

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

**Minutes**

**November 8, 2013  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on November 8, 2013 at 8:30 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Mr. Frost formally welcomed and introduced Mr. Craig Kahle as the newest Trustee to the Board. Mr. Kahle provided his background being a CPA and that he formerly served on the West Palm Beach General Employee Pension Plan. All of the Trustees along with the staff extended a warm welcome to Mr. Kahle.

Present at the meeting: Jonathan Frost, Board Chairman, Troy Marchese, Board Secretary, Chris Fragakis, Board Trustee and Craig Kahle, Board Trustee.

Also present: Janna Hamilton & Daniel Kallus, Garcia Hamilton & Associates; John McCann & Brendon Vavrica, Thistle Asset Consulting; Joe White, Saxena White; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

**PUBLIC COMMENT**

No comments provided

**APPROVAL OF THE MINUTES**

Mr. Frost asked if there were any changes required to the minutes of October 11, 2013. Mr. Marchese 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 by Mr. Williams. A formal administrative report was also provided for consideration. After Mr. Williams detailed the report, 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**

Mr. Joe White of Saxena White appeared before the Board to discuss potential legal action against DFC Global Corporation ("DFC Global" or the "Company"). Mr. White outlined securities fraud claims against DFC Global and certain members of its senior management team. Mr. White indicated that a securities fraud class action would be filed in the United States District Court for the Eastern District of Pennsylvania. This action would be on behalf of purchasers of the Company's common stock during the period from June 8, 2011 through August 22, 2013. Mr. White reflected that Saxena White's initial analysis and investigation of the potential claims that can be initiated against DFC Global and its senior executives, supports the viability of these claims to redress the millions of dollars in losses, collectively suffered by WPB Police and other Class members as a result of the Company's misconduct. Losses to the Plan were estimated at \$54,638.

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After the Trustees considered the facts presented, Mr. Marchese made a motion to engage and authorize Saxena White to proceed with the appropriate legal action against DFC Global Corporation, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen provided a litigation alert from Scott and Scott concerning a newly filed fraud case against ARIAD Pharmaceuticals. Mrs. Jensen also advised that Berman DeValerio is investigating potential claims but has not yet determined to bring a case. After the Trustees considered the facts presented, Mr. Fragakis made a motion to not proceed with any action at this juncture, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

With regard to the disability application, Mrs. Jensen provided the Board information on two (2) doctors to consider for the independent medical examination (IME). They were identified as Dr. Barry Miller and Dr. Alan Raphael and their respective curriculum vitae were also included. After the Board took a reasonable amount of time to review the foregoing, Mr. Fragakis made the motion to select Dr. Barry Miller to conduct the IME of . The motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

An update was provided to the Board by Mrs. Jensen regarding the disability matter. Mrs. Jensen advised that re-filed a workers compensation claim. Mrs. Jensen cited that Dr. Stock called her during the examination of . Dr. Stock indicated that Mr. provided additional reports to him. Those reports were later provided to her through the plan administrator, after being dropped off by . As those reports were marked up, Mrs. Jensen felt true copies from the source would be more appropriate. The Trustees commented that any reports felt related to his claim should have been filed with the application. However, as a matter of due process, the Board asked Mrs. Jensen to secure true copies of the reports directly from the police department and provide them to Dr. Stock for his review and consideration. The foregoing was placed in the form of a motion by Mr. Fragakis, which was seconded by Mr. Frost. All Trustees voted yes, and the motion was passed 4-0.

Summary Plan Description was tabled.

### **ADMINISTRATOR'S REPORT**

Mr. Williams noted the fieldwork for the independent audit was scheduled for November 14-15, 2013. Mr. Williams invited the Trustees to visit during the audit process.

