

GENERAL EMPLOYEES' RETIREMENT SYSTEM

TRUSTEE BOARD MEETING

January 27, 2016

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Chairman Scott Roberts called the board meeting to order. In attendance were Trustee Alicia McMillian, Trustee Terry Anderson, Trustee Commissioner Danny Nugent, Trustee Commissioner Tommy Chastain; Pension Attorney Ron Cohen; Deputy Clerk/Assistant Board Administrator Brenda Wiggins; Tyler Grumbles from Bogdahn Consulting, and David Kelly from Bowen Hanes

Chairman Roberts entertained a motion to approve the minutes of the October 28, 2015, meeting.

Trustee Anderson found one error; where she made the motion and she was not present.

Trustee Chastain referenced Mr. Grumble's comment that the plan is over allocated in equities.

Mr. Grumble clarified that it doesn't mean over allocated outside the policy statement; just in the sense over weight vs. the target.

This is the discussion held several times and the board has always chosen to stay with the allocation.

Trustee Anderson made the motion to approve the minutes with the correction as stated by Trustee Chastain, second by Trustee McMillian; passed 5-0.

Chairman Roberts entertained a motion to approve the warrants for October, November, and December 2015.

Trustee Chastain made the motion to approve the warrants, second by Trustee Anderson; passed 5-0.

David Kelly reviewed the portfolio for the first quarter of fiscal year 2016.

\$546,501.94 in Cash \$1,667,684.76 Fixed Income and Common Stocks \$6,673,744.90. After the last quarter this quarter has come back; began quarter at \$8,447,964.25 and ending at \$8,887,931.60.

Chairman Roberts entertained a motion to accept the report from Bowen Hanes as presented by David Kelly

Motion was made by Trustee Nugent, second by Trustee Anderson; passed 5-0.

Tyler Grumble reported the asset allocation; the plan is taking more risk than the bench mark is with the over allocation in equities.

In dollar terms for the quarter it was good; started with \$8.5 million; contribution in of \$144,664; payments out of \$209,625; management fees \$22,328, expenses \$22,588; net income \$32,721; gains \$556,388; market value \$9,008,236.

Tyler Grumble presented the new investment policy statement to reflect the 7.5% expected rate of return that Larry Wilson, GRS recommended at the last meeting.

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Chairman Roberts entertained a motion to approve the investment policy statement.

Motion was made by Trustee McMillian at approve the statement, second by Trustee Nugent; passed 5-0.

Attorney Cohen added signed copies of the statement will need to go to the Department of Management Services, Larry Wilson and one for the City.

Tyler Grumble will take care of providing all the copies to the appropriate persons.

Tyler Grumbles reported from the last meeting the board had given approval to split the equity and fixed income accounts up at Salem Trust. At the time we had thought there would be cost neutral but it is not. It will increase the fees \$500 with Salem Trust and we do not want to be the cause of an increase.

Bogdahn has not adjusted our fees since we came to the City in 2008 and the fees guarantee expired about six years ago.

Instead of asking for a fee increase and the splitting of accounts Bogdahn suggested lowering their fees by the \$500 and guarantee for another 3 years and we will come to every other meeting and switching off with David Kelly.

Chairman Roberts ask if during a meeting if Tyler would be needed we could telephone him?

Chairman Roberts entertained a motion to approve the splitting of the accounts and Bogdan's fees reduced by \$500 with them traveling to every other meeting the fee structure is for 3 year beginning April 1, 2016.

Trustee Anderson made the motion to approve, second by Trustee Chastain;

Trustee Chastain asked for clarification.

Tyler Grumble responded over all the fees will stay the same; Salem Trust will increase \$500 and Bogdan's will decrease by \$500; I will travel here for two meetings and David Kelly will be here for the other 2 meetings; we will alternate meetings beginning in April.

Motion passed 5-0.

Mr. Cohen asked the board if they have come to a decision on the agreement with his firm. It was tabled at the last meeting. The fees are still the same.

Chairman Roberts entertained a motion to approve the attorney's agreement.

