

**CITY OF PALMETTO  
GENERAL EMPLOYEES'  
PENSION BOARD OF TRUSTEES  
February 27, 2017 - 8:30 A.M.**

Board Members Present:

Jim Freeman, Chair  
Allen Tusing, Vice Chair  
Matt Bloome, Secretary—(arrived at 8:44 a.m.)  
Dale Hoffner  
Ellen Leonard--(arrived at 8:38 a.m.)  
Matt Misco  
David Persson

Staff and Others Present:

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

Chair Freeman called the meeting to order at 8:35 a.m. He introduced David Persson, new trustee who was appointed by the Mayor and Commission.

1. AGENDA APPROVAL

**Motion: Mr. Hoffner moved, Mr. Tusing seconded, and the motion carried 5-0 to approve the February 27, 2017 General Employees' Pension Board agenda. Mr. Bloome and Mrs. Leonard were absent for the vote.**

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

**Motion: Mr. Misco moved, Mr. Hoffner seconded, and the motion carried 5-0 to approve the November 28, 2016 minutes. Mr. Bloome and Mrs. Leonard were absent for the vote.**

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 11/30/2016, 12/31/2016, 1/31/2017
- B) Graystone Consulting: Quarter ending 12/31/2016 (Investment Report)
- C) Foster and Foster Invoice #9700
- D) Dale Hoffner-Per Diem Trustee School 221.40
- E) Rosen Centre Hotel for Dale Hoffner for Trustee School \$469.53
- F) FPPTA Trustee Registration for Winter School \$500.00
- G) City of Palmetto Reimbursement for Trustee Jim Freeman to attend the FPPTA \$806.18

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

#### 5. INVESTMENT REVIEW

Scott Owens, Graystone Consulting, presented the economy review over the last quarter.

Mr. Mulfinger, Graystone Consulting, presented the end of quarter investment review. The Portfolio was valued at \$12,335,169 a gain-net-of-fees of \$135,687 for the quarter. He reviewed the Portfolio distribution and noted that no rebalance is necessary at this time.

The breakdown of returns was discussed. Mr. Mulfinger explained each manager's performance for the quarter in comparison to that of the Russell Index. As of February 23, 2017 the Portfolio was up 4.85 percent since December 31<sup>st</sup>.

Mr. Mulfinger made a change to page 4 section B.1 of the Investment Policy Statement (IPS). The change now reads "Be more than 10% invested in securities of any one company at market. Exceptions are permitted when an unusual event occurs that causes the percentage in the company to exceed 10% (example-a merger or buyout). In these instances, the manager shall have a reasonable period to cure by reducing the position." Mr. Mulfinger requested approval of the changes in the IPS.

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

A copy of the IPS will be provided to Ms. Foley once the Managers have signed it.

A discussion ensued regarding the risk and return for the last eight years in the Plan.

Mr. Mulfinger discussed the breakdown of returns page of the report that has a new column added showing the rank of each manager in the Plan. This ranking compares the managers' performance with other managers in the same field. The lower the number the better the manager did. Mr. Mulfinger noted that not every manager reports so this ranking does not compare all managers that exist, only compares reporting managers to reporting managers.

#### 6. 2016 ACTUARIAL REVIEW

Doug Lozen, Foster & Foster, presented the October 1, 2016 Actuarial Valuation Report. He informed the Board that the Plan beat the assumptions this fiscal year. The City's contribution requirement this fiscal year was 28.87% and their requirement for next fiscal year will be 24.47%. He reminded the Board that, as a result of the Experience Study, the Board made changes to the following assumptions in conjunction with this valuation of the Plan:

- Salary Increases
- Normal and Early Retirement Rates
- Withdrawal Rates
- Investment Return

**Motion: Mr. Tusing moved, Mr. Bloome seconded, and the motion carried 7-0 to approve the Actuarial Valuation for October 1, 2016.**

