Adobe Document					
Document Name	AugMinutes181995	Subject	August 1995 Retirement Board Meeting Minutes	Date	Fri 08/18/95
Directory	Retirement	Type	Minutes	Category	Retirement

MINUTES OF RETIREMENT BOARD MEETING
FRIDAY, AUGUST 18, 1995

I. CALL TO ORDER

The meeting of the Retirement Board of Trustees was called to order by Chairman Harvey at 9:05 a.m., on Friday, August 18, 1995, in the Town Hall Council Chambers. Attending were: Chairman Robert D. Harvey, Vice Chairman James McCartney Wearn, Trustees Robert J. Doney, Charles Boggs, and Karen Lane. Absent were Trustees John DeIorio, George Frick, Mayor Paul R. Ilyinsky and Town Council President Lesly Smith.

II. REPORT ON ELECTION FOR AND APPOINTMENT OF GENERAL EMPLOYEE REPRESENTATIVE TO TOWN OF PALM BEACH RETIREMENT BOARD OF TRUSTEES

Mr. Crouse explained that with the resignation of General Employee Representative, Deborah Kelly, an election had been held to fill the balance of her unexpired term. He explained that three individuals had been interested in serving in this capacity: Harry Ackerman, Charlie Boggs and Alan Brown. Mr. Crouse explained that Charlie Boggs had received the most votes and was elected to finish the unexpired portion of Debbie Kelly's term. Mr. Crouse introduced Charlie Boggs to the Board members, explaining that Mr. Boggs was the Purchasing Agent for the Town, and had been with the Town for approximately five years. The Board members welcomed Mr. Boggs.

III. APPROVAL OF AGENDA

Mr. Harvey asked for any additions or changes to the agenda.

Mr. Crouse asked to add the retirement application of Walter S. Allison, Public Works Department, under Item X, "Any Other Matters".

There being no further additions or changes, Miss Lane moved approval of the amended Agenda of August 18, 1995. Mr. Doney seconded the motion. Motion carried unanimously.

IV. APPROVAL OF MINUTES - REGULAR MEETING OF MAY 19, 1995

Mr. Harvey asked for corrections or changes to the minutes of the regular meeting of May 19, 1995. Mr. Wearn asked that the minutes reflect that he had been unable to attend this meeting because he had committed a year before to attend a meeting in Tulsa, Oklahoma, for a Board which sets national policy for the American Red Cross. He explained that this had happened prior to the Board changing their meeting dates from Thursdays to Fridays. He further stated that he felt it was important that the Board set their meeting dates as far in advance as possible.

There being no further changes, Ms. Lane moved approval of the Minutes of May 19, 1995. Mr. Wearn seconded the motion, and all voting aye, the motion carried.

V. QUARTERLY REPORTS

A. Mr. Crouse explained that a copy of Roanoke Asset Management's report had been included in the Board Members packet of information.

B. LOOMIS, SAYLES & COMPANY

Kent Mergler of Loomis, Sayles and Company appeared before the Board and explained that Loomis, Sayles & Company had become a manager of a portion of the Town's pension fund in January of 1995. He explained that the report provided to the Board members included information regarding the firm's overview, and that they were a major national investment counseling firm with offices in ten cities. Mr. Mergler explained that he was from the firm's local office, but the funds were actually managed by the Detroit office.

Mr. Mergler explained that Section 2 of the report showed that Loomis was in compliance with the Town's guidelines. He explained that the financial markets year to date showed that Loomis was able to make money for their clients, and that it had been a very exciting and dynamic year. Mr. Mergler explained that 1995 had been a payoff time for them. He pointed out that the S & P Index had a price change year-to-date of 22.38% since the end of December through the end of July. He further explained that interest rates had come down, which had been a main driving force to the rise in stock price. Mr. Mergler commented that the thirty-year U.S. government bonds had come down over 100 basis points, or over 1%, from the end of December through the end of July. Mr. Mergler explained that year-to-date, the S & P 500 index, which was used as the broadest measure of stock prices, showed a total return of 24.2%, and the long term government bond index showed a total return of 11.4%. He stated that the Loomis portfolio showed a six month record with the Town, but from the end of January through the end of July their equities had returned 24.7% in the same time that the S & P showed 21.1%. Mr. Mergler explained that they hadn't quite kept up on the bond side, with a difference of 9.0% and 9.3%. Mr. Mergler explained that their success on the stock side came from a company that had been bought out, as well as having heavy composition of banks and insurance companies and other financial companies which had been the strong segment of the portfolio. He explained that the bond market had rallied, and there was a thin spread between corporate and government bonds, so they had bought primarily government bonds, with corporate bonds doing better in the time frame. He explained that there had actually been a widening in the spread, with July showing some corporate bonds purchased, as well as some more agencies and mortgage backed securities in August, so Loomis was now taking advantage of that spread. Mr. Mergler explained that over time, they would prefer to have more corporate, agencies and those types of bonds over government bonds because their research indicated a higher return, and over a cycle, that higher return tended to fall into the bottom line, even though the spreads may vary from time to time. Mr. Mergler explained that the results had been very much on the positive side.

