

**POLICE OFFICERS' PENSION BOARD
MEETING
MARCH 15, 2018**

MEMBERS PRESENT: Larry Schrader, Chairman
Thomas Ford, Samuel Kiburz

MEMBERS ABSENT: Adam Cummings, Chris Salsman

OTHERS PRESENT: Lee Dehner, Board Attorney
Jack Evatt

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
- 1. The next Quarterly Meeting of the Police Pension Board will take place on June 21, 2018, at 1:30 PM in the City Council Chambers, 326 W. Marion Avenue.

CITIZEN COMMENTS ON AGENDA ITEMS ONLY

- There were none.

Note: Reports were heard following Items A and B, New Business.

REPORTS

- Mr. Jack Evatt, AndCo Consulting (ACC), drew members' attention to the Investment Performance Review for the Period Ending December 31, 2017, as delineated in the agenda material, commenting on market performance in general. He reviewed Total Fund Performance, as delineated on page 17, as follows: quarter, 4.14% (20th percentile); 1 year, 13.86% (78th percentile); 3 year, 6.87% (71st percentile). He then reviewed performance of the individual investment managers as compared to the benchmark, as denoted on pages 17-21. He then distributed a brief performance report on the portfolio for activity dating to February 28, 2018, briefly reviewing same. He commented favorably on the performance of the fund to date for Fiscal Year (FY) 2017-2018, noting it outperformed the benchmark.
- Mr. Kiburz questioned the management fees for Garcia Hamilton.
- Mr. Evatt replied the fee schedule was depicted on page 42 of ACC's quarterly report, noting Garcia Hamilton's fee was 25 basis points.
- Discussion ensued with regard to the varying fees.

NEW BUSINESS

- A. Welcome New Board Member Lieutenant Chris Salsman who was Elected to Fill the Seat Vacated by Joseph Angelini
- Mr. Schrader announced Mr. Salsman was unable to be present this date, explaining he had filled former member Mr. Joseph Angelini's place.
- B. We Need to Select a Secretary to Replace Joe Angelini.
- Mr. Schrader stated Mr. Angelini had served as the Board Secretary, asking members to consider appointing Mr. Salsman to that position due to the convenience of having the secretary present at the Police Department.
 - Mr. Ford confirmed Mr. Schrader did not believe Mr. Salsman would object to the appointment.
 - Mr. Ford MOVED, Mr. Kiburz SECONDED to appoint Mr. Salsman to the position of Secretary. MOTION CARRIED UNANIMOUSLY.
- C. Jack Evatt will present the Board with Some Alternatives for Investments
- Mr. Evatt reminded members of their discussion held at the previous meeting at which Highland Capital's core value equity strategy was terminated, presenting large cap core equity options for the Board's consideration. He submitted an analysis of a number of managers into the record, reviewing vehicle, management fee and investment minimums for the following strategies: American Funds Fundamental Investors R6 (RFNGX); FMI Large Cap Institutional (FMIQX); Parnassus Core Equity Institutional (PRILX); Prudential QMA Large Cap Core Equity Q (PTMWX); Vanguard 500 Index Admiral (VFIAX); Highland Capital (HC) Core Value Equity. He advocated for an even balance between active and passive strategies.
 - Mr. Kiburz MOVED, Mr. Ford SECONDED to move 50% of domestic equities to VFIAX and divide the other 50% evenly between Dana Large Cap Value Strategy and MFS Growth Fund. MOTION CARRIED UNANIMOUSLY.
 - Mr. Evatt then distributed the International Equity Manager Analysis, as delineated in the agenda material, stating the Board had instructed him to conduct a search intended to evaluate international equity options to potentially replace the current allocation to the HC International American Depositary Receipts (ADR) Equity strategy. He reviewed the following strategies: American Funds Europacific Growth Class R6 (RERGX); Causeway International Value Fund Class Institutional (CIVIX); Oakmark International Fund Institutional Class (OANIX); Pear Tree Polaris Foreign Value Fund Class R6 (QFVRX); Vanguard Total International Stock Index Admiral (VTIAX); HC International ADR Equity.
 - Discussion ensued with regard to comparison points between the managers and

specific strategies.

- Mr. Ford MOVED to select OANIX and an emerging market manager.
 - MOTION DIED FOR LACK OF A SECOND.
 - Mr. Schrader pointed out taking no action would leave the funds with HC.
 - Mr. Ford advocated to replace HC with OANIX until a better option was presented.
 - Mr. Ford MOVED, Mr. Kiburz SECONDED to replace HC International ADR Equity with OANIX. MOTION CARRIED UNANIMOUSLY.
 - Mr. Evatt noted the fund had some exposure to emerging markets.
 - Mr. Kiburz requested exposure to emerging markets be revisited at the June 21, 2018 meeting. He then confirmed that Mr. Evatt and ACC were acknowledged as Fiduciaries in the contract with the Pension Board and that neither received compensation from the funds in which they invested.
- D. New Signature Sheet required by Salem Trust.
- No discussion.
- E. Discuss Alternatives for the Appointment of Future Members to Avoid All Seats Expiring in the Same Year.
- Mr. Schrader stated each Board member's term would expire in 2018, advocating terms be staggered.
 - Board Attorney Lee Dehner suggested a member could step down prior to his or her term expiration, opining the new member's term would then have a new start and end date.
 - Mr. Bartell provided a brief review of his background and experience, noting he had previously served on the City's General Employees' Pension Board.
- F. Two Pension Applications have been completed:
- Thomas Quegan effective March 1, 2018
 - Jeffrey Woodward effective May 1, 2018
- Mr. Ford announced the abovementioned retirement applications had been processed.
- G. Sam Kiburz will Report on the Training Conference he Attended
- Mr. Kiburz announced he had attended the Florida Public Pension Trustees Association Conference, noting his intention to become a Certified Public Pension Trustee. He then reviewed trustees' responsibilities. He commended Mr. Schrader for fulfilling many of the duties of a plan administrator, voicing concern that much of Mr. Schrader's knowledge regarding same would be lost when he stepped down from the Board.
 - Mr. Schrader noted he encouraged Board members to attend educational conferences at the Plan's expense.

- Board Attorney Dehner reviewed the statutory requirements related to Pension Board member education.
- H. There will be a Training for Pension Board Members in Tallahassee June 4 – 6
- Board Attorney Dehner announced a Florida State University conference in Tallahassee would address actuarial, investment and legal topics. He noted there would be another conference in the fall in Tampa or Orlando.

STAFF COMMENTS

- Board Attorney Dehner announced no legislation had passed which would affect the Board. He shared the claimant’s attorney had been denied a request for oral argument in court. He then clarified there was no timeframe for a lawsuit to come forward. He concluded the new Worker’s Compensation bill would not affect the Pension Plan.

ADJOURNMENT

- Meeting Adjourned: 3:01p.m.

Larry Schrader, Chairman

Sara Welch, Recording Secretary