MINUTES
PENSION TRUST COMMISSION
2ND FLOOR CONFERENCE ROOM
NEW CITY HALL
APRIL 25, 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; Andy Hill; Bill Kindt; Steve Livingston; Joe Mercado.

ABSENT: None

ALSO PRESENT: Jim Russell and Tanya Riley, Human Resources; Denise Ezell, City Clerk's Office; Tim Wilson and Kristen Huntley, City Attorney's Office, Perry Warren Morgan Stanley.

II. Introduction of Visitors

Ihler stated we have no visitors today.

III. Approval of Minutes from January 24, 2013.

Kindt stated on the first page, first motion, it states Hill made the motion and then abstained from voting. I don't believe he would have done both.

Ezell stated I'll check to see if he made the motion or abstained.

Motion by Kindt, Second by Mercado, to approve the minutes with stated corrections. **Aye**: Ihler; Hill; Kindt; Mercado; Bayones. **Nay**: None. **Abstained:** Ellwanger; Livingston. **Motion Passed.**

IV. New Business

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

Warren stated thanks for allowing us to change the allocations from 65/35 to 50/50. It came at a good time. Let's look at the Asset Scan first. This shows you where the portfolio is currently allocated. We are at 3.5% cash; 42% in US stocks; and 5% foreign stocks. As the bonds mature we have added those into the market so we are now around 41.5%. We have increased 3 to 4% in US Stocks and 1 % in foreign stocks. We are roughly 52% at rick and 48% in bonds and cash. We had a good first quarter. Look to the left and you see we are well diversified between Cyclical, Sensitive and Defensive stocks. In the upper right hand corner you see the balance between small. medium and large companies and we are well within our targets. Across the top we are 22/23/23 in large, 8/7/6 in medium and around 9% in small. We feel real comfortable with that allocation and we are well balanced between styles. Are there any questions on the allocations? If not let's move to the second report. This is the "what we have done lately" report. In November 2007 we had approximately $34 million and since then we have grown about $10 million. The portfolio on this report was $44.2 and this morning we were at $44.6. We are headed in the right direction. Looking at what we have done the last quarter and this year we started with $42 almost $43 million and we ended the quarter with $44.2. We are up about $1.9 million with distribution of $700,000. The good news is we had a year in the first quarter because of the market. If we can maintain that and pick some up over the next 3 quarters it would be wonderful. Our 12 month return is 7.9%; 3 year is 6.35% and 5 year 5%. By making these changes we are picking up more volatility but over time we will be rewarded and it shows here. We are real close to our 3 year number being at the target for the plan. That is encouraging and exciting. Are there any questions. Thank you for allowing us to be here.

Ihler stated thank you.

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

Ihler asked did finance call you.

Ezell stated no.

Ihler stated I will try to go through their report. This report provides the 3rd quarter and year to date ending March 31st. Total revenues for the year are $6,284,081.40; total expenditures $3,480,264.37; this is an increase of $2.8 million for the year to date. The fund balance coincides with what Warren indicated. Next summarizes the assets and liability giving us a total fund balance of $47,693,074.55. The final page shows the employees refunds made during the 3rd quarter totaling $114,551.27. If you have any questions I'll pass them on to finance and they can answer them at the next meeting.

C. Review an annual handout for employees updating them on their personal pension status and take action if necessary.

Ihler stated Hill had suggested that employees receive an annual printout of what the status of their retirement was. HR has been working with Dean and you were provided an example of a statement and the information it includes. The first page "About Your Statement" cover the key provision with definitions and information as it relates to their personnel benefit statement. The second page is a sample of their personnel benefit statement.

Russell stated we are trying to give the employees an overall sense of where they stand with their contributions. This gives them an estimate of what their payout would be if they were to retire at this time. This would be an annual statement that goes out once a year. Hopefully this will eliminate a lot of question that HR receives. This is a good information piece for their future planning.

Ihler asked will they receive this at the end of the fiscal year or the calendar year.

Russell stated that hasn't been determined but we can do it either way.

Wilson asked will employees under Career Averaging be calculated based on Career Averaging.

Russell stated yes. Whichever plan the employee falls under it will be calculated accordingly.

Ihler stated that is a good piece of information for the employee.

Russell stated anything pertaining to the employee's life, whether it is pension or health benefits, we are trying to get the information to them. This is a big tool for them.

Hill asked will this change every year.

Russell stated yes. We feed the updates to Dean and they plug in the numbers and print it off for us.

Kindt asked is this an expensive process.

Russell stated no.

Kindt stated this is really going to be a service.

Russell stated absolutely.

Ihler asked does this come out of the HR budget.

Russell stated yes.

Hill stated it may not be doable but it would be nice if you could do some kind of projection that would show what you could expect if you reached normal retirement age. A projection that says this is where you will be in 30 years if you hang around.

Russell stated I'll talk to Dean to see if it is doable.

Kindt stated very few employers have a program like this.

Russell stated we are definitely one of a few. We currently do all the health information on a fiscal year so this would be a perfect tool to roll out at the same time.

Ihler stated sounds good.

ADDENDUM

BUSINESS ITEM:

1. Consider recommendation to support placing Workers' Compensation settlement and/or order payouts on tax rolls.

Russell stated currently when we have a settlement on workers comp if it is broken into a lump sum and a monthly payout the lump sum is placed against the tax rolls and monthly payments from the general fund. We feel the monthly payments should be placed against the tax rolls also. Huntley is the one who handles the settlements so I'll let her explain the situation.

