

**GENERAL EMPLOYEE PENSION COMMITTEE MEETING
WEDNESDAY, MAY 29, 2019 2:30 P.M.
CITY HALL, COUNCIL CHAMBERS, VERO BEACH, FLORIDA**

A G E N D A

- 1. CALL TO ORDER**
- 2. APPROVAL OF MINUTES**
 - A) February 27, 2019
- 3. AGENDA ADDITIONS, DELETIONS & ADOPTION**
- 4. PUBLIC COMMENT**
- 5. NEW BUSINESS**
 - A) Prudential Quarterly Investments
- 6. OLD BUSINESS**
- 7. ATTORNEY MATTERS**
- 8. SET NEXT MEETING DATE**
- 9. ADJOURNMENT**

This is a Public Meeting. Should any interested party to appeal any decision made by the Committee with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for the meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at least 48 hours in advance of the meeting.

GENERAL EMPLOYEE PENSION PLAN COMMITTEE MINUTES
Wednesday, February 27, 2019 2:30 PM
City Hall Council Chambers, Vero Beach, Florida

PRESENT: Tammy Bursick, City Clerk; Cindy Lawson, Finance Director; Gabrielle Manus, HR Director; Kira Honse, Interim City Attorney. **Also Present:** Glenn Thomas, Committee Attorney; Kathy Taube, Risk & Benefits Administrator.

1. CALL TO ORDER

Mrs. Bursick called the meeting to order at 2:31 p.m.

2. APPROVAL OF MINUTES

Ms. Lawson made a motion to approve the minutes of the November 7, 2018 meeting. Ms. Manus seconded the motion and it passed unanimously.

3. AGENDA ADDITIONS, DELETIONS & ADOPTIONS

None

4. PUBLIC COMMENT

None

5. NEW BUSINESS

A. Prudential – December 31, 2018 Quarterly Investment Review

Full report on file at City Clerk's Office.

Mr. Dean Molinaro, Vice President, Investment Strategy of Prudential, presented the Quarterly Investment Review:

4th Calendar Quarter Return (1st Fiscal Quarter) -9.03%
Plan Year (Fiscal) Return -9.03%
1 year return -4.95%
3 year return 5.49%
5 year return 5.09%
10 year return 8.95%

Assets as of the end of December total \$79,247,051

Distribution of Assets is in line with long-term investment strategy:

60% Traditional Equities (Diversified between Large, Mid & Small Cap US, and an allocation to Non-US Emerging Markets will develop)

5% Real Estate

35% Fixed Income

As of the end of December, no transfers were necessary to rebalance the portfolio. All managers are in good standing and not on a watch list.

B. Deposit of Electric Utility Sale Proceeds into Pension Fund for Electric Utility Employee Liability

Ms. Lawson explained that the Finance Commission agreed, and it was included in the 2018-2019 Budget, that a portion of the Electric Utility sale proceeds would be deposited to the pension's fixed income fund, to eliminate the Electric Utility's allocation of the unfunded accrued liability up to September 30, 2019. All other City funds would continue to make their payments to the pension plan for their allocated portions of any unfunded liability, but the Electric Utility allocation would have been paid off by the deposit of these proceeds.

The total amount would be approximately \$8.8mm. The funds would be deposited at approximately \$3mm per quarter over the next three quarters, staying in fixed income and dollar cost averaged out into our normal investment mix. She proposed that we do not rebalance in accordance with our target investment mix, but leave it in fixed income and rebalance slowly back in the direction of our target investment mix over some period of time.

She continued that, as Dean Molinaro and Malachi Waterman agreed, this is a good opportunity to rework our investment policy, and bring it more in-line with a plan that is closed and has no new money being deposited, and which is continuing to mature in terms of the ratio of retirees to non-retirees, etc.

In summary, she proposed that we deposit 1/3rd of the total, approximately \$3mm per quarter (\$8,853,206 total) through the end of the fiscal year, leaving it in fixed income and then by next quarter's meeting present an appropriate revised investment mix to then rebalance over a possible two year period.

Ms. Bursick made a motion to accept Ms. Lawson's proposal as explained. Ms. Manus seconded the motion and it was approved unanimously.

C. 10/1/18 Actuarial Valuation Review & Approval

Full report on file at the City Clerk's Office

Mr. Malachi Waterman, Consulting Actuary presented the 10/1/18 Actuarial Valuation.

The unfunded actuarial accrued liability of \$27,977,571 is a decrease of \$3,288,565 since the prior valuation.

The funded ratio using actuarial value is 75.04%, vs. 71.99% prior year (actuarial value of assets to actuarial accrued liability). The funded ratio using market value is 78.39%, vs. 74.87% prior year.

The actuarially determined contribution for the upcoming year is \$4,278,984, a decrease of \$98,329 from last year.

The actuarial gain from investment and other experience is \$829,335 or .74% of actuarial accrued liability.

The rate of return of the market value of assets was 8.47%. The return on the actuarial value of assets was 8.13%. This resulted in an actuarial gain when measured against the assumed rate of return of 6.5%. This gain decreased the average employer contribution rate by \$193,573.

Mrs. Bursick made a motion to accept the valuation. Ms. Manus seconded the motion and it passed unanimously.

6. OLD BUSINESS

None

7. ATTORNEY'S MATTERS

None

8. NEXT MEETING DATE – May 29, 2019 at 2:30 p.m.

9. ADJOURNMENT

The meeting was adjourned at 3:13 p.m.

/kft