion of the portfolio returned 3.31%. For the calendar year, the real estate income portion of the portfolio return was a 14.09% vs. 7.80% compared to the target index.

As of December 31, 2012, the total assets were valued at \$217,516,000. For the quarter, the total fund returned 0.73% vs. 1.25% compared to the target index. For the fiscal year, the fund return was 0.73% vs. 1.25% compared to the target index. It was noted that on the calendar year, the fund return was 10.90% vs. 12.37% compared to the target index.

OPEN DISCUSSION

The meeting of March 8th was moved to March 15th, 2013. Mr. Williams will notify all interested parties.

ADJOURNMENT

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

Next meeting is scheduled for March 15, 2013 at 8:30 AM


Jonathan Frost, Board Secretary