

# GENERAL EMPLOYEES PENSION BOARD

## Minutes of November 15, 2007

Meeting was called to order by Chairperson Thomas Lynch at 1:00 p.m.

Members Present: Thomas Lynch, Joseph Safford, Stephen Swank, Evan Turk and Milena Walinski  
Members Absent: None  
Guests Present: Terrill Barton, Karen Schell, John McCann & Brendon Vavrica (Thistle Asset Consulting) and Karen Russo (Salem Trust)

### **Item 1. Approval of the General Employees Pension Board Minutes for August 16, 2007.**

Mr. Lynch commented on page three, second paragraph of Item 8, the employer contribution is to be paid by December 31, 2008. This should be 2007. Mr. Swank moved to approve the minutes as amended for August 16, 2007, seconded by Mr. Safford. Said motion passed unanimously.

### **Item 2. Approval of the Following Invoices:**

- A. Thistle Asset Consulting, Inc, dated June 14, 2007, in the amount of \$4,750.00 for performance monitoring for the quarter ending June 30, 2007.

Mr. Safford moved to approve payment of this invoice, seconded by Mr. Swank. Said motion passed unanimously.

- B. Gabriel Roeder Smith & Company, dated July 31, 2007, in the amount of \$950.00 for retirement calculations for Reynolds and Worthington and buy back calculation for Dorling.

Mr. Swank moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

- C. State Street Global Advisors, dated August 14, 2007, in the amount of \$5,024.04 for investment management fee for the period of April 1, 2007 through June 30, 2007.

Ms. Walinski moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

- D. Gabriel Roeder Smith & Company, dated June 17, 2007, in the amount of \$25,000.00 for pension software services – benefit calculation, payroll import and administrative utilities.

Ms. Walinski moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

- E. Gabriel Roeder Smith & Company, dated September 30, 2007, in the amount of \$5,973.00 for retirement calculations for Davila, Gracia, Koen, Marion, Roberts, Rooney, Ruby, Tarantino and Weldon; buyback calculations for O'Connor and Young; actuarial impact statement for early retirement incentive.

Ms. Walinski moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

- F. City of Delray Beach, dated October 1, 2007, in the amount of \$5,340.83 for an automatic monthly reimbursement of Pension Coordinator's monthly salary and benefits.

Mr. Safford moved to approve payment of this invoice, seconded by Mr. Swank. Said motion passed unanimously.

- G. City of Delray Beach, dated October 11, 2007, in the amount of \$530.28 for reimbursement of FPPTA Trustees School for Karen Schell for October 7<sup>th</sup> through October 10<sup>th</sup>, 2007.

Ms. Walinski moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

- H. RhumbLine Advisers, dated October 17, 2007, in the amount of \$2,500.00 for quarterly management fee for the period of July 1, 2007 through September 30, 2007.

Mr. Safford moved to approve payment of this invoice, seconded by Mr. Swank. Said motion passed unanimously.

- I. Boston Company Asset Management, LLC, dated October 17, 2007, in the amount of \$26,003.65 for quarterly investment management fee for the period of October 1, 2007 through December 31, 2007.

Mr. Safford moved to approve payment of this invoice, seconded by Ms. Walinski. Said motion passed unanimously.

- J. Gabriel Roeder Smith & Company, dated November 7, 2007, in the amount of \$2,188.00 for preparation of October 1, 2007 Actuarial Valuation Report, revised impact statement pertaining to early retirement incentive plan and retirement calculations for Kussner & Desormeau.

Ms. Walinski moved to approve payment of this invoice, seconded by Mr. Safford. Said motion passed unanimously.

**Item 3. Approval of the Following DROP Retirements:**

A. Name: James Marion  
Age: 63  
Monthly Pension Amount: \$542.94  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Mr. Safford moved to approve the DROP retirement of James Marion, seconded by Mr. Swank. Said motion passed unanimously.

