

**CITY OF PALMETTO  
GENERAL EMPLOYEES'  
PENSION BOARD OF TRUSTEES  
November 25, 2019 - 8:30 A.M.**

**BOARD MEMBERS PRESENT:**

Jim Freeman, Chair  
Allen Tusing, Vice Chair  
Matt Bloome, Secretary  
Dale Hoffner  
Ellen Leonard

**BOARD MEMBERS ABSENT:**

Angela Bechtel

**STAFF AND OTHERS PRESENT:**

Scott Christiansen, Board Attorney  
Andy McIlvaine, Graystone Consulting  
Scott Owens, Graystone Consulting  
Penny Johnston, Executive Assistant

Chair Freeman called the meeting to order at 8:34 a.m.

**1. AGENDA APPROVAL**

**Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the November 25, 2019 General Employees' Pension Board Agenda.**

**2. PUBLIC COMMENT**

None

**3. APPROVAL OF MINUTES**

**Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve the August 26, 2019 minutes.**

**4. APPROVAL OF EXPENSES**

- A) Christiansen and Dehner Invoices Dated August and September 2019
- B) Graystone Consulting: Quarter ending September 2019 (Investment Report)
- C) Dale Hoffner, Per Diem, FPPTA Trustee School
- D) City of Palmetto, Per Diem, Hotel, Registration J. Freeman FPPTA Trustee School
- E) Florida Municipal Trust Dated September 5, 2019
- F) Sawgrass Marriot, Dale Hoffner, FPPTA Trustee School
- G) Florida Public Pension Trustee Association, D. Hoffner FPPTA Trustee School Registration
- H) Foster & Foster, Invoice #15236

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

## 5. INVESTMENT REVIEW

Mr. Scott Owens, Graystone Consulting presented the end of quarter investment review. The year-to-date numbers are great, because we do not include the 20% drop from the 4<sup>th</sup> quarter of last year. This 4<sup>th</sup> quarter has been relatively flat. Cybersecurity has been a big issue for municipalities this past year. Graystone Consulting is trying to protect us on several different levels.

Mr. Andy McIlvaine, Graystone Consulting discussed the market and economy, stating the market is sitting at all-time highs, with no ground breaking catalysts, in spite of election turmoil, trade wars and geopolitical news (but nothing is happening). Mr. McIlvaine opined markets will slowly grind forward.

Mr. McIlvaine discussed volatility and reviewed graphs and charts, which were submitted and made a part of these minutes.

Mr. Owens discussed the individual performances of the managers for the Quarter. He stated Trade Managers look at fundamentals. They are not listening to the “noise” but are investing for the next 30 years. FANG stocks are currently driving the market. (Facebook, Apple, Netflix, Google)

Portfolio was valued at \$15,169,593 this quarter, a gain of \$99,524.59 net of fees since last quarter. Portfolio is over weighted in equity, under weighted in fixed income. Private real estate is a little underweight compared to benchmarks. Mr. Owens suggested we consider divesting from Winslow as they have a lower return and higher risk.

Mr. Owens opined the valuations are overweight internationally. Change the weight of the characteristic- started buying lower volatility managers. Mr. Freeman questioned the performance of Renaissance managers. Renaissance added value, but below benchmark. Mr. Owens understands concern with Renaissance, but he recommends keeping them. If they continue to underperform, Graystone Consulting will search.

Madison is very conservative with a very short duration. Graystone coupled it with Vanguard, which is passive with a lower return but 3-yr number is double Madison. Graystone moved money out of fixed income with Blackrock Long/Short due to concerns with rising interest rates.

Mr. Owens stated they have continual conversations with UBS, who has changed their valuation metric. Mr. McIlvaine explained capitalization rates. UBS is offering a discount of fees for 3 to 4 year loyalty.

Mr. Freeman acknowledged moving into real estate rather than bonds but questioned if we are in the right real estate. Scott Owens defended the decision to stay with UBS.

The Board asked Attorney Scott Christiansen to look at the 25% fee discount to stay with UBS for four years and after investigation of the discounts, penalties and costs attached, Mr. Christiansen was given direction to take advantage of the discount if it is in the best interest of the City.

