

GENERAL EMPLOYEES PENSION BOARD

Minutes of May 18, 2006

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

Members Present: Jeffrey Keating, Thomas Lynch, Joseph Safford, Stephen Swank and Milena Walinski
Members Absent: None
Guests Present: Susan Ruby, Karen Schell, John McCann (GRS Asset Consulting)

Item 1 Approval of the General Employees Pension Board Minutes for February 23, 2006.

Mr. Swank indicated on the third paragraph of Page 4, the word "high" should be "low"; the \$10,000 deductible is quite low for the minimal exposure needed.

Mr. Lynch moved to approve the minutes for May 18, 2006 as corrected, seconded by Mr. Swank. Said motion passed unanimously.

Item 2 Approval of the Following Invoices:

- A. State Street Global Advisors, dated February 13, 2006, in the amount of \$4,886.09 for quarterly management fee for the period of October 1, 2005 through December 31, 2005.

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

- B. The Boston Company Asset Management, LLC, dated January 20, 2006, in the amount of \$22,501.59 for quarterly investment management fee for the period of January 1, 2006 through March 31, 2006.

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

- C. Gabriel, Roeder, Smith & Company, dated March 31, 2006, in the amount of \$3,242.00 for partial preparation of 10/01/05 Actuarial Valuation Report, partial preparation of Actuarial Experience Study, retirement calculations for Meissner, Scherz, Taylor and Zarch and buy back calculation for Ruby.

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

- D. Davis, Hamilton, Jackson & Associates, dated April 7, 2006, in the amount of \$22,651.28 for quarterly management fees for the period of April 1, 2006 through June 30, 2006.

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

- E. The Boston Company Asset Management, LLC, dated April 18, 2006, in the amount of \$23,377.59 for quarterly investment management fee for the period of April 1, 2006 through June 30, 2006.

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

- F. Arthur J Gallagher & Company, dated March 7, 2006, in the amount of \$15,855.00 for the fiduciary liability renewal for the term of 2006-2007.

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

Mr. Lynch questioned if further quotes were completed using a higher deductible of \$25,000 and \$50,000 to reduce the premium. Members agree the TRIA coverage was not needed. Mr. Safford stated he would follow up with Risk Management.

Item 3 Approval of the Following DROP Retirement:

A. Name: Jeffrey Zarch
Age: 60
Monthly Pension Amount: \$917.82
Benefit Commenced: May 1, 2006
Benefit Requested: 100% Joint & Last Survivor Annuity

Ms. Walinski moved to approve the DROP retirement of Jeffrey Zarch, seconded by Mr. Lynch. Said motion passed unanimously.

B. Name: Patricia Taylor
Age: 48
Monthly Pension Amount: \$3,191.91
Benefit Commenced: July 1, 2006
Benefit Requested: Normal Form

Ms. Walinski moved to approve the DROP retirement of Patricia Taylor, seconded by Mr. Lynch. Said motion passed unanimously.

C. Name: Barbara Scherz
Age: 68
Monthly Pension Amount: \$693.05
Benefit Commenced: May 1, 2006
Benefit Requested: Normal Form

Ms. Walinski moved to approve the DROP retirement of Barbara Scherz, seconded by Mr. Lynch. Said motion passed unanimously.

D. Name: Irene Meissner
Age: 60
Monthly Pension Amount: \$1,411.05
Benefit Commenced: May 1, 2006
Benefit Requested: Normal Form

Ms. Walinski moved to approve the DROP retirement of Irene Meissner, seconded by Mr. Lynch. Said motion passed unanimously.

Item 4 Approval of the Following Retirement:

A. Name: Rebecca Huddleston
Age: 60
Monthly Pension Amount: \$1,295.25
Benefit Commenced: July 1, 2006
Benefit Requested: Normal Form

Ms. Walinski moved to approve the normal retirement of Rebecca Huddleston, seconded by Mr. Lynch. Said motion passed unanimously.

Item 5 Approval of the Following Termination Refunds:

A. David Woodard (Parks & Recreation) in the amount of \$2,039.61.

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

B. Jason Dobronz (Planning & Zoning) in the amount of \$585.71.

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

Item 6 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. Vantagepoint Transfer Agents, LLC fbo Susan Ruby in the amount of \$16,255.00, deposited March 7, 2006, for the purchase of an additional six months previous city service at the 2.5% multiplier.
- B. Lynch, Jones & Ryan in the amount of \$3,044.00, deposited March 8, 2006, for January 2006 commissions.
- C. Lynch, Jones & Ryan in the amount of \$2,408.00, deposited April 6, 2006, for February 2006 commissions.
- D. Kerry Koen in the amount of \$350.00, deposited April 6, 2006 for actuarial calculation fees.
- E. Sun Trust in the amount of \$158.99, deposited May 1, 2006 for the settlement of the Sprint class action proceeds.
- F. Lynch, Jones & Ryan in the amount of \$1,567.00, deposited May 9, 2006, for March 2006 commissions.