B. Name: Susan Ruby  
Age: 60  
Monthly Pension Amount: \$5,018.21  
Benefit Commenced: November 1, 2007  
Benefit Requested: Normal Form

Mr. Safford moved to approve the DROP retirement of Susan Ruby, seconded by Mr. Swank. Said motion passed unanimously.

**Item 4. Approval of the Following Early Retirement:**

A. Name: Philip Gracia  
Age: 57  
Monthly Pension Amount: \$1,629.69  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Mr. Safford moved to approve the Early retirement of Philip Gracia, seconded by Mr. Swank. Said motion passed unanimously.

**Item 5. Approval of the Following Retirements:**

A. Name: Nancy Davila (Early Incentive)  
Age: 54  
Monthly Pension Amount \$3,927.99  
Benefit Commenced: October 1, 2007  
Benefit Requested: 100% Joint & Survivor

Mr. Safford moved to approve the early incentive retirement of Nancy Davila, seconded by Mr. Swank. Said motion passed unanimously.

B. Name: Joyce Desormeau (Incentive)  
Age: 65  
Monthly Pension Amount \$2,826.31  
Benefit Commenced: October 1, 2007  
Benefit Requested: 75% Joint & Survivor Annuity

Mr. Safford moved to approve the incentive retirement of Joyce Desormeau, seconded by Ms. Walinski. Said motion passed unanimously.

C. Name: Jessie Grant (from DROP plan)  
Age: 53  
Monthly Pension Amount \$2,560.26  
Benefit Commenced: 10/01/07  
Benefit Requested: 66 2/3% Joint and Last Survivor Annuity

Ms. Walinski moved to approve the normal retirement of Jessie Grant, seconded by Mr. Safford. Said motion passed unanimously.

D. Name: Kerry Koen (Incentive)  
Age: 63  
Monthly Pension Amount \$6,316.63  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Mr. Safford moved to approve the incentive retirement of Kerry Koen, seconded by Ms. Walinski. Said motion passed unanimously.

E. Name: Robert Kussner (Incentive)  
Age: 58  
Monthly Pension Amount \$2,044.35  
Benefit Commenced: October 1, 2007  
Benefit Requested: 100% Joint and Survivor Annuity

Ms. Walinski moved to approve the incentive retirement of Robert Kussner, seconded by Mr. Safford. Said motion passed unanimously.

F. Name: Sandra Roberts (Early Incentive)  
Age: 58  
Monthly Pension Amount \$2,291.63  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Ms. Walinski moved to approve the early incentive retirement of Sandra Roberts, seconded by Mr. Safford. Said motion passed unanimously.

G. Name: Jacklyn Rooney (Incentive)  
Age: 65  
Monthly Pension Amount: \$2,292.38  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Mr. Safford moved to approve the incentive retirement of Jacklyn Rooney, seconded by Ms. Walinski. Said motion passed unanimously.

H. Name: Richard Tarantino (Early Incentive)  
Age: 59  
Monthly Pension Amount: \$1,876.82  
Benefit Commenced: October 1, 2007  
Benefit Requested: 75% Joint & Survivor

Ms. Walinski moved to approve the early incentive retirement of Richard Tarantino, seconded by Mr. Safford. Said motion passed unanimously.

I. Name: Joseph Weldon (Early Incentive)  
Age: 59  
Monthly Pension Amount: \$6,313.75  
Benefit Commenced: October 1, 2007  
Benefit Requested: Normal Form

Ms. Walinski moved to approve the early incentive retirement of Joseph Weldon, seconded by Mr. Safford. Said motion passed unanimously.

**Item 6. Approval of the Following Termination Refunds:**

A. Derrick Cook (Planning & Zoning) in the amount of \$1,587.49.

Mr. Safford moved to approve payment of this termination refund, seconded by Ms. Walinski. Said motion passed unanimously.

B. Dawn Teetsel ((Planning & Zoning) in the amount of \$31.86.

Mr. Safford moved to approve payment of this termination refund, seconded by Ms. Walinski. Said motion passed unanimously.

