

## POLICE OFFICERS' RETIREMENT SYSTEM

### BOARD MEETING

October 27, 2015

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Chairman Jeff Johnson called the meeting to order. In attendance were Trustee James Hooper; Trustee Tony Mangol; Trustee Dudley Hardy; Attorney Ron Cohen; Consultant Rich Campbell; Larry Wilson, GR&S; and Deputy Clerk Brenda Wiggins. Trustee Jeff Oody was absent.

Chairman Johnson asked for a motion to approve the minutes from the April 29, 2015 meeting.

Trustee Hooper made the motion to approve the minutes as published, second by Trustee Mangol; passed 4-0.

Attorney Cohen requested permission for the minutes of the meeting to be done more like corporate minutes; for the minutes to reflect the speaker, discussion subject and voting of any motion.

Chairman Johnson asked for a motion to approve the minutes from the July 29, 2015 meeting.

Trustee Hooper made the motion to approve the minutes as published, second by Trustee Mangol; passed 4-0.

Chairman Johnson asked for a motion to approve the warrants for July, August, and September 2015.

Trustee Hooper made the motion to approve the warrants; second by Trustee Hardy; passed 4-0.

Chairman Johnson requested to move the discussion of Sheriff Gordon Smith letter regarding member buyout and have Sheriff Smith address the board. Sheriff Smith addressed the board referencing the letter sent to the board asking the board to think about buying out the three deferred members of the plan. Attorney Cohen the way the ordinance reads now we can't do it, but it can be amended to allow the buyout. He does have concerns of doing it on a regular bases and should have a window of opportunity as a one time deal. Actuary Wilson added impact statement would need to be done and with the current events of the market the plan is less than 100% funded and if the liability is paid out it will increase the unfunded liability. Chairman Johnson suggested gathering information to see how and if it can be done.

Attorney Cohen will discuss with a tax attorney for information and requested permission for the expenditure not to exceed \$1,500.

Trustee Hooper made the motion to allow the expenditure up to \$1,500, second by Trustee Hardy; passed 4-0.

Attorney Cohen presented a professional agreement for approval the fee is \$175 per hours and has been since he has been the attorney for the pension board his bills for travel, which is split between the three boards.

Trustee Hardy asked how the attorney can do the work for that amount?

Trustee Hardy suggested increasing the amount to \$225 per hour.

Motion was made by Trustee Hardy to increase the amount to \$225 per hour, second by Trustee Hooper; passed 4-0.

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Trustee Hooper made the motion to approve the agreement, second by Trustee Hardy; passed 4-0.

Mr. Wilson presented the Experience Study for the five years ended September 30, 2014. The purpose of this report is to assist in the assumption selection for future actuarial valuations by comparing actual to expected experience over a recent period of time.

The study covers a five year period and based on results of the study certain changes in actuarial assumptions for actuarial valuation purposes are recommended.

These are the recommended changes and cost to bring the assumptions into line

- Update the future salary increase assumption to better reflect lower observed salary increases than expected. (7.59%)
- Update assumed rates of future retirement to reflect higher observed retirement experience. (1.82%)
- Update assumed rates of future withdrawal based upon actual experience. (2.45%)
- Update assumed mortality to the prescribed mortality assumption under Chapter 2015-157 (House Bill 1309). (0.81%)
- Update assumed investment return assumption to 7.5%. (2.80%)
- Combined effect of updated future salary increase assumptions, rates of future retirement, rates of future withdrawal, rates of mortality and investment return assumption of 7.25%. (0.41%)

After the discussion of the report the board agreed to move forward with the changes and the recommended assumption rate.

Trustee Mangol made the motion to adopt the Experience Study Report and the recommended changes and the investment return assumption of 7.25%, second by Trustee Hardy; passed 4-0.

Rich Campbell, Dover Investments provided the quarterly fiscal year-end report for the plan. He also provided an Investment Policy Review and Update.

Annually, the Board is required to review the Investment Policy Statement (IPS). There were two approved changes during the past fiscal year. The first provided limited investment discretion to the investment consultant and, the second, updated the Plan's authorized investments due to a manager change.

This language is in the policy and this should help clarify how the Plan's investment performance is evaluated, the following change (underlined) is recommended to Section III, Paragraph C, Total Fund, Paragraph 4:

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The total performance of the portfolio will be compared to two balanced benchmarks (referred to as the "Starke Policy Benchmark" and the "Morningstar Category Averages"). Used in conjunction with each other, these are the dual comparisons for the Plan's investments. The Category Averages are the primary performance comparisons and the Starke Policy Benchmark is utilized primarily for asset allocation purposes.

The market did very poor in the last quarter of the fiscal year. For the quarter - 4.56%; -4.84% year to date; - 1.86% 1 year return. The asset allocation is 61.0% Stocks/39% Bonds, REITs & Cash.

Mr. Campbell requested to sell some high dividend yield from 13 ½% to 9% and emerging markets from 6.9% to 4%. Buy REIT 2.0% and S&P 500 5.2% Motion was made by Trustee Hardy, second by Trustee Mangol; passed 4-0.

Trustee Hooper made the motion to accept the report as presented, second by Trustee Hardy; passed 4-0.

The board will need to go out for RFP for Fiduciary Liability Insurance with a waiver of recourse.

Jeff Johnson and James Hooper were unanimously nominated for the trustee board.

Chairman Johnson, Trustee Hooper and Brenda Wiggins will be attending the State Conference meeting in Orlando next month the week before Thanksgiving.

It was requested to set the meeting days for the board to the last Wednesday of January, April, July, and October.

Trustee Hooper motioned to approve the last Wednesday of January, April, July and October, second by Trustee Mangol; passed 4-0.

The mutual consent vote has taken place and it was unanimously vote yes.

Informed the board the website was up and running to take a look at it.

The next meeting is scheduled for Wednesday, January 27, 2016, at 1:30 PM.

With no other business a motion was made by Trustee Hooper to adjourn the meeting, seconded by Trustee Mangol; passed 3-0.

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Jeff Johnson, Chairman

**ATTEST:**

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Ricky Thompson, Administrator/City Clerk