

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

Minutes

**September 11, 2015
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on September 11, 2015 at 8:37 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, Craig Kahle, Board Trustee, Joseph Ahern, Board Trustee and Wilton White, Board Trustee

Also present: Mark Parks, City of West Palm Beach; Guy Watanabe & Scott Mullet, GW Capital; Bonni Jensen, Board Attorney, Law Offices of Bonni Jensen, PA; Dave Williams, Plan Administrator.

PUBLIC COMMENT

Mr. Frost took this opportunity to convey his observations of the city commission budget meeting. Mr. Frost reflected that Mr. Park's presentation was thorough, clear and concise. Mr. Frost thought Mr. Parks should be commended for a job well done.

Mrs. Jensen commented that today was September 11th a day of remembrance for all.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of August 14, 2015. Mr. Ahern made the motion to approve the minutes, which was seconded by Mr. Kahle after Mr. Frost's comments were duly noted. 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, in addition to the detailed activity outlined in the administrative report by Mr. Williams. The benefit of Mr. M. Malloy (vested member) was struck by Mr. Williams due to the paperwork not being completed by Mr. Malloy. Mr. Ahern made the motion to approve the foregoing which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 4-0.

ATTORNEY'S REPORT

Globus Medical, Inc.: Mrs. Jensen outlined a request from Labaton Sucharow regarding a Books and Records filing against Globus Medical, Inc. At the conclusion of the presentation Mr. Frost asked monetary damages would be sought if warranted, and not simply governance improvements. Mrs. Jensen replied that was her understanding. Mr. Ahern made the motion to engage the services of Labaton Sucharow for the cited action. Further to provide authority to Mr. Frost to execute any and all documents related to this matter. This motion was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 3-0. Mr. White was off the dais during the vote.

DFC Global Corp.: Mrs. Jensen updated the Board on the Matter of DFC Global being handled by Saxena White. Collectively, our Fund and other Funds being represented filed an objection and responses per Federal Rules of Civil Procedure, to The DFC Defendants' First Set of Interrogatories and First Request for Production of Documents. The United States District Court for the Eastern District of Pennsylvania has jurisdiction in this case.

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IRS: Mrs. Jensen conveyed she responded to the IRS regarding their inquiry for the “Letter of Determination” being sought.

State of the Pension: The dates are being worked out between Mrs. Jensen and city representatives. The Board by consensus felt a workshop meeting would be more beneficial in terms of time limitation and meaningful exchanges would be undertaken by all involved.

GW CAPITAL

Mr. Guy Watanabe & Mr. Scott Mullet appeared before the Board to discuss their performance through August 31, 2015. Mr. Mullet introduced Mr. Guy Watanabe as the President of GW Capital. Mr. Mullet reflected that Mr. Guy Watanabe was also the “GW” of GW Capital.

Mr. Mullet began with an organizational update, citing no change in investment staff, no ownership changes and no product changes. Mr. Mullet cited 2.3 billion under management as of August 2015. Mr. Frost queried Mr. Mullet about turnover of clients, in which Mr. Mullet confirmed and provided details. Mr. Mullet outlined the investment approach and conveyed they have not deviated.

The report presented revealed on a fiscal year basis (October 1, 2014 through August 31, 2015) the portfolio return was -3.7% on a gross basis vs. 1.9% for the Russell 2000, which is the benchmark. Over the longer term, the portfolio returned 9.7% vs. 11.8% on a three year basis. Since inception of May 25, 2010 the portfolio return was valued at 11.6% vs. 11.1% for the same benchmark. The portfolio starting balance was 7.4 million; 910K was infused during the course of the relationship and the balance as of August 31, 2015 was valued at \$14.1 million.

Mr. Watanabe presented an exhibit that showed the historical portfolio performance in comparison to the benchmark. During the measurement period of June 2010 to August 2015 GW Capital outperformed 11 times and underperformed 9 times.

Mr. Watanabe discussed detractors to performance as follows:

- Issue selection in Financials and underweight to sector
- Issue selection in Energy and overweight to sector (in 2nd half of 2014)
- Issue selection in Industrials and overweight to sector
- Worst performers (contribution to performance)

<u>Security Name</u>	<u>Status</u>
H&E Equipment Services	Currently Held
Comstock Resources Inc	Sold in December 2014
Esterline Technologies	Currently Held
Rex Energy Corp	Sold in February 2015
Kulicke & Soffa Industries	Currently Held

Positive Contributors were also highlighted by Mr. Watanabe as follows:

- Issue selection in Materials
- Overweight to Consumer Staples
- Issue selection in Information Technology and underweight to sector
- Best performers (contribution to performance)
- Security Name & Status

Casey’s General Stores Inc., Prestige Brands Holdings, Stamps.com Inc., Sensient Technologies and Chemtura Corporation are all currently being held.

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Mr. Watanabe said the last 4 quarters have been very painful for the small cap world. He related the last 4 quarters to the “.com” era. Key factors going forward outlined as: The Federal Reserve, Commodity Pricing, Dollar Stability and Earnings Season.

Discussion ensued about the concept of performance based fee options. But no action was taken. The Board by consensus felt a prudent investor would stay the course, particularly given prior performance. Mr. McCann will continue to monitor closely.

THISTLE ASSET CONSULTING

Mr. McCann was obviously disappointed with the market conditions. He indicated that the Fund was still positive for the fiscal year, but was down approximately 4% since June 30, 2015.

Discussion was undertaken collectively about opportunistic funds in general terms. However, the Board felt that the return based on the percentage of the overall fund would be minimal. In the end, the Board felt confident that over the long term, a conservative and high quality approach was in the best interest of the Fund.

ADMINISTRATOR’S REPORT

Mr. Williams reported that the state funds received (\$1,212,205.07) were deposited equally into the accounts of Garcia Hamilton in an effort to maintain the asset allocation set by the Board. A share allocation report will be presented at the next meeting.

Mr. Williams advised he received an application for disability from Mr. James Graham; however it was incomplete so it is being held until resolved.

Mr. Williams reviewed the action he has taken with regard to all vested members identified. If a calculation is not in the file, one will be prepared. The calculation will be sent to each vested member with a cover letter, which explains it is their responsibility to formally apply for retirement and their inaction will result in retroactive payments being denied. Each letter is being sent certified and will be scanned into their respective files (hard copy and e-file). Trustees agreed with the measures outlined.

Mr. Williams was joined by all present to congratulate Mr. Kahle for his reappointment (through October 17, 2017) to the Board of Trustees. His continued commitment & service to the Plan is commendable.

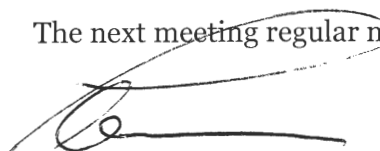
OPEN DISCUSSION

Mr. Frost asked about language contained in the Independent Accountant’s Compilation Report for the March 31, 2015 reporting period. Mr. Kahle (a CPA by profession) commented that was standard language.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:25 AM.

The next meeting regular meeting is October 9, 2015 at 8:30 AM.



Troy Marchese, Board Secretary