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**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD  
MEETING HELD ON WEDNESDAY FEBRUARY 16 AT 1:30 PM IN COMMISSION  
CHAMBERS, CITY HALL, BOYNTON BEACH, FLORIDA**

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**Trustees:** Kurt Bressner (1:38 pm) **Others:** Jeff Swanson, Southeastern Advisory Services  
Cathy McDeavitt Bonni Jensen, Perry & Jensen, LLC  
Michael Low Dixie Martinez, Resource Centers  
Virginia Shea Scott Baur, Resource Centers  
Laurie Fasolo JD Sitton, JP Morgan  
Lisa Jensen Greg Pittenger, JP Morgan  
Barry Atwood, Finance Director  
Sharyn Goebelt, HR Director  
**Members of Public**

**I. OPENINGS:**

- A.** Call to Order – Michael Low, acting as Chairman. Mayor Jose Rodriguez is absent.

Trustee Low called the meeting to order at 1:35 p.m.

**II. AGENDA APPROVAL:**

**A. Additions, Deletions, Corrections**

Ms. McDeavitt added under New Business item. VII.F.1. Request from retiree to be included in Wellness Fair.

**Motion**

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

**III. APPROVAL OF MINUTES**

- A.** Regular meeting November 22, 2010.

**Motion**

Ms. Lisa Jensen moved to approve the minutes of the regular meeting on November 22,

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2010. Ms. Shea seconded the motion that unanimously passed 5-0.

Mr. Bressner arrived at the meeting at 1:38 p.m.

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

##### **A. Quarterly Investment Performance Report – JP Morgan– JD Sitton & Greg Pittenger (Manager)**

Mr. Sitton and Mr. Pittenger introduced themselves to the Board. Mr. Sitton reported that the Real Estate property appraisal valuations are rising but they do not expect to see 2006 and 2007 levels any time soon. He explained what is happening in the debt market. He reported that home loan mortgage spreads have narrowed and retail sales are increasing across the board. He reported that industrials are the weakest sector. He reported that there is a strong rent growth thanks to rising property rent. He explained that growth may stay high in 2011 as homeownership remains unpopular. He reported that offices will have a strong rent recovery in 2011 as well as in 2012. He reported that as of December 30, 2010 the Strategic Property Fund's market value is \$5,563,547. He reviewed recent acquisitions and explained that last year \$500 million was sold in equities and in the last three quarters \$2.4 billions have been invested. He reported that the portfolio leverage is 28.8% as of December 31, 2010.

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

Mr. Swanson asked the Board if he could do his vendor presentation after he finished his report because he had a plane to catch. Mr. Swanson reported that for quarter ending December 30, 2010 the total fund was at 6.5%. He reported that all of the new managers have been funded. He reported that as of December 31, 2010 the Total value of the plan including the R&D account is \$94,604,898. Mr. Swanson recommended that the \$1,390,363 in the Money Market account be invested 50/50 between Mutual of America and Tradewinds. Mr. Swanson recommended to placing \$1 million allocation into the entry queue for JP Morgan and to fund it from the fixed income portfolio.

Mr. Swanson reported that the Total Domestic Equity was up 12.00 % versus the index at 11.9% and Total International Equities were slightly behind at 6.2% versus the index at 6.6%. Total Real Estate was up 4.9% versus the index at 4.6% and Total Fixed Income was down - 0.8% versus the index at -1.3%. Mr. Swanson reviewed each manager individually. He reported that all managers are performing within an acceptable range. Alliance Bernstein did a fine job this quarter but he recommended keeping them under review.

#### **Motion**

Mr. Bressner moved to rebalance the portfolio and move the funds in the Money Market account and to invest it 50/50 between Mutual of America and Tradewinds. Ms. Lisa Jensen seconded the motion that unanimously passed 6-0.

**Motion**

Ms. McDeavitt moved to place a \$1 million allocation into the JP Morgan entry queue and to fund it from the fixed income portfolio. Ms. Shea seconded the motion that unanimously passed 6-0.

The Board had a discussion regarding the vendor presentations scheduled for today's meeting.

**Motion**

Mr. Bressner moved to table the vendor presentations to the next Pension Board meeting. Ms. Shea seconded the motion that unanimously passed 6-0.