**Motion- Mr. Tusing moved, Mr. Bloome seconded, and the motion carried 5-0 to have Attorney Scott Christiansen investigate the 25% loyalty discount offered by UBS and take advantage of the temporary discount once the conditions have been confirmed.**

Mr. Owens wanted to discuss Winslow, and recommended rolling the full \$800,000 into Polen.

**Motion- Mr. Tusing moved, Mr. Bloome seconded, and the motion carried 5-0 to divest 100% of the Winslow Large Cap Growth funds into Polen Large Cap Growth.**

Mr. Tusing suggested watching Renaissance for one more quarter and if they continue underperforming, bring it to the next meeting. Mr. Owens concurred, and Mr. Freeman asked Mr. Owens to monitor Renaissance so we can make changes as needed at the next meeting.

Mr. Owens suggested changing the Compliance Checklist on a Returns Checklist, stating it should separate compliance issues from performance issues. Mr. Owens wants to provide a graphical report and complete summary for each manager. Mr. Freeman suggesting keeping the familiar documentation and supplementing it with the new graphs until the Board is comfortable with the new format.

Portfolio is up 2.83% since October 1, 2019. Mr. Owens suggested rebalancing overweight accounts. As of November 18, 2019, we were out of compliance.

**Motion- Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to rebalance Vanguard ETF, Lazard, and Renaissance to target, and reinvest to Madison and Vanguard Global.**

#### 6. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. SEPARATED NON-VESTED EMPLOYEE

- Sean Pyper

C. SEPARATED VESTED EMPLOYEE

- None

D. RETIRED EMPLOYEES

- None

E. DECEASED RETIREES

- None

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

**Motion: Mr. Tusing moved, Ms. Leonard seconded, and the motion carried 5-0 to approve the Benefits Disbursements as presented.**

#### 7. NEW MEMBER ACKNOWLEDGEMENT (*Informational Only*)

- Catherine Dublin
- Justin Green
- Ricardo Hernandez
- Isaiah Larkin
- Margaret Trudeau
- Shawn Williams

8. MEMO RE: CYBERATTACK AND CYBER LIABILITY INSURANCE

Mr. Scott Christiansen asked Ms. LaRowe to inquire into what each vendor is doing to avoid attack, and what coverage to they have. The City has cyber policy coverage through Florida League of Cities. Other exposures include the actuary, custodian, and different vendors.

9. ATTORNEY CHRISTIANSEN'S REPORT

Fiscal year-end report, pension letter PL-2 formalized the listing of assets w/ letter to present to Commission. Morgan Stanley fee reduction was signed. Memo- redo an IRS form for Eligible Rollover Distribution. Mrs. LaRowe has the new form.

10. PLAN ADMINISTRATOR'S REPORT

- Both Ellen Leonard and Allen Tusing terms expire 1/1/2020. The Board needs to make a motion to appoint them to the Board, if they would like to serve another two-year term, and the City Commission will ratify the appointment at their next scheduled meeting.

Board selected Board members will be placed on Commission consent agenda.

**Motion:** Mr. Tusing moved, Mr. Freeman seconded, and the motion carried 4-0 to appoint Ellen Leonard to the General Employees' Pension Board of Trustees for a two-year term to expire 1/1/2022. Ms. Leonard did not vote.

**Motion:** Mr. Freeman moved, Mr. Bloome seconded, and the motion carried 4-0 to appoint Allen Tusing to the General Employees' Pension Board of Trustees for a two-year term to expire 1/1/2022. Mr. Tusing did not vote.

There is still a vacancy for a City resident position on the Board.

Mr. Tusing inquired when was last time current retirees had their last ad hoc increase. In 1996, there was a one-time 10% COLA increase, for retirement prior to 1990. Mr. Freeman will bring data for Actuary to consider at the next meeting, including a list of retirees, date of retirement, and amount they are receiving. (Just data, no names) Details would be easy to extrapolate.

Mr. Freeman is now a Certified Public Pension Trustee.

Leroy Collins Institute grades pension plans. Palmetto thru FY17- General Employee Pension plan received an A-rating, Palmetto Police Officers Pension plan received a B-rating.

Chairman Freeman adjourned the meeting at 10:30 a.m.

MINUTES APPROVED: February 24, 2020

*Matt Bloome*

MATT BLOOME, SECRETARY