

**CITY OF PALMETTO
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
February 25, 2019 - 11:00 A.M.**

BOARD MEMBERS PRESENT:

Ryan LaRowe, Chair
Mike Fuller, Secretary—(entered the meeting at 11:18 a.m.)
Jim Freeman
Rich Wilson

STAFF AND OTHERS PRESENT:

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

Chair LaRowe called the meeting to order at 11:03 a.m.

1. AGENDA APPROVAL

Motion: Mr. Freeman moved, Mr. Wilson seconded, and the motion carried 3-0 to approve the February 25, 2019 Police Officers' Pension Board agenda. Mr. Fuller was absent for the vote.

2. PUBLIC COMMENT

No comment.

3. APPROVAL OF MINUTES

Motion: Mr. Freeman moved, Mr. Wilson seconded, and the motion carried 3-0 to approve the November 26, 2018 minutes. Mr. Fuller was absent for the vote.

4. APPROVAL OF EXPENSES

- A) Christiansen and Dehner: Invoices Dated October through December 2018
- B) &CO Invoice #28025
- C) Anchor Capital Advisors: Invoices Dated October through December 2018
- D) City of Palmetto Trustee Registration and Expenses J. Freeman
- E) Salem Trust Invoice for October 2018 through December 2018
- F) FPPTA Plan Membership \$600.00
- G) Foster & Foster Invoice #13879

Motion: Mr. Freeman moved, Mr. Wilson seconded, and the motion carried 3-0 to ratify the paid expenses as presented. Mr. Fuller was absent for the vote.

5. INVESTMENT REVIEW

Mr. Thinnes presented the end of quarter investment review. The Portfolio was valued at \$12,239, 654 at the end of the Quarter a decrease of approximately \$1.2M since last quarter. All assets in the Plan are within Policy with Receipt and Disbursement (R&D) slightly outside the range, but within Policy. Mr. Thinnes did not recommend a rebalance at this time.

Mr. Thinnes discussed the revised Investment Policy Statement as handed out. The changes that he is proposing to make are highlighted in yellow and as follows:

- Broad Market Fixed Income Allocation Target is now 15 percent and the range is 10 to 30 percent
- Non-Core Fixed Income Asset Allocation added with a Target of 5 percent, a range of 0 to 10 percent and the Benchmark Index is to be determined.
- Real Estate Asset Class Target is now 10 percent with a range of 0-15 percent
- Alternative Income Asset Class Target is now 5 percent with a range of 0-10 percent
- Global Fixed Income, Real Estate, and Alternative Income Asset Classes have a benchmark that will default to "broad market fixed income" if these portfolios are not funded. Target and ranges are based on market value of total Plan assets.
- Section 3. A. 1. Reads "The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the blended policy benchmark outlined in the target allocations table above."
- Section 3. C. added "80 percent Bloomberg Barclays Capital U.S. Aggregate and 20 percent FTSE World Government Bond Index."

Mr. Thinnes informed the Board that Section 3. D. the last sentence will read "Bloomberg Barclays Capital U.S. Treasury TIPS Index" instead of "Barclays Capital U.S. Treasury TIPS Index."

Motion: **Mr. Freeman moved, Mr. Wilson seconded, and the motion carried 4-0 to approve the revised Investment Policy Statement as presented and with the change to 3.D. as mentioned above.**

6. BENEFITS DISBURSEMENT APPROVAL

A. DROP PARTICIPANT

- None

B. SEPARATED NON VESTED EMPLOYEES

- None

C. SEPARATED VESTED EMPLOYEES

- None

D. RETIRED EMPLOYEES

- None.

