

# GENERAL EMPLOYEES PENSION BOARD

## Minutes of May 17, 2007

Meeting was called to order by Vice Chairperson Milena Walinski at 1:03 p.m.

Members Present: Thomas Lynch, Joseph Safford, Stephen Swank and Milena Walinski  
Members Absent: None  
Guests Present: Susan Ruby, Karen Schell, John McCann (Thistle Asset Consulting) and Evan Turk (Private Citizen)

Mr. Safford stated the loss of Jeff Keating is very overwhelming to the Board; he was a great asset to the Plan. In recognition of Jeff's passing away, Mr. Safford requested a moment of silence.

### **Item 1 Approval of the General Employees Pension Board Minutes for February 15, 2007.**

Mr. Lynch moved to approve the minutes for February 15, 2007, seconded by Mr. Swank. Said motion passed unanimously.

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

- A. State Street Global Advisors, dated February 13, 2007, in the amount of \$5,326.17 for quarterly management fee for the period of October 1, 2006 through December 31, 2006.

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

- B. Gabriel, Roeder, Smith & Company, dated March 5, 2007, in the amount of \$8,658.00 for final charges for preparation of October 1, 2006 actuarial valuation report, employee benefit statements and retirement benefit calculations for Fadden and Tubbs.

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

- C. Arthur J Gallagher Risk Management Services, dated March 9, 2007, in the amount of \$7,700.00 for fiduciary liability for General Employee's Pension Board for policy period February 28, 2007 through February 28, 2008.

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

- D. Thistle Asset Consulting, Inc, dated April 4, 2007, in the amount of \$4,000.00 for performance monitoring for the quarter ending March 31, 2007.

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

- E. RhumbLine Advisers, dated April 26, 2007 in the amount of \$1,616.44 for quarterly management fee for the period of January 31, 2007 through March 31, 2007.

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 20, 2007 in the amount of \$22,593.33 for quarterly management fee for the period of April 1, 2007 through June 30, 2007.

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

**(The following items can be approved as one item as each is under \$1,000.00)**

- G. Kenneth Lee M.D., Pharm D., dated November 9, 2006, in the amount of \$500.00 for the disability evaluation for William Renner.
- H. Kenneth Lee M.D., Pharm D., dated April 23, 2007, in the amount of \$500.00 for the disability evaluation for William Rodriguez.

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

**Item 3. Approval of the Following Retirement:**

- A. Name: Pamela Tubbs  
Age: 60  
Monthly Pension Amount: \$547.43  
Benefit Commenced: April 1, 2007  
Benefit Requested: 100% Joint and Survivor Annuity

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

- B. Name: Frank Fadden  
Age: 63  
Monthly Pension Amount: \$287.65  
Benefit Commenced: April 1, 2007  
Benefit Requested: 100% Joint and Survivor Annuity

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

- C. Name: Robert Bullard  
Age: 65  
Monthly Pension Amount: \$3,534.97  
Benefit Commenced: April 1, 2007  
Benefit Requested: 100% Joint and Survivor Annuity

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

- D. Name: Edouard Gast  
Age: 60  
Monthly Pension Amount: \$2,212.16  
Benefit Commenced: April 1, 2007  
Benefit Requested: 100% Joint and Survivor Annuity

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

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

- A. Michele Robson (Police Department) in the amount of \$2,963.52.

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

- B. Daisy Darocha (Police Department) in the amount of \$44.04.

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

- C. David Lopez (Water & Sewer) in the amount of \$668.69.

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

- D. Jimmy Walker (Utility Billing) in the amount of \$6,122.24.

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

- E. Hugo Luc (Parks & Recreation) in the amount of \$2,077.22.

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

- F. Susan Flinn (Fire Department) in the amount of \$2,278.00.

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

**Item 5. Approval of the Following Beneficiary Disbursement:**

- A. Monthly benefit of \$1,028.38 to retiree Luis Lluveras' designated beneficiaries, Noemi Lluveras and May Stackhouse each to receive 50% of the monthly benefit of a Ten Year Certain and Life Thereafter Annuity. Mr. Lluveras started receiving benefits on May 1, 2003.

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

**Item 6. Review of Beneficiary Disbursement for Minor Child Sharhonda Harris.**

Ms. Ruby is requesting authorization to file a complaint for declaratory and injunctive relief and/or petition for guardianship of a minor regarding the pension benefit of Anthony Harris, a former city employee. Sharhonda Harris a minor child of deceased Anthony Harris is entitled to a monthly death benefit effective retroactively November 1, 2006. In order for the child to receive the benefit due her, a guardianship would need to be set up because the funds may exceed \$15,000.00.

Previous attempts to have the natural mother, who is not a beneficiary, set this guardianship up has not been successful, therefore we will need the Court to act. Benefits may then be paid to either a guardian that the Court appoints or possibly the Registry of the Court.

Mr. Lynch moved to approve the filing of a complaint to have the Court appoint Guardianship of a Minor Regarding the Pension Benefit of Anthony Harris, seconded by Mr. Safford. Said motion passed unanimously.

**Item 7. 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 \$1,303.00, deposited February 28, 2007 for the month of January 2007 commissions.
- B. Sun Trust Bank in the amount of \$238.24, deposited March 20, 2007 for the settlement proceeds with Honeywell Class Action.
- C. Lynch, Jones & Ryan in the amount of \$85.00, deposited March 28, 2007 for the month of February 2007 commissions.
- D. Evelyn Moore in the amount of \$2,279.20, deposited March 30, 2007 for reimbursement of four months benefit payments to Hugh Keane due to death.

