

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

**MINUTES OF MEETING HELD
NOVEMBER 23, 2010**

A regular meeting of the Board of Trustees was called to order at 1:31 P.M. by Benny Rodgers in the City Hall (5th Floor) Conference Room 5.19, 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Craig Kahle, Chair (arrived 1:40P)
Benny Rodgers, Secretary
Bill Swisher, Trustee
Bob Burd, Trustee
Randy Sherman, Trustee
Vicki Barnard, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Mike Welker, Investment Consultant – The Bogdahn Group
Jack Evatt, Investment Consultant – The Bogdahn Group
John Cohen, Public Member – City of West Palm Beach Resident

PUBLIC COMMENTS

N/A

**INVESTMENT CONSULTANT REPORT – THE BOGDahn GROUP
(PRESENTED BY: MIKE WELKER & JACK EVATT)**

Mr. Welker stated that September was the only great month within the quarter, and it was the best September since 1939. As of September 30, 2010 there was 54.6% in domestic equity, 31.9% in domestic fixed income, 10.9% in international equity and 2.6% in cash. Mr. Welker reviewed the reconciliation for the quarter and commented that a lot of money was withdrawn for benefit payments, but there was such a big gain from investments within the quarter that it offset the withdrawals. For the quarter the total fund outperformed the benchmark at 9.67% versus 9.04%. For the fiscal year the fund was slightly behind at 8.83% versus the benchmark at 9.42%, but they did outperform their actuarial assumed rate of return of 8%. Mr. Welker reported that since inception, the fund has been up 1% each year and that the long term numbers look good across the whole board. He explained that since this is a closed plan and you don't have the amount of money coming in as an open plan would, then you don't want to take as much risk. This plan has better returns with less risk, and that is right where you want to be. Mr. Welker then reviewed each Managers return and commented that Argent was the main contributor to the underperformance for the one year.

Mr. Welker updated the Board on the letter he received from Dana Investments regarding Mike Dana. Mr. Dana is selling his stock in Dana

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Investments, although nothing will change. Mr. Dana lives in Florida and only does client services as needed, so he has not been directly involved with the portfolio in a while. Mr. Welker presented to the Board some alternative managers that he would like the Board to consider looking into to replace the fixed income portfolio that is currently held by Dana Investments. Mr. Welker explained that Dana has not done anything to get in trouble, but that he thinks there are better opportunities out there for the fixed income side. The Board should consider hiring a manager that specializes in just Bonds. The Board discussed the different managers that they could potentially go with and reviewed their fees. Mr. Welker pointed out that all the Manager fees will be either equal to or less than Dana. The Board discussed and chose the top 3 managers that they liked based on their performance and historic information.

A motion was made by Bob Burd to have Agincourt Capital Management, Garcia Hamilton & Associates and Mutual of America Capital Management Corp attend the January 25 , 2011 meeting for a presentation on the fixed income side. The motion was seconded by Bill Swisher and carried 6-0.

Lastly, Mr. Welker stated that the return difference in making this change on the fixed income side will be only about a ½% increase, so he has another alternative he would like to the Board to look into. Mr. Welker explained that it is the perfect time to buy into real estate right now. He stated that he will bring more information with him to the next meeting regarding real estate.

MINUTES

The Board reviewed the minutes from the regular meeting held on October 26, 2010.

A motion was made by Bob Burd to approve the minutes from the regular meeting held on October 26, 2010 as amended. The motion was seconded by Bill Swisher and carried 6-0.

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

- **DISBURSEMENTS**

The Board reviewed the disbursement list presented for the month of November 2010.

A motion was made by Bill Swisher to approve the disbursements for the month of November 2010 as presented. The motion was seconded by Bob Burd and carried 6-0.

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- **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of September 2010.

The Board received and filed the financial statements through the end of September 2010.

- **BENEFIT APPROVALS**

The board reviewed the preliminary application for retirement for Gloria Shuttlesworth (vested member) and the preliminary and final application for retirement for Romain Johnson.

A motion was made by Bob Burd to approve the preliminary application for retirement for Gloria Shuttlesworth and the preliminary and final application for retirement for Romain Johnson. The motion was seconded by Benny Rodgers and carried 6-0.

Ms. Ross reported to the Trustees that Salem Trust does not email out custodial statements right now but it is something that their firm is working on having available. In the meantime the Trustees can either continue to receive them by mail, or they can log onto the Salem Trust website and download them. The Trustees agreed that they will continue to receive them by mail until Salem Trust goes electronic.

Ms. Ross presented the Board with the Attorney agreement from Klausner & Kaufman revising the revised fees. Mr. Sherman noted that the Ordinance states that the plans legal advisor must be the City's Attorney or someone appointed by the City Attorney, so he does not understand why the Board put out an RFP. The Board discussed this clause and stated that they will table signing this agreement until they hear more from the City's Attorney.

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

Mr. Levinson reported to the Board that all members who were still in the old pension plan on the day it closed became automatically and fully vested. At termination the member then has the right to decide whether they want to collect their monthly benefit later on down the road, or they can take a refund of their contributions.

Mr. Levinson stated that he spoke to AIG in regards to the COLA. AIG has their own contract in which they follow. They have a formula they use to calculate the amounts and most of the time it does not add up to the 2%. In that case the Board adopted an Admin Rule back in 2003 clarifying that the members should receive a 2% COLA each year, and that the pension fund

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can make up the difference for whatever AIG does not cover. Mr. Sherman stated that he does not see how this Admin Rule abides by the Ordinance. Mr. Levinson commented that if the Board thinks the Admin Rule contradicts the Ordinance, then they would not follow it. The Ordinance does not state that the COLA should be an automatic 2% each year, but that it is rather tied into the CPI. Mr. Levinson recommended to have the Actuary take a look at this, but the Trustees' stated that they will also have the City's Attorney look into this when they approach her about the Plan's legal advisor. The Board discussed the language in the Ordinance versus the language in the Admin rule and what actions must take place.

A motion was made by Randy Sherman to follow the language in the Ordinance and not give out a COLA this coming January 1, 2011 since the CPI was negative. The motion was seconded by Bill Swisher and did not carry as it was tied 3-3.

Mr. Levinson briefly stated that he reviewed the Audit Representation letter and that he had no objections. The Board stated that they were not comfortable with signing this letter until the COLA issue was resolved. Mr. Levinson recommended that the Board could approve it today as amended with a cover letter from him stating the issue with the COLA.

A motion was made by Benny Rodgers to approve and execute the September 30, 2010 Audit Engagement letter as amended with a cover letter by the Plan's Attorney. There was not a second to the motion, so therefore the motion failed.

Lastly, Mr. Levinson stated that he is still waiting on papers from the City's workers comp doctor regarding the disability case.

OTHER BUSINESS

Ms. Ross stated that she received a letter from RBC Global Asset Management and they are asking the Fund's permission to use their name on their client list.

A motion was made by Randy Sherman to allow RBC Global Asset Management to use the pension funds name on their client lists. The motion was seconded by Bill Swisher and carried 6-0.

ADJOURN

There being no other business, and the next meeting having been rescheduled for December 14, 2010 the meeting was adjourned at 4:03 PM.

Benny Rodgers, Secretary