GENERAL EMPLOYEES PENSION BOARD

Minutes of
February 17, 2011

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

Item 1. Roll Call.

Members Present: Vincent Dole, James Smith, Stephen Swank and Milena Walinski
Members Absent: None
Guests Present: Brendon Vavrica & John McCann (Thistle Asset Consulting), Karen Schell and Brian Shutt

Item 2. Approval of the General Employees Pension Board Agenda for February 17, 2011.

Mr. Dole moved to approve the agenda for February 17, 2011 as amended, seconded by Ms. Walinski. Said motion passed unanimously.

Item 3. Approval of the General Employees Pension Board Minutes for November 18, 2010.

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

Item 4. Approval of the Following Invoices.

A. Thistle Asset Consulting, Inc, dated November 8, 2010, in the amount of $5,750.00 for performance monitoring for the quarter ending September 30, 2010.

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

B. Gabriel, Roeder, Smith & Company, dated November 10, 2010, in the amount of $3,123.00 for benefit calculations for Glover, Lindemuth and Strohmer, final Actuarial Impact changes and preparation of October 1, 2010 Actuarial Valuation Report.

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

C. Florida Public Pension Trustees Association, dated December 7, 2010, in the amount of $600.00 for yearly active membership.

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

D. State Street Global Advisors, dated November 15, 2010, in the amount of $5,580.12 for investment management fee for the period of July 1, 2010 through September 30, 2010.

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

E. Gabriel, Roeder, Smith & Company, dated December 13, 2010, in the amount of $2,192.00 for benefit calculations for Dorsett, Foster, Grisby and Stroud, and further preparations of October 1, 2010 Actuarial Valuation Report.

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

F. RhumbLine Advisers, dated January 11, 2011, for a total of $5,285.00 for quarterly management fee for the period of October 1, 2010 through December 31, 2010.

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

G. Gabriel, Roeder, Smith & Company, dated January 12, 2011, in the amount of $1,533.00 for benefit calculations for Taylor, Wilson, Hancock Jr and Marsh, and further preparations of October 1, 2010 Actuarial Valuation Report.

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

H. Gabriel, Roeder, Smith & Company, dated October 13, 2010, in the amount of $1,970.00 for benefit calculations for Cole, further preparations of October 1, 2010 Actuarial Valuation Report and actuarial impact statement for plan design changes.

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

I. Thistle Asset Consulting, Inc, dated February 7, 2011, in the amount of $5,750.00 for performance monitoring for the quarter ending December 31, 2010.

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

J. The Boston Company Asset Management, LLC, dated January 14, 2011, in the amount of $13,041.47 for quarterly management fee for the period of January 1, 2011 through March 31, 2011.

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

K. The Plastridge Agency, Inc. dated February 7, 2011, in the amount of $6,589.00 for fiduciary liability for General Employee's Pension Board for policy period March 23, 2011 through March 22, 2012.

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

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

A.

Name:	Granvill Dorsett
Age:	65
Monthly Pension Amount:	$1,698.90
Benefit Commenced:	December 1, 2010
Benefit Requested:	Normal Form

Ms. Walinski moved to approve the DROP retirement for Granvill Dorsett, seconded by Mr. Dole. Said motion passed unanimously.

B.

Name:	Jane Foster
Age:	68
Monthly Pension Amount:	$868.11
Benefit Commenced:	December 1, 2010
Benefit Requested:	Normal Form

Mr. Smith moved to approve the DROP retirement for Jane Foster, seconded by Mr. Dole. Said motion passed unanimously.

C. Name: Carolyn Grisby
Age: 63
Monthly Pension Amount: $1,202.18
Benefit Commenced: December 1, 2010
Benefit Requested: 75% Joint & Survivor Annuity

Mr. Dole moved to approve the DROP retirement for Carolyn Grisby, seconded by Mr. Smith. Said motion passed unanimously.

