

MINUTES

CITY OF DELANO PENSION COMMITTEE – SPECIAL MEETING October 13, 2016

CALL TO ORDER

Chairman Carlton Lennon called the meeting to order at 8:00 a.m. in the City Hall Conference room, 1015 – 11th Avenue, 2nd. Floor.

ROLL CALL

Committee Members present: Don Campbell, Carlton Lennon, Abel Moreno and Greg Funk (via conference call).

Committee Member absent: Gerald Gruver.

OFFICIALS PRESENT

Finance Director Rosa Lara Rios, City Clerk Phyllis Kraft and Recording Secretary Villarreal.

Marilyn Jones and Luis Murillo from Nyhart.

Lyndon A. Grey from Financial West Group and Omar Limon from Shopoff.

SPECIAL AGENDA

- 1) Approval of Investment Management agreements with PFM ASSET MANAGEMENT LLC. and Wells Fargo Bank, N.A.; and the Custody agreement with Wells Fargo Bank, N.A.

Ms. Rosa Lara Rios presented the agreements with PFM and Wells Fargo that needs to be approve in order to transfer the assets that are held by Stifel and Morgan Stanley.

Chairman Carlton Lennon ask the Committee members if they have any questions or concerns about it. Committee member Don Campbell said that he has a big concern about giving anything to Wells Fargo for the problem they are having right now.

Committee member Abel Moreno said that Stifel has also issues that involves overcharges to customers, and he said that the Committee should approve the agreements, because at this moment the Pension Plan doesn't have any agreement with Stifel or Morgan Stanley.

After a brief discussion, moved by Chairman Carlton Lennon, seconded by Committee member Greg Funk, to approve the agreements with PFM ASSET MANAGEMENT LLC. and Wells Fargo Bank, N.A.

By the following vote:

AYES: Committee members Abel Moreno, Greg Funk and Carlton Lennon.

NOES: Committee member Don Campbell.

- 2) Update on the Actuarial Valuation by Nyhart.

Marilyn Jones from Nyhart started explaining the process that is going on right now with the transition from Prien to them.

She stated that this is the first time they are meeting with the Committee, so they will be in a better position to understand what the Committee wants from them. They would like to have a feedback from the Committee.

Ms. Jones explained in detail the report they prepared for the Committee, which is a Funding Assumption review, starting with the basic funding equation: $\text{Contributions} + \text{Interest} = \text{Benefits} + \text{Expenses}$.

She also mentioned about key assumption and methods reviews, such as:

Rate of Return Determination; Discount Rate: Funding vs. Accounting (GASB 68); salary increases, mortality, retirement, withdrawals, COLA, Actuarial Value of Assets and Actuarial Determined Contribution.

There were questions from the Committee members, which were answered by Ms. Jones.

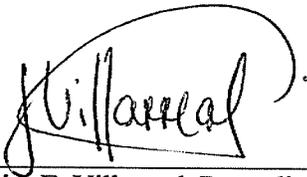
Chairman Lennon said that there are some municipalities that in the near future are not going to be able to cover the retirees' payments. What the Committee would like is to see a Plan that is in good shape and with healthy levels of funding. Even that the City cannot afford to cover the unfunded liability, at least we can have records that shows how much the City would need to contribute in order to have a healthy plan. Chairman Lennon said that at this point the Committee is asking that Nyhart prepare and give the Committee your best recommendation for the Plan, so it can be presented to Council.

Ms. Jones ended her presentation at 9:25 a.m.

There were present at the meeting Mr. Lyndon Grey and Omar Limon, to address to the Committee about realty investing.

ADJOURNMENT

Chairman Lennon moved to adjourn the meeting at 9:35 a.m. *Motion passed unanimously.*



Javier E. Villarreal, Recording Secretary