

**GENERAL EMPLOYEES PENSION BOARD**  
**Minutes of**  
**May 19, 2005**

Meeting was called to order by Chairman Keating at 1:05 p.m.

Members Present: Jeffrey Keating, Thomas Lynch, Joseph Safford, Stephen Swank, and Milena Walinski  
Members Absent: None  
Guests Present: Karen Schell, Executive Assistant, Susan Ruby, City Attorney, Doug Randolph, Training & Development Manager, John McCann, GRS Asset Consultant

**Item 1 Approval of the General Employees Pension Board Minutes for November 18, 2004.**

Mr. Safford indicated an error on page 3 of the minutes. The word "rank" should be "range". Correction was noted. Mr. Safford moved to approve the minutes for February 17, 2005, seconded by Ms. Walinski. Said motion passed unanimously.

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

- A. Arthur J Gallagher & Company, dated February 8, 2005, in the amount of \$15,855.00 for the Fiduciary Liability Renewal for the term of 2005-2006.

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

- B. State Street Global Advisors, dated February 17, 2005, in the amount of \$4,498.96 for Investment Management Fee for the period of October 1, 2004 through December 31, 2004.

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

- C. The Boston Company Asset Management, LLC, dated March 1, 2005, in the amount of \$18,915.90 for Investment Management Fee for the period of January 1, 2005 through March 31, 2005. (Includes corrections and adjustments for the period of October 1, 2004 through December 31, 2004.)

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

- D. Gabriel, Roeder, Smith & Company, dated March 11, 2005, in the amount of \$4,801.00 for the Actuarial Valuation Report, Actuarial Impact Statement for reduction in NCFO employee contribution rate and raising the multiplier to 3%, and preparation of table used to estimate the purchase of past service using the 3% multiplier.

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

- E. Davis Hamilton Jackson & Associates, dated April 26, 2005, in the amount of \$20,927.15 for Quarterly Management Fee for the period of April 1, 2005 through June 30, 2005.

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

- F. The Boston Company Asset Management, LLC, dated April 29, 2005, in the amount of \$17,784.47 for Investment Management Fee for the period of April 1, 2005 through June 30, 2005.

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

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

A. Name: Jessie Grant (DROP Plan)  
Age: 49 (30 years service)  
Monthly Pension Amount \$2,560.26  
Benefit Commenced: January 1, 2005  
Benefit Requested: 66 2/3% Joint & Last Survivor Annuity

Mr. Lynch moved to approve the DROP retirement of Jessie Grant, seconded by Mr. Safford. Said motion passed unanimously.

B. Name: Katie Vizzi (Normal)  
Age: 63  
Monthly Pension Amount \$197.89  
Benefit Commenced: May 1, 2005  
Benefit Requested: Normal Form

Mr. Lynch moved to approve the normal retirement of Katie Vizzi, seconded by Mr. Safford. Said motion passed unanimously.

C. Name: Norma Smith (from DROP Plan)  
Age: 56 (30 years service)  
Monthly Pension Amount \$2,403.54  
Benefit Commenced: May 1, 2005  
Benefit Requested: Normal Form

Mr. Lynch moved to approve the normal retirement of Norma Smith, seconded by Mr. Safford. Said motion passed unanimously.

D. Name: Ralph East (DROP Plan)  
Age: 60  
Monthly Pension Amount \$1,668.64  
Benefit Commenced: May 1, 2005  
Benefit Requested: 100% Joint & Last Survivor Annuity

Mr. Lynch moved to approve the DROP retirement of Ralph East, seconded by Mr. Safford. Said motion passed unanimously.

E. Name: Celeste McDonough (from DROP Plan)  
Age: 66  
Monthly Pension Amount \$1,227.58  
Benefit Commenced: June 1, 2005  
Benefit Requested: Normal Form

Mr. Lynch moved to approve the normal retirement of Celeste McDonough, seconded by Mr. Safford. Said motion passed unanimously.

F. Name: Emmanuel Guerrier (DROP Plan)  
Age: 65  
Monthly Pension Amount \$1,273.45  
Benefit Commenced: June 1, 2005  
Benefit Requested: 10 Year Certain & Life Thereafter Annuity

Mr. Lynch moved to approve the DROP retirement of Emmanuel Guerrier, seconded by Mr. Safford. Said motion passed unanimously.

**Item 4 Approval of the Following Termination Refunds:**

A. Robert Madoo (Public Works) in the amount of \$6,856.23.

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

- B. James Williamson, Jr. (Public Works) in the amount of \$1,610.17.

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

- C. Robin Becher, (Police-Evidence Custodian) in the amount of \$721.37.

