

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

Minutes

**August 9, 2013
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on August 9, 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 and Troy Marchese, Board Trustee.

Also present: David A. Schwarzenberger, WHV Investment; John McCann & Brendon Vavrica, Thistle Asset Consulting; Ernest George, Retired Member; Lou Penque, Active Member; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Angela Twomey, Palm Beach County PBA.

APPROVAL OF THE MINUTES

Mr. Mitchell asked if there were any changes required to the minutes of July 12, 2013. Mr. Frost offered his response (which was duly noted). Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

APPROVAL OF DISTRIBUTIONS

Item Tabled

ATTORNEY'S REPORT

As sanctioned at a prior meeting, Mrs. Jensen presented an Agreement with State Street for the execution. State Street will act as the transitional manager during the changeover between Ernest Partners and BRC Investments. Cited Agreement signed by the Chairman and the Board Secretary. The Board discussed having State Street present a final report with regard to the transition.

Mrs. Jensen presented the Addendum to the Thistle Asset Consulting Agreement for the Board to consider. The Board reflected that the annual adjustment approved at the July 12, 2013 meeting was for the term of the three year contract. Mrs. Jensen will revise accordingly.

Mrs. Jensen presented the Addendum to the Plan Administrator Agreement for the Board to consider. The Board reviewed and concurred as approved at the July 12, 2013 meeting. The Chairman and the Board Secretary executed the Addendum.

Mrs. Jensen presented the Addendum to the Legal Agreement for the Board to consider. The Board reviewed and concurred as approved at the July 12, 2013 meeting. The Chairman and the Board Secretary executed the Addendum.

An updated Rider Agreement from Fiduciary Trust (FTIS) was reviewed by Mrs. Jensen for the benefit of the Board. The Agreement relates to additional database checks that FTIS will conduct at no expense of the Fund. Mrs. Jensen was comfortable with the execution of the Rider. *Continued next page*

West Palm Beach Police Pension Fund – Minutes

August 9, 2013

Page 2 of 3

The Board agreed to the additional service being offered and felt it would potentially combat fraudulent activity. The Chairman and the Board Secretary executed accordingly.

Mrs. Jensen indicated that by a poll it was determined that the Board of Trustees could hear the Matter (Informal Disability Hearing) on September 23, 2013. Mrs. Jensen confirmed the independent medical examination (IME) was completed and available for the members to review along with the reading file in the Office of Retirement.

Mrs. Jensen cited that IME was completed and she awaits the report from Dr. Thomas J. Goldschmidt.

It was conveyed by Mrs. Jensen that the Matter moving forward. Mrs. Jensen advised she just received some of the records. An update will be provided at a future meeting.

Mrs. Jensen highlighted a review by Saxena White with regard to Medtronic Inc. The Fund reportedly suffered a loss, but as it was minimal, no legal action was advised. The Fund would maintain class status in a future settlement.

ADMINISTRATOR'S REPORT

Item Tabled

WHV – INTERNATIONAL EQUITY MANAGER

Mr. David A. Schwarzenberger appeared before the Board and reviewed the investment returns through June 30, 2013.

Prior to doing so, Mr. Schwarzenberger provided a firm overview, highlighting the recent hiring of Mr. Andrew L. Turner as President and CEO. Mr. Schwarzenberger noted Mr. Turner's prior work experience. Mr. Schwarzenberger also cited the retirement of Ms. Judith Stevens & Mr. W. Kurt Hauser. Mr. Schwarzenberger ensured the Board that the arrival and departures had no effect on the day to day investments of the portfolio.

Mr. Schwarzenberger reported that as of June 30, 2013, the WHV Account quarterly return was -3.90% vs. -0.98% for the benchmark (MSCI EAFE). For the fiscal year through June 30, 2013, the investment return was 4.90% vs. 10.94% for the same benchmark cited. The market value as of June 30, 2013 was \$9,672,440.68.

Mr. Schwarzenberger reviewed the top ten holdings of the portfolio, the sector weightings & country weightings. Global equity sector performance was also noted.

INVESTMENT MONITORING REPORT

Mr. John McCann & Mr. Vavrica appeared before the Board and presented the June 30, 2013 investment report. Before doing so, Trustees were presented with Electronic Tablets to review the report(s). The Tablets were purchased by Thistle Asset for the benefit of the Trustees. Mr. McCann feels the use of the tablet would be more efficient, effective and environmentally beneficial. Brief instruction was provided to the Trustees. The Tablets will be maintained at the Office of Retirement and uploaded with meeting packets and reports with the assistance and cooperation of the plan administrator.

West Palm Beach Police Pension Fund – Minutes

August 9, 2013

Page 3 of 3

Asset Allocation: As of June 30, 2013 the fund had 56.5% in domestic equities, 8.5% in international equities, 2.6% in emerging markets, 23.3% in fixed income, 5.2% in real estate and the balance in cash.

Division of Assets: As of June 30, 2013, Garcia Hamilton & Associates held 31.5% of the portfolio (fixed & equity), Valley Forge had 11.6%, Earnest Partners had 9.9%, Oak Ridge had 8.8%, Anchor had 9.1%, Eagle Asset had 6.3%, GW Capital had 6.0%, Vanguard (VTRIX) had 4.5%, Wentworth Houser had 4.3%, Intercontinental had 5.2%, OFI had 2.6% with the balance in the R&D Account.

As of June 30, 2013, the total assets were valued at \$226,873,000. For the quarter, the total fund returned 0.17% vs. 0.77% compared to the target index. The Fund return cited ranked in the top 29th percentile of the investment universe. For the fiscal year, the fund return was 7.49% vs. 9.02% compared to the target index. It was noted that on the rolling one year basis, the fund return was 12.09% vs. 13.91% compared to the target index.

The domestic equity portfolio was valued at \$128,083,000 as of June 30, 2013. International equities during the same timeframe were at \$19,181,000. Mr. McCann reported that Emerging Markets were valued at \$6,004,000. Fixed income and real estate were valued at \$2,923,000 and \$11,801,000 respectively.

For the quarter, the equity portfolio returned 0.77% vs. 1.68% compared to the target index. For the fiscal year, the equity portfolio return was 10.25% vs. 13.88% compared to the target index.

The fixed income portfolio (including Real Estate) was valued at \$64,724,000 as of June 30, 2013. For the quarter, the traditional fixed income portion of the portfolio returned -1.70% vs. -1.78% compared to the target index. That cited return ranked in the top 8th percentile of the investment universe. For the fiscal year, the traditional fixed income portion of the portfolio return was -0.28% vs. -1.46% compared to the target index. For the quarter, the real estate portion of the portfolio returned 4.08% vs. 3.91% compared to the target index. For the calendar year, the real estate income portion of the portfolio return was a 13.09% vs. 11.84% compared to the target index.

A detailed review followed by Mr. McCann with each respective manager.

OPEN DISCUSSION

Mr. Frost provided beneficial educational information he received to the Board from his attendance at the Public Funds Summit. Mr. Frost also suggested the Board hear from representatives from Faruqi & Faruqi, which is a law firm that specializes in class action monitoring. By consensus the Trustees agreed to invite representatives to the next meeting. Mrs. Jensen will confirm.

Mr. Fragakis indicated that he would present real estate educational information for the Trustees to consider at an upcoming meeting.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:01 AM.

Next meeting is scheduled for September 13, 2013 at 8:30 AM

Jonathan Frost, Board Secretary