

**SANFORD POLICE OFFICERS' RETIREMENT SYSTEM
PENSION BOARD MEETING MINUTES
Thursday, November 6, 2014 – 10:30 A.M.**

1. Call to Order and Roll Call

The meeting was called to order at 10:40 a.m. by the Chairman, Darrel Presley. The following members were present: John Dovydaitis, Bill Elliott, and new Trustee, Bill Erwin. Chris Collison was excused. The following service providers were also in attendance: Scott Christiansen, Plan Counsel, Tom Donegan, Investment Consultant and Investment Managers Ed Caulkin, Laurie Watson and Jeff Detwiler.

The Trustees welcomed Bill Erwin who was elected by the membership to fill the vacancy created by Alan Smith who resigned from the Board. A motion was made by John Dovydaitis to certify the election results. Seconded by Bill Elliott, the motion carried unanimously.

The office of Secretary was vacant due to the fact that Alan Smith held that position and was no longer on the Board. A motion was made by Bill Erwin to appoint John Dovydaitis to the position of Secretary. John accepted. Seconded by Bill Elliott, the motion carried unanimously.

2. Approval of Minutes

A motion was made by John Dovydaitis to approve the minutes from the regular meeting held August 7, 2014, the Disability Hearing held August 7, 2014, and the Special Meeting held August 7, 2014. Seconded by Bill Elliott, the motion carried unanimously.

3. Disbursements

A motion was made by John Dovydaitis to approve the disbursement report as presented. Seconded by Bill Elliott, the motion carried unanimously. *(Copy is attached for the record.)*

4. Investment Manager's Reports

Ed Caulkin and Jeff Detwiler, of Great Lakes Advisors, introduced Laura Watson (who is new to their firm.) Ed continued their report by presenting the Great Lakes Advisor's portfolio results for the period ending September 30, 2014. Total market value of the Plan portfolio was \$7,392,955.67 with a current yield of 2.37%.

5. Investment Consultant's Report – Dahab Associates

Tom Donegan reviewed the performance report as of September 30, 2014. Asset allocation for the period: Large Cap Equities – 36.9%, Mid Cap Equities – 9.9%, Small Cap Equities – 9.5%, International Equity – 10.9%, Real Estate – 9.7%, Fixed Income – 18.4% and Cash – 4.6%. Total portfolio value was \$38,885,469.

Tom continued his report to the Board by recommending that the Trustees consider an additional asset allocation to real estate.

Following some discussion, a motion was made by John Dovydaitis to allocate \$500,000 each to ASB Capital and Intercontinental and to make the cash available upon the receipt of the capital calls. Seconded by Bill Elliott, the motion carried unanimously.

Final discussion took place regarding the possibility of timber as a new asset class. A motion was made by John Dovydaitis to authorize the Attorney to prepare two new Ordinances for presentation to the City Commission; one with the most liberal investment language and the other with specific authorization to add timber as a new investment class. Upon completion he is authorized to request the accompanying actuarial impact statement from the Actuary. Upon receipt of those documents, and in the essence of saving time, the Chairman is thereby directed to take the necessary action required to move the Ordinance through the processes at the City level so that it can be presented to the City Commission as soon as administratively possible. Seconded by Bill Elliott, the motion carried unanimously.

In closing, Tom stated that he will research some firms that offer timber as an investment and he will start the research with a potential \$2mm allocation (which is less than 5% of the Plan portfolio.)

6. Attorney's Report

Scott began his report by reminding the Administrator to send the annual investment letter to the City. Scott continued his report by informing the Trustees that all the records have been collected and the IME has been completed for disability applicant Brandon Worrell. As soon as his attorney is able to confirm a meeting date, he will schedule the initial hearing and notify everyone accordingly.

7. Old Business

There was none.

8. New Business

(a) A motion was made by John Dovydaitis to approve of the DROP entry for Robert Shull effective 01/31/14. Seconded by, Bill Erwin, the motion carried unanimously.

(b) The Trustees reviewed the letter from Foster & Foster to their clients (dated 08/27/14) regarding the new GASB rules and compliance reporting (mandated by the State) to be included in future Actuarial Valuation Reports. Following the review and some discussion, a motion was made by John Dovydaitis to authorize the Actuary to provide the SB 534 reporting requirement at a not-to-exceed fee of \$3,000 and to include the 2% greater than assumed rate portion of the report at a not-to-exceed fee of \$500. Additionally, the Actuary is authorized to provide the mandated GASB 67 reporting requirements at a not-to-exceed fee of \$1,250 and the mandated GASB 68 reporting requirements at a not-to-exceed fee of \$2,000 and to include those compliance reporting requirements utilizing the 10/01/13 valuation. Seconded by Bill Erwin, the motion carried unanimously.

(c) At the special meeting that was held on August 7th, the Board made a decision to review one service provider at each meeting. Today they reviewed the Administrator's services.

Questions were asked regarding her fees, interaction with members and other service providers, and overall administrative responsibilities. Following comments (and compliments) from the Trustees, the Attorney, the Investment Consultant, and the Administrator herself, John Dovydaitis made a motion to continue with the Plan Administration services provided by Susy Pita. Seconded by Bill Elliott, the motion carried unanimously.

(d) The 2015 meeting schedule was reviewed. Concern has been expressed by Greg McNeillie regarding the calendar position of 2 of the 4 meetings (not being on the 2nd Thursday of May or November in 2015). He is not able to attend the Board meetings in Sanford if they are going to be on the 1st Thursday of those two months. Past practice has been that the schedule is normally set and provided by the Attorney's office and followed in order to share travel costs between the Boards. Scott indicated that, although he would have to double check, changing those 2 meeting dates would probably not work for him due to other Board meetings already on his schedule. Chairman Presley attended the Firefighters' Pension Board meeting earlier and participated in the discussion on behalf of the Police Board. Following a lengthy discussion, the Trustees agreed that they wanted the Attorney at each meeting and that they did not have any issues with the fact that Greg McNeillie would only be able to attend 2 of the 4 scheduled meetings since they are comfortable with Tom Donegan on the alternate dates. When the Plan Administrator stated that the Fire Board was also in agreement with this rationale, it was decided that the meeting dates proposed by the Scott Christiansen's office for the 2015 calendar year would be approved. The Plan Administrator will notify the Fire Board of Trustees and see that the meeting schedule is properly distributed.

9. Public Comments

Deputy City Manager Tom George asked to address the Attorney regarding how the excess and/or reserve chapter money can be utilized. Scott explained that, utilization of the funds is allowable if the membership agrees to it (by a vote). Additionally, the Actuary would have to prepare a cost study analysis to determine if the funds are needed to lower the unfunded actuarial liability.

10. Next Meeting Date

The next regular meeting date was set for Thursday, February 12, 2015 at 10:30 a.m.

11. Adjournment

The meeting ended at 1:35 p.m.