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

**Item 5 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. Lynch, Jones & Ryan in the amount of \$1,662.00, deposited February 25, 2005 for refund of commissions paid.
- B. Lynch, Jones & Ryan in the amount of \$2,778.00, deposited March 8, 2005 for refund of commissions paid.
- C. Lynch, Jones & Ryan in the amount of \$1,060.00, deposited April 18, 2005 for refund of commissions paid.
- D. Nancy Davila in the amount of \$1,786.60, deposited April 18, 2005 for balance due for the purchase of previous government service.
- E. Town of Palm Beach in the amount of \$1,555.78, deposited April 29, 2005 for refund of rehired employee's (Eugene Tarver) contributions previously paid due to termination of August 8, 2002.
- F. Scott Pape in the amount of \$6,192.02, deposited May 9, 2005 for the balance due for the purchase of previous government service.

**Item 6 Review of Bank of New York acquiring Lynch, Jones & Ryan, Inc.**

Mr. McCann indicated BNY Brokerage is a major provider of commission recapture services. They will continue to use the name of Lynch, Jones and Ryan, Inc. BNY Brokerage is a leading transition management provider. Basically there will be no changes with service.

**Item 7 Review of Plan's Performance Evaluation for the Period Ending March 31, 2005.**

Mr. McCann found it surprising that in a letter from Carl O'Connor and Ryan Fitzpatrick to Mr. Safford it was stated the large cap value has an emphasis in higher data stocks with less emphasis on dividend yield.

Mr. Keating has the opposite direction; in the next five years, the capital market indicates the dividend yields are going to be the driving force in one's investment returns. Interest rates in the United States are almost 3% higher than they are anywhere else in the world.

Mr. McCann continued with a statement in the letter that a continued enhanced focus in dividend yield should help to generate consistency of returns while implicitly lowering the data of the portfolio.

Per Mr. McCann's summary of the Plan's performance dated March 31, 2005, the plan did not exceed the policy for three years (4.19% versus 5.17%). The funds ranked 60th in percentile; the total return is 3.85%.

Boston Company equity return did exceed the S&P 500 index plus .50% (3.80% versus 3.25%). The equity return did not exceed the S&P 500/Barra Value (3.80% versus 5.14%); the return ranked 50<sup>th</sup> in percentile.

Davis, Hamilton & Jackson equity return did not exceed the S&P 500 index plus .50% (0.09% versus 3.25%). The equity return did not exceed the S&P 500/Barra Growth (0.09% versus 0.27%); the equity return ranked 48<sup>th</sup> in percentile.

State Street fixed income return portion did not exceed the LBAB (6.78% versus 6.89%); is ranked 23<sup>rd</sup> in percentile.

Delray Beach General Employees Pension Plan has a total of 65.6 million which consists of 46% fixed income, 53% equity and 1% cash.

The managers' distribution is listed as 45% for State Street, 29% for the Boston Company, and 26% for Davis, Hamilton and Jackson.

Board members continued discussion of rebalancing the funds at this time. Mr. Safford moved to make a motion to move \$2 million from Boston Company to Fixed Income Management State Street, seconded by Mr. Lynch. Said motion passed unanimously.

The General Employees Pension Plan current quarter return is down at -0.97% (36<sup>th</sup> percentile) for a total fund with the policy at -1.29%. For the year, the plan earned 3.85% (50<sup>th</sup> percentile) with the policy at 3.99%. For three years at 4.19% (60<sup>th</sup> percentile) with the policy at 5.17% and for five years the plan earned 3.44% (46<sup>th</sup> percentile) with the policy at 2.25%. Total equity for the past quarter -1.36% (33<sup>rd</sup> percentile) one year is 7.25% (40<sup>th</sup> percentile) with the policy at 6.69%. Fixed income is -.50% (55<sup>th</sup> percentile) average with the percentile, three years at 6.78% (23<sup>rd</sup> percentile).

Boston Company's past quarter is -.026% (29<sup>th</sup> percentile), however the Barra Value is -2.43%. One year is at 10.31% (29<sup>th</sup> percentile) with the policy at 9.24%, three year is at 3.80% (50<sup>th</sup> percentile) with the policy at 5.14%, and five years the return was at 4.22% (33<sup>rd</sup> percentile) with the Barra Value at 1.93%.

Davis, Hamilton, Jackson is ranked 31<sup>st</sup> for the quarter, a return of -2.56% with the Barra Growth at -1.86%. For one year, the return was 3.97% (37<sup>th</sup> percentile) with the policy at 4.13%.

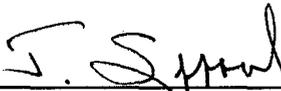
**Other Business Brought Before the Board:**

None.

**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 2:00 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 May 19, 2005, which minutes were formally approved and adopted by the General Employees Pension Board on August 18<sup>th</sup>, 2005.



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