

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

Minutes

**February 14, 2014
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 14, 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, Chris Fragakis, Board Trustee and Wilton White, Board Trustee.

Also present: Marisa DeMato, Labaton Sucharow LLP; _____, Disability Applicant; Robert S. Winess, Attorney for Mr. _____; John McCann & Brendon Vavrica, Thistle Asset Consulting; Jeff Green, City of West Palm Beach; Lou Penque, Active Member; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; Dave Williams, Plan Administrator. Scott Mullet, GW Capital (Conference Call).

PUBLIC COMMENT

No comments provided

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of January 10, 2014. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. Fragakis. 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 detailed the report, Mr. Marchese made the motion to approve, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

INFORMAL DISABILITY HEARING –

Mr. Frost announced that the agenda was extremely full today, and that he was limited due to personal time constraints. Furthermore, Mr. Frost cited that one of the Board Trustees (Mr. Kahle) was not present today. Mr. Frost felt that this matter was extremely important and as such suggested the Board set a special meeting. After brief interaction with Mr. Winess & Mr. _____, a meeting date of February 17, 2014 was established. Mr. Marchese made the motion to table this matter until February 17, 2014, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 4-0. Mr. Williams will post this meeting immediately. Mr. Winess & Mr. _____ departed the meeting.

ATTORNEY'S REPORT

Mr. Frost thanked Mr. Green for accepting our invitation to attend today's meeting. Mr. Green was invited to this meeting to discuss the City's policy on disabilities. The Board had general discussion on possible internal accommodations and the impact of Florida case law. Since Mr. Green is new to the City Administrator position, the Board also shared the history of discussion regarding light duty position.

West Palm Beach Police Pension Fund – Minutes

February 14, 2014

Page 2 of 4

The Trustees were clear that this was a matter for the city and the union to resolve, but wanted to ensure an agreeable solution could be reached. Mr. Penque and Mr. Green were agreeable to work together in an effort to find common ground. Pre-Employment testing would also be considered.

Mrs. Jensen presented the Madoff Victim's Fund material for execution and filing. Mr. Fragakis made the motion to authorize the execution and filing accordingly, which was seconded by Mr. White. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen presented the Fiduciary Trust (FTIS) Foreign Tax Reclaim documents for execution. In brief, FTIS will attempt to reclaim taxes paid by the Fund to foreign countries for security transactions. Mr. Fragakis made the motion to authorize the execution and filing accordingly, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen presented a change of Trust Agreement documents for OFI for execution. The change was an internal matter and would not affect our account. Mr. Fragakis made the motion to authorize the execution and filing accordingly, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen presented the Addendum to the policy on public records requests and external communications. Mr. Frost offered additional language for the Board to consider relating to the Board Attorney. Mrs. Jensen will update accordingly. No further action taken at this juncture.

Mrs. Jensen highlighted the proposed Mintus Order for the Board to consider. The Order would be in lieu of individual releases. Mr. Williams met with the parties involved and at that time were agreeable with the Board's findings. Mr. Fragakis made the motion to accept and authorize the execution of the Order, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

ADMINISTRATOR'S REPORT

Mr. Williams reported that the members were requested to make nominations for the seat of Mr. Fragakis. A member nominated himself, but shortly thereafter rescinded his name. As such the nominations were closed with no opposition for Mr. Fragakis. Notice was provided to the proper authority at the City of West Palm Beach. Nominations will again open when Mr. Fragakis separates service later this year.

Mr. Williams reflected that _____ was contacted regarding her disability status. Proper documentation is forthcoming.

GW CAPITAL – SMALL CAP VALUE MANAGER

Mr. Scott Mullet attended the meeting via conference call due to weather related travel issues. Mr. Mullet reviewed the December 31, 2013 investment report. Mr. Mullet provided an organizational update, highlighting the expansion of his firm. Mr. Mullet detailed positive & negative contributors to the portfolio. Positive Contributors were described as an overweight to Industrials, Healthcare and Consumer Staples. Individual issue selection also played a role. Examples provided were: Avis Budget (CAR), CNO Financial (CNO) & Prestige Brands (PBH). Negative Contributors were outlined as an underweight to Consumer Discretionary; an overweight to Energy and Materials. The overall equity market was discussed by Mr. Mullet. A portfolio summary was reviewed to include fund totals and asset & sector allocation.