E. DECEASED RETIREES

- None

F. DECEASED ACTIVE EMPLOYEE PAYOUT

- None

Action Request: *No Action Required.*

7. NEW MEMBER ACKNOWLEDGEMENT (Informational Only)

- Jose Acosta

8. PROPOSED ORDINANCE INTERNAL REVENUE CODE CHANGES

Attorney Christiansen discussed the following changes made to the proposed Ordinance:

- Section 171, Definitions, is being amended to amend the definition of credited service to provide that a police officer member, who also has credited service in the Palmetto General Employees' Retirement System, may use such other credited service to determine eligibility for early or normal retirement and for vesting, but not for determining benefits under this system. A similar provision is already in place in the General Employees' Retirement System.
- Section 22-178, Disability, amended to more clearly identify those individuals who may be eligible to apply for a disability pension in the event that they have resigned or their employment is terminated. This clarification does not change the way in which this provision has been applied or interpreted in the past. This change is being made because the current language has been challenged in litigation as being unclear and has resulted in unintended application of the language. The recommended change clarifies the language with no change in the intended application.
- Section 22-187, Miscellaneous Provisions, is being amended to add subsection (i), Missing Benefit Recipients. This provision is in accordance with a recent IRS Programs Compliance Memorandum that requires plans to have an approved method for locating terminated individuals who are due benefits from the plan.
- Section 22-196, Reemployment After Retirement, is being amended to make several changes as required by the Internal Revenue Code to satisfy the qualification requirements applicable to the reemployment of a disability retiree. Additional changes have been made to clarify reemployment after receipt of early retirement benefits.
- Section 22-198, Deferred Retirement Option Plan, is being amended to remove subsection (f)(8), Prevention of Escheat and re-number the remaining subsections. The information contained in this subsection is being expanded in accordance with IRS guidance and moved to the Miscellaneous Provisions Section of the Plan where it will apply to all benefit recipients rather than just DROP recipients.
- Section 22-200, Supplemental Benefit Component for Special Benefits; Chapter 185 Share Accounts, is being amended for Internal Revenue Code allocation requirements for forfeitures.

Motion: Mr. Fuller moved, Mr. LaRowe seconded, and the motion carried 4-0 to recommend adoption of the proposed Ordinance to the City Commission.

Attorney Christiansen then discussed the changes proposed for the Board's Operating Rules and Procedures.

- Section 2.1 added the ability to teleconference into a meeting; however, the trustee calling in does not count for quorum purposes
- Section 5.2 added that the authorization for payments must be signed by at least two trustees for the Board or one trustee and the Plan Administrator
- Section 5.6 added paragraph B that the Board will have annual reports prepared and distributed as of the end of the Fiscal Year to each DROP member with information on their DROP account.
- Section 5.7 added rules on Share Account Processing annually to each member whom a share account has been created.

- Section 5.8 was added in accordance with Ordinance Section 22-187 as mentioned above in the Ordinance discussion
- Section 8.4 was clarified that any actuarial study requested by the City or Union will be paid for by the City or Union and if the Board of Trustees asks for the study it will be funded by the Plan
- 12.3 and 12.4 are new and added to follow the protocol for the annual Plan budget reporting requirements
- Section 17 Disability Review Procedure was restructured

Motion: **Mr. Freeman moved, Mr. Fuller seconded, and the motion carried 4-0 to approve and adopt the Operating Rules and Procedures as presented by the Attorney.**

9. ATTORNEY CHRISTIANSEN'S REPORT

Attorney Christiansen discussed a pending Legislative Bill in Tallahassee. Proposed Senate Bill 518 adds new requirements relating to how municipal meetings are conducted. This means that meeting materials must be available at least three days before the meeting occurs, at least two copies of the agenda and supporting materials be available for public inspection at the meeting location on the day of the meeting. Also, public comment must be offered as either the first or last item on the agenda and requires that each member of the public have the right to speak for at least three minutes. Attorney Christiansen will keep the Board updated on this Bill if necessary.

10. PLAN ADMINISTRATOR'S REPORT

No report.

Chair LaRowe adjourned the meeting at 12:03 p.m.

MINUTES APPROVED: May 13, 2019

Mike Fuller

MIKE FULLER
SECRETARY