

GENERAL EMPLOYEES' RETIREMENT SYSTEM

TRUSTEE BOARD MEETING

October 28, 2015

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Chairman Scott Roberts called the board meeting to order. In attendance were Trustee Alicia McMillian, Trustee Commissioner Travis Woods, Trustee Commissioner Tommy Chastain; Pension Attorney Ron Cohen; Deputy Clerk/Assistant Board Administrator Brenda Wiggins; Tyler Grumbles from Bogdahn Consulting, David Kelly from Bowen Hanes, Larry Wilson GR&S. Trustee Terry Anderson was absent.

Chairman Roberts entertained a motion to approve the minutes of the July 29, 2015, meeting.

Trustee Woods made the motion to approve the minutes as published, second by Trustee McMillian; passed 4-0.

Chairman Roberts entertained a motion to approve the warrants for July, August, and September 2015.

Trustee Woods made the motion to approve the warrants, second by Trustee McMillian; passed 4-0.

David Kelly reviewed the portfolio.

Fourth quarter was very poor. There were a handful of companies that were off for the quarter. Sun Edison they went from \$30 to \$7 in sixty days and has been sold and purchased Sun Power. Fiscal year ended -4.9% and we are up 4.6% in October.

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

Motion was made by Trustee Anderson, second by Trustee Chastain; passed 3-0

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

The last quarter generated \$37,724 income and lost \$1,000,549 in capital for a net loss to the portfolio of \$926,925 for the quarter and \$422,750 loss for the fiscal year.

In dollar terms for the quarter; started with \$8.5 million; contribution in of \$143,935; payments out of \$205,342; expenses \$14,859; net income \$37,724; loses \$1,000,649; market value \$8,529,004

Fiscal Year to Date; \$9,285,381; contributions \$573,436; distributions \$832,250; management fees \$35,088; expenses \$396,725; net income \$155,651; capital gains -\$578,401; market value \$8,529,004.

Tyler Grumble explained a couple of years ago it was brought to the board about making a change and he promised he wouldn't bring it up every quarter but he must point out that the results of the quarter were poor and to make sure the board is still comfortable of your position.

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Tyler Grumble requested the board to permit Bogdahn to move the money into separate custodial accounts for better book keeping.

Chairman Roberts entertained a motion to accept Bogdahn's Report as presented by Tyler Grumbles

Motion was made by Trustee Woods, second by Trustee McMillian; passed 4-0.

Pension Attorney Cohen presented a professional agreement for approval the fee is \$175 per hours and has been since he has been the attorney for the pension board he bills for travel, which is split between the three boards.

Chairman Roberts entertained a motion to approve the agreement

Trustee McMillian requested to table the item to the next meeting she wanted to do some research on attorney cost.

Attorney Cohen ask to discuss the voting of DROP members. He provided a copy of the Ordinance for clarification.

DROP employees are eligible to run and be elected as pension board trustees for the general board. This will need to be set as a policy by the board.

Trustee McMillian discussed information she obtained at the FPPTA Trustee School. She suggested dropping one commissioner from the board and adding a retiree. There was additional discussion with a suggestion to possibility add two additional members to the board.

After additional discussion Chairman Roberts entertained a motion to allow DROP employees in the General Pension plan are eligible to sit on the board of trustees and vote for the trustees in the election.

Trustee Woods made the motion; second by Trustee Chastain; passed 4-0.

Attorney Cohen requested permission for the minutes of the meeting to be done more like corporate minutes.

Chairman Roberts entertained a motion to change the minutes to reflect the speaker, discussion subject and voting of any motion.

Trustee McMillian made the motion, second by Trustee Woods; passed 4-0.

Chairman Roberts suggested the item be placed on the next agenda for discussion on adding additional board members.

Mr. Wilson presented a follow up on actuarial study with ad hoc cola scenarios for retirees.

- **Scenario 1** – Current retirees, disableds, beneficiaries and DROPs receive an *ad hoc* COLA of \$50 per month as of January 1, 2016 for those who will have been receiving benefits for ten (10) years.

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➤ **Scenario 2** – Current retirees, disableds, beneficiaries and DROPs receive an *ad hoc* COLA of \$75 per month as of January 1, 2016 for those who will have been receiving benefits for ten (10) years.

➤ **Scenario 3** – Current retirees, disableds, beneficiaries and DROPs receive an *ad hoc* COLA of \$100 per month as of January 1, 2016 for those who will have been receiving benefits for ten (10) years.

Item	Incremental Increase in Annual Required Contribution
<i>Scenario 1</i> – <i>ad hoc</i> COLA for current annuitants who have been receiving benefits for 10 years of \$50 per month	\$ 9,510 1.1%
<i>Scenario 2</i> – <i>ad hoc</i> COLA for current annuitants who have been receiving benefits for 10 years of \$75 per month	\$ 14,265 1.7%
<i>Scenario 3</i> – <i>ad hoc</i> COLA for current annuitants who have been receiving benefits for 10 years of \$100 per month	\$ 19,020 2.3%

This is a one time for retirees that have been retired for 10 years or more. Those retirees will receive the additional amount each month.

An ordinance and impact study will need to be done and sent to the commission for approval. The benefit will be retroactive to January 1, 2016. The ordinance will be provided to the trustees at the next meeting for review and recommendation to the commission.

Mr. Wilson presented the Experience Study for the five years ended September 30, 2014. The purpose of this report is to assist in the assumption selection for future actuarial valuations by comparing actual to expected experience over a recent period of time.

The study covers a five year period and based on results of the study certain changes in actuarial assumptions for actuarial valuation purposes are recommended.

These are the recommended changes and cost to bring the assumptions into line

- Update the future salary increase assumption to better reflect lower observed salary increases than expected. (2.46%)
- Update assumed rates of future retirement to reflect higher observed retirement experience. (2.07%)
- Update assumed rates of future withdrawal based upon actual experience. (0.32%)

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- Update assumed mortality to the prescribed mortality assumption under Chapter 2015-157 (House Bill 1309). (2.37%)
- Update assumed investment return assumption to 7.5%. (2.50%)
- Combined effect of updated future salary increase assumptions, rates of future retirement, rates of future withdrawal, rates of mortality and investment return assumption of 7.5%. (4.66%)

Trustee McMillian made the motion to accept the report as presented and adopt the recommendations as the report reflects, second by Trustee Woods; Chairman Roberts asked if this type of study should be done on a regular bases? Mr. Wilson responded the more often the report is done you will recognize the trends. He recommended at least every five years.

Chairman Roberts ask for the vote for the motion on the floor motion passed 4-0.

Trustee McMillian motion to approve to go out for RFP on the Fiduciary Liability Insurance, Trustee Chastain; passed 4-0.

The board election will be held Tuesday, November 3rd, Wednesday 4th, Thursday 5th between 9:00 AM and 4:00 PM. The nominees are Terry Anderson, Kyle Jerrels, Kris Kadlec, Robbie McGee, Alicia McMillian, and John Thiemann.

It was requested to set the meeting days for the board to the last Wednesday of January, April, July, and October.

Trustee McMillian motioned to approve the last Wednesday of January, April, July and October, second by Trustee Woods; passed 4-0.

Request to establish an expense budget for the plan.

Trustee McMillian made the motion, second by Trustee Chastain; passed 4-0.

The new website is up and running and for the board members to review the website.

There being no further discussion a motion was made to adjourn the meeting by Trustee McMillian, seconded by Trustee Woods; passed 4-0.

Trustee Scott Roberts, Chairman

ATTEST:

Ricky Thompson, Administrator/City Clerk