

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

**MINUTES OF MEETING HELD  
AUGUST 22, 2017**

A regular meeting of the Board of Trustees was called to order at 1:32 by Chair Leon Pinder in room 5.19 (3rd Floor, City Hall), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Leon Pinder, Chairman  
Dorritt Miller, Secretary  
Benny Rodgers, Trustee (arrived 1:14PM)  
Jose-Luis Rodriguez, Trustee  
Stephen Hunter, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers  
Jon Breth, Investment Consultant – & Co. Consulting  
Nancy Urcheck & Stacey Weinger, Attorney – City of West Palm Beach  
Kim Calhoun, Investment Manager, Westwood Group  
Brian Kahley, Investment Manager, Franklin Templeton

**PUBLIC COMMENTS**

N/A

**SELECTION OF CHAIRMAN & SECRETARY**

**A motion was made by Dorritt Miller to nominate Leon Pinder to remain as Chairman. The motion was seconded Jose-Luis Rodriguez and carried 5-0.**

**A motion was made by Dorritt Miller to nominate Jose-Luis Rodriguez as Secretary. The motion was seconded Benny Rodgers and carried 5-0.**

**MINUTES**

The Board reviewed the minutes from the special meeting held on April 21, 2017.

**A motion was made by Jose-Luis Rodriguez to approve the minutes from the special meeting held on April 21, 2017. The motion was seconded by Dorritt Miller and carried 5-0.**

The Board reviewed the minutes from the regular meeting held on May 16, 2017.

**A motion was made by Dorritt Miller to approve the minutes from the regular meeting held on May 16, 2017. The motion was seconded by Jose-Luis Rodriguez and carried 5-0.**

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**INVESTMENT MANAGER REPORT – FRANKLIN TEMPLETON  
(PRESENTED BY: BRIAN KAHLEY)**

Mr. Kahley introduced himself and gave a brief update on the firm. Templeton is a global organization around the world and briefly reviewed the different asset classes they manage on behalf of their clients. For this Plan they manage fixed income, the Templeton Global total return fund. This fund has a total of \$123.9B in assets and also has a very strong performance since inception, although the last 3 months has been difficult for them. The selloffs of treasury's and emerging markets hurt their performance in the most recent time period, but things are already starting to turn around. Mr. Kahle discussed interest rates and noted that they are positioned today in anticipation of rising rates. The Board discussed the index that they are currently using and Mr. Breth stated that the index is market cap rated, although this is the most comparable one to use as it is multiverse. The duration in this Plan remains at zero and he noted that they can change that fairly quickly depending on the market, although they are not anticipating on changing it at least through the end of this year.

**INVESTMENT MANAGER REPORT – WESTWOOD GROUP (PRESENTED  
BY: KIM CALHOUN)**

Ms. Calhoun introduced herself and stated that her firm is based out of Dallas, Texas. They also have offices in New York and Toronto. Westwood is a privately held company that was founded in 1983 with 177 employees and \$22.6B in assets. In 2016 Westwood received an award as the "best place to work" by their own employees. Mr. Calhoun reviewed the Fund's strategy that they are invested in and stated that they invest in 8 different areas of the market. The performance since inception is 7% per year with lower volatility than the 10 year treasury. They only invest in domestic stocks and reviewed the asset allocation with their largest holding currently in common stocks, but that is starting to decrease. Also the cash holding is a little higher right now than normal, but they will be putting that cash to work soon. Ms. Calhoun reviewed the funds return and risk compared to other benchmarks and noted that this fund has always outperformed with less risk. As of August 21, 2017 the fund was up 6.82% and for the last quarter they were up 2.07% versus the index at 1.72%.

**INVESTMENT CONSULTANT REPORT – &CO. CONSULTING  
(PRESENTED BY: JON BRETH)**

Mr. Breth reviewed the June 30, 2017 quarterly performance report. During the quarter the US dollar fell and the Euro slightly rose. Fixed income remained flat although the Fed's did slightly raise interest rates. He reviewed the compliance checklist and noted that everything is checked off "yes" with the exception of the 3 year total return which is below the Plan's assumed rate of return of 7.5%. The Plan's asset allocations are in line with their respective targets but due to the market environment, domestic equity

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is a little over weighted although Mr. Breth does not have any recommendations for rebalancing at this time because we will be taking from Dana and Argent in the near future for benefit payment and AP to lower their allocation. The Plan ended the quarter with \$44.9M in assets which is a return of 2.46% net of fees versus \$2.72% and for the fiscal year to date they are up 10.35% versus the index at 8.30%. Mr. Breth briefly reviewed each manager's performance and noted that all managers outperformed their relative indexes with the exception of Templeton and Westwood. Also Vanguard and Clarkston were added to the portfolio last quarter so they have not had enough time in the portfolio. The only recommendation that Mr. Breth has today is regarding American Realty. Currently we reinvest the quarterly dividends from American Realty back into the fund and Mr. Breth is now recommending that we get those quarterly dividends paid out to the Plan so that it helps with the cash flow and it will also bring down American Realty's over weight compared to their targets.

