

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

**MINUTES OF SPECIAL MEETING HELD
FEBRUARY 26, 2009**

A special meeting of the Board of Trustees was called to order at 11:01 A.M. by Benny Rodgers in the City Hall, Room 519, 200 Second Street, and West Palm Beach, Florida 33401.

Those Trustees present were:

Benny Rodgers, George Hurley, Robert Burd, Patrick Cooney and Lee Anna Claridge.

Also present were:

Audrey Ross representing Tegrit Plan Administrators
Adam Levinson representing Klausner & Kaufman P.A.
Jim Burdick representing Cherry, Bekaert & Holland
Rowana Flitan representing Cherry, Bekaert & Holland

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

Mr. Levinson reviewed the pie chart that compared the investment rate of return for all the pension systems in the State of Florida. He commented that this fund has an average rate of return at 8%, in which 67% of the other funds do as well. Mr. Levinson stated that the board does not have to make any changes if they don't feel that it is necessary to do so. He explained that by lowering the rate of return it will increase the City's cost in short term, but it will ultimately decrease their cost over an extended period of time. Mr. Levinson commented that he thinks over time the Actuary might want to look into lowering that rate as well; he stated that it would be a great conversation to have with the plans Actuary.

**2008 AUDITED FINANCIAL STATEMENT REPORT – CHERRY, BEKAERT
& HOLLAND (PRESENTED BY: JIM BURDICK & ROWANA FLITAN)**

Mr. Burdick introduced himself to the board and stated that he is a partner of Cherry, Bekaert & Holland. He explained that the partner who has previously attended these meeting unexpectedly passed away in the later part of 2008.

Mr. Burdick reviewed the separate audit letter that was provided to the board. He explained that this letter states that they are in compliance with the "auditing standards generally accepted in the United States of America (GAAS). To be in compliance a fund has to be following all governmental auditing standards and procedures in which this fund is. Mr. Burdick reported that there were no material weaknesses or significant deficiencies found in the internal controls while completing the audit. He then reviewed the significant audit findings that are required to be documented during an audit:

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- Account Policies – The fund did adopt a new GASB 50 during the year 2008, but there were no significant transactions that were recognized.
- Accounting Estimates – This determines that the fair value for investments which were not readily marketable were sensitive estimates. After reviewing the methods used to develop fair value measurements for reasonableness, there was nothing unusual.
- Financial Statement Disclosure – The statements were consistent, neutral and clear; no unusual findings.

Ms. Flitan reported that she did not encounter any significant difficulties in dealing with the management in performing and completing the audit. Mr. Hurley had some questions in regards to the process of the audit procedures. Ms. Flitan explained the time line and the processes of completing an audit in a timely manner. She also explained that there were new auditing standards that were put into effect this year, so that kind of slowed down the process for everyone participating.

Mr. Burdick moved on to discuss the audit report which is still in a draft format until the board approves the document. He reviewed the Management's Discussion and Analysis (MD&A) which reflects the overview of the financial statements. Mr. Burdick briefly listed some of the financial highlights over the past year. The net assets of the plan decreased by \$2,567,572 or 10.8% during 2008, and increased by \$3,314,288 or 16.3% percent in 2007. There was a net loss of \$3,256,558 in 2008.

Mr. Burdick discussed the basic financial statements with board. He explained that net value of the plan has declined from 2007 to 2008 due primarily to the bad economy. He commented that the administration expenses have decreased too, but that was a positive for the plan. Mr. Burdick reviewed the actuarial accrued liability (AAL) of the plan. He stated that as of September 30, 2007 there was \$9,641,753 that was unfunded with a funded ratio rate of 71%. He commented that the funded ratio rate probably decreased in 2008 due to the investments decreasing, but they will have to check with their Actuary.

Ms. Claridge had a question in regards to the income tax status of this plan. She thought that the language was going to be changed last year, but it still reflects that the fund does not have a determination letter. She commented that the language should be changed to state that it is NOT required to for a public pension fund to have a determination letter on file with the IRS since they are already considered tax exempt for being a public pension fund. Ms. Flitan stated that they will revise the language.

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Lastly, Mr. Cooney requested that a footnote should be added to the pages that reflect the same information just on different pages of the audit for easier reference.

A motion was made by Patrick Cooney to approve the 2008 Audited Financial Statements prepared by Cherry, Bekaert & Holland with the revised changes to be outlined in the final copy of the report. The motion was seconded by George Hurley and carried 5-0.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for March 24, 2009 the meeting was adjourned at 11:59AM

Benny Rodgers, Secretary