

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

Minutes

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

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on December 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, Board Chairman, Troy Marchese, Board Secretary, Wilton White, Board Trustee, Joseph Ahern, Board Trustee (arrived at 9:07 AM) and Craig Kahle, Board Trustee.

Also present: Barry Atwood, Acting Finance Director, City of West Palm Beach; Ernest George, Retired Plan Member; James Vogt, Valley Forge Asset Management; Brendon Vavrica, Thistle Asset Consulting; 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 November 14, 2014. Mr. White made the motion to approve the minutes, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. Mr. Ahern not present at this time.

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. White made the motion to approve, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Mr. Williams presented the 2015 Cost of Living - COLA report, which is effective January 1, 2015 to the Board for consideration. After reviewing the documents, Mr. White made the motion to approve the foregoing which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams will formally notify each respective member accordingly in written form.

ATTORNEY'S REPORT

Mrs. Jensen stated that a counterpoint sample presentation to the Leroy Collins report will be ready for review at the January meeting.

McDonald Matter: Mrs. Jensen reviewed dates with the Trustees for the McDonald Forfeiture Review. January 9th was established. All concerned parties will be advised.

Colfax: Mrs. Jensen advised that we await court guidance on the dismissal.

Duff Phelps: Mrs. Jensen stated the case was closed.

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SB 172: Mrs. Jensen indicated cited Bill was filed and relates to the 175/185 funds. It was her understanding that share plans such as ours were exempt. Further information will follow.

ADMINISTRATOR'S REPORT

Mr. Williams provided a brief update on the Audit. Due to GASB 67 and the additional work required, a January presentation was highly unlikely. All the professionals involved were working together to complete the report.

VALLEY FORGE – INVESTMENT REPORT

Mr. James Vogt, Co-Chief Investment Officer of Valley Forge Asset Management, LLC (VF) appeared before the Board to review his firm's investment activity. Before doing so, Mr. Vogt detailed the VF characteristics in terms of people and the process undertaken.

The date of inception for VF was April 30, 2010; the portfolio returned in excess of 73% through December 5, 2014. While that return was notable, it still lagged the S&P 500. Mr. Vogt cited that only 9% of active investment managers beat the index return. He also noted the fee arrangement with the Fund.

Mr. Vogt outlined slides exhibiting VF's downside capture, which reinforces the active management model. While considering a 5-year look back through September 30, 2014, VF ranked in the Top one percent on downside capture. During that time period, the index ranked in the 39th percentile.

For the quarter ending September 30, 2014, VF returned 1.08% ranking in the Top 27 percentile. While this return provided a sense of reassurance, it still marginally lagged the index return 1.13%. On a one year basis VF returned 17.08%. That return far exceeds the assumed rate of return for the Fund, and will contribute to a positive actuarial gain.

INVESTMENT MONITORING REPORT

Mr. Brendon Vavrica appeared before the Board and presented a large cap core manager search for review and consideration. Mr. Vavrica concluded that the Fund recently experienced returns less favorable than the market, however over the longer term, active management should rebound and the time may not be right to enter the index (passive) arena. The Board exchanged their positions and concurred with Mr. Vavrica to continue to closely monitor VF and remain in active management.

OPEN DISCUSSION

Mr. Frost provided educational comments relating to equity investments.

Mr. Frost also reminded the Board that Mr. Michael Warsh from the Chicago Board Options Exchange is expected to provide educational information to the Board at the February meeting.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 9:42 AM.

Next meeting is scheduled for January 09, 2015 at 8:30 AM

A handwritten signature in blue ink, appearing to read 'Troy Marchese', is written over a horizontal line.

Troy Marchese, Board Secretary