

**CITY OF PALMETTO  
GENERAL EMPLOYEES'  
PENSION BOARD OF TRUSTEES  
June 1, 2015 - 8:30 A.M.**

Board Members Present:

Ray Dielman, Chair  
Jim Freeman, Vice Chair  
Matt Bloome, Secretary—arrived at 8:56 a.m.  
Ellen Leonard—arrived at 8:38 a.m.  
Matt Misco  
Patty Persson  
Allen Tusing

Staff and Others Present:

Scott Christiansen, Board Attorney  
Doug Lozen, Foster & Foster  
Charlie Mulfinger, Graystone Consulting  
Scott Owens, Graystone Consulting  
Amber Foley, Assistant City Clerk

Chair Dielman called the meeting to order at 8:33 a.m.

1. AGENDA APPROVAL

**Motion:**       **Mrs. Persson moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the June 1, 2015 General Employees' Pension Board agenda. Mr. Bloome and Mrs. Leonard were absent for the vote.**

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

**Motion:**       **Mrs. Persson moved, Mr. Freeman seconded, and the motion carried 5-0 to approve the February 23, 2015 minutes with the change to number 7 from Mr. Persson to Mrs. Persson. Mr. Bloome and Mrs. Leonard were absent for the vote.**

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 2/28/2015, 3/31/2015, 4/30/2015
- B) Graystone Consulting: Quarter ending 3/31/2015 (Investment Report)

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

5. INVESTMENT REVIEW

Scott Owens, Graystone Consulting, gave a brief update on how the economy has been doing over the past quarter.

Charlie Mulfinger, Graystone Consulting, discussed the first quarter review. The portfolio was valued at \$11,675,573 a gain of \$219,408 net-of-fees. He informed the Board that the total weight of equity is 60.4% and is not recommending a rebalance at this time. Mr. Mulfinger reviewed the breakdown of returns and the compliance checklist. A copy of the first quarter summary review is attached and made a part of these minutes.

#### 6. 2014 ACTUARIAL VALUATION REPORT

Doug Lozen, Foster & Foster, reviewed the October 1, 2014 Actuarial Valuation Report. He noted a slight decrease to the City's contribution as compared to last fiscal year. The City's contribution for fiscal year 2016 will be 28.85% of payroll.

Mr. Lozen discussed Senate Bill 172 that recently passed requiring a new mortality table to be adopted; one with a higher life expectancy similar to that used by the Florida Retirement System. This will have to be adopted on or before the October 1, 2016 Valuation.

Discussion ensued regarding the adoption of the new mortality table, assumptions for the Plan, and the contributions by both the City and employees. Attorney Christiansen reminded the Board that their obligation is to the members and beneficiaries of the Plan not the City's budget.

Mr. Lozen discussed the unfunded actuarial accrued liabilities noting that, as of October 1, 2014, the amount is \$4,199,579 with an annual payment of \$490 thousand. He recommends doing a "fresh start" approach consolidating the unfunded liabilities creating a one line liability and keeping the annual payment the same. Going forward, Mr. Lozen recommends a 10/20/30 approach. This means that any gains and losses will be amortized over 10 years. Any assumption changes (investment return or mortality table) will be amortized over 20 years and any benefit changes will be amortized over 30 years. This will create more stability and is consistent with what the State does with their pension.

**Motion: Mr. Tusing moved, Mr. Freeman seconded, and the motion carried 7-0 to implement the "fresh start" approach [on the unfunded actuarially accrued liability] as recommended by Doug Lozen, Actuary.**

Mr. Lozen asked the Board if they would be interested in an early adoption of the new mortality table. He made the recommendation because he predicts that the most stability in funding for the Plan will occur in fiscal years 2016 and 2017. Even if the Board does not agree with the early adoption, he still highly recommends the adoption of the 10/20/30 approach.

**Motion: Mrs. Persson moved to have a discussion on the early adoption of the mortality table.**

Mrs. Persson withdrew her motion on the floor.

**Motion: Mr. Freeman moved, Mrs. Persson seconded, and the motion carried 7-0 to adopt the 10/20/30 amortization as described by Mr. Lozen and to adopt the new mortality table, early, in the October 1, 2015 valuation.**

Mr. Lozen discussed the salary increase rates. He suggested changing the assumption as there have not been significant increases in salary as described in the valuation. Discussion ensued regarding the City having a salary study done. Mr. Lozen recommends no change to the salary scale this fiscal year; he would suggest further discussion at the next meeting.

The Board discussed with Mr. Lozen on reducing the annual rate of investment return.

**Motion: Mrs. Persson moved, Mr. Tusing seconded, and the motion carried 7-0 to accept the October 1, 2014 Actuarial Valuation Report.**

**Motion: Mr. Freeman moved, Mr. Tusing seconded, and the motion carried 6-1 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 7.5%, net of investment related expenses. Mrs. Persson voted no.**

**Motion:** Mrs. Persson moved, Mr. Dielman seconded, and the motion failed 1-6 to revise the total expected annual rate of investment return be 7.25% beginning with the October 1 evaluation. Mrs. Persson voted yes, all other Board members voted against.

7. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. TERMINATED NON-VESTED EMPLOYEES

- Omar Chagoya
- Bobby Jackson

C. RETIRED EMPLOYEES

- None

D. DECEASED RETIREES

- None

E. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

**Motion:** Mrs. Persson moved, Mr. Misco seconded, and the motion carried 7-0 to approve the benefits disbursements as presented.

8. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Lana Patrick
- Joseph Fenton
- Kathleen Riley
- Ryan Johnson

9. REVISED OPERATING RULES AND PROCEDURES FOR THE BOARD

At the last meeting, Attorney Christiansen was directed to make necessary corrections and updates to the Board's Operating Rules and Procedures. Code Enforcement Officers was added to page 27 Section 15.1.

**Motion:** Mr. Tusing moved, Mr. Freeman seconded, and the motion carried 7-0 to adopt the Operating Rules and Procedures for the City of Palmetto General Employees' Retirement System.

10. RESOLUTION 2015-01

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CITY OF PALMETTO GENERAL EMPLOYEES' RETIREMENT SYSTEM, DESIGNATING A RECORDS MANAGEMENT LIAISON OFFICER AND ADOPTING A RECORDS RETENTION SCHEDULE.

**Motion:** Mrs. Persson moved, Mr. Misco seconded, and the motion carried 7-0 to adopt Resolution 2015-01.

11. REVISED ADMINISTRATIVE FORMS (Informational Only)

Two new forms were received by staff, PF-1 and PF-7.

12. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen explained to the Board that form PF-1 is the written request for confidentiality. Ms. Foley signed off on that for the Board.

Mr. Christiansen reminded the Board members to fill out and mail in their Form 1, Financial Statement, by July 1<sup>st</sup>.

He updated the Board on the tax qualification updates he discussed at the last meeting. He is working with the law firm in Indianapolis to finalize and bring forward to the Board at the next meeting.

13. NEW BUSINESS

Mr. Freeman asked Attorney Christiansen if it is in the Plan's best interest to send out form PF-11, confirmation of receipt of retirement benefits, as was done a couple years ago. Attorney Christiansen stated if the Board would like that done it can be; however, the custodian, Graystone Consulting, does a quarterly search on a database to determine if someone is still alive and receiving benefits. Attorney Christiansen does not feel it needs to be sent out every year, but it would be good practice to send it out every so often.

Chair Dielman adjourned the meeting at 10:59 a.m.

Minutes approved: August 24, 2015

*Matt Bloome*

Matt Bloome  
Secretary