

**CITY OF PALMETTO
GENERAL EMPLOYEES'
PENSION BOARD OF TRUSTEES
November 24, 2014 - 8:30 A.M.**

Board Members Present:

Ray Dielman, Chair
Jim Freeman, Vice Chair
Ellen Leonard
Matt Misco
Patty Persson

Board Members Absent:

Matt Bloome, Secretary
Allen Tusing

Staff and Others Present:

Scott Christiansen, Board Attorney
Charlie Mulfinger, Graystone Consulting
Scott Owen, Graystone Consulting
Amber Foley, Assistant City Clerk

Chair Dielman called the meeting to order at 8:30 a.m.

1. AGENDA APPROVAL

Motion: **Mrs. Persson moved, Mr. Misco seconded, and the motion carried 5-0 to approve the November 24, 2014 General Employees' Pension Board agenda.**

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

Motion: **Mrs. Persson moved, Mr. Misco seconded, and the motion carried 5-0 to approve the August 25, 2014 minutes.**

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 8/31/2014
- B) Graystone Consulting: Quarter ending 12/31/2013 (Investment Report)
- C) Repayment to City of Palmetto \$256.40 for FPPTA Fall School
- D) Repayment to City of Palmetto \$2,763.00 for FPPTA Fall School
- E) FMIT Payment Invoice Dated 8/14/2014

Motion: **Mrs. Persson moved, Mr. Freeman seconded, and the motion carried 5-0 to ratify the paid expenses as presented.**

5. APPROVAL OF 2015 MEETING DATES

Motion: **Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to approve the Board meeting dates for 2015.**

6. INVESTMENT REVIEW

Mr. Mulfinger discussed the third quarter investment review summary. The Plan's Portfolio was valued at \$11,266,197.91, a loss net-of-fees of \$126,331.68. The Portfolio is still over weighted in equity assets and under weighted in fixed assets; but is still within range. Mr. Mulfinger went on to discuss the compliance checklist noting any managers not in compliance and why. He displayed a BlackRock versus

Russell 1000 Value Rolling Quarters handout that shows the years that BlackRock over performed the benchmark. A copy of the third quarter summary is attached to and made a part of these minutes.

Discussion ensued regarding the Hedge Funds investment in the Portfolio. Mr. Dielman opined that the fees are too high. Mr. Mulfinger agreed, stating that the fees are a negative to investing in any Hedge Funds. Mr. Dielman questioned if this is the best use of the Plan's money. Mr. Freeman stated the Plan is seeing a return on investments and diversifying the Portfolio like the Plan wanted. He agrees that the fees are high, but opined that the returns are better than other alternatives for similar asset classes such as fixed income.

Mr. Mulfinger provided the Board with a Global Fixed Income Search that was performed. He researched BlackRock PPM Global Fixed Income, Templeton Global Bond Fund, Citigroup World Government Bond Index, and Vanguard Total International Bond Index Fund managers. The current Investment Policy requires the Plan to invest in high quality bonds; but does not provide for investment in international. Mr. Mulfinger discussed the different criteria compared for each manager researched. Discussion continued regarding the Vanguard Total International Bond ETF Portfolio handout of the search that Mr. Mulfinger performed.

Mr. Christiansen reminded the Board that the Investment Policy Statement will need to be revised to allow the investment the Board chooses to make. International Fixed Income will have to be added to the Traditional Asset Classes with a specific percent range and target. Mr. Mulfinger will also amend Section C, Fixed income to include foreign governments and corporations, and that all domestic fixed income securities must hold a rating in one of the three highest classifications by a major rating service.

Motion: Mrs. Persson moved, Mr. Freeman seconded, and the motion carried 5-0 to allow Graystone Consulting to modify the Investment Policy Statement to allow foreign securities and to allow for foreign holdings, and define in Section C domestic holdings as limited to the top three highest classifications.

Attorney Christiansen reminded Mr. Mulfinger and the Board that, because this is a Policy change, there is a 31 day waiting period that begins once the updated Policy is delivered to the City before any investment can take place.

Motion: Mr. Freeman moved to take 5 percent from the Plan's Total Portfolio and invest it into the Vanguard Total International Bond ETF 31 days after the City receives the revised Investment Policy Statement.

