

**DRAFT  
CITY OF PALMETTO  
POLICE OFFICERS' PENSION  
BOARD OF TRUSTEES  
November 27, 2017 - 11:00 A.M.**

Board Members Present:

Mike Stinson, Chair  
Mike Fuller, Secretary  
Jim Freeman  
Ryan LaRowe

Board Members Absent:

Coby Gaulien

Staff and Others Present:

John Thinnis, & Co Consulting  
Mindy Johnson, Salem Trust  
Scott Christiansen, Board Attorney  
Amber LaRowe, Assistant City Clerk

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

1. AGENDA APPROVAL

**Motion: Mr. Fuller moved, Mr. LaRowe seconded, and the motion carried 4-0 to approve the November 27, 2017 Police Officers' Pension Board agenda.**

2. PUBLIC COMMENT

3. APPROVAL OF MINUTES

**Motion: Mr. Freeman moved, Mr. Fuller seconded, and the motion carried 4-0 to approve the August 28, 2017 minutes.**

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated August 2017 through October 2017
- B) Sawgrass Asset Management-High Quality Core Fixed Income Invoice
- C) &co Invoice #22320
- D) Anchor Capital Advisors Invoice for period 10/1/2017
- E) Salem Trust Invoice for period 9/30/2017
- F) Florida Municipal Insurance Trust #0460

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

5. FY 2017 ACTUAL POLICE PLAN EXPENSES

**Motion: Mr. LaRowe moved, Mr. Freeman seconded, and the motion carried 4-0 to adopt actual fiscal year 2017 Police Pension Plan Expenses.**

6. 2018 PROPOSED MEETING DATES:

- February 26, 2018
- May 28, 2018
- August 27, 2018
- November 26, 2018

**Motion:**        **Mr. Fuller moved, Mr. LaRowe seconded, and the motion carried 4-0 to approve the above meetings dates as presented.**

7. SALEM TRUST REPORT

Mindy Johnson, Vice President of Salem Trust, presented a quarterly service report to the Board. She discussed the current procedure with the processing of class action lawsuit claims. Currently a third party vendor is used and requires fees of 20 percent of what is collected; Salem Trust currently pays that fee. Salem Trust has decided to stop absorbing that fee and Mrs. Johnson would like to know if the Board would like to have Salem Trust continue filing these on behalf of the Board or if the Board would like to choose another vendor/option.

Attorney Christiansen recommended a law firm to file the claims on behalf of the Plan; he will provide more information at the next meeting on this firm.

8. INVESTMENT REVIEW

John Thinnnes, & Co., presented the end of quarter investment review. The Portfolio was valued at \$12,586,210, an increase of \$356,499. Mr. Thinnnes discussed the performance of each manager.

Mr. Thinnnes handed out a 2018 Asset Allocation Model 10-15 Year Forecasts document. This handout is attached to and made a part of these minutes. This handout discusses potential solutions to help bridge the return gap like adding equity risk, adding credit risk, adding active risk, or adding illiquidity. Discussion ensued regarding the advantages and disadvantages of each possible solution.

Mr. Fuller asked about comparing Anchor with another All Cap Equity manager. Mr. Thinnnes will bring that forward to the next meeting.

Mr. Thinnnes discussed real estate investments and asked the Board to consider increasing the allocation from 7.5 percent to 10 percent. Discussion continued around real estate diversification. Mr. Thinnnes opined that the range for real estate could be from 0 to 15 percent. In increasing the real estate to 10 percent, he would take funds from domestic fixed income. Mr. Thinnnes would also like to take 5 percent from domestic fixed income to create an alternative income category. This would create a new target for domestic fixed income at 20 percent. In regards to alternative income, Mr. Thinnnes has performed a search and will provide that to the Board before the next meeting. He informed the Board that if it turns out that the Board does not want to fund the alternative income then that 5 percent will revert back to the domestic fixed income. The Board agreed.

Mr. Thinnnes reiterated that the fixed income would be reduced from a target of 27.5 percent to 20 percent, with a target range of 15 to 30 percent.

