
**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD
MEETING HELD ON MONDAY MAY 21 AT 9:00 AM IN COMMISSION CHAMBERS,
CITY HALL, BOYNTON BEACH, FLORIDA**

Trustees: Michael Low
Cathy McDeavitt
Lisa Jensen
Lori Laverriere
Laurie Fasolo
Virginia Shea

Others: Jeff Swanson, Southeastern Advisory Services
Bonni Jensen, Perry & Jensen, LLC
Dixie Martinez, Resource Centers
Members of Public

I. OPENINGS:

- A. Call to Order – Michael Low, acting as Chairman. Mayor Woodrow Hay is absent.

Trustee Low called the meeting to order at 9:00 a.m.

II. AGENDA APPROVAL:

A. Additions, Deletions, Corrections

Attorney Bonni Jensen added item VII.A.4. Merrill Lynch Class Action Settlement.

Motion

Ms. Laverriere moved to approve the Agenda. Ms. McDeavitt seconded the motion that unanimously passed 6-0.

III. INVESTMENT REPORT

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

Mr. Swanson reported that we have come a long way since the crisis of 2008. He reported that through the month of March the markets have done very well, one of the best quarters for stocks in the last 10 years. However, for this quarter the markets have changed course again due to the concerns in Europe. Mr. Swanson reported that as of March 31, 2012 the total value of the plan including the R&D account was \$104,270. He reviewed the allocation of assets. He noted that the Plan was a little under-weighted in International Equity and a little

over-weighted in Domestic Equity compared to our target allocation. He reported that the cash outflows from the Plan are being funded 50/50 from Alliance Bernstein and Garcia Hamilton, equally from their fixed income and equity portfolios. He reported that in January the Plan funded the Real Estate allocation.

Mr. Swanson reported that for quarter ending March 31, 2012 the Total Fund-Gross of Fees was 8.9% versus the index at 8.3%; Total Domestic Equity was at 13.4 % versus the index at 12.9%; Total International Equities was at 12.1% versus the index at 10.9%; Total Real Estate was at 2.7% versus the index at 2.8% and Total Fixed Income was at 2.1% versus the index at 0.3%. Mr. Swanson reviewed each manager individually.

Mr. Swanson reported that as the Board knows Alliance Bernstein has been under review for some time. He reported that during this quarter there has been an improving trend and their returns ranked in the 16th percentile. He reported that Artio has been under review for the last 3 quarters. He reported that they have beaten the index this quarter.

Mr. Swanson reported that as he had indicated in an e-mail earlier this year they had a manager departure. He explained that the manager has agreed to stay through the summer however he is recommending eliminating Tradewinds and allocating the funds as follows; \$1.5 million into Mutual of America; \$1.5 million into Atlanta Capital and any remaining funds to be transferred into the R&D account.

Motion

Ms. Shea moved to approve eliminating Tradewinds and allocating \$1.5 million into Mutual of America, \$1.5 million into Atlanta Capital and any remaining funds put into the R&D account. Ms. Laverriere seconded the motion that unanimously passed 6-0.

Mr. Swanson asked the Board that in the event that the amount is less than \$3 million to allow the amount to be split equally between Mutual of America and Atlanta Capital.

Motion

Ms. Shea amended her motion to approve the elimination of Tradewinds; to allocate \$1.5 million into Mutual of America; \$1.5 million into Atlanta Capital and any remaining funds put into the R&D account and in the event that the amount is less than \$3 million split it equally between Mutual of America and Atlanta Capital. Ms. Laverriere seconded the motion that unanimously passed 6-0.

IV. APPROVAL OF MINUTES

A. Regular meeting February 27, 2012.

Motion

Ms. McDeavitt moved to approve the minutes of the regular meeting on February 27, 2012. Ms. Fasolo seconded the motion that unanimously passed 6-0.

V. CORRESPONDENCE

There was no correspondence

VI. OLD BUSINESS

A. Audited Financial Statement Report as of October 1, 2011 from Cherry, Bekaert & Holland, L.L.P

Ms. Martinez reported that Mr. Burdick from Cherry, Bekaert & Holland had presented a draft copy of the audited financial statement report as of October 1, 2011 at the last Pension Board meeting. At which time he had reported that if anything were to change to the draft report he would agree to come and appear before the Board again. She explained that as per the auditor there have been no changes and the final copy is ready for the Board's approval.

Motion

Ms. McDeavitt moved to approve the Audited Financial Statement Report as of October 1, 2011 from Cherry, Bekaert & Holland, L.L.P. Ms. Jensen seconded the motion that unanimously passed 6-0.

VII. NEW BUSINESS

A. Attorney Report

1. Memorandum regarding Form 1 filing

- **Form 1**

Ms. Bonni Jensen reminded the Board that Form 1 is due July 1, 2012 . She explained on this form they need to disclose the financial information for year ending December 31, 2011. She reported that it is important that they timely file this form because the penalty for failure to timely file is \$25.00 per day, to a maximum of \$1,500.00. She reminded the Board that last year the State Commission on Ethics issued a letter which was a clarification on how they need to complete the intangible part of the report. At that time they indicated that Trustees need to list the holdings that are invested which are more than the threshold, which is either anything over \$10,000 for the dollar value or if using a percentage it is 10% of your net worth. She reported that DROP accounts have to be reported if they have has more than \$10,000 value and Florida Pre- Praid program has to be reported. Also, she recommended filing it in a way

that they can prove that the form has been filed.