Mr. Mergler then reported on the status of the portfolio as of the end of July. He explained that they were right at the maximum of equity ratio because appreciation was slightly over 40%, and they were essentially fully invested with only 2% in cash. Mr. Mergler stated that the equity characteristics indicated that Loomis was a value equity manager for this portfolio. He explained that the price earnings multiple was slightly below the S & P index, which meant that Loomis was buying companies at a slightly lower price to earnings. He stated that the projected earnings growth rate was slightly in excess of the S & P. Mr. Mergler reported that the return on equity looking back was right at the market averages and the current yield was slightly in excess of the market averages. He explained that the heaviest overweight section continued to be business and financial services.

Mr. Mergler reported on the fixed income portfolio, explaining that there was a market average maturity and duration, and a smaller percent in corporate bonds than the market would have, and this had been a sort of deterrent for their relative performance year to date, but they were increasing that as they had the opportunity. He explained that they tended to buy more corporate bonds when the spread widened over treasuries.

Mr. Mergler explained that the economic bench mark sheet indicated that Loomis felt they would continue to be fully committed to stocks and bonds in this portfolio.

There being no questions from the Board Members, Mr. Harvey thanked Mr. Mergler for his presentation.

C. CALLAN ASSOCIATES, INC.

Tom Burbank, representing Callan Associates, Inc., appeared before the Retirement Board explaining that the past six months had been a wonderful six month period of time, and everyone seemed to be benefitting from it.

Mr. Burbank reported on the Town’s asset distribution for the period of time ending June 30, 1995. He explained that the fixed income was at 54.8%, with equities at 41.8%. Mr. Burbank indicated that the S & P 500 market had a return of 9.53%. He reported that the ANB Investment Management showed the index at 9.50%, which correlated very well. He explained that for the last six months, equities had returned 20.14%, and the total fund had returned 16.93%. Mr. Burbank explained that this tracked the S & P for the six month period of time, and was very good tracking.

Mr. Burbank reported that Loomis' asset distribution was 58.5%, and the equity was at 39.3%, with cash at 2%. He explained that their performance versus total balance data base showed that they were between a 7.5% and 8.0%, which correlated to the total fund, which was 7.78%. He explained that this was a 39th percentile ranking, which indicated a good performance.

Mr. Burbank explained that Roanoke Asset Management showed an asset distribution slightly different than that of Loomis, with 49.8% in fixed income and 46.9% in equities, and a balance of 3.4% in cash equivalence. He explained that they had approximately $10 million in fixed income and $9 million in equities, with $700,000 in cash.

Mr. Burbank reported on the Town's performance versus the middle capitalization equity style, explaining that the Town was ranking in the 16th percentile, which was excellent. He explained that Roanoke had an excellent record for the past six months in addition to 1994 and 1993. Mr. Burbank explained that the overall record with Roanoke was excellent.

Mr. Burbank explained that Roanoke's performance versus core bond fixed income style was excellent. He explained that their goal was to construct a portfolio which approximates the Lehman government corporate index, and they had done that. He stated that the objective was to achieve value added from sector and issue selection, and they had done that very well. Mr. Burbank explained that Roanoke's success was based on emphasis on the ten year maturity range, and they had no mortgage paper, which was a plus because of all the pre-payment taking place.