**Item 8. Review Loomis Sayles Trust Company, LLC appointed as Trustee; Investors Bank & Trust Company to serve as custodian.**

Ms. Ruby reviewed with the pension lawyer Jim Linn, to confirm certain side letters about investing were still in place under the new agreement. Ms. Ruby was not sure if the Board had previously approved the Loomis Sayles agreement before, but feels that all is in order to do so at this time.

Mr. Safford moved to approve the Loomis Sayles contract with the side letter(s) to be included, seconded by Mr. Lynch. Said motion passed unanimously.

**Item 9. Review of Thistle Asset Consulting Agreement.**

Ms. Ruby indicated Thistle Asset Consulting has made certain changes as recommended by the pension lawyer, Jim Linn. The last page of Exhibit "A" sets forth the charges.

Mr. Safford moved to approve the agreement with Thistle Asset Consulting dated April 1, 2007, seconded by Mr. Swank. Said motion passed unanimously.

Mr. Lynch questioned after the three years expires is it a legal requirement to go through a bidding process.

Ms. Ruby indicated not necessarily as it could be a personal service where the Board values the expertise of a particular manager and/or advisors. The Code of Ordinances does not require a bid process for personal services.

In response to Mr. Lynch's question if there was a need for any professional liability, Mr. Safford noted in the agreement that Mr. McCann's Comprehensive General Liability Insurance and Errors and Omissions Insurance shall both be a minimum of \$1,000,000.00.

**Item 10. Review of the Plan's October 1, 2006 Actuarial Valuation Report.**

Ms. Walinski indicated there was a memo with Jeff Keating's comment with reference to this report.

Steve Palmquist was not able to attend this meeting but will be here for the August meeting to review and answer any questions.

A brief discussion was pursued among Board members as to the salary increase assumption being changed to a table versus percentage which was taken into consideration with the new experience study that was completed.

Mr. Safford commented the five year smoothing illustrated a 3.2 million dollar deficit in 2002 (\$650,000/year). This is the last year as recognition of this deficit. One can see the positive balances in 2003 through 2006. We should see a turnaround and thus a reduction in the City's cost going forward.

**Item 11. Review of Plan's Performance Evaluation for the Period Ending March 31, 2007.**

Mr. McCann thanked the Board Members for renewing his contract. Mr. McCann distributed an Asset Allocation Analysis Report in which he reviewed in detail. Page 1 and 2 illustrated the Asset Classes in the plan at the present time along with the assumption of risk, return and yield. When an Asset Class is added it may bring down the risk of another class due to diversification. Mr. McCann continued explaining the correlation of the Asset Classes with each other. Large cap growth stocks are uncorrelated with the government bonds and corporate bonds; when large cap growth stocks go up, bonds will probably going down. Page 4 illustrates the efficient frontier which illustrates a graph of the present return and risk versus the policy; page 5 shows the investment alternatives (the present and policy). The percentages in the "present" column were taken from the December 31, 2006 bank statement. We expect a return of 8.09% with a risk of 8.14%. The probability of exceeding the target return is illustrated at five year incremental using a target return of 7.50%, 7.75% and 8.00%.

Ms. Walinski indicated with the new study the target return is 7.25%.

Mr. McCann commented this was excellent as there is a 77% chance of exceeding the 7.25% return rate when looking at a long term of 35 years.

Mr. McCann continued with the review of the quarterly performance indicating the Market Snapshot was for informational purposes. The index comparison was looking good where all is pointing upwards. The asset allocation illustrates 55% in equities for a total of \$42,508,000; 44% in fixed income for a total of \$33,697,000; and 1% in cash for a total of \$446,000; a grand total of \$76,651,000.

The total fund for the quarter exceeded the index, 1.34% versus 1.09% ranking 31st; for one year the return was 9.14% versus the policy of 9.23% ranking 34<sup>th</sup>; three years 6.37% versus the policy of 6.71% ranking 75<sup>th</sup> and five years 5.56% versus the policy of 6.33% ranking 53<sup>rd</sup>. Equity return for the quarter was 1.33% versus the policy of 0.64% ranking 28<sup>th</sup>; one year 12.78% versus the policy of 11.83% ranking 25<sup>th</sup>; three years 10.330% versus the policy of 10.06% ranking 40<sup>th</sup> and five years 5.87% versus the policy of 6.27% ranking 63<sup>rd</sup>.

The quarterly return for fixed income was 1.50% versus the policy of 1.50% ranking 30<sup>th</sup>; for one year 6.57% versus the policy of 6.58% ranking 25<sup>th</sup> and five years 5.82% versus the policy of 5.88% ranking 26<sup>th</sup>.

**Item 12. Other Business.**

Mr. Lynch commented he was the Commissioner to appoint Jeff Keating to this Board. He just received a letter from Mr. Keating's wife that his brother was going to take over in managing their funds. Mr. Lynch mentioned that he was going to meet with him in the next few weeks and see if he would be interested in serving on the Board.

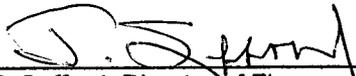
Ms. Schell, the Board Liaison, had also mentioned Mr. Evan Turk has submitted his application and was in attendance of today's meeting to see if this was what he was interested in.

Ms. Ruby stated if anyone is interested, they should talk to City Clerk's Office for further information.

**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 2:36 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 17, 2007, which minutes were formally approved and adopted by the General Employees Pension Board on August 16, 2007.



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