Trustee McMillian motion to approve the agreement, second by Trustee Anderson; passed 4-0. Trustee Nugent stepped out of the room.

Attorney Cohen presented the draft ordinance for the ad hoc cola raise for the retirees that had been previously discussed.

The recipients of the ad hoc cola will be retirees that have been retired for 10 years or more from the date of January 1, 2016. The cola increase will take effect January 1, 2016.

Trustee McMillian made the motion to recommend the ordinance to the commission for adoption, second by Commissioner Chastain; passed 5-0.

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The ordinance will be advertised for the commission to hear and update the benefit payments for payment in March.

Attorney Cohen presented information on Satpal Atwal a deceased retiree had a benefit of 10 years certain.

He passed away and the benefit continued to be paid to Mrs. Atwal. Mrs. Atwal passed away before the completion of the 10 years certain. Only 23 payments have been paid out and there are remaining payments to be paid.

He had a contingent beneficiary of his brother, which only covers if his wife would have died before him then the brother would receive the money.

Attorney Cohen believes there needs to be an amended form for a contingent beneficiary for the beneficiary.

He suggested a recommendation go to the City Commission for approval to assist retirees with their wishes after they become deceased. The board discussed that the payments should be made the estate of the beneficiary.

Example; If John Doe (retiree) selects Jane Doe as beneficiary and Joe Doe as a contingent beneficiary; Jane passes away before all payments are made the remaining payments will go to Joe, when John passes away. If Joe passes away before Jane all remaining payments go to Jane's estate.

Trustee Chastain ask if someone will contact Mr. Atwal's brother regarding the money still outstanding?

Attorney Cohen responded he wasn't sure if Mr. Hardy will make contact with him or not but we should not. We need to determine if the brother has a claim to the money. He does not believe the brother does base on the language of the form.

Chairman Roberts based on the recommendation; the remaining benefit payments should go to Mrs. Atwal's estate.

Attorney Cohen added the motion should be for the board to recommend to amend the ordinance and make it clear that the remaining payments be made to the beneficiary estate (Mrs. Atwal).

Trustee Anderson made the motion, second by Trustee McMillian;

Trustee Chastain ask how we can amend something that has already happened? Isn't to amend would be for going forward?

Attorney Cohen responded there is no perfect way to do this.

After further discussion the motion was amended; the motion should be for the board to recommend to the commission to amend the ordinance and make it clear that the remaining payments be made to the beneficiary estate (Mrs. Atwal) passed 5-0.

Attorney Cohen will bring the ordinance back to the board in April for review before going to the city commission.

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Deputy Clerk Wiggins reported she sent out RFP for the Fiduciary Insurance and receive no proposals.

She contacted Mr. Cohen and he provided a name and I submitted the information application. We are waiting on quotes.

At the last meeting there was discussion of more members being placed on the board. Attorney Cohen stated the general board is different than the fire and police. The state mandates how the fire and police boards will be set up due to receiving the state money. The general board can have as many as the commission would approve.

After discussion it was determined that additional members were not needed and any one is permitted to attend the meetings and give input.

Deputy Clerk Wiggins ask for the expense budget to be approved. She ask if any of the numbers need to be changed it can be done now before the approval.

Chairman Roberts suggested increasing the total for legal cost to \$15,000.

These are estimates for this year. Next year we will be able to have better numbers.

Trustee Anderson made the motion to approve the expense budget with the change to the legal fees, second by Trustee Chastain; passed 5-0.

Steve Futch a deferred retiree has submitted application for retirement to receive his benefits.

Trustee Nugent made the motion to approve the application, second by Trustee McMillian; passed 5-0.

Deputy Clerk Wiggins requested the board to pay for 1/3 of the cost for her to attend FPPTA Winter School in Orlando.

Motion to approve by Trustee Chastain, second by Trustee McMillian; passed 5-0.

There being no further discussion a motion was made to adjourn the meeting by Trustee McMillian, seconded by Trustee Anderson; passed 5-0.

Trustee Scott Roberts, Chairman

ATTEST:

Ricky Thompson, Administrator/City Clerk