

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

Minutes

**February 06, 2015
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 06, 2015 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: Jonathan Frost, Board Chairman, Troy Marchese, Board Secretary (departed at 10:33 AM), Joseph Ahern, Board Trustee (departed at 10:50 AM), and Craig Kahle, Board Trustee.

Also present: Scott Mullet, GW Capital; Michael Warsh, Director – CBOE; Jeanine Bittinger & Richard Cristini of Davidson, Jamieson & Cristini; John McCann, Thistle Asset Consulting; Bonni Jensen, Board Attorney, Law Office of Bonni Jensen; 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 December 14, 2014 & January 9, 2015. Mr. Frost's offered his comments, which were duly noted. Mr. Kahle 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

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

NEW BUSINESS – Appointment of the 5th Member

Mr. Frost asked the Trustees to reconsider the appointment of Mr. White as the 5th member to the Board. Mr. Frost commented on Mr. White's professionalism and expertise that he brings to this Board. Having full support of the other Trustees, Mr. Marchese made a motion to reappoint Mr. White as the 5th Member to the Board. Mr. Ahern seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

GW CAPITAL – SMALL CAP VALUE MANAGER

Mr. Scott Mullet appeared before the Board to review the December 31, 2014 investment report. Mr. Mullet provided an organizational update, highlighting that there was no expansion of his firm, in terms of employees.

Mr. Mullet detailed positive & negative contributors to the portfolio. Positive contributors were Materials, Consumer Staples and Healthcare. Best absolute performers: Stamps.com (STMP), Media General (MEG) and Casey's General (CASY).

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Negative Contributors were Financials, Energy and Industrials. Worst absolute performers: Comstock Resources (CRK), Rex Energy (REXX) and Ocwen Financial (OCN). The overall equity market was discussed by Mr. Mullet. A portfolio summary was reviewed to include fund totals and asset & sector allocation.

According Mr. Mullet as of December 31, 2014, GW Capital Small Cap Value Account returned 4.5% for the quarter vs. 9.4% for the benchmark (R2000V). For the year, GW Capital returned -1.9% vs. 4.2% for the same benchmark. On the longer term basis, the portfolio returned 14.6% vs. 14.6% as of the funding date of May 25, 2010. Market Value as of December 31, 2014 was \$15,473,646. A historical annual review since 2010 revealed that three of the last five years (2010, 2011 and 2012) GW Capital exceeded the benchmark. Mr. Mullet indicated that the 3rd and 4th quarter of 2014 was one of their worst periods of underperformance. GW Capital is sticking to their investment philosophy and Mr. Mullet shared a historical chart exhibiting the excess return in periods of down market cycles. The Board by consensus noted GW Capital's capability and their hope for improved returns. Mr. Mullet thanked the Board for their continued confidence.

INDEPENDENT AUDIT PRESENTATION

Financial Statements – September 30, 2014 Davidson, Jamieson & Cristini, P.L.

Mr. Richard Cristini and Ms. Jeanine Bittinger, of Davidson, Jamieson & Cristini appeared before the Board. Mr. Cristini stated that the firm has issued a clean unqualified opinion on the *pension plan & the Share/DROP plans*.

As of September 30, 2014, combined trust assets on a cash flow basis exceed its liabilities with a total of \$258,066,881, which is a \$19,564,191 increase from September 30, 2013.

Employer contributions were valued at \$8,941,538 for the plan year ending September 30, 2014. This was an increase of \$2,434,615 from September 30, 2013. Plan members contributed \$1,919,146 for the plan year ending September 30, 2014. This was an increase of \$46,831 for the plan year ending September 30, 2014. The Plan experienced a net investment gain of \$22,389,189.

As of September 30, 2014, the Plan had 263 retired/vested members and beneficiaries. The Plan also had 135 vested active members and 100 non-vested members as of September 30, 2014.

A portion of the assets held are designated for DROP & Share Accounts. As of September 30, 2014, the balances were valued at \$43,289,658 (DROP) & \$43,021,800 (Share). Administrative expenses for the plan year ending September 30, 2014 were valued at 0.13%. Ms. Bittinger reflected the expenses were well below the acceptable standard in the industry of 1.00%. GASB 67 components of the report were reviewed. In part, it was reported the Plan's fiduciary net position as a percentage of payroll was 85.19%.

Mr. Richard Cristini & Ms. Jeanine Bittinger both stressed that due to the additional required steps as a result of GASB 67, being able to report any earlier would not be an option. With that being said, Ms. Bittinger reflected that this Plan was one of the first to receive their report. Based on the foregoing, Mr. Frost extended his thoughts of appreciation for the timely presentation of the report. After an exchange of questions from the Trustees, Mr. Kahle made a motion to accept the Financial Statements for the Plan, for September 30, 2014, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

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Ms. Jeanine Bittinger asked the Board to consider approving a one-time setup fee of \$3,000.00 for all the additional work related to GASB 67. The Trustees came to consensus after discussing the matter that the request was reasonable based on the additional work outside the existing agreement. Mr. Kahle made a motion to approve the additional billing request as noted, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0. (Mr. Marchese was not present)

