
**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD
MEETING HELD ON MONDAY AUGUST 27 AT 1:30 PM IN COMMISSION CHAMBERS,
CITY HALL, BOYNTON BEACH, FLORIDA**

Trustees: Mayor Woodrow Hay
Michael Low
Cathy McDeavitt
Lori Laverriere
Laurie Fasolo
Virginia Shea

Others: Jeff Swanson, Southeastern Advisory Services
Bonni Jensen, Perry & Jensen, LLC
Dixie Martinez, Resource Centers
Janna Hamilton, Garcia Hamilton & Associates
J.D. Sitton, JP Morgan
Members of Public

I. OPENINGS:

A. Call to Order – Mayor Woodrow Hay.

Chair Woodrow Hay called the meeting to order at 1:34 p.m.

II. AGENDA APPROVAL:

A. Additions, Deletions, Corrections

No additions, deletions, or corrections to the Agenda.

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 Manager)
Garcia Hamilton & Associates: Janna Hamilton**

Janna Hamilton appeared before the Board. She provided an update of the Fund's Equity portfolio performance as of quarter ending June 30, 2012. She reported that for the quarter, stocks declined. The S&P 500 was down 2.8% and the Russell 1000 Growth was down 4.0%. She reported that this was due to weak economic data out of the U.S., Europe, and China and renewed European debt concerns. She reported that the total market value of the Fund Equity portfolio was \$22,966,403.81. For the quarter the Equity portfolio was down -5.6% versus the Russell 1000 Growth at -4.0% and the S&P 500 at -2.8%. For the year it is up 3.9% versus the Russell 1000 Growth at 5.8% and the S&P 500 at 5.4%. She reported that

Telecommunications, Consumer Staples, and Health Care each posted positive returns during this quarter. She reviewed the current portfolio positioning. She noted that the biggest holding in portfolio is Apple.

Ms. Hamilton provided an update of the Fund's Fixed Income portfolio performance as of quarter ending June 30, 2012. She reported that the total market value of the Fund's Fixed Income portfolio was \$16,833,306.93. For the quarter the Fixed Income portfolio was up 2.2% versus the Barclays Capital Aggregate at 2.1% and the Barclays Capital Int Gov/Credit at 1.5%. For the year it is up 8.0% versus the Barclays Capital Aggregate at 7.5% and the Barclays Capital Int Gov/Credit at 5.4%.

**B. Quarterly Investment Performance Report: (Investment Manager)
JP Morgan: J.D. Sitton.**

J.D. Sitton appeared before the Board. He reported that they are one of the industry's premier real asset investment managers. He stated that they have \$62.8 billion in assets under management including \$54.1 billions in the private market and \$8.7 billions in the public market. He reviewed the investment team. He reported that they expect moderate economic growth. He provided an update of the Fund's Strategic Property Fund portfolio performance as of quarter ending June 30, 2012. He reported that the total market value of the Fund's portfolio was \$7,746,607. He reviewed their investment strategy. He provided a few fund facts: cash position 7.1%, contribution queue \$1.4bn, redemption queue \$0mm, current leverage 23.9%. He reviewed the annualized returns as of June 30, 2012.

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

Mr. Swanson reviewed the Plan's last five years experience. He reported that this was a challenging quarter but has had a significant rally since the close of the quarter. Mr. Swanson reported that for quarter ending June 30, 2012 the Plan's return was -3.1% but for Fiscal Year to date the Plan is still ahead 12.4%. He reviewed the allocation of assets; Domestic Equity 48.6% in, International Equity 11.2%, Real Estate 7.8%, Fixed Income 27.5% Cash 4.9%. He reported that the total value of the plan as of June 30, 2012 including the R&D account was \$100,139,423. The Total Fund-Gross of Fees was -3.1% versus the index at -2.2%; Total Domestic Equity was at -5.7 % versus the index at -3.3%; Total International Equities was at -6.7% versus the index at -7.1%; Total Real Estate was at 2.5% versus the index at 2.6% and Total Fixed Income was at 2.3% versus the index at 2.1%. Mr. Swanson reviewed each manager individually. He reported that Alliance Bernstein's (Equity) has been under review for the last 2 years. He explained that they have not met their performance expectations. He explained that the Pension Plan has had this manager for the last 12 years. He reported that over the long term their performance was good but for the last 2 years it has not been so good. His recommendation today is to replace Alliance Bernstein. He explained that he will do a search and will bring a list of managers for the Board's review at the November Pension Board. He reported that Tradewinds had been eliminated. He reported that Artio

International Equity has been under review since the 3rd quarter in 2011. He recommends giving them a little more time. He reported that as of yesterday the total value of the plan was \$102,764,000. He reported that the Fixed income portfolios managed by Alliance Bernstein and Garcia Hamilton and Associates did very well this quarter.

Mr. Swanson recommended entering into the JP Morgan Strategic Property Real Estate Fund entry in queue for an additional \$1 million. He explained that it will take 3 to 4 quarters to get called in. At that point he would like to fund this from the Davis Hamilton bond portfolio.

