

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

Minutes

August 12, 2011
8:15 AM

CALL THE MEETING TO ORDER

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on August 12, 2011 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Edward Mitchell, Chairman, Jonathan Frost, Board Secretary, Chris Fragakis, Board Trustee, Troy Marchese, Board Trustee and Wilton White, Board Trustee.

Also present: Ernest George, retired plan member; Jeffrey Amrose & Steve Palmquist, Gabriel, Roeder Smith & Company; John McCann, Thistle Asset Consulting Group; David A. Schwarzenberger, Wentworth, Hauser and Violich; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

APPROVAL OF THE MINUTES

Mr. Mitchell asked if there were any changes required to the minutes of July 12, 2011. Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

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

ACTUARIAL ASSUMPTION CHANGES

Mr. Steve Palmquist and Mr. Jeffrey Amrose, Board Actuary's of Gabriel Roeder Smith Company appeared before the Board to continue the discussion to pay down the Fund's unfunded accrued actuarial liability. The exchange was supported by a spreadsheet provided by the representatives. Each scenario projected the expected amortization payment for each fiscal year, the projected date when the unfunded liability would be satisfied and the total payments (principal plus interest). Mr. Mitchell advised that he would like more time to consider the totality of circumstances. Having no opposition, no further action was taken.

It was conveyed that the assumption changes discussed at the meeting of April 15, 2011 was pending formal adoption. The changes were proposed by Mr. White and tentatively agreed upon were read into the record as follows:

Investment Return: 8%

Salary Scale: Annual salary increases from an age-based table of rates to 5% per year.

Termination Rates: Adopt (service based using 10 years of service) and ultimate (age based) rates of assumed employment termination.

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Retirement Rates: Revise probabilities of normal retirement based on actual experience using number of years eligible. Maintain the current early retirement rates.

Mortality Rates: Adopt the RP-2000 Generational Mortality Table, phased in over a five-year period.

Payroll Growth: 4.5% payroll growth assumption.

Disability Rates: Maintain the current age based disability rates.

After review, Mr. Frost agreed with the foregoing changes and placed the matter in the form of a motion, that motion was seconded by Mr. Fragakis. All Trustees voted, and the motion was passed 5-0.

DISABILITY INFORMAL HEARING

Prior to this segment of the meeting beginning, Mrs. Jensen cited that Mr. signed the required release for the discussion of this matter in a public forum.

Mr. Williams indicated that Mr. was provided due notice of this meeting.

At this juncture, the Board of Trustees considered the request of the claimant, Mr. , for a disability pension. The Board received representations of the claimant, had an opportunity to review the records (medical and otherwise), as well as the independent medical evaluation of Brian K. Cooke, MD. As a result, the Board determined the following:

- A. Claimant is physically unable to perform the duties of a police officer to which he was assigned.
- B. Given the claimant's medical condition, the City of West Palm Beach does not have a position for the claimant as a certified police officer; therefore he is unable to render useful and efficient service as a police officer to the City.
- C. The mental injury occurred in-the-line-of-duty and is total and permanent.

Pursuant to Section 15 of the Special Act of the West Palm Beach Police Pension Fund, that:

1. Claimant is entitled to a duty disability pension.
2. Based on the foregoing, the disability pension shall be payable effective August 12, 2011 or the date that the Claimant stops receiving pay from the City of West Palm Beach, whichever is later, with the first payment due September 1, 2011.
3. The pension is subject to offset for workers' compensation payments to the extent that the total of the pension and the workers' compensation benefits exceed the member's average monthly wage.
4. Upon the Claimant reaching age 55 and the member is still receiving a disability benefit, the pension shall be converted to a normal retirement pension. The conversion of the pension shall include providing credited service for the period that the member was in receipt of a disability pension.

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5. The Claimant will be re-evaluated every year by September 30th for a 5 year period and at least once in each 3 year period thereafter in accordance with the provision of §16(16)(e).

