General Employee Retirement Board Meeting
Town Council Chambers
360 South County Road
Palm Beach, Florida 33480
FRIDAY, NOVEMBER 12, 2010, 9:00 a.m.

I. CALL TO ORDER

The meeting of the General Employees Retirement Board was called to order by Chairman Alvin Parven at 9:00 am on Friday, November 12, 2010, in the town Council Chambers. On roll call, Chairman Alvin Parven and Trustees James Karman, Peter Elwell, and Brett Madison were present, Jonathan Luscomb was absent as he has resigned from the Town. Also in attendance were Human Resources Director, Danielle Olson and Director of Finance Jane Struder; Attorney John McCracken; and Callan Associates representatives John Carr and Gwelda Swilley-Burke.

II. APPROVAL OF AGENDA

Mr. Karman made a motion to approve the agenda, seconded by Mr. Madison, passed unanimously.

III. GENERAL COMMENTS BY BOARD MEMBERS

Mr. Parven discussed the performance of the Board as outlined in his report to the Town Council, using it as a scorecard for the direction of the Board and status of the plan by Callan Associates.

Mr. Karman asked if any members of the Board received comments from residents or employees after Mr. Elwell released his recommendations on the pension. There was a discussion in regards to the status and how the employees are viewing it.

Mr. Elwell distributed the Frequently Asked Questions sheet that was given to employees during scheduled open meetings and presented his proposal of pension changes for the bargaining units to the Board.

IV. APPROVAL OF MINUTES OF QUARTERLY MEETING OF AUGUST 13, 2010

Mr. Madison made a motion to approve the minutes from the August 13, 2010 meeting, seconded by Mr. Karman, passed unanimously.

V. **QUARTERLY PERFORMANCE REPORTS (John Carr & Gwelda Swilley-Burke, Callan & Associates, Inc.)**

Mr. Carr distributed a graph, requested by Mr. Parven, on the returns of the various periods for all of the pension plans in the Town. Ms. Swilley-Burke discussed the chart and the changes that took place over the past year.

A. Investment Return Assumptions of Public Funds

Mr. Carr discussed the overall pension fund performance in addition to the current economy and markets. Although there is an improving trend, he did not recommend any changes for now as the market will begin to stabilize due to the reduction in dramatic changes as a result of the recent elections.

Ms. Swilley-Burke discussed the asset allocation and the attribution effects.

In response to Mr. Elwell, Ms. Swilley-Burke discussed the performance of Roanoke and TSW, the causes, and what they are doing to offset their recent losses. Ms. Swilley-Burke has a meeting with TSW and will update the Board on what they discuss.

Mr. Carr distributed a handout entitled, "Investment Return Assumptions for Public Funds" written by the Callan Investments Institute Research. Ms. Swilley-Burke discussed the article.

Mr. Carr provided an update to the Board on planning and direction of staffing at Callan. Ms. Swilley-Burke, who has 21 years of experience with public funds, will be taking on a leadership role with the plan; Mr. Carr will maintain availability and access to the Board, in addition to being a resource as needed. This transition is scheduled for 2011 and will result in a team approach to plan management.

VI. **DISCUSSION REGARDING 2% REDUCTION FOR DROP APPLICANTS (Peter B. Elwell, Town Manager)**

Mr. Elwell discussed this item that came up during the informational meetings with General Employees on recommended pension changes, the question regarding whether the 2% reduction is appropriate arose. When an employee elects to enroll with the Deferred Retirement Option Program (DROP), the value of the pension received is reduced 2%. There is no such reduction on the public safety pensions. Mr. Elwell asked the Board to direct Staff to research this matter and make recommendations for the February 2011 meeting. Ms. Olson will prepare a report providing information to include pros, cons, and alternative methods for managing DROP participants with respect to the 2% reduction. She may consult with Mr. Brad Armstrong from GRS for the history and review of the program at a minimal expense. Mr. McCracken said that he will review the history in his files as well.

Mr. Elwell made a motion to direct the administrator to consult with Mr. Armstrong for a fee not to exceed $2,500* (only if necessary), Mr. Madison seconded, passed unanimously.

VII. ADMINISTRATOR'S REPORT (Danielle Olson, Director of Human Resources)

A. FULL LIQUIDATION OF MSCI EAFFE INDEX SL FUND FROM STATE STREET TO PYRAMIS

B. ANNUAL REPORT TO MAYOR AND TOWN COUNCIL

The report was presented on October 12, 2010. The next report is due November 8, 2011.

C. RESIGNATION OF EMPLOYEE BOARD MEMBER AND ELECTION PROCESS

We will be pursuing a replacement of Jon Luscomb with an election and a new member will be in place for the February 2011 meeting.

VIII. REPORT ON QUARTERLY EXPENDITURES (Jane Struder, Director of Finance)

Ms. Struder discussed her Memorandum of Update on Investment Performance of the Town of Palm Beach Pension Funds and the Health Insurance Trust (OPEB) Quarter Ending September 30, 2010. Mr. Elwell moved to accept the report, seconded by Mr. Madison, passed unanimously.

IX. ANY OTHER MATTERS

X. ADJOURNMENT

Mr. Karman made a motion to adjourn at 10:03 am, seconded by Mr. Madison, passed unanimously.

Respectfully Submitted,

Brett Madison, Secretary
Town of Palm Beach
General Employees Retirement Board