

GENERAL EMPLOYEES PENSION BOARD

Minutes of February 18, 2010

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

Item 1. Roll Call.

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

Item 2. Approval of the General Employees Pension Board Agenda for February 18, 2010.

Mr. Safford requested to add the review of research analysis from Gabriel, Roeder, Smith and Company with reference to possible changes to the General Employees Pension. Mr. Safford moved to approve the agenda for February 18, 2010 as amended, seconded by Mr. Dole. Said motion passed unanimously.

Item 3. Approval of the General Employees Pension Board Minutes for the Meeting of November 19, 2009.

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

Item 4. Approval of the Following Invoices:

- A. The Boston Company Asset Management, LLC, dated October 16, 2009, in the amount of \$1,408.66 for quarterly management fee for the period of October 1, 2009 through December 31, 2009.

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

- B. State Street Global Advisors, dated November 20, 2009, in the amount of \$5,639.47 for quarterly management fee for the period of July 1, 2009 through September 30, 2009.

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

- C. Gabriel, Roeder, Smith & Company, dated December 10, 2009, in the amount of \$1,217.00 for retirement calculations for Gonzalez and Thayer and charges to date for 10/01/09 Actuarial Valuation Report.

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

- D. RhumbLine Advisers, dated January 6, 2010 and January 8, 2010, for a total amount of \$5,775.32 for quarterly management fee for the period of October 1, 2009 through December 31, 2009.

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

- E. The Boston Company Asset Management, LLC dated January 25, 2010, in the amount of \$10,716.33 for quarterly management fee for the period of January 1, 2010 through March 31, 2010.

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

- F. The Plastridge Agency, Inc., dated February 2, 2010, in the amount of \$6,648.00 for fiduciary liability for General Employee's pension board for policy period 03/23/10 to 03/22/11.

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

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

A. Name: Victoria Strausman
Age: 60
Monthly Pension Amount: \$2,080.06
Benefit Commenced: January 1, 2010
Benefit Requested: 100% Joint and Last Survivor Annuity

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

B. Name: Rita Taylor
Age: 60
Monthly Pension Amount: \$2,334.71
Benefit Commenced: February 1, 2010
Benefit Requested: 100% Joint and Last Survivor Annuity

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

C. Name: Michael Guarneiri
Age: 60
Monthly Pension Amount: \$1,865.50
Benefit Commenced: March 1, 2010
Benefit Requested: Ten Year Certain and Life

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

Item 6. Approval of the Following Retirement(s):

A. Name: Glenn B Thayer
Age: 63
Monthly Pension Amount: \$1,679.30
Benefit Commenced: October 1, 2009
Benefit Requested: 100% Joint and Last Survivor Annuity

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

B. Name: Diane Sturgis
Age: 60
Monthly Pension Amount: \$300.98
Benefit Commenced: August 1, 2009
Benefit Requested: Ten Year Certain

Mr. Dole moved to approve the Normal Retirement of Mrs. Diane Sturgis, seconded by Mr. Safford. Said motion passed unanimously.

C. Name: Pierre Normil
Age: 55
Monthly Pension Amount: \$1,017.70
Benefit Commenced: February 1, 2010
Benefit Requested: 50% Joint & Survivor

Mr. Safford moved to approve the Early Retirement of Mr. Pierre Normil, seconded by Mr. Dole. Said motion passed unanimously.

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

- A. Edward Noon (Parks & Recreation) in the amount of \$928.36.

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

- B. Lourdes Lanz (Water & Sewer Department) in the amount of \$3,231.02.

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

- C. Melissa Mason (Parks & Recreation) in the amount of \$2,646.23.

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

- D. Brianne Lee (Police Department) in the amount of \$1,005.44.

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

- E. Monique Burton (City Manager) in the amount of \$121.56.

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

- F. Andrew Preston (Parks & Recreation) in the amount of \$710.60.

Mr. Dole moved to approve payment of this termination refund, seconded by Mr. Safford. 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. Lynch, Jones & Ryan in the amount of \$201.00, deposited December 7, 2009 for trading activity with LJR Recapture Services through trade date October 31, 2009.
- B. Sun Trust checks in the amount of \$12,979.36, deposited December 8, 2009 for class action proceeds as follows:
Cardinal Health \$9,723.04 Coca-Cola \$426.11 McKesson \$2,830.21
- C. Lynch, Jones & Ryan in the amount of \$233.00, deposited January 11, 2010 for trading activity with LJR Recapture Services through trade date November 30, 2009.
- D. Lynch, Jones & Ryan in the amount of \$38.00, deposited February 2, 2010 for trading activity with LJR Recapture Services through trade date December 31, 2009.

Item 9. Follow up response on Salem Trust Presentation of Liquidity Solutions.

Mr. Swank indicated this is a follow up in investing the distribution account into a STIF fund in order to generate additional yield on the cash balances. In November 2009, Mr. Farland indicated it would be approximately 70 basis points; presently we are earning 10 basis points. The average daily balance in the R & D account was \$700,000.00.

