

# GENERAL EMPLOYEES PENSION BOARD

## Minutes of August 21, 2008

Meeting was called to order by Vice Chairperson, Milena Walinski at 1:05 p.m.

Members Present: Joseph Safford, Evan Turk and Milena Walinski  
Members Absent: Thomas Lynch and Stephen Swank  
Guests Present: Karen Schell, Brian Shutt and Brendon Vavrica (Thistle Asset Consulting)

### **Item 1. Approval of the General Employees Pension Board Agenda for August 21, 2008.**

Mr. Safford moved to approve the agenda for August 21, 2008, seconded by Mr. Turk. Said motion passed unanimously.

### **Item 2. Approval of the General Employees Pension Board Minutes for the Meeting of May 15, 2008.**

Mr. Safford moved to approve the minutes for May 15, 2008, seconded by Mr. Turk. Said motion passed unanimously.

### **Item 3. Approval of the Following Invoices:**

- A. City of Delray Beach, dated May 6, 2008, in the amount of \$2,789.72 for audit fee reimbursement of \$3,300.00 less previous FPPTA conference reimbursement of \$510.28.

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

- B. Thistle Asset Consulting, Inc, dated May 6, 2008, in the amount of \$4,750.00 for performance monitoring for the quarter ending March 31, 2008.

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

- C. State Street Global Advisors, dated May 14, 2008, in the amount of \$5,429.94 for the investment management fee for the period of January 1, 2008 through March 31, 2008.

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

- D. Gabriel, Roeder, Smith & Company, dated March 31, 2008, in the amount of \$5,400.00 for final charge for preparation of October 1, 2007 Actuarial Valuation Report/Benefit Statements, opinion letter for proposed Ordinance 16-08 and benefit calculation for Flynn.

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

- E. Gabriel, Roeder, Smith & Company, dated June 30, 2008, in the amount of \$1,850.00 for retirement benefit calculations for Meeteer, King, Frank, Nichols and Owens; service buy back calculation for Johnson.

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

- F. Gabriel, Roeder, Smith & Company, dated July 8, 2008, in the amount of \$500.00 for monthly software maintenance/hosting fee for June 2008.

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

- G. RhumbLine Advisers, dated July 9, 2008, in the amount of \$2,500.00 for quarterly management fee for the period of April 1, 2008 through June 30, 2008.

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

- H. An automatic monthly payment to Gabriel, Roeder, Smith & Company, effective August 1, 2008, in the amount of \$500.00 for monthly software maintenance/hosting fee.

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

- I. Boston Company Asset Management, LLC, dated July 23, 2008, in the amount of \$21,564.45 for quarterly management fee for the period of July 1, 2008 through September 30, 2008.

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

- J. Gabriel, Roeder, Smith & Company, dated July 31, 2008, in the amount of \$1,828.00 for retirement benefit calculations for Babin and Rodgers, and partial preparation of proposed early retirement window.

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

**Item 4. Approval of the Following DROP Retirements:**

- A. Name: Nancy King  
Age: 60  
Monthly Pension Amount: \$2,211.44  
Benefit Commenced: June 1, 2008  
Benefit Requested: Normal Form

Mr. Safford moved to approve the DROP retirement of Nancy King, seconded by Mr. Turk. Said motion passed unanimously.

- B. Name: Thomas Meeteer  
Age: 60  
Monthly Pension Amount: \$2,515.91  
Benefit Commenced: July 1, 2008  
Benefit Requested: Ten Year Certain

Mr. Safford moved to approve the DROP retirement of Thomas Meeteer, seconded by Mr. Turk. Said motion passed unanimously.

- C. Name: George Rodgers  
Age: 62  
Monthly Pension Amount: \$3,462.60  
Benefit Commenced: September 1, 2008  
Benefit Requested: Normal Form

Mr. Safford moved to approve the DROP retirement of George Rodgers, seconded by Mr. Turk. Said motion passed unanimously.

- D. Name: Frank Babin  
Age: 62  
Monthly Pension Amount: \$1,617.46  
Benefit Commenced: August 1, 2008  
Benefit Requested: 100% Survivor

Mr. Safford moved to approve the DROP retirement of Frank Babin, seconded by Mr. Turk. Said motion passed unanimously.

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

A. Name:	Charles Owens
Age:	60
Monthly Pension Amount	\$314.03
Benefit Commenced:	April 1, 2008
Benefit Requested:	100% Joint and Last Survivor Annuity

Mr. Safford moved to approve the Normal retirement of Charles Owens, seconded by Mr. Turk. Said motion passed unanimously.

**Item 6. Approval of the Following Monthly Benefit Change:**

A. Donald Frank requested a change in beneficiary as his previous wife passed away.

Mr. Safford moved to approve the beneficiary change for Mr. Frank, seconded by Mr. Turk. Said motion passed unanimously.

