

GENERAL EMPLOYEES PENSION BOARD

Minutes of February 20, 2014

Meeting was called to order by Chairperson, Stephen Swank at 1:02 p.m.

Item 1. Roll Call

Members Present: Vincent Dole, James Smith, Stephen Swank and Milena Walinski
Members Absent: None
Guests Present: John McCann and Brendon Vavrica (Thistle Asset Consulting), Jessica Rochlin (Boston Company), Terrill Pyburn and Karen Schell

Item 2. Election of Officers.

After a brief discussion Mr. Dole moved to appoint Karen Schell, Board Liaison as Secretary, seconded by Mr. Smith. Said motion passed unanimously.

Item 3. Approval of the General Employees' Pension Board Agenda for February 20, 2014.

Mr. Smith requested to remove item 6 f for further discussion; and add for discussion Plastridge Agency under Other Business.

Mr. Swank requested the reimbursement of employee purchase fee as an item for discussion. (Item 6 a and/or 6 f)

Mr. Dole moved to approve the agenda as amended for February 20, 2014, seconded by Mr. Smith. Said motion passed unanimously.

Item 4. Approval of the General Employees' Pension Board Minutes for November 21, 2013.

Mr. Dole moved to approve the minutes of November 21, 2013 as amended, seconded by Mr. Smith. Said motion passed unanimously.

Item 5. Public Comments.

For the record, there were no members from the public.

Item 6. Consent Agenda:

A. Approval of the Following Invoices:

- a. Gabriel, Roeder, Smith & Company, dated November 12, 2013, in the amount of \$2,911.00 for service purchase calculations for Fleetwood, Marino-Bollan, Buzzelli, Hartman and Young, and to date charges for October 1, 2013 Actuarial Valuation Report.
- b. RhumbLine Advisers, dated November 18, 2013, in the amount of \$6,846.00 for quarterly management fees for the period of July 1, 2013 through September 30, 2013 including credit of past overbilled amount due to basis points being charged.
- c. Thistle Asset Consulting, Inc., dated November 8, 2013, in the amount of \$7,750.00 for performance monitoring for the quarter ending September 30, 2013.
- d. Florida Public Pension Trustees Association, dated December 9, 2013, in the amount of \$600.00 for 2014 annual membership.
- e. Denver Investment Advisors, LLC, dated November 25, 2013, in the amount of \$10,195.99 for quarterly management fees for the period of July 1, 2013 through September 30, 2013.
- f. Gabriel, Roeder, Smith & Company, dated January 8, 2014, in the amount of \$4,762.00 for retirement calculations for Young, Luteran, Fleetwood, Dorling, Hoggard Jr, and Adderly; and to date charges for October 1, 2013 Actuarial Valuation Report and 12/17/13 supplemental actuarial valuation report measuring first year impact of ERIP.

- g. RhumbLine Advisers, dated January 14, 2014, in the amount of \$7,817.00 for quarterly management fees for the period of October 1, 2013 through December 31, 2013. (All three accounts.)
- h. Dana Investment Advisers, Inc., dated January 12, 2014, in the amount of \$12,963.53 for quarterly management fee for the period of January 1, 2014 through March 31, 2014.
- i. State Street Global Advisors, dated February 8, 2014, in the amount of \$2,500.00 for quarterly management fee for the period of October 1, 2013 through December 31, 2013.
- j. Thistle Asset Consulting, Inc., dated February 10, 2014, in the amount of \$7,750.00 for performance monitoring for the quarter ending December 31, 2013.

B. Approval of the Following DROP Retirement(s):

- a. Name: Larry Adderly
Age: 60
Monthly Pension Amount: \$1,400.60
Benefit Commenced: December 1, 2013
Benefit Requested: 100% Joint and Survivor Annuity
- b. Name: Patricia Rashkind
Age: 48
Monthly Pension Amount: \$2,869.11
Benefit Commenced: February 1, 2014
Benefit Requested: Normal Form
- c. Name: Maria Marino-Bollan
Age: 53
Monthly Pension Amount: \$5,182.84
Benefit Commenced: February 1, 2014
Benefit Requested: Ten Year Certain

