

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

Minutes

**September 12, 2014
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on September 12, 2014 at 8:35 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Chairman, Troy Marchese, Board Secretary, Craig Kahle, Board Trustee (arrived at 8:37 AM) and Wilton White, Board Trustee (departed at 8:50 AM).

Also present: Dewitt McDonald, Vested Member; Lindsey Wagner, Counsel for Mr. McDonald; Ernest George; John McCann, Thistle Asset Consulting; Joseph Ahern, Board Trustee in waiting, Janna Hamilton, Gilbert Garcia & Curt Rohrman, Garcia Hamilton & Associates; Bonni Jensen, Board Attorney, Law Offices of Bonni Jensen, PA; Dave Williams, Plan Administrator.

Mr. Frost began by welcoming Mr. Ahern to the Board and all present echoed Mr. Frost's sentiment and wished him well in his new upcoming position of Board Trustee.

PUBLIC COMMENT

No comments provided

APPROVAL OF THE MINUTES

Minutes of August 8, 2014 & August 18, 2014 were tabled to future meeting.

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. Marchese made the motion to approve the foregoing which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0.

NEW BUSINESS

- Dewitt McDonald – Review (Pursuant to Florida State Statute 112.3173)

Mrs. Jensen began her presentation by acknowledging that Mr. McDonald and his Legal Counsel were present today. Mrs. Jensen indicated that the matter before the Board was to determine if they feel there were grounds to hold a formal forfeiture hearing pursuant to Florida Statute 112.3173. The elements of the law were reviewed and each Trustee was provided a copy of the cited law. Additionally, each Trustee was provided a copy of the "Stipulated Statement of Facts" related to United States District Court Southern District of Florida, Case # 14-80068-CR-COHN. Finally, a copy of the Official Hearing Transcript of the cited Court from July 18, 2014 was provided to each Trustee. After discussing the basic facts and the elements of the law, Mr. White made a motion to proceed with a formal Hearing. The foregoing motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. Ms. Wagner discussed the narrow timeframe her client would be available due to his impending incarceration. The (4) four Trustees present along with all other parties agreed to meet on September 16, 2014. Ms. Wagner concurred with that date as well. Mrs. Jensen will coordinate with Special Counsel.

- Trustee Election Results

Mr. Williams reviewed the nomination and election process with the Board. It was conveyed that the entire process was transparent and fair to all.

Mr. Williams reflected that Mr. Marchese was the only candidate for his seat and there were no further nominations. As such he was reappointed until September 30, 2016.

For the Seat of Chris Fragakis, which will be vacated on October 2, 2014, there were four nominations. The results were published and accepted by the Board. Mr. Ahern won the election and will maintain the Seat for the duration of Mr. Fragakis' term (March 6, 2016).

Results
259 Ballots Sent Out
119 Returned
3 Ballots Were Disqualified

Joseph Ahern Won	51
James Boyd	27
Michael Ferrera	22
Gregory Babcock	16

The Board was pleased with the participation and the interest by all parties, and thanked all concerned for their efforts.

ATTORNEY'S REPORT

Zangara Matter: Mrs. Jensen presented the Final Order for the Board to consider. Upon doing so, Mr. White made a motion to approve the Order, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

INVESTMENT PRESENTATION

Garcia Hamilton and Associates - GHA

Mrs. Janna Hamilton, Mr. Gilbert Garcia & Mr. Curt Rohrman appeared on behalf of GHA to discuss the investment return for the Equity and Fixed Income Accounts.

Mrs. Hamilton introduced Mr. Rohrman to the Board as the Director of Equity Investments for Garcia Hamilton. Mr. Rohrman took on the role of Mr. Kallus who had left the firm. Mr. Rohrman provided his background and education to the Board as follows: He received a B.B.A. Summa Cum Laude in Finance and Marketing from Texas Christian University in 1984 and a M.B.A from the University of Texas in 1988. From 1988 to 1995, Mr. Rohrman was a Vice President in Equity Research, at CS First Boston in New York City where he covered the computer hardware industry and was named to Institutional Investor's All-America Research Team and Wall Street Journal's All-Star poll. He was with USAA Investment Management Company from 1995 to 2002 serving in various capacities including Director of Equity Research and Portfolio Manager. He then worked with Vaughan Nelson Investment Management from 2002-2005 where he was a Senior Portfolio Manager responsible for Growth and Core strategies. Mr. Rohrman reflected that he joined Garcia Hamilton & Associates L.P. in 2006. Mr. Rohrman is a Chartered Financial Analyst (CFA) charter-holder and a member of the CFA Institute and the Houston Society of Financial Analysts.