**Item 7. Approval of the Following Termination Refunds:**

A. Adolph Lewis, Jr. (Parks & Recreation) in the amount of \$3,302.80.

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

B. Robert Shepherd (Water & Sewer) in the amount of \$4,030.86.

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

C. Anthony Wilson (Water & Sewer) in the amount of \$4,334.44.

Mr. Safford moved to approve payment of this termination refund, seconded by Mr. Turk. 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. Donald Frank in the amount of \$300.00, deposited May 12, 2008 for fees associated with the actuarial recalculation for a change of beneficiary.
- B. Lynch, Jones & Ryan in the amount of \$268.00, deposited June 3, 2008 for trading activity through April 30, 2008.
- C. Lynch, Jones & Ryan in the amount of \$202.00, deposited July 14, 2008 for trading activity through May 31, 2008.
- D. Wachovia in the amount of \$40.52, deposited July 21, 2008 for WORLDCOM PUR class action proceeds.
- E. Lynch, Jones & Ryan in the amount of \$198.00, deposited August 12, 2008 for trading activity through June 30, 2008.

**Item 9. Review of Jack Warren's request for benefit change.**

Mr. Warren requested a benefit change due to his wife's death. Discussion between Board Members indicated this would set precedence to further individuals requesting a change in the same situation. This would lead to a difference in the value of the retirement. The ordinance does not allow this and has been confirmed by the Actuary and Pension Attorney, Mr. Linn.

Mr. Safford moved to recommend denial, seconded by Mr. Turk. Said motion passed unanimously.

**Item 10. Review/Discuss an Asset-Recovery Portfolio Monitor Program.**

Coughlin, Stoia, Geller, Rudman & Robbins forwarded a brochure briefly explaining their cost free portfolio monitoring program. Mr. Vavrica indicated most of the time as there is no cost to the Plan, individuals proceed and subscribe. The Company scans the legal environment for any potential suits which could potentially benefit the Plan. If there is a claim where money is received, there is a fee structure imbedded in the amount received; however the advantage is having a program in place that is automatically looking for claims that would bring back some funds into the plan. Generally speaking as fiduciaries, we are in favor as there is no direct cost unless moneys are recovered. In comparing with other firms, one may want to review their track record.

After further discussion, Mr. Turk moved to schedule a presentation for the next meeting, seconded by Mr. Safford. Said motion passed unanimously.

**Item 11. Approval and signature of the Pension Fund Investment Policy.**

Ms. Pyburn was to confirm with Susan Ruby the inconsistency between pages three and five. Page three under Equities provides up to 25% of the equity portfolio may be invested in foreign securities and obligations, whereas page five (under Other Assets) it forbids securities of foreign companies represented by American Depository Receipts or traded on foreign stock exchanges may not be purchased.

Mr. Safford moved to defer this item to the next meeting for further review from City Attorney's office, seconded by Mr. Turk. Said motion passed unanimously.

**Item 12. Review of the Plan's Performance Evaluation for the Period Ending March 31, 2008.**

Mr. Vavrica indicated trailing for one year did not meet the actuarial assumption; the benchmark return was tied at 4.08. There are some securities that have a maturity date of more than 30 years.

Ms. Walinski requested to have Rhumblin included in the illustrations. Mr. Vavrica stated he would add this as a section.

The asset allocation illustrates 52.5% in equities for a total of \$39,894,000; 46.8% in fixed income for a total of \$35,572,000; and .7% in cash for a total of \$500,000; a grand total of \$75,966,000.

The total fund for the quarter did exceed the index, -0.97% versus -1.64% ranking 73<sup>rd</sup>; for one year the return was -3.03% versus the policy of -3.95% ranking 21<sup>st</sup>; three years 4.46% versus the policy of 4.27% ranking 34<sup>th</sup> and five years 5.44% versus the policy of 5.77% ranking 59<sup>th</sup>. Equity return for the quarter was -0.84% versus the policy of -2.40% ranking 53<sup>rd</sup>; one year -10.39% versus the policy of -12.66% ranking 39<sup>th</sup>; three years 5.78% versus the policy of 4.61% ranking 34<sup>th</sup> and five years 7.98% versus the policy of 7.71% ranking 53<sup>rd</sup>.

Boston Company's return was -6.09% versus the policy of -7.79% for the quarter; one year -17.10% versus -20.25%; three years 5.28% versus the policy of 3.03% and five years 8.70% versus the policy of 8.25%.

Discussion pursued whether or not to have Boston Company come before the Board to address their performance. Mr. Vavrica stated they will address Boston Company either way; whether before the Board or should Thistle Asset handle it behind the scenes and report to the Board. In general the Board members felt this issue needs to be addressed, however does not feel this needs to be presented in person.

Loomis Sayles' quarterly return was 2.96% versus the policy of 1.25% ranking 20<sup>th</sup>. Last quarter they ranked 100<sup>th</sup>. One year -4.10% versus the policy of -5.96% ranking 29<sup>th</sup>.

Rhumblin's quarterly return was 5.42% versus the policy of 5.43%; one year -7.25% versus the policy of -7.34%.

Mr. Vavrica commented it is difficult when the numbers are negative, but the good news is The City of Delray Beach General Employees' Plan is outperforming the index in the negative period and outperforming our peers in general. When the market does turn around, the Plan will have less assets than the average plans.

**Item 13. Approval of Summary Plan Description (SPD).**

Mr. Safford moved to defer this item to the next meeting for further review and outstanding issues, seconded by Mr. Turk. Said motion passed unanimously.

**Item 14. Other Business.**

None.

**Motion to Adjourn:**

There being no further business, Mr. Safford moved to make a motion for adjournment, seconded by Mr. Turk. Said motion passed unanimously. The meeting adjourned at approximately 2:20 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 August 21, 2008, which minutes were formally approved and adopted by the General Employees Pension Board on November 20, 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