

**CITY OF PALMETTO  
GENERAL EMPLOYEES'  
PENSION BOARD OF TRUSTEES  
August 29, 2016 - 8:30 A.M.**

Board Members Present:

Jim Freeman, Chair  
Allen Tusing, Vice Chair  
Matt Bloome, Secretary  
Dale Hoffner  
Ellen Leonard—(arrived at 8:41 a.m.)  
Matt Misco  
Patty Persson

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 Freeman called the meeting to order at 8:32 a.m.

1. AGENDA APPROVAL

**Motion:** Mrs. Persson moved, Mr. Hoffner seconded, and the motion carried 6-0 to approve the August 29, 2016 General Employees' Pension Board agenda. Mrs. Leonard was absent for the vote.

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

**Motion:** Mr. Hoffner moved, Mr. Bloome seconded, and the motion carried 6-0 to approve the May 23, 2016 minutes. Mrs. Leonard was absent for the vote.

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 5/31/2016 and 6/30/2016
- B) Graystone Consulting: Quarter ending 12/31/2015 (Investment Report)
- C) Foster and Foster: Invoice Date 7/25/2016
- D) FPPTA: Invoice Number 21050

**Motion:** Mrs. Persson moved, Mr. Tusing seconded, and the motion carried 6-0 to ratify the paid expenses as presented. Mrs. Leonard was absent for the vote.

5. INVESTMENT REVIEW

Mr. Mulfinger provided a highlight of the quarter stating that the Plan beat the actuarial assumption (net of fees) through Friday. He also gave a brief presentation on the market review during the last quarter.

Mr. Owens discussed the end of quarter investment review. The Portfolio was valued at \$11,969,542, a gain net-of-fees of \$183,950. He reviewed each manager's performance noting that no rebalance is necessary at this time. At the last meeting Wells' performance was discussed; Mr. Owens informed the Board that since that discussion, they have out-performed for the quarter.

Mr. Owens reviewed the Compliance Checklist stating that no managers were out of compliance this quarter. His review of the Valuation and Performance sheet noted that the Total Fund fiscal year to date has a return net-of-fees equal to 7.87% which is over the actuarial assumption of 7.5%. Mr. Owens explained that as the redemption proceeds from Private Advisors is received they will be allocated to Blackrock Global and UBS is also scheduled to call some of the proceeds in October.

Discussion ensued regarding the Hedge Fund of Fund fees in the portfolio. Private Advisors has closed the fund and the City is scheduled to have the monies returned over the next two years per the liquidation schedule. During this time, Private Advisors is not charging an investment fee to the City. Mr. Freeman asked if the higher fees associated with the hedge funds was worth the premium in comparison to bonds. Mr. Mulfinger explained the fees for the new hedge fund was 1.74% and he believes the decision to invest in Blackrock Global was a good decision because it has lower fees compared to Private Advisors and it is less aggressive. Blackrock was just added to the Portfolio in August with \$280,000 of the proceeds from Private Advisors.

Mr. Mulfinger presented changes to the Investment Policy Statement. A change was made to page two to reflect the addition of the Hedge Funds to the Funds of Hedge Funds alternative asset class. The target percentage was lowered from 10% to 7.5%. He also noted that Private Real Estate alternative asset class percent range was changed to 15.00-0.00% with the percent target increased from 10% to 12.5%. Hedge Funds was also added to section B on page 9 and then included in both sections of page 10.

**Motion: Mr. Tusing moved, Mr. Hoffner seconded, and the motion carried 7-0 to accept the changes to the Investment Policy Statement as presented.**

#### 6. EXPERIENCE STUDY RESULTS

Mr. Lozen presented the results from the recently approved experience study. He highlighted the salary increase experience on page 6 and the withdrawal experience on page 10 noting that the actual assumption rates of both was higher than what has been occurring.

Mr. Lozen went on to review the conclusions page with the summary of results. He noted that currently the City is required to contribute 28.77% of payroll or about \$843,542. If the Board adopts the new salary scale assumption of 4.6%, the City's contribution would be lowered to 23.41% of payroll. Mr. Lozen created a "blend" (also noted on the summary of results) that shows all the assumptions as presented in the Study [salary scale, withdrawal, early retirement rates, and normal retirement rates] and what the City's contribution would be based on adopting all assumptions with a 7.50% rate of return, 7.25% rate of return and 7.00% rate of return. Discussion ensued amongst the Board members on adopting all assumptions changes and lowering the investment rate of return. Mr. Lozen suggested that if the Board only wants to adopt the salary scale assumption, then the investment rate of return should be lowered as well.

**Motion: Mr. Tusing moved, Mr. Bloome seconded, and the motion carried 7-0 to approve the Experience Study as presented choosing to adopt all assumptions with lowering the investment return to 7.00%.**

Mr. Lozen informed the Board that this will be established in the October 1, 2016 Actuarial Valuation and will impact the City's FY2017-2018 budget.

**Motion:** Mrs. Persson moved, Mr. Tusing seconded, and the motion carried to revise the approved Investment Policy Statement to amend the assumed actuarial rate of return to 7.00% (net-of-fees).

7. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. TERMINATED NON-VESTED EMPLOYEES

- None

C. TERMINATED VESTED EMPLOYEE LUMP SUM DISTRIBUTION

- None

D. RETIRED EMPLOYEES

- Deanna Roberts—was in DROP, now retired

E. DECEASED RETIREES

- None

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

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

8. NEW MEMBER ACKNOWLEDGEMENT (*Informational Only*)

- Zachary Schwartz
- Kristin Hutton

9. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen informed the Board that the Internal Revenue Code changes he has been working on will be in draft ordinance to be presented at the next meeting.

10. PLAN ADMINISTRATOR'S REPORT

Ms. Foley stated that per the Operating Rules and Procedures the Board is to select an election date for the issuance of ballots in the event there is an election for Mr. Misco and Mr. Bloome's seats. The Board selected November 14<sup>th</sup> as the date to have Ms. Foley issue ballots in the event an election is to take place.

Chair Freeman adjourned the meeting at 10:26 a.m.

Minutes approved: November 28, 2016

*Matt Bloome*

Matt Bloome, Secretary