Garcia Hamilton and Associates – GHA Con't

Mrs. Hamilton also announced that GHA was named the Institutional Investor 2014 Fixed Income Manager of the Year. The expansion of partners within the Firm was also announced. The Board congratulated everyone for their achievement.

Equity Review: Mr. Rohrman began his presentation by reaffirming GHA's high quality growth equity investment philosophy. GHA invests in companies with above-average sustainable growth and/or accelerating growth and an ability to beat earnings expectations over time. GHA buys quality companies. Various quality rankings and other metrics which demonstrate quality are evaluated carefully before a stock is added to the portfolio. GHA primarily uses their proprietary screening process and bottom-up work to determine relative sector weights. Portfolio constraints exist to ensure sufficient diversification to control risk.

Mr. Rohrman advised the equity portfolio was valued at \$19,110,554.78 for the quarter that ended June 30, 2014. The equity portfolio returned 4.2%, which was good on an absolute basis, but on an actual basis underperformed the Russell 1000 Growth Index return of 5.1% for the same time period. For the fiscal year, equities returned 13.8%, which trailed the Russell 1000 Growth Index return of 17.4%. Since the annualized inception date of March 1, 1996 through June 30, 2014, the portfolio returned 8.1% in comparison to 7.4% for the Russell 1000 Growth Index.

Mr. Rohrman indicated that fundamentally, portfolio holdings continued to deliver solid earnings relative to expectations. Stock selection was a negative factor, reflecting investor preference for *lower-quality* names.

- Whole Foods was a negative contributor following management's actions to support market share in a very competitive environment.
- Celgene (up 23%), Cinemark (up 23%), and Apple (up 22%) were top gainers in the portfolio.
- Modest cash holdings subtracted 16 basis points of relative performance during the strong market rally.

Market outlook remains constructive based on Federal Reserve liquidity and upper single-digit earnings growth. The portfolio remains conservatively positioned with a meaningful overweight in high-quality stocks balanced to asset management companies positioned to benefit from rising financial markets.

Portfolio remains conservatively positioned with a meaningful overweight in high-quality stocks balanced with exposure to asset management companies positioned to benefit from rising financial markets. The policy of repeated liquidity injections by central banks since the market bottom is evident in the sizeable outperformance of "*riskier*" stocks.

Lower quality securities continue to exhibit market leadership relative to high quality as investors embrace higher risk exposures.

Fixed Income Review: Mr. Garcia began his presentation by outlining GHA's fixed income investment philosophy. The goal of GHA is to outperform their benchmarks, net of fees, over a full market cycle using a high quality strategy with less risk and low turnover.

Garcia Hamilton and Associates – GHA Con't

Superior and consistent investment results come from the following core principles:

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income

Mr. Garcia encapsulated the GHA process as an “old fashion, high quality, fixed income manager”.

Mrs. Hamilton advised the fixed income portfolio was valued at \$56,616,828 for the quarter that ended June 30, 2014. The Fixed income portfolio returned 1.7%, which outperformed the Barclays Capital Int. Aggregate return of 1.6% for the same time period. For the fiscal year, fixed income returned 4.6%, which handily exceeded the Barclays Capital Int. Aggregate return of 2.7%. Since the annualized inception date of January 31, 2004 through June 30, 2014, the portfolio returned 5.6% in comparison to 4.3% for the Barclays Capital Int. Aggregate.

THISTLE ASSET CONSULTING

Mr. McCann indicated that he was looking forward to closing out this fiscal year. A detailed analysis will follow. No further formal report provided.

ADMINISTRATOR'S REPORT

No further formal report provided.

OPEN DISCUSSION

No discussion ensued.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:00 AM.

The next meeting special meeting is September 16, 2014 at 8:30 AM.

The next meeting regular meeting is October 10, 2014 at 8:30 AM.

Troy Marchese, Board Secretary