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**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN SPECIAL BOARD MEETING HELD ON  
MONDAY SEPTEMBER 20 AT 1:30 PM IN THE PROGRAM ROOM, LIBRARY, BOYNTON BEACH,  
FLORIDA**

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**Trustees:** Jose Rodriguez, Chair  
Kurt Bressner  
Lisa Jensen  
Cathy McDeavitt  
Michael Low  
Virginia Shea

**Others:** Jeff Swanson, Southeastern Advisory Services  
Bonni Jensen, Perry & Jensen, LLC  
Scott Baur, Resource Centers  
Dixie Martinez, Resource Centers  
Dann Smith, Wells Fargo  
Kevin Gaughan, Wells Fargo  
Chris Coburn, Tradewinds  
Mary McTague, Atlanta Capital Management  
Joseph O'Reilly, Mutual of America Capital Magement  
Joseph Gaffogia, Mutual of America Capital Management  
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. Ms. Lisa Jensen seconded the motion that unanimously passed 6-0.

**III. OLD BUSINESS**

**A. Letter from Participant Katherine Jenkins – Request for Buying Additional Time.**

Mr. Baur reported that he had provided the Board with an updated summary of the options available to Ms. Jenkins. He reported that originally he had stated that Ms. Jenkins vested deferred benefit would start at age 55. After further review and discussions with counsel and with the actuary they agreed that the ordinance actually directs them to begin a benefit for a vested deferred member at the earliest normal retirement date which in Ms. Jenkins's case it would be at age 53, 30 years from her original hire date. Mr. Baur reported that Ms. Jenkins has two options, at least from the Pension Fund's stand point. Option one would be that she can take a refund of the contributions that she made into the elective benefit and wait until she is eligible to collect her vested deferred benefit from the City. The second option is that she can buy another elective benefit of her choice with the contributions that she made into the 25 year service requirement elective benefit, since she will never derive any benefits from the 25 year service requirement elective benefit. She can also request a refund of her contributions and forfeit her vested benefit. Mayor Rodriguez asked Mr. Baur if he had been able to come up with any new options available to Ms. Jenkins. Mr. Baur reported that the only thing that had change since the last meeting was that Ms. Jenkins can start collecting her vested deferred benefit at age 53; 30 years from the date she was hired at the City therefore she will be able to commence her benefit 2 years earlier than he had originally reported. Mr. Baur reported that the Pension Fund does not necessarily have a solution to Ms. Jenkins situation. Any other solutions beyond what he has described will have to come from the City. Mayor Rodriguez stated that since the options are available to Ms. Jenkins regardless and since the Board can not help her with an alternative as she had requested he did not think a motion was needed. Ms Bonni Jensen agreed.

Mr. Baur left the meeting.

## **IX. NEW BUSINESS**

### **A. Interview of Small-Mid Capitalization Managers:**

Mr. Swanson reported that currently the Plan has 8 million with two small cap funds. He explained that these funds have performed satisfactorily but we are looking to change the mandate from small cap to SMID (small to mid cap). In doing so, the Plan may be able to go from 8 millions to 10 millions. Mr. Swanson reported that they will be interviewing 4 managers today. He explained that the first three are active managers and that the benchmark for this assignment is the Russell 2500. He reported that they are looking to add 1 to 3 firms.

#### **a. Wells Fargo – Dann Smith & Kevin Gaugham**

Mr. Dann Smith and Mr. Kevin Gaugham introduced themselves to the Board. Mr. Smith thanked the Board for the opportunity to meet with them today. Mr. Smith explained in detail the history of the firm. He reported that as of June 30, 2010 they manage over 340 billions on behalf of their clients. He reported that in Florida they manage assets for the City of Orlando, City of Tampa, St. Petersburg, West Palm Beach Police Pension Fund, Sarasota Firefighters, and the State Board of Administration.

Mr. Gaugham commented that he would be the senior portfolio manager and he has 25 years of experience. He explained in detail the investment philosophy of the firm. He pointed out that they are

active managers and their goal is to outperform the Russell 2500 by 400 basis points a year. He reported that since inception they have out performed by over 400 basis points a year with lower risk. He explained that the initial screens to screen out companies are market cap, growth, returns, and neglect. He reported that they could offer a separate managed account. He reported that their fees are 95 basis points and that they would happy to waive the 10 million minimum account size and the \$95,000 annual fee. He responded to various questions by the Trustees.