**V. OLD BUSINESS**

No old business

**VI. CORRESPONDENCE**

No correspondence

**VII. NEW BUSINESS**

**A. Actuarial Valuation Report as of October 1, 2010 – Presented by Duane Howison, GRS.**

Mr. Howison reported that the salary increases were slightly negative. He reported that the employer normal cost as a percentage of covered payroll for October 1, 2010 is 7.43%. Mr. Howison explained that 6% or so is the expected increase on salaries in average. Mr. Bressner does not believe this may be a valid assumption any more. He noted that it may not be a valid assumption for the next 2 to 3 years. He questioned that if this is the case will this affect Mr. Howison's assumptions for the next several years to come. He asked Mr. Howison if he was in a position to assume or run a simulation based on a more modest projection of projected salary adjustments over the next 2 to 3 years. Mr. Bressner would like to see those numbers. Mr. Atwood questioned the assumptions as well. He asked Mr. Howison how the expected member contributions of \$1,830,405 was calculated. Mr. Howison explained how it had been calculated. Mr. Bressner recommended tabling this item to the next meeting so that the finance department can work directly with the Plans actuary to get the numbers as close as possible.

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**Motion**

Mr. Bressner moved to table the acceptance of the actuarial valuation report subject to further discussion between the finance department and the Plans Actuary. Ms. Shea seconded the motion that unanimously passed 6-0.

Mr. Howison noted the actuarial valuation report is all based on assumptions. He pointed out that there are some assumptions that should be changed which would probably increase the cost. He explained that a couple of years ago they had recommended changing the mortality tables and lowering the investment return assumptions. Mr. Bressner commented that these recommendations are good for the Board to discuss so that they can make an informed decision.

**B. Vendor Presentations:**

- 1. Administrator – Scott Baur, Pension Resource Centers**
- 2. Actuary – Duane Howison, GRS**
- 3. Attorney – Bonni Jensen, Law Offices of Perry & Jensen**
- 4. Investment Consultant – Jeff Swanson, Southeast Advisory**

This item was discussed previously under item IV.B and a motion was made to table to the next Pension Board meeting.

**C. Administrator Report**

**1. Final Average Compensation & Earnings**

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. He had updated the Board at the last Pension Board meeting with his findings. He reported that in many of the Plans that he administers the lump sum payments are included in the final average salary after the high years have been determined. The Board had a discussion regarding the calculation of the final average salary.

**Motion**

Ms. McDeavitt moved to have the sick and vacation lumpsum payment be calculated on the highest 5 years. Ms. Shea seconded the motion that unanimously passed 6-0.

**2. Warrant for Invoices**

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

**Motion**

Ms. Lisa Jensen moved to approve the invoices that were presented by the administrator. Ms. Fasolo seconded the motion that unanimously passed 6-0.

### **3. Benefit Approvals**

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

#### **Motion**

Ms. McDeavitt moved to approve the Benefit Approval presented by the Administrator. Ms. Fasolo seconded the motion that unanimously passed 6-0.

### **4. Wells Fargo – Update Signature Card**

Ms. Martinez reported that the signature card with Wells Fargo needed to be updated. She reported that Ms. Jensen had reviewed and approved the new signature cards.

#### **Motion**

Ms. McDeavitt moved to update the Wells Fargo signature card. Ms. Fasolo seconded the motion that unanimously passed 6-0.

### **5. Fiduciary Liability Insurance Renewal**

Ms. Martinez reported that the Fiduciary Liability Insurance was ready for renewal. She reported that the renewal quote from Ullico Insurance Group with Hudson Insurance Company is \$12,181.14, which is \$54.23 lower than last year's premium. Ms. McDeavitt asked Ms. Martinez to ask for two additional quotes for next year's renewal.

#### **Motion**

Ms. McDeavitt moved to approve the renewal of the Fiduciary Liability Insurance with Ullico Insurance Group with Hudson Insurance Company in the amount of \$12,181.14. Ms. Lisa Jensen seconded the motion that unanimously passed 6-0.

