



Employees Pension Board

Regular Board Meeting Minutes

May 22, 2007

Chairperson Laura Hawley called the Employees Pension Board to order for a regular meeting, Tuesday, May 22, 2007 at 8:30 a.m., in the City Commission Chambers Room, City Hall, 228 South Massachusetts Avenue, Lakeland, Florida. Present: Chairperson Laura Hawley, Board Members Eugene Strickland, Roger Haar, Robert Bertrand, Kerry Charlet and Vice chairperson Ronald Tomlin. Retirement Services Staff: Director Kevin Torres, Dana Blydenburgh, Annette Wieck, Debbie Stefanski.

Board Member Bertrand gave the invocation.

1. Consent Agenda - Board Member Tomlin made a motion to approve the Consent Agenda. Board Member Charlet seconded the motion. Motion passed unanimously.

- a. **April 24, 2007 Employees Pension Board Minutes**
- b. **Retirement Refunds**

Mr. Torres remarked that Michael Townsend Disability Retirement is recorded on the Retirement Refunds and Mr. Townsend's name will also appear on the next Retirement Refund list due to the retroactive pay owed to Mr. Townsend.

Employee Plan

NAME	CHECK DATE	REASON	AMOUNT
Camp, William B	4/28/2007	TER	\$2,181.70
Downs, Laura L	5/12/2007	TER	\$4,565.75
Duncan, Kelly D	4/28/2007	TER	\$9,751.13
Hammersla, Michael R	4/28/2007	TER	\$15,534.45
Lange, Brandon J	4/28/2007	TER	\$15,279.27
Pinkston, Quincy L	4/28/2007	TER	\$12,016.30
Polk, Jessica	4/28/2007	TER	\$8,421.16
Sturm, Robert R	5/12/2007	TER	\$10,264.58
Townes, Glenn J	5/12/2007	TER	\$8,063.88
Total	9		\$86,078.22

C. Retirements

NAME	DOR	AMOUNT	JOB TITLE	CSD
Disability Retirement				
Townsend, Michael A	1/13/2007	\$1,974.29	Police Officer	7/09/1995
DROP Employee				
Garrenton, Wayne M	4/28/2007	\$2,170.48	Engineering Tech I - Water	4/27/1986
DROP Retiree				
Ivancevich, Micahel A	5/18/2007	\$3,410.94	Police Sergeant	7/6/1975
Marion, John Marc	4/19/2007	\$3,691.38	Utilities Resource Coordinator	6/25/1973
McGalliard, Joyce M	5/7/2007	\$1,464.62	City Hall Receptionist/Switchboard	10/28/1984
Norton, Charles T	4/19/2007	\$3,530.42	Electrician 1 st Class	6/22/1975
Retired				
Pochron, Robert A	4/7/2007	\$1,873.15	Operations Support Spv III	3/21/1993
Vested				
Martin, Elisa C	12/13/2014	\$999.21	Police Officer	4/3/2005
Moore, Kevin T	6/17/2008	\$2,168.07	Power Plant Operator III	6/5/1988
Stewart, Michael W	11/9/2007	\$2,130.46	Plant Mechanic II	1/1/1989
Retirement Pending Final Pay				
Flanigan, Clara J	5/18/2019	Pending	Utility Risk Manager	1/27/1997
Harris, Todd W	5/8/2013	Pending	Lineman Trainer	4/13/1986
Jones, Pamela L	7/12/2016	Pending	HRMS Manager	5/5/1997
Sears, Barry Hall	5/1/2007	Pending	Lakeland Center Tech Coord	1/29/1989
Shatto, Ronald M	6/1/2007	Pending	Systems Administrator	4/21/1997

