

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

MINUTES OF MEETING HELD

February 27, 2007

A regular meeting of the Board of Trustees was called to order at 1:31 P.M. by Chairman, Craig U. Kahle, in City Hall, Room 519, 200 Second Street, West Palm Beach, Florida.

Those Trustees present were:

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

Also present were:

Michael Welker representing Bogdahn Consulting, LLC
Denise Clougherty representing the Pension Resource Center

MINUTES

The Board reviewed the minutes for the meeting held January 23, 2007. **A motion was made by Alfredo Lay to approve the minutes for January 23, 2006. The motion was seconded and carried 6-0.**

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 Benny Rodgers to receive and file the Statement of Income and Expense. The motion was seconded and carried 7-0.**

DISBURSEMENTS

Ms. Clougherty provided the Board with copies of the disbursements list for the month of January 2007. The Board questioned the disbursement of check #2244. Ms. Clougherty advised that the detail of the check was incorrectly detailed. **A motion was made by Alfredo Lay to approve the disbursements presented at the meeting, as amended. The motion was seconded and carried 6-0.**

ATTORNEY REPORT, Adam Levinson, Klausner & Kaufman

Board Counsel, Adam Levinson, joined the meeting via teleconference at 1:40 p.m.

Mr. Levinson advised the Board that a member of the plan has been being paid a benefit, when the member was not yet eligible to retire, due to his age. The member is 52 years old. Mr. Levinson further explained that the Board has the authority and the responsibility to correct any errors. He added that one option would be for the employee to return to work. Another option would be to first, discontinue the benefit, wait until the member reaches age 55 and defer the benefit to that time. Mr. Levinson concluded that he would think about this further and advise the Board at the next regular meeting. He noted

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

February 27, 2007

that the money owed the plan due to this administrative error would need to be repaid. The Board questioned Mr. Levinson regarding steps the Board could take to ensure this type of error does not recur. Mr. Levinson replied he would research this further and make recommendations at the next meeting. The Board agreed to continue the benefit for another month, direct the administrator to call Mr. Polk and advise him, and would revisit the issue at next month's meeting. A motion was made by Mr. Cooney to revise the application for retirement to include a statement that the applicant meets retirement criteria, including age and service. The motion was seconded and carried 6-0.

A motion was made by Benny Rodgers to direct the Administrator to continue the benefit for another month, pending a resolution. The motion was seconded and carried 6-0.

Mr. Levinson advised the Board that a settlement agreement has been reached in the Coffin case. The parties have agreed to two separate life annuity payments for each of the parties. A motion was made by Benny Rodgers to authorize the Chairman to sign the agreement, once it has been signed by each of the parties. The motion was seconded and carried 6-0.

Mr. Levinson discussed the disability application for deceased member, Ballentine regarding chemical exposure on the job. The City of West Palm Beach has not identified the chemicals in question, and in fact, has stated that they do not, and have not used the chemicals at all. The options available to the Board is 1) close the case, 2) set up an informal meeting with The City of West Palm Beach Risk Management, and 3) direct the attorney to send a letter to the City stating there is a possibility of chemical exposure to other employees working in the same capacity as Mr. Ballentine. Mr. Cooney recommended that Mr. Levinson place a telephone call to Marjorie Craig at the City who can attest that the chemicals in question have never been used in the City of West Palm Beach. Mr. Levinson agreed to call Ms. Craig.

Mr. Levinson further discussed the disability retirement application from another member, claiming a loss of hearing due to an on-the-job disability. The Board discussed the eligibility of the member to even apply for a disability benefit, as he left employment with the City on November 31, 2006, but did not make application for disability benefits with the Administrator until January 2007. Mr. Levinson advised he would research the issue further and update the Board at next month's meeting. **A motion was made by Lee Anna Claridge to authorize an Independent Medical Evaluation by a physician who can analyze the deficiency for a reasonable fee. The physician would be selected by the attorney, Mr. Levinson. The physician would need to have some degree of experience in dealing with Pension Boards. The physician needs to be local. The motion was seconded and carried 5-1, with Benny Rodgers opposed.** The Board agreed to wait until they receive a complete set of medical records for the member, and Mr. Levinson will begin searching resumes for an appropriate physician.

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES
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February 27, 2007

INVESTMENT CONSULTANT REPORT: Bogdahn Consulting

Mr. Michael Welker

Mr. Michael Welker appeared before the Board to present the quarterly performance report. Mr. Welker began by advising the Board that Dana Investment's Bond Manager has lowered their fee from 40 basis points to 25 basis points to be more competitive in their peer universe. Mr. Levinson added that this is not uncommon and reported that others are doing the same. The Trustees questioned Mr. Welker if he is still comfortable with the fixed income fees, to which Mr. Welker replied that the fund is moving in the right direction.

Mr. Levinson departed the meeting at 2:25 p.m.

Mr. Welker continued, advising the Board that it may be time to introduce another Investment Manager. He then went on to report on the investment gain of the fund noting the fund had \$20,299,000 as of September 30, 2006 and now holds \$22, 600,000. The fund earned 2.6% for the current year to date. Mr. Welker believes the fund is moving in the right direction as far as growth. For the year to date the fund has earned \$6.3 million in investment gain. Dana Investment had a very strong quarter returning 4.37%. The fund is in line with the index for the quarter and trailing returns show that last year the fund earned 11% versus 11.4% for the index.

Mr. Welker further discussed asset allocation noting 65% in stocks and 35% in bonds. He reported a very strong quarter for Equity performance; but he does not see the fund doing that going forward, recommending to the Board that they look more into their asset allocation. The fund has grown significantly since the Board hired Dana Investment and Mr. Welker still believes Dana should be their major Investment Manager. The fund has grown \$14 million in the last three years. The Board discussed diversification with Mr. Welker, who believes the Board should consider Small Cap Value as part of the portfolio. Returns have been up 13% with less volatility. He also noted that the portfolio has no Growth, also recommending looking into International. The Board discussed beginning the process of considering Investment Managers and Mr. Welker recommends 1) Large Cap Growth, 2) International, and 3) a Bond replacement. The Board discussed alternate investments including real estate. Mr. Welker emphasized they should look at Growth instead of Value stocks, at this point. Mr. Welker added that Bogdahn Consulting is not aware of any changes in Dana Investment in their personnel, managers or philosophy. **A motion was made by Alfredo Lay to begin the process of an Investment Manager search to diversify the portfolio in Growth, International and Core Real Estate. The motion was seconded and carried 6-0.**

Benny Rodgers left the meeting at 3:15 p.m.

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February 27, 2007

ADMINISTRATIVE REPORT

Denise Clougherty advised the Board that the Summary Plan Description has been printed, sent to the State, and is ready for distribution by the Trustees to members of the plan. Mr. Cooney suggested the Administrator contact Human Resources for labels of the individual members sorted by department within the City.

OTHER BUSINESS

Mr. Burd reported that he had met several investment managers at the last FPPTA conference, and gave several business cards to Mr. Welker for follow up.

Mr. Burd also inquired about a Deferred Retirement Option Plan for the members. Mr. Cooney suggested getting an impact statement and cost providing doing a D.R.O.P. to members. Mr. Lay discussed asking the Actuary to prepare an impact statement.

There being no other business, and the next meeting having been scheduled for March 27, 2007, the meeting was adjourned at 3:33 p.m.

Benny Rodgers, Secretary