

THE CITY OF DALTON  
EMPLOYEES PENSION PLAN – BOARD OF TRUSTEES  
REGULAR MEETING  
SEPTEMBER 22, 2020

The regular meeting of the Board of Trustees of the City of Dalton Employees' Pension Plan was held this afternoon at 3:00 p.m. in the Council Chambers of City Hall. Present for the meeting were Chairman Gary Hill, Trustees Dwayne Carvell, Vernon Ray, Chairman of the Water, Light & Sinking Fund Commission Joe Yarbrough. Mayor David Pennington, Council member Annalee and Trustees Mike Sloan were absent.

MINUTES

The Trustees were presented written copies of the minutes of the meeting of July 28, 2020. On the motion of Trustee Yarbrough, second Trustee Carvell, the minutes were approved. The vote was unanimous in favor.

PENSION PLAN REVIEW

City Attorney Gandi Vaughn presented the final copy of the Pension Plan Review dated September 2020. Vaughn stated the final draft cleaned up terminology and removed sections that were no longer applicable to the Plan for clarity purpose. Vaughn stated the draft also cleaned up conflicts between sections. Vaughn further stated the primary reason for the review dealt with death benefits in regards to the difference in active employees and terminated/separated employees. Vaughn stated that based on the Boards direction, the Plan has been revised so that those benefits are the same, in that if a person is vested in the Plan and they die before selecting early or normal retirement, the benefits would be the same had they made a selection of early or normal retirement.

Vaughn further discussed that Board members had discussed a change to board members terms from 2 years to 4 years. Vaughn stated that the Plan Review keeps the terms the same at 2 years and also added that each board member must maintain continuing education hours based on State Law. On the motion of Board member Carvell, second Board member Ray, the Board approved the final draft and recommended the final review to the Mayor and Council for approval. The vote was unanimous in favor.

*For Reference only*

*Death/Survivor Benefit Scenarios Requiring Clarification*

- 1. Potential Forfeiture of Contributions if Die While Active or Before Giving 6 Months' Notice Under Section 8.01 of the Plan, a non-vested Participant with less than 120 months of service who terminates employment for reasons other than Early Retirement prior to reaching Normal Retirement Date is not eligible for a pension benefit. However, the participant is entitled to a return of his or her contributions to be paid in a lump sum with interest upon providing 6 months' notice to the Board.*
- 2. Forfeiture of Death Benefits if Die Before Election to Commence and Before Reaching Early or Normal Retirement Date Under Section 8.02, a vested participant with 120 months of service who terminates employment prior to reaching his or her Normal or Early Retirement Date is eligible to commence benefits at age 65 or elect an early reduced benefit commencing at age 55.*

*For Reference only .....continued*

3. *Possible Misapplication of Section 5.02 to Terminated Vested Employees*

*It is possible that the intent of Section 5.02 as initially drafted was only to cover the death of active employees who were still working after reaching their Early or Normal Retirement Date. This is because the death benefits under Section 5.02 align with the Early and Normal Retirement benefit payment form, which provides for the 55% survivor annuity for surviving spouses after the 120 month certain benefit is paid. In contrast, the normal form for a participant who terminates employment prior to reaching early or normal retirement age is a life annuity with 120 months certain and no 55% surviving spouse annuity. However, the language in Section 5.01 and 5.02 could be interpreted to support both positions.*

4. *Default Beneficiary Provisions Create Payment Issues Under Section 5.02, for example, if the participant designates his surviving spouse as his beneficiary for the 120 month certain benefit, there is a problem in the Plan if the surviving spouse dies prior to the end of the 120 month period. If there is no surviving contingent beneficiary named by the Participant, the remaining 120 month certain benefit would be payable to the estate of the Participant.*

SEAS - INVESTMENT PERFORMANCE ANALYSIS - August 31, 2020

Hilda Thompson from SEAS reviewed the Investment Performance Analysis dated August 31, 2020. Thompson stated to the Board that at the end of August 2020 the Plan was at an all-time high of 133 million. Thompson also noted from the report that the asset allocation is in line with the investment policy. Thompson further stated that the total fund for July and August is 6.49% with the YTD at 6.82%. Thompson reminded that the Accrual Assumption for the Plan is 7%. However, Thompson stated the bad news is the month of September has probably given back at least 3 percentage points, but hoped the Plan will make up for some of the loss by the end of September. On the motion of Board member Yarbrough, second Board member Carvell, the Board approved the update. The vote was unanimous in favor.

INVOICES

The Trustees reviewed the following invoices:

On the motion of Trustee Carvell, second Trustee Yarbrough, the following invoices were approved:

- Invoice #13679 (\$570.00) from Mitchell & Mitchell - Legal Services
- Invoice #13692 (\$330.00) Mitchell & Mitchell invoice for legal services

The vote was unanimous in favor.

On the motion of Trustee Yarbrough, second Trustee Ray the following invoices were approved:

- Invoice #1427027 (\$5,930.00) - Fisher and Phillips Invoice
- Invoice #1417041 (\$10,260.00) Fisher & Phillips for Pension Plan Document revision work.

The vote was unanimous in favor.

INVOICES

continued

On the motion of Trustee carvell, second Trustee Ray, the following invoices were approved:

- Invoice #201 & 202 (\$2,040.00) for SEAS July and August 2020

The vote was unanimous in favor.

On the motion of Trustee Yarbrough, second Trustee Ray, the following invoice was approved:

- MetLife \$375.00 for 2nd Quarter

The vote was unanimous in favor.

ANNOUNCEMENT

Chairman Hill announced that Friday September 25, 2020 will be the last day to qualify for the following position for the Pension Board

Employee or retiree of police/fire  
All other employees or retirees

REPORTS

Market Indices - July 31, 2020

ADJOURNMENT

Chairman Hill thanked everyone for coming. There being no further business to come before the trustees, the meeting was adjourned at 3:20 p.m.

\_\_\_\_\_  
Gary Hill, Chairman

ATTEST:

\_\_\_\_\_  
Mike Sloan, Secretary

RECORDED

APPROVED