Motion

Ms. McDeavitt moved to go into the Strategic Property Real Estate Fund entry in queue for a \$1 million. Mr. Low seconded the motion that unanimously passed 6-0.

IV. APPROVAL OF MINUTES

A. Regular meeting May 21, 2012.

Motion

Ms. Laverriere moved to approve the minutes of the regular meeting on May 21, 2012. Ms. Shea seconded the motion that unanimously passed 6-0.

V. CORRESPONDENCE

There was no correspondence

VI. OLD BUSINESS

There was no old business.

VII. NEW BUSINESS

A. Wells Fargo – Fee Addendum.

Ms. Bonni Jensen reviewed the Wells Fargo Fee addendum.

Motion

Mr. Low moved to accept the Wells Fargo Fee addendum. Ms. Fasolo seconded the motion that unanimously passed 6-0.

B. Attorney Report

1. Minimum Funding Basis- Percentage of Payroll vs. Fixed Dollar Contributions.

Ms. Bonni Jensen reviewed a memorandum dated May 29, 2012 from the Division of Retirement Bureau of Local Retirement Systems. She reported that the State prior to this memo required that local retirement plan contributions must minimally equal the amount of contributions determined using the percentage of payroll method. The State has now determined that use of this method is not required for compliance with Part VII of Chapter 112, Florida Statutes. Accordingly, effective immediately, local governments should confer with the retirement board actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits with the funding requirements of the plan.

2. Merrill Lynch Claim Form

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 reported that the revised unadjusted claim amount for this Plan was \$510,279, the revised 12b-1 fee refund was \$64,344 therefore the revised adjusted amount of the claim for this Plan was \$445,935 and their pro rata share was 3.0563%. She explained the legal fees. She explained the different options that the Plan had regarding this matter. She reported that if the Plan wanted to be part of this claim the documents needed to be signed. Ms. Jensen reported that if the Board wanted they can use the funds received from the claim to offset the Plan's unfunded liability and make a payment towards it. The Board had a brief discussion regarding how the funds can be used.

Motion

Ms. LaVerriere moved to sign the Merrill Lynch Claim Form and to direct any claims received to go towards the Plan's unfunded liability. Mr. Low seconded the motion that unanimously passed 6-0.

3. House Bill 401.

Ms. Bonni Jensen reported that the information regarding HB 401 relating to updating beneficiary information has been provided to the City's Human Resources Department. She recommends that a notice be sent to all active and retired members of the Plan. She will coordinate with Ms. Martinez to send the notice out to all members of the Plan. The Board suggested that Ms. Martinez talk to the City's Human Resource department to see if this can be coordinated with open enrollment.

4. DROP Participant to be transferred to Part Time Position.

Ms. Jensen reported that a question had been brought up regarding a full time employee who is in the DROP Plan. Their employment position may be reclassified to part time. The question is what the impact to this particular participant is if this happened. She explained that the plan does have a provision for re-employment of members but nothing that addresses a conversion from full time to part time. She explained that this is a situation that we have not dealt with before and the DROP provisions provide specifically that no payment may be made from the DROP until the employee actually separates from service with the City. Ms. Martinez reported that she does not know who this participant is and as of Friday the City had not made a determination if they were going to go ahead with this or not. Ms. Jensen reported that for right now this is just an informational item. She explained that the plan language can be modified to provide for in-service distributions at Normal Retirement Age pursuant to Internal Revenue Code Section 401(a) (36). This option would require a plan change and can impact the tax treatment of other pension benefits.

B. Administrator Report

1. 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. 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. Fasolo moved to approve the Benefit Approvals presented by the Administrator. Ms. Shea seconded the motion that unanimously passed 6-0.

3. Trustee Election

Ms. Martinez reported that the terms for Ms. Virginia Shea and Laurie Fasolo expire December 31, 2012. She reported that Ms. Shea can not re run for her position as she had entered the DROP Plan. She explained that she will be sending out a notice of election to all members of the Plan. Ms. Bonni Jensen explained why DROP or retired members can not run for a position on the Board of Trustees.

Motion

Mr. Low moved to authorize Ms. Martinez to send out the notice of election to all members of the Plan. Ms. Laverriere 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 August 2012.

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

C. Board Issues

Ms. Shea reported that she would like to attend the October FPPTA Trustee School. She asked the Board for their authorization. Ms. Fasolo and Ms. McDeavitt reported that they would also like to attend the October FPPTA Trustee School.

Consensus of the Board to authorize the expense to attend the FPPTA Trustee School for Ms. Shea, Ms. McDeavitt, and Ms. Fasolo.

VIII. PUBLIC COMMENTS

No Public Comments

IX. ADJOURNMENT

There being no other business and the next meeting having been previously scheduled for Monday, November 26 at 1:30 p.m., the Trustees adjourned the meeting at 3:16 p.m.

MINUTES APPROVED: November 26, 2012

Woodrow Hay, Chair
Boynton Beach General Employees' Pension
Board

Dixie Martinez, Administrator
Boynton Beach General Employees' Pension
Board