

**CITY OF PALMETTO  
POLICE OFFICERS' PENSION  
BOARD OF TRUSTEES  
November 30, 2015 - 11:00 A.M.**

Board Members Present:

Mike Stinson, Chair  
Mike Fuller, Secretary  
Michael Becks

Board Members Absent:

Coby Gaulien  
Ryan LaRowe

Staff and Others Present:

John Thinner, Bogdahn Group  
Scott Christiansen, Board Attorney  
Amber Foley, Assistant City Clerk

Chair Stinson called the meeting to order at 11:01 a.m.

1. AGENDA APPROVAL

**Motion: Mr. Becks moved, Mr. Fuller seconded, and the motion carried 3-0 to approve the November 30, 2015 Police Officers' Pension Board agenda.**

2. PUBLIC COMMENT

None.

3. INTRODUCTION OF SALEM TRUST RELATIONSHIP MANAGER

Lynn Skinner, Vice President Salem Trust, introduced Mindy Johnson to the Board who will be the main contact for the Plan going forward.

She informed the Board that there was a new audit completed and a clean opinion issued.

4. APPROVAL OF MINUTES

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 3-0 to approve the August 24, 2015 minutes.**

5. ONLINE ACCESS APPROVAL

Matt Misco, Pension Liaison & City Accountant, is requesting approval for online access to the real estate accounts. Wesley Corner of Foster & Foster would also like access to the Plan's real estate.

**Motion: Mr. Becks moved, Mr. Fuller seconded, and the motion carried 3-0 to approve online access for Matt Misco and Wesley Corner.**

6. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 8/31/2015, 9/30/2015 and 10/31/2015
- B) Sawgrass Asset Management-High Quality Core Fixed Income Invoice Dated 10/8/2015
- C) Sawgrass Asset Management-Diversified Large Growth Equity Invoice Dated 10/8/2015
- D) Bogdahn Group Invoice #12759
- E) Florida Municipal Insurance Trust #0460
- F) Anchor Capital Advisors Invoice for period 7/1/2015-9/30/2015
- G) Renewal of the Plan into FPPTA

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 3-0 to ratify the paid expenses as presented.**

#### 7. PROPOSED 2016 MEETING DATES

- February 29, 2016
- May 23, 2016
- August 29, 2016
- November 28, 2016

**Motion: Mr. Becks moved, Mr. Fuller seconded, and the motion carried 3-0 to approve the 2016 Pension Board meeting dates as presented.**

#### 8. INVESTMENT REVIEW

John Thinnis, Bogdahn Group, presented the end of third quarter review. He stated that the Portfolio was valued at \$10,481,138 with a loss net-of-fees of \$395,144. There is no need for a rebalance at this time.

In regards to adding more real estate investments, Mr. Thinnis will have options available at the next meeting.

Mr. Thinnis presented an Anchor ACV Quarterly Returns handout to the Board. He explained there was a four year period that Anchor trailed the Index by about a cumulative 11 percent. It had outperformed the Index on four quarters since inception when the Index was negative. Mr. Thinnis recommended keeping Anchor in the Portfolio, but keep monitoring them. Mr. Fuller suggested splitting half the money invested in Anchor with another all-cap manager.

Mr. Thinnis also presented a Sensitivity Analysis from Sawgrass. He is anticipating that Sawgrass will out-perform this Fiscal Year.

Mr. Thinnis stated that he will be talking to Principal Real Estate and take a look at their queues, he will also be monitoring Anchor and looking for another all-cap Manager. Mr. Thinnis was also asked to look into a comparison for other Plans our size with allocations in real estate.

Mr. Thinnis explained to the Board that there have been an overpayment to Sawgrass based on investment fees. Currently, the Plan pays 50 basis points for equity and 50 basis points for fixed income. The current fees for Sawgrass, though, are 70 basis points for equity and 25 basis points for fixed income. Mr. Thinnis stated we can leave it 50/50 or agree to go to the current rate with Sawgrass.

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 3-0 to have Attorney Christianson draft an addendum to the contract with Sawgrass changing the fees to 70 basis points for equity and 25 basis points for fixed income and authorize the Chairman to sign once the addendum has been drafted and provided to Ms. Foley.**

Mr. Becks asked Mr. Thinnis about the active vs. passive managers handout from last meeting. Mr. Thinnis stated at the next meeting he will bring information regarding managers that have a value cap piece as well as the index too; he would like to look at domestic equity category overall.

#### 9. BENEFITS DISBURSEMENT APPROVAL

##### A. DROP PARTICIPANT

- NONE

##### B. TERMINATED NON-VESTED EMPLOYEES

- Zach Cissell

##### C. TERMINATED VESTED EMPLOYEES

- Jeff Lewis-left money in fund

D. RETIRED EMPLOYEES

- None

E. DECEASED RETIREES

- None

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- NONE

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 3-0 to approve the disbursements as presented.**

10. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Matt Wilson
- Ashley Blocker
- Sandy Brenner
- Justin Garza
- Benjamin Schlabach

11. POLICE PENSION FY 2014-2015 ACTUAL PLAN EXPENSES

Staff reviewed the actual expenses as presented. Changes to be made are as follows:

- Change "budget" to "actual"
- Add "actual expenses" to title
- The total expense for the Investment Consultant is \$11,625 not \$66,229
- Based on above, reduce the total from \$96,246 to \$42,643

Staff was asked to distribute a copy of the actual plan expenses to the members of the plan, to the state and to Commission.

