

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

**MINUTES OF MEETING HELD
MAY 24, 2011**

A regular meeting of the Board of Trustees was called to order at 1:30 P.M. by Chairman Craig Kahle in the City Hall (5th Floor) Conference Room 5.19, 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Craig Kahle, Chairman
Benny Rodgers, Secretary
Bill Swisher, Trustee
Bob Burd, Trustee
Patrick Cooney, Trustee
Vicki Barnard, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Claudia McKenna & Nancy Urcheck, Attorney – City of West Palm Beach
John Hamlin, Investment Manager – Dana Investment Advisors
Mike Welker, Investment Consultant – The Bogdahn Group

PUBLIC COMMENTS

N/A

**INVESTMENT MANAGER PRESENTATION – DANA INVESTMENT
ADVISORS (PRESENTED BY: JOHN HAMLIN)**

Mr. Hamlin introduced himself to the board and stated that he has been with Dana since November 2010 as Mr. Dana has retired. Mr. Hamlin services the Florida clients and his office is located in Orlando.

Mr. Hamlin reviewed the returns for the quarter ending March 31, 2011 for the core equity portfolio. He commented that it was overall a great quarter and they outperformed the benchmark at 7.33% versus 5.92%. For the fiscal year to date they are also ahead at 19.24%, versus the market at 17.32%. For the fixed income portfolio Mr. Hamlin noted that they managed this fund for most of the quarter and then they closed it out as requested by the Board. It was a tough market for fixed income this quarter, but they still managed to outperform the index at .98% versus .48%. Mr. Hamlin commented that only 1 out of every 4 fixed income managers outperformed their indexes during the quarter. He reviewed some of the top sector contributors during the quarter, which included information technology, consumer staples, and industrials. Some of the detractors included consumer discretionary and financials. Mr. Hamlin also explained that what is going on in Japan really hurt the international market, and gave his thoughts about the future market environments. The first quarter of 2011 was stronger than the whole year of 2010, so we hope this momentum keeps going.

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

Mr. Welker commented that April was a good month, although May has started to sell off a little. The first quarter of 2011 was a great quarter, and the best 1st quarter since 1998. For the quarter ending March 31, 2011 they had a total of \$28,255,659 in assets. Mr. Welker reviewed the asset allocation and commented that Argent and Dana equities are a little underweighted, but they are still within the target range. He then reviewed the plans financial reconciliation chart, and reported that the performance investments were the biggest contributor during the quarter.

For the quarter ending March 31, 2011 the total fund net of fees slightly underperformed the index at 3.61% versus 3.86%, but for the fiscal year to date they have already passed their assumed rate of return and is up 10.18%. Mr. Welker explained that as Consultant's they look for 2 performance numbers; that the assumed rate of return is met, and that the Plan performs within the 40th percentile. Currently this fund meets both criteria's. He noted that the Plan's underperformance during the quarter was due to the Argent, the growth manager. He stated that Argent was funded in 2007 and has underperformed since, so Mr. Welker wanted to speak to Argent regarding this. Argent provided Mr. Welker with a detailed explanation as to why they have been underperforming, and Mr. Welker now understands and feels more comfortable with their process and decision making. He explained that Argent's stocks have organic growth contained in them, and you are just now starting to see those types of stocks differentiate themselves from the general stocks. Therefore Mr. Welker is confident that Argent's style will start to come back in favor, and they will hopefully start outperforming. He reported that overall the portfolio is doing very well and he does not have any recommendations at this. He commented that he hopes this positive market cycle continues throughout the end of the fiscal year so that they can at least meet their assumed rate of return.

Lastly Mr. Welker presented the Trustees with the revised Investment Policy Guidelines, which now includes the executed Garcia, Hamilton & Associates addendum. Also Mr. Welker noted that updated that target charts in the policy itself to reflect the correct indexes that the Plan uses.

A motion was made by Vicki Barnard to approve the revised Investment Policy Guidelines as presented by the Plan's Consultant. The motion was seconded by William Swisher and carried 6-0.

MINUTES

The Board reviewed the minutes from the regular meeting held on April 26, 2011 and the special meeting held on May 3, 2011.

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A motion was made by Vicki Barnard to approve the minutes from the regular meeting held on April 26, 2011 and the special meeting held on May 3, 2011. The motion was seconded by Robert Burd and carried 6-0.

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

- **DISBURSEMENTS**

The Board reviewed the disbursement list presented for the month of May 2011.

A motion was made by Benny Rodgers to approve the disbursements for the month of May 2011 as presented. The motion was seconded by Vicki Barnard and carried 6-0.

- **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of April 2011.

The Board received and filed the financial statements through the end of April 2011.

Ms. Ross presented the board with the Salem Trust class action report for the quarter ending March 31, 2011, in which \$374.01 was recovered.

ATTORNEY REPORT –CITY OF WEST PALM BEACH (PRESENTED BY: CLAUDIA MCKENNA)

Ms. McKenna discussed the IME selection process with the Board. There was not a previous list that the board has used, so therefore she had to create a list which took sometime. When creating this list Ms. McKenna had choose carefully because she had to make sure the doctor she choose was no affiliated with the City or the member in anyway. Ms. McKenna noted that she will develop some kind of protocol for the future.

Ms. McKenna came up with a list of 3 doctors in the area that are certified and familiar with Mr. Grant's injury. The Chairman picked the names at random from a bucket, and the doctors were choosen in the following order; Dr. Gary Wexler, Dr. Craig Lichtblau and Dr. Mark Waeltz. Ms. Ross stated that she will set up an appointment with the first doctor chosen, Dr. Wexler as soon as possible for Mr. Grant's IME. The Trustees' noted that if Mr. Grant cannot get into Dr. Wexler within a reasonable time, then to move on to the next doctor chosen and so forth.

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OTHER BUSINESS

Ms. Barnard had a couple questions regarding the structure of the board, and the active elected members versus the appointed members and the retiree seat. She questioned since there are less active members now, is there a time that we need to start opening up another retiree seat. The board discussed each Trustee's fiduciary roll in serving on the board, and stated there might be a time later on down the road, when all the active members retire, that we might need to go back and revisit the structure of the board.

Lastly Ms. Ross presented the board with a letter from Salem Trust that proposes a fee increase. The new fee equates to an annual increase of \$406, or approximately a 5.5% increase from their current fee which would be effective June 30, 2011. The Trustees discussed the increase and noted that Salem Trust has not raised their fees since inception of the account in 2002.

A motion was made by Benny Rodgers to approve and accept Salem Trusts proposed fee increase as presented, effective June 30, 2011. The motion was seconded by Patrick Cooney and carried 6-0.

ADJOURN

There being no other business, and the next regular meeting having been rescheduled for July 8, 2011 the meeting was adjourned at 3:04 PM.

note the June 28, 2011 meeting was canceled

Benny Rodgers, Secretary