General Employee Retirement Board Meeting
Town Council Chambers
360 South County Road
Palm Beach, Florida 33480
FRIDAY, AUGUST 13, 2010, 9:00 a.m.

I. CALL TO ORDER

The meeting of the General Employees Retirement Board was called to order by acting chairman James Karman at 9:03 am on Friday, August 13, 2010, in the Town Council Chambers. On roll call, Acting Chairman James Karman and Trustees Peter Elwell, Brett Madison, and Jonathan Luscomb were present, Chairman Alvin Parven was absent. Also in attendance were Human Resources Director Danielle Olson and Director of Finance Jane Struder, Attorney John McCracken, Callan Associates representative John Carr and Gwelda Swilley-Burke, Thompson, Siegel & Walmsley LLC Institutional Client Service Manager Tracy Musser, and Mesirow representative Heather Byers.

II. APPROVAL OF AGENDA

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

III. GENERAL COMMENTS BY BOARD MEMBERS

There were no general comments.

IV. APPROVAL OF MINUTES OF QUARTERLY MEETING OF MAY 14, 2010.

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

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

Ms. Olson reviewed the report on retirements and DROPs.

Ms. Olson gave the administrator's report. There are 187 participants within the General Employee Retirement Plan, with 13 participants in DROP and 142 active retirees. There has been no activity of persons electing to DROP or retire since the last Board meeting.

Mr. Parven's term is set to expire at the end of September and the public notice has been posted.

VI. APPROVAL OF DISABILITY RETIREMENT APPLICATION (Danielle Olson, Director of Human Resources)

Ms. Olson discussed the disability retirement request of Sam Kearney with the Board. He has met all of the requirements in order to qualify for disability retirement benefits. Ms. Olson explained that he will begin receiving the benefits immediately at a reduced amount according to the code.

Mr. Luscomb made a motion to approve disability retirement benefits for Sam Kearney, seconded by Brett Madison, motion carried.

VII. APPROVAL OF ACTUARY'S FEE (Danielle Olson, Director of Human Resources)

Ms. Olson presented the information from Gabriel Roeder Smith (GRS) included in the board packet. The 2-page letter was in regards to their fees for retirement services and retainer for the upcoming fiscal year of $13,700, payable quarterly, an increase of $50 per quarter from last year.

Mr. Luscomb made a motion to approve the actuary fees for FY2011, seconded by Mr. Madison, motion carried.

VIII. STATE STREET GLOBAL ADVISORS (SSgA) TERMINATION OF CURRENT WITHDRAWAL LIMITATIONS (Gwelda Swilley-Burke, Callan)

Ms. Swilley-Burke distributed SSgA Monthly Securities Lending Fund Trade Opening Schedule sent to her by SSgA. The schedule shows the dates that the board can liquidate the EAFE index fund to Pyramis Global Advisors, approved last year. The trade date will be August 31 and the match can be funded September 3. Ms. Swilley-Burke will work with the administrator and the bank to make sure the transfer goes smoothly. Her recommendation would be to make this move in an expeditious manner.

Mr. Elwell made a motion to make the transfer, seconded by Mr. Luscomb, motion carried.

IX. MONEY MANAGER - PERFORMANCE REPORTS

A. THOMPSON, SIEGEL & WALMSLEY LLC (Tracy L. Musser, Institutional Client Service Manager)

Ms. Swilley-Burke introduced Ms. Tracy Musser of Thompson, Siegel & Walmsley LLC. Ms. Musser discussed the stability and growth of the firm. Ms. Musser reviewed the firm's investment process and the portfolio report.

B. MESIROW (Erik Barefield)

Mesirow is the board's absolute return manager. Heather Byers stepped in for Erik Barefield. Ms. Byers discussed Mesirow's organizational update. the Town's portfolio with Mesirow and the company's status. Mr. Carr discussed the firm's internal benchmark with Ms. Byers. Ms. Swilley-Burke discussed the firm's liquidation schedule with Ms. Byers.

X. QUARTERLY REPORTS (Gwelda Swilley-Burke, Callan)

A. DISCUSSION ON THE TOWN'S QUARTERLY INVESTMENT PERFORMANCE REPORT

Ms. Swilley-Burke discussed the quarterly report, quarter ended June 30. The goal is to come out with a positive at the end of the year which will be difficult given the first quarter and rather volatile third quarter.

Ms. Swilley-Burke distributed information regarding the Fixed Income product for Goldman Sachs Asset Management. Mr. Karman commented that the high point was in November 2008. He asked what we should be looking for and how can we improve performance. Ms. Swilley-Burke did not recommend employing more risk.

Mr. Carr further discussed Ms. Swilley-Burke's suggestions and recommendations. Mr. Luscomb asked about real estate investment and there was a discussion on how it compared to today's investments. Mr. Karman commented that the board had recently reviewed a detailed presentation by Callan on real estate investments and decided not to undertake such a program at this time. Callan will continue to monitor the makeup of the fund's investments and new areas that may be considered.

B. EDUCATIONAL PRESENTATION ON LIABILITY DRIVEN INVESTING (John Carr)

Mr. Carr discussed the presentation on "Liability Driven Investing" included in the board packet. This topic was brought up by Mr. Parven in the last quarterly meeting.

XI. ANNUAL RATE OF INTEREST TO BE CREDITED MEMBER CONTRIBUTIONS (Jane Struder, Director of Finance)

Ms. Struder gave a report on the annual rate of interest to be credited to member contributions. She reported that the 10-year Treasury is historically used as a benchmark for the interest rate credit. Last year it was 3.52 with this year being 2.94.

Mr. Madison made a motion to keep the current rate, seconded by Mr. Luscomb, motion carried.

XII. SELECTION OF AUDITOR (Jane Struder, Director of Finance)

Mr. Karman discussed the process of choosing the auditor. Mr. Elwell recommended approval of Town Council's selection of Nowlen, Holt and Miner, P.A. as the committee's process to select the auditor was detailed and well-researched.

Mr. Elwell made a motion to accept the Town's firm selection, seconded by Mr. Madison, motion carried.

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

Ms. Struder discussed her report and explained that the transfer amount be reduced to $750,000, a $150,000 decrease in the initial request as there would not be the anticipated layoffs. Ms. Swilley-Burke discussed taking the funds from the Fixed Income area with Goldman Sachs and to put in a request with Mesirow to make this transfer.

Mr. Elwell made a motion to do exactly as recommended, seconded by Mr. Luscomb, motion carried.

XIV. ANY OTHER MATTERS

Ms. Struder distributed and briefly discussed the quarterly report ending June 30, 2010 for all of the retirement funds. According to the report, the police fund was at 9.6%, the fire-rescue fund was at 10.1%, and the general employees fund was at 12.06%.

XV. ADJOURNMENT

Motion made by Mr. Elwell to adjourn at 10:16 am, seconded by Mr. Luscomb, motion carried.

Respectfully Submitted,

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