

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

**MINUTES OF MEETING HELD**

**March 27, 2007**

A regular meeting of the Board of Trustees was called to order at 1:32 P.M. by the 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, Lee Anna Claridge,  
William Swisher, and Robert Burd

Also present were:

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

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**MINUTES**

The Board reviewed the minutes for the meeting held on February 27, 2007. A minor typographical error was noted on page one. The Administrator will amend. **A motion was made by Alfredo Lay to approve the minutes, as amended, for February 27, 2007. The motion was seconded and carried 5-0.**

**STATEMENT OF INCOME AND EXPENSE**

The Board reviewed the statement of income and expense of the fund, provided by the Administrator. There was discussion and question regarding line item 2010, which the Administrator advised she would look into. **A motion was made by Alfredo Lay to receive and file the Statement of Income and Expense. The motion was seconded and carried 6-0.**

**DISBURSEMENTS**

The Board reviewed the disbursement list presented. **A motion was made by Benny Rodgers to approve the disbursements beginning with check #2260 and ending in check # 2270. The motion was seconded and carried 6-0.**

**BENEFIT APPLICATIONS**

The Board reviewed the Benefit Applications provided by the Administrator. **A motion was made by Alfredo Lay to approve the benefit applications presented for Barbara Saulsby and Peter Spatara. The motion was seconded and carried 6-0.**

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## **INVESTMENT CONSULTANT, Michael Welker**

Mr. Welker appeared before the Board to discuss the Investment Manager Search requested by the Board at the last meeting. Mr. Welker feels the Board should consider diversification with asset allocation to include Core Growth, International, and Core Commercial Real Estate. He presented a list of managers and recommends those managers on the short list, which he presented to the Board. Mr. Welker states that four of the five managers on the short list are familiar with public pension funds. He went over the history and trailing returns of the managers as well as risk versus return. He reported that the five firms have all been in business about 15-20 years. He noted that Lateef will not negotiate their fees, which are 1%.

The Board agreed to invite three Investment Managers to a special meeting to make presentations to the Trustees. The Board took a vote on the three managers to invite. The vote was as follows:

Alfredo Lay: Lateef, Sawgrass, Rigel  
Benny Rodgers: Argent, Lateef, Sawgrass  
William Swisher: Argent, Lateef, Sawgrass  
LeeAnna Claridge: Argent, Lateef, Sawgrass  
Craig U. Kahle: Argent, Lateef, Sawgrass  
Robert Burd: Argent, Rigel, Sawgrass

**A motion was made by Benny Rodgers to invite the following Investment Managers to a special meeting to make their presentations to the Board: Argent, Lateef and Sawgrass. The motion was seconded and carried 6-0.**

Mr. Welker advised he would contact the managers and set up the meeting. He then discussed selection of an International Manager, recommending the Board consider either Freedom or Baring. Mr. Lay remarked that he thinks the fund should stay away from International as it's a closed, small plan. He believes in protecting what the fund currently has. Mr. Swisher asked if International was less risky than domestic. Mr. Welker replied that no, it was not less risky than domestic but probably more risky than high quality stocks. He added that global is the trend the world is in now and he explained that the currency rate has much to do with the returns in the market, as well. **A motion was made by Alfredo Lay to have Freedom and Baring come to a meeting to make a presentation to the Board. The motion was seconded and carried 6-0.**

Mr. Welker and the Trustees discussed Core Real Estate. Mr. Welker noted that real estate has two difference income categories, such as lease income and property appreciation. Mr. Welker recommends Quadrant and ASB attend a special meeting to make a presentation to the Board. **A motion was made by William Swisher to invite Quadrant and ASB to a special meeting to make a presentation on Core Real Estate. The motion was seconded and carried 6-0.**

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**ATTORNEY REPORT, Adam Levinson of Klausner & Kaufman**

Mr. Levinson joined the meeting via teleconference at 1:55 p.m.

