



Employees Pension Board

Regular Board Meeting Minutes

Tuesday, February 22, 2005

Chairperson Art Rowbotham
Vice-Chairperson Laura Hawley

Chairperson Art Rowbotham called the Employees Pension Board to order for a regular meeting, Tuesday, February 22, 2005, 8:30 a.m., in the Civil Service Conference Room, Department of Civil Service and Retirement, 500 North Lake Parker Avenue, Lakeland, Florida. Present: Chairperson Art Rowbotham, Vice-Chairperson Laura Hawley, Board Members Phil Allen, Robert Andrew, Herman Moulden, Eugene Strickland, Ronald Tomlin and Executive Director Gary Clark. Chairperson Art Rowbotham gave the invocation. Absent: Board Member Laura Hawley departed the meeting at 9:35 a.m.

❖ **Consent Agenda** - Consent agenda was unanimously approved.

➤ **January 25, 2005, Employees Pension Board Minutes**

➤ **Retirement Refunds**

NAME	CONTR. DATE	CHECK DATE	REASON	AMOUNT
Hamilton, Gary	1/1/1989	2/5/2005	RET	\$150,000.00
Hughes, Bernard J	4/4/2004	2/5/2005	RES	\$1,675.34
Total			3	\$151,675.34

➤ **Retirements**

NAME	RET. DATE	AMOUNT	JOB TITLE	CONTR. DATE
DROP Employee				
Ahern, Donald P	1/8/2005	\$1,074.80	Automotive Parts Clerk	12/29/1991
Cantrell, Luann	1/8/2005	\$1,974.34	Administrative Assistant	9/17/1973
Griffin, Betty J	1/8/2005	\$1,656.59	Library Clerk	5/22/1977
Haar, Amy Brookover	1/22/2005	\$2,288.07	Court Liaison	1/19/1975
McCawley, Sharon W	1/8/2005	\$2,111.43	Administrative Assistant	3/5/1973
Preston, Sandra L	1/8/2005	\$1,535.79	Customer Service Reprsntv II	2/2/1986
Partial Lump Sum DB				
Hamilton, Gary L	12/31/2004	\$1,557.57	Chief Water Plant Operator	1/1/1989
Retired				
Aurich, Robert N	12/31/2004	\$3,759.85	Lead Trans/Distrib Lineperson	12/9/1974
Browning, Wendell W	1/1/2005	\$2,731.92	Laboratory Technician II	4/30/1962
Candis-Cortez, Marilyn A	1/8/2005	\$1,996.87	Code Enforcement Officer	11/25/1984
Cote, Gilford L	12/31/2004	\$1,292.56	Solid Waste Collctn Driver III	4/4/1993
Eddinger, Gene Maurice	12/31/2004	\$5,104.60	Central Services Director	10/4/1981
Haase, Donald G	1/1/2005	\$2,234.76	Station Electrician	5/24/1987
Hinson, Michael S	1/1/2005	\$2,944.14	Driver Engineer	4/25/1976
Leigh, Fred W	10/27/2004	\$1,597.24	Wastewater Equipment Mechanic II	3/27/1988
Mack, Howard Lee	1/22/2005	\$1,569.44	Solid Waste Collector	4/20/1980
Pendry, David Anthony	1/1/2005	\$3,447.86	Power Production Foreman	2/27/1977
Rollen, Jerry W	12/31/2004	\$4,703.44	Systems Administrator	3/13/1988
Sherman, Dean J	12/31/2004	\$1,807.16	Crime Scene Technician I	4/23/1989
Short, Nicholas C	12/31/2004	\$4,893.33	Chief Meter Technician	9/30/1974
Swartz, Charles Morse	12/31/2004	\$4,045.15	Systems Analyst	12/16/1979
Taylor, Horace	1/5/2005	\$2,243.09	Inspection & Sealing Tech	12/3/1978
Watwood, Charles W	1/16/2005	\$835.37	Event Setup Supervisor	1/8/1995
Weltzbarker, Patricia D	12/31/2004	\$3,626.49	Systems Administrator	9/2/1984
Vested				
Long, Amy Lively	3/6/2014	\$2,166.47	Planning Specialist III	11/8/1987
Morris, Gary H	12/14/2005	\$2,058.63	Engineer II	5/12/1985
DROP Retirement Pending Final Pay				
Goostree, Jack W	2/5/2005	Pending	Power Plant Operator III	2/3/1985
Houston, Linda S	2/5/2005	Pending	Customer Service Reprsntv II	1/27/1991
Retirement Pending Final Pay				
Carson, Kenneth S	2/20/2005	Pending	Fire Lieutenant	2/13/1977
Mihalek, Robert P	2/19/2005	Pending	Plant Mechanic II	2/7/1982
Walden, Robert M	1/9/2006	Pending	Police Sergeant	6/14/1981