C. Approval of the Following Early Incentive Retirement(s):

- a. Name: Paul Dorling
Age: 54
Monthly Pension Amount: \$6,605.50
Benefit Commenced: December 1, 2013
Benefit Requested: 100% Joint and Survivor Annuity
- b. Name: Paul Fleetwood
Age: 56
Monthly Pension Amount: \$7,231.06
Benefit Commenced: December 1, 2013
Benefit Requested: 100% Joint and Survivor Annuity
- c. Name: Ronald Hoggard, Jr.
Age: 58
Monthly Pension Amount: \$3,055.57
Benefit Commenced: December 1, 2013
Benefit Requested: 100% Joint and Survivor Annuity
- d. Name: Susan Luteran
Age: 58
Monthly Pension Amount: \$1,846.51
Benefit Commenced: December 1, 2013
Benefit Requested: Ten Year Certain
- e. Name: Mary Ann Young
Age: 52
Monthly Pension Amount: \$5,336.43
Benefit Commenced: December 1, 2013
Benefit Requested: Normal Form

D. Approval of the Following Termination Refund(s):

- a. Tavaris Cleckley (Parks & Recreation) in the amount of \$4,019.99.
- b. Peter Lemp (Community Improvement) in the amount of \$6,088.33.

E. The General Employees' Pension Board accepts that the Plan has received the following check(s) which have been deposited in the Trust Account.

- a. Paul Fleetwood in the amount of \$36,488.00, deposited November 22, 2013 for purchase of air time. (3% enhanced multiplier)
- b. Vantagepoint Transfer Agents, LLC fbo Maria Marino-Bollan in the amount of \$124,388.00, deposited November 22, 2013 for purchase of air time. (3% enhanced multiplier)
- c. Vantagepoint Transfer Agents, LLC fbo Paul Fleetwood totaling \$113,000.00, deposited November 26, 2013 for purchase of air time. (3% enhanced multiplier)
- d. Vantagepoint Transfer Agents, LLC fbo Arthur Lang totaling \$29,646.00, deposited December 6, 2013 for purchase of air time. (3% enhanced multiplier)
- e. Vantagepoint Transfer Agents, LLC fbo Katie Hartmann totaling \$76,016.00, deposited December 30, 2013 for purchase of air time. (3% enhanced multiplier)
- f. SunTrust in the amount of \$128.99 for McKesson HBC INC. litigation deposited January 10, 2014.
- g. Sun Trust in the amount of \$12.49 for Worldcom Inc. litigation and \$18.42 for CVS class action deposited January 22, 2014.
- h. Sun Trust in the amount of \$2,798.08 and \$206.85 both for Pharmacia Corp Litigation deposited January 27, 2014.
- i. Direct deposit from BNY Convergenx in the amount of \$130.81, for commission recapture services for October 2013.
- j. Direct deposit from BNY Convergenx in the amount of 95.82, for commission recapture services for November 2013.

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

Item 7. Boston Presentation.

Ms. Jessica Rochlin gave a brief presentation on behalf of Boston Company.

Item 8. Gabriel, Roeder, Smith and Company.

A. Review of GASB No. 67 Implementation Package by Gabriel, Roeder, Smith and Company.

After a brief discussion among board members, it was the consensus that there was no impact to the plan to start early implantation.

Ms. Walinski moved to agree to GRS's recommendation for early implementation of the GASB #67, seconded by Mr. Smith. Said motion passed unanimously.

B. Contract

Mr. Vavrica indicated that they were not able to receive copies of the RFP information from the Miami Beach Office. There was a large volume of information and the portion we were looking for was not easily accessible.

Mr. Smith volunteered to contact 5 or 6 cities to see if he could obtain information; further, summarizing that data by elements to make it an easier comparison.

Mr. Swank commented he has no problem in putting out these contracts for bid. If we can save money; especially in today's time where the city is being viewed as doing things inside, why do we not request bids? Perhaps we will see if they will be a fiduciary and how much insurance would be offered.

Mr. Dole questioned if Ms. Walinski had any thoughts on previous discussion that we should stick to GRS because of client doing the work they do with the City.

Ms. Walinski indicated there has not been any problem with their work; their staff seems to be very professional and knowledgeable about pension information. Ms. Walinski believes with the scrutiny

everyone is getting these days, it would be nice to say the board did its due diligence in soliciting RFP's. I understand what Mr. Smith wants to do, but feels there is a better way to do it. It's getting the proposal from different entities to put out a bid or RFQ for actuarial services. Ms. Walinski stated when the board gets that information, the board needs to really look at and see if that is really what they want for an actuary.

Mr. Swank doesn't have any problem with GRS. We are doing the best we can as far as cost savings; we are reviewing these items and not just renewing it. The fees seem reasonable.

It was the consensus of the board to have staff research for further information.

Item 9. Review of Plan's Performance Evaluation for the Period Ending December 31, 2013.

Mr. McCann reviewed the Annual Callan Periodic table.

