

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES' DEFINED
BENEFIT RETIREMENT SYSTEM
MINUTES OF WORKSHOP HELD
May 15, 2007**

A workshop of the Board of Trustees was called to order at 1:50 P.M. by the Secretary, Benny Rodgers, in City Hall, Construction Services Third Floor Conference Room, 200 Second Street, West Palm Beach, Florida.

Those Trustees present were:

Alfredo Lay, Benny Rodgers, and Robert Burd
Lee Anna Claridge (conflicting engagement)
Patrick Cooney and Craig U. Kahle (absent)

Also present were:

Scott Baur representing the Pension Resource Center
Denise Clougherty representing the Pension Resource Center
Michael Welker representing Bogdahn Consulting, Inc.
Brad Armstrong representing Gabriel, Roeder, Smith & Company
Donald Frank and Kenneth Crawford of Argent Capital Management
Chris Greco of Sawgrass Asset Management
Jennifer Lavin of Lateef Investment Management

The Trustees agreed to switch the order of the posted Agenda.

PRESENTATION OF ACTUARIAL VALUATION

Brad Armstrong of Gabriel, Roeder, Smith & Company appeared before the Board to present the Actuarial Valuation for September 30, 2006. Mr. Armstrong reported that everything is as expected, all expenses are according to expectations. The plan has 115 active members, which is down from 127 members. Mr. Armstrong went over the liabilities, reporting \$34 million for the year, versus \$32.2 million last year. He reported total assets at \$20.36 million versus \$17.5 million last year, an increase of \$2.8 million. He added that the plan is currently \$10,351,000 under funded, but decreasing in an orderly fashion, making progress against the principal, and scheduled to continue for another 15 years. Mr. Armstrong further reported that Administrative Expenses are up a bit from last year, also as expected. He remarked that the Actuarial Rate of Return is still appropriate at 8%.

Attorney, Adam Levinson joined the meeting at 2:15 p.m.

Mr. Armstrong continued, advising the Board that he spoke to Attorney, Adam Levinson and AIG regarding a Deferred Retirement Option Plan (DROP) for members. He stated AIG is not willing to participate in such a program and he believes the City would not be willing to participate if it costs additional money. Currently, 115 people could benefit from a D.R.O.P. Mr. Levinson suggested in lieu of a DROP, the plan could offer a lump sum option benefit. He continued, adding that the Actuary could summarize the options in a memo to the Trustees.

Mr. Armstrong discussed the RP2000 Mortality Table being slightly stronger on the males, and it depends on age with females. At this point, it has not been generating losses to the plan by using these tables. Mr. Armstrong does not recommend changing, however, the State Actuary could impose one.

Mr. Armstrong continued reporting on the Valuation, stating that the plan expenses matched expectations and was very similar to last year's expenses. The Board thanked Mr. Armstrong for his presentation and Mr. Armstrong agreed to come back to another meeting of the Board when more Trustees can be in attendance.

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INVESTMENT CONSULTANT REPORT

Mr. Mike Welker appeared before the Board to present the 1st Quarter 2007 investment performance report. Mr. Welker advised the Board that they reduced their fee on the Bond Portfolio from 40 basis points to 25 basis points. Mr. Welker will send the contract revision to Mr. Levinson for review.

Mr. Welker continued, advising that Dana continues to do a nice job because Value continues to do well in the market. The fund has benefited from having a Value Manager, so hearing from some Growth Managers today is very good timing.

Mr. Welker went over returns for the quarter, noting they were significantly ahead of the indices. It was a strong quarter with a return of 2.52% adding that good stock selection, a Value tilt and Dana's Mid Cap exposure helped the return momentum. Mr. Welker added that for the year to date, the portfolio returned 7% net of fees.

INVESTMENT MANAGER PRESENTATIONS

Donald Frank and Kenneth Crawford of Argent Capital Management

Mr. Frank addressed the Board, introduced Mr. Crawford and thanked them for considering their firm as an Investment Manager for the fund. Mr. Frank gave a background on the firm and its philosophy. He advised they are a Large Cap Growth Only Manager with their interests aligned with that of their clients.

Mr. Crawford gave the Board a breakdown of their purchase process and discussed some investment models with the Trustees. He advised they currently have no clients in Florida and are not yet members of the Florida Professional Pension Trustee Association (FPPTA) but added they are a young and hungry firm, looking to expand. When asked "Why Argent?" Mr. Crawford explained that their process is repeatable, they focus on their clients, they deliver superior results and added they are a fantastic complement to Dana with better than S&P 500 top quartile performance. They welcome the opportunity to manage the money of the portfolio. They would agree to attend meetings twice a year, or as many times as the Board requests them.

Jennifer Lavin of Lateef Investment Management

Ms. Jennifer Lavin of Lateef Investment Management appeared before the Board and gave a brief overview of the company and its organizational structure. Ms. Lavin works out of Baltimore, Maryland though the company is based in California. She worked for Legg Mason for ten years prior to joining Lateef. Ms. Lavin stated that Lateef currently has \$4 billion in assets under management in an All-Cap Growth Strategy. They structure portfolios about 70% Small Cap and 30% Mid Cap, though historically, they had Mid Cap to Large Cap. Ms. Lavin noted that Lateef believes their benchmark is zero, as they consider any loss poor performance. They believe preservation of capital is the hallmark of their strategy. In 2002, when the market was down 22%, Lateef was down only 4%. They use a bottom-up research approach, looking for good businesses with great management teams. Of their 25 criteria for investment, 17 must be met for a company to go into a client's portfolio and must continue to stay there to remain in the portfolio. Typically, a company is held for three to five years. Ms. Lavin went over investment criteria and their overall investment process, claiming a very strong sell discipline, which includes deteriorating fundamentals within the companies.

Ms. Lavin quoted fees of 1%. The Board asked questions of Ms. Lavin, to which, she responded accordingly.

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Chris Greco, Sawgrass Asset Management

Mr. Chris Greco appeared before the Board on behalf of Sawgrass Asset Management to be considered as an Investment Manager for the portfolio. Mr. Greco reported that Sawgrass has been in business for ten years, actively in the State of Florida, based in Jacksonville. They are active in the Florida Public Pension Trustees Association (FPPTA). He gave a brief background of the company, which he says grew out of Barnett Bank. They currently hold \$1.7 billion in assets under management. They have just over 80 clients, 47 of which are in Large Cap Growth. He added that he believes Sawgrass would be a good complement to Dana, emphasizing their focus is on institutional clients. Their team is all CFAs and many MBAs. Mr. Greco gave a summary of their investment edge and went over their 4-step investment process, 1) Quantitative Analysis, 2) Fundamental Analysis, 3) Portfolio Construction, and 4) Equity Trading, emphasizing good stock selection. They use the Russell 1000 Growth benchmark and Mr. Greco claims 70% of their excellent seven-year performance is due to good stock selection.

Mr. Greco quoted fees at 60 basis points for the first \$20 million under management, guaranteed for three years.

The Board engaged in discussion regarding the Investment Managers that made presentations and agreed to discuss it further with the other four Trustees. Mr. Welker will wait for the date of the Special Meeting in June or July to interview International Managers and Fixed Income Managers.

OTHER BUSINESS

There being no other business, and the next meeting having been scheduled for June 26, 2007, the meeting was adjourned at 4:30 p.m.

Benny Rodgers, Secretary