

**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD MEETING  
HELD ON FRIDAY February 20, 2009 AT 1:30PM IN COMMISSION CHAMBERS, CITY HALL,  
BOYNTON BEACH, FLORIDA**

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**Trustees:** Jerry Taylor, Chair  
Lisa J Jensen  
Michael Low  
Sue Kruse  
Cathy McDeavitt

**Others:** Barry Atwood, Finance Director  
Bonni Jensen, Hanson, Perry & Jensen  
Jeff Swanson, Southeastern Advisory Services  
Scott Baur, Tegrit Plan Administrators  
Audrey Ross, Tegrit Plan Administrators  
Steve Palmquist, Gabriel, Roeder, Smith & Company  
Janna Woods, Davis, Hamilton & Jackson

**Members of Public:**  
Richard Stone

**I. OPENINGS:**

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

Chair Taylor called the meeting to order at 1:30 p.m.

**II. AGENDA APPROVAL:**

**A. Additions, Deletions, Corrections**

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

1. Infra Structure handout was added to VI. Old Business as item B.
2. NY Times Article was added to VII. Correspondence as item A.
3. NCPERS letter was added to VII. Correspondence as item B.
4. FPPTA benefits program flyer was added to VII. Correspondence as item C.

**Motion**

Mr. Low moved to approve the Agenda as amended. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

**III. APPROVAL OF MINUTES**

**A.** Regular Meeting December 19, 2008

**Motion**

Ms. Lisa Jensen moved to approve the Minutes of regular meeting December 19, 2008. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

#### **IV. INVESTMENT REPORTS**

##### **A. Quarterly Investment Review - Davis Hamilton & Jackson – Janna Woods (Manager)**

Ms. Woods reviewed the performance report for the quarter ending December 31, 2008. The fund had \$23,287,226.32 in assets when the quarter ended, with 52.6% in equities, 45.8% in fixed income and 1.6% in cash. For the quarter the total account was down -9.6% versus the index at -8.3%, and the equities were also down at -21.9% versus the target index at -22.8%. The fixed income was the only positive return they had for the quarter at 5.1% versus 4.6%. Ms. Woods also commented that as of February 17, 2009 the account was down -5.7% as the index was down -6.2%. She stated that this is still a very volatile market and thinks that it will continue this way for the next quarters. Ms. Woods reported that within the quarter they added some health care, gold and copper into their portfolio and sold some financials and consumer staples. Currently they are over weighted in technology, but they are still very diversified within the portfolio for when the market does start to make a comeback. Lastly, Ms. Woods reviewed and gave a background of the top 10 holding in the portfolio.

##### **B. Quarterly Investment Review – Southeastern Advisory Services – Jeff Swanson (Consultant)**

Mr. Swanson gave the Board an update on his former employment with Merrill Lynch. He commented that Merrill Lynch recently settled with all their old clients. Mr. Swanson was the first employee to leave the firm in 2006 and he settled an agreement with Merrill Lynch in 2007 and was given an oral reprimand.

Mr. Swanson moved on to some house keeping items. He notified the Board that we were in the final stages of switching over the authorized signers with Wachovia, and that it will be completed once the forms are signed today.

Mr. Swanson reviewed the returns for the quarter ending December 31, 2008. The total fund was negative, but right on target with the index at -13% versus -13%. The total domestic equities were negative and slightly behind the index at -23.7% versus -23.2%, but the total international equities did a little better at -17.9% versus the index at -20%. The total real estate was behind at -8.7% versus -8.3% and the total fixed income was positive for the quarter, but still trailed behind the index at 3.6% versus 4.6%. Mr. Swanson reviewed and explained the asset allocations for the quarter. There is 13.3% in international equities, 10.1% in real estate, 32.1% in fixed income, 2.3% in cash and 42.2% in domestic equity, and he also broke it down per manager. He notified the Board that Alliance Bernstein has underperformed for the last 12 months, but commented that it is very hard to tell if a manager is fit at this time with such a bad market. Ms. McDeavitt stated to the Board that when Davis Hamilton & Jackson were continually underperforming, the Board took action, and she wanted to ask Mr. Swanson if they should do the same with Alliance Bernstein. Mr. Swanson replied that he would recommend holding off on doing anything at this time because of the market situation, but he did comment that he will be watching them more closely.