2. Memorandum Regarding State and Tax Law Updates

Ms. Bonni Jensen reported that there are two pieces of State Law that passed that do not specifically impact Pension Plans but it does impact them because they are a Governmental entity. She reported that HB 401 is effective July 1, 2012. It provides that dissolution or annulment of marriage voids the election of a former spouse as a designated beneficiary/ joint annuitant as of the date of the divorce. She reported that in her opinion what this does is change the responsibility from the participant of having to come to the Pension Plan and change their beneficiary. Instead the Pension Plan will have to look at someone's death and see what happened during their lifetime, to see if they got divorced or if they were married to the designated beneficiary on their date of death. The laws provides that what should be done is that at time of death the death certificate should be reviewed to see if they were divorced or married at the time of death. She reported that the review of the death certificate is the Pension Plan's immunity from liability. If the Plan makes a missed payment by relying on the Death Certificate, the State Statute says that we are not responsible for it. In the absence of the Death Certificate giving that particular information, there are two affidavits that the law created. One for the primary beneficiary to complete where they will need to state that the person was married to the retiree on whatever date and that they were still married at the time of death in order to make the payment. The second affidavit might apply primarily for a refund of contributions type of situation. For someone who has a primary and a contingent beneficiary, where the contingent beneficiary could say that the participant was divorced on such and such date therefore they are now the primary beneficiary. She recommends that the two affidavits be put into place as a standard process of the Pension Plan, even if we do not need it and can look at the death certificate. She reported that there are 10 exemptions where this law does not apply. For example if the retiree remarries the spouse after they divorce the spouse. It does not apply if the final judgement of dissolution requires the retiree to keep the former spouse as the designated beneficiary, a fact that the Pension Plan would not know unless they can review the divorce decree. It does not apply to the Florida Retirement system. It does not apply if the retiree renames the former spouse as the designated beneficiary. She reported that she recommends that the plan of action should be to renew efforts to make sure that all beneficiary designations are up to date. To implement use of the affidavits for payment of all death benefits effective July 1, 2012. To develop procedures for gathering records to determine participant's marital status on date of death. To ensure that the City and all service providers are aware of the new law. To follow up on regulations interpreting the statute, if any.

Ms. Bonni Jensen reported that in a Private Letter Ruling ("PLR"), the IRS determined that if an employee "retires" in order to qualify for a benefit, with the explicit understanding with the employer that the employee is not separating from service, then the employee is not legitimately retired. Municipalities and Pension Plans need to be very careful about this process and make sure that it truly is a retirement and a considered rehired decision if they plan to bring someone back into employment. One of the ways that the Plan can operate with that rehire is to provide for in service distributions. She explained that in 2006 with the Pension Protection Act, the IRS code was amended to allow for people to remain employed

and actually collect their pension. They would have to be at normal retirement age, which the IRS code states is age 62 but there are some exceptions. Public Safety Officers is age 50. There is some ability to have a retirement between age 55 and 62 which requires a little bit of work but the Plan can implement this type of process therefore allowing somebody to be re-employed.

She reported that there was also a State Law amendment which will impact the Plan with regards to the exemption from Public Records Requests. The date of birth is now exempt for those confidential type of employees; for example former Police Officers', Firefighters' or code enforcers', information is exempt. She explained that the definition of telephone number has been expanded to mean any telephone number associated with any sort of electronic device.

Ms. Martinez will communicate with the Human Resource Department to make sure that she is aware of any Public Safety Officer that is in the Pension Plan.

3. Palm Beach County Commission on Ethics RQO-11-060

Ms. Bonni Jensen reported that the Palm Beach County Commission on Ethics has issued an Opinion Clarification regarding Pension Trustees. She reported that the Appointed Pension Trustees are "officials" under the Palm Beach County Ethics law. She explained the 5 issues that were clarified relating to Pension Fund Trustees.

4. Merrill Lynch Class Action

Ms. Bonni Jensen reported that the Lake Worth Pension Funds maintained a class action against Merrill Lynch. She explained that Merrill Lynch has agreed to a settlement of \$8.5 million. She noted that there are about 65 Pension Funds in the class. On Friday the Plan received documents related to this action. The Pension Fund should be receiving a settlement sometime this year. She believes the paperwork needs to be submitted by September of this year.

Ms. McDeavitt asked Ms. Bonni Jensen if the Board needed to take any action regarding the House Bill 401. Ms. Jensen reported that she will communicate with Pension Resource Centers to see what is the best way to get the information to the individual members. She is also going to contact the City's Human Resource Department and talk to them regarding the best way to implement this in the least intrusive way, but recognizing that is an issue for the City and for the Pension Plan. She reported that at this point she does not need any action from the Board.

B. Administrator Report

1. Warrant for Invoices

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

Motion

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

2. Benefit Approval

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

Motion

Ms. Laverriere moved to approve the Benefit Approvals presented by the Administrator. Ms. Jensen seconded the motion that unanimously passed 6-0.

3. Trustee Election

Ms. Martinez reported that Trustee Michael Low was re-elected to the Pension Board. His new term will expire December 31, 2015.

Motion

Ms. McDeavitt moved to certify the election results for Trustee Michael Low. Ms. Fasolo seconded the motion that unanimously passed 6-0.

4. Financial Statements

The Administrator provided the Board with an un-audited financial statement and an income and expense report for review through the month of March 2012.

The Board received and filed the un-audited financial statements through the month of March 2012.

C. Board Issues

No Board Issues

VIII. PUBLIC COMMENTS

No Public Comments

IX. ADJOURNMENT

There being no other business and the next meeting having been previously scheduled for Monday, August 27 at 1:30 p.m., the Trustees adjourned the meeting at 9:53 a.m.

MINUTES APPROVED: August 27, 2012

Woodrow Hay, Chair
Boynton Beach General Employees' Pension
Board

Dixie Martinez, Administrator
Boynton Beach General Employees' Pension
Board

DRAFT