

**CITY OF PALMETTO
GENERAL EMPLOYEES'
PENSION BOARD OF TRUSTEES
February 25, 2013 - 8:30 A.M.**

Board Members Present:

Ray Dielman, Chair
Jim Freeman, Vice Chair—(Arrived at 8:36 a.m.)
Matt Bloome, Secretary
Ellen Leonard—(Arrived at 8:36 a.m.)
Matt Misco
Patty Persson
Allen Tusing

Staff and Others Present:

Scott Christiansen, Board Attorney
Charlie Mulfinger, Graystone Consulting
Scott Owens, 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 November 26, 2012 minutes. Mr. Freeman and Mrs. Leonard were absent for the vote.

3. APPROVAL OF EXPENSES

A) Christiansen and Dehner: Invoices Dated 11/30/2012 and 1/31/2013

Motion: Mr. Tusing moved, Mrs. Persson seconded, and the motion carried 5-0 to ratify the payment to Christiansen and Dehner for invoices dated 11/30/2012 and 1/31/2013. Mr. Freeman and Mrs. Leonard were absent for the vote.

B) Graystone Consulting: Quarter ending December 31, 2012 (Investment Report)

Motion: Mrs. Persson moved, Mr. Tusing seconded, and the motion carried 5-0 to ratify the payment to Graystone Consulting for quarter ending December 31, 2012. Mr. Freeman and Mrs. Leonard were absent for the vote.

4. 2013 SUMMARY PLAN DESCRIPTION

The Board is required to update the Summary Plan Description (SPD) every two years and distribute it to all plan participants. Attorney Christiansen reviewed the changes that had been made:

- Section 1.A.(1) Administration: Change in Trustees term to coincide with City Charter.
- Section 3.B.: Definition of Salary updated to included changes passed by the State regarding limitation on what could be included for salary and lump sum payments.
- Section 3.L. Maximum Benefits: Updated to reflect the IRS maximum allowable payments annually to retirees.
- Section 10: Added Divorce or Dissolution of Marriage paragraph to the SPD.
- Exhibit "A": Updated list of current Board of Trustees.

Motion: Mr. Bloome moved, Mrs. Leonard seconded, and the motion carried 7-0 to approve the revised Summary Plan Description.

5. INVESTMENT REVIEW

Mr. Mulfinger discussed the Investment Policy Statement (IPS) that he made changes to at the last meeting. Lazard requested a small change to allow them the flexibility to purchase securities in the individual countries and then put them together in an American Depository Receipt (ADR). This will add value and returns to the portfolio because they can be bought at a less expensive rate versus buying the ADR. Mr. Mulfinger agrees with Lazard and will make the change to the IPS and have all the managers sign the revised copy.

Mr. Mulfingher discussed the investment review summary. The Plan's total portfolio was valued at \$9,433,912.52 as of December 31, 2012, a gain net-of-fees \$105,963.93. He discussed the portfolio's total weighting of the equity investment and recommended that no rebalance was necessary at this time. Mr. Mulfingher reviewed the performance of each manager and commented on the Compliance Checklist, explaining to the Board any non-compliance managers. A copy of the investment review summary is attached to and made a part of these minutes.

Mr. Mulfingher reviewed the IPS and the modification that Lazard requested. This change has been included in the Traditional Asset Classes, item B of the IPS.

Motion: Mr. Freeman moved, Mr. Tusing seconded, and the motion carried 7-0 to approve the modification in the Traditional Asset Classes III item B Equities [of the Investment Policy Statement.]

6. ELECTION OF OFFICERS

Motion: Mrs. Leonard moved, Mrs. Persson seconded, and the motion carried 7-0 to elect Ray Dielman as Chair for a term ending [at the first pension meeting] in 2015.

Motion: Mr. Bloome moved, Mrs. Persson seconded, and the motion carried 7-0 to elect Jim Freeman as Vice Chair for a term ending [at the first pension meeting] in 2015.

Motion: Mr. Freeman moved, Mrs. Leonard seconded, and the motion carried 7-0 to elect Matt Bloome as Secretary for a term ending [at the first pension meeting] in 2015.

7. REVISED OPERATING RULES AND PROCEDURES

Attorney Christiansen reviewed the changes the Board approved at the last meeting regarding Trustees terms. He also made a few additional changes to the Procedures that included:

11.6 Actuarial Equivalent

Attorney Christiansen added the definition of "actuarial equivalent"

Rule 17 Disability Review Procedure

Attorney Christiansen changed 17.1A. to require a disability affidavit be filed with the Board at least once every other year instead of every year. Discussion ensued on the change to every other year. The consensus of the Board was to require a disability affidavit be filed with the Board every year. Attorney Christiansen will make the change.

Motion: Mr. Bloome moved, Mrs. Persson seconded, and the motion carried 7-0 to approve the Operating Rules and Procedures for the City of Palmetto General Employees' Retirement System including the modification of 17.1A. to once a year.

8. DISCUSSION: LETTER TO RETIREES CONFIRMING BENEFITS AND JOINT ANNUITANT

Staff confirmed that the letters were sent out to the retirees and all retirees sent their forms in confirming benefits and their joint annuitants if applicable. This procedure will be done annually.

The consensus of the Board was to have a discussion of the perimeters of an annuitant brought forward to the next meeting.

9. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen informed the Board that he has been 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. He has identified the changes that need to be made to the Plan and would like the Board's authorization to draft an ordinance to make the changes.

Motion: Mrs. Persson moved, Mr. Bloome seconded, and the motion carried 7-0 to authorize Scott Christiansen to draft an Internal Revenue Code Compliance Ordinance.

Mr. Christiansen discussed the Florida Retirement System (FRS) and a proposed Legislation that proposes in January of 2014 all new employees entering FRS will not be allowed to be in the Defined Benefit portion of FRS. Currently there is

General Employees' Pension Plan
Board of Trustees
February 25, 2013
Page 3 of 3

an optional program in FRS that allows for the moving of Defined Benefit money into a Defined Contribution Plan. This proposed Legislation would have new employees entering FRS be in a Defined Contribution Plan only.

10. NEW BUSINESS

None.

Chair Ray Dielman adjourned the meeting at 10:00 a.m.

Minutes approved: June 3, 2013

Matt Bloome

Matt Bloome
Secretary