Item 7 The General Employees Pension Board is being advised that Tom Lynch has been reappointed for another term to the General Employees Retirement Committee.

Item 8 Review of assigning investment consulting practice to GRS Asset Consulting Group, Inc. and agreement between the City of Delray Beach and GRS Asset Consulting Group, Inc.

Mr. Safford indicated at the last meeting the agreement was to be forwarded to the City Attorney for review. Ms. Ruby indicated it was reviewed and recommends the Board approve and sign the consent to assignment. There was no difference from the prior agreement.

Mr. Lynch moved to approve the consent to assignment, seconded by Mr. Safford. Said motion passed unanimously.

In response to Mr. Lynch's request, Mr. McCann will forward a copy of the insurance as listed under number fourteen of the agreement.

Item 9 Review of Plan's Performance Evaluation for the Period Ending March 31, 2006.

Mr. McCann reviewed the Callan Periodic Table of Investment Returns indicating the best performing asset class is the international stock. Mr. McCann indicated large cap growth, which is Davis, Hamilton, Jackson & Associates territory has been listed on the bottom for the past six years in a row. The returns have been good; however they are still on the bottom of the scale.

Mr. McCann reviewed the portfolio with Boston Company's equity analysis. Seventy six percent of the 18 ½ million is in value style which is where Boston Company should be. Mr. McCann introduced a few new managers. In response to Mr. Lynch's question of what the Mid Cap Disciplined Equity Manager was, Mr. McCann indicated it is an enhanced index, an active manager. The index is trimmed down to 400 stocks in the S & P 400 mid cap.

Mr. Lynch stated he feels it is more philosophical to make a few changes and add more diversity. The question is do we want to bring in small cap, international or mid cap.

Mr. Keating stated he believes the Board eliminated the small cap because the variance of return for large cap is plus or minus 20% annually; small cap is plus or minus 40%. That has a lot of annual risk, the same thing for a merging international.

Mr. Lynch commented he did not think the Board was able to go international. The City's ordinance would need to change.

Mr. Keating agreed stating at the last meeting conversation was whether to add a small piece of a third class such as mid cap.

Further discussion pursued among Board members. Members agree changes and diversification need to take place. Board members requested Mr. McCann to research into State Street's index fund, compare the index fund performance to the managed fund performance, find what the cost basis is (fees), and illustrate two or three other mid cap managed funds. The Board could then review it and see if it would be worth selecting State Street's managed fund along with reviewing some stocks where the Board could see their trend if any.

Mr. McCann indicated he recently returned from a meeting in Miami Beach where a pure large cap growth search was completed. If memory served Mr. McCann correctly, the four top growth funds were as follows: Freedom Capital, Region, Sears and Systematic Financial Research. Mr. McCann stated he would put this information together and bring it before the Board at the next meeting.

Board members decided not to wait for another quarter before making these changes and all had agreed on a Special Meeting for Thursday, June 8, 2006 at 1:00 pm.

Mr. Lynch indicated he would not be able to attend but would participate by phone if that could be done.

Mr. McCann continued with the plan's performance evaluation indicating the plan is on the good side for the quarter. Boston Company is doing quite well for their trailing years. In an overall review, Mr. McCann indicated he did not notice anything that needed to be addressed. Mr. McCann commented he feels the Board is doing a good thing by searching into other diversification.

Item 10 Review of Boston Company's subscription to the Electra Information Systems RecCollect Custodian Reconciliation Data Collection Service.

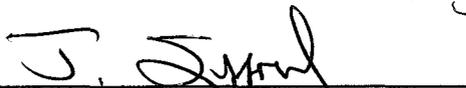
Mr. Keating stated Boston Company has requested approval to release information to a third party, Electra Information Systems. Mr. Safford, Ms. Ruby and Mr. Keating all consented they did not see any problem with this. Mr. Keating commented according to Boston Company they ask for information about the ownership of the assets, the funds would not be divulged. Apparently this is for statistical information.

Mr. Lynch moved to approve the release of this information, seconded by Mr. Swank. Said motion passed unanimously.

Motion to Adjourn:

There being no further business, Mr. Safford moved to make a motion for adjournment, seconded by Mr. Lynch. Said motion passed unanimously. The meeting adjourned at approximately 2:45 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 18, 2006, which minutes were formally approved and adopted by the General Employees Pension Board on August 24, 2006.



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