Total Employee Plan Retirements 31

❖ **Small Cap Value Manager Report**

➤ Gary Rice and Tom McDowell of Rice Hall James (RHJ) based in San Diego appeared before the Board to give a portfolio review. RHJ has managed the small and mid capitalization portion of the Employees Pension Fund since 1997. RHJ's performance since inception is 10.80% versus the Russell 65/35 blended index of 9.19%. Mr. Kirkland explained RHJ investment style of growth at a reasonable price (GARP) performs well in a declining market and not as well in a bull market. Mr. McDowell explained over half the shortfall to the benchmark in 2004 was due to an under weight in the Financial, Utilities and Materials sectors.



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❖ Consultant Report

- Mr. Randy Kirkland of Asset Consulting Group, Inc. (ACG) appeared to give the investment performance review for the quarter ending December 31, 2004. Total fund value was \$435,376,539 representing a gain for the quarter of year of 7.1%. Calendar year performance was 8.9%. Largely the underperformance is due to Montag Caldwell and Rice Hall James. These managers detracted about 1.5% from calendar year performance.
 - Montag & Caldwell (MC) earned 5.2% for the quarter.
 - Rhumblin (RL) earned 9.2% for the quarter.
 - Lord Abbett (LA) earned 11.3% for the quarter. LA had a very good quarter compared to last.
 - Rice Hall James (RHJ) earned 10.7% for the quarter. RHJ is a difficult manager to categorize for peer group comparison style.
 - INVESCO (INV) earned 14.5% for the quarter year.
 - Fidelity the newly hired intermediate fixed income manager earned 1.4% for the quarter.
 - Loomis Sayles (LS) earned 1.4% for the quarter.

❖ Small Core Manager Recommendation

- Mr. Randy Kirkland recommends diversifying the small cap allocation between RHJ and a small cap core manager. Board Member Laura Hawley questioned if RHJ was actually a small cap value manager and perhaps we should consider hiring a small cap growth manager. Board Member Laura Hawley departed the meeting at 9:35 a.m. Board Members discussed RHJ past performance with regard to the market. Mr. Kirkland will come back at the next meeting with a recommendation with regard to replacing or trimming RHJ.

❖ Large Cap Growth Manager Recommendation

- Mr. Randy Kirkland explained ACG is very uncomfortable with Montag and Caldwell and recommends moving the growth money. Executive Director Gary Clark agreed we need to reposition our growth allocation to include withdrawing from the Rhumblin our index Russell 2000 growth manager.
 - Candidates for consideration included:
 - Essex Investment Management
 - INTECH
 - Loomis Sayles & Company
 - Montag & Caldwell
 - Navellier
 - Sawgrass Asset Management
 - Waddell & Reed Asset Management
- Mr. Kirkland indicated ACG recommends the board consider large cap growth manager INTECH. INTECH utilizes a quantitative volatility capture strategy that is based on mathematically proven research. Director Gary Clark also asked ACG to review Loomis Sayles. Director Clark endorsed the recommendation of Mr. Kirkland to hire INTECH. Board Member Strickland moved to hire INTECH to manage the entire large cap growth equity allocation of the fund. Board Member Tomlin seconded the motion. Discussion continued regarding fees and portfolio characteristics. Ayes – Board Members Allen, Andrews, Moulden, Rowbotham, Tomlin and Strickland. Motion passed unanimously.

❖ Executive Director's Report

- Union contracts are being ratified with the Police Officers. Regarding pension, the PORF will freeze their DB plan and open a share plan. Those changes will require two ordinance changes, one affecting the Employees Pension Plan by adding a disability benefit only for Police Officers. These changes are planned to be effective as of April 1, 2005. The liabilities in the supplemental plans do not impact the Employees Pension Plan.
- Next regular meeting is for April 26, 2005.
- FPPTA June 26 – 29, 2005.

❖ Miscellaneous

- N/A

❖ Adjournment

- Upon motion meeting adjourned at 10:15 a.m.