Mr. Thinnnes will provide the Investment Policy Statement (IPS) to the Board prior to the next meeting to allow for discussion at the next meeting. He will also provide a copy of other Investment Policy Statements of other clients of similar size. Mr. Thinnnes will provide a copy of the IPS to Mrs. LaRowe with notes and changes to be provided to the Board before the meeting. Mr. Thinnnes is also to provide a breakdown of data to the Board prior to February's meeting. Mr. Fuller requested options on real estate investments be provided to the Board prior to February as well. Mr. Thinnnes will also provide an

alternative income asset class along with a value search and a small/mid-cap manager search to be discussed at the May meeting by the Board.

Mr. Thinnies asked for a motion to rebalance the Portfolio back into the ranges as outlined in the IPS. He will review the managers on his own and get them into the appropriate ranges and will discuss target ranges at the next meeting.

**Motion: Mr. Fuller moved, Mr. LaRowe seconded, and the motion carried 4-0 to rebalance the Portfolio to be in the ranges as provided in the current Investment Policy Statement.**

In regards to the May meeting, Attorney Christiansen will choose another date and email out to Mrs. LaRowe due to the current May date being Memorial Day.

#### 9. BENEFITS DISBURSEMENT APPROVAL

##### A. DROP PARTICIPANT

- NONE

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

- Sandy Brenner

##### C. TERMINATED VESTED EMPLOYEES

- Nickolas Ligman-Left money in Plan

##### D. RETIRED EMPLOYEES

- NONE

##### E. DECEASED RETIREES

- Amy Courtney—Annuitant for Curtis Courtney

##### F. DECEASED ACTIVE EMPLOYEE PAYOUT

- NONE

**Motion: Mr. Freeman moved, Mr. Fuller seconded, and the motion carried 4-0 to approve the Benefits Disbursements as presented.**

#### 10. NEW MEMBER ACKNOWLEDGEMENT (*Informational Only*)

- Madison Peters
- Kevin Gonzalez
- Antonio Hernandez
- Lorenzo Waiters

#### 11. SUMMARY PLAN DESCRIPTION

Mr. Christiansen discussed the changes made to the Summary Plan Description as follows:

- Date changed on cover sheet
- Page 1, Section 2, per the Internal Revenue Code (IRC) a current employee of the City who is selected to become Police Chief is not eligible to opt-out of the Pension Plan
- More specific language was added to the Share Plan paragraph on page 2
- The eligibility for disability benefits on page 4 was expanded upon to identify each possible scenario
- Mutual consent agreement is referenced on page 8, section L
- The maximum benefit was increased to \$215,000 annually per the Internal Revenue Code (page 8, Section M)

Attorney Christiansen will send Mrs. LaRowe a revised Exhibit A to remove Mike Becks and add Jim Freeman as a trustee. After she receives the revised Exhibit A, a copy of the entire Summary Plan Description will be provided to all sworn officers.

**Motion: Mr. Fuller moved, Mr. Freeman seconded, and the motion carried 4-0 to approve the Summary Plan Description as presented.**

#### 12. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen reminded Mrs. LaRowe to provide a copy of the yearend report to the Commission and Mayor.

He reminded the Board that at the next meeting the selection of officers will occur.

#### 13. PLAN ADMINISTRATOR'S REPORT

As noted at the last meeting, Mr. LaRowe's term was up for reelection. Mrs. LaRowe sent an email out to all sworn officers to put their name in if they wanted to sit on the Board. No other name was submitted, so Mr. LaRowe is reappointed for another two year term, to end on 1/1/2020.

Mrs. LaRowe informed the Board that the next trustee school is in Orlando from January 28<sup>th</sup> through the 31<sup>st</sup>. Mr. Fuller indicated he would like to go.

Mr. Fuller is the 5<sup>th</sup> Trustee for the Board and is appointed by the Board. His term expires 1/1/2018 so Mrs. LaRowe asked if Mr. Fuller would like to be reappointed and, if so, if the Board could make a motion for such.

**Motion: Mr. LaRowe moved, Mr. Freeman seconded, and the motion carried 3-0 to appoint Mike Fuller as the 5<sup>th</sup> Trustee for the Board for a two year term to expire 1/1/2020.**

Chair Stinson adjourned the meeting at 12:16 p.m.

Minutes approved:

Mike Fuller, Secretary