

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

**MINUTES OF MEETING HELD
NOVEMBER 17, 2015**

A regular meeting of the Board of Trustees was called to order at 1:32 by Chairman Leon Pinder in Room 5.19 (5th Floor), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Leon Pinder, Chairman
Dorritt Miller, Secretary
Benny Rodgers, Trustee
Jose-Luis Rodriguez, Trustee
Mark Parks, Trustee
Mary Brandenburg, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Jon Breth, Investment Consultant – The Bogdahn Group
Stacey Weinger, Attorney – City of West Palm Beach
Karl Hutchinson & Carlos Lopez – Wells Fargo Bank
Steve Hegedus – KeyBank, NA

PUBLIC COMMENTS

N/A

CUSTODIAN INTERVIEWS:

- KeyBank, NA – (Presented By: Steve Hegedus)

Mr. Hegedus introduced himself and reviewed the background of KeyBank. KeyBank was established in 1825 and they currently have \$60.6B in assets. They are the Custodian for 1,707 defined benefit plans similar to this one, as well as defined contribution plans. Mr. Hegedus described their internal systems that they use and commented that in 2014 they made a system conversion and there are no other conversions planned through 2016. He explained that their new system is very compatible with a lot of the service providers they work with because it can produce a lot of different types of reports and formats, which is very beneficial. Mr. Hegedus reviewed the transition process if they were chosen and stated that KeyBank has a whole "transition team" that would be dedicated to this process. Also each Plan is designated service team rep and for this Plan that service team rep would be Mary Ann out of Cleveland. The Plan would have 24 hour email and phone contact with her as well as an annual visit. Each rep has about 25-28 clients and KeyBank is audited each year as a whole. They have a third party auditor that comes out to audit their firm each year and they have always had a clean report with no findings. Lastly Mr. Hegedus stated that the fee for their Custodial services is 3.5bp all-inclusive and is guaranteed for 3 years. Ms. Millers asked if the fees were negotiable and Mr. Hegedus stated that he would have to look into that and get back to the Board.

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- Wells Fargo Bank – (Presented By: Karl Hutchinson & Carlos Lopez)
Mr. Lopez introduced himself and Mr. Hutchinson. Mr. Hutchinson would be the Plan's relationship manager and he is based out of his home in Royal Palm Beach. Wells Fargo is the largest bank across the U.S. with \$1.7T in assets. There are 14,000 team members in Florida with branches here in West Palm Beach. Wells Fargo also serves as this Plan's local bank for benefit payments and account payables as well. Mr. Hutchinson discussed the Custodial/Trust aspect of Wells and noted that they are in the top 5 provider of Custodial services with 350 governmental entities. He reviewed the history of Wells and stated that they only had one conversion and that was when Wells bought out Wachovia. He also reviewed the conversion process of taking over new accounts and stated that they have a dedicated team that will make sure the transition is smooth without any interruptions. Wells Fargo goes through multiple audits and reviews per year and they also have Actuaries onsite as well. Lastly the Trustees discussed the fees that were quoted in the back of the report. The fees are based off the Plan's assets so as of July 6, 2015 Wells estimated this Plan's fees to be about \$23,943 per year, with an additional \$10K minimum annual fee. Ms. Miller asked if these fees were negotiable and Mr. Carlos stated that the fees are guaranteed for 3 to 4 years, but they are a firm offer.

BOARD DISCUSSION:

The Trustees had a lengthy discussion on the Custodial presentations, fees, transition process, etc. They noted that both firms are well qualified and offer a lot of the same qualities, although the fees were much different. Mr. Breth commented that he does not see KeyBank lowering their fee past 3bp.

A motion was made by Dorritt Miller to transition the Custodial services from Salem Trust to KeyBank as soon as possible. The motion was seconded by Mark Parks and carried 6-0.

Ms. Ross stated that she will work with all the appropriate parties to the agreement going, as well as the transition.

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

Mr. Breth reviewed the Plan's performance report for the quarter ending September 30, 2015. The asset allocation and well as the manager allocations are in line with their respective targets and policies. For the quarter the total fund lost about \$2.4, although for the fiscal year there was a slight gain of \$666,589. Quarter to date as of September 30, 2015 the fund was down -5.06% versus the index at -4.47%, but for the fiscal year they were slightly negative at 0.91% versus the index at -0.42%. For all other time periods and since inception they are outperforming their index's. Mr. Breth briefly reviewed each manager's performance for the quarter and

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noted that it was a tough quarter. Most managers were in line with their indexes and real estate was the best performing sector.

Mr. Breth reviewed the Plan's October 31, 2015 flash performance report and stated that the market value increased to \$44.5M, which is a quarter to date return of 4.66% so far. All managers are up for the month and he does not have any recommendations at this time for rebalancing or manager changes.

Lastly Mr. Breth reviewed his fee proposal summary from the Bogdahn group. He explained that they are proposing a hard dollar fee increase, over the next 3 years. The Plan's current fee is \$27K annually (and is guaranteed through the end of 2015) and he is proposing a total fee increase to \$31,500, but applied over the next 3 years. Effective 2016 the fee would increase to \$28,500, 2017 increases to \$30K, and 2018 increases to \$31,500. After that they will reassess the fees again at that time. The Trustees discussed the fee increase and stated that they are very happy with Mr. Breth's and Bogdahns's services and concurred to stay and grant the increase.

A motion was made by Mary Brandenburg to approve the Bogdahn Group's fee proposal as presented for a total increase to \$31,500 over the next 3 years (2016 = \$28,500, 2017 = \$30K, and 2018 = \$31,500. The motion was seconded by Dorritt Miller and carried 6-0.

MINUTES

The Board reviewed the minutes from the regular meeting held on September 15, 2015.

A motion was made by Jose-Luis Rodriguez to approve the minutes from the regular meeting held on September 15, 2015. The motion was seconded by Benny Rodgers and carried 6-0.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented through November 11, 2015.

A motion was made by Mary Brandenburg to approve the disbursements through November 11, 2015. The motion was seconded by Dorritt Miller and carried 6-0.

• **BENEFIT APPROVALS**

The Board reviewed application for death benefits for Joan Calloway, beneficiary of Donald Calloway and the application for retirement for Lervern Watts.

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A motion was made by Mary Brandenburg to approve the application for death benefits for Joan Calloway, beneficiary of Donald Calloway and the application for retirement for Lervern Watts. The motion was seconded Jose-Luis Rodriguez and carried 6-0.

Ms. Ross presented the Board with the 2016 meeting dates and noted that she only reflected the quarterly meeting dates as to the monthly meeting dates since that is the Board's intent going forward.

A motion was made by Mary Brandenburg to authorize and approve moving the meeting dates from monthly to quarterly as presented effective 2016. The motion was seconded Mark Parks and carried 6-0.

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

Ms. Weinger stated that the Ordinance regarding the revised election policy and procedures

OTHER BUSINESS

N/A

ADJOURN

There being no other business, and the next regular meeting having been scheduled for February 23, 2016 at 1:30PM, the meeting was adjourned at 3:35PM.

Dorritt Miller, Secretary