

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

**Minutes**

**April 12, 2013  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on April 12, 2013 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, Chairman, Jonathan Frost, Board Secretary, Chris Fragakis, Board Trustee, Troy Marchese, Board Trustee.

Also present: Earnest George, Retired Member; Paul Creelman & Lou Penque, Active Members; Gary Gustovich, Dimensional Fund Advisors; Brendon Vavrica of Thistle Asset Consulting Group; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; Joseph White, Saxena White; and Dave Williams, Plan Administrator.

**APPROVAL OF THE MINUTES**

Mr. Mitchell asked if there were any changes required to the minutes of March 15, 2013. Mr. Frost offered his response (which was duly noted). Mr. Frost then made the motion to approve the minutes as noted, 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. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

Mrs. Jensen presented fee schedule acknowledgement to the Board to consider from JPMorgan. The acknowledgement outlined the JPMCB Special Situation Property Fund (maximum annual fee reduction from 1.875% to 1.600%). Mr. Fragakis made the motion to approve the foregoing and to direct the Chairman to execute the required document, which was seconded by Mr. Frost. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen presented the revised Trustee Expense Policy for the Board to consider. The policy was revised as directed at the March 15, 2013 meeting. After reviewing the document, 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.

Mrs. Jensen advised that she developed a statement of policy regarding class action litigation for the Board to consider. Essentially, the policy affirms the Board's standing practice to permit the Board Chairman or in his/her absence another Board Member the authority to proceed with litigation in between meetings. This would prevent untimely special meetings and allow litigation to proceed without delay. The matter would be reported at the next meeting and the action authorized would be ratified (or not) accordingly. After reviewing the document, Mr. Frost made the motion to approve the foregoing, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

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Mrs. Jensen included an outline of SB 458 in the Trustee packet. Mrs. Jensen indicated the pending legislation is very fluid and she would report back at the next meeting.

Mrs. Jensen updated the Board on her efforts of gathering the necessary medical records for the disability applicants ( ) which are pending before the Board.

While on the topic of disability, a discussion ensued with regard to disability claims in general. A lively dialogue followed with some present voicing their opinion with regard to light duty positions and the possibility of reclassifying members to positions that they could fulfill. Mrs. Jensen indicated that Chief Demasi was invited to participate in this meeting. It was also conveyed that our due process takes time and the city may wish to recognize that before taking affirmative action with any member.

### **SECURITY LITIGATION**

Mr. White appeared before the Board and outlined the matters of Duff & Phelps and TPC Group, Inc. As a result of litigation filed by on behalf of the Fund, the cost per share in the sale of the TPC Group was increased by several dollars, which was a gain to all shareholders.

Mr. White also highlighted the matter of Duff & Phelps. As a result of the litigation filed on behalf of the Fund discovery followed. Upon doing so it was agreed that additional disclosures were required to be filed by the company. Prolonging litigation would have no further incentives and be wasteful.

A detailed analysis was provided to the Trustees to consider in their respective packets. After brief discussion, Mr. Frost made a motion to follow the advice of counsel and settle both cited cases, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

### **ADMINISTRATOR'S REPORT**

No formal report provided.

### **DIMENSIONAL FUND ADVISORS (DFA) – INTERNATIONAL SMALL CAP**

Mr. Gary Gustovich appeared before the Board and reviewed the March 31, 2013 DFA investment report. As of March 31, 2013, the portfolio was valued at \$9,729,237.00. The DFA fundamental investment principles were outlined along with the investment process. Mr. Gustovich reported the fiscal year to date net return was 9.84% vs. the MSCI EAFE Value Index return of 11.15%. On a rolling 12 months the return was reported to be 6.63% vs. 11.02% for the same benchmark. Mr. Frost pointedly asked Mr. Gustovich the benefit of staying with DFA vs. an Index Fund. Mr. Gustovich offered his perspective that over time that DFA would exceed the return of the Index Fund. Mr. Gustovich also cited DFA's value added through trading process.

Mr. Frost indicated that Mr. Vavrica can prepare for a search if there is no turnaround in the near-term. There was an apparent consensus by the Board.

### **INVESTMENT MONITORING REPORT**

Mr. Vavrica provided a flash report to the Board to review. As of March 31, 2013 the Fund was valued at \$228,969,000, up from the December 31, 2012 value of \$217,516,000.

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Mr. Vavrica indicated that OFI wanted to include language on their March 15, 2013 signature page of the investment policy. Mr. Vavrica advised that the verbiage is identical as the DFA signature page. The language is as follows: *Investments made by the Board may include pooled funds. For purposes of this policy, pooled funds may include but are not limited to mutual funds, commingled funds, exchange-traded funds, limited partnerships, and private equity. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of the fund as the stated addendum to the Investment Policy Statement. The asset classification of the fund will be based upon its investment objective.* Mr. Frost made the motion to amend the signature page accordingly, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

**OPEN DISCUSSION**

No formal discussion ensued.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 9:47 AM.

Next meeting is scheduled for May 10, 2013 at 8:30 AM

Jonathan Frost, Board Secretary