

**CITY OF PALMETTO  
POLICE OFFICERS' PENSION  
BOARD OF TRUSTEES  
May 22, 2017 - 11:00 A.M.**

Board Members Present:

Mike Fuller, Secretary  
Michael Becks  
Coby Gaulien  
Ryan LaRowe

Board Members Absent:

Mike Stinson, Chair

Staff and Others Present:

John Thinnies, & Co Consulting  
Scott Christiansen, Board Attorney  
Amber LaRowe, Assistant City Clerk

Mr. Fuller called the meeting to order at 11:00 a.m.

1. AGENDA APPROVAL

**Motion: Mr. Gaulien moved, Mr. LaRowe seconded, and the motion carried 4-0 to approve the May 22, 2017 Police Officers' Pension Board agenda.**

2. PUBLIC COMMENT

No Comment.

3. APPROVAL OF MINUTES

**Motion: Mr. Gaulien moved, Mr. LaRowe seconded, and the motion carried 4-0 to approve the February 27, 2017 minutes.**

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated 2/28/2017 and 3/31/2017
- B) Sawgrass Asset Management-High Quality Core Fixed Income Invoice
- C) Sawgrass Asset Management-Diversified Large Growth Equity Invoice
- D) &co Invoice #21467
- E) Anchor Capital Advisors Invoice for period 3/31/2017
- F) Salem Trust Invoice for period 3/31/2017
- G) Foster & Foster Invoice #10074

**Motion: Mr. LaRowe moved, Mr. Becks seconded, and the motion carried 4-0 to ratify the paid expenses as presented.**

5. INVESTMENT REVIEW

Mr. Thinnies, & Co Consulting, presented the end of quarter investment review. He informed the Board that the Plan was valued at approximately \$11.9 million, a gain of almost \$500,000 for the quarter. He reviewed the performance of the investment managers and noted that no rebalance is necessary at this time.

A discussion regarding active versus passive managers ensued. Mr. Thinnies prefers a mix of each manager in the portfolio. He opined that it is a good idea to have the S&P 500 Index in the Large Cap

area of the Portfolio as well as the S&P 400 Index in the Mid-Cap area of the Portfolio. He suggested removing 10 percent equity from Sawgrass and 10 percent equity from Anchor to invest in both the S&P 500 or the S&P 400 or both. He noted that 50 percent of the Plan's Fund is in Domestic Equity; Sawgrass and Anchor have roughly about 25 percent each. If 10 percent is removed from each one, which would leave 15 percent in each Manager and then 10 percent in each S&P Index, this would make the Portfolio increase to 40 percent in the Passive Manager space and 60 percent in the Active Manager space (both in the Domestic Equity portion). Mr. Fuller agreed with Mr. Thinnies in the valuation of moving funds and investing in S&P Indexes.

**Motion: Mr. Becks moved, Mr. Gaulien seconded, and the motion carried 4-0 to remove 10 percent of equity from both Sawgrass Large Cap Growth and Anchor and invest 10 percent into S&P 500 Index and 10 percent into S&P 400 Index.**

Mr. Thinnies continued with his presentation of handouts, with the first review focusing on the Large Cap Growth Manager Analysis as of March 31, 2017. Five firms were reviewed; American Funds/Capital Research and Management, Legg Mason Partners Fund Advisor, Massachusetts Financial Services, PRIMECAP Odyssey Funds, and T. Rowe Price Associates. The management fees for each firm range from .33 percent on the low end to .71 percent on the high end. Mr. Thinnies opined that investing in one or more of these Managers can either be to compliment the Sawgrass Large Cap Equity space of the Portfolio or to replace them altogether. It was noted that even the highest fee of .71 percent was still lower than Sawgrass' fee of .75 percent.

The Board discussed the information presented. The T. Rowe firm was discussed to consider replacing Sawgrass Large Cap entirely. Mr. Thinnies noted that PRIMECAP Odyssey Funds could be a good option to fit into the mid-cap space of the Portfolio as well. Risk and returns of the firms were also discussed. A copy of this handout is attached to and made a part of the minutes.

**Motion: Mr. Fuller moved, Mr. Becks seconded, and the motion carried 4-0 to replace Sawgrass Large Cap Equity with T. Rowe Price Associates and PRIMECAP Odyssey Funds equally in the Large Cap area of the Portfolio (approximately 7.5 percent).**

Mr. Thinnies presented the Large Cap Value handout that included five managers to include Becker Capital Management, Dreyfus Corporation, Legg Mason Partners Fund Advisor, Delaware Management Company, and Vanguard Group/Wellington Management Company. The management fees range from .17 percent on the low end to .73 percent on the high end. Mr. Thinnies recommended adding one or two of these managers to work with Anchor, not to necessarily replace Anchor as a whole. He favors Delaware Management Company (also titled Macquarie Pooled Trust) and Vanguard.

**Motion: Mr. Becks moved, Mr. Gaulien seconded, and the motion carried 4-0 to add Vanguard Group to the Portfolio with half the equity from Anchor.**

Mr. Thinnies informed the Board that, if for some reason between now and the next meeting the Plan cannot invest into T. Rowe Price, then Mr. Thinnies will bring back another option to discuss at the next meeting. He does not foresee it being an issue, but wanted to mention it to the Board.

Foreign exposure in the Portfolio was discussed. Mr. Fuller asked that at the next meeting if Mr. Thinnies could provide information on the diversification of the Portfolio as in the domestic equity versus the international equity. The allocation of the entire Portfolio will also be discussed.

## 6. BENEFITS DISBURSEMENT APPROVAL

### A. DROP PARTICIPANT

- NONE

B. TERMINATED NON-VESTED EMPLOYEES

- Sandy Brenner

C. TERMINATED VESTED EMPLOYEES

- NONE

D. RETIRED EMPLOYEES

- NONE

E. DECEASED RETIREES

- NONE

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- NONE

**Motion:**           **Mr. LaRowe moved, Mr. Becks seconded, and the motion carried 4-0 to approve the benefit disbursements as presented.**

7. NEW MEMBER ACKNOWLEDGEMENT (*Informational Only*)

- Madison Peters
- Kevin Gonzalez

8. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded the Board to file their Form 1 Financial Affidavit by July to avoid late fee penalties.

He reminded Mrs. LaRowe to prepare the budget for the next meeting in August.

The Legislation that was mentioned at the last meeting was not adopted; therefore, nothing effects the Plan at this time.

He reminded Mrs. LaRowe to send the Investment Policy Statement to the State, the City and to the Actuary.

9. PLAN ADMINISTRATOR'S REPORT

None.

Mr. Fuller adjourned the meeting at 12:30 p.m.

Minutes approved: August 28, 2017

*Mike Fuller*

Mike Fuller  
Secretary