

**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD MEETING
HELD ON FRIDAY DECEMBER 19, 2008 AT 9:00 AM IN COMMISSION CHAMBERS, CITY
HALL, BOYNTON BEACH, FLORIDA**

Trustees: Jerry Taylor, Chair
Kurt Bressner
Rob Eichorst
Lisa J Jensen
Cathy McDeavitt
Michael Low

Others: Barry Atwood, Finance Director
Bonni Jensen, Hanson, Perry & Jensen
Jeff Swanson, Southeastern Advisory Services
Scott Baur, Tegrit Plan Administrators
Dixie Martinez, Tegrit Plan Administrators
Michael E Smith, JP Morgan
JD Sitton, JP Morgan
Robert Pease, JP Morgan
Members of Public:
Richard Stone

I. OPENINGS:

- A.** Call to Order – Mayor Gerald (Jerry) Taylor, Chairman

Chair Taylor called the meeting to order at 9:05 a.m.

II. AGENDA APPROVAL:

- A. Additions, Deletions, Corrections**

The following items were requested to be added to the Agenda:

1. Drop participant eligibility was added to VII. New Business as item F.

Motion

Ms. McDeavitt moved to approve the Agenda as amended. Mr. Bressner seconded the motion that unanimously passed.

III. APPROVAL OF MINUTES

- A.** Regular Meeting August 29, 2008

Motion

Ms. McDeavitt moved to approve the Minutes of regular meeting August 29, 2008. Mr. Bressner seconded the motion that unanimously passed.

IV. INVESTMENT REPORTS

- A. JP Morgan Real State**

1. Update: Strategic Property Fund – Michael E Smith and JD Sitton

Mr. Michael E Smith and JD Sitton introduced themselves to the Board. Mr. Smith reported positive performance for Strategic property portfolio and commented that they have not experienced any personnel changes. The 4th quarter had about a 6.8% expected decline in asset values, offset by income for about 5% loss for the quarter. Fund is the largest and most diversified available portfolios. It has only about 15% of debt coming due in next year, also long term leases with only about 10% coming due in next year. Overall rental market holding up, but still expected a 15% overall decline in portfolio value in current economic environment. The overall leverage is about 24% , very conservative, so JP Morgan does not expect any problems with lending institutions.

2. Presentation: Infrastructure Portfolio – Robert Pease

Mr. Pease explained that infrastructure consists of transportation assets, regulated assets, communication assets, and social infrastructure. Portfolio primarily concentrates on transportation and regulated assets. Infrastructure has global outlook, half of the portfolio is in North America, and the other half of the portfolio has a soft lookup provision to keep strictly to long-term investors. There is 0% penalty for redemptions in first four years. JP Morgan charges 2% management fee plus 2% up front subscription fee. JP Morgan so far has raised \$3 billion with \$2 billion currently invested, with seven current holdings. Mr. Pease described some of the current individual assets in the portfolio in detail. Mr. Bressner asked Mr. Pease about foreign assets, private utilities, and the possibility the new administration will invest significant capital in infrastructure in the United States. Mr. Bressner is concerned that spending even on essential infrastructure by individuals will cut back at the same time due to the economic environment. Mr. Bressner therefore is not comfortable with investing right now in infrastructure.

JP Morgan has a Real Estate conference locally at the Four Seasons on April 28, 2009. Ms. McDeavitt asked about the conference which she previously attended. Ms. Jensen advised that the conference must meet ethical guidelines for the City of Boynton Beach.

3. Quarterly Investment Review – Southeastern Advisory Services, IN. – Jeff Swanson

Mr. Swanson encouraged the Board to consider infrastructure for the portfolio and if they are interested his recommendation is to fund it equally from stocks and bonds. JP Morgan agreed to \$5 million minimum instead of \$10 million. Portfolio currently has a queue of about 10 months. Mr. Swanson explained that in the past exceeding the actuarial assumption was not difficult. This year most actuaries are projecting a possible two years of -15%. Public Plans are using a five year smoothing method looking backwards. As a result of the economic crisis actuaries are looking into changing the rules to a smoothing method perspective, looking forward not backwards. Ms. Jensen commented that with the new 60T Rules allowing that is unlikely by the State. The Fund is down -14.9% for fiscal year end compared to the benchmark -14.5%. For quarter ending September 30, 2008 the Fund is down -9.2% versus the benchmark - 7.7%. Mr. Swanson does not favor changing the 7.75 assumption rate at this time. While Plan will not meet assumption rate for 5 year period, he still has confidence in 10 year period. Ms. Jensen advised reducing assumption rate would only increase contribution in short term. Board requested that Mr. Steve Palmquist be invited to the next Pension Board meeting. Mr. Swanson recommended the change of custody for Alliance Bernstein and Davis Hamilton and to separate the stocks and bonds as opposed to having managers run balanced portfolios. He recommends action now, then adjust policy to reflect change.

