MINUTES
PENSION TRUST COMMISSION
2^{ND} FLOOR CONFERENCE ROOM
NEW CITY HALL
OCTOBER 23, 2014 – 9:00 A.M.

Jerry Ihler, Chair, called the meeting to order at 9:00 a.m. in the New City Hall 2^{nd} Floor Conference Room. Notice of meeting and agenda was posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Bayones, Teri; Dentler, Carl; Ellwanger, Paul; Ihler, Jerry; Kindt, Bill; Livingston, Steve.

ABSENT: Hill, Andy.

ALSO PRESENT: Denise Ezell, City Clerk's Office; Tim Wilson, City Attorney's Office; Julie Magness and Stephanie Tehauno, Finance; Perry Warren, Morgan Stanley.

II. Introduction of Visitors

Ihler stated we have no visitors today.

III. Approval of Minutes from July 24, 2014.

Motion by Kindt, **Second** by Bayones, to approve the minutes of July 24, 2014 as written. **Aye**: Dentler; Ellwanger; Ihler; Kindt; Livingston; Bayones. **Nay**: None. **Motion Passed**.

IV. New Business

A. Receive quarterly financial report from Morgan Stanley and take action if necessary.

Warren stated thanks for your time. Open the report to page 2 and look at the far right hand corner. This takes us back to the very beginning. We started with $34 million, have taken out a net of $1.5 million and at this time have made about $15 million. We have a little over $48 million. The return since that time has been about 5.24% net and this includes the years 2007 and 2008. The last 12 months, 3 years and 5 years we have a net return of 7.80%, 8.92% and 7.01%. That is quite a bit above the 6.75% which we are trying to maintain over the long haul. As we reported last month we had a lot of money in short term treasuries and we liquidated those on the 15^{th} and 17^{th}. We added some to the bonds and stocks while they were down. The main thing is to keep our goal to where we can net more than our target and that is what we are trying to do. Page 3 is the allocations of equities, fixed income and cash. As of today 61% is in stocks and the other 4% is in alternatives and that is included in the equity. We have 34% in fixed income. Page 5 and 6 is a list of what we currently own. We aren't making anything on those left in the treasuries but they are a stabilizer. You have more volatility in the current environment so we need something that doesn't go down when everything else does. I'll be happy to answer any questions.

Ihler stated the short term dropped about 1000 points. How did that affect us?

Warren stated just a tad over 1%. We were fortunate that on the 15th we had added to the market.

Ihler asked are there any other questions. Thank you for being here.

B. Receive Quarterly Employees Refunds Made From Retirement System and Receive Quarterly Statement of Receipts and Disbursement and take action if necessary.

Tehauno stated the first page is the balance sheet and for the first quarter we had assets equaling $50.7 million, liabilities of $171,000, a fund balance of $50.5 million for total liabilities and fund equity of $50.7 million. The next page is our revenue and expenses. Revenue for the first quarter was $259,000, expenditures of $1.2 million and the fund balance is $50.5 million. The employee refunds for the first quarter was $152,192.08. Are there any questions?

Ihler stated thank you.

C. Receive a Report from Finance on whether the City has deposited into the Pension Trust account the amount of $75,099.02 for the settlement to Ronnie Smith, Sr.

Wilson stated the city has not deposited $75,000 into the pension. This settlement was handled the same way we would handled a damage claim. If someone files a claim against the city and it is determined the city is liable we would do a Friendly Suit and file the judgment with the courts. Then the court orders the city to pay the claimant. When we pay the claim the Pension Trust buys the judgment and the Pension Trust issues a check from their account to the claimant. The city doesn't have a fund to make payments on damage claims. Over a 3 year period it will be collected from the tax rolls and the Pension Trust will be reimbursed plus interest. In this case the city was ordered to pay Mr. Smith $75,000 and payment was to be made to the Pension Trust for his benefits. The judgment was placed on the tax rolls and over the next 3 years the Pension Trust will be paid plus interest. Has the Pension Trust been paid? No it hasn't. Will it get paid? Yes it will over the next 3 years as the money comes in.

Ihler stated thank you.

D. Consider approving the adoption of June 30, 2014 as the baseline year for the pension obligation measurement.

Ihler stated the accounting system has approved GASB 67 and what this will do is establish June 30, 2014 as the measurement date.

Motion by Ellwanger, **Second** by Bayones, to approve the adoption of June 30, 2014 as the baseline year for the pension obligation measurement. **Aye**: Ellwanger; Ihler; Kindt; Livingston; Bayones; Dentler. **Nay**: None. **Motion Passed**.

E. Consider approving the yearly meeting notice for 2015.

Ihler stated it is a requirement by law that we file with the City Clerk's office by December 15 a yearly meeting notice for the following year. The meetings will be held the fourth Thursday of the first month of the quarter.

Motion by Kindt, **Second** by Livingston, to approve the yearly meeting notice for 2015. **Aye**: Ihler; Kindt; Livingston; Bayones; Dentler; Ellwanger. **Nay**: None. **Motion Passed**.

V. Old Business

A. Consider application for early retirement from Alicia Mitchell.

Ihler stated if you recall Alicia Mitchell's retirement was calculated at normal retirement and should have been calculated as early retirement. Human Resources met with her and she agreed she had been overpaid. Over the course of 3 months she was to repay $575.66. We are asking you to approve her application for early retirement and the repayment of what she had been overpaid.

Motion by Kindt, **Second** by Ellwanger, to approve the application for early retirement from Alicia Mitchell. **Aye**: Livingston; Bayones; Dentler; Ellwanger; Ihler; Kindt. **Nay**: None. **Motion Passed**.

VI. Consent Agenda

FOR THE BENEFIT OF THE AUDIENCE, ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE BY THE PENSION COMMISSION AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS. IF DISCUSSION IS DESIRED, THAT ITEM WILL BE REMOVED FROM THE CONSENT AGENDA PRIOR TO ROLL CALL AND WILL BE CONSIDERED SEPARATELY.

A. Consider Memo of Information regarding the death of retiree James McGavic, Jr.
B. Consider the application for medical retirement from Edward Northern.

Motion by Dentler, **Second** by Ellwanger, to approve the consent agenda. **Aye**: Kindt; Livingston; Bayones; Dentler; Ellwanger; Ihler. **Nay**: None. **Motion Passed**.

VII. Comments

Kindt asked who computes our taxes?

Magness stated the accounting system we use calculates the taxes. The tax table is set and based on the gross and it calculates the amount of taxes that needs to be withheld. On the taxes you see here we are required by law to withhold 20% from anyone taking a lump sum plus the month taxes withheld from the retirees.

VIII. Audience Participation

IX. Adjournment

There being no further business the meeting adjourned at 9:18 a.m.

Motion by Dentler, **Second** by Kindt, to adjourn. **Aye**: Livingston; Bayones; Dentler; Ellwanger; Ihler; Kindt. **Nay**: None. **Motion Passed**.