

GENERAL EMPLOYEES PENSION BOARD

Minutes of November 19, 2009

Meeting was called to order by Chairperson, Stephen Swank at 1:05 p.m.

Item 1. Roll Call.

Members Present: Vincent Dole, Joseph Safford, Stephen Swank, and Milena Walinski (arrived 1:20 p.m.)
Members Absent: Evan Turk
Guests Present: Jack Farland and Karen Russo (Salem Trust), Brendon Vavrica (Thistle Asset Consulting), Karen Schell, Brian Shutt

Item 2. Approval of the General Employees Pension Board Agenda for November 19, 2009.

Mr. Safford moved to approve the agenda for November 19, 2009, seconded by Mr. Dole. Said motion passed unanimously.

Item 3. Approval of the General Employees Pension Board Minutes for the Meeting of August 20, 2009.

Mr. Safford moved to approve the minutes for August 20, 2009, seconded by Mr. Dole. Said motion passed unanimously.

Item 4. Approval of the Following Invoices:

- A. State Street Global Advisors, dated August 21, 2009, in the amount of \$5,589.29 for quarterly management fee for the period of April 1, 2009 through June 30, 2009.

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

- B. Gabriel, Roeder, Smith & Company, dated September 10, 2009, in the amount of \$3,029.00 for retirement calculations for Maldonado, determination of cost impact of reducing certain benefits and preparation of data request for October 1, 2009 actuarial valuation report.

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

- C. Gabriel, Roeder, Smith & Company, dated October 12, 2009, in the amount of \$3,381.00 for retirement calculations for Grice, Smith and Walker, supplemental actuarial valuation report and charges to date for October 1, 2009 actuarial valuation report.

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

- D. RhumbLine Adviser, dated October 7 and 14, 2009, in the amount of \$4,463.27 for quarterly management fees for the period of July 1, 2009 through September 30, 2009.

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

- E. The Boston Company Asset Management, LLC, dated July 23, 2009, in the amount of \$16,170.99 for quarterly management fees for the period of July 1, 2009 through September 30, 2009.

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

- F. Thistle Asset Consulting, Inc. dated November 9, 2009, in the amount of \$8,750.00 for performance monitoring for the quarter ending September 30, 2009 (additional \$1,000 for two RhumbLine Funds) and new manager search request.

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

Item 5. Approval of the Following DROP Retirement(s):

A. Name: Yvonne Walker
Age: 60
Monthly Pension Amount: \$1,740.91
Benefit Commenced: October 1, 2009
Benefit Requested: 50% Joint & Survivor

Mr. Safford moved to approve the DROP Retirement of Mrs. Yvonne Walker, seconded by Mr. Dole. Said motion passed unanimously.

B. Name: Rene Gonzales
Age: 59
Monthly Pension Amount: \$3,133.43
Benefit Commenced: November 1, 2009
Benefit Requested: Ten Year Certain

Mr. Dole moved to approve the DROP Retirement of Mr. Rene Gonzales, seconded by Mr. Safford. Said motion passed unanimously.

Item 7. Approval of the Following Retirement(s):

A. Name: Edward Smith
Age: 66
Monthly Pension Amount: \$2,650.00
Benefit Commenced: October 1, 2009
Benefit Requested: Normal

Mr. Safford moved to approve the Normal Retirement of Mr. Edward Smith, seconded by Mr. Dole. Said motion passed unanimously.

B. Name: Elma O. Maldonado
Age: 60
Monthly Pension Amount: \$1,210.13
Benefit Commenced: January 1, 2010
Benefit Requested: 50% Joint and Survivor Annuity

Mr. Dole moved to approve the Normal Retirement of Ms. Elma O. Maldonado, seconded by Mr. Safford. Said motion passed unanimously.

C. Name: James Grice
Age: 60
Monthly Pension Amount: \$500.00
Benefit Commenced: September 1, 2009
Benefit Requested: Normal

Mr. Dole moved to approve the Normal Retirement of Mr. James Grice, seconded by Mr. Safford. Said motion passed unanimously.

Item 7. Approval of the Following Termination Refund(s):

A. Melissa Backus (Parks & Recreation) in the amount of \$3,470.37.

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

- B. Elizabeth Alpert (Community Development) in the amount of \$3,375.51.

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

Item 8. Approval of the Following Beneficiary Disbursement(s):

- A. Mr. Willie Herring, Jr., (date of death: June 14, 2009) selected the ten year certain and life thereafter annuity; naming Anthony T. Herring, Shakell S. Herring and Monica D. Herring as beneficiaries to split equally a monthly benefit of \$1,420.87. Mr. Herring's benefit commenced August 1, 2000.

Mr. Safford moved to approve payment of this beneficiary disbursement, seconded by Mr. Dole. Said motion passed unanimously.

Item 9. 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. Sun Trust checks in the amount of \$1,826.32, deposited August 14, 2009 for class action proceeds as follows:
Fruit of the Loom \$466.23 Motorola \$1,360.09
- B. Lynch, Jones & Ryan, dated August 25, 2009, in the amount of \$127.00 for trading activity with LJR Recapture Services through trade date July 31, 2009.
- C. SunTrust, dated August 28, 2009, in the amount of \$228.34 for settlement with Symbol Teck class action proceeds.
- D. SunTrust, dated August 31, 2009, in the amount of \$463.60 for settlement with Symbol Teck class action proceeds.
- E. Lynch, Jones & Ryan, dated September 23, 2009, in the amount of \$155.00 for trading activity with LJR Recapture Services through trade date August 31, 2009.

