

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

**MINUTES OF MEETING HELD
AUGUST 23, 2016**

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

Those Trustees present were:

Dorritt Miller, Secretary
Benny Rodgers, Trustee
Mark Parks, Trustee
Mary Brandenburg, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Jon Breth, Investment Consultant – The Bogdahn Group
Nancy Urcheck & Stacey Weinger, Attorney – City of West Palm Beach
Joe Veranth, Investment Manager – Dana Advisors

PUBLIC COMMENTS

N/A

MINUTES

The Board reviewed the minutes from the special meeting held on April 5, 2016 and the regular meeting held on May 24, 2016.

A motion was made by Mary Brandenburg to approve the minutes from the special meeting held on April 5, 2016 and the regular meeting held on May 24, 2016. The motion was seconded by Mark Parks and carried 4-0.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented through August 23, 2016.

A motion was made by Benny Rodgers to approve the disbursements through August 23, 2016. The motion was seconded by Mark Parks 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 2016.

The Board received and filed the financial statements through the end of July 2016.

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

AUGUST 23, 2016

Ms. Ross noted that the Custodian transition occurred within this last quarter and everything went smoothly.

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

Ms. Urcheck stated that she will have the revised/updated COLA language available for next meeting to be reviewed. The Trustees briefly discussed the COLA benefit and the current language in which they agree needs to be changed for better understanding of the benefit and how it works.

OTHER BUSINESS

Ms. Ross stated that the Plan's Actuary has prepared the September 30, 2015 Chapter 112.664 F.S. Compliance Report as required under the new State Law. Ms. Ross noted that this report will be uploaded to the Plan's website as required and is for informational purposes only.

Ms. Ross presented the Board with the September 30, 2016 Audit Engagement letter from Steve Gordon's office. Ms. Miller noted that the proposed fee is not in line with their agreement (the agreed fee through September 30, 2016 is \$8,500, not 8,750 as stated in the letter).

A motion was made by Benny Rodgers to approve the September 30, 2016 Audit Engagement Letter with the corrected fee of \$8,500 as stated in the Audit agreement. The motion was seconded by Mary Brandenburg and carried 4-0.

Mr. Rodgers noted that last month's (the July 27, 2016) benefit payment was delayed due to an error with the Resource Centers processing of the ACH file. Ms. Ross stated that the pension payments were issued the next day and the problem was resolved. She also noted that they do have checks and balances in place to make sure that this issue does not occur again.

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

Mr. Breth briefly discussed the market environment during the quarter and noted that the biggest event that took place was the BREXIT which did not impact this Fund directly. Although it was a rough quarter for active fixed income manager's because of the low interest rate environment. Mr. Rodgers asked if the upcoming election has had any impact on the market place as of yet and Mr. Breth stated that it has had very little impact as of yet, but we shall see once it is over. Mr. Breth reviewed the Plan's compliance checklist and noted that he is recommending putting Dana on watch because of their underperformance for a couple of quarters now. Also he reviewed the Plan's asset allocation by managers and sectors and commented that they still have an overweight to real estate and an underweight to fixed income in which he is fine with due to the market

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES
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AUGUST 23, 2016

environment. Mr. Breth stated that he will probably recommend a rebalance in the beginning of 2017. Mr. Rodgers asked if we should be increasing the real estate target in the IPG as it has been doing so well. Mr. Breth stated that they will probably want to increase the real estate target to 10% in the IPG, but just not right now. As of June 30, 2016 the total fund assets are up to \$42.4M, although the total Plan was behind the index for the quarter net of fees at 0.92% versus 2.15%. For the fiscal year to date they are up 4.31%, but still lagging the benchmark at 7.67%. Mr. Breth briefly reviewed each Manager's performance during the quarter and noted that on the fixed income side Dana was positive but still lagging the benchmark. Argent Capital did well as they were positive and ahead of their benchmark. International equity was the largest detractor during the quarter with both managers underperforming their relative benchmarks. GHA had a great quarter as well as PIMCO who was the leading manager. Templeton remains behind the index, but both real estate managers are doing well. Mr. Breth stated that in the near future he will be bringing back some information regarding adding in some small cap to the portfolio as it may be beneficial to the Plan.

Lastly Mr. Breth briefly reviewed the Plan's July 31, 2016 flash performance report. For the quarter to date the total fund is up 2.86% versus the index at 2.78% and for the fiscal year they are up 3.95% but still lagging the index at 6.76%. He noted that Dana's performance is starting to turn around although they are still lagging their relative index. Both International equity managers are now outperforming, but Templeton is still behind. Mr. Breth explained that he is still comfortable with the Templeton fund because there have been no firm or investment changes here, just not a rewarding market place at the moment for this type of investment. Overall the fund is doing well and Mr. Breth does not have any other recommendations for changes or rebalancing at the moment.

**INVESTMENT MANAGER REPORT – DANA INVESTMENT ADVISORS
(PRESENTED BY: JOE VERANTH)**

Mr. Veranth introduced himself and stated that he is the new Florida client service rep on behalf of Dana Investment Advisors. He noted that the Bogdahn Group will be visiting the Dana office tomorrow to review the firm and this equity portfolio and management. Mr. Veranth reported that for the quarter ending June 30, 2016 the total fund is up 1.23% and for the fiscal year to date they are up 6.08%, although it is their weakest performance. He explained the reason for their recent underperformance over the last 3 quarters and noted that they have not made any investment or portfolio changes; the market place has just not been in favor of their investment style. Although their long term performance numbers are still good and that is what they really like to focus on since this is a long term investment. Mr. Veranth reviewed the Plan's asset allocation and noted the sectors that hurt them the most this last quarter which included energy. He reminded the

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

AUGUST 23, 2016

Board that Dana always remains fully invested in the market place and is market neutral. They will not change their investment style or philosophy despite the market place, although he reviewed some companies that they recently added and took out of the portfolio. Lastly Mr. Veranth stated that since the end of the quarter they are already starting to gain some back and they hope to continue this path as performance is very important to them.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for November 15, 2016 at 1:30PM, the meeting was adjourned at 3:12PM.

Dorritt Miller, Secretary