

# GENERAL EMPLOYEES PENSION BOARD

## Minutes of May 20, 2010

Meeting was called to order by Chairperson, Stephen Swank at 1:00 p.m.

### Item 1. Roll Call.

Members Present: Vincent Dole, Joseph Safford, Stephen Swank, Evan Turk and Milena Walinski  
Members Absent: None  
Guests Present: Steve Palmquist (GRS), Brendon Vavrica (Thistle Asset Consulting), Dave Deckers (Guest), Karen Schell and Brian Shutt

### Item 2. Approval of the General Employees Pension Board Agenda for May 20, 2010.

Mr. Dole moved to approve the agenda for May 20, 2010, seconded by Mr. Safford. Said motion passed unanimously.

### Item 3. Approval of the General Employees Pension Board Minutes for the Meeting of February 18, 2010.

Mr. Dole moved to approve the minutes for February 18, 2010 as submitted, seconded by Mr. Safford. Said motion passed unanimously.

### Item 4. Approval of the Following Invoices:

- A. Thistle Asset Consulting, Inc, dated February 1, 2010, in the amount of \$5,750.00 for performance monitoring for the quarter ending December 31, 2009.

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

- B. Gabriel Roeder Smith and Company dated February 12, 2010, in the amount of \$2,331.0 for retirement calculations for Strausman, Normal, Sturgis, Taylor and Guarneiri and charges to date for 10/01/09 Actuarial Valuation Report.

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

- C. City of Delray Beach dated March 3, 2010, in the amount of \$725.40 for reimbursement of FPPTA annual membership, notary renewal and business cards for Karen Schell.

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

- D. State Street Global Advisors dated March 15, 2010 in the amount of \$5,616.65 for investment 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.

- E. RhumbLine Advisers, dated April 7, 2010, in the amount of \$5,823.86 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. Mr. Swank questioned the invoice for the MidCap account as the invoice is calculated at a minimum of \$2,500.00. With the addition of the two new investment accounts, he was under the impression that they would merge all three accounts. Mr. Vavrica indicated he would check into this. Any adjustments would be made on a future invoice. Said motion passed unanimously.

- F. Gabriel Roeder Smith and Company dated April 12, 2010, in the amount of \$1,311.00 for 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.

- G. Thistle Asset Consulting, Inc, dated May 10, 2010, in the amount of \$5,750.00 for performance monitoring for the quarter ending March 31, 2010.

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

- H. The Boston Company Asset Management, LLC dated April 27, 2010, in the amount of \$11,446.97 for investment management fee for the period of April 1, 2010 through June 30, 2010.

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

- I. Healthport dated April 29, 2010, in the amount of \$18.74 for copies of medical records for Johnnie Larkins.

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

- J. Florida Public Pension Trustees Association dated May 6, 2010, in the amount of \$500.00 for registration fee for Karen Schell's attendance to the Annual Conference.

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

- K. Naples Grande Resort dated May 6, 2010, in the amount of \$465.00 for hotel accommodations for Karen Schell's attendance to the FPPTA Annual Conference.

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

- L. Karen Schell dated May 6, 2010, in the amount of \$233.63 for travel advance for attendance to the FPPTA Annual Conference.

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

**Item 5. Approval of the Following Termination Refund(s):**

- A. Swann McCrary (Parks & Recreation) in the amount of \$3,550.79.

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

- B. Gwen Harris (Parks & Recreation) in the amount of \$171.99.

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

- C. Vincent Vasquez (Water & Sewer) in the amount of \$9,679.31.

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

- D. Nina Raflowitz (Parks & Recreation) in the amount of \$6,008.82.

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

**Item 6. The General Employees Pension Board is being advised that the Plan has received the following check(s) which have been deposited in the Trust Account.**

- A. Lynch, Jones & Ryan in the amount of \$244.00, deposited February 22, 2010 for trading activity with LJR Recapture Services through trade date January 31, 2010.
- B. Sun Trust in the amount of \$60.09, deposited March 2, 2010 for class action proceeds for AOL.TIME.
- C. Ilona Axelrod in the amount of \$750.20, deposited March 2, 2010 representing an overpayment in the beneficiary's monthly benefit. (After one year, the benefit was to be reduced 60 %.)
- D. Lynch, Jones & Ryan in the amount of \$115.00, deposited October 19, 2009 for trading activity with LJR Recapture Services through trade date September 30, 2009.
- E. Lynch, Jones & Ryan in the amount of \$31.00, deposited March 23, 2010 for trading activity with LJR Recapture services through trade date February 28, 2010.
- F. Sun Trust totaling \$20,772.25, deposited April 2, 2010 for class action proceeds for AOL Time in the amount of \$1,357.31 and Enron in the amount of \$19,414.94.
- G. Lynch, Jones & Ryan in the amount of \$57.00, deposited April 22, 2010 for trading activity with LJR Recapture services through trade date March 31, 2010.
- H. United Health Group in the amount of \$10,192.51 for class action proceeds direct deposited into the R & D account.
- I. Leapfrog Enterprises in the amount of \$15.23 for class action proceeds direct deposited into the R & D account.
- J. Xerox Corp in the amount of \$3,752.33 for class action proceeds direct deposited into the Boston account.
- K. Qwest Securities in the amount of \$434.70 for class action proceeds direct deposited into the Boston account.