**A motion was made by Dorritt Miller to authorize American Realty to stop reinvesting their quarterly dividend payment and to have it paid out to the pension Plan on a quarterly basis effective October 1, 2017. The motion was seconded by Jose-Luis Rodriguez and carried 5-0.**

Mr. Breth briefly reviewed the July 31, 2017 flash performance report. Month to date they are up 1.54% and fiscal year to date they are up 9.80%.

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

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented through August 22, 2017.

**A motion was made by Jose-Luis Rodriguez to approve the disbursements through August 22, 2017. The motion was seconded by Dorritt Miller and carried 5-0.**

• **BENEFIT APPROVALS**

Ms. Ross presented the Board with the benefit approval list dated August 22, 2017.

The Trustees had a lengthy discussion on the benefit approval list which included some retirees that were previously overlooked after being setup for payment. Ms. Ross explained that her firm does have policies and procedures and systems in place to make sure that member's files and documents make it back to the Administrator for benefit approval after being setup for payment in between meetings so that they are not missed on a

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benefit approval list in the future. The Trustees also discussed Mr. Leroy Johnson who retired out under a normal retirement benefit in 2014 but should have been advised to file for a disability retirement due to an injury he incurred while working. Ms. Ross explained that the retirement application asks what type of retirement a member is applying for, and in addition to that the City never made her office aware that the member was injured. When the member came to the pension office to retire he did not mention anything about an injury or a disability. Going forward Ms. Ross stated that she will verbally confirm with each retiree what type of retirement they are intending on applying for to relieve any future confusion. Ms. Urcheck stated that this member has been receiving a normal retirement benefit since 2014 and the Board needs to ratify his benefit as is. Going forward the Board can recommend for him to fill out a disability application and if approved then he can start collecting a disability pension going forward. Ms. Ross stated that she will reach out to Mr. Johnson as he has not approached the Board about this issue; it was brought to the Board's attention by another member.

**A motion was made by Jose-Luis Rodriguez to approve the benefit approval list dated May 16, 2017. The motion was seconded by Dorritt Miller and carried 6-0.**

• **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of July 2017.

**The Board received and filed the financial statements through the end of July 2017.**

Ms. Ross presented the Board with a letter from her firm regarding the financial statements that her office prepares. She explained that a lot of work goes into preparing these statements as these are what the Auditors and Actuary use at fiscal year end. The statements are viewed by a CPA that is contracted out by PRC so that they are in compliance with all the auditing standards. PRC will be starting to charge for this service going forward a monthly fee of \$750. They reviewed the letter and Ms. Ross stated that the Plan is responsible for providing the Auditor with the general ledger and balance sheet each year, whether PRC does it or another service provider. The Trustees had a lengthy discussion and stated that they would like to table this letter until either Mr. Baur or Ms. McNeill can attend a meeting to discuss.

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

Ms. Urcheck stated that the revised COLA language is still pending as it is being reviewed by the Plan's Actuary.

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**OTHER BUSINESS**

Ms. Ross presented the Board with a letter from GRS regarding a proposed fee increase due to the new electronic reporting requirements that the Division of Retirement is now mandating. Each year the Actuary will need to update the Plan's online portal through the Division of Retirement with the all fiscal year end reports such as the Actuarial Valuation, Financial Statements, and all the new compliance reports that are required as well. GRS proposes a one-time online setup fee of \$1,250, and then each year thereafter it will be an annual fee of \$500 to update the online portals with the appropriate reports. The Trustees discussed the new reporting requirements as well as the proposed fee.

**A motion was made by Jose-Luis Rodriguez to approve the proposed GRS letter as presented regarding the fees for filing the Actuarial Valuation online each year (\$1,250 for the first year and then \$500 each year thereafter). The motion was seconded by Dorritt Miller and carried 5-0.**

Ms. Ross presented the Board with the September 30, 2017 audit engagement letter from KSDT. The fee increased this year by \$690 as the fee agreement with their firm has expired. The Board stated that they would have gone out for quotes from other firms, but at this point they do not have enough time. The Trustees had a lengthy discussion and noted that they would like the Resource Centers to pay for the audit fee increase of \$690 since they were not notified that the Auditor's contract was set to expire. Ms. Ross stated that she will ask her office about this request, but usually the Pension Plan's Attorney reviews and tracks contracts for the Plan's she works with so in this case it was overlooked and not intentional.

**A motion was made by Jose-Luis Rodriguez to approve the September 30, 2017 audit engagement letter from KSDT as presented. The motion was seconded by Dorritt Miller and carried 5-0.**

**ADJOURN**

There being no other business, and the next regular meeting having been scheduled for November 14, 2017 at 1:30PM, the meeting was adjourned at 2:36PM.

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Jose-Luis Rodriguez, Secretary