Motion

Mr. Bressner moved to separate portfolios. Mr. Low seconded the motion that unanimously passed.

Motion

Mr. Bressner moved to authorize Policy revision to accompany this change. Ms. Lisa Jensen seconded the motion that unanimously passed.

Mr. Swanson recommended having BNY as broker of record.

Motion

Ms. McDeavitt moved to have BNY as broker of record. Ms. Lisa Jensen seconded the motion that unanimously passed.

Audience: Member from the Public asked about status of experience study, he also wanted to know if a negative return could be incorporated into the experience study. Mr. Swanson explained that this is something that Mr. Palmquist will provide and that he certainly will incorporate this year's return.

V. Old Business

A. Scanning Project

Ms. McDeavitt explained that several months ago three Boards entered into an agreement with R&S Integrated to scan the retiree information and put it in electronic format for each of the Boards. The Police and Fire Department files are done but the General employees' files have not been done. The Police and Fire Departments wrote the General Employees' Pension Plan a check for their portion of the project, which has been deposited.

Motion

Ms. McDeavitt moved to authorize the Administrator to seek a proposal with R&S to scan the General Employees' member's files and put in electronic format. Ms. Lisa Jensen seconded the motion that unanimously passed

Ms. McDeavitt will provide the Administrator the contact information.

B. Transition in Plan Administration

1. Plan Administration and Files

Mr. Baur reported that the transition is nearly completed. He has received physical files. He would like to request all electronic document files from the City or prior Administrator that belong to the Plan.

Motion

Mr. Bressner moved to make available all electronic files of the Plan to the Administrator. Ms. McDeavitt seconded the motion that unanimously passed

Attorney will communicate with the prior administrator the request to transfer all electronic files of the Plan to the new Administrator.

2. Benefit Payments

Mr. Baur reported that there had been a delay on the original targeted date of December 1st to start making payments to the retired members. He explained that one of the programmers involved in the transition had a death in the family therefore he did not receive all of the information needed to process the December 1st benefit payments. We are now on target to make the January 1st benefit payment, which from a 1099 R standpoint is much cleaner.

3. Online Access

Mr. Baur reported that the website for the Plan is available, but at this point it does not have the online calculator for the members. As soon as the data transition is completed, active members will be able to go on line and have their pensions calculated. Also members who are in the Drop will be able to access information regarding their Drop account through the website as well.

VI. Correspondence

A. Plan Documents Update

1. Summary Plan Description

Mr. Baur reported that the Summary Plan Description had been updated and distributed to the members of the Plan.

2. Elective Benefits Pamphlet

Mr. Baur explained that the elective benefit pamphlet had been included in the meeting packets for information.

3. Summary of Plan Provisions

Mr. Baur reported that the Summary of Plan Provisions is a document he created that summarizes all the calculations related to the benefits of the Plan. It gives precise procedures in terms of what he does when calculating benefits and it gives a quick summary, not in place of the Summary Plan Description or the Ordinance, but it's a quick reference to a lot of the Plan provisions. This is strictly used internally.

B. Proposed Ordinance (Employment Clarification)

Ms. Bonni Jensen reported that she had drafted the proposed Ordinance.

Motion

Mr. Bressner moved to refer the proposed Ordinance to the City Commission for consideration. Ms. McDeavitt seconded the motion that unanimously passed.

VII. New Business

A. Attorney Report

1. Federal and State Updates

Ms. Bonni Jensen explained the Federal and State legal updates memo. In June a new law called HEART (Heroes Earning Assistance and Relief Tax Act of 2008) was adopted. This law provides tax benefits to active duty military personnel. She reviewed the two sections that affected this fund; survivor and disability payments and the treatment of differential military pay as wages.

2. Qualified Public Depository.

Ms. Bonni Jensen then reviewed the provisions for Qualified Public Depository. Ms. Bonni Jensen advised the Board to file the Public Depository forms.