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

Mrs. Janna Hamilton & Mr. Daniel Kallus came before the Board and reviewed the September 30, 2013 investment report. Mrs. Hamilton 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 net returns were reviewed as was relative performance. As of September 30, 2013, Garcia Hamilton Fixed Income Account returned 1.1% for the quarter vs. 0.8% for the benchmark (Barclay's Capital Int. Aggregate). For the fiscal year, Garcia Hamilton Fixed Income Account returned 0.9% vs. -0.7% for the same benchmark. Since inception of January 31, 2004, fixed portfolio returned 5.5% vs. 4.4%. Market Value as of September 30, 2013 was \$52,289,171.73.

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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. Mr. Kallus detailed how government intervention propped up the market.

Mr. Kallus cited that for the quarter, the performance discrepancy between low and high-quality stocks was markedly pronounced at the extreme ends of the spectrum, with lowest-quality C/D rated stocks outperforming the highest-quality A+ rated stocks by nearly 21%. The policy of repeated liquidity injections by central banks since early 2009 is evident in the sizable outperformance of “riskier” stocks over the course of the market’s nearly 5-year advance. Annualized returns were reviewed as was relative performance. Portfolio composition and changes in the portfolio were discussed. As of September 30, 2013, Garcia Hamilton Equity Account returned 6.6% for the quarter on a gross basis vs. 8.1% for the benchmark (Russell 1000 Growth). For the fiscal year period, Garcia Hamilton Equity Account returned 13.0% on a gross basis vs. 19.3% for the same benchmark. Since inception of March 1, 1996, equity portfolio returned 7.7% vs. 6.7%. Market Value as of September 30, 2013 was \$18,647,945.22. Mr. Kallus reaffirmed his position that high equity holdings would continue offer downside protection.

### **INVESTMENT MONITORING REPORT**

Mr. John McCann & Mr. Brendon Vavrica appeared before the Board and presented the September 30, 2013 investment report.

Asset Allocation: As of September 30, 2013 the fund had 57.2% in domestic equities, 9.0% in international equities, 3.2% in emerging markets, 21.7% in fixed income, 5.1% in real estate and the balance in cash.

Division of Assets: As of September 30, 2013, Garcia Hamilton & Associates held 29.9% of the portfolio (fixed & equity), Valley Forge had 11.3%, BRC had 9.9%, Oak Ridge had 9.4%, Anchor had 9.0%, Eagle Asset had 6.7%, GW Capital had 6.1%, Vanguard (VTRIX) had 4.8%, Wentworth Houser had 4.4%, Intercontinental had 5.1%, OFI had 3.2% with the balance in the R&D Account.

As of September 30, 2013, the total assets were valued at \$237,719,000. For the quarter, the total fund returned 5.37% vs. 5.18% compared to the target index. For the fiscal year, the fund return was 13.26% vs. 14.61% compared to the target index.

The domestic equity portfolio was valued at \$135,984,000 as of September 30, 2013. International equities during the same timeframe were at \$21,359,000. Mr. McCann reported that Emerging Markets were valued at \$7,688,000.

For the quarter, the equity portfolio returned 6.67% vs. 7.58% compared to the target index. For the fiscal year, the equity portfolio return was 17.61% vs. 22.51% compared to the target index.

The fixed income portfolio (including Real Estate) was valued at \$63,722,000 as of September 30, 2013. For the quarter, the traditional fixed income portion of the portfolio returned 1.11% vs. 0.76% compared to the target index. That cited return ranked in the top 7<sup>th</sup> percentile of the investment universe. For the fiscal year, the traditional fixed income portion of the portfolio return was 0.82% vs. -0.71% compared to the target index.

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For the quarter, the real estate portion of the portfolio returned 3.36% vs. 0.00% (Index return was not available at time of the report) compared to the target index. For the fiscal year, the real estate income portion of the portfolio return was a 13.98% vs. 0.00% (Index return was not available at time of the report) compared to the target index.

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

**OPEN DISCUSSION**

No open discussion ensued

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 11:07 AM.

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

Troy Marchese, Board Secretary