D. Name: Gregory Stroud
Age: 55
Monthly Pension Amount: $4,004.93
Benefit Commenced: December 1, 2010
Benefit Requested: Normal Form

Ms. Walinski moved to approve the DROP retirement for Gregory Stroud, seconded by Mr. Dole. Said motion passed unanimously.

E. Name: Gloria Marsh
Age: 60
Monthly Pension Amount: $2,246.49
Benefit Commenced: February 1, 2011
Benefit Requested: Normal Form

Mr. Dole moved to approve the DROP retirement for Gloria Marsh, seconded by Mr. Smith. Said motion passed unanimously.

Item 6. Approval of the Following Early Incentive Retirement(s).

A. Name: Robert Taylor
Age: 54
Monthly Pension Amount $3,901.03
Benefit Commenced: January 1, 2011
Benefit Requested: 100% Joint and Last Survivor Annuity

Mr. Smith moved to approve the Early Incentive retirement for Robert Taylor, seconded by Ms. Walinski. Said motion passed unanimously.

B. Name: Roosevelt Wilson
Age: 51
Monthly Pension Amount $2,901.07
Benefit Commenced: January 1, 2011
Benefit Requested: Ten Year Certain & Life

Ms. Walinski moved to approve the Early Incentive retirement for Roosevelt Wilson, seconded by Mr. Dole. Said motion passed unanimously.

C. Name: James Hancock
Age: 59
Monthly Pension Amount $1,848.51
Benefit Commenced: January 1, 2011
Benefit Requested: Normal Form

Mr. Dole moved to approve the Early Incentive retirement for James Hancock, seconded by Mr. Smith. Said motion passed unanimously.

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

A. Rhonda Williams (Parks & Recreation) in the amount of $6,152.33.

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

B. Amber Kavanagh (Police Department) in the amount of $2,451.02.

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

C. Ranjeet Kunjbehari (Park & Recreation) in the amount of $7,058.41.

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

Item 8. 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. Russell Dutra in the amount of $450.00, deposited January 10, 2011 for reimbursement to the Plan of fees associated with the actuarial calculation of previous government service.
B. A direct deposit in the amount of $175.96, deposited December 29, 2010 for litigation proceeds from Doral Financial Corp.
C. Lynch, Jones & Ryan in the amount of $137.26, deposited December 24, 2010 for trading activity with LJR Recapture Services.

Item 9. The General Employees Pension Board is being advised of the class action settlement report from both Portfolio Monitoring Agencies.

No comment.

Item 10. Review of the Summary Plan Description.

Board Members were informed of a few brief changes.

Mr. Smith requested if under investment earnings, there could be an additional line with gains/losses to help in understanding rather than just showing a total; under income indicate a total contribution amount. Mr. Smith also suggested showing the real return on the market value investments for the year.

In the actuarial copies, it was noted administration expenses were included under the investment expenses. In the future, these expenses will be reclassified.

Ms. Walinski commented this actuarial report is speaking to different people; not so much employees. She hopes to have some modification to make a clearer representation.

Mr. Swank indicated these seem to be simple requests and see no reason why the Actuary could not modify their report.

Mr. Vavrica commented the actuarial reports are designed by State's specification and may not be able to change the report.

The consensus of the Board agreed with minor changes and to request further changes from the Actuary.

Item 11. Review of Plan's Performance Evaluation for the Period Ending December 31, 2010.

Mr. McCann reviewed the Callan Periodic Table of Investment Returns.

Mr. Vavrica started his review with a comment that Loomis Sayles performance did not go well this quarter.

In response to Mr. Smith's question if the fund involved the Large Cap growth Composite, Mr. Vavrica responded it is a comingled fund and it is not a different portfolio than anyone else in the same strategy.

At this time Mr. Smith voiced his concerns with Loomis Sayles stating they are invested in 37 stocks. The top 10 holdings represent 50% of the investment. Within the fund, there is no investment in materials, telecommunications and very little in energy. Mr. Smith indicated he was not happy with the performance, the holdings or the sector distributions.

