
**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD
MEETING HELD ON MONDAY NOVEMBER 22, 2010 AT 1:30 PM IN COMMISSION
CHAMBERS, CITY HALL, BOYNTON BEACH, FLORIDA**

Trustees: Jose Rodriguez, Chair
Cathy McDeavitt
Michael Low
Virginia Shea
Laurie Fasolo

Others: Joe Lawrence, Alliance Bernstein
Jeff Swanson, Southeastern Advisory Services
Bonni Jensen, Perry & Jensen, LLC
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Barry Atwood, Finance Director
Members of Public

I. OPENINGS:

A. Call to Order – Mayor Jose Rodriguez, Chairman

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

II. AGENDA APPROVAL:

A. Additions, Deletions, Corrections

There were no additions, deletions or corrections to the Agenda.

Motion

Ms. McDeavitt moved to approve the Agenda. Mr. Low seconded the motion that unanimously passed 5-0.

III. APPROVAL OF MINUTES

- A.** Regular meeting August 23, 2010.
- B.** Special Meeting September 20, 2010

Motion

Ms. McDeavitt moved to approve the minutes of the regular meeting on August 23, 2010 and Special meeting on September 20, 2010. Ms. Fasolo seconded the motion that unanimously passed 5-0.

IV. INVESTMENT REPORTS

A. Quarterly Investment Review – Alliance Bernstein – Joe Lawrence (Manager)

Mr. Lawrence reported that the reason for all the volatility in the market this year has been due to all of anxiety in the headlines, specially the retail investors have reacted to the news on a daily basis. He reported that equities have been negative for the last couple of years and fixed income has been massively positive which has been a real drag in the market recently. He believes that the investors have overpaid for safety for the last couple of years. He reported that this is the cheapest the market has been in about 25 years and earnings and cash flows are rebounding. He reported that 31% of the portfolio could double their dividend tomorrow and not impact their cash flow what so ever. He stated that 21% of the companies in the portfolio have cash yields of 10% and they are still selling at very cheap valuations. He believes that over the next few years if you buy a 5 year treasury today and hold it to maturity you will earn 1.3% per year. He reported that he believes the stock market in general will return 6% per year over the next 5 years. Mr. Lawrence reviewed the portfolio with the Board. He reported that fixed income has done extremely well outperforming by 2.1% year to date as well as for September 30, 2010 the fixed income portfolio was up 3.6% versus the index at 2.05% with a market value of \$9,490,023. He reported that they still liked investment grade corporates and they do not like government and mortgages therefore the portfolio is underweighted in government and mortgages and overweighed in investment grade corporates and CMBSS. He reported that for quarter ending September 30, 2010 the Plan was at 8.8% versus the benchmark at 10.1%. Mr. Lawrence reported that as of Friday November 19, 2010 the portfolio was up by 5.5% vs. the benchmark at 4.4%.

B. Quarterly Investment Performance Report: (Investment Consultant) Southeastern Advisory Services: Jeff Swanson

Mr. Swanson reported that the markets have stabilized and things have improved. He reported that for fiscal year 2009 the Plan had an actuarial gain. He reported that the return of the Plan for fiscal year 2009 is 9.2% versus the annual rate objective of 7.75%. He reported that the Plan was up by \$7 millions alone in the September quarter. He reported that virtually all of the return for the year came in the last 3 weeks of September. He reported that as of September 30, 2010 the Total value of the plan including the R&D account is \$83,575,375. He reported that the total fund was up 9.2% equal to the target index. Total Domestic Equity was up 12.0% versus the index at 11.7% and Total International Equities was 16.2% versus the index at 16.5%. Total Real Estate was up 4.0% versus the index at 3.9% and Total Fixed Income was up 3.8% versus the index at 2.5%. Mr. Swanson reviewed each manager individually. He reported that all managers are performing within an acceptable range. Other than from the Alliance Bernstein equity portfolio which has been put under watch Alliance Bernstein is doing a fine job on the fixed income portfolio.

Mr. Swanson reported that he had some housekeeping items. He reported that Ms. Bonni Jensen has been working on the agreement with the new asset managers that the Board had selected and she will report on that. Me. Swanson reported that the Touchstone and Calamos

portfolios had about \$9 million in assets therefore he recommends taking 1 million from the Davis Hamilton Fixed income portfolio to complete the \$10 million needed to fund the new asset managers. He explained that Atlanta Capital Management and Tradewinds will receive \$3 millions each and Mutual of America Capital Management will receive \$4 millions. Ms. Bonni Jensen reported the agreement with Florida Municipal Investment Trust which will be a commingled fund is ready for execution. She reported that the other agreements that had been negotiated were individual agreements with Mutual of America and Tradewinds. Ms. Jensen reviewed the details of the agreements. Ms. Bonni Jensen reported that her standard contracts provides for plain negligence. Mutual of America has asked that it be gross negligence. Ms Bonni Jensen explained the difference between plain and gross negligence. She reported that it is not unusual for a manager's contract. The Board had a discussion regarding Mutual of America's request. Ms. Jensen reported that Tradewinds had requested that the Plan use their investment policy addendum as opposed to signing the Plan's investment policy addendum. Mr. Swanson reported that he has reviewed their addendum and he does not have any issues with it. Ms. Jensen reported that she agrees with Mr. Swanson.

Motion

Ms. McDeavitt moved to accept the contract with Mutual of America as presented. Mr. Low seconded the motion that unanimously passed 5-0.

