

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

**MINUTES OF MEETING HELD  
FEBRUARY 24, 2009**

A regular meeting of the Board of Trustees was called to order at 1:32 P.M. by Craig Kahle in the City Hall, Room 519, 200 Second Street, and West Palm Beach, Florida 33401.

Those Trustees present were:

Craig Kahle, Benny Rodgers (1:36), George Hurley, Robert Burd, Patrick Cooney and Lee Anna Claridge.

Also present were:

Audrey Ross representing Tegrit Plan Administrators

Mike Dana representing Dana Investments

Mike Welker representing the Bogdahn Group

Vicky Barnard representing the City of West Palm Beach General Employee - Retiree

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**PUBLIC COMMENTS**

Ms. Barnard introduced herself to the board and stated that she has been retired from the City for 5 years now, and wanted to come to today's meeting to get an update on the fund.

**INVESTMENT MANAGER REPORT - DANA INVESTMENTS (PRESENTED  
BY: MIKE DANA)**

Mr. Dana handed out some helpful memos that explained that current situations that were going on in today's market. The first memo gave an outline of the stimulus package and how it will work. The second handout reflected how the banking landscape has fundamentally changed in one year. Mr. Dana commented that unless you have a stable banking system, that nothing in the market will work out. The third memo was the article from Bernanke who thinks that 2009 will be when the market is at its lowest. Mr. Dana explained that the next article was from the Money magazine and it talked all about investments and the different kinds that should be investing in at this time.

Mr. Dana stated that everyone is still being very conservative within the market. He explained that treasury bonds are still very cheap and outperforming corporates. Mr. Dana also commented that he thinks the unemployment rate will go up to 11% by the end of 2009.

Mr. Dana reported on the returns for the quart ending December 31, 2008. The total equities were negative but ahead of the index at -19.27% versus -21.94%, and the total bonds outperformed at 6.49% versus the index at 3.58%. Therefore, the total portfolio outperformed the index for the quarter at -3.89% versus -6.12%. For the quarter to date the fund is up 7%. Mr. Dana explained that they are over weighted in corporates due to the new index that they use. He reviewed the funds asset allocations as of December 31, 2008; they have 40% in corporate bonds, 16% in mortgage bonds, 2% in bond fund, 28%

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in treasury bonds and 14% agency bonds. Mr. Dana commented that they will sell off some of the treasuries when they get a good chance to do so.

Mr. Kahle asked that if the market fell 4000 points, would Mr. Dana see all the equities. Mr. Dana commented that he would not sell off all the equities because that is not what the board hired him to do. Mr. Welker also commented that is not what you would want to do either. The board had a lengthy discussion on the current economy, the future and what you should do with your investments if the market should continue to drop. Mr. Welker stated that you have to be defensive, but to stay invested so that when the market does rebound you will be in a good position.

## **INVESTMENT CONSULTANT REPORT – THE BOGDAHN GROUP** **(PRESENTED BY: MIKE WELKER)**

Mr. Welker reviewed the funds performance for the quarter ending December 31, 2008. The total fund was down -10.49% versus the index at -12.36%. The total equities were above the index but negative at -21.11% versus -22.78%, and the total international underperformed at -23.01% versus the index at -19.90%. Mr. Welker then reviewed each manager's performance for the quarter:

- **Dana Equity:** -19.31% versus -21.94%.
- **Argent Capital:** Came in very close to the index for the quarter at -22.94% versus -22.79%.
- **Barings International:** Slightly underperformed the index at -20.20% versus -19.90%.
- **Voyageur International:** Did not have a good quarter at all; -26.01% versus the index at -19.90%.
- **Dana Fixed –** Only fund that was positive and outperformed the index for the quarter at 6.23% versus 3.58%.

Mr. Welker reviewed the major market index performance, and 2008 was the worst year for all the indexes. In January 2009, this was the first time that the yield was negative, and this was also the third time ever that the S&P500 was negative. Mr. Welker stated that he will need to reallocate back to the policy; 40% bonds and 60% stocks for when the market hits the bottom.

Mr. Welker explained where the fund stands now in regards to their asset allocations. For the quarter ending December 31, 2008 they had 47.4% in domestic equity, 6.0% in international equity, 43.7% in domestic fixed income, and 2.8% in cash. Again, Mr. Welker commented that he would like to reallocate back to the equity guidelines shortly.

Lastly, Mr. Welker handed out the revised Investment Policy Guidelines and explained that changes that were made. He commented that the IPG could be put on the next agenda that he will be attending to discuss. Mr. Rodgers asked Mr. Welker if the international accounts will cash us out if the fund goes below \$1M since that was the

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minimum amount needed to fund them. Mr. Welker replied that they will not, as long as we funded the minimum amount they can not hold the losses against the fund.

**MINUTES**

The Board reviewed the minutes from the regular meeting held on January 27, 2009. **A motion was made by George Hurley to approve the minutes from the January 27, 2009 regular meeting. The motion was seconded by Lee Anna Claridge and carried 6-0.**

**DISBURSEMENTS**

The Board reviewed the disbursement list presented for the months of January 2009 and February 2009. **A motion was made by Benny Rodgers to approve the disbursements for the months of January and February 2009. The motion was seconded by Patrick Cooney and carried 6-0.**

**ATTORNEY REPORT – KLAUSNER & KAUFMAN PA (PRESENTED BY:  
ADAM LEVINSON)**

*\* Adam Levinson joined the meeting via teleconference*

Mr. Levinson reviewed the current market situation and how it relates to the investment policy guidelines. He commented that the current investment assumption rate is 8% and if they had any questions about lowering it, they should address it with the Actuary and the Investment Consultant. Mr. Levinson stated that he has a chart that shows the assumption rate of all the City's pension plans and the average rate is 8%.

Mr. Levinson discussed with the board the 5 year projection and commented that this is something that the City should look into doing so they can see the cost impact over the next 5 years.

Lastly, Mr. Levinson commented on the US Supreme Court case: (The Dupox Chemical Pension Plan). He explained that a member passed away and never updated his beneficiary form when he got divorced, so the ex wife received his benefits. Mr. Levinson encourages everyone to update their beneficiary forms on a regular basis so a situation like this does not occur to them.

**ADMINISTRATIVE REPORT – TEGRIT PLAN ADMINISTRATORS  
(PRESENTED BY: AUDREY ROSS)**

Ms. Ross reviewed the class action report from Salem Trust for the quarter ending December 31, 2008. She also advised the board that the Actuary will be at the next meeting to present the 2008 Actuarial Valuation Report.

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**OTHER BUSINESS**

Lastly, the board had a brief discussion on the legal RFP. Mr. Rodgers explained that he was the individual that brought this item up, but has decided not to move further with it unless someone else wanted to. Ms. Ross explained that Mr. Swisher wanted to see the sample RFP and since he is not here today, we will table that till the next meeting.

**ADJOURN**

There being no other business, and the next special meeting having been scheduled for February 26, 2008 the meeting was adjourned at 3:42 PM

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Benny Rodgers, Secretary