Mr. Vavrica reminded the Board Members that there was a Manager change. It was agreed to review their results with the new Manager in 6 months. For the 6 month period Loomis Sayles was at 25.57% versus the benchmark of 26.37%; ranking in the 44th percentile.

The Board agreed all investments looked good with the exception of Loomis Sayles being the weak spot. After a brief discussion, Board Members agreed to have Mr. Vavrica update the large cap value search (e-mail the information prior to the next meeting for the Board's review.) and be ready to move forward.

Ms. Walinski commented with reference to an international manager, she leans towards emerging market. (Ms. Walinski left the meeting at 2:00 p.m.)

Mr. Vavrica continued reviewing the report indicating there were no major issues in the compliance pages even though a few boxes were checked no. The asset allocation is currently in line illustrating a total of $83,861,000; an increase of approximately 5.8 million from three months ago. Investment gains of 4.3 million; 1.5 million due to new moneys added.

Mr. Vavrica continued reviewing the report stating the total fund for the quarter was 5.45% versus 5.627% ranking 55th; for one year the return was 12.20% versus the policy of 12.91% ranking 36th; three years 0.49% versus the policy of 2.19% ranking 59th and five years 3.82% versus the policy of 4.56% ranking 38th. Equity return for the quarter was 11.34% versus the policy of 11.45% ranking 43rd; one year 17.09% versus the policy of 17.26% ranking 21st; three years -4.53% versus the policy of -1.92% ranking 97th and five years 2.14% versus the policy of 2.93% ranking 79th. Fixed Income return was -1.24% versus the policy of -1.29% for the quarter ranking 51st; one year 6.55% versus 6.56% ranking 42nd; three years 5.94% versus the policy of 5.91% and five years 5.81% versus the policy of 5.80%.

Individual performance evaluation summary for Boston Company's quarterly return was 11.80% versus the policy of 10.54% ranking 53rd; one year 15.51% versus the policy of 15.51% ranking 16th.

Loomis Sayles' quarterly return was 9.66% versus the policy of 11.83% ranking 88th; one year 15.46% versus the policy of 16.71% ranking 51st.

RhumbLine's Midcap quarterly return was 13.54% versus the policy of 13.50% ranking 47th; one year 26.55% versus the policy of 26.64% ranking 17th. RhumbLine's Large Cap Value quarterly return was 10.50% versus the policy of 10.54% ranking 54th; one year 15.39% versus the policy of 15.51% ranking 17th. RhumbLine's Large Cap Growth quarterly return was 11.79% versus the policy of 11.83% ranking 41st; one year 16.59% versus the policy of 16.71% ranking 33rd.

<u>Item 12.</u> Other Business.

Mr. Vavrica continued with the International search reviewing the asset allocation analysis. Page one of the asset allocation analysis illustrates the return assumptions with international's expected return of 10%. The emerging market expected return is listed at 11.50%. Keeping this in mind, Mr. Vavrica reviewed the investment alternatives indicating there are very few managers that would blend one portfolio; in all likelihood, the Board would need two portfolios. Mr. Vavrica continued explaining how the scoring takes place in the manager searches.

After further discussion, it was the consensus of the Board to add a new benchmark of 5% of the entire portfolio.

After a brief discussion, Mr. Dole moved to hire Harding Loevner, to run two portfolios split 50/50 between the developed emerging markets for a total of 5% of the total fund, funding by 2.5% from the Loomis Sayles portfolio and 2.5% from the RhumbLine Large Value portfolio, seconded by Mr. Smith. Said motion passed unanimously.

Motion to Adjourn:

There being no further business, Mr. Dole moved to make a motion for adjournment, seconded by Mr. Swank. Said motion passed unanimously. The meeting adjourned at approximately 3:15 p.m.

The undersigned is the Acting Finance Director of the City of Delray Beach and the Vice Chairperson 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 17, 2011, which minutes were formally approved and adopted by the General Employees Pension Board on May 19, 2011.

Milena L. Walinski, CGFO
Vice Chairperson, General Employees Pension Board

/kms
cc: David Harden, City Manager
Brian Shutt, City Attorney
Department Heads