Motion

Mr. Low moved to accept the contract with Florida Municipal Trust as presented. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

Motion

Mr. Low moved to accept the contract with Tradewinds as presented. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

Mr. Swanson will send instructions to the administrator regarding the funding of the new managers if possible by mid December.

Mr. Swanson asked the Board for direction on how they would like to schedule investment manager's presentations. The Board had a discussion regarding when and how they would like to see the managers present. Ms. McDeavitt reported that at the FPPTA training section it was suggested that Trustees should evaluate all vendors once a year and she believes this is a very good idea. The Board agreed and discussed how they would like to implement a vendor evaluation once a year. Mayor Rodriguez suggested that vendors make a presentation at the February pension meeting and the Board could evaluate them at the May pension meeting.

Consensus of the Board to implement an annual review. Vendors will present at the February meeting and be evaluated at the May pension meeting.

Motion

Mr. Low moved to schedule one investment manager per meeting. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

Mr. Baur reported that prior to the February meeting he will send to the Board a copy of their service providers and a copy of their contracts to help them determine what they do and what questions they want to ask them.

Mr. Swanson suggested that the next investment manager to come and present at the February meeting be JP Morgan, followed in May by Alliance Bernstein, Davis Hamilton & Jackson in November and the three new investment managers to follow thereafter.

V. OLD BUSINESS

No old business

VI. CORRESPONDENCE

No correspondence

VII. NEW BUSINESS

A. Administrator Report

1. Final Average Compensation & Earnings - Update

Mr. Baur reported that at the last pension meeting he had questions on how the Final Average salary should be calculated and he had been asked by the Board to assess the situation and further research. Mr. Baur explained the definition of final average salary. He reported that calculations now and in the past add the lump sum sick and vacation pay out to the final payroll. In other words, the lump-sum payment generally forces the highest consecutive five years to be the last five years when the lump sum sick and vacation pay is added at the end. For members who took a demotion the highest five consecutive years may not be the last five years. Mr. Baur reported that the City had provided him with a list of 17 members who have been demoted in the last 10 years. Out of those 17 members two members could be affected by this. He has forwarded his findings to the actuary of the Plan for his review. No action by the Board is needed at this time.

2. Warrant for Invoices

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

Motion

Ms. Shea moved to approve the invoices that were presented by the administrator. Ms. Fasolo seconded the motion that unanimously passed 5-0.

3. Benefit Approvals

The Board reviewed the Benefit Approvals presented for approval by the administrator.

Motion

Mr. Low moved to approve the Benefit Approval presented by the Administrator. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

4. 2011 Meeting Calendar

The Board reviewed the 2011 meeting calendar presented by the Administrator.

Motion

Ms. McDeavitt moved to approve the 2011 meeting calendar presented by the Administrator. Ms. Shea seconded the motion that unanimously passed 5-0.

5. Wells Fargo – Update Signature Card

Ms. Martinez reported that the signature card with Wells Fargo needed to be updated. She reported that Ms. Jensen has been working with Wells Fargo's legal department regarding the language on the signature cards. Ms. Jensen recommended waiting until the February meeting to sign them so that the language can be corrected. Consensus of the Board to wait and sign the Wells Fargo signature card at the February meeting.

Ms. Martinez reported that she had received a disability application from Mr. Rocco Rossetti. She has gathered all the medical records. She reported that Mr. Rossetti is receiving the long term disability from the City and it has been approved until September 2011. So far Mr. Rossetti has not been found permanently disabled. Ms. Shea commented that Mr. Rossetti had taken the voluntary separation from the City. Ms. Bonni Jensen will research further.

B. Attorney Report

1. Revised Summary Plan Description

Ms. Bonni Jensen reviewed the changes to the Summary Plan Description. She reported that she will send it to the Administrator for distribution to the members.

2. SEC & GASB Memo

Ms. Jensen reported that the Securities and Exchange Commission had issued its final rules regarding the "Pay to Play." She reported that it is unlawful for an investment consultant or manager to make a contribution to an official or candidate for a political office of the governmental entity who is in a position to influence the selection of the adviser. Ms. Jensen reported that she recommends that managers report to the Board on an ongoing basis. She will send a letter to the investment consultant and investment managers.

Ms. Bonni Jensen reported that the GASB Board is making suggestions that there should be some changes in the way that Cities report pension fund obligations. She reported that this will not have any implications to the Pension Board itself but the City will have to carry its annual consolidated financial report as a liability for the unfunded pension obligations. Ms. Bonni Jensen reported that these rules are under consideration and have not passed yet.

3. Garcia Hamilton & Associates Assignment & Assumption

Ms. Bonni Jensen reported that the Garcia Hamilton & Associates Assignment & Assumption was ready for execution. She reported that it recognizes Davis Hamilton & Jackson's new name.

Motion

Mr. Low moved to approve the Garcia Hamilton & Associates Assignment & Assumption. Ms. Fasolo seconded the motion that unanimously passed 5-0.

4. Update on IRS Ordinance

Bonni Jensen reported that the Ordinance has passed.

VIII. PUBLIC COMMENTS

No public comments.

IX. ADJOURNMENT

There being no other business and the next meeting having been previously scheduled for Wednesday, February 16 1:30 PM, the Trustees adjourned the meeting at 3:10 pm.

MINUTES APPROVED: November 22, 2010

Jose Rodriguez, Chair
Boynton Beach General Employees' Pension
Board

Dixie Martinez, Administrator
Boynton Beach General Employees' Pension
Board