Mr. Burbank reported on asset allocation for the T-bond account, explaining that it was fully invested 4.1% cash and equivalents. He explained that performance versus intermediate fixed-income style showed that the total fund for the quarter was 5.46%, which was a good performance.

Mr. Burbank explained that Roanoke and Loomis both had good quarters and were on track. He stated that he thought the work done the previous year had structured the Town's portfolio in a very strong position at this point.

Mr. Burbank explained that Callan Associates was hoping to hold a seminar in the area for any of their clients who might be interested, and asked that the Board Members suggest any topics that they might be interested in learning more about. He stated that a specific date had not been set, but they would notify the Town.

Mr. Wearn asked if there were any potential problem areas that Callan had identified coming up to the end of the past quarter. Mr. Burbank replied that they knew of none, and that both of the Town's managers were strong. He explained that the structure was such that Callan felt the Town was in a good posture. Mr. Burbank stated that Loomis, Roanoke and ANB were doing a good job for the Town. He stated that Callan was very pleased and hoped that the Town was as well, explaining that Callan would continue to work with the Town's managers as well as with the Retirement Board. He explained that the Town did have a conservative asset allocation, but it suited the Town's risk tolerance and needs at this point. He explained that if there was stronger equity, there would be stronger performance in that area, but that the results were good. Mr. Burbank explained that if the Town was comfortable, Callan certainly believed that they were in a good position.

There being no further questions, Mr. Harvey thanked Mr. Burbank for his presentation.

VI. REPORT ON QUARTERLY EXPENDITURES BY MARIE A. CROZIER, FINANCE DIRECTOR

Mrs. Crozier reported on the projected revenues and expenses for the period August, 1995 through November, 1995. She explained that the balance in the custodian account as of July 31, 1995, was $30,725; the fourth quarter employer's transfer, which would be made this month, was anticipated to be $667,911; estimated pension benefit payments for the period August through November, 1995, were estimated at $740,000; estimated miscellaneous expenses in refunds was approximately $170,000; estimated employee contributions for the period August through November, 1995, for Public Safety was projected to be $160,000; and general contributions at $100,000. She explained that this would leave a balance in the custodian account of approximately $48,636, and there was no recommendation for a transfer to the money mangers at this time.

Mr. Doney stated that it might be helpful to have copies of Mrs. Crozier's report available to the Board Members. Mrs. Crozier indicated that she would provide copies to be included with the other meeting materials which would then be distributed to the Board Members in advance of the meetings.

VII. DISCUSSION OF ELECTION PROCEDURES

Mr. Crouse explained that an election had been held to fill Mrs. Kelly's unexpired term, and because there were no established election procedures, he had tried to follow what had been done in the past. He stated that in so doing, a number of things had come to his attention that he wished to discuss with the Board.

Mr. Crouse stated that he was asking for consideration by the Retirement Board to write an election procedure. He explained that this would not have to be included in the ordinance because the ordinance stated that "the Board of Trustees shall develop the procedures by which elections shall be held". Mr. Crouse explained that the information he was distributing was the procedure which had been used for the most recent election of an employee representative.

Mr. Crouse explained that the Retirement Board had four employee representatives, two from the Public Safety sector, and two from the general employees. Mr. Crouse indicated that currently the Public Safety was broken down into Police and Fire-Rescue employees, and he recommended that the Department Heads serve as a Lead Coordinator for the process. He stated that the Lead Coordinators would then be the Police Chief for Public Safety Police Members; Fire-Rescue Chief for Public Safety Fire-Rescue Members; Public Works Director for general employees Public Works; and the Personnel Director for General employees for all departments excluding Public Works. Mr. Crouse recommended setting up a process by which these Lead Coordinators would appoint an election committee of three members.

Mr. Crouse stated that the Election Committee's responsibilities would be: to send a notice to all employees affected by the impending vacancy requesting interested individuals to contact the Election Committee to have their names placed on the ballot, with the notice including the dates and locations for the election; to produce the ballot to be used in the election process, and include a biography of each candidate consisting of name, position title, years of service with the Town, education/training and other pertinent information, excluding any campaign speeches; assure that the election ran smoothly, with ballot boxes, ballots and signature sheets maintained in the locations and times as reported, to be observed and supervised at all times, and that all employees sign a check-off sheet assuring that only those qualified to vote are allowed to vote; and, at the completion of the election, a minimum of two members of the Election Committee to be in attendance at the counting of the ballots, which is to take place in the office of the Lead Coordinator of the employee group for which the election was held.

