

**GENERAL EMPLOYEE PENSION PLAN COMMITTEE MINUTES
TUESDAY, FEBRUARY 23, 2016 - 2:30 PM
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

PRESENT: Jim O'Connor, City Manager; Wayne Coment, City Attorney; Tammy Vock, City Clerk; Cindy Lawson, Finance Director; Gabrielle Manus, HR Director. **Also Present:** Glenn Thomas, Committee Attorney and Kathy Taube, Benefits & Risk Administrator

Mr. Dean Molinaro - Prudential

1. CALL TO ORDER

Today's meeting was called to order at 2:30 p.m.

2. APPROVAL OF MINUTES

Ms. Lawson made a motion to approve the Minutes of November 4, 2015. Mr. Coment seconded the motion.

The motion to approve the Minutes passed unanimously.

3. PUBLIC COMMENT

None.

4. NEW BUSINESS

A. Prudential – December 31, 2015 Quarterly Investment Review

Full report on file at City Clerk's Office.

Mr. Dean Molinaro presented the Quarterly Investment Review:

Calendar 4th Quarter Return (Fiscal 1st Quarter) 3.61%
Plan Year Return 3.61%
1 year return (end of December) 1.04 %
3 year return 9.20%
5 year return 8.15%
10 year return 5.40%

Assets as of the end of December total \$73,993,728

Distribution of Assets – in line with long-term strategy:

60.62% Traditional Equities (Diversified between Large, Mid & Small Cap US, and an allocation to Non-US Emerging Markets will develop)

5.49% Real Estate

33.89% Fixed Income

As of the end of December a transfer of \$1.5m from Core Bond/PIM to Prudential Short Term was necessary to rebalance the portfolio.

B. REVIEW AND APPROVAL OF THE ACTUARIAL VALUATION

Ms. Lawson reviewed the actuarial valuation briefly, indicating that the impact statement is very close to what the actuarial valuation shows for this year. The difference between the actual contribution required for this fiscal year vs. the valuation is only \$15,000 out of \$4.3 million.

She explained that we are required by GASB to account for the pension plans in our financial statements this year in a different way. The required contributions have always been made, and any liability associated with the pension plan was not shown on the books. Beginning with this fiscal year there is a requirement to show the entire unfunded pension liability on the City's balance sheet as a liability, not based on the actuarial value of the assets on a smoothed basis, but on the market value of the assets at year end. The net pension expense that is based on the market value, and the total pension liability will be calculated every year in a way that's slightly different from the actuarial way, so what you end up with at the end of this fiscal year is approximately \$32,000,000 in liability showing on the city's balance sheets associated with this plan, where the number right now is zero. In addition to a pension expense of around three million dollars which will be booked each year, we are also going to be exposed to the volatility of the market.

A meeting was set on March 11 at 3:00 PM to have Rocky Joyner from Segal present to discuss the valuation in more detail.

5. OLD BUSINESS

None

6. ATTORNEY'S MATTERS

A. GERP PLAN DOCUMENT AMENDMENTS AND UPDATE

Mr. Coment will provide a draft of the codified version of the original plan document, including the adopted resolutions and changes, along with comments and suggestions he and Mr. Thomas propose, to the Committee for review.

7. NEXT MEETING DATE – March 11, 2016 at 3:00 p.m.

8. ADJOURNMENT

Today's meeting adjourned at 3:10 p.m.

/kft