

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

**MINUTES OF MEETING HELD
AUGUST 26, 2014**

A regular meeting of the Board of Trustees was called to order at 1:33 by Chairman Robert Burd in Room 5.19 (5th Floor), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Robert Burd, Chairman
Dorritt Miller, Secretary
Leon Pinder, Trustee
Benny Rodgers, Trustee (departed 2:43)
Jose Rodriguez, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Nancy Urcheck, Attorney - City of West Palm Beach
Jon Breth, Investment Consultant – The Bogdahn Group
Marvin Jones – City of WPB Employee

PUBLIC COMMENTS

N/A

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

Mr. Breth reviewed the June 30, 2014 quarterly investment report. He commented that during the quarter all sectors were positive but there is still slow growth on the fixed income side. The Plan is currently over weighted in domestic equities and underweighted in to international equities and fixed income. Mr. Breth discussed rebalancing and commented that his recommendation is to take about 5% (or \$2M) from the domestic equities and allocate it to fixed income to be back in line with the policy targets.

A motion was made by Dorritt Miller to approve and authorize the transfer of \$1M from Argent & \$1M from Dana to GHA (the total amount of \$2M) per the recommendation of the Plan's investment consultant to rebalance back to policy target. The motion was seconded by Jose Rodriguez and carried 5-0.

Mr. Breth continued on with the June 30, 2014 report and commented that for the quarter the fund was up 4.04% net of fees versus the index at 3.91%, and for the fiscal year they are also ahead net of fees at 15.71% versus the index at 11.71%. He briefly reviewed each manager's return for the quarter and the fiscal year and noted that all of the managers have outperformed for the quarter with the exception of Argent and RBC. Mr. Breth reminded the Trustees that during the last quarter the Board terminated Barings and replaced them with a TSW, but TSW was not funded until May 1, 2014 so they do not have a full quarter reflected in this report.

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Overall Mr. Breth stated that the fund is doing very well and we hope to keep it up throughout the end of the fiscal year.

Lastly Mr. Breth stated that as a follow up to the last meeting he has brought in some hedge fund of fund information to share with the Board. He first started out by explaining what a hedge fund is, how it works, and who invests in them. He stated that hedge funds do not have fiduciary transparency as traditional investments due because hedge funds are not separate accounts. Mr. Breth explained that the board would be looking to add hedge funds into the portfolio for more diversification and to reduce some of the risk and not for huge returns. He briefly reviewed the different managers that offer hedge funds and compared their performances. Mr. Rodgers asked about index funds and if that type of investment would be more practical for this Plan. Mr. Breth commented that index funds would be a great idea if they were replacing some of the domestic equity, but they are not a good alternative to fixed income. He stated that by adding in index funds it would not really decrease the Plan's volatility as much as hedge funds would. The Trustees had a very lengthy discussion on hedge funds of funds and commented that they do not feel comfortable with hedge funds at this time and that they are not interested in moving forward with them. The Trustees did ask Mr. Breth to bring back so other investment ideas to the Board in the near future.

MINUTES

The Board reviewed the minutes from the regular meeting held on May 27, 2014.

A motion was made by Dorritt Miller to approve the minutes from the regular meeting held on May 27, 2014. The motion was seconded by Leon Pinder and carried 4-0.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented through August 19, 2014.

A motion was made by Leon Pinder to approve the disbursements through May 13, 2014. The motion was seconded Dorritt Miller and carried 4-0.

• **BENEFIT APPROVALS**

The board reviewed the preliminary and final applications for retirement for Polly Willis and Keith Gallon and the application for a refund of contributions for Marvin Johnson.

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The Trustees had a lengthy discussion with Mr. Johnson on his choice to elect to take a refund of his contributions instead of collecting his monthly pension benefit at age 60. Mr. Johnson explained his circumstances and commented that he understands that he is forfeiting his future pension by taking a refund of his contributing now. Ms. Urcheck explained that Mr. Johnson will need to sign a waiver acknowledging his decision before the refund can be sent out and the rollover has to be processed as a rollover to another qualified account.

A motion was made by Dorritt Miller to approve the preliminary and final applications for retirement for Polly Willis and Keith Gallon and the application for a refund of contributions for Marvin Johnson (pending the signed waiver). The motion was seconded by Leon Pinder and carried 4-0.

• **FINANCIAL STATEMENTS**

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

The Board received and filed the financial statements through the end of July 2014.

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

N/A

OTHER BUSINESS

Ms. Ross presented the board with the updated summary plan description. The Trustees discussed the Managers that were listed in the report and noted that either all of them should be listed, or none at all. Ms. Urcheck commented that it is not required to have the managers listed, only the other service providers.

A motion was made by Dorritt Miller to approve the revised Summary Plan Description (pending the removal of the investment manager list). The motion was seconded by Jose Rodriguez and carried 4-0.

Ms. Ross noted that she will get it sent out to all the active members.

The Trustees reviewed the GRS letter regarding the new GASB 67 requirements. Ms. Ross briefly explained that due to the new GASB 67 requirements there will be additional reports that the Actuary will have to complete this year. These reports do not impact the Plan's financials or their funding; it is only for reporting requirements. GRS's fee for their additional reports is \$1,950. The Trustees discussed and commented that

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these new reports are required by the Division of Retirement so there is not much they can do.

A motion was made by Dorritt Miller to approve GRS's GASB 67 implementation package as presented, with the fee not to exceed \$1,950. The motion was seconded by Jose Rodriguez and carried 4-0.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for November 20, 2014 the meeting was adjourned at 3:13PM.

note the September and October meetings were canceled

Dorritt Miller, Secretary