Mr. Crouse explained that this procedure had been used for the most recent election, but there were questions that had arisen. He explained that Public Works employees had asked why they were not allowed to vote for this representative, but this position was for a member not from Public Works, so it had not made sense to have Public Works vote. Mr. Crouse explained that there were no written rules, so he felt it was important for the Retirement Board to consider some written rules that would be a guideline to use in all future elections.

Mr. Crouse then reported on the terms of the Retirement Board members, explaining that each member serves a four year term. He explained that Mrs. Kneipp had researched the minutes from previous board meetings in an effort to find information on elections and terms of office. Mr. Crouse indicated that the results had shown that some members had been elected into unexpired terms of previous members, but had been appointed for four years, instead of the remainder of the unexpired term. He stated that he would like to ask the Retirement Board to set up a procedure for the serving of terms. Mr. Crouse explained that if his recommendation of having two members' terms end in 1996 and two end in 1998, there would always be two employee representatives with a minimum of two year's experience. He pointed out that under the current system, in 1996, three of the members could leave, and seven months later the fourth member could leave, so within one year, there would be only seven months experience among four members. Mr. Crouse explained that his recommendation would assure that employee representatives would always have a minimum of two year's experience at any given time. This would also allow elections to be held in August.

Mr. Crouse then pointed out that if his recommendation were to be used, John DeIorio's term could either be extended to 1998, or it could be filled in 1996 for a two year period of time. He explained that if Miss Lane's term was extended until 1998, it would increase her term by seventeen months, or if she were to leave in March, 1997, it could be filled for those seventeen months. Mr. Crouse explained that Mr. Boggs would serve out Mrs. Kelly's unexpired term, and that there would be no change to Mr. Frick's term.

Mr. Wearn asked how it came about that someone filling an unexpired term was given a full four year term. Mr. Crouse explained that he did not know the answer to that, but he believed that it was simply an oversight. Mr. Wearn asked if it would be inappropriate to go back to the original terms as opposed to newly re-establishing the expiration of the five positions. Mr. Crouse explained that it would be difficult to go back because even going back as far as 1992 did not address the need for staggered terms.

Mr. Wearn asked if any ballots used for elections would provide for a write-in vote. Mr. Crouse replied that he felt it would be important to include this in any election procedure rules. Mr. Wearn asked if the election procedure would address majority and plurality, and a run-off election. Mr. Crouse stated that he thought that this should be included.

Mr. Crouse explained that the most recent election had resulted in 28 votes for Charlie Boggs, 22 votes for Harry Ackerman, and 16 votes for Alan Brown. He stated that while no one received a majority of the votes, Mr. Boggs had received more than the others. Mr. Crouse explained that this simplified the procedure by not having to hold run-off elections, especially since there would normally be more than one person running for the position. Mr. Crouse stated that he would prefer to hold only one election for each position, unless there was a tie, in which case a run-off would have to be held.

Mr. Wearn suggested that the Retirement Board seek legal advice regarding whether or not a run-off was required when there was only a plurality. Mr. McCracken indicated that he would research the issue and provide direction.

Mr. Harvey asked if there was any provision regarding the number of terms an individual could serve. Mr. Doney replied that there were no provisions regarding this. Mr. Harvey asked if the Board wanted to set any limits on this. Mr. Doney stated that what Mr. Crouse and Mrs. Kneipp had provided to the Board Members was an excellent start on election procedures, and that by researching past minutes they would be able to provide the Board with information that could be adopted into a policy. He explained that he felt more information could be provided and presented at the next Retirement Board meeting, which would enable the Mayor and Mrs. Smith to participate in making any decisions regarding this. Mr. Doney further stated that a written established policy would assist everyone involved.

Mr. Wearn explained that if a trustee were to be nominated and won, that individual should be permitted to serve as a representative of the employees. He stated that this was a question of being elected, and that he did not see that there was any ability to abuse the re-election process, and there was not an issue of control in one trustee over the Board of Trustees.

