

**SANFORD POLICE OFFICERS' RETIREMENT SYSTEM
PENSION BOARD MEETING MINUTES
Thursday, August 13, 2015 – 10:30 A.M.**

1. Call to Order and Roll Call

The meeting was called to order at 10:45 a.m. by the Chairman, Darrel Presley. The following members were present: John Dovydaitis, Bill Elliott, and Bill Erwin. John LaBree was excused and Bill Elliott excused himself from the meeting at 10:50 am. The following service providers were also in attendance: Scott Christiansen, Plan Counsel, and Tom Donegan, Investment Consultant. Also present was Lynn Skinner and Brad Rinsem from Salem Trust, Peter Staffieri from the Finance Dept., former employee Mickey Hinkley, the City Attorney, and two FOP representatives, George Hachigian and Jay Smith.

2. Approval of Minutes

A motion was made by John Dovydaitis to approve the minutes from the regular meeting held on May 7, 2015 and the continuation of the Disability Hearing held on May 7, 2015. 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 Erwin, the motion carried unanimously. *(Copy is attached for the record.)*

4. Custodian's Report

Lynn Skinner began by handing out and reviewing the spreadsheet of statement recipients to ensure that we are up to date. Brad Rinsem then reported on the results of the 2014 audit and the adverse opinion that resulted from that process. He explained that this opinion was largely due to the system conversion that took place in late 2013 and assured the Trustees that the 2015 audit process is underway and he is looking forward to coming back to a future meeting with the positive results. The Trustees thanked him and Lynn for taking the time to address this matter, in person, with the Board.

5. Investment Manager's Report

(a) Clyde Robinson presented the ASB Allegiance Real Estate Fund report as of June 30, 2015. Total assets were \$2,337,533. Fund return since investment inception is 14.26%.

(b) Intercontinental Real Estate had a scheduling conflict and was unable to attend today's meeting. They will plan to attend another meeting in the near future.

6. Investment Consultant's Report – Dahab Associates

Tom Donegan reviewed the performance report as of June 30, 2015. Asset allocation for the period: Large Cap Equities – 30.9%, Mid Cap Equities – 10.6%, Small Cap Equities – 10.4%, International Equity – 10.8%, Real Estate – 15.1%, Fixed Income – 19.8% and Cash – 2.4%. Total portfolio value was \$40,301,558.

7. Attorney's Report

Scott Christiansen began his report by updating the Board on the recent legislative session and the adoption of two Bills by the House and Senate. As a result, he is drafting the newly required IRS Compliance/Share Plan Ordinance and he will also request the accompanying AIS from the Actuary.

Scott continued his report to the Board by informing the Trustees that his office is in receipt of a disability application from former police officer Carlena Dendekker. Because of the time it takes to process and coordinate the initial hearing, he recommended that the Trustees extend the hearing date for an additional 90 days. A motion was made by John Dovydaitis to grant the 90 day extension. Seconded by Bill Erwin, the motion carried unanimously.

8. Old Business

At the last meeting, a brief discussion took place regarding a member who is receiving a disability benefit from the Plan but is re-employed by another Police Department. Scott has been communicating directly with the Division of Retirement regarding the Board's options and is awaiting their response. He will continue to follow-up with them and share his findings with the Board upon receipt of a reply.

9. New Business

(a) The Plan Administrator received a letter (dated June 22nd) from attorney Paul Parrish taking exception with the methodology used to calculate retirement benefits for former Police Officer Mark Kovacs. He and his client believe that there was an error made in selecting the best five years and calculating average final compensation. The letter was forwarded to the Pension Board attorney who requested that the Actuary review the calculation. Scott followed up with an email to Mr. Parrish, on July 22nd, requesting that Mr. Kovacs provide copies of his DD-214's which show that he was on active duty with the military during the various periods of absence. We are awaiting a reply.

(b) On June 18th, the Plan Administrator received an email from Foster & Foster informing her that they miscalculated the final DROP account balance for former member Edgar Morales. It resulted in an overpayment to Mr. Morales in the amount of \$3,664.88. The Administrator sent a letter to Mr. Morales explaining the situation and how it can be corrected. He called her and, understanding that he must repay the funds, asked that the repayment take place over a one year period whereby we can make the deduction from his monthly pension benefit. She informed him that this was a Board decision and she would discuss it with them and notify him of their decision. Following a brief discussion, a motion was made by John Dovydaitis to allow Mr. Morales one year to replay the Plan by deducting the appropriate amount from his monthly pension benefit and to authorize the Plan Administrator to coordinate this process. Seconded by Bill Erwin, the motion carried unanimously.

(c) The Plan Administrator presented and reviewed the Budget of Administrative Expenses for the FYE 09/30/16. Following a lengthy discussion, and some adjustments, a motion was made by John Dovydaitis to adopt the final version of the Budget and provide it to the City as required. Seconded by Bill Erwin, the motion carried unanimously.

(d) The term of office for Bill Elloit's Commission Appointment will expire on September 30th. Because Bill left the meeting early, the Plan Administrator will contact him to see if he is interested in another term. The Plan Administrator will follow-up with a letter to the City regarding his decision. The term of office for Bill Erwin's member elected position will expire on September 30th. Bill expressed his interest in serving another term on the Board. The Plan Administrator will coordinate the posting of the announcement.

Note: The service provider review was not placed on this agenda due to time constraints.

10. Public Comments

Former employee Mickey Hinkley was present at the meeting along with two FOP representatives, George Hachigian and Jay Smith to discuss the pending settlement agreement between Mr. Hinkley and the City. Mr. Wood, the City Attorney, was also in attendance.

Mr. Hachigian addressed the Board and discussed the terms of the settlement explaining that, the City and Mr. Hinkley agreed to make the required contributions for approximately five months in order to allow him to reach a complete 10 year vesting period which will allow him to collect a pension benefit in the future. However; the proposal does not include paying Mr. Hinkley a salary during this five month period so there is no way to calculate the required contribution to the Plan. It is Scott's opinion that the proposal will not allow the Pension Board to recognize credited service as defined in the Plan, nor can Mr. Hinkley buy back any prior service or military service since he is no longer employed as a Police Officer with the City. Following the discussion between the representatives present and the Trustees, Scott informed the Board members that they cannot take any action on this matter and it is up to Mr. Hinkley and City to reach an agreement that is in compliance with the Plan provisions.

11. Next Meeting Date

The next regular meeting date was set for Thursday, November 5, 2015 at 10:30 a.m.

12. Adjournment

The meeting ended at 1:05 p.m.

For the Board: _____