

**CITY OF PALMETTO
GENERAL EMPLOYEES'
PENSION BOARD OF TRUSTEES
February 26, 2018 - 8:30 A.M.**

Board Members Present:

Jim Freeman, Chair
Allen Tusing, Vice Chair
Dale Hoffner
Ellen Leonard—(Arrived at 8:46 a.m)
Matt Misco
David Sylvester

Board Members Absent:

Matt Bloome, Secretary

Staff and Others Present:

Scott Christiansen, Board Attorney
Charlie Mulfinger, Graystone Consulting
Scott Owens, Graystone Consulting
Amber LaRowe, Assistant City Clerk

Chair Freeman called the meeting to order at 8:35 a.m. and introduced and welcomed new Board member David Sylvester.

1. AGENDA APPROVAL

Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve the February 26, 2018 General Employees' Pension Board agenda. Mrs. Leonard was absent for the vote.

2. PUBLIC COMMENT

3. APPROVAL OF MINUTES

Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the November 27, 2017 minutes. Mrs. Leonard was absent for the vote.

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated November and December 2017
- B) Graystone Consulting: Quarter ending September 2017 (Investment Report)
- C) FPPTA Registration for the Plan Inv. #300000285
- D) Per Diem Trustee Matt Misco

Motion: Mr. Tusing moved, Mr. Sylvester seconded, and the motion carried 5-0 to ratify the paid expenses as presented. Mrs. Leonard was absent for the vote.

5. BOARD INTERVIEWS

Mr. Mulfingher provided the Board with a Small Capitalization Growth Manager Search Summary that compares the three managers that are presenting today. A copy of this summary is attached and made part of these minutes.

The three managers that were in attendance were:

- Franklin
- Henderson Geneva, Janus Henderson Investors
- RBC

James Farrell, Advisor Consultant Franklin Small Cap Growth, gave a presentation to the Board regarding their Firm. A copy of their presentation is attached to and made a part of the minutes. The information presented included Franklin's teams, their philosophy and approach, and their investment process. The Board thanked Mr. Farrell for his presentation and time at the meeting.

Discussion ensued amongst the Board members, Mr. Mulfingher, and Mr. Owens regarding Franklin's performance and their presentation.

Vance Hicks, representing Janus Henderson Investors, gave a presentation on Janus Henderson Investors. A copy of the presentation is attached to and made a part of these minutes. The information that Mr. Hicks presented included a team profile on Geneva Capital Management, the investment policy, portfolio characteristics, and performance. The Board thanked Mr. Hicks for his presentation and time at the meeting.

The Board discussed the presentation and the company.

Donald Sonya, representing RBC Global Asset Management, gave a presentation to the Board. Richard Drage, Portfolio Manager for RBC Global Asset Management, conference called into the meeting to speak with the Board. A copy of the presentation is attached to and made a part of these minutes. The information that Mr. Sonya and Mr. Drage presented included a profile on their Small Cap Growth Team members, investment philosophy and process, the portfolio construction, and purchase criteria and process. The Board thanked Mr. Sonya and Mr. Drage for their presentation and time attending the meeting.

The Board discussed RBC's presentation.

Discussion regarding all managers ensued. Mr. Freeman opined Henderson Geneva was a better choice for the Portfolio.

Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 6-0 to terminate Franklin from the Portfolio and invest the assets from Franklin into Henderson Geneva.

6. INVESTMENT REVIEW

Scott Owens, Graystone Consulting, gave a brief report on the economy.

Charlie Mulfingher, Graystone Consulting, discussed the Fourth Quarter Investment Review. Equity is currently over-weighted at 65.07%; the Investment Policy Statement (IPS) has a range from 60-65%. Mr. Mulfingher is recommending to rebalance equity to 65 percent and investing the overweight amount into Fund of Hedge Funds. Mr. Mulfingher noted that International Growth was slightly overweight and International Value was slightly underweight and recommended that both are increased to 6 percent

which is still within the IPS. He suggested funding both of those with assets from Large Cap Growth and Large Cap Value which are both slightly overweight.

Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 6-0 to rebalance International Growth and International value to 6 percent each with the funds to come from Large Cap Value and Large Cap Growth [make Large Cap Value and Large Cap Growth equal percentages].

Motion: Mr. Sylvester moved, Mrs. Leonard seconded, and the motion carried 6-0 to rebalance the Portfolio by reducing Equity to the target of 65 percent and investing those funds into Hedge Fund to Funds.

7. 2017 ACTUARIAL REVIEW

Doug Lozen of Foster and Foster, presented the October 31, 2017 Actuarial Review. He highlighted page 9 of the Report, noting that the funding status improved from 80.3 percent to 84.1. Mr. Lozen did not make any suggestions of changes to the unfunded liability.

Motion: Mr. Sylvester moved, Mr. Misco seconded, and the motion carried 6-0 to accept the October 1, 2017 Actuarial Valuation Report.

Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 6-0 to declare that based on the advice of our investment professionals and/or actuary, the Board of Trustees declare that the total expected annual rate of investment return for the next year, next several years, and the long-term thereafter shall be 7%, net of investment related expense.

In regards to the "administrative expenses" as mentioned in the Valuation, Mr. Lozen explained that the increase was due to Foster and Foster performing the experience study for Fiscal Year 2017.

8. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. TERMINATED NON-VESTED EMPLOYEES

- Kyle Stokke

C. TERMINATED VESTED LEFT MONEY IN FUND

- None

D. RETIRED EMPLOYEES

- None

E. DECEASED RETIREES

- Everlena Randall
- Raymond Henry

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

Motion: Mr. Misco moved, Mr. Sylvester seconded, and the motion carried 6-0 to approve the Benefits Disbursements as presented.

9. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Wesley Beauchamp
- Chester Cromorty

- William Martinez

10. ATTORNEY CHRISTIANSEN'S REPORT

No report.

11. FOSTER & FOSTER MEMO REGARDING ONLINE PORTAL (INFORMATIONAL ONLY)

Mr. Lozen explained the attached memo. The Division of Retirement has changed the way that they will accept their reports, and, due to this change, Foster and Foster had to train staff on the new procedure. The initial year costs more as the training is new; however, it will be reduced to \$300 for every year after the first year.

Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 6-0 to approve the initial fee of \$750.00 and the ongoing fee of \$300 for subsequent years and to authorize Attorney Christiansen to draft an addendum to the current Foster and Foster contract to add all the fees to include the one that has been approved by the Board [based on the requirement by the State and other Governmental reporting rules].

12. PLAN ADMINISTRATOR'S REPORT

No report.

Chair Freeman adjourned the meeting at 11:30 a.m.

Minutes approved: May 14, 2018

Matt Bloome

Matt Bloome
Secretary