Miss Lane stated that she liked the idea of staggering elections, explaining that it was helpful to new Board members to have experienced Board members serving on the Board. She further stated that there shouldn't be limits on the number of terms an individual could serve because she felt that the employees' votes were indicating how they felt about having that individual represent them. Miss Lane then asked if there should be a limit as to how many individuals could run for a position. Mr. Crouse indicated that there was no way to limit this to a certain number of candidates. Mr. Harvey agreed with

Mr. Crouse. He further indicated that he felt it was helpful to have as many employees as possible involved in the process, and that the fact that there was more than one member serving more than one term, provided a better understanding of what was going on and more knowledge was imparted to employees in that manner.

Miss Lane asked if Mr. Doney picked the Nominating Committee for the most recent election. Mr. Crouse explained that the committee was not really a Nominating Committee in that they did not nominate individuals to run for the position, but it was rather an Election Committee that assisted in the election process. He explained that interested individuals submitted their names to be included on the ballot. Mr. Doney explained that he had not picked the committee members. Miss Lane stated that she did not understand the process. Mr. Doney explained that this was the problem because there was no established procedure to be used. Miss Lane explained that she did not know how long these committee members served, or what was looked for. Mr. Crouse explained that during this election, he had taken the role of Lead Coordinator, and had selected three members for the Election Committee. He explained that he had tried to select a person from Town Hall, one from the Police Department, and one from Recreation. He explained that this provided an opportunity to the employees in these departments to participate. Mr. Crouse explained that the committee's job was to determine the date, time, and location of the election. He explained that the committee had sent notices to all affected employees to consider submitting their names for placement on the ballot, and had brought the names of those interested individuals to the table to be put on the ballot. Mr. Crouse explained that the ballot had been prepared in his office, and had been approved by the Committee members before the election was held. Mr. Crouse explained that the ordinance stated that the election had to be held within 30 days of the vacancy. He commented that the procedure had worked, but he saw some items that needed to be ironed out.

Mr. Harvey asked what control had been used regarding the individuals who were allowed to vote. Mr. Crouse explained that a list of all eligible employees had been provided to the Election Committee for use at the ballot boxes. He stated that the ballot boxes were monitored, and the employees voting had been required to sign their names before being allowed to vote. Mr. Crouse explained that the ballots were placed in a locked ballot box, and after the election, were brought to his office in order to be tallied. He explained that the members of the Election Committee had been present when the ballot boxes were unlocked, as were Mrs. Kneipp and he, and had assisted in counting the votes.

Mr. Wearn stated that he felt that the procedure used by Mr. Crouse for this election was a good procedure, and he would like to see it fleshed out for the Retirement Board to consider at the next Board meeting. He further stated that perhaps the Board should consider having some type of a procedure in case of a contest or question of an election, and that he would like to refer this for legal consideration.

Mr. Harvey asked that Mr. McCracken look at these points and report back at the next meeting. He then asked if once the Retirement Board had the procedure, was it their intent to make it a policy. Mr. Doney explained that he thought the Board would want to act on establishing an election procedure policy, and make it a matter of official record. Mr. Wearn replied that he agreed. Mr. Harvey asked if this proposed policy would include elections for the positions of Chairman and Vice-Chairman. Mr. Crouse explained that these procedures were included in the retirement ordinance, as were the Mayor, Vice President of the Council and Town Manager.

VIII. DISCUSSION ON CONTINUED MEMBERSHIP IN THE FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION.

Mr. Crouse explained that while researching the minutes of the August, 1994, Retirement Board meeting, Mrs. Kneipp found that the Board's membership in the Florida Public Pension Trustees Association had been approved for one year. He explained that the motion had been made by Mr. Wearn to authorize the joining of the Florida Public Pension Trustees Association for a one year period of time, with the Board to revisit this the following year. Mr. Crouse explained that the membership was for the Board of Trustees rather than a single member, and the membership cost was $150.00. He explained that this was paid through December, 1995. Mr. Crouse explained that one conference was attended during September of 1994, and the attendees were Karen Lane, John DeIorio, George Frick and Grace Peters. Mr. Crouse explained that they had attended a number of courses attended during the three day conference.

Mr. Crouse reported that future events included Trustees School in October, 1995, and February, 1996, with a conference in July, 1996.

