

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

**MINUTES OF MEETING HELD
AUGUST 28, 2012**

A regular meeting of the Board of Trustees was called to order at 1:37PM by Secretary 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 1:46)
Benny Rodgers, Secretary
Bob Burd, Trustee
Dorritt Miller, Trustee
Jeff Green, Trustee
Patrick Cooney, Trustee
Vicki Barnard, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Claudia McKenna, Attorney – City of West Palm Beach
John Breth, Investment Consultant – The Bogdahn Group
Mike Welker, Investment Consultant – The Bogdahn Group
Leon Pinder, Active Member – City of WPB

PUBLIC COMMENTS

N/A

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

Mr. Welker briefly reviewed what services they provide for the board for the new members attending today's meeting.

Mr. Breth reviewed the performance report for the quarter ending June 30, 2012 and stated that it was a rocky quarter compared to the prior one. Financials were negative and the fixed income market was not rewarded either. As of June 30, 2012 the fund had 53.3% in domestic equity, 27.9% in domestic fixed income, 9% in international equity, 5.1% in fixed income and 4.7% in cash. He noted that the plan is currently underweighted in international equity and over weighted in domestic equity, but this is the way they want the portfolio to be at the moment because of the concerns overseas. Mr. Welker stated that although they will rebalance when the allocations get below their target zone. Mr. Breth also reviewed the financial reconciliation and stated that during the quarter they transferred 2% from the International account and reallocated to both fixed income managers, in which the plan benefited from. As of June 30, 2012 the fund net of fees was negative and behind the benchmark for the quarter at -2.77% versus -1.89%, but for the fiscal year to date they are still ahead net of fees at 16.26% versus 13.59%. Mr. Breth briefly reviewed each manager's performance during the quarter.

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Mr. Breth gave the board a recent update and reviewed the flash performance report as of July 31, 2012. The fund is up another 1.30% for the month which puts the fund at 18.15% for the fiscal year to date. He noted that August seems to be doing well as they are keeping International underweighted. The Board talked about other asset classes such as small caps and managed futures. Mr. Welker commented that right now the timing isn't good to fund small caps, but maybe after the election and the market calms down. Also he noted that he will be bringing information to a future meeting regarding managed futures, which adds great diversification to the portfolio.

Lastly Mr. Welker presented that board with the fee increase letter from his firm. He explained in detail the services they provide for the board and he also explained how his firm has made this portfolio grow in such a huge way that it has. Mr. Welker also stated that their fee is based off the Plan's assets which are currently at \$29M. This fee is an all inclusive fee as they do not charge for additional reports, traveling, etc. Mr. Welker reviewed the proposed fee increase letter and stated that they are asking for a fee increase from \$19,500 to \$27,000 over a 3 year period (an increase of \$2,500 per year effective 10/1/12 for 3 years). Lastly he noted that they have not increased their fee in 4 years. The board had a lengthy discussion on the amount of the fee increase and also how it should be implemented, whether it should be a 3 year agreement or if they should review the agreement every year.

A motion was made by Benny Rogers to accept and approve the Bogdahn Group's fee increase as proposed for \$2,500 per year effective 10/1/2012 for 3 years for a total of \$27K. The motion was seconded by Vicki Barnard and carried 6-1.

MINUTES

The Board reviewed the minutes from the regular meeting held on June 20, 2012.

A motion was made by Vicki Barnard to approve the minutes from the regular meeting held on June 20, 2012. The motion was seconded by Benny Rogers and carried 7-0.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented for the months of July and August 2012.

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A motion was made by Benny Rogers to approve the disbursements for the months of July and August 2012. The motion was seconded by Vicki Barnard and carried 7-0.

- **BENEFIT APPROVALS**

The board reviewed the preliminary for retirement for Ray Bailey and the applications for death benefits for Rebecca Booth (daughter of Betty Booth) and Jason Oman (son of Renee Oman).

A motion was made by Dorritt Miller to approve the preliminary application for retirement for Ray Bailey and the applications for death benefits for Rebecca Booth and Jason Oman. The motion was seconded by Bob Burd and carried 7-0.

- **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of July 2012.

The Board received and filed the financial statements through the end of July 2012.

Ms. Ross asked the board's permission to use the Chair's and Secretary's electronic signature on all checks that are used for disbursements. She explained that currently they cut the checks before each meeting and have the Chair and Secretary actually sign each check at the meetings. Ms. Ross stated that they have to use a separate printer to do this and also if the Chair or Secretary is not available at the meeting to sign the checks, then we can not process the payments. Therefore she is asking the board's permission to use the electronic signatures on the checks. She explained that no payments will be issued until the board approves them and the only difference is that they checks don't have to be physically signed. This is the same process we use for cutting benefit payment checks for this fund and all of our other funds we process payments for. The board discussed and stated that they did not see a problem with doing it this way as long as no payments are issued before they are approved. Ms. Ross concurred.

A motion was made by Jeff Green to allow the Plan's Administrator, Resource Centers, to use the Chair's and Secretary's electronic signature on all accounts payable checks after they have been reviewed and approved at the board meetings. The motion was seconded by Benny Rogers and carried 7-0.

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

Ms. McKenna briefly reviewed House Bill 401 which states that when a member gets divorced, their ex-spouse is automatically considered

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predeceased for pension purposes. She stated that currently they are seeking the General Attorney's Opinion regarding this and will update the board as more information becomes available.

OTHER BUSINESS

Ms. Ross presented the board with the audit engagement letter from Steve Gordon's office for the fiscal year ending 9/30/2012. Mr. Ross noted that the fee has not changed from last year.

A motion was made by Benny Rogers to approve and execute the September 30, 2012 Audit Engagement letter from Steve Gordon's office. The motion was seconded by Bob Burd and carried 7-0.

Lastly Ms. Ross reviewed the Salem Trust class action report for the quarter ending June 30, 2012. She noted that there were no new class action filed on behalf of the fund during the quarter, nor did the plan receive any settlements during the quarter.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for September 25, 2012 the meeting was adjourned at 3:16PM.

Benny Rodgers, Secretary