Ms. Jeanine Bittinger also reflected that their engagement agreement is up for consideration and renewal. Mrs. Jensen reviewed the proposed contract made commented on minor changes that were duly noted. The timeline was also adjusted due to the new reporting requirements. Mr. Frost voiced his opinion that the representatives are detailed oriented. Further that their internal review of our procedures are welcomed and beneficial to all. By consensus the Trustees concurred. Mr. Williams commented that the representatives have a comprehensive working knowledge of the Plan; that during the entire review process, the representatives are not easily satisfied; and because of that level of due diligence, he would recommend renewing the contract as proposed. Mr. Ahern made a motion to approve the engagement of Davidson, Jamieson & Cristini, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0. (Mr. Marchese was not present)

CBOE – Presentation

Mr. Michael Warsh, Director of Institutional Business Development – CBOE came before the Board for an educational presentation on Options Investments. Mr. Warsh thanked Mr. Frost for the invitation to attend the meeting and he hoped to impart Options and Option strategies. In brief, Mr. Warsh indicated he has been in the Options business for over 25 years; therefore felt he has a little bit of knowledge, experience, and most importantly credibility. Mr. Warsh gave a quick primer on the Chicago Exchanges. Mr. Warsh reflected that there was a long history in Chicago for investors to manage risk that dates back 150 yrs.

As for the CBOE, the youngest of the “big 3”, but are the oldest (having recently celebrated their 40th anniversary) and still the largest options exchange in the United States. It was noted that there are 12 exchanges overall...but what differentiates CBOE are two “proprietary” products which are the S&P 500 Cash Index Options (SPX) and VIX option and future products.

Mr. Warsh delved into the basic Option payout diagrams. First, he explained an Option gives you the “right” but not an “obligation” to buy/sell a particular underlying at a predetermined price and time. Long Call, Long Put, Short Call and a Short Put were reviewed as well. Strategies for Portfolio Protection were outlined as S&P 500 (SPX) protective puts, Collar strategy (with long puts for protection and short calls for income), VIX Futures and VIX Call Options. Options Profit-and-Loss Diagrams were reviewed as well. The Board opened a question answer session. The Trustees thanked Mr. Warsh for appearing today for this educational option. The Board asked Mr. McCann to seek out via a nationwide search, some viable candidates so further consideration may be afforded in this investment arena.

ATTORNEY’S REPORT

Home Loan Servicing Solutions, Ltd. (HLSS): Mrs. Jensen reviewed a fraud claim being asserted against Home Loan Servicing Solutions, Ltd. (HLSS) and certain members of their senior management team. A securities fraud class action was being proposed by Saxena White. WPB Police purchased HLSS shares during the Class Period (February 28, 2012 through January 12, 2015) and has sustained an estimated loss of nearly \$50,000.

The proposed Complaint would allege that throughout the Class Period, HLSS repeatedly misrepresented that it had retained “a high quality residential mortgage loan servicer” to service the mortgage loans underlying its mortgage servicing assets.” Contrary to these repeated public statements, HLSS knew or should have known that Ocwen was not a “high quality third-party residential mortgage loan servicer.” In addition, contrary to what the Company said in public statements and SEC filings, HLSS engaged in conflicted transactions with Ocwen, which constituted a tax-avoidance scheme for Mr. Erbey (Ocwen CEO) and the Ocwen complex of companies. As a result, the Company’s statements about its business and prospects were false and misleading at all times during the Class Period.

It was conveyed that Saxena White believes that a securities class action complaint should be filed against HLSS in the United States District Court for the Southern District of New York for a Class Period cited. The complaint would charge Defendants with violations of the Securities Exchange Act of 1934. Although litigation is currently pending against Ocwen and another of Erbey’s related companies involved in the scheme, currently no securities fraud class action has been filed against HLSS.

Given its sizable loss and the strength of the action, Saxena White recommends that WPB Police authorize Saxena White to file a complaint against HLSS and a motion on its behalf seeking WPB Police’s appointment as lead plaintiff in this litigation.

After considering the foregoing and noting the local ties of Ocwen, Mr. Marchese made a motion engage Saxena White for the purpose of filing a complaint against HLSS, in an effort to seek lead plaintiff status. That motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

IRS MEMO: Mrs. Jensen distributed a cover letter dated January 20, 2015, and a December 8, 2014 IRS memorandum regarding DROP Plans.

ORDER: Mrs. Jensen detailed the proposed McDonald Order for the Board to consider. The Order was based on the Board action approved on January 9, 2015. After reviewing the Order, Mr. Ahern made the motion to approve and authorize the execution of the Order, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0. (Mr. Marchese was not present).

Mr. Ahern announced that he had to leave the meeting. As a result of his departure, Mr. Ahern made a motion to adjourn the formal meeting and convene a workshop going forward at 10:50 AM. Mr. Kahle seconded the motion. All Trustees voted yes, and the motion was passed 3-0. (Mr. Marchese was not present).

ADMINISTRATOR’S REPORT

Mr. Williams reflected he was working diligently with GRS for a timely presentation of the actuarial valuation.

It was also noted that this was the open enrollment month for DROP/SHARE Distributions.

INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and presented the December 31, 2014 investment report. It was felt it would be beneficial if he attended the next regular meeting to present his formal report.

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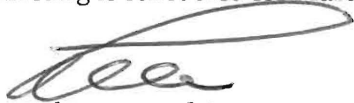
OPEN DISCUSSION

No formal report

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:56 AM.

Next meeting is scheduled for March 13, 2015 at 8:30 AM

A handwritten signature in black ink, appearing to read 'Troy Marchese', with a large, sweeping flourish above the name.

Troy Marchese, Board Secretary