

**POLICE OFFICERS' PENSION BOARD
MEETING
NOVEMBER 29, 2018**

MEMBERS PRESENT: Samuel Kiburz, Acting Chairman
Norman Ashworth, Harry Bartell, Chris Salsman

MEMBERS ABSENT: Dylan Renz

OTHERS PRESENT: Kerry Richardville, AndCo Consultants
Patrick Donlan, Foster & Foster
Board Attorney Lee Dehner

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
 - 1. March 21, 2018
 - Recording Secretary Welch informed members the Firefighters' Pension Board expressed concern meetings were being held too long after each quarter ended, asking if members shared this concern and were interested in changing the already established meeting dates of June 20, 2019, September 19, 2019, and December 19, 2019.
 - Consensus of the Board was the meeting dates were satisfactory.

CITIZEN COMMENTS ON AGENDA ITEMS ONLY

- There were none.

APPROVAL OF MINUTES

- A. September 20, 2018
 - Mr. Salsman MOVED, Mr. Bartell SECONDED approval of the September 20, 2018 minutes.
MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. AndCo Consultants
 - Ms. Kerry Richardville, AndCo Consultants (ACC), drew attention to ACC's Investment Performance Review/Period Ending September 30, 2018, as delineated in the agenda material, commenting positively on market performance in general. She reviewed Total Fund Performance, as delineated on page 15, as follows: quarter, 3.74% (20th percentile); 1 year, 9.99% (16th percentile); 3 year, 9.99% (49th percentile); 5 year, 7.82% (51st percentile). She then reviewed performance of the individual investment managers as compared to the benchmark, as denoted on pages 15-16, and comparative performance trailing returns, as denoted on page 35, questioning if members desired to have a representative from Dana speak on their performance at the March 21, 2019 meeting.

She reviewed Dana Large Cap Value's investment practices and ASB Real Estate's use of leverage, indicating she would research the leveraged ratio of ASB Real Estate's benchmark. She then requested members review the Asset Allocation Analysis, as delineated in the agenda material, prior to the March 21, 2019 meeting.

B. Foster & Foster – Actuarial Report

- Mr. Patrick Donlan, Foster & Foster, presented the Actuarial Valuation Report as of October 1, 2018, as delineated in the agenda material, stating the total required contribution would increase to \$701,658. He commented on the use of a smoothing technique to stabilize the City's contribution, explaining same in detail. He spoke regarding the Share Plan's performance, noting a balance of \$2,155 at year end. He reported a net pension liability of \$1,258,725 as of October 1, 2018, announcing the Plan's funded ratio increased to 90.8%. He reviewed administrative expenses and factors contributing to the Plan's high funded ratio. He then recommended an experience study be performed as the Plan's assumptions had not been updated in eight years, advising same had a minimum fee of \$7,500.
- Discussion ensued with regard to the usefulness of an experience study.
- Mr. Bartell MOVED, Mr. Salsman SECONDED approval of the report as presented.
- Mr. Ashworth asked if the actuarial report could be distributed to members earlier.
- Mr. Donlan replied producing the report early in the first quarter was difficult.
- MOTION CARRIED UNANIMOUSLY.
- Mr. Bartell MOVED, Mr. Ashworth SECONDED to authorize Foster & Foster to conduct an experience study for a cost not to exceed \$7,500. MOTION CARRIED UNANIMOUSLY.
- Mr. Donlan stated he would prepare the report for the June 20, 2019 meeting.
- Mr. Bartell MOVED, Mr. Ashworth SECONDED to establish a 7.75% expected rate of return for the current year, the next several years and the long term thereafter. MOTION CARRIED UNANIMOUSLY.

NEW BUSINESS

A. Proposed Ordinance and Operating Rules Changes

- Board Attorney Lee Dehner drew members' attention to the proposed ordinance and operating rules related to guidance from the Internal Revenue Service (IRS) concerning retirees whose whereabouts were unknown. He advised the IRS's new regulations were already in effect, requesting he be contacted if a member could not be located.
- Mr. Bartell MOVED, Mr. Salsman SECONDED to table discussion of the proposed ordinance and operating rules changes. MOTION CARRIED UNANIMOUSLY.
- Board Attorney Dehner reiterated the Plan was required to adhere to IRS guidelines for

contacting missing Plan members whether or not the Plan's ordinance was changed, stating failure to do so could result in the Plan's disqualification.

STAFF COMMENTS

- Board Attorney Dehner announced State Statute required the Board to review and file a report of administrative expenses incurred through September 30, 2018, and file an itemization of the Plan's specific investments.
- Discussion ensued with regard to the preparation of a report of administrative expenses incurred and an itemized list of the Plan's investments.

ADJOURNMENT

- Meeting Adjourned: 2:38 p.m.

Samuel Kiburz, Acting Chairman

Sara Welch, Recording Secretary