

**CITY OF PALMETTO  
GENERAL EMPLOYEES'  
PENSION BOARD OF TRUSTEES  
June 4, 2012 - 8:30 A.M.**

Board Members Present

Jim Freeman, Vice Chair  
Matt Bloome, Secretary  
Ellen Leonard-(entered at 8:40 a.m.)  
Patty Persson  
Karen Simpson  
Allen Tusing

Staff and Others Present

Scott Christiansen, Board Attorney  
Charlie Mulfinger, Gray Stone Consulting  
Scott Owens, Gray Stone Consulting  
Amber Foley, Assistant City Clerk

Board Members Absent:

Ray Dielman, Chair

Introduction of new board member Patty Persson

1. Vice Chairman Jim Freeman called the meeting to order at 8:34 a.m.

Mr. Freeman amended agenda to add the May Foster and Foster invoice to item #4, approval of expenses.

**Motion: Mr. Tusing moved, Mr. Bloome seconded and motion carried 4-0 to add the May Foster and Foster invoice to item # 4 of the agenda. Mrs. Leonard was absent for the vote.**

2. APPROVAL OF MINUTES

**Motion: Mrs. Simpson moved, Mr. Tusing seconded and motion carried 4-0 to approve the February 27, 2012 minutes. Mrs. Leonard was absent for the vote.**

3. INVESTMENT REVIEW

Mr. Mulfinger discussed the market's performance for the quarter ending March 31, 2012 which ended above benchmarks with a positive return. Mr. Mulfinger notified the board that he was notified on April 1, 2012 that we have been accepted into the real estate queue, and now we have to determine if we want to go into it and where would the money come from.

The Plan's portfolio was valued at \$9,296,000.00 as of March 31, 2012, a gain net of fees \$786,000. Mr. Mulfinger discussed the portfolio's total weighting of the equity investment and recommended that no rebalance was necessary at this time. A copy of the quarter summary is affixed hereto and made a part of these minutes.

Mr. Mulfinger reviewed the performance of each manager and commented on the Compliance Check List explaining to the board any non-compliance managers. While reviewing each manager's performance,

Mr. Mulfinger informed the Board that David Polen, of Polen Investment Group, is having health issues and has been out of the office full-time. Mr. Mulfinger's firm is looking into it closely and will provide the Board with a report when there is a better understanding.

Mr. Mulfinger reminded the Board that the fees were reduced from 55 to 50 basis points effective retroactively to October 1, 2011.

Mr. Mulfinger discussed the minimum \$1,000,000 investment in the UBS Trumbull Property Investment Fund scheduled for July 1, 2012. He informed the Board that if the July 1 deposit is not made then the investment will be delayed until October 1, 2012.

Mr. Mulfinger presented three options to fund the investment. The Board favored options A and C. Discussion ensued on option A which would fund the investment by taking 10% from bonds, and option C which took 5% from bonds and 5% from equity. Mr. Mulfinger stated he was not in favor of using equity to fund the initial investment and also recommended that cash dividends not be reinvested in the property fund.

**Motion: Mr. Tusing moved, Mrs. Simpson seconded to get into real estate UBS Trumbull Property Fund with option C with any cash revenue derived from that being placed into equity to bring it back inline first before bonds.**

Discussion ensued on where and how earnings received from the UBS Trumbull fund should be reinvested. Mr. Mulfinger recommended that the Board should follow the investment policy stating he would rather rebalance back to the policy when necessary.

**Mr. Tusing withdrew the motion on the floor.**

Regarding the cash reinvestment, Mr. Mulfinger suggested that if option C were approved the 10% initial investment should be taken from bonds and the investment policy could be amended by reducing Fixed to 25% and Equity to 55% and create a new asset class (Private Real Estate) allocation for the 10%. Mr. Mulfinger explained that the investment will be in the core private real estate, which will act like bonds.

**Motion: Mrs. Simpson moved, Mr. Bloome seconded and motion carried 5-0 to go into private real estate investment; use option A by taking \$1 million out of bonds and putting it into private real estate investment; cash derived from that would be invested in line with current policy.**

#### 4. INVESTMENT POLICY AMENDMENT

Investment Policy Amendment to approve the \$1 million investment in UBS Trumbull Property Fund.

**Motion: Mr. Tusing moved, Mr. Bloome seconded and motion carried 5-0 to approve the Investment Policy as amended to allow private real estate investments [and to update the asset class ranges to reflect the \$1 million coming out of bonds and going to real estate].**

#### 5. APPROVAL OF EXPENSES

- A) Christiansen & Dehner: March, April, and May 2012
- B) Morgan Stanley: Quarter Ending March 31, 2012 per Investment Statement
- C) Foster&Foster: May 2012

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

6. ATTORNEY CHRISTIANSEN'S REPORT

Revised ordinance with salary change was adopted by City Commission.

Reminded the Board that financial disclosure forms are due July 1<sup>st</sup>.

No pending pension bills were adopted at the last legislative session. A bill was adopted regarding beneficiaries of divorced retirees. Ex spouses will be deemed predeceased unless a new beneficiary form is completed after a divorce.

Mr. Christiansen clarified that the City can only allow 300 hours of accrued overtime but has the ability to establish a lesser amount or to completely eliminate the accrual of overtime.

The State has given the cities the option of contributing either a percentage of total payroll or a fixed dollar amount to comply with their actuarial valuation reports. Currently the City contributes a percentage amount. Foster and Foster will provide a memo comparing the two options.

Mr. Freeman reported on his recent attendance at the FGFOA conference where he attended a presentation from Florida Retirement System (FRS). He commented on the hybrid approach with active and passive management used by FRS.

Referring to Mr. Freeman's question regarding a onetime bonus payment, Mr. Christiansen advised that if the payment is not to be included in calculating pension benefits the Plan can be amended to change the definition of salary, exclude the payment, or the bonus could be reduced by the associated employee expenses. Mr. Freeman requested that the Board revisit this at the next meeting.

Mr. Mulfingher explained the reason FRS can't go to active management is because the size of the plan could have a direct impact on the market.

Meeting adjourned at 10:03 a.m.

*Matt Bloome*

Minutes approved September 18, 2012

Matt Bloome  
Secretary