The foregoing was put in the form of a motion by Mr. Frost, which was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

ATTORNEY'S REPORT

Mrs. Jensen advised the Board that Mr. Joe White, Saxena & White, was unable to appear in person due to a personal family matter. Mrs. Jensen indicated that Mr. White was prepared to appear telephonically to discuss the matter of Asset Strategy. The Board consensus was to have Mrs. Jensen present the findings. Mrs. Jensen briefly outlined the lack of legal standing to proceed in the matter. Mr. Fragakis made the motion to cease further action, which was seconded by Mr. Frost. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen distributed an updated Buy Back Policy to the Board to consider. Upon doing so, Mr. Frost made a motion to approve the revised policy in order to conform to the Special Act. That motion was seconded by Mr. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen distributed a Special Act Restatement Summary and a Draft Bill of the Special Act to the Board to review. The changes were based on the proposed collective bargaining agreement between the City of West Palm Beach and the Palm Beach Police Benevolent Association. The agreement has not been ratified as of this meeting.

ADMINISTRATOR'S REPORT

No formal report provided

WENTWORTH, HAUSER AND VIOLICH – INTERNATIONAL EQUITY MANAGER

Mr. David A. Schwarzenberger appeared before the Board and reviewed the investment returns through June 30, 2011. Mr. Schwarzenberger provided a firm overview, investment performance. During this segment, Mr. Schwarzenberger was asked to add fiscal year and net returns to his presentations in the future. Discussion ensued on portfolio weightings and characteristics.

According to the Thistle Asset Consulting Group Performance Report of June 30, 2011, the Wentworth, Hauser and Violich Account returned -4.40% for the quarter vs. 1.83% for the benchmark (MSCI EAFE). That return placed the Wentworth, Hauser and Violich Account in the 100th percentile. For the one year period, the Wentworth, Hauser and Violich Account returned 37.34% vs. 30.93% for the same benchmark or in the Top 6th percentile. Market Value as of June 30, 2011 was \$10,067,000.00.

INVESTMENT MONITORING REPORT

Mr. John McCann appeared before the Board and reviewed the June 30, 2011 investment report.

Asset Allocation: Mr. McCann advised that as of June 30, 2011 the fund had 54.3% in domestic equities, 9.5% in international equities, 30.0% in fixed income, 2.8% in real estate and the balance in cash.

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Division of Assets: As of June 30, 2011, Garcia Hamilton & Associates held 39.2% of the portfolio (fixed & equity), Valley Forge had 10.5%, Earnest Partners had 9.1%, Oak Ridge had 8.3%, Anchor had 8.2%, Wells/Eagle Asset had 5.9%, GW Capital had 5.7%, DFA had 5.0%, Wentworth Houser had 4.9%, Intercontinental had 2.8% with the balance in the R&D Account.

The total assets were valued at \$203,756,000. For the quarter, Mr. McCann stated that the total fund returned 0.41% vs. 0.18% compared to the target index. For the fiscal year, the fund return was 17.44% vs. 18.32% compared to the target index. That return placed the Fund in the 74th Percentile in the investment universe. On a one year basis, the fund return was 30.30% vs. 32.81% for the benchmark.

Mr. McCann presented an update to the investment policy & guidelines which removed Collins Capital. The updated policy also included an addendum for Dimensional Fund Advisors (DFA) as they are a pooled fund. The addendum is on the signature page for DFA. Mr. McCann proposed that the Board consider an asset allocation adjustment of 65% for equities, 30% for fixed income and 5% for real estate. After a discussion amongst the Board and Mr. McCann, Mr. Frost placed the foregoing in the form of a motion. That motion was seconded by Mr. White. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese departed prior to this vote.

Mr. McCann indicated that the share funds were forthcoming and he would ask the Board to consider using those assets to further fund Intercontinental Real Estate. Mr. Frost placed the foregoing in the form of a motion. That motion was seconded by Mr. White. All Trustees voted yes, and the motion was passed 4-0. Mr. Marchese was not present during this event. Mr. McCann will check with Intercontinental Real Estate to see when the next call would be.

OPEN DISCUSSION

Mr. Frost offered information to all present from recent educational symposium.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 10:20 AM.

Next meeting is scheduled for September 9, 2011 at 8:15 AM



Jonathan Frost, Board Secretary