MINUTES
PENSION TRUST COMMISSION
2ND FLOOR CONFERENCE ROOM
NEW CITY HALL
OCTOBER 24, 2013 – 9:00 A.M.

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

ROLL CALL

PRESENT: Teri Bayones; Paul Ellwanger; Jerry Ihler; Steve Livingston.
ABSENT: Andy Hill; Bill Kindt; Joe Mercado.
ALSO PRESENT: Tanya Riley, Human Resources; Denise Ezell, City Clerk's Office; Tim Wilson, City Attorney's Office.

II. Introduction of Visitors

Ihler stated we have no visitors today. If you don't mind I would like to move item B to the first of the agenda.

B. Consider recommending the city council adopt an ordinance amending Section 17-3-4-335, Division 17-3-4, Article 17-3, Chapter 17, Lawton City Code, 2005, by amending the requirements for qualified domestic relations orders.

Ihler stated this relates to the QDRO and the appropriate amount received as the result of a divorce. We have asked McAfee and Taft to rewrite a section of the code to clarify that the spouse of an employee must take the same method of payments as the employee.

Wilson stated at the last meeting you requested McAfee and Taft prepare a proposed ordinance and they have done so. I'm going to get Jim Prince on the phone so that he can discuss this ordinance. (Wilson calls Prince and he answers) Jim this is Tim Wilson from Lawton and I have you on speaker phone with the Pension Trust Authority members. Jerry Ihler, the chairman, has given an intro and now we are going to allow you to talk about the ordinance.

Prince stated the changes to the ordinance are to clarify the processing of a Qualified Domestic Relations Order. These orders are from a court that gives the spouse of a participate some rights to benefits the participate has earned during the marriage. This is always a part of a divorce. The language merely clarifies that in order to be valid it can't require the plan to provide a benefit to a spouse which isn't consistent with the benefit that the participate is receiving. We have added language to indicate that the benefit to be paid to a spouse under one of these orders can't be paid in either a form or at a time that is different than what is elected by the participate. I believe that was a part of the plan before but it wasn't clear from the language of the ordinance.

Wilson stated this became an issue due to a QDRO we asked you to review a few months ago.

Prince stated correct. That QDRO provided an inconsistent benefit for the spouse among some other things. This change resulted from a review of the plan.

Wilson stated another minor change was about courts having other jurisdictions. Current code says a QDRO from an Oklahoma court and we realized people leave and get divorced under another jurisdiction and it states that court has no effect. We modified paragraph B-2-a to allow a QDRO from any court within the United States.

Ihler stated to clarify any action or enforcement of a QDRO against the municipality retirement system shall only be brought in the State of Oklahoma and shall be construed under the laws of the State of Oklahoma.

Prince state correct. That is part of the ordinance as well.

Wilson asked does the Authority have any questions. If not I would recommend you move forward with a motion recommending that Council adopt the ordinance. I will take this to Council in November with an effective date of January 1, 2014.

Ihler asked does anyone have any questions.

Motion by Livingston, **Second** by Ellwanger, to recommend that the City Council adopt the proposed ordinance. **Aye**: Ellwanger; Ihler; Livingston; Bayones. **Nay**: None. **Motion Passed**.

Wilson stated thanks Jim for you time.

III. Approval of Minutes from June 13, 2013 and August 22, 2013.

Motion by Ellwanger, **Second** by Bayones, to approve minutes of June 13, 2013 and August 22, 2013 as written. **Aye**: Ihler; Livingston; Bayones; Ellwanger. **Nay**: None. **Motion Passed**.

IV. New Business

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

Armstrong stated thank you. Look at the second page of the performance report. At the top it shows how the portfolio is doing. The upper right hand corner shows since inception of November 5, 2007 and we had $34,679,000. Net contribution withdrawal is money in minus money out. We have taken out $496,000. Thirty four million minus a half a million is $34.1 million. A net portfolio appreciation of $12.4 million. Over that time period the account has grown to $46 million. This is a $12 million gain and 34% total. Divide the cumulative return by the number of years and we have made 5% a year. Remember November of 2007 was the stock market peak before it fell. It has done pretty well since then. For the last 5 years returns have gotten better because we are stripping out the big downturn. It has made 8.8% for the past 5 years, 6.8% for the last 3 years, 11% for the last 12 months and 10% so far this year. Those later numbers were built into that 5% since inception. The returns are going up over the last couple of years because the market is going back up. For the last 5 years we are meeting or exceeding the actuarial numbers. That is a great relief. On page 4 you see the year by year performance. Page 5 is a listing of all the investments starting with stock funds, the bond funds and the bonds themselves. This is a list of everything as of 2 days ago.

Ellwanger stated how do you mange the account? Do you look at it weekly or monthly?

Armstrong stated daily.

Ellwanger stated so you look daily and make your decision to buy or sell under our guidelines.

Armstrong stated correct.

Ellwanger stated thank you.

Armstrong stated look now at the asset scan. A year ago we recommended changing the asset allocation for stocks from 35% to 50%. In the upper left hand corner you see we have 3% cash, 45% US stocks, and 6.7% foreign stocks. If you add that all together it equals 52% and the target is 50%. We are right on spot. We can go as high as 60% and as low as 40%. Below you see how the stocks are broken up. In the upper right hand corner the box on the left is your stocks. We have large-medium-small and value-core-growth in that box. The numbers across the top are 23-21-23 and our target is 25-25-25. The medium is 7-7-6 and the target is 5-6-5 and at the bottom it is 5-3-4 and our target is 3-3-3. Those are all well within our range. You see medium and small are a little above target and large is a little below because more recently medium and small stocks have made more money than larges. That is all I have for you today unless you have any questions.

Ihler stated I like hearing we are above our directive as it relates to our program. We certainly appreciate you coming to every meeting and keeping us updated.

Armstrong stated you are certainly welcome.

C. Consider approving payment of an invoice from McAfee & Taft for services rendered to the Pension Trust.

Wilson stated this invoice is from September for work done on the Endicott QDRO, state law and a phone conference. The amount is $462. We would like to ask the Authority to authorize payment and to also authorize the chair to approve payment for any additional services rendered between August 22 and October 24th.

Motion by Ellwanger, **Second** by Livingston, that the Authority approve the invoice in the amount of $462 to McAfee and Taft and authorizes the Chair to pay any other invoices during the timeframe of August 22, 2013 and October 24, 2013. **Aye**: Livingston; Bayones; Ellwanger; Ihler. **Nay**: None. **Motion Passed**.

D. Review meeting notice for 2014 and take action if necessary.

Ihler stated this is a requirement of the Oklahoma Records Act. A yearly notice must be filed with the City Clerk on or before December 15th of each calendar year. Our meetings will continue to be quarterly. We will meet in the months of January, April, July and October on the fourth Thursday of the month.

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

V. 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.

Ihler stated I would like to pull Item C.

A. Consider Application for Normal Retirement for Adoracion Thomas.
B. Consider Application for Normal Retirement for Paul Caldwell.
C. Consider Application for Normal Retirement for Augustine Moore.

Motion by Ellwanger, **Second** by Livingston, to approve Item 5 A and B. **Aye**: Livingston; Bayones; Ellwanger; Ihler. **Nay**: None. **Motion Passed**.

Ihler stated Riley wanted to point out that on Item C the commentary states Moore had 18 years of service and should say 18 years and 4 months.

Motion by Livingston, **Second** by Bayones, to approve Item 5 C. **Aye**: Bayones; Ellwanger; Ihler; Livingston. **Nay**: None. **Motion Passed**.

VI. Comments

VII. Audience Participation

Ihler stated I appreciate everyone coming.

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