

TAB 2

GENERAL EMPLOYEES' PENSION PLAN
BOARD OF TRUSTEES
November 30, 2009

Board Members Present:

Ray Dielman, Citizen
Jim Freeman, City Clerk
Gracie Johnson, Employee Representative
Jim Terry, Citizen
Allen Tusing, Citizen

Board Members Absent:

Ellen Leonard, Citizen

Staff and Others Present:

Scott Christiansen, Christiansen and Dehner
Diane Ponder, Deputy Clerk-Administration

Chairman Dielman called the meeting to order at 8:35 am.

1. APPROVAL OF MINUTES

MOTION: Mr. Freeman moved, Mr. Tusing seconded and motion carried 5-0 to approve the August 31 and October 16, 2009 minutes.

2. REVIEW: ORDINANCE NO. 09-1002

Mr. Freeman informed the Board that the proposed ordinance had gone to Commission as a workshop item and as a first reading. City Attorney Barnebey requested that language be added into Section 6 (b)(1) that investments would be limited to those provided for in Section 215.47, Florida Statutes. He also stated he has requested that Charlie Mulfinger review the language, but has not yet received his response.

MOTION: Mr. Freeman moved, Mr. Tusing seconded and motion carried 5-0 to approve Ordinance No. 09-1002.

3. REVIEW INVESTMENT POLICY AND OBJECTIVES

MOTION: Mr. Terry moved and Mr. Freeman seconded to approve the Investment Policy and Objectives for discussion.

Mr. Terry opined that the parameters for large and mid cap should be higher.

Attorney Christiansen voiced his concern that there is not an independent relationship between Morgan Smith Barney and the Hedge Fund Managers, as required by the ordinance; Morgan Smith Barney receives a fee for placing business with the managers. He stated he is reviewing documents for investments in hedge funds for another municipality, and has submitted a list of questions to Morgan Smith Barney's legal staff. Once the reply is received by Attorney Christiansen, he will forward the information to the Board.

Discussion ensued on the topic, and resulted in Mr. Terry withdrawing his motion and Mr. Freeman withdrawing his second.

MOTION: Mr. Tusing moved, Mr. Freeman seconded and motion carried 5-0 to table the Investment Policy and Objectives until the next meeting, or as soon thereafter as the item may be considered by the Board.

Attorney Christiansen stated he will review the documentation from Private Advisors, the manager chosen by the Board during the October 16, 2009 called meeting.

4. ADDENDUM TO OPERATING RULES AND PROCEDURES

The addendum to the Operating Rules and Procedures is to add a definition of "actuarial equivalent". The definition was provided by the Plan's actuary.

MOTION: Mr. Tusing moved, Mrs. Johnson seconded and motion carried 5-0 to approve the addendum to the Operating Rules and Procedures.

5. APPROVAL OF 2010 MEETING DATES

MOTION: Mr. Tusing moved, Mrs. Johnson seconded and motion carried 5-0 to approve the 2010 meeting dates.

6. APPROVAL OF EXPENSES

A) Christiansen & Dehner: September, 2009

MOTION: Mr. Freeman moved, Mrs. Johnson seconded and motion carried 5-0 to ratify the expense as presented.

B) Gabriel Roeder Smith & Co: September and November, 2009

Discussion ensued on the costs being charged by Gabriel Roeder Smith & Co. for calculation of DROP statements, which is charged on an hourly fee. Also discussed was the reason for the additional charges for the revised Actuarial Valuation Report. Attorney Christiansen opined that the Board should only pay fees based on the existing contract.

Mr. Freeman inquired if it is required that the DROP statements be issued on a quarterly basis. Attorney Christiansen confirmed the ordinance does address when the statements must be provided to the DROP participants.

MOTION: Mr. Freeman moved, Mr. Tusing seconded and motion carried 4-0 to authorize DROP statements to be issued on an annual basis, at the end of the calendar year. Mr. Terry was absent for the vote.

Motion on the floor carried 5-0. Mr. Terry was absent for the vote.

7. ATTORNEY'S REPORT

Attorney Christiansen reported that the annual report to the State regarding public records requests for Social Security numbers no longer has to be prepared.

An election by the employees for their representation on the Board is being held. The new Trustees will be present at the next meeting.

Staff confirmed Pension letter #2 has been provided the City.

8. OTHER BUSINESS

Mr. Freeman brought up the actuarial services contract, which was executed in 2003 and renews on an annual basis unless terminated by either party. Attorney Christiansen spoke of his negotiations with the firm for the past year, and the fact that they have refused to acknowledge any fiduciary responsibility. Mr. Freeman inquired if the Board should consider an RFP for actuarial services.

MOTION: Mr. Freeman moved, Mr. Terry seconded and motion carried 5-0 to look at preparing an RFP for actuarial services.

Mr. Dielman discussed his opinion that an independent investment review is beneficial to the Plan. Attorney Christiansen reminded the board that Mr. Mulfinger is the consultant to the Plan and performs that review; the Board would be paying twice for the same services. Mr. Dielman opined that a third party review on an annual basis to review the investment activity is necessary. Attorney Christiansen stated he can prepare a letter and send it to some of the consulting firms he is familiar with to get a quote for a one-time analysis. Mr. Tusing stated he would not be in favor of a brokerage firm performing the analysis. It was consensus of the Board to request that Attorney Christiansen prepare the correspondence.

MOTION: Mr. Tusing moved, Mr. Freeman seconded and motion carried 5-0 to adjourn the meeting at 9:40 am.

James R. Freeman
Secretary/Vice Chair