

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

**MINUTES OF MEETING HELD
AUGUST 23, 2011**

A regular meeting of the Board of Trustees was called to order at 1:31PM 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 (arrived @ 1:35 & departed at 2:53)

Randy Sherman, Trustee

Vicki Barnard, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers

Claudia McKenna & Nancy Urcheck, Attorney – City of West Palm Beach

Mike Welker & John Breath, Investment Consultants – The Bogdahn Group

Vaughn Simon, Retiree – City of West Palm Beach

PUBLIC COMMENTS

N/A

MINUTES

The Board reviewed the minutes from the regular meetings held on May 24, 2011 and July 8, 2011.

A motion was made by Randy Sherman to approve the minutes from the regular meetings held on May 24, 2011 and July 8, 2011 (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 August 2011.

The Trustees' discussed the PRC invoice and noted that the wrong fund was referenced on the actual invoice. Ms. Ross advised the board not to pay the invoice until she gets further clarification; therefore the Board voided the check. It was also noted that the Baron invoice Dollar amount listed on front of the AP list was a different amount then what is on the actual invoice. Ms. Ross confirmed that the check was cut for the correct amount according to

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the invoice, and that the amount listed on the front just needed to be revised.

A motion was made by Randy Sherman to approve the disbursements for the month of August 2011, with exclusion of the Pension Resource Centers invoice in the amount of \$3,000, check #2626. The motion was seconded by Bill Swisher and carried 7-0.

- **BENEFIT APPROVALS**

The board reviewed the preliminary and final application for a duty disability retirement for Andrew Grant Jr.

A motion was made by Patrick Cooney to approve the preliminary and final application for a duty disability retirement for Andrew Grants Jr. The motion was seconded by Vicki Barnard and carried 7-0.

The Trustees' briefly discussed Mr. Grant's retirement benefit conversation date. It was noted that when a member retires out on disability benefits, then when they reach age 65 their benefit converts to a normal retirement benefit.

- **FINANCIAL STATEMENTS**

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

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

Ms. Ross presented the Board with the September 30, 2011 Salem Trust class action report, in which no settlements were received nor filed.

Ms. Ross passed out the September 30, 2011 audit engagement letter from Steven I. Gordon, CPA.

A motion was made by Randy Sherman to approve the September 30, 2011 Audit Engagement Letter as prepaid by the Plan's Auditor, Steven I. Gordon, CPA. The motion was seconded by Patrick Cooney and carried 7-0.

**ATTORNEY REPORT –CITY OF WEST PALM BEACH (PRESENTED BY:
CLAUDIA MCKENNA & NANCY URCHECK)**

Ms. Urcheck commented that she has been looking into some different pension schools and conferences for herself and Ms. McKenna to attend. The Trustees gave Ms. Urcheck some recommendations, and Ms. Urcheck stated that she will notify the Board before they chose one to attend.

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Ms. McKenna noted that all the Trustees' have completed their ethnics training online except for Mr. Kahle. Mr. Kahle commented that he will get it done right away since they are due September 1, 2011.

OTHER BUSINESS

Mr. Cooney notified all the Board members that the City's new health care clinic is now open and will be available to retirees that are still on the City's health insurance plan effective October 1, 2011.

Ms. Ross explained that we are wrapping up the 2011 annual affidavits and she wanted to discuss eliminating these in the future. She explained that her office uses a death search report which reports a person's death as soon as their social security number is reported. In many ways this program is a lot more efficient and accurate than the affidavits we mail out each year. Also the affidavits cost more to prepare and mail them once a year, then it costs to have the death search program scan on a daily basis. The Trustees' agreed and concurred to cancel all future affidavit mailers. (Ms. McKenna noted that a motion is not necessary to stop the future mailings of the affidavits since this was an administrative rule the Board created, and not a requirement under the Ordinance.)

**INVESTMENT CONSULTANT REPORT - THE BOGDAHN GROUP
(PRESENTED BY: MIKE WELKER & JOHN BREATH)**

- JUNE 30, 2011 QUARTERLY REPORT:

Mr. Welker introduced Mr. Breath to the Board and commented that he joined the Bogdahn group last month.

Mr. Welker reviewed the Plan's performance during the quarter ending June 30, 2011. As of that date there was 57.7% in domestic equity, 29.2% in domestic fixed income, 10.5% in international equity and 2.5% in cash. Mr. Welker noted that during the quarter the portfolio was a little over weighted which helped us, but it is now flat. The fund ended the quarter with \$28M in assets, and also outperformed the index at 2.20% versus .85%. For the fiscal year to date the Fund is also ahead at 12.60% versus the index at 11.63%, and for the one year they are in the same boat at 23.49% versus 21.72%. Mr. Welker noted that this Fund is well above average compared to other funds, and that there are no problems, performance wise.

Mr. Welker briefly reported on Argent Capital and commented that they had great stock selection during the quarter, which led to their great outperformance of 3.11% versus .76%. Barings didn't have the best quarter, but as of right now they are up 8% for the current quarter. And lastly Garcia Hamilton is inline with the index, but they have not had them in the portfolio long enough to tell any kind of long term performance.

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Altogether Mr. Welker stated that the performance is solid and all the Managers are doing well. As of August 12, 2011 (quarter to date) the Fund is down about -7%, so let's hope we can hang in there to meet our actuarial assumed rate of return.

- **NON CORE GLOBAL FIXED INCOME PRESENTATION**

Mr. Welker discussed some other diversification options that are out there and that their Firm is in support of. Currently the portfolio is at a 65/35 allocation, and Mr. Welker thinks that adding global bonds would add more diversification to the portfolio. Mr. Welker explained that global bonds would be a separately managed account, and they would ultimately be invested in a mutual fund which is the vehicle type. Global bonds have daily liquidity, and right now would be a great time to invest in something like this. Mr. Welker explained that he would recommend allocating 5% of the total fund (about \$1M) to this product. He also recommends waiting until the beginning of October, once we receive the City's contribution, to fund this investment.

The Trustees reviewed the different Managers that Mr. Welker recommended for this product. All Managers listed (Loomis, PIMCO, Templeton & Templeton total return) all have huge analyst team and offices located around the US. Mr. Welker reviewed the difference between each Manager's structures and portfolios. PIMCO is the biggest bond manager with the most concentrated portfolio, Loomis is the most volatile manager and Mr. Welker doesn't think they would blend well with this portfolio. Templeton is the longest bond manager around, and Mr. Welker explained the difference between the two funds; the global bond and the global total return. Mr. Welker recommends the best fit Manager for this portfolio would be the Templeton global return fund.

Mr. Welker reviewed the historic returns of this fund and reported that during the down times the fund earned money. He also noted that fee for this fund is 89 basis points. Lastly he commented that there is a place in the IPG that allows the Board to invest in mutual funds.

A motion was made by Randy Sherman to allocate 5% of the total fund to the Franklin Templeton global total return fund once the pension plan receives the City's contributions, in the later part of October. The motion was seconded by Vicki Barnard and carried 7-0.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for September 27, 2011 the meeting was adjourned at 3:05PM.

Benny Rodgers, Secretary