

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

**MINUTES OF MEETING HELD
AUGUST 25, 2009**

A regular meeting of the Board of Trustees was called to order at 1:34 P.M. by Craig Kahle in the City Hall (5th Floor) Conference Room 5.19, 401 Clematis Street, West Palm Beach, Florida 33401. Trustees Patrick Cooney and Robert Burd were not present.

Those Trustees present were:

Craig Kahle, Chair
Benny Rodgers, Secretary
George Hurley, Trustee
Lee Anna Claridge, Trustee
Bill Swisher, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Mike Welker, Investment Consultant – Bogdahn Group
Dustin Gaj, Investment Manager – Argent Capital
Ken Crawford, Investment Manager – Argent Capital

PUBLIC COMMENTS

N/A

**INVESTMENT MANAGER REPORT – ARGENT CAPITAL (PRESENTED BY:
DUSTIN GAJ & KEN CRAWFORD)**

Mr. Gaj reintroduced himself and Mr. Crawford to the board. Mr. Gaj reviewed Argent's team of professionals and stated that there have been no changes to the firm including no lay offs. However, they did create two new positions; one for a Chief Officer and the other for a Director of Operations.

Mr. Crawford reviewed the current market environment and commented that we saw some relief towards the end of last year, but this past quarter was great. He stated that the Treasury yields are relative to the market right now and he thinks there are seeing some signs of stability. For the year to date the fund is slightly behind the benchmark at 18.51% versus 19.45% but Mr. Crawford commented that the performance is getting better. He explained that they are a quality growth manager and that the fundamentals drive their stocks selections which make them perform better.

Mr. Crawford reviewed the attributions by sectors for the trailing one year and commented that financials have hurt them in the past and information technology has helped boost them. He reviewed the top 5 and bottom 5 stocks that are in the portfolio, the stocks that they added and withdrawn from the portfolio and the stocks that they increased and decreased within the portfolio within the quarter. Mr. Crawford explained that they are

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

AUGUST 25, 2009

currently over weighted in information technology and consumer discretionary and under weighted in consumer staples and health care. He also stated that one of the biggest stock leaders was Google in which they bought back into in April and it defiantly benefited the portfolio this quarter.

Mr. Welker asked Argent whether they think that the worst is over, and if they will benefit from the stocks that are currently in their portfolio. Mr. Crawford replied that he is comfortable with the portfolio position going forward.

Mr. Rodgers questioned whether Argent can maintain their discipline in the sectors that they are over weighted in. Mr. Crawford replied that they can and explained their investment philosophy. Mr. Welker and Mr. Rodgers explained that since they are active managers they should have more diversification within the portfolio sectors that are over performing. Also, Mr. Hurley asked Argent if they are were investing directly in any "green companies". Mr. Crawford explained that they do think that would be a great long term investment, but they can not find the right company to invest in at this time.

Lastly, Mr. Crawford stated that they are ahead for the year to date as of now.

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

Mr. Welker commented that for the quarter the equity markets were positive and the Government bonds were down. Also, the below BBB bonds were up 23% within the quarter but Mr. Welker commented that he does not think this rally will last long.

Mr. Welker reviewed the compliance check list and stated that the fund is in compliance with the audit restrictions. He also reviewed the asset allocations and explained that we recently took money from the bonds and moved it into international. He commented that the fund has made up most of the big losses in July and August alone.

For the quarter ending June 30, 2009 the total fund was positive but still behind the benchmark at 9.23% versus 11.52%. He explained that they underperformed because they were being conservative within the quarter. Since June 30, 2009 the fund is probably sitting flat or above the benchmark which says they might have a positive return for the fiscal year ending September 30, 2009. The total domestic equity also lagged at 14.63% versus the benchmark at 16.82% and the total international did great outperforming the benchmark at 27.17% versus 25.85%.

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

AUGUST 25, 2009

Mr. Welker briefly reviewed each manager's return for the quarter ending June 30, 2009:

- Dana Equity – What they did not do in the quarter hurt them. They had low quality names in their portfolio which made them under perform at 14.01% versus 15.93%.
- Argent Capital Growth – Mr. Welker likes their position of the portfolio and hopefully will benefit them in the future. They were slightly behind the benchmark at 15.24% versus 16.32%.
- Barings International – This portfolio is well balance with the other international account, but they were still slightly behind for the quarter at 23.29% versus the benchmark at 25.85%.
- Voyageur Asset Management International – This portfolio has a great position with great stock selections. They outperformed for the quarter at 31.74% versus 25.85%.
- Dana Fixed – This fund always outperforms and did again this quarter at 1.93% versus 1.68%.

Lastly, Mr. Welker discussed the stock selections between Argent and Dana because they had a lot of stocks that overlapped within their portfolios. Dana has a 14.45% overlap in stocks and Argent has a 21% overlap. Mr. Welker stated that he is comfortable with this overlap between managers and that this is the only quarter where they will see this much overlap.

MINUTES

The Board reviewed the minutes from the regular meeting held on July 28, 2009.

A motion was made by Bill Swisher to approve the minutes from the regular meeting held on July 28, 2009. The motion was seconded by Benny Rodgers and carried 5-0.

ADMINISTRATIVE REPORT – RESOURCE CENTERS (PRESENTED BY: AUDREY ROSS)

- **DISBURSEMENTS**

The Board reviewed the disbursement list presented for the month of August 2009.

A motion was made by Benny Rodgers to approve the disbursements for the month of August 2009. The motion was seconded by George Hurley and carried 5-0.

- **BENEFIT APPROVALS**

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

AUGUST 25, 2009

The board reviewed the application for Retirement (Vested Deferred) for Leslie Taylor.

The board had a discussion on the commencement date for Mr. Taylor. Ms. Ross commented that she will look into it. The board deferred this approval until next meeting. No action was taken.

- **FINANCIAL STATEMENTS**

The board reviewed the financial statements through the end of July 2009.

The board received and filed the financial statements through the end of July 2009.

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

** Adam Levinson joined the meeting via teleconference*

Mr. Levinson stated that he is still working on the Obed Murdock situation and he had no new updates for the board at this time.

Mr. Levinson reviewed the audit committee letter. He stated that the board and the Investment Consultant extended their full cooperation with the City. The board reviewed the recommendations that the City made.

The Division of Retirement approved the Actuarial Valuation Report, but they made some recommendations for next years report. Ms. Ross commented that she sent this letter to the Actuary to review and to also to be aware of the changes they need for next years report.

OTHER BUSINESS

N/A

ADJOURN

There being no other business, and the next regular meeting having been scheduled for September 22, 2009 the meeting was adjourned at 3:33 PM.

Benny Rodgers, Secretary