**Item 7. Review of Custodian Fees - no increase.**

No Comments.

**Item 8. Class action settlement report from both Portfolio Monitoring Agencies.**

No Comments.

**Item 9. Review Application for Disability Retirement for Johnnie Larkins.**

Board Members were advised Mr. Larkins has requested a disability pension. Medical records have been obtained and forwarded to the physician for further evaluation. It was questioned whether the Board would want to have a special meeting to review the findings or wait until the next meeting in August. Members decided to wait for receipt of the final report from the evaluating physician; at that time members should be informed and will then decide when to have a meeting.

**Item 10. Review of Board's Physician for Disability Requests.**

It was brought to the Board's attention Dr. Lee who was appointed as the Board's physician is no longer practicing. Dr. Todd Welliver and Dr. Aris Saghian have replaced Dr. Lee's practice. It was questioned if the Board would accept these physicians or would they like to pursue another physician. At this time, disability applicant Johnie Larkins has been referred to these physicians for an evaluation. Board Members agreed to continue business with the replacement physicians at this time requesting further documentation of these physicians.

**Item 11. Review of the Plan's October 1, 2009 Actuarial Valuation Report.**

Mr. Palmquist started by reviewing the City's contribution cost which has increased (1.10%) to 16.88% of payroll, a total of \$3,267,397. Mr. Palmquist commented the plan is well funded at 93.8% vs. 95.4% last year. The average funded ratio of his clients is approximately 76%. The assumed investment rate of return is 7.25%; this year's return was 1.9% based on market value of assets and 4.0% based on actuarial value of assets. The actual salary increases was 1.5%; the assumed rate was 5.8%; therefore the plan gained a little from this.

**Item 12. Review of Plan's Performance Evaluation for the Period Ending March 31, 2010.**

**A. Quarterly Evaluation**

Mr. Vavrica indicated the compliance report illustrates the total return for the trailing three years did not exceed the policy, 0.36% vs. 1.16%. 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% (100<sup>th</sup>) of the Mobius Broad Large Cap Growth Universe. Rhumbline MidCap did not exceed the R1000V index over the trailing 3-year period.

The asset allocation illustrates 51.2% in equities for a total of \$39,819,000; 47.2% in fixed income for a total of \$36,665,000; and 1.6% in cash for a total of \$1,272,000; a grand total of \$77,756,000.

Mr. Vavrica continued reviewing the report stating the total fund for the quarter was down, 3.94% versus 4.22% ranking 45<sup>th</sup>; for one year the return was 24.48% versus the policy of 31.30% ranking 99<sup>th</sup>; three years 0.36% versus the policy of 1.16% ranking 44<sup>th</sup> and five years 3.22% versus the policy of 3.88% ranking 59<sup>th</sup>. Equity return for the quarter was 6.22% versus the policy of 6.08% ranking 15<sup>th</sup>; one year 49.80% versus the policy of 53.44% ranking 59<sup>th</sup>; three years -4.70% versus the policy of -3.71% ranking 87<sup>th</sup> and five years 1.63% versus the policy of 2.21% ranking 83<sup>rd</sup>. Fixed Income return was 1.73% versus the policy of 1.78% for the quarter ranking 49<sup>th</sup>; one year 7.72% versus 7.70%; three years 6.15% versus the policy of 6.14% and five years 5.45% versus the policy of 5.44%.

Individual performance evaluation summary for Boston Company's quarterly return was 6.97% versus the policy of 6.78% ranking 8<sup>th</sup>; one year 54.85% versus the policy of 54.23% ranking 20<sup>th</sup>.

Loomis Sayles' quarterly return was 5.02% versus the policy of 4.64% ranking 38<sup>th</sup>; one year 41.81% versus the policy of 49.75% ranking 91<sup>st</sup>.

RhumbLine's Midcap quarterly return was 8.93% versus the policy of 9.09% ranking 4<sup>th</sup>; one year 63.77% versus the policy of 64.08% ranking 1<sup>st</sup>. RhumbLine's Large Cap Value quarterly return was 6.68% versus the policy of 6.78% ranking 11<sup>th</sup>. RhumbLine's Large Cap Growth quarterly return was 4.55% versus the policy of 4.64% ranking 55<sup>th</sup>.

**B. Cash Balance (Adjustment)**

Ms. Walinski indicated cash sitting in the Salem Trust Receipt and Disbursement account is growing monthly. Basically this is the excess between the \$295,000 from State Street and the \$40,000-\$50,000 from contributions.

After a brief discussion, it was suggested to take a closer look at the outflow of expenses. This will be brought back to the board at the next meeting.

In the meantime, Mr. Dole moved to make a one-time transfer of \$500,000.00 from the Salem Trust R & D account to Boston Company, seconded by Mr. Safford. Said motion passed unanimously.

C. Manager Search Analysis Follow Up

A Large Cap Growth Manager search was brought before the Board at the last meeting which was tabled. Mr. Vavrica indicated he was just notified that Loomis Sayles was in the process of changing management. A gentleman from Evergreen Funds has been brought in. Mr. Vavrica has not had a chance to research his track record along with his style; this alone maybe a cause for concern.

At this time Board Members agreed not to make any changes.

**Item 13. 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 2:45 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 20, 2010, which minutes were formally approved and adopted by the General Employees Pension Board on August 19, 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