

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

MINUTES OF MEETING HELD

January 23, 2007

A regular meeting of the Board of Trustees was called to order at 1:28 P.M. by Secretary, Benny Rodgers, in City Hall, Room 619, 200 Second Street, West Palm Beach, Florida.

Those Trustees present were:

Alfredo Lay, Craig U. Kahle, Benny Rodgers, Patrick Cooney, Lee Anna Claridge, William Swisher, and Robert Burd

Also present were:

E.C. Blackburn, representing Cherry Beakert & Holland
Denise Clougherty representing the Pension Resource Center

MINUTES

The Board reviewed the minutes for the meeting held on November 28, 2006. **A motion was made by Patrick Cooney to approve the minutes for November 28, 2006. The motion was seconded and carried 5-0.**

Lee Anna Claridge and Craig U. Kahle joined the meeting at 1:31 p.m.

STATEMENT OF INCOME AND EXPENSE

The Board reviewed the statement of income and expense of the fund, provided by the Administrator and **a motion was made by William Swisher to receive and file the Statement of Income and Expense. The motion was seconded and carried 7-0.**

Mr. Alfredo Lay reminded the Administrator that the Board would like to see the city's total contribution requirement at the top of the Statement of Income and Expense and she advised that they would accommodate that request beginning next month.

DISBURSEMENTS

Ms. Clougherty provided the Board with copies of the disbursements list for the month of November and December 2006. The Board questioned the disbursements for contractual agreements that were not paid during the month of December, due to no meeting of the Board. The Administrator advised that approval by the Board for any disbursements was necessary prior to mailing out checks. The Board discussed the control procedures for the electronic signature stamp and Ms. Clougherty advised that this would only be an option when registration or accommodations for a Trustee seminar, conference, etc. was necessary prior to obtaining approval at a Board meeting. The Board decided to maintain the procedures that the Administrator is following currently regarding the use of the electronic signatures. **A motion was made by Alfredo Lay to approve the disbursements presented at the meeting. The motion was seconded and carried 7-0.**

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Presentation of 2006 Audit, E.C. Blackburn, Cherry Beakert & Holland

Mr. Blackburn appeared before the Board to present the 2006 Audit of the fund. Mr. Blackburn commented on the common procedures for electronic signatures of checks, adding that the procedures the Board and Administrator agreed upon seem to be prudent and comparatively common among pension plans.

Mr. Blackburn went on to advise that the Audit was a “clean audit” and they are close to signing off on the final draft, anticipating no problems going forward. Mr. Blackburn pointed out that the net worth of the plan increased by \$2,891,000, which is a 17% increase over the prior year, most directly related and reconciled to the investment of the fund. He noted nothing unusual about the accruals, emphasizing that the change was due to not as much of an appreciation in the fair market value of the assets. Administrative expenses were comparable to the prior year. The Board questioned Mr. Blackburn, asking that in his experience, is this pension plan in line with others of the same kind? Mr. Blackburn responded in the negative. He explained that this fund increased by \$2.8 million this year versus \$3.7 million last year. He reported that the fund is 63% funded with \$27 million in liabilities and this shortfall will continue to decrease over time. He added that the fund was 37% funded in 2001 and now is 63% funded.

Mr. Blackburn continued with his report stating no change in the process or procedures and reported on the internal controls and procedures of the administrator, noting the report as a “clean report” finding no items considered a material weakness in the control procedure. Mr. Blackburn concluded that the fund is in very good shape and is consistent throughout. Mr. Blackburn acknowledged that the city is waiting for the final audit to conclude their report and he advised that the forthcoming changes will not affect the audit. **A motion was made by Alfredo Lay to accept the DRAFT audit as it is, pending the final Audit for the year ended September 30, 2006. The motion was seconded and carried 7-0.**

Craig U. Kahle departed the meeting at 2:14 p.m. and Secretary Benny Rodgers began to chair the meeting in his absence.

BENEFIT APPLICATIONS

The Board reviewed the Benefit Applications provided by the Administrator. **A motion was made by Alfredo Lay to approve all seven of the benefit applications presented at this meeting. The motion was seconded and carried 6-0.**

ATTORNEY REPORT, Adam Levinson of Klausner & Kaufman

Attorney Adam Levinson joined the meeting via teleconference at 2:25 p.m.

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Mr. Levinson presented a proposed agreement to the Board of Trustees regarding the Carl Coffin issue. The proposal was received from AIG, stating the details of the agreement, adding that there is no cost to the fund at all. Mr. Levinson made a recommendation to the Board that they entertain a motion for the next meeting, to dismiss the lawsuit. He added that the Board will need to consider amending the ordinance to include clear language regarding spousal benefits to prevent future issues of this kind. Mr. Levinson reported that AIG's view is that when you are eligible to commence benefits, the spouse you are currently married to, is the spouse of record. Mr. Levinson agreed to discuss this further with the Trustees at another meeting. Mr. Levinson made a note with the Administrator and the Trustees that there is money owed for Mr. Coffin's payout.

Mr. Levinson briefly touched on the signed and executed Investment Policy Guidelines, and the Administrator assured him that a copy was sent to Tallahassee.

Mr. Levinson advised the Board that the Travel Policy the Board agreed to follow is the same policy used by the City of West Palm Beach, and that decision could be changed at any time, if the Board so chooses. He stated that the IRS sets their mileage reimbursement at 48.5 cents per mile. The Administrator will obtain a copy of the policy and forward it on to all of the Trustees.

Mr. Levinson updated the Board on Janis Lafalaise, stating she has not yet responded to letters sent by the Administrator, but is now a member of the Defined Contribution plan. The Administrator will re-send the letter to Ms. Lafalaise via certified mail to obtain a receipt to keep in the file that shows our attempt at communication with her. The Administrator agreed to send a copy of the letter to the Trustees.

Mr. Levinson also updated the Board on the status of the disability application made by Clarence Ballentine. Mr. Ballentine passed away during the month of December and his beneficiary has expressed an interest in continuing to pursue his duty-disability pension from the plan. Mr. Levinson advised that he has not received an update on the investigation of chemical use by the city but he will follow up with Risk Management.

The Board discussed the class action law firm of Milbert Weiss and gave the new Trustee the background on the discussion. **A motion was made by Benny Rodgers to discontinue the relationship with Milberg Weiss. The motion died for lack of a second.**

Mr. Levinson concluded his report reminding the Trustees that Klausner & Kaufman will have an educational conference in March that the Trustees should consider attending. Mr. Levinson emphasized the importance of education regarding the pension plan and investment strategies, encouraging the Trustees to take advantage of opportunities for continuing education whenever possible.

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ADMINISTRATIVE REPORT

Ms. Clougherty advised the Board that the Summary Plan Description is print ready and requested the Board give authorization for printing the booklets. **A motion was made by Benny Rodgers to authorize the printing of the Summary Plan Description booklets for distribution to the members. The motion was seconded and carried 6-0.**

OTHER BUSINESS

There being no other business, and the next meeting having been scheduled for February 27, 2007, the meeting was adjourned at 3:35 p.m.

Benny Rodgers, Secretary