GENERAL EMPLOYEES PENSION BOARD

Minutes of Special Meeting
December 10, 2012
First Floor Conference Room

Meeting was called to order by Chairperson, Stephen Swank at 8:45 a.m.

Item 1. Roll Call

Members Present:	Vincent Dole, Stephen Swank and Milena Walinski
Members Absent:	David Boyd & James Smith
Guests Present:	Brendon Vavrica (via phone), Brian Shutt and Karen Schell

Item 2. Approval of the General Employees Pension Board Agenda for December 10, 2012.

Mr. Dole moved to approve the agenda December 10, 2012, seconded by Ms. Walinski. Said motion passed unanimously.

Item 3. Approval of updated Investment Policy Guidelines.

Mr. Vavrica explained the change to the Investment Policy Statement indicating it is just broadening a restriction the Board had imposed on one of its managers which will allow the fund to maintain a market level of exposure (to mortgage related bonds or fixed income) that it currently has with its other managers.

Denver Investment Advisors invests in an intermediate duration portfolio with a limit of 15% mortgage exposure. The Board agreed to increase its allocation to Denver, who will be managing these funds with a long duration benchmark that currently has approximately 32% mortgage exposure. To accommodate this change in allocation, Mr. Vavrica suggested changing the mortgage restriction from 15% to 30%. If left unchanged, it would force Denver to be drastically underweight in one of the largest parts of the fixed income markets.

This change would not increase the mortgage exposure of the Plan; it will simply allow Denver to maintain a market level of exposure that the Plan already has with its other manager.

Mr. Dole moved to approve the change proposed by Mr. Vavrica to change the mortgage restriction from 15% to 30% in the investment policy guidelines, seconded by Ms. Walinski. Said Motion passed unanimously.

City Attorney, Mr. Shutt indicated per the code, City Commission would need to approve this change possibly delaying the transition of moneys as the next Commission meeting date would be in January 2013. After further discussion the board agreed as it is their fiduciary responsibility, why would City Commission not approve their decisions. Perhaps the codes need to be updated and/or changed. Mr. Shutt will do further research and follow up on the possibility of this change. In the meantime, Mr. Shutt indicated he would talk to City Manager, Mr. Harden to see if the agenda for the December meeting could be amended and add this item under the consent agenda.

Motion to Adjourn:

There being no further business, Mr. Dole moved to make a motion for adjournment, seconded by Ms. Walinski. Said motion passed unanimously. The meeting adjourned at approximately 9:14 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 December 10, 2012, which minutes were formally approved and adopted by the General Employees' Pension Board on February 21, 2013.

David Boyd

David Boyd
Secretary, General Employees' Pension Board

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

Thistle Asset Consulting

December 10, 2012

City of Delray Beach City Commission
100 NW First Avenue
Delray Beach, FL 33444

Dear Commissioners:

I wanted to provide you a little background to this most recent change to the Investment Policy Statement for the Delray Beach General Employee Pension Plan.

The change is just broadening a restriction the Board had imposed on one of its managers which will allow the fund to maintain a market level of exposure (to mortgage related bonds or fixed income) that it currently has with its other manager.

One of the current fixed income managers (Denver Investment Advisors), invests in a intermediate duration portfolio that we have limited to 15% mortgage exposure (see page 4, #7 of the investment policy statement). The Board plans to increase its allocation to Denver, who will be managing these funds with a long duration benchmark that currently has approximately 32% mortgage exposure. To accommodate this change in allocation, we have changed the mortgage restriction from 15% to 30%. If left unchanged, it would force Denver to be drastically underweight one of the largest parts of the fixed income markets.

Again, this change is not increasing the mortgage exposure of the Plan, it will simply allow Denver to maintain a market level of exposure that the Plan already has with it other manager.

Please let me know if I can be of any further assistance.

Sincerely,

Brendon Vavrica, CFP®