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2. Consultant Report

- a. Mr. George Tarlas, Asset Consulting Group, Inc. appeared to give the investment performance review. He commented that the April 30, 2007 report reflects the total fund gained 4.3% year to date. The three year period reported a 10% return.
 - ◆ Total Fund. The total Fund generated a return of 1.6% in the first quarter, which underperformed the allocation index of 2.0%. The fund is valued at approximately \$516,278,000.
 - ◆ For the first quarter of 2007 the equity composite reported as follows: INTECH reported a 1.7% return which outperformed the benchmark of 1.2%. Lord Abbett reported 0.3% return which underperformed the benchmark of 1.3%. Rice Hall James reported a return of 2.2% which underperformed the benchmark of 2.5%. INVESCO reported a return of 3.7% which underperformed the benchmark of 4.1%. Julius Baer reported a 4.1% return which matched the MSCI EAFE index. Martingale reported a return of 1.5 % which matched the Russell 2000 value index.
 - ◆ Fixed Income. The Intermediate bond Fund outperformed the Lehman Intermediate Gov't/Credit Index in the first quarter with a return of 1.8% relative to 1.6% return for the index. The Loomis Sayles portfolio outperformed the Lehman Aggregate index with a return of 7.4% relative to 6.6% for the index one year return.
- b. Mr. Tarlas reported that Julius Baer strategy is planning to move from 25% to 35% exposure in emerging markets. Julius Baer currently holds 1.5% of the investment portfolio.
- c. Mr. Tarlas discussed a reallocation plan to rebalance assets into the fixed income portfolio from the equity portfolio. He advised the Board to reallocate \$16M from Lord Abbett, \$4M from Julius Baer and \$9.6M from Invesco. The total assets derived, \$29.6M, are to be divided equally between Fidelity and Loomis Sayles fixed income managers. Board member Charlet made a motion in line with this guidance. Motion was seconded by Board member Tomlin. Motion passed unanimously.
- d. Mr. Tarlas presented an educational piece on fixed income.
 - ◆ A core fixed income strategy is an investment grade, taxable, dollar dominated fixed income portfolio that is usually benchmarked to the Lehman Aggregate Index. This strategy can be actively or passively managed. Components of the Lehman Aggregate Index include US Treasury, US Government Agency, Corporate, Mortgage Backed, and Asset Backed securities.
 - ◆ A core plus income strategy is a core fixed income portfolio that seeks to improve by opportunistically allocating to "plus" sectors, which include non-government grade, non-dollar, and emerging market securities. These sectors generally offer a higher coupon given that they are further out on the risk/return continuum and may include currency exposure.
 - ◆ Active fixed income strategies attempt to enhance returns by deviating from index characteristics. The Management styles vary by the strategy employed to add value. Examples of those are: Core, Intermediate, Long, Core Plus, Active Duration, High Yield. A reason to invest in active management is the potential to maximize returns with ability to choose managers.
 - ◆ Passive fixed income strategies are managed to track various indices, reproduce characteristics of the index in order to generate index-like returns, are available in pooled fund format and have greater deviation from the index when compared to equity index strategies. A reason to invest in passive management is reduction of management fees and elimination of uncertainty of benchmark tracking.

3. Director Report

- a. Director Torres discussed the need to report the plan's expected rate of return to the State Actuary. The prepared letter was signed by Chairperson Hawley which outlined that the plan expected over the next year, the following year and the long term thereafter, to receive a return of 7.25% net of investment related expenses.



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- b. Director Torres discussed securities lending with Salem Trust. The share would be a 60/40 split between the Employees Pension Plan and the custody bank. Based on the portfolio yielding \$250,000, the fund would receive \$150,000. Salem Trust will formally present this at the July 2007 board meeting.

4. Miscellaneous

- ◆ Board member Haar inquired as to when Allen & Company /The Hartford would present an update on the deferred compensation plan and defined contribution plan to the board. Director Torres stated that possibly at the January 2008 meeting.
- ◆ The next Pension Board Meeting is tentatively scheduled for June 28, 2007 at 1:00 p.m.

- 5. Adjournment** - Upon motion, the meeting was adjourned at 9:50 a.m.