Mr. Vavrica started by reviewing the Compliance report. Dana's equity return over the trailing 2-year period did not rank in the top 40% of the Mobius Broad Large Cap Growth Universe. (68th) RhumbLine's MidCap equity return over the trailing 3-year (15.62 vs 15.64) or 5-year (21.86 vs 21.89) period did not exceed the S & P 400 Index. RhumbLine's Large Cap Value equity return over the trailing 3-year (16.00 vs 16.06) or 5-year (15.84 vs 15.92) period did not exceed the R1000V Index. RhumbLine's Large Cap Growth equity return over the trailing 3-year (16.41 vs 16.45) or 5-year (19.89 vs 19.95) period did not exceed the R1000G Index.

Mr. Vavrica continued with the review of the Executive Report. The asset allocation illustrates a total of \$108,341,000; Midcap \$17,544,000 (16.2%), Large Value \$24,967,000 (23.0%), Large Growth \$23,715,000 (21.9%), International \$4,949,000 (4.6%), Fixed Income \$35,945,000 (33.2%) and \$1,221,000 in Cash (1.1%).

The total fund for the quarter was 6.58% vs. 5.41% ranking 12th; for one year the return was 19.44% vs. the policy of 16.96% ranking 25th; three years 11.15% vs. the policy of 10.49% ranking 27th and five years 12.23% vs. the policy of 12.68% ranking 73rd. Equity return for the quarter was 9.76% vs. the policy of 9.20% ranking 24th; one year 32.48% vs. the policy of 31.09% ranking 30th; three years 15.22% vs. the policy of 15.21% ranking 15th and five years 18.24% vs. the policy of 18.47% ranking 44th. Fixed Income return was 0.09% vs. the policy of -0.128% for the quarter ranking 67th; one year -1.44% vs. -1.85% ranking 50th; three years 3.50% vs. the policy of 3.32% and five years 4.60% vs. the policy of 4.48%.

Boston Company's quarterly return was 11.66% vs. the policy of 10.01% ranking 1st; one year 38.77% vs. the policy of 32.532% ranking 1st. Dana's quarterly return was 11.02% vs. the policy of 10.44% ranking 28th. Harding Loevner's quarterly return was 4.73% vs. the policy of 3.81% ranking 76th. RhumbLine's Midcap quarterly return was 8.28% vs. the policy of 8.33% ranking 67th; one year 33.36% vs. the policy of 33.50% ranking 56th. RhumbLine's Large Cap Value quarterly return was 9.98% vs. the policy of 10.01% ranking 56th; one year 32.40% vs. the policy of 32.53% ranking 40th. RhumbLine's Large Cap Growth quarterly return was 10.41% vs. the policy of 10.44% ranking 49th; one year 33.37% vs. the policy of 33.497% ranking 56th. Denver's quarterly return was 0.05% vs. the policy of -0.10% ranking 73rd; one year -1.47% vs. the policy of -1.63% ranking 40th and State Street's quarterly return was -0.13% vs. the policy of -0.14% ranking 78th.

Mr. Vavrica indicated the other pending item from the last meeting; the board funded Denver, but kept the majority of the assets in long term fixed assets. The current target is 35% intermediate and 65% long bond; State Street's portfolio is 100% long bond. In order to tweak that intermediate to long term allocation, due to the nature of Denver's holding, they would have to do little trading in order to adjust their portfolio from a longer term majority to the more intermediate majority. To complete this, the board would need to change the investment policy and decide what their new target would be. Should you want it to be 50%/50% with all of the fixed income in terms of long and intermediate, Denver's benchmark would need to be changed to be 83 1/3% intermediate and 16.7% short.

Mr. Dole moved to change the investment policy target for Denver to be 80% intermediate and 20% long term; total benchmark fund changed from 6%/34% to 50%/50% intermediate and long term, seconded by Mr. Smith. Said motion passed unanimously.

Item 10. Other Business.

Ms. Schell indicated the fiduciary liability insurance is coming due March 1st. Usually we have the information to bring before the board before payment. However we have not received anything from the brokerage firm, Plastridge Agency. Ms. Schell indicated she will follow up on this.

Motion to Adjourn:

There being no further business, Mr. Smith moved to make a motion for adjournment, seconded by Mr. Dole. Said motion passed unanimously. The meeting adjourned at approximately 2.55 p.m.

The undersigned is 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 20, 2014, which minutes were formally approved and adopted by the General Employees' Pension Board on May 15, 2014, 2014.



Karen Schell

Secretary General Employees' Pension Board