

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES' DEFINED
BENEFIT RETIREMENT SYSTEM**

MINUTES OF MEETING HELD

November 28, 2006

A regular meeting of the Board of Trustees was called to order at 1:37 P.M. in City Hall, Room 619, 200 Second Street, West Palm Beach, Florida.

Those Trustees present were:

Alfredo Lay, Craig Kahle, Benny Rodgers, Patrick Cooney,
William Swisher, and Robert Burd

Also present were:

Adam Levinson, Board Counsel
Denise Clougherty representing the Pension Resource Center
Michael Welker of Bogdahn Consulting

The Chairman introduced Mr. Robert Burd, the newest Trustee to the Board. The Board welcomed Mr. Burd and encouraged him to ask questions if needed. He was advised that the Board follows Robert's Rules of Order when meeting and discussed continuing education for Trustees. The Administrator will be sure to enroll Mr. Burd in the next Trustee School.

MINUTES

The Board reviewed the minutes for the meeting held on October 24, 2006. **A motion was made by Alfredo Lay to approve the minutes for October 24, 2006. The motion was seconded and carried 6-0.**

The Chairman allowed a change in the regular order of business and Alfredo Lay addressed the Board, asking for support in seeking another Investment Manager. **A motion was made by Alfredo Lay to put out an RFP for another Investment Manager. The motion died for lack of a second.**

The Board was provided with the latest copy of the Investment Policy Statement. The attorney for the plan has reviewed the policy. **A motion was made by Benny Rodgers to approve and adopt the revised Investment Policy Statement presented at this meeting. The motion was seconded and carried 6-0.**

A motion was made by Alfredo Lay to approve and adopt the revised Summary Plan Description. The motion was seconded and carried 6-0.

A motion was made by Benny Rodgers to authorize the Administrator to update all the numbers in the Summary Plan Description, each year, after the audit has been completed, to keep the document up to date; this would include the numbers on page 19 Item 1, as well as the charts on pages 20 and 21. The motion was seconded and carried 6-0.

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STATEMENT OF INCOME AND EXPENSE

Denise Clougherty advised the Board that unaudited financial statements were unavailable for this meeting, due to the computer system being down. Financials will be updated and available at the next regular meeting.

DISBURSEMENTS

Ms. Clougherty provided the Board with copies of the disbursements list for the month of November. **A motion was made by Patrick Cooney to approve the disbursements presented at the meeting. The motion was seconded and carried 6-0.**

Alfredo Lay left the meeting at 2:00 p.m.

Board Counsel, Adam Levinson, joined the meeting at 2:00 p.m.

Ms. Clougherty provided the Board with updated copies of the forms used for processing of retirees and administration of the plan. The Board reviewed the forms prior to the meeting. The forms have been reviewed by Board Counsel. **A motion was made by Benny Rodgers to approve the forms presented for use by the Administrator. The motion was seconded and carried 6-0.**

BENEFIT APPLICATIONS

The Board reviewed the Benefit Applications presented. **A motion was made by Benny Rodgers to approve the benefit applications presented. The motion was seconded and carried 6-0.**

INVESTMENT MONITOR REPORT: Mike Welker, Bogdahn Consulting

Mr. Welker appeared before the Board to present the quarterly investment performance report. Mr. Welker reported that the fund had a 3.16% return for the quarter ended September 30, 2006 and a 6.30% return for the year to date. Mr. Welker further reported for the one year trailing returns, the fund beat actuarial rate and out performed the index with an 8.19% return. The fund is currently in the top 40 percentile, well within that of the universe comparison at 46%. For the quarter, Mr. Welker noted that large cap did well, but has no growth exposure in the portfolio. Mr. Welker recommended the Board look at the portfolio and perhaps consider an asset allocation study to get better diversification. There should be something there to complement the portfolio on the growth side. Mr. Welker further stated that they are not dissatisfied with the current manager, but suggests looking for other managers that are specialists that could complement Dana Investment Advisors, as well. The Board discussed the return of the portfolio over the last year and last two and three quarters, and agreed to begin in

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January, looking in to getting a study on the portfolio. Though Dana Investment Advisors has performed well, there are additional asset classes including growth that can decrease volatility and increase diversification. Mr. Welker agreed to provide a list of asset classes for the Board to look at that may help out the returns in the down market for value. Other plans with \$20 million have more than one manager, a value manager, and a growth manager. Value has out performed for the last eight years, but will cycle out. We need to find a growth manager, maybe even an international manager, to minimize risk.

Per Mr. Levinson, the Board is under no obligation to put out an RFP, and it is acceptable to work off of the homework already done by the Investment Monitor. Mr. Kahle expressed an interest in having a manager that is local, someone who pays taxes here in this community. Mr. Welker feels that is a mistake; but if the manager is close geographically, it is a bonus, but he will put some local managers in the list during the filtering process. He will also bring the Board a list of Value Managers who did as well as, or better than Dana Investment Advisors.

The Trustees engaged in discussion with Mr. Welker about the actuarial assumption of an 8% return to maintain the operation of the fund. Mr. Welker advised the Board that the portfolio has exceeded the assumption and has grown significantly.

The Board thanked Mr. Welker for his report and accept and file the quarterly report.

ATTORNEY REPORT

Adam Levinson

Mr. Levinson gave an update on the William Madison Trust. The Trust has been set up and Mr. Madison will begin receiving his beneficiary benefit directly to the Trust, on a monthly basis, instead of directly to him. Upon Mr. Madison's death, the benefit will stop.

A death search was performed and no retirees from this pension plan appeared in the results of the search.

The Board will still need to make a determination on the disability application for Clarence Ballentine. Mr. Levinson sat with Risk Management for the City of West Palm Beach and they have investigated and will confirm that there is no period of time where benzene was ever used in the course of Mr. Ballentine's employment with the city. They will also confirm whether there were *other* organic solvents used. We are expecting to get clarification and receive an official report from Risk Management. They need to also address what actually *was* being used, if benzene and other solvents were *not* being used. We need to ask the city how far back they looked, and whether there is a possibility that Mr. Ballentine was exposed at an earlier time in his career. Mr. Levinson believes the city is taking a good look at it and is taking it very seriously. Mr. Levinson reported that the Board is not yet at a point where they can make a decision on the disability.

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Mr. Levinson reminded the Board that the Pension Protection Act 2006 put limits on the amount of money that can be deposited into a 457 plan and that the number will increase next year from \$15,000 to \$15,500.

He also reported that there is a possibility of a Deferred Retirement Option Plan, but they are not yet in negotiations. We will need to take a good look at it and see if there is anything that we need to know about such as amendments to the plan, etc. so the actuary can comment in an Actuarial Impact Statement. We can offer the services of our actuary.

Mr. Levinson also gave a summary of the Carl Coffin case. The wives will be splitting the benefit evenly. We will follow up with AIG for details. They have requested discovery for the purposes of showing activity so that the court will not dismiss the case. We will not agree to anything that is an actuarial cost to the plan. Mr. Levinson believes that at some point, we may need to make a recommendation to the city to amend the ordinance to prevent this from happening again, as the ordinance currently is very vague.

ADMINISTRATIVE REPORT

Denise Clougherty advised the Board that the audit will be taking place the week of December 11, 2006. **A motion was made by Benny Rodgers to approve the performance of the audit, and direct the Chairman to sign the audit implementation letter, subject to the review of Board Counsel, and contingent upon the cost being under \$10,000.00. The motion was seconded and carried 6-0.**

OTHER BUSINESS

There being no other business, and the next meeting having been scheduled for January 23, 2007, the meeting was adjourned at 3:05 P.M.

Benny Rodgers, Secretary