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried to approve the FY 2014-2015 Actual Plan Expenses with the corrections.**

12. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded the Board that reappointments to the Board need to be made. Mr. Gaulien, Mr. Becks, and Mr. Fuller's terms all expire. As previously discussed, Mr. Gaulien's term will be extended for one year only so as to keep the staggered expiration of terms. Mr. Fuller's seat is reappointed by the Board as a whole and will have to wait until next meeting when there is a quorum (minus Mr. Fuller) for voting. Also, at the next meeting, a new Chair and Secretary will need to be voted upon.

He asked staff to distributed PL-2 to Commission along with the summary for the Portfolio as provided by Mr. Thinnis.

Attorney Christiansen addressed the changes made to the Summary Plan Description:

- B. added to include the Plan Administrator name and contact information added to Exhibit "A".
- E. added to address the Share Plan addition to Plan
- Page 4 changes to the wording dealing with disability and termination benefits to make it clear that if an officer is terminated by the City for medical reasons they have 30 days after the termination date to apply for disability benefits.
- Section M changed contributions were increased from \$205,000 to \$210,000
- P.9., Financial and Actuarial Information, addition of paragraph B and C, with A remaining the same.

- Addition of paragraphs 11 and 12 to page 10.

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 3-0 to approve the Summary Plan Description as presented.**

Attorney Christiansen discussed the Proposed Internal Revenue Code (IRC) Ordinance changes:

- Section 22-171, Definitions, is being amended for IRC changes and requirements to amend the definitions of:
  - Actuarial Equivalent-to amend the definition to incorporate the interest rate currently being used by the plan's actuary
  - Credited Service-to clarify IRC regulations on leave conversions
  - Spouse-to clarify the definition in accordance with a recent US Supreme Court Ruling
- Section 22-172. Membership has been amended to limit those individuals eligible to opt-out of the system, to comply with recent IRC Treasury Regulation requirements.
- Section 22-174, Finances and Fund Management, is being amended to further incorporate recent IRC requirements with regard to investments in commingled funds.
- Section 22-176, Benefit Amounts and Eligibility, is being amended to change the normal retirement date to include IRC required language regarding normal retirement age and normal retirement date; and to eliminate language that is no longer applicable.
- Section 22-178, Disability, is being amended to more clearly identify those individuals who may be eligible to apply for a disability pension who have been terminated by the City due to medical reasons and to clarify new statutory minimums.
- Section 22-180, Optional Forms of Benefits, subsection (b), has been amended to clarify that if proof of good health of a joint pensioner who is being replaced is not provided, the actuary will assume that the joint pensioner is deceased for purposes of calculating the revised benefit amount.
- Section 22-185, Maximum Pension, has had several subsections amended to comply with IRC changes.
- Section 22-195, Prior Police Service, subsection (5), is being amended to correct a reference.
- Section 22-198, Deferred Retirement Option Plan, is being amended in accordance with recent direction from the IRS in connection with the issuance of several recent Favorable Determination Letters to: i) clarify investment returns on DROP accounts, ii) clarify when interest and earnings are calculated and paid, and iii) add several sections clarifying the DROP provisions as required by the IRS.
- Section 22-200, Supplemental Benefit Component for Special Benefits; Chapter 185 Share Accounts, is a new Section being added to the Plan. This Section creates a "Share Plan", or defined contribution component, and the addition of a share plan is a requirement of recently adopted Chapter 2015-39, Laws of Florida, for all pension plans that are subject to the provisions of Chapters 175 and 185, Florida Statutes.

This Share Plan provides for a share account for each member of the Plan. The Share Plan is to be funded solely and entirely by Chapter 185, Florida Statutes, premium tax monies for each plan year that funding is made available to it in accordance with governing Florida Statutes and/or mutual agreement between the City and the Union. This supplemental benefit, therefore, may or may not be funded.

If the share plan is funded, at retirement, termination (vested), disability or death, there is an additional lump sum benefit paid to the eligible member. In this ordinance available share plan funding is allocated to the members' accounts based on a formula which provides an allocation based on years of credited service. Other allocation methods (i.e.

equal allocation) could be considered if requested by the Union. Each share account receives its proportionate share of the income or loss on the assets in the plan.

**Motion: Mr. Becks moved, Mr. Fuller seconded, and the motion carried 3-0 to recommend adoption of the Ordinance by City Commission.**

13. NEW BUSINESS

FPPTA Trustees School will be held in January 31-February 3, 2016 in Orlando. Ms. Foley asked the Trustees to let her know by the end of December if they are wanting to attend. Mr. Fuller asked Ms. Foley to email him the dates of the school.

Chair Stinson adjourned the meeting at 12:33 p.m.

Minutes approved: February 29, 2016

*Mike Fuller*

Mike Fuller  
Secretary