

**GENERAL EMPLOYEES PENSION BOARD  
SPECIAL MEETING  
Minutes of  
March 10, 2008**

Meeting was called to order by Chairman 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: Susan Ruby, Karen Schell, Brendon Vavrica and John McCann (Thistle Asset Consulting)

**Item 1. Approval of the General Employees Pension Board Agenda for March 10, 2008.**

Ms. Walinski moved to approve the agenda for March 10, 2008, seconded by Mr. Safford. Said motion passed unanimously.

**Item 2. Review of Investment Manager, State Street Global Advisors.**

Mr. Vavrica indicated State Street Global Advisors did include 0.19% in ABS sub-prime home equity in the City's portfolio. Since the goal of State Street's Index Strategies, including the Passive Bond Market Index Strategy, is to match the returns of the LB Aggregate index, they do not underweight/overweight sectors based on events in the marketplace. This is a very small portion where Mr. Vavrica feels it is a minimum exposure to the sub-prime market.

Board members unanimously agreed to stay with State Street Global Advisors without any changes at this time.

Secondly, Mr. Vavrica indicated there are a few securities that have a maturity date greater than 30 years. As the investment policy states no issues may be purchased with more than 30 years to maturity, there will need to be an addendum to the policy to allow maturities greater than 30 years if held in an index fund.

Mr. Vavrica continued with a review of Mount Clemens Employee's Retirement Summary as a comparison in the same type of index the City of Delray Beach has and how close the City's portfolio mirrors that.

Mr. Vavrica commented the pages of the LBAB index illustrate a few of the bonds that comprise the Lehman Aggregate Fund. This listing is very lengthy but is available for anyone who wishes to review it.

**Item 3. Review of international investments allowed under the General Employees Pension Plan.**

Ms. Ruby indicated per Jim Linn the Board has the right to invest up to 25% in foreign securities at the present time. A draft of the changes in the investment policy coinciding with Florida Statute Section 215.47 was reviewed by Board Members.

Mr. Safford moved to approve the investment policy changes to allow investment up to 25% in foreign securities along with the ability to allow issues of maturity greater than 30 years if included in the index portfolio, seconded by Mr. Turk. Said motion passed unanimously.

Ms. Ruby indicated she would follow up with the changes to the investment policy.

**Item 4. Review of the asset allocation.**

Mr. McCann reviewed the asset allocation analysis indicating page 5 illustrated several investment alternatives compared to the present mix with an 8.24% return and 8.53% standard deviation. Using a 60/40 allocation, there would be a return of 8.55% with a 9.18% risk; 0.31% more return for 0.65% risk. A 6% international allocation would give a return of 8.60% with 9.17% risk; 0.36% more return for 1.0% risk.

Mr. McCann finalized his review stating in almost all cases, the Board would need to double the risk for half the extra return. His recommendation would be to look into a SMID (small and midcap) active manager search and an active/passive international manager search. RhumbLine would lose the mid cap money to the new small and midcap manager if the Board went with them.

After a brief discussion Board Members unanimously agreed to make no changes at this time.

Mr. McCann indicated he attached an updated performance evaluation summary illustrating the amounts and percentages of the portfolio as of February 29, 2008.

The Board questioned this as the City's contribution was listed as cash and should have been distributed by this time and totals were not in balance.

**Item 5. Approval of the General Employees Pension Board Minutes for February 21, 2008.**

Mr. Lynch indicated on page 5, second paragraph from the bottom the word "no" should be removed to read "There is 0%..." Mr. Swank moved to approve the amended minutes for February 21, 2008, seconded by Mr. Safford. Said motion passed unanimously.

**Item 6. Approval of the Following Invoice:**

- A. Gabriel, Roeder, Smith & Company, dated December 31, 2007, in the amount of \$1,279.00 for Actuarial Valuation Report: retirement benefit calculations for Ladizinsky and Safford.

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

**Item 7. Approval of the Following DROP Retirement:**

- |                         |                               |
|-------------------------|-------------------------------|
| A. Name:                | Joseph Safford                |
| Age:                    | 63                            |
| Monthly Pension Amount: | \$4,086.51                    |
| Benefit Commenced:      | December 1, 2007              |
| Benefit Requested:      | 100% Joint & Survivor Annuity |

Ms. Walinski moved to approve the DROP retirement of Joseph Safford, seconded by Mr. Turk. Said motion passed unanimously.

**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 2:09 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 March 10, 2008, which minutes were formally approved and adopted by the General Employees Pension Board on May 15, 2008.



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