

**CITY OF PALMETTO
GENERAL EMPLOYEES'
PENSION BOARD OF TRUSTEES
November 26, 2012 - 8:30 A.M.**

Board Members Present:

Ray Dielman, Chair
Jim Freeman, Vice Chair
Ellen Leonard—(Arrived at 8:38 a.m.)
Patty Persson
Karen Simpson
Allen Tusing

Board Members Absent:

Matt Bloome, Secretary

Staff and Others Present:

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

1. Chairman Ray Dielman called the meeting to order at 8:30 a.m.

2. APPROVAL OF MINUTES

Motion: Mr. Tusing moved, Mrs. Persson seconded, and the motion carried 5-0 to approve the September 18, 2012 minutes. Mrs. Leonard was absent for the vote.

3. APPROVAL OF EXPENSES

A) Christiansen and Dehner: Invoices Dated 9/30/2012 and 10/31/2012.

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to ratify the payment to Christiansen and Dehner for invoices dated 9/30/2012 and 10/31/2012. Mrs. Leonard was absent for the vote.

B) Graystone Consulting: Quarter ending September 30, 2012 (Investment Report)

Motion: Mr. Tusing moved, Mr. Freeman seconded, and the motion carried 5-0 to ratify the payment to Graystone Consulting for quarter ending September 30, 2012. Mrs. Leonard was absent for the vote.

Mr. Dielman amended the agenda to add a Foster and Foster invoice in the amount of \$1,100.00.

Motion: Mrs. Persson moved, Mr. Tusing seconded, and the motion carried 5-0 to ratify the payment to Foster and Foster for invoice in the amount of \$1,100.00. Mrs. Leonard was absent for the vote.

4. APPROVAL OF 2013 MEETING DATES

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 5-0 to approve 2013 meeting dates as follows: February 25, 2013, June 3, 2013, August 26, 2013, and November 25, 2013. Mrs. Leonard was absent for the vote.

5. APPROVAL OF BENEFITS

A) Charles Leaks
B) Harold Dean Carter (DROP)

Mr. Freeman made a correction to Mr. Carter's DROP paperwork. His paperwork reflects that he is eligible for DROP on August 8, 2009, and that it will terminate on August 8, 2014. Mr. Carter's DROP application/agreement states that his

participation in the DROP will begin on his retirement date and will not extend beyond October 1, 2014. That date should be August 8, 2014, not October 1, 2014. Mr. Freeman requested that the Board modify his paperwork to reflect the correct date of August 8, 2014.

Motion: Mrs. Persson moved, Mr. Freeman seconded, and the motion carried 6-0 to approve payment of retirement benefits to Charles Leaks and Harold Dean Carter.

6. INVESTMENT REVIEW

Mr. Mulfinger discussed the investment review summary. The plan's total portfolio was valued at \$9,328,496.59 as of September 30, 2012, a gain net-of-fees of \$297,909.44. He 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 attached to and made a part of these minutes.

At the last meeting, the Board requested that Mr. Mulfinger review index companies that are available in the Large Capitalization area. Mr. Mulfinger discussed the Passive Exchange Traded Fund Analysis showing Large Capitalization Value Index, Large Capitalization Growth Index, and Large Capitalization Core Index. A copy of this analysis is attached to and made a part of these minutes. Discussion ensued regarding the different index companies and the basis points. Mr. Mulfinger recommended the Board take 2.5 percent equity from Large Capitalization Value and 2.5 percent equity from Large Capitalization Growth and invest in Large Capitalization Core Index, Russell 1000 Index. Mr. Mulfinger will modify the investment policy to list Large Capitalization Core and explain the investment is a passive index.

Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 6-0 to take 2.5% of the value from current Large Capitalization Value and 2.5% from Large Capitalization Growth managers and invest that in a passive Large Capitalization Core Index being Vanguard Russell 1000 subject to the policy being modified.

Mr. Freeman departed the meeting at 9:15 a.m.

7. REVIEW OF THE OPERATING RULES AND PROCEDURES

The Board reviewed the current Operating Rules and Procedures. Attorney Christiansen discussed the reasons for rules that were questioned. Staff also noted rules that may not be followed as written. The Board made the following revisions to the document:

1.7 A. GENERAL EMPLOYEE TRUSTEES

Language amended to read: Elections shall be every two years, with the term beginning January 1, 1998, with both seats elected in November preceding the expiration of the second year of the term.

1.7 B. RESIDENT TRUSTEES

Language amended to read: The two resident Trustees shall be legal residents of the municipality and shall be appointed for two-year terms every second year with the term beginning January 1, 1999, with both seats appointed by City Commission in November or December prior to the expiration of a Trustee's term.

1.7 C. SIXTH AND SEVENTH TRUSTEE

Language amended to read: The sixth and seventh Trustees of the Board shall be chosen for two-year terms every second year with the term beginning March 1, 2000, at the first meeting in January.

Attorney Christiansen will update the document and bring it forward at the next meeting for the Board's approval.

8. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded the Board that Ray Dielman, Patty Persson, Karen Simpson, and Matt Bloome's terms all expire at the end of the year. Staff confirmed that there was an election held this month for Karen Simpson and Matt Bloome's positions and the new Trustees will be present at the next meeting. Ray Dielman and Patty Persson both confirmed that they would like to be reappointed to the Board for another term. Their appointments will go to City Commission for approval at the Commission meeting on December 3, 2012.

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

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

Staff confirmed that two memos have been sent out to current active retirees confirming that they are still receiving their benefits and confirming or changing their current joint annuitant if they had one.

Mrs. Simpson confirmed that the fiduciary liability insurance is current and the waiver of recourse premium was paid by the City.

Mr. Christiansen informed the Board that he is working with a law firm in Indianapolis on the plan documents to determine what changes need to be made to maintain the tax qualification status. Because the IRS is constantly amending their code, some of the amendments could apply to a tax qualified pension plan. He will be bringing to the Board some language to be incorporated into the plan for City Commission approval.

8. NEW BUSINESS

Mr. Dielman introduced new Board member, Matt Misco, who was elected to fill Karen Simpson's position on the Board.

Mr. Dielman adjourned the meeting at 9:58 a.m.

Minutes approved: February 25, 2013

Matt Bloome

Matt Bloome
Secretary