

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

Minutes

**October 9, 2015
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 9, 2015 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, Secretary Joseph Ahern, Board Trustee and Wilton White, Board Trustee (who participated during the meeting via conference call).

Also present: Mark Parks, City of West Palm Beach; John McCann, Thistle Asset Consulting; Gilbert Garcia, Curt Rohrman & Janna Hamilton, Garcia Hamilton & Associates; Bonni Jensen, Board Attorney, Law Offices of Bonni Jensen, PA; Dave Williams, Plan Administrator.

PUBLIC COMMENT

No Comments.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of September 11, 2015. Mr. Ahern made the motion to approve the minutes, which was seconded by Mr. Marchese after Mr. Frost's comments were duly noted. All Trustees voted yes, and the motion was passed 3-0. Mr. White not present during vote.

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. Ahern made the motion to approve the foregoing which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 3-0. Mr. White not present during vote.

ADMINISTRATOR'S REPORT

No formal report provided.

ATTORNEY'S REPORT

IRS: Mrs. Jensen conveyed she is still awaiting a response back from the IRS regarding their plan inquiry. Mrs. Jensen advised that the IRS is stopping the Letter of Determination program, due to lack of personnel. Going forward the IRS will review upon creation and termination to determine qualification.

State of the Pension Address: The city commission workshop date and times were reported as October 19, 2015 at 10 AM.

Globus Medical: Books & Records review underway by Labaton Sucharow. Shares being held to maintain standing.

Madoff Update: Collins Capital contacted Mr. Williams reference a distribution of assets that the Plan may be entitled to from the Madoff Case. Mr. Williams & Mr. Frost completed and returned the required forms to participate. Amount is unknown and further information will follow. Mrs. Jensen also notified the Administrator handling the Madoff matter.

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BioScrip, Inc.: Mrs. Jensen advised a settlement is expected.

Investment Report – Garcia Hamilton & Associates (GHA)

Mr. Gilbert Garcia, Mr. Curt Rohrman & Mrs. Janna Hamilton were present to review the investment results from September 30, 2015. Mrs. Hamilton began by thanking the Board for the business, which dates back to 1996. Mrs. Hamilton cited that GHA was the recipient of the 2015 Institutional Investor Award for Intermediate Fixed Income Manager of the Year. The Board congratulated all the representatives.

Fixed Income: Mr. Garcia reflected that fixed income investments anchors the asset allocation, allowing clients to take risk in other asset classes. It is not meant to be the alpha generator. Because individual credits, industry groups and broad sectors are highly correlated, credit research adds little long term value to high quality fixed income management. Thus, effective investment management utilizes a top-down management approach with a concentrated portfolio. GHA's goal is to outperform the benchmark, net of fees, over a full market cycle using a high quality strategy with less risk, lower volatility and low turnover. By setting realistic expectations, we avoid taking unnecessary risks.

Achieving our goal is centered around several core principles:

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income

Key Tools:

- Sector Rotation
- Controlled Interest Rate Anticipation
- Yield Curve Positioning

A 3rd Quarter 2015 Fixed Income Market Commentary was provided.

The fixed income portfolio was valued at \$57,800,614 as of September 30, 2015. The portfolio return for the quarter cited was 1.73% net in comparison to the benchmark return of 1.08%. For the rolling one year, the return was valued at 3.87% net in comparison to the benchmark return of 2.95%. The 3 and 5 year return also outpaced the benchmark. Since the inception of the portfolio (January 31, 2004), the return was 5.08% net in comparison to the benchmark return of 5.34%.

Equity: Mr. Rohrman's report indicated that GHA invests in companies with above-average sustainable growth and/or accelerating growth and an ability to beat earnings expectations over time. Further, the report outlined that GHA buys quality companies. GHA primarily uses a proprietary screening process and bottom-up work to determine relative sector weights. Finally the report cited that the portfolio constraints exist to ensure sufficient diversification to control risk.

Mr. Rohrman advised that the portfolio declined 7.1% in the quarter, 187 basis points behind the benchmark Russell 1000 Growth Index. Adverse stock selection accounted for all the underperformance as conservatively positioned companies were not well-rewarded during the quarter. Many long term portfolio holdings experienced disappointing price action. Market outlook remains constructive, although U.S. Federal Reserve decisions will dictate the near term. Portfolio remains conservatively positioned with a meaningful overweight in high-quality stocks balanced by exposure to asset management companies which typically benefit from rising financial markets.

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The equity portfolio was valued at \$17,484,250 as of September 30, 2015. The portfolio return for the quarter cited was -7.21% net in comparison to the S&P 500 return of -6.44%. For the rolling one year, the return was valued at 1.15% net in comparison to the benchmark return of -0.61%.

The 3 and 5 year return was outpaced by the benchmark. Since the inception of the portfolio (March 1, 1996), the return was 7.36% net in comparison to the benchmark return of 7.72%.

Mr. Frost advised the GHA representatives that this Board expects downside protection and for GHA to beat the benchmark over time. If that cannot be accomplished, future consideration may have to be given to indexing vs. active management. Mr. Rohrman responded that he would expect GHA to outperform the index, but high quality equities did not perform like lower quality counterparts. Mr. Frost ended his comments that he was hopeful for a better cycle.

Note to the Reader: Garcia Hamilton & Associates is an institutional asset management firm founded in 1988. The firm is 100% employee-owned and certified as a Texas HUB and a MBE/MWBE firm in several states.

THISTLE ASSET CONSULTING

Mr. McCann provided a flash report of assets as of October 6, 2015. However, Mr. McCann advised the actual rate of return for the quarter was pending.

SHARE ALLOCATION & FORFEITURE

Mr. Williams presented the share allocation report for the Board to consider and approve. The state funds received in the amount of \$1,212,205.07 was deposited into each members account pursuant to the special act. After review and consideration Mr. Marchese made a motion to approve the allocations as presented, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0. Mr. White not present during vote.

Mr. Williams presented the share forfeiture and reallocation report for the Board to consider and approve. The total share funds forfeited and reallocated were in the amount of \$135,528.90. Deposits were made into each members account pursuant to the special act. After review and consideration Mr. Marchese made a motion to approve the allocations as presented, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 3-0. Mr. White not present during vote.

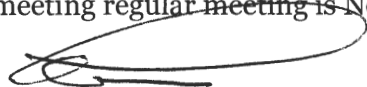
OPEN DISCUSSION

Mr. Frost and Mr. Marchese shared educational information from recent symposiums.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:05 AM.

The next meeting regular meeting is November 13 2015 at 8:30 AM.



Troy Marchese, Board Secretary