Mr. Harvey asked Miss Lane for her input, as she had attended the previous conference. Miss Lane explained that the conference had been very helpful to her because at that time she'd had very little experience with the retirement system. She stated that the only disadvantage she saw was the location of the upcoming conference. Miss Lane explained that she felt it was important to renew the membership in the association, and that it would be helpful to have individuals attend the conferences at least every two or three years.

Mr. Doney explained that approximately one year previously, Ron Smith had put together a booklet of information for the Board members, and he thought it would be helpful to reproduce this information for all new Board members. He further stated that the actuary and the investment managers had information available that could be very helpful to any Board member.
Mr. Doney stated that he thought maintaining a membership in the Florida Public Pension Trustees Association would be valuable to the Board.

Mr. Boggs stated that as a new member, he would find these conferences very helpful in improving his knowledge of the Retirement Board.

Mr. Wearn moved renewal of the membership in the Florida Public Pension Trustees Association for at least one year, and renew thereafter on a continuing basis, unless someone raised it for further consideration. Miss Lane seconded the motion, and all voting aye, the motion carried.

IX. DISCUSSION OF PROPOSED ANNUAL CALENDAR OF MEETINGS

Mr. Crouse explained that this had been discussed at the May Retirement Board meeting, and an annual calendar of meetings had been developed. He explained that this calendar included those items that came up on a regular basis. He further indicated that any additional items could easily be included. Mr. Crouse explained that this calendar would indicate when each investment manager would be presenting their quarterly report. Mr. Harvey indicated that it would be helpful to list these as investments presentations so the Board members would know when an investment manager would actually be attending a meeting. He further explained that these people could then be notified in advance as to when they were scheduled to attend. Mr. Harvey stated that he liked the recurring format of the calendar, and that it would be helpful for the Board members to know when items would need to be considered.

Mrs. Crozier stated that the renewal of the custodian agreement should also be placed on the calendar, and indicated that she would provide the correct date to Mr. Crouse.

Mr. Harvey asked for clarification of the dates of Retirement Board meetings. Mr. Doney explained that the meetings had previously had been held quarterly on the third Thursday of the month, but that it had been recently changed to the third Friday. Mr. Crouse explained that Mr. McCracken had a conflict on the third Thursday, which was why the meetings had been changed to Fridays. Mr. Harvey asked that a footnote regarding this be placed on the calendar of meetings.

Mr. Wearn asked for clarification on the annual election of officers, explaining that he thought this had been done in February rather than May. Mr. Crouse explained that in researching the minutes from previous years, the election of officers had taken place in May, however he didn't see a problem with doing this in February.

Mr. Harvey complimented Mr. Crouse and Mrs. Kneipp on the ideas they presented to the Retirement Board, and stated that they were doing an excellent job. Mr. Doney stated that he thought Mr. Crouse and Mrs. Kneipp were a tremendous help to the Retirement Board.

X. ANY OTHER MATTERS

A. RETIREMENT APPLICATION OF WALTER S. ALLISON, PUBLIC WORKS DEPARTMENT, 14 YEARS, 10 MONTHS

Mr. Harvey asked if all was in order with the Retirement application of Walter S. Allison of the

Public Works Department, with 14 years and 10 months of service. Mr. Crouse reported that all was in order. There being no discussion, Mr. Wearn moved approval of Walter S. Allison's application for retirement. Mr. Boggs seconded the motion, and all voting aye, the motion carried.

B. Mr. Doney explained that at the last Town Council meeting of August 8, 1995, the Town Council had considered the ordinance amending various sections of the retirement system ordinance. He explained that the changes regarding Police, Fire-Rescue and General employees discussed at the previous Retirement Board meeting had been considered.

Mr. Boggs asked if there had been one or two early retirement options for the General employees. Mr. Crouse explained that there were two options, but that only one of them had required an employee vote.

XI. ADJOURNMENT

There being no further business, Mr. Wearn moved adjournment of the meeting. Miss Lane seconded the motion, and all voting aye, the motion carried. The meeting was adjourned at 10:30 a.m.

FUTURE MEETINGS:

Friday, February 16, 1996, 9:00 a.m.
Friday, May 17, 1996, 9:00 a.m.
Friday, August 16, 1996, 9:00 a.m.
Friday, November 15, 1996, 9:00 a.m.