**b. Tradewinds – Chris Coburn**

Chris Coburn introduced himself to the Board. He explained in detail the history of the firm. He reported that they manage over 26.1 billion in assets on behalf of their clients. He explained in detail the investment philosophy of the firm. He pointed out that they believe that the markets are not always efficient. He explained that their objective is to add value by building a diversified portfolio of attractively valued opportunities. He reported that they select equity securities by conducting rigorous independent analysis. He pointed out that value is a pre requisite and is not a style. That they will buy only good solid companies. Mr. Coburn reported that at the top of his head he could not remember all of their Florida clients but he could send a list to Mr. Swanson.

Mr. Swanson reported that they are the best performer of all the candidates today. He reported that their portfolio was very different than the benchmark and this has allowed them in the past to be a much better performer but it also opens a door for the possibility of a big miss in the future. He asked Mr. Coburn if he could address this. Mr. Coburn commented that as the world is today there will always be a lot of opportunities for investors like them out there even with a volatile market. He reported that they could offer a separate managed account. Their fees are 85 basis points with a minimum investment of 2 million dollars. He responded to various questions by the Trustees.

**c. Atlanta Capital Management – Mary McTague**

Mary McTague introduced herself to the Board. She explained in detail the history of the firm. She reported that they manage over 7.9 billion in assets on behalf of their clients. She pointed out that they have over 20 client relations in the area. She is also involved with the FPPTA. She reported that they are owned by Eaton Vance Corporation and 18 equity partners. She reported that Eaton Vance is a large Mutual Fund in Boston although they are independent in their day to day processes the benefit of working with Eaton Vance has allowed them to move into the distribution channels of mutual funds which is wonderful for a City like Boynton. She explained in detail the investment philosophy of the firm. She pointed out that they only invest in high quality companies. She explained that for them high quality companies are companies which have demonstrated a history of consistent growth and stability in earning. She explained that they have a well diversified portfolio and that they never invest more than 5% in any position and there is never more than a 30% maximum in a sector. She reported that if the Plan chooses to work with Atlanta Capital they will have a couple of different options. She explained that through their parent company they have a mutual fund which is called the Eaton Vance Atlanta Capital SMID Cap Fund and it would be available at an institutional rate of 95 basis points. She reported that

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another option would be to go through the Florida Municipal Investment Trust which has the same strategy for approximately 67 basis points with a minimum investment of \$50,000 and no maximum.

**d. Mutual of America Capital Management – Joseph O'Reilly & Joseph Gaffoglio.**

Mr. O'Reilly and Mr. Gaffoglio introduced themselves to the Board. Mr. O'Reilly pointed out that they are passive managers. He explained in detail the history of the firm. He reported that they manage over 10.18 billion in assets on behalf of their clients. He reported that some of their clients in Florida are the City of Delray Beach Police and Firefighters' and the City of Sunrise Police Officers' Retirement System.

Mr. Gaffoglio reported the MidCap Equity Index strategy seeks investment results that correspond to the investment performance of the S&M MidCap 400™ Index by investing in the 400 public traded stocks that comprise the Index. He explained in detail the investment philosophy of the firm. He reviewed the 1 year, 3 year, and 5 year performance. He discussed the advantages of passive investments.

Mr. O'Reilly reported that the fee is 10 basis points for a separate account with a minimum of 5 million. He responded to various questions by the Trustees.

Mr. Swanson recapped the presentations. The Trustees discussed the presentations in detail.

**Motion**

Mr. Bressner moved to invest 5 millions to Mutual of America, 3 millions to Tradewinds and 3 millions to Atlanta Capital Management through the Florida Municipal Investment Trust. Ms. Shea seconded the motion.

The Board discussed the motion. Mr. Swanson noted that if the Board could evenly distribute the funds between the three managers it would be the best situation. He will have to ask Mutual of America if they will accept less than 5 million.

Mr. Bressner amended his motion to invest 4 millions to Mutual of America, 3 millions to Tradewinds and 3 millions to Atlanta Capital Management through the Florida Municipal Investment Trust. Ms. Shea seconded the motion that unanimously passed 6-0.

Ms. Bonni Jensen will work with the managers on the agreements.

**X. ADJOURNMENT**

There being no other business and the next meeting having been previously scheduled for Monday, November 22 at 1:30 PM, the Trustees adjourned the meeting at 4:05 pm.

MINUTES APPROVED: November 22, 2010

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Jose Rodriguez, Chair  
Boynton Beach General Employees' Pension  
Board

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Dixie Martinez, Administrator  
Boynton Beach General Employees' Pension  
Board