Lastly, Mr. Swanson passed out the revised investment policy guidelines. He reviewed the changes that were made to the document and commented that each manager has their own addendum now. Ms. Jensen commented that the wordage "equities at cost cannot exceed 65%" needs to be added into the guidelines.

### **Motion**

Ms. Lisa Jensen moved to adopt the revised Investment Policy Guidelines with the new changes that were recommended by the Investment Consultant and the Attorney. Ms. McDeavitt seconded the motion that unanimously passed 5-0

## **V. ACTUARY REPORT**

### **A. Discussion on Investment Assumption Rates – Gabriel, Roeder, Smith & Company – Steve Palmquist**

Mr. Palmquist commented that he has been doing five year projections for his other clients that reflect the City's costs for the next five years. He stated that he thinks the next valuation will show the City's payroll contributions going up about 5% to 8% more than last year. Mr. Palmquist stated that the only thing the pension Board can do is review over the Plans current benefits for ways to get their money under control. He commented that some other Cities are looking to increase their employees contribution rates, and gave some other examples. Mr. Palmquist stated that for now the assumed rate of return still stands at 8% not 7.75%. Also, Mr. Palmquist mentioned that the recommendations he made last year to the Board never made it into place. The Board had a discussion on why those recommendations were never implemented. Mr. Palmquist stated that he will review those recommendations that were made when he presents the five year projection at a special meeting.

### **Motion**

Mr. Low moved to authorize Gabriel, Roeder, Smith & Company to produce a five year projection on the pension plan and to also review the old recommendations that were presented last year and never implemented. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

### **B. Presentation of the 2008 Actuarial Valuation Report – Gabriel, Roeder, Smith & Company – Steve Palmquist)**

Mr. Palmquist stated that he had the 2007 and 2008 Actuarial Valuation. He explained that the 2007 report needed to be changed and revised because the City's contributions did not match with the mortality change and what the City had reported.

Mr. Palmquist reviewed the 2008 Actuarial Valuation Report. He reported that the City's contribution rate will go up from \$3,909,961 in 2008 to \$4,800,411 for the fiscal year ending 2009. That is a 2.54% increase or an \$890,450 increase from year to year. The City's contribution rate is 17.24% for the new fiscal year. He commented that at one time the City's contribution rate went all the way down to 3%, and now it is back up. Mr. Palmquist explained that there was a new actuarial loss of \$4,187,334 for the fiscal year due to recognized investment returns that were less than expected. He reviewed the actuarial gains and losses from year to year going all the way back to 1994. Mr. Palmquist compared the assumed salary increases and investment returns to the actual, and they were pretty close to their targets. He also commented that the fund will only earn a 13<sup>th</sup> check if they have an experienced gain,

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and right now the fund has lost \$38M so they would need to gain that amount plus more to have an experienced gain. Lastly, Mr. Palmquist compared the fund's income and disbursements from year to year. They have decreased from \$89,904,590 in 2007 to \$76,562,988 in 2008, which had a positive impact on the report.

**VI. OLD BUSINESS**

**A. Scanning Project**

Ms. Ross explained that she had finally received a written quote from the scanning company. She was given an estimated quote of \$8,073. Ms. Ross explained what the quote was based on, and commented that the Board will get charged after the job is completed and they have the actual number of documents scanned.

**Motion**

Ms. McDeavitt moved to accept the estimated quote and to move forward with the scanning project. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

**B. Infra Structure**

Ms. McDeavitt commented that she had attended the last FPPTA Trustee School and was impressed with the presentation by JP Morgan in regards to infra Structure investments. Ms. McDeavitt handed out to the Board a CD with the presentation.

**VII. CORRESPONDENCE**

**A. New York Times Article**

Ms. McDeavitt passed out a NY Times article that she thought was very interesting. The article "A Proposal to Shore Up Banks With Pension Funds" explains that pension funds in the future may be able to someday buy banks since they are a long term investment.

**B. NCPERS Newsletter**

Ms. McDeavitt shared the NCPERS Newsletter with the other Trustees. This newsletter gives an update on current items involving pension plans.

**C. FPPTA Benefits Program Flyer**

Ms. McDeavitt asked that a copy of this flyer be sent out to all the retired members in their next pension check. She would like the members to keep up to date on their pensions.