#### 7. BENEFITS DISBURSEMENT APPROVAL

##### A. DROP PARTICIPANT

- None

##### B. TERMINATED NON-VESTED EMPLOYEES

- Joe Fenton
- Rudy Guerrero
- Corey Hoffman

- Lawrence Hoffman
  - Odilon Madrid
- C. TERMINATED VESTED LEFT MONEY IN FUND
- Jessica Becerril
- D. RETIRED EMPLOYEES
- None
- E. DECEASED RETIREES
- None
- F. DECEASED ACTIVE EMPLOYEE PAYOUT
- None

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

**8. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)**

- Kristina Demuh
- Zachary Schwartz

**9. 2017 SUMMARY PLAN DESCRIPTION**

Attorney Christiansen spoke to the changes made in the Summary Plan Description. The changes made included:

- The date on the front of the Plan is 2017
- Section 1.B. a reference was made to the Plan Administrator
- Section 2.B. changed to allow only new employees serving as an Appointed Officer (Chief of Police, City Clerk, Public Works Director, CRA Director) can opt-out of participating in the Plan. If they are a current employee hired and they then become appointed to one of those four roles, they do not have the choice to opt-out as they are already in the Plan.
- The maximum benefits allowed to be paid out annually was changed in Section L to \$215,000 per the Internal Revenue Code Section 415
- Exhibit A identified all current Trustees of the Board and the Plan Administrator's contact information was provided

**Motion:**        **Mr. Tusing moved, Mr. Persson seconded, and the motion carried 7-0 to approve the March 1, 2017 Summary Plan Description.**

**10. ATTORNEY CHRISTIANSEN'S REPORT**

Attorney Christiansen informed the Board that the selection of the Chairman, Vice Chair, and the Secretary needed to be done.

**Motion:**        **Mr. Hoffner moved, Mr. Persson seconded, and the motion carried 7-0 to keep the officers of the Board the same as previous [Mr. Freeman would remain the Chair, Mr. Tusing would remain the Vice Chair, and Mr. Bloome would remain the Secretary].**

Mr. Christiansen requested a copy of the recently adopted Pension Ordinance 2016-18 and also reminded Ms. Foley to send a copy to the State.

He reminded the Board that a motion to approve an expected rate of return needs to be made.

**Motion:**        **Mr. Tusing moved, Mr. Bloome seconded, and the motion carried 7-0 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 return for the next year, the next several years, and the long term thereafter shall be 7.0%, net of investment related expenses.**

Attorney Christiansen discussed Senate Bill 306 that makes a change to the voting conflict, a portion to Section 112 Florida Statutes. Currently, board members, commissioners, etc. are not allowed to vote on anything that comes before them where that member of the board would get a special private gain. SB 306 proposes to change it to be that the board members could not vote on anything to which the board member would have any type of gain unless it is an item of broad general public gain.

Another Senate Bill and House Bill were discussed (numbers 632 and 603 respectively). These bills will have an effect on the actuarial valuations and will be looking at long range investment returns. They propose to make a limitation on how high the investment return is going to be based on a long term expectation of what the returns actually are. The plan cannot use a return that is higher than what was expected to be made at least 50 percent of the time over the next 30 years. If these Bills pass then it will be effective in 2021.

#### 11. PLAN ADMINISTRATOR'S REPORT

Ms. Foley informed the Board that in their agenda packet she attached two new administrative forms for information only. Mr. Christiansen educated the Board on what the two forms were necessary for. One form is a health certificate for a change in the Joint Annuitant and the other is a form is sent out if a retiree or annuitant is not complying with the letters sent by the Board to verify they are still receiving their benefits (PF-11). PF-11 is sent out every other year to all retirees or annuitants and asks them to verify they are still receiving their benefits. If they do not comply, their benefits will be interrupted and held until verification that they are receiving their benefits is made. This form (PL-6) creates a hearing for that person to come before the Board for a hearing to determine continuation of that persons benefits due to no PF-11 being received.

Chair Freeman adjourned the meeting at 10:28 a.m.

Minutes approved: May 22, 2017

*Matt Bloome*

Matt Bloome  
Secretary