### **6. Retiree Margaret Smith – retro payment**

Ms. Martinez reported that Ms. Margaret Smith's pension payment was stopped in 2007 because she did not return the alive and well affidavit. She explained that her family contacted our office to let them know that she had dementia. As such that is why they said she had missed completing the alive and well affidavits. The alive and well affidavit has been

completed and returned to our office. Ms. Martinez reported that they have confirmed that Ms. Smith's signature matches other documents in her file and that they have also processed a death search query and Ms. Smith does not come back as deceased. Ms. Smith has submitted a Durable Power of Attorney. The person named in Ms. Smith's Durable Power of Attorney has completed an affidavit provided by the Plan's Attorney, Ms. Bonni Jensen. Ms. Jensen contacted the Attorney who prepared the Durable Power of Attorney for Ms. Smith and she had confirmed that Ms. Smith is alive as well. Ms. Margaret Smith's benefit payment has been reinstated as of January 1, 2011. Ms. Martinez reported that they need authorization from the Board to pay her retroactively from October 2007 to December 2010 in the amount of \$4,772.43.

### **Motion**

Mr. Bressner moved to pay Ms. Margaret Smith retroactively from October 2007 to December 2010 in the amount of \$4,772.43. Ms. Lisa Jensen seconded the motion that unanimously passed 6-0.

## **D. Attorney Report**

### **1. Memorandum – HB 303 and SB 290**

Ms. Bonni Jensen reviewed House Bill 303 and Senate Bill 290. She reported that House Bill 303 has been withdrawn. She reported that Senate Bill 1128 has just been filed. She briefly reviewed Senate Bill 1128.

### **2. IRS Mileage Memo**

Ms. Bonni Jensen reported that the IRS mileage rate increased to .51 cents.

### **3. Update on SEC Letter**

Ms. Bonni Jensen reported that she will be sending out the letters of compliance with regard to the SEC rules.

Ms. Bonni Jensen reported that she had been reviewing a disability claim by Mr. Rocco Rosetti. She explained that this may be something that the Board may have to consider at a later date. She explained that she has some questions regarding Mr. Rosetti's time of service and that the Plan's disability benefits are essentially the same as vested terminated. She reported that Mr. Rosetti time in service had stopped about 3 weeks before he reached 10 years of service which is the difference between having his benefit start next year or the benefit starting in 8 years. She explained that she is not asking the Board to make a decision now however she just wanted to give them an update.

## **E. Voluntary Separation Program – Discussion**

Ms. Sharyn Goelbet, HR Director, briefly reviewed the voluntary separation program that was approved by the City Commission on February 1<sup>st</sup>.

## **F. Board issues**

### **1. Request from retiree to be included in Wellness Fair**

Ms. McDeavitt reported that she had received a request from a retiree regarding inviting retirees to the upcoming Wellness Fair. Ms. McDeavitt reported that the General Employees' Pension Plan had 26 members who have insurance through the City that live in Palm Beach County. Ms. Sharyn Goebelt explained the details on how the Wellness Fair is paid for the active members. The Board had a discussion regarding the Wellness Fair.

### **Motion**

Ms. Shea moved to direct the City Manager to work on this request. Ms. Fasolo seconded the motion that unanimously passed 6-0.

### **2. FPPTA Town Hall Meeting – overview of what occurred by Trustee Shea.**

Ms. Shea reported that she had attended the FPPTA Town Hall meeting. She explained that it had been very informative and that it had helped clarify how Public Pension Plans work in a very simplistic manner.

## **VIII. PUBLIC COMMENTS**

Mr. Atwood reported that right now the Pension Plans audit is covered under the City. He explained that the contract expires now therefore the City would like to separate the General Employees' Pension Plans audit from the City's as it is done for the other Pension Plans. He recommends that the Plan solicit a request for proposal for auditing services for fiscal year 2011.

Ms. Hanna Matras asked Ms. Jensen how the employee contributions could be affected by Senate Bill 1128. Ms. Jensen explained that currently she does not know if any amendments will be added to Senate Bill 1128.

### **Motion**

Mr. Bressner moved to authorize staff to prepare an RFP for auditing services. Ms. Lisa Jensen seconded the motion that unanimously passed 6-0.

## **IX. ADJOURNMENT**

There being no other business and the next meeting having been previously scheduled for Monday, May 23 at 1:30 PM, the Trustees adjourned the meeting at 3:35 pm.

MINUTES APPROVED: May 23, 2011

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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