C. Kenneth Wright (Water & Sewer) in the amount of \$1,637.46.

Mr. Safford moved to approve payment of this termination refund, seconded by Mr. Swank. Said motion passed unanimously.

**Item 7. Approval of the Following Beneficiary Disbursement:**

A. Monthly benefit of \$1,972.01 to Mrs. Deborah Gilmore, beneficiary of Arthur Garland for one year then reduced to \$1,183.21 to continue to the earlier of Mrs. Gilmore's death or remarriage.

Mr. Safford moved to approve payment of the monthly benefit to Mrs. Deborah Gilmore, seconded by Mr. Swank. Said motion passed unanimously.

B. Total monthly benefit of \$2,056.76 to Ms. Noemi Lluveras, beneficiary of Luis Lluveras for a ten year certain and life thereafter annuity to continue until April 1, 2013 or her death, which ever occurs first. As the second beneficiary (May Stackhouse) passed away and the annuity is ten year certain, the total monthly benefit will now continue to Ms. Noemi Lluveras as surviving beneficiary.

Mr. Safford moved to approve payment of the monthly benefit to Noemi Lluveras through April 1, 2013, seconded by Mr. Swank. Said motion passed unanimously.

**Item 8. The General Employees Pension Board is being advised that the Plan has received the following checks which have been deposited in the Trust Account.**

- A. Paul Dorling in the amount of \$350.00, deposited August 30, 2007 for cost of actuarial calculation for "air time".
- B. Vantagepoint Transfer Agents, LLC in the amount of \$68,781.00, deposited September 14, 2007 for the purchase of "airtime" for Paul Dorling.
- C. Vantagepoint Transfer Agents, LLC in the amount of \$63,292.00, deposited September 24, 2007 for the purchase of "air time" for Becky O'Connor.
- D. Vantagepoint Transfer Agents, LLC in the amount of \$23,126.00, deposited September 24, 2007 for the purchase of "air time" for Mary Ann Young.
- E. Mary Ann Young in the amount of \$350.00, deposited October 4, 2007 for cost of actuarial calculation for "air time".
- F. Rebecca O'Connor in the amount of \$350.00, deposited October 26, 2007 for cost of actuarial calculation for "air time".

**Item 9. Distribution of the Quarterly Meeting Schedule for the General Employees Pension Board for Calendar Year 2008.**

Mr. Lynch indicated he may not be at the August 21<sup>st</sup> meeting. Discussion was that if all other members were in attendance, there would still be a quorum. Meetings will remain as scheduled.

**Item 10. Presentation by Salem Trust.**

Karen Russo, Vice President Regional Manager, recapped the services for the Period of October 1, 2006 through September 30, 2007. Mrs. Russo continued with the review of the Executive Management Summary indicating this is basically a brief summary of what has taken place throughout the month. Statements are also offered online as requested.

Mrs. Russo stated previously she attended meetings for this Board as was requested. She would be glad to attend any further meetings as often as the Board would like.

Mr. Lynch commented the Board's position would be that Salem Trust is doing a great job, things are smooth and if something is going wrong, Joe or Milena would let the Board know and at that time would request her attendance.

Mr. Safford commented staff has had an excellent relationship with Karen (Salem Trust) for years. All problems are resolved very quickly.

Mrs. Russo commented this also goes the other way; it's been a pleasure working with the City. Information given to us is accurate and complete.

At this time the Board moved to Item 12.

**Item 12. Review of Plan's Performance Evaluation for the Period Ending September 30, 2007.**

Mr. McCann reviewed the Equity Analysis indicating Boston Company is a large cap value manager, Loomis Sayles is a large cap growth manager and RhumbLine is a mid cap index fund. When all of these are added together an aggregate analysis is formed. Mr. McCann explained what the numbers, graphs and so forth mean to him and what he looks for in the portfolio. He checks to see if the international allocation is "0" and there is not an abundance of money in any one stock. The policy states any one stock should not be beyond 5% of the total fund.