Kindt stated I'm trying to figure why the commissioners are worried about this as long as we are getting our money with interest. Why should we be concerned?

Wilson stated it sounds to me we will be placing more on the tax rolls instead of paying it out of the general fund. You would receive interest for the monthly payouts also.

Hill stated so instead of just the lump sum being paid by the pension fund the monthly payments would be also and we would receive additional interest.

Wilson stated correct.

Hill asked what kind of interest.

Huntley stated 5.25%.

Hill stated why not. Is this legal?

Huntley stated yes.

Ihler stated this sounds like it is a benefit for us.

Livingston stated I don't see how you are going to do that. Is each one of these payments going to be a judgment?

Huntley stated any order or settlement we do is a judgment. When we receive the Order I pay the approved lump sum and the attorney's fees and United Safety and Claims, our adjustor, makes a weekly payout from the general fund. If we make this change I would do the paperwork for District Court for the entire award and our Finance Department would make the monthly payments.

Wilson asked would the retirement fund buy the judgment.

Huntley stated yes.

Livingston asked and we will have a judgment with a number on it.

Huntley stated yes.

Livingston asked and it will represent payments to a number of people instead of just one.

Huntley stated no with each person I have to do a separate judgment.

Livingston asked how many judgments are there.

Huntley stated we average between 25 and 30 a year.

Livingston stated so you are going to reduce those to judgments. We have always bought judgments.

Huntley stated anything over $10,000.

Livingston stated so now we are going to expand. What is the interest they are paying now?

Huntley stated 5.25%.

Ellwanger asked what is the difference between what we are doing now and what you are proposing.

Huntley stated now we are just paying the approved lump sum and the attorney fees. We want to pay the entire order and have our Finance Department make the monthly payouts. The entire order will be placed on the tax rolls.

Ellwanger stated so the judgments we are purchasing now would be slightly higher.

Huntley stated yes. It would be the total award and not just the lump sum.

Ellwanger asked and the rates are still the same. 5.25 verses 5.25.

Huntley stated yes.

Ellwanger asked who determines that rate.

Wilson stated the State mandates the rate.

Warren asked is the interest reset each year or is it set for the term of the judgment.

Ezell stated it is for the life of the judgment.

Hill asked where on the Statement of Revenue and Expenses does it show the interest we are receiving from the judgments we now own.

Livingston stated I'm not certain.

Ellwanger asked does this Authority typically buy all judgments from the City.

Ezell stated yes.

Livingston stated those who hold the judgment doesn't necessarily have to allow the city to do so. They can hold them themselves or allow someone else to purchase them. We probably have a monopoly on it but not necessarily.

Hill stated when I became of member of the Authority we were receiving 9% per judgment.

Russell stated we would like for the Pension to back this recommendation to the City Council.

Motion by Hill, **Second** by Kindt, to support recommending to City Council that all Workers' Compensation settlement and/or payout orders be placed on the tax rolls and that it is revaluated in one year. **Aye**: Ihler; Hill; Kindt; Livingston; Mercado; Bayones; Ellwanger. **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.

A. Consider Memo of Information Regarding the Death of Retiree Michael Coffman
B. Consider Application for Normal Retirement for Donna Mata
C. Consider Letter Acknowledging Receipt of Check from Anthony Burrow to Buy Back Into The Retirement System.
D. Consider Application for Normal Retirement for Evlyn Marie Caro
E. Consider Application for Normal Retirement for Larry Mitchell
F. Consider Application for Early Retirement for James Roberts
G. Consider Memo of Information Regarding the Death of Surviving Spouse Ellen McCaig
H. Consider Application for Normal Retirement for Karolyn Anders
I. Consider Application for Normal Retirement for Norman Busch

Kindt stated I would like to pull items D, E and F.

Motion by Kindt, **Second** by Mercado, to approve the consent agenda with the exception of items D, E and F. **Aye**: Hill; Kindt; Livingston; Mercado; Bayones; Ellwanger; Ihler. **Nay**: None. **Motion Passed**.

Kindt stated item D states normal retirement and I believe it would be an early retirement. It states she is 54 with 23 years. Isn't that an early retirement.

Ihler stated yes.

Kindt stated it shows normal in both places so I was wondering if it was computed correctly.

Riley stated I will have to go back and check.

Kindt stated we need to check to make certain it was calculated properly.

Riley stated I'll double check that.

Kindt stated on Item E on the benefit options where the spouse is suppose to sign it says "see attached". I image the "see attached" is the retirement application. He probably didn't get the wife's signature at that time. I don't have a big thing with that but I couldn't see what was attached.

Riley stated she did sign all the other papers.

Kindt stated I have no problem with that. It was probably just paperwork stuff.

Riley stated she did sign everything else.

Kindt stated on Item F the agenda item commentary shows normal retirement and it was actually an early retirement.

Motion by Kindt, **Second** by Mercado, to approve items D, E and F of the consent agenda. **Aye**: Kindt; Livingston; Mercado; Bayones; Ellwanger; Ihler; Hill. **Nay**: None. **Motion Passed**.

VI. Comments

None

VII. Audience Participation

VIII. Adjournment

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