Mr. Mulfinger discussed with the Board where the money should come out of. He opined that removing it from where the Portfolio is over-weighted would be the best option. He reminded the Board that, currently, there is 15.59% total in Fixed Income Assets, with a Policy Range of 25-15%. Mr. Mulfinger recommended that the Policy be targeted for 60% in Equity, 15% in Domestic Fixed Income, and 5% in International Fixed Income, and keep 10% in Hedge Fund of Funds and 10% in Private Real Estate. The Portfolio is currently at 64.34% in Equity; Mr. Mulfinger questioned if there should be a rebalance of Equity and that 4.34% being invested in International Fixed Income. Attorney Christiansen stated that there needs to be a motion that states there will be a reduction in the target for Domestic Fixed Income from 20% to 15% and the addition of International Fixed Income with a target of 5%.

Mr. Freeman withdrew the motion on the floor.

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to further modify the Investment Policy Statement to change the Policy Target for Domestic Fixed Income from 20% to 15% and to add Foreign Fixed Income with a Policy Target of 5%.

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to invest in the Vanguard Total International Bond ETF BNDX and to fund that based on

rebalancing of the Portfolio to the new targets in the revised Investment Policy Statement and to make the investment into Vanguard effective 31 days from when the City receives the revised Investment Policy Statement.

Mr. Freeman stated that he recently received a report from Foster and Foster that compares all of the clients that they perform actuarial statements for. There are a total of 195 clients and this Plan did better than 77 percent of the plans. He will provide this report to the Board members.

7. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. TERMINATED NON-VESTED EMPLOYEES

- None

C. RETIRED EMPLOYEES

- Dean Carter
- Whitney Chapman

D. DECEASED RETIREES

- None

E. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

Motion: Mrs. Persson moved, Mr. Misco seconded, and the motion carried 5-0 to approve the retirement disbursement for Dean Carter and Whitney Chapman.

8. NEW MEMBER ACKNOWLEDGEMENT

- Jorge Aguilar
- Luis Garcia de Jesus
- Jose Jimenez III
- Robert Simpson
- John Taylor
- Scott Vander Molen
- Debra Woithe
- Tonya Wonderly

9. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen asked that the election of the Board's officers be placed on the next meeting agenda.

He reminded staff to send the Fiscal Yearend report to Commission; this is Pension Letter No. 2.

Mr. Christiansen informed the Board that it has been two years since an update to the Summary Plan Description, and requested authorization to amend the document for review at the next meeting.

Motion: Mrs. Persson moved, Mr. Freeman seconded, and the motion carried 5-0 to authorize Attorney Christiansen to update the Summary Plan Description.

10. RENEWAL OF THE PLAN INTO THE FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION (FPPTA)

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to renew the Plan into the FPPTA and authorize the payment of \$600.00 for the renewal.

11. FPPTA WINTER TRUSTEES SCHOOL FEBRUARY 1-5, 2015

The FPPTA has not issued information for the Winters Trustee School. Ms. Foley asked that any Board members interested in attending the School contact her as soon as possible. She asked for a motion to be made to allow the payment for the School if any Board members do attend.

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to allow staff to enroll the Board members in the Winter Trustees School February 1-5, 2015 and authorize payment for the School from the Pension Plan.

12. CERTIFICATION OF BALLOTS FOR THE TWO ELECTED TRUSTEES SEATS

An election was held from November 4-6th and ballots were collected and counted by the Clerk. Per the Board's Operating Rules and Procedures, the ballots have to be certified by the Board.

Chair Dielman read the certificate of canvassers report. There were three candidates on the Ballot:

Matt Bloome received 34 votes
Lisa Byers received 20 votes
Matt Misco received 37 votes

Matt Misco and Matt Bloome will be serving another two year term.

Motion: Mrs. Persson moved, Mr. Misco seconded, and the motion carried to approve the Board's certification of the election for Pension Board Trustees Matt Misco and Matt Bloome.

13. NEW BUSINESS

Ms. Foley reviewed Section A of the Operating Rules and Procedures that states the ballots shall be counted by the Board and winners certified by the Board. She asked if that is how the Board would like to keep it; noting that the election the Board just had was not counted by the Board, only certified.

The Trustees agreed that the ballots for the elections should be counted by the City Clerk with a canvassing report prepared and read just as done during today's meeting.

Motion: Mrs. Persson moved, Mr. Misco seconded, and the motion carried 5-0 to modify the Board's Operating Rules and Procedures to state that the ballots shall be counted by the City Clerk and certified by the Board.

Chair Dielman adjourned the meeting at 10:54 a.m.

Minutes approved: February 23, 2015

Matt Bloome

Matt Bloome, Secretary