Mr. Lynch suggested reviewing the items out of compliance every quarter.

These questions are taken from the investment policy guidelines. The equity return over the trailing 5-year period did not exceed the S & P 500/Citigroup Value Index being 17.93 vs. 18.22. (Behind .29 %.) The fixed income return over the trailing 3-year period did not exceed the LBAB; 3.85 vs. 3.86. There are fees involved and timing issues. There is a question of fixed income securities having a maturity within 30 or 35 years or less?

Mr. McCann continued with the Plan's Performance Evaluation by stating the asset allocation illustrates 57% in equities for a total of \$45,784,000; made up of \$20,804,000 with Boston, \$20,516,000 with Loomis and \$4,683,000 with RhumbLine. There is 42% in fixed income for a total of \$33,927,000; and 1% for cash for a total of \$690,000; a grand total of \$80,401,000.

The total fund for the quarter did exceed the index, 2.93% versus 2.37% ranking 12<sup>th</sup>; for one year the return was 12.17% versus the policy of 11.06% ranking 24<sup>th</sup>; three years 8.787% versus the policy of 8.60% ranking 49<sup>th</sup> and five years 9.18% versus the policy of 10.03% ranking 74<sup>th</sup>. Equity return for the quarter was 3.107% versus the policy of 1.94% ranking 29<sup>th</sup>; one year 19.61% versus the policy of 16.41% ranking 17<sup>th</sup>; three years 14.36% versus the policy of 13.12% ranking 33<sup>rd</sup> and five years 15.45% versus the policy of 15.45% ranking 66<sup>th</sup>.

The quarterly return for fixed income was 2.86% versus the policy of 2.85% ranking 10<sup>th</sup>; for one year 5.12% versus the policy of 5.13% ranking 24<sup>th</sup> and five years 4.35% versus the policy of 4.42% ranking 30<sup>th</sup>.

The Board now returned to Item 11.

**Item 11. Review of Investments allowed under the General Employees Pension Plan.**

At this time, Mr. McCann reviewed the Asset Allocation Analysis based on small caps and international. This was in reference to the possibility of changing the asset allocation to take on more risk and more equity.

Should the Board want to go with international, the Ordinance and Policy would need to be changed as international investment is currently not allowed.

After further discussion between Board members, it was agreed not to change any investments at this time, however to move forward with the changing of the City Ordinance and Policy to allow the flexibility if indeed the Board wanted to pursue further international investments.

Mr. Safford moved to make a motion to request City permission to allow the General Employee Pension Board the right to have the same investment flexibility as the State Statutes, seconded by Mr. Swank. Said motion passed unanimously.

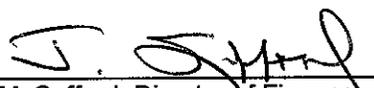
Mr. Lynch requested the City Attorney's office to draft a revision of the Ordinance and forward to Karen for distribution. Should any Board member see a problem or have questions, they would then get back to Karen; otherwise it would be assumed to pass at the next meeting.

Mr. Safford commented to keep in mind the sunshine law and not to discuss with any other Board members until the next meeting.

**Motion to Adjourn:**

There being no further business, Mr. Safford moved to make a motion for adjournment, seconded by Ms. Walinski. Said motion passed unanimously. The meeting adjourned at approximately 3:00 p.m.

The undersigned is the Finance Director of the City of Delray Beach and the Secretary for the General Employees Pension Board. The information provided herein is the minutes of the City of Delray Beach General Employees Pension Board of November 15, 2007, which minutes were formally approved and adopted by the General Employees Pension Board on February 21, 2008.

  
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Joseph M. Safford, Director of Finance  
Secretary, General Employees Pension Board

/kms  
cc: General Employees Pension Board Members  
David Harden, City Manager  
Susan Ruby, City Attorney  
Department Heads