Coffin

Mr. Levinson began by advising the Board that the Coffin case has reached a settlement. Both parties have agreed to half the annuity benefit. The documents were presented to the Board for review and signature. **A motion was made by Alfredo Lay to authorize the Chairman to sign the documents for execution by the Attorney. The motion was seconded and carried 6-0.**

Polk

Mr. Levinson discussed the issue of retiree, Mr. Polk. Mr. Levinson advised the Board that they have the authority and ability to either 1) continue the full benefit, 2) allow Mr. Polk to keep the amount already paid out to him for the last few months but change the benefit going forward to Early Retirement. Once a decision has been made, Mr. Polk will have the opportunity to attend a meeting and appeal the decision. Either decision would be an actuarial loss to the plan. For the purposes of no future costs to the plan, the Board would need to assure that the decision is non-precedent setting, a one-time adjustment based on the specific facts of the case, and comes out of the funding of the plan. If the Board decides to change the benefit going forward, the actuary would calculate the benefit to be an actuarial equivalent to Mr. Polk's Early Retirement benefit.

Mr. Kahle asked Mr. Levinson if the Pension Resource Center should take responsibility for the error through errors and omissions insurance. The Board then asked Ms. Clougherty what Pension Resource Center's position is on this. Ms. Clougherty responded that the Pension Resource Center carries its required fiduciary liability insurance, though, she could not comment on the position of the firm regarding this case. The Board directed the Administrator to continue paying Mr. Polk the current amount until he comes in for a hearing before the Board. The Board would also like Ms. Clougherty to come back to the next meeting with an answer for the Board on her firm's position regarding Mr. Polk, and provide the Board with the fiduciary liability policy for Pension Resource Centers, and the fiduciary liability policy for the Board through the City of West Palm Beach. After hearing the Pension Resource Center's position, the Board will then make a decision on the continuation of Mr. Polk's benefit at that time. Ms. Clougherty was also asked to provide the actuary's calculation of the plan's loss due to this error.

Ballentine

Mr. Levinson advised the Board that the City of West Palm Beach has investigated the use of chemicals in question regarding Mr. Ballentine's disability and will provide the

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Board, in writing, their confirmation. Mr. Levinson's recommendation to the Board is to close the disability case as Mr. Ballentine is no longer present to provide the proof of disability as he is now deceased. The Board agreed that there is not enough evidence to determine and prove that the disability is duty related. The Board agreed to continue Mr. Ballentine's non-duty Early Retirement benefit that his beneficiary is currently receiving. Ms. Clougherty will write a letter to Mrs. Ballentine advising her that the case has been closed.

## Rivera

Mr. Levinson discussed the disability application presented by Mr. Rivera. Mr. Rivera's disability application has been presented and medical records were received by the Administrator. Copies of Mr. Rivera's records were provided for each Trustee. The Board reviewed the records for Mr. Rivera. Mr. Levinson's recommendation to the Board is to grant a regular retirement benefit to Mr. Rivera. **A motion was made by Benny Rodgers to grant William Rivera a regular retirement benefit and revisit the disability issue at a later date. The motion was seconded and carried 6-0.** The Board further discussed Mr. Rivera's request and **a motion was made by Benny Rodgers to deny the disability benefit request from Mr. William Gonzalez Rivera and approve a normal retirement benefit. The motion was seconded and carried 6-0.**

## ADMINISTRATIVE REPORT

Ms. Clougherty presented the Audit Representation Letter for a signature of the Chairman. **A motion was made by Benny Rodgers to authorize the Chairman to sign the Audit Representation letter. The motion was seconded and carried 6-0.**

## OTHER BUSINESS

Robert Burd requested the Board consider gathering information on providing a Deferred Retirement Option Plan to its members. Mr. Burd will contact the union for assistance.

There being no other business, and the next meeting having been scheduled for April 24, 2007, the meeting was adjourned at 4:33 p.m.

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Benny Rodgers, Secretary