3. IRS Determination Letter

Ms. Bonni Jensen reported that the IRS has determined that Governmental plans have been underserved. She commented that the IRS determination letter will indicate that this plan is tax qualified. Ms. Bonni Jensen stated that it is not mandatory for plans to file this letter. If Plan decides to file for a determination letter she believes it could be done by January 31, 2009.

Motion

Mr. Bressner moved to authorize the Attorney to file for the IRS determination letter. Ms. McDeavitt seconded the motion that unanimously passed.

B. Pending Agreements

2. Administrator (Pension Resource Center)

Mr. Baur commented that the Administrator Agreement was ready for execution.

3. Checking Account (First Southern)

Mr. Baur explained that the checking account with First Southern hadn't been previously authorized by the Board. He explained that he has found much more favorable terms through some of the more local institutions. He commented that his firm has a block of accounts with First Southern for other Public Plans because they have a very good cash management unit that they inherited from Fidelity Federal. Mr. Baur would express a preference to establish a new checking account on behalf of the plan but it's not a necessity or requirement. The same account would be used to pay invoices and benefit

payments and ultimately Mr. Baur will have to produce financial statements for the Plan going forward.

Motion

Mr. Bressner moved to establish a checking account with First Southern on behalf of the Plan. Ms. McDeavitt seconded the motion that unanimously passed (Ms. Lisa Jensen abstained from this vote) Ms. Lisa Jensen will have to file a Form 8B Memorandum of Voting Conflict.

C. Warrant for Invoices

The Board reviewed the Disbursements presented for approval by the Administrator.

Motion

Mr. Bressner moved to approve the invoices that were presented by the Administrator. Ms. McDeavitt seconded the motion that unanimously passed.

D. Board Issues

1. Attendance by Trustees

Ms. McDeavitt explained that it's her understanding that the way the rule reads is if you attend one meeting per year, you can continue on the Board. After the third missed consecutive meeting, the City Clerk's office sends the Trustee a notice.

2. Trustee Election (Michael Low)

Mr. Baur reported that Mr. Low's term expires at the end of the month. The ordinance does contain provisions for elections. According to his records Mr. Low is the bargaining employee elected by the members of the Plan. There will need to be an election. The election can take 60 days or more to complete and it involves mailings to all members of the Plan. There will be a period of nominations, if there are no nominations ballots will not be necessary, if there are nominations ballots, will be mailed.

Mr. Baur reported that he had benefit approvals for the Board's approval. The Board reviewed the benefit approvals presented by the Administrator.

Motion

Ms. McDeavitt moved to approve the elective benefits for Thomas J Balfe, Douglas Solomon, Alexander Carrion, Amy McDeavitt, William Cipriano, Michael Johnson, and Jennifer Paciello, the refund of contributions for Joe Wilson and Earl Crossman and the application to leave the Drop for John Byers. Ms. Lisa Jensen seconded the motion that unanimously passed.

Ms. McDeavitt brought to the attention of the Administrator of the Plan that Drop participants can change their funding determination in January. Mr. Baur will send letter with form to all participants before January 1st, 2009.

E. Quarterly Meeting Schedule

Mr. Swanson requested to the Board whether the quarterly meetings could be held the third Friday of each quarter instead of the second. The Board agreed to have the 2009 quarterly Pension Board meetings at 1:30 pm on the following days: February 20, May 15, August 21, and November 20.

VIII. Public Comments

Mr. Stone asked the Board if the meeting was recorded and if yes by whom. Mr. Baur explained that he was recording the meeting. Mr. Stone asked for what period was the -15% return. Mr. Swanson explained that it was for a twelve month period. Mr. Stone inquired about the experience study. Mr. Baur explained that he was not aware of an experience study, but he will confirm with Mr. Palmquist. Mr. Stone suggested that the Policy for Trustee attendance be changed. Mr. Stone requested that Mr. Palmquist send a letter to retirees in regard to the 13th check. Mr. Baur suggested that he could send a letter to all retired members in regard to the 13th check. He also explained that he could also send a letter to all retirees with a financial snapshot. Mr. Bressner suggested that the Administrator send an annual letter to the retirees explaining how the 13th check formula works and to give them a financial snapshot on a yearly basis in February or March of every year.

IX. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Friday, February 20 at 1:30 PM, the Trustees adjourned the meeting at 10:37 a.m.

MINUTES APPROVED: February 20, 2009

Jerry Taylor, Chair
Boynton Beach General Employees' Pension
Board

J. Scott Baur, Administrator
Boynton Beach General Employees' Pension
Board