Item 10. Distribution of Quarterly Meeting Schedule for the General Employees Pension Board for Calendar Year 2010.

Board members accepted the schedule as presented.

Item 11. Salem Trust Presentation of Liquidity Solutions.

At this time, Mrs. Russo and Mr. Farland did a presentation on "Liquidity Solutions". Salem Trust offers a full range of liquidity solutions that are invested exclusively in securities backed by the full faith and credit of the U.S. Government, including a short term investment fund for qualified plans and overnight repurchase agreements negotiated on behalf of their clients.

The Fund seeks to provide current income consistent with principal stability and liquidity. The Fund will invest only in obligations of the U.S. government, its agencies or instrumentalities; or repurchase agreement and other money funds if their investments are limited to the same credit quality. The Fund combines the liquidity associated with large government money funds with the yield advantage of less liquid parts of the U.S. government guarantee market, like the U.S. Small Business Administration. With this, the Fund is able to diversify liquidity.

Board members questioned the following: What the average daily balance was in the "sweep" funds? The number of clients and how much is invested in the STIF fund? What would happen should everyone want to sell out on the same day? How can this fund have liquidity when the average duration is five days?

Mr. Farland stated he would look into these and advise the Board further.

Mr. Safford moved to defer any decision at this time as the board awaits further information; seconded by Mr. Dole. Said motion passed unanimously.

Item 12. Follow-up on class action settlement report portfolio monitoring agencies.

Mr. Vavrica stated he conversed with both monitor agencies. Both firms send a copy of their report to the custodian, Salem Trust. Salem Trust is the one to file a claim on behalf of the Board if appropriate. The report the Board receives is for informational purpose only.

Item 13. Review of Resolution 30-09.

Mr. Vavrica indicated at this time the Plan does not own any securities that are prohibited. The plan is not likely to have funds of this sort with the managers currently in place. These securities are international and usually are energy or military related. Mr. Vavrica suggested to the Board they not adopt this restriction. Board Members took no further action at this time.

Item 14. Review of Plan's Performance Evaluation for the Period Ending September 30, 2009.

Mr. Vavrica indicated the compliance report illustrates the total return for the trailing three years did not exceed the policy, -0.05% vs. 0.31%. The trailing one year period did not exceed the actuarial assumed rate of 7.25%. Loomis Sayles trailed the two year and inception.

The asset allocation illustrates 46% in equities for a total of \$32,468,000; 53% in fixed income for a total of \$37,694,000; and 1% in cash for a total of \$1,010,000; a grand total of \$71,172,000.

Mr. Vavrica indicated the plan had an increase of approximately \$5.2 million over the last three months.

Mr. Vavrica continued reviewing the report stating the total fund for the quarter was down, 8.86% versus 10.63% ranking 97th; for one year the return was 1.75% versus the policy of 2.09% ranking 59th; three years -0.05% versus the policy of 0.31% ranking 34th and five years 2.76% versus the policy of 3.08% ranking 49th. Equity return for the quarter was 15.84% versus the policy of 16.46% ranking 50th; one year -6.98% versus the policy of -6.15% ranking 78th; three years -5.68% versus the policy of -5.18% ranking 82nd and five years 0.97% versus the policy of 1.18% ranking 73rd. Fixed Income return was 3.74% versus the policy of 3.74% for the quarter ranking 76th; one year 10.49% versus 10.56%; three years 6.41% versus the policy of 6.41% and five years 5.12% versus the policy of 5.13%.

Individual performance evaluation summary for Boston Company's quarterly return was 16.55% versus the policy of 17.94% ranking 31st; one year -5.71% versus the policy of -11.43% ranking 28th.

Loomis Sayles' quarterly return was 13.01% versus the policy of 13.97% ranking 91st; one year -10.14% versus the policy of -1.85% ranking 96th. At this time Mr. Vavrica reviewed the historical returns for Loomis Sayles.

RhumbLine's Midcap quarterly return was 19.96% versus the policy of 19.98% ranking 3rd; one year -2.65% versus the policy of -3.11% ranking 12th.

A. Loomis Sayles monitoring.

Mr. Vavrica reviewed his research for possible replacement of Loomis Sayles; explaining the different ranking of the managers illustrated. Board Members requested further research of approximately five potential candidates within the conservative category.

B. Asset Allocation Rebalancing – City Contributions.

The City Contributions will be approximately \$2.5 million. After a brief discussion, Mr. Safford moved to distribute 22.25% of the City's Contributions toward each large cap investment manager and 11% for the mid cap manager, seconded by Ms. Walinski. Said motion passed unanimously.

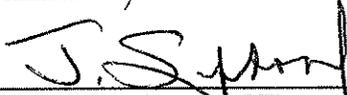
Item 15. Other Business.

None.

Motion to Adjourn:

There being no further business, Mr. Safford moved to make a motion for adjournment, seconded by Mr. Dole. Said motion passed unanimously. The meeting adjourned at approximately 3:20 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 November 19, 2009, which minutes were formally approved and adopted by the General Employees Pension Board on February 18, 2010.



Joseph M. Safford, Director of Finance
Secretary, General Employees Pension Board

/kms

cc: General Employees Pension Board Members
David Harden, City Manager
Brian Shutt, City Attorney
Department Heads