

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

**MINUTES OF MEETING HELD
AUGUST 27, 2013**

A regular meeting of the Board of Trustees was called to order at 1:36 by Chairman Craig Kahle in Room 5.19 (5th Floor), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Craig Kahle, Chairman
Dorritt Miller, Trustee
Jeff Green, Trustee
Leon Pinder, Trustee
Sylvia Gregory, Trustee
Vicki Barnard, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Nancy Urcheck, Attorney - City of West Palm Beach
Jon Breth, Investment Consultant – The Bogdahn Group
Brad Armstrong, Actuary – GRS (joined via teleconference)

PUBLIC COMMENTS

N/A

**INVESTMENT CONSULTANT REPORT – THE BOGDAHN GROUP
(PRESENTED BY: JON BRETH)**

Mr. Breth reviewed the market environment during the quarter and stated that fixed income was a tough market place to be. International also had a negative quarter and that is why the fund continues to hold an underweight to those allocations, which has ultimately helped the funds performance. During the quarter value outperformed growth and the sectors that had negative returns were energy, materials, and utilities. Mr. Breth briefly reviewed the funds compliance checklist and noted that the plan has met the policies for all the time periods, with the exception to the plans total fund performance for the 3 year time period. He reviewed the funds performance and commented that the total fund net of fees outperformed the index at .66% versus .09% for the quarter, and for the fiscal year to date they are ahead of the index and the plans assumed rate of return at 8.66% versus 7.16%. For the 1 year they are also outperforming at 14.95% versus the benchmark at 12.28%. Mr. Breth compared each managers performance for the quarter and fiscal year and noted that all the managers outperformed for the quarter, with the exception of Dana and RBC. Lastly Mr. Breth reviewed the funds risk versus reward chart and stated that the plan is taking a little more risk and getting less of a return. Therefore he stated that this is why the board should consider an alternative investment for a portion of their fixed income portfolio.

Mr. Breth presented the board with a report of alternative investments in preparation for the rising interest rates. He reviewed different type of

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AUGUST 27, 2013

alternatives that he thought would help diversify the portfolio and also add protection to the portfolio in the time of rising interest rates. (Real Estate, Index Funds, Hedge Funds of Funds where are couple of alternatives that Mr. Breth reviewed with the board). Mr. Breth reviewed four different scenarios that he thought recommend adding into this plans portfolio. He noted that he would recommend taking the money from the fixed income side to fund one of these new assets to reduce the plans volatility. The Trustees had a lengthy discussion on the alternative asset groups and commented that they currently like where they are at and don't think that they should take such a big risk since they are a closed plan. Also Mr. Green stated that later on in the meeting he would like to discuss paying down the plans unfunded liability, which might have an impact on the previous conversation (whether they can use that money to fund a new asset, or they can split the money up between the current managers).

MINUTES

The Board reviewed the minutes from the regular meeting held on July 10, 2013.

A motion was made by Dorritt Miller to approve the minutes from the regular meeting held on July 10, 2013. The motion was seconded by Jeff Green and carried 6-0.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented for the months of June, July and August 2013.

A motion was made by Jeff Green to approve the disbursements for the months of June, July and August 2013. The motion was seconded Leon Pinder and carried 6-0.

• **BENEFIT APPROVALS**

The board reviewed the preliminary and final application for retirement for Luis Martinez.

A motion was made by Dorritt Miller to approve the preliminary and final application for retirement for Luis Martinez. The motion was seconded by Leon Pinder and carried 6-0.

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES
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AUGUST 27, 2013

FINANCIAL STATEMENTS

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of June 2013.

The Board received and filed the financial statements through the end of June 2013.

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

Ms. Urcheck commented that she is in the process of revising the disability application and forms.

OTHER BUSINESS

Duty Disability Review/Discussion:

Ms. Ross presented the board with the certification that was completed by Mr. Turner's doctor. The certificate states that Mr. Turner is completely and totally disabled due to the conclusion that he is not able to perform his duties (as outlines in his job description) as a maintenance worker with the City of West Palm Beach due to the car accident that he was involved in a couple of years ago while on the job. The Trustees reviewed Mr. Turner's medical records yet again and had a lengthy discussion on the doctors letter and certificate.

A motion was made by Jeff Green that based on the doctors recommendation, he approves John Turner's duty disability application effective today, August 27, 2013. The motion was seconded by Leon Pinder and carried 6-0.

The Trustees reviewed the draft SPD and made some revisions. They decided to table the approval of the SPD until the September 30, 2013 financial information is available, and that way the most updated information can be incorporated into the document.

(Mr. Armstrong joined the meeting via teleconference). Mr. Green stated that the City is looking into paying off the plans unfunded liability as before September 30, 2013. The Trustees discussed this approach with Mr. Armstrong. Mr. Armstrong commented that this approach is a very good idea to do if they City can afford it because than the plan would be 100% funded, and the City would be saving money on interest by paying it off in one lump sum, versus paying the installments each year over a long period of time. Mr. Armstrong also noted that the plan would want to run this idea past the Division of Retirement first before any action is taken. Ms. Barnard asked if paying off the unfunded liability had any negative impact to the plan. Mr. Armstrong stated that it would not have any negative impact to the plan since we are making it whole, and also the plan would have extra money to

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AUGUST 27, 2013

invest. The Trustees discussed and concurred that they like the idea of the City paying off the unfunded liability, which was around \$7M as of September 30, 2012. Mr. Green stated that he will work with Mr. Armstrong to get the current payoff amount of the unfunded liability and will bring back more information to the board at the next meeting.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for September 24, 2013 the meeting was adjourned at 2:54PM.

Robert Burd, Secretary