**VIII. NEW BUSINESS**

**A. Attorney Report**

Ms. Bonni Jensen commented that Trustees are not permitted to attend conferences that are provided by service providers the Board retains for services and are at no cost. Also, any gifts from service

providers are not allowed either.

Ms. Bonni Jensen stated that she did file for the IRS Determination letter, and will update the Board once they receive it.

Ms. Bonni Jensen reported that in between meetings she received a request for a QDRO. She explained that as a Governmental entity, pension plans are not subject to a QDRO. The only thing a member is subject to is an income deduction order. Ms. Bonni Jensen commented that she wrote a letter to the participant's attorney explaining this.

## **B. Administrative Report**

### **1. Warrant for Invoices**

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

#### **Motion**

Ms. McDeavitt moved to approve the invoices that were presented by the Administrator. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

### **2. Benefit Approvals**

The Board reviewed the Benefit Approvals presented for approval by the Administrator. Ms. McDeavitt found a typo that needed to be corrected.

#### **Motion**

Ms. McDeavitt moved to approve the Benefit Approvals as corrected which were presented by the Administrator. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

### **3. Approval of the Election Ballot & the Election Form**

The Board reviewed the Election Ballot and the Election Form that was sent out to the members for the upcoming election which was presented for approval by the Administrator.

#### **Motion**

Ms. McDeavitt moved to approve the election ballot and the election form which were presented by the Administrator. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

### **4. Wachovia Authorized Signers List**

Ms. Ross reported that she had the new Authorized Signers list from Wachovia that needed to be updated with the new signers as well as the new direction letters to the Investment Managers that needed to be executed by the Board.

#### **Motion**

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Mr. Low moved to add the authorized signers to the Wachovia account including: two authorized signers from Tegrit Plan Administrators, two authorized signers from the City and all the Trustees. Ms. Lisa Jensen seconded the motion that unanimously passed 5-0.

**5. Approval of the Tegrit Plan Administrators Assumption & Assignment Agreement**

Ms. Bonni Jensen explained that she would like to have an Assumption and Assignment Agreement on file for the name change from Pension Resource Centers to Tegrit Plan Administrators.

**Motion**

Ms. McDeavitt moved to approve the Assumption & Assignment Agreement with Tegrit Plan Administrators (formally Pension Resource Center). Ms. Kruse seconded the motion that unanimously passed 5-0.

**C. Board Issues**

**1. Discussion on the Storage of Archived Records**

Ms. Ross explained that she had received an email from the City Clerk stating that there is a closet that has old records for the General, Police, and Fire Pension Plans, and they need to be sorted through and properly archived. Ms. McDeavitt commented that she had the key to the closet and the Board could take a look at the documents after the meeting. Mr. Baur stated that Tegrit will go through the closet, separate the documents, and take whatever pertains to the General Employees Pension Plan.

**2. Attendance by Trustees**

Ms. McDeavitt commented that the policy states that if a Trustee misses three consecutive meetings, then the City Clerk will send a warning letter advising the Trustee that his seat will be up for election if he does not attend the next scheduled meeting. Ms. McDeavitt stated that she will first contact the Trustee who has not been at the meetings to see if he is still interested in serving on the Board.

**IX. PUBLIC COMMENTS**

Mr. Stone stated that he had a question about the PRC/TPA name change. Mr. Baur explained the name change and why. Also, Mr. Stone requested that a notification of the next meeting date should be sent with the retirees' pension checks so they can attend meetings to keep up to date on the pension items.

Mr. Stone complimented Jeff Swanson and TPA for the newsletter that was sent out to the retired members giving them an update on their pension plan.

Also, the Board inquired about the annual benefit statements for the active members. Mr. Baur commented that in the past the previous Administrator had provided them, and that is something that

his office will be producing in the future. He stated that the cost for this would be incurred by the programmer. Mr. Baur reported that the online calculator will be up and running by next week.

**X. ADJOURNMENT**

There being no other business and the next meeting having been previously scheduled for Friday, May 15 at 1:30 PM, the Trustees adjourned the meeting at 3:17 p.m.

MINUTES APPROVED: May 15, 2009

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Jerry Taylor, Chair  
Boynton Beach General Employees' Pension  
Board

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