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**MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN QUARTERLY BOARD  
MEETING HELD ON MONDAY NOVEMBER 26 AT 1:30 PM IN COMMISSION  
CHAMBERS, CITY HALL, BOYNTON BEACH, FLORIDA**

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

**Others:** Jeff Swanson, Southeastern Advisory (1:35 p.m.)  
Bonni Jensen, Perry & Jensen, LLC  
Dixie Martinez, Resource Centers  
Joe Lawrence, Alliance Bernstein  
**Members of Public**

**I. OPENINGS:**

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

Trustee Low called the meeting to order at 1:30 p.m.

**II. AGENDA APPROVAL:**

**A. Additions, Deletions, Corrections**

No additions, deletions, or corrections to the Agenda.

**Motion**

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

**III. INVESTMENT REPORT**

**A. Quarterly Investment Performance Report: (Investment Manager)  
Alliance Bernstein: Joe Lawrence**

Joe Lawrence appeared before the Board. He provided an update of the Fund's Equity portfolio performance as of quarter ending September 30, 2012. He noted that he understands that the Board will be discussing today replacing Alliance Bernstein with another equity manager. He reported that he understands that they have not delivered in the last 3 and 5 years but he noted that in the long term they have been able to achieve the expected returns. He thanked the Board and noted that it had been a privilege for him to work with them for the last 12 years. He reported that despite slowing growth, earnings are on a pace to reach

new highs. He explained that company balance sheets are strong and valuations are attractive, particularly in today's low interest-rate environment. He reviewed their performance summary for the last 5, 3, and 1 years. He summarized the portfolio positioning.

**B. Southeastern Advisory Services: Jeff Swanson (Investment Consultant)**  
**1. Quarterly Investment Performance Report**  
**2. Large Cap Value Search**

Mr. Swanson reported that for Fiscal Year End the Plan earned a return of 18.0% and for quarter ending September 30, 2012 the Plan's return was 5.0%. He reviewed the allocation of assets for the quarter; Domestic Equity 52.3%, International Equity 11.4%, Real Estate 7.8%, Fixed Income 26.2% and Cash 2.3%. He reported that the total value of the plan as of September 30, 2012 including the R&D account was \$104,044,285. He reported that for the quarter the Total Fund-Gross of Fees was 5.0% versus the index at 4.8%; Total Domestic Equity was at 6.1% versus the index at 6.2%; Total International Equities were at 5.8% versus the index at 6.9%; Total Real Estate was at 3.6% versus the index at 2.8% and Total Fixed Income was at 3.3% versus the index at 1.6%. Mr. Swanson reviewed each manager individually. He reported that it has been a very good year. He reported that there are two managers who have been under review. Alliance Bernstein has been under review since 2010. He reported that it would be reasonable for the Board to look at alternative managers at this time to replace Alliance Bernstein. He reported that Artio International Equity has been under review for the last year. He explained that their underperformance has been due to emerging markets. He explained that emerging markets have not been doing well lately. In his opinion timing may be poor at this time to replace them. He recommended staying the course with Artio. He will continue to monitor and evaluate their performance.

Mr. Swanson presented the Board with a Large Cap Value Manager Review, which had the following firms: Ceredex Value Advisors, minimum account size \$10 MM, fees 65 basis points; Deprince, Race & Zollo, minimum account size \$5 MM, fees 60 basis points; Wedge Capital Management, minimum account size \$10 MM, fees 50 basis points and Westwood Management Corp., minimum account size \$5 MM, fees 75/80 basis points. He compared these managers' performance to Alliance Bernstein's performance. He reviewed each manager in detail. The Board asked several questions to which he answered accordingly. He recommended inviting more than one manager to present. The Board had a brief discussion regarding the managers presented to them. The Board agreed to invite three managers to present at a Special Pension Board meeting.

**Motion**

Ms. McDeavitt moved to invite Cederex Value Advisors, Deprince, Race & Zollo, and Wedge Capital to present at a Special Pension Board meeting to be scheduled by Ms. Martinez. Ms. Shea seconded the motion that unanimously passed 5-0.

Ms. Martinez will schedule a Special pension Board meeting in January. Mr. Swanson

recommended a 30 minute presentation per manager. The Board thanked Mr. Swanson for a great year.

#### **IV. APPROVAL OF MINUTES**

##### **A. Regular meeting August 27, 2012.**

##### **Motion**

Ms. McDeavitt moved to approve the minutes of the regular meeting on August 27, 2012. Ms. Shea seconded the motion that unanimously passed 5-0.