Mr. Vavrica indicated there is a charge (fee) of approximately 45-50 basis points. Mr. Vavrica continued stating there is an increase in risk. The repo agreement may last 15 days; there is collateral (government type of guarantee bond) while these repo agreements are out. In a credit crunch they may not be in a position to buy the bond back. Salem Trust says the bond is collateral; one won't lose money, therefore there is no risk. The risk isn't as much as one losing money, it's comes into play when one needs cash on a given day; it may not be available because of the liquidity constraint. A suggestion would be to invest a portion of cash, possibly 50%.

Mr. Vavrica stated Salem Trust tries to forecast the cash needed. The fund has three components. One component is the money market one is currently in. About 25% of the fund offered goes in the current money market; 25% would be direct government security; the third component is the repo agreements (50%).

Mr. Safford commented should there be no return, Salem Trust would receive their 45 basis points of the principal; in return we would lose money. There is a risk of principal.

Mr. Swank commented he didn't think the return the Board was looking for was going to affect this plan. The risk is greater than the potential yield. Mr. Swank moved that the Board stay with Goldman Sachs money market fund, seconded by Mr. Dole. Said motion passed unanimously.

Item 10. Review Monitoring Agents Settlement Report.

This report is for informational purposes of the monitoring for class action issues. Class action moneys are continuously received from Sun Trust as noted earlier.

In response to Mr. Swank's question of why are we not hearing from Salem Trust on more recent class actions and settlements, Ms. Schell indicated moneys received by Salem Trust for class action settlements are being directly deposited into the account. Ms. Schell will make it a point to follow up and advise the Board Members of moneys received from Salem Trust in the future.

Item 11. Review of State Street Global Advisors' new Strategy Disclosure Documents.

Mr. Vavrica indicated there is a slight name change to the fund. Business is continuing as was previously.

Item 12. Review of Plan's Performance Evaluation for the Period Ending September 30, 2009.

At this time Mr. Vavrica distributed the Callan Periodic Table of Investment Returns illustrating a 20 year rank of performance.

Mr. Vavrica continued indicating the compliance report illustrates the total return for the trailing three years did not exceed the policy, -0.50% vs. 0.14%. Boston Company did not rank in the top 50% (52nd) over the trailing 3-year period. Loomis Sayles did not exceed the R1000G Index over the trailing 3-year period nor 5-year period. Loomis Sayles also did not rank in the top 50% (100th) of the Mobius Broad Large Cap Growth Universe.

The asset allocation illustrates 47.6% in equities for a total of \$35,195,000; 49.9% in fixed income for a total of \$36,913,000; and 2.4% in cash for a total of \$1,808,000; a grand total of \$73,916,000.

Mr. Vavrica continued reviewing the report stating the total fund for the quarter was down, 3.02% versus 3.42% ranking 70th; for one year the return was 15.55% versus the policy of 19.27% ranking 95th; three years -0.50% versus the policy of 0.14% ranking 38th and five years 2.21% versus the policy of 2.76% ranking 52nd. Equity return for the quarter was 6.31% versus the policy of 6.02% ranking 33rd; one year 6.31% versus the policy of 6.02% ranking 33rd; three years -6.18% versus the policy of -5.38% ranking 85th and five years 0.13% versus the policy of 0.57% ranking 76th. Fixed Income return was 0.26% versus the policy of 0.20% for the quarter ranking 50th; one year 6.00% versus 5.93%; three years 6.08% versus the policy of 6.04% and five years 4.98% versus the policy of 4.97%.

Individual performance evaluation summary for Boston Company's quarterly return was 5.16% versus the policy of 4.22% ranking 64th; one year 24.47% versus the policy of 21.18% ranking 56th.

Loomis Sayles' quarterly return was 8.79% versus the policy of 7.94% ranking 8th; one year 32.84% versus the policy of 37.21% ranking 55th.

RhumbLine's Midcap quarterly return was 5.58% versus the policy of 5.56% ranking 34th; one year 50.34% versus the policy of 50.40% ranking 3rd. RhumbLine's Large Cap Value quarterly return was 4.23% versus the policy of 4.22% ranking 84th. RhumbLine's Large Cap Growth quarterly return was 7.91% versus the policy of 7.94% ranking 18th.

Mr. Vavrica continued with a review of a Large Cap Growth Manager Search Analysis. The report illustrated the managers listed and sorted by 1, 3 and 7 years return, risk, information ratio and fees. The score analysis page ranks the manager by their total score.

Mr. Swank suggested Members review this and bring this back to the table at the next meeting. This will allow another quarterly review of Loomis Sayles. Members were in agreement.

Item 13. Review of Fiduciary Liability 2010-2011.

Mr. Safford voiced his concern that there was a lapse of coverage at the beginning of last year's renewal due to the receipt of payment being late. Plastridge Agency has been a little difficult to work with.

Item 14. Review of Gabriel Roeder and Smith Company's research analysis.

Mr. Safford indicated the research analysis was completed based on several requests for possible changes to the General Employees' Retirement Plan. The analysis illustrates a 10 year projection of funding requirements for several different benefit structures. Further meetings will be held with the City Manager, City Attorney and Actuary to review this research in depth.

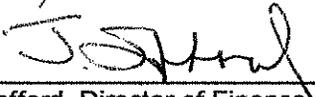
Item 15. Other Business.

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 2:58 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 February 18, 2010, which minutes were formally approved and adopted by the General Employees Pension Board on May 20, 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