

**DRAFT
CITY OF PALMETTO
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
June 2, 2014 - 11:00 A.M.**

Board Members Present:

Mike Stinson, Chair
Mike Fuller, Secretary—(Entered the meeting at 11:03 a.m.)
Michael Becks
Coby Gaulien
Ryan LaRowe

Staff and Others Present:

Lynn Skinner, Salem Trust
John Thinnies, Bogdahn Group
Scott Christiansen, Board Attorney
Amber Foley, Assistant City Clerk

Chair Stinson called the meeting to order at 11:00 a.m.

1. AGENDA APPROVAL

Motion: Mr. Gaulien moved, Mr. LaRowe seconded, and the motion carried unanimously to approve the June 2, 2014 Police Officers' Pension Board agenda. Mr. Fuller was absent for the vote.

2. PUBLIC COMMENT

Lynn Skinner introduced herself to the Board. She is the new relationship manager for the Plan. Ms. Leta Chaney retired last year.

3. APPROVAL OF MINUTES

Motion: Mr. LaRowe moved, Mr. Becks seconded, and the motion carried unanimously to approve the February 24, 2014 minutes.

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 2/28/2014, 3/31/2014, and 4/30/2014
- B) Sawgrass Asset Management-Diversified Large Growth Equity Invoice Dated 4/9/2014
- C) Sawgrass Asset Management-High Quality Core Fixed Income Invoice Dated 4/9/2014
- D) Bogdahn Group-Invoice No. 10167
- E) Salem Trust-Fee Advice for period October 1, 2013 to December 31, 2013
- F) Salem Trust Fee Advice for period January 1, 2014 to March 31, 2014
- G) City of Palmetto Payment Requisition for Enrollment in the FPPTA

Motion: Mr. Fuller moved, Mr. Gaulien seconded, and the motion carried unanimously to ratify the paid expenses as presented.

6. INVESTMENT REVIEW

Mr. Thinnies, Bogdahn Group, presented the first quarter performance review. The Plan ended the quarter at \$10,240,108, a gain of \$116,753. The Plan is slightly overweight in Domestic Equity. The Board has decided to take money from Domestic Equity to fund the Real Estate (Principal) allocation. This has not occurred yet. Mr. Thinnies spoke with Principal and they stated that the Real Estate allocation will be funded in the third quarter. They will call the money when they make purchases; if no purchases are made, they will not call the Plan's money. A copy of the first quarter performance review is attached to and made a part of these minutes.

Mr. Thinnes discussed the performance of each Manager. Thornburg is consistently underperforming and Mr. Thinnes recommends terminating that Manager and transferring the funds to Europacific for now. Next quarter, the Board can review another international manager to fill Thornburg's spot in the portfolio.

Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried unanimously to sell Thornburg and transfer approximately 6% [of total Pension Fund Value] into Europacific.

Mr. Thinnes informed the Board that Sawgrass will be in attendance at the next meeting. He would like to see the Plan diversify even further and would like to divide Sawgrass Fixed Income and add another manager into that allocation. This will be discussed in more detail at the next meeting.

7. SAWGRASS PORTFOLIO REVIEW MARCH 31, 2014 (Informational Only)

Greg Gosch of Sawgrass provided the Board with the Portfolio Review dated March 31, 2014. Mr. Gosch was not in attendance at the meeting this quarter.

8. 2013 ACTUARIAL VALUATION REPORT

Doug Lozen, Foster & Foster, reviewed the October 1, 2013 Actuarial Valuation Report. He noted that the City's contribution has decreased as compared to last fiscal year; at 28.27% of payroll for the 2015 fiscal year. He stated that over the next few years the City's funding requirement should decrease.

Mr. Lozen discussed with the Board the new changes that are being made to Governmental Accounting Standards Board (GASB) and how it effects actuarial reporting.

Mr. Lozen suggested that an experience study be done in the next two years.

Motion: Mr. Becks moved, Mr. LaRowe seconded, and the motion carried unanimously to accept the October 1, 2013 Actuarial Valuation Report.

Motion: Mr. Becks moved, Mr. LaRowe seconded, and the motion carried unanimously to declare, that based on the advice of our investment professionals and/or actuary, the Board of Trustees declare that the total expected annual rate of investment return for the next year, next several years, and the long-term thereafter shall be 7.7%, net of investment related expenses.

9. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded the Board to fill out and mail in their Form 1 Financial by July 1st.

He discussed the latest legislative session, stating the Senate Bill (SB) 246 was passed with a requirement to have the Plan use the state money received to be allocated between paying the unfunded liability or into a new defined contribution component depending on the funding ratio of the Plan itself. SB 246 did not make any changes to the Florida Retirement System. House Bill 509 passed also, but with changes made to the Florida Retirement System. Because the Senate and House Bill passed but are different, no changes will be made at this time.

9. APPROVAL OF DROP PARTICIPATION (REVISED)

- A. Michael Johnston
- B. George Lagasse

These forms are being submitted to the Board again for approval. There was an error regarding the payout amounts for the above named participants.

Motion: Mr. LaRowe moved, Mr. Becks seconded, and the motion carried unanimously to approve the revised Deferred Retirement Option Plan Forms for Michael Johnston and George Lagasse.

10. FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION DATES

Staff asked which Board members would like to attend the Fall Trustees School in October and which Board members would like to attend the 2015 Winter or Fall Trustees School. The following Board member's term expires at the end of this year and, as written in the Boards Operating Rules and Procedures, needs to attend the Fall class this year to fulfill the requirement of attending one training per term:

- Mike Stinson

Mr. Stinson will attend the Fall Trustees School in October.

Chair Stinson adjourned the meeting at 1:25 p.m.

Minutes approved:

Mike Fuller
Secretary