#### **V. CORRESPONDENCE**

A. Letter from GRS dated October 15, 2012 from Steve Palmquist.

Ms. Dixie Martinez reported that Mr. Palmquist will be retiring December 31, 2012. He has recommended Mr. Pete Strong to be the new representative.

The Board received and filed the letter from GRS dated October 15, 2012.

#### **VI. OLD BUSINESS**

There was no old business.

#### **VII. NEW BUSINESS**

##### **A. Attorney Report:**

##### **1. Summary Plan Description 2012**

Ms. Bonni Jensen reported that the Summary Plan Description (SPD) needs to be updated every two years. She reported that the changes to the SPD are minor, she basically cleaned up some of the language and updated it with the information to reflect the most recent ordinance and collective bargaining agreements that are in effect. Ms. Martinez will distribute a copy of the 2012 SPD to all active members of the Plan.

##### **Motion**

Ms. Jensen moved to accept the 2012 Summary Plan Description as amended. Ms. Fasolo seconded the motion that unanimously passed 5-0.

##### **2. DROP Participant transferred to Part Time Position.**

Ms. Jensen explained that as the Board will remember at the last Pension Board meeting they had discussed a question that had been brought up regarding a full time employee who is in the DROP Plan and whose employment position may be reclassified to part time. The question is what the impact to this particular participant would be 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 the City has not made a determination as to whether or not they will be going ahead with this as of yet.

Ms. Jensen reported that under the Plan they will need a termination of employment in order to begin the DROP payment to the participant. If the member does not terminate employment then the provisions for not terminating employment kick in. She reported that it is cleaner and clearer if members terminate employment before being rehired. Ms. Jensen reported that Sec. 18-125. Re-employment of members receiving benefits or full vested who leave the city states that "The city may at its option employ any person receiving benefits under this chapter, except for disability benefits." She explained that the Board could ask that language be added to this provision to say that "including DROP members except that they must terminate employment in order to be retired and start collecting their benefits." The Board agreed that additional language should be included. Ms. Jensen will take the Board's direction; she will draft an Ordinance amendment so that the Board can review prior to submitting it to the City.

## **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. Shea seconded the motion that unanimously passed 5-0.

### **2. Benefit Approval**

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

### **Motion**

Ms. Jensen moved to approve the Applications to Leave the DROP Plan included in the Benefit Approval presented by the Administrator. Ms. Fasolo seconded the motion that unanimously passed 4-0.

Trustee McDeavitt abstained from voting due to the fact that her Application to Leave the DROP was presented to be approved.

### **Motion**

Ms. Jensen moved to approve the remaining applications included in the Benefit Approval presented by the Administrator. Ms. Fasolo seconded the motion that unanimously passed 5-0.

## **3. Trustee Election**

Ms. Martinez reported that the terms for Ms. Virginia Shea and Laurie Fasolo expire December 31, 2012. She reported that an election had been conducted and that Ms. Fasolo had been re-elected by default to serve a new term expiring on December 31, 2016. She reported that Ms. Shea could not re run for her position as she had entered the DROP Plan. She reported that Mark Hurley had been elected by default to serve on the Board for the term expiring December 31, 2016.

### **Motion**

Ms. Shea moved to certify the election results. Ms. McDeavitt seconded the motion that unanimously passed 5-0.

## **4. 2013 Meeting Schedule**

The Board reviewed the 2013 Meeting Schedule presented for approval by the administrator. The Board approved holding the quarterly meetings as follows: Monday February 25 at 1:30 pm, Tuesday May 28 at 1:30 pm, Monday August 26 at 1:30 pm and Monday November 25 at 1:30 pm.

## **5. Cherry, Bekaert & Holland Engagement Letter (Auditor)**

The Board reviewed the Cherry, Bekaert & Holland engagement letter presented for approval by the administrator.

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**Motion**

Ms. Jensen moved to approve the Cherry, Bekaert & Holland engagement letter. Ms. Fasolo seconded the motion that unanimously passed 5-0.

**C. Board Issues**

The Board thanked Trustee Shea for her service to the Board of Trustees.

**VIII. PUBLIC COMMENTS**

No Public Comments

**IX. ADJOURNMENT**

There being no other business and the next meeting having been previously scheduled for Monday, February 25 at 1:30 p.m., the Trustees adjourned the meeting at 2:46 p.m.

MINUTES APPROVED: February 25, 2013

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Woodrow Hay, Chair  
Boynton Beach General Employees' Pension  
Board

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Dixie Martinez, Administrator  
Boynton Beach General Employees' Pension  
Board