West Palm Beach Police Pension Fund – Minutes

February 14, 2014

Page 3 of 4

According to Mr. Mullett as of December 31, 2013, GW Capital Small Cap Value Account returned 8.2% for the quarter vs. 9.3% for the benchmark (R2000V). For the year, GW Capital returned 31.7% vs. 34.5% for the same benchmark. On the longer term basis, the portfolio returned 19.6% vs. 17.6% as of the funding date of May 25, 2010. Market Value as of December 31, 2013 was \$15,783,569.

INVESTMENT MONITORING REPORT

Mr. John McCann & Mr. Vavrica appeared before the Board and presented the December 31, 2013 investment report.

Asset Allocation: As of December 31, 2013 the fund had 56.9% in domestic equities, 8.8% in international equities, 3.1% in emerging markets, 22.9% in fixed income, 4.9% in real estate and the balance in cash.

Division of Assets: As of December 31, 2013, Garcia Hamilton & Associates held 30.9% of the portfolio (fixed & equity), Valley Forge had 11.3%, BRC had 10.0%, Oak Ridge had 9.3%, Anchor had 8.8%, Eagle Asset had 6.4%, GW Capital had 6.1%, Vanguard (VTRIX) had 4.7%, Wentworth Houser had 4.3%, Intercontinental had 4.9%, OFI had 3.1% with the balance in the R&D Account.

As of December 31, 2013, the total assets were valued at \$259,023,000. For the quarter, the total fund returned 6.15% vs. 5.66% compared to the target index. The Fund return cited ranked in the top 27th percentile of the investment universe. For the rolling one year basis, the fund return was 19.35% vs. 13.60% compared to the target index.

The domestic equity portfolio was valued at \$147,366,000 as of December 31, 2013. International equities during the same timeframe were at \$22,842,000. Mr. McCann reported that Emerging Markets were valued at \$7,995,000. Fixed income and real estate were valued at \$59,253,000 and \$12,691,000 respectively.

For the quarter, the equity portfolio returned 7.83% vs. 8.56% compared to the target index. For the fiscal year, the equity portfolio return was the same as the quarterly return.

For the quarter, the traditional fixed income portion of the portfolio returned 1.06% vs. -0.14% compared to the target index. That cited return ranked in the top 13th percentile of the investment universe.

For the quarter, the real estate portion of the portfolio returned 5.49% vs. 2.53% compared to the target index (NCREIF). For the calendar year, the real estate income portion of the portfolio return was a 16.39% vs. 10.99% compared to the target index.

A detailed review was followed by Mr. McCann with each respective manager.

SECURITY LITIGATION – UPDATE - Marisa N. DeMato, Labaton Sucharow

Ms. DeMato of Labaton Sucharow appeared before the Board to provide an update on the Walgreens Derivative Action. Ms. DeMato cited that West Palm Beach Police Pension Fund is Co-Lead Plaintiffs along with the Steamfitters #449 Retirement Security Fund, the Police Retirement System of St. Louis, and Miami Firefighters' Relief and Pension Fund. Ms. DeMato cited that a Memorandum of Law in Opposition to the defendants Motion to Dismiss was recently filed. A copy of the filing was presented to the Board.

West Palm Beach Police Pension Fund – Minutes

February 14, 2014

Page 4 of 4

Ms. DeMato reminded the Board that the derivative action seeks relief for harm caused to Walgreens by the Individual Defendants' breaches of fiduciary duty as directors of the Company. This alleged malfeasance has exposed Walgreens to civil and criminal liability, damaged its reputation, caused significant legal and other related expenses, and led to a June 11, 2013 settlement with the DEA that cost the Company \$80 million in fines. Ms. DeMato indicated that opposing counsel will have time to respond and she and/or Mr. Belfi will keep the Board and its Counsel advised.

OPEN DISCUSSION

Trustees reported on the educational information they received at the NAPO Conference.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:31 AM.

Next special meeting is scheduled for February 17, 2014 at 8:30 AM

Next meeting is scheduled for March 14, 2014 at 8:30 AM



Troy Marchese, Board Secretary