

MINUTES

CITY OF PINELLAS PARK, FLORIDA
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
WEDNESDAY, MARCH 14, 2018
10:00 AM
CITY HALL COUNCIL CHAMBERS

- TRUSTEES PRESENT:** Ronald Miller, Chairperson
Captain Brian Unmisig, Vice Chairperson
Lieutenant Anthony Russo
Earl Clements, Secretary
- TRUSTEE ABSENT:** Muriel Bruno
- STAFF PRESENT:** Lisa Hendrickson, Human Resources Administrator
Matt Pruitt, Risk Management & Pension Director
Cheryl Laser, Sr. Human Resources Analyst
- GUEST PRESENT:** Dan Johnson, AndCo Consulting
Troy Brown, AndCo Consulting
Greg Grabar, PIMCO
Larry Wilson, Gabriel, Roeder, Smith & Company
Kelly Adams, Gabriel, Roeder, Smith & Company
Kelly Schrader, Asst Finance Administrator

The meeting was called to order at 10:04 AM by Mr. Miller.

I. PUBLIC COMMENTS

None

II. APPROVAL OF MINUTES

December 13, 2017

Mr. Russo made a **MOTION** to approve the December 13, 2017 meeting minutes. Mr. Unmisig seconded the **MOTION**, and it passed unanimously.

III. CONSENT AGENDA

C1. Approval of Disbursement. (Reference Materials: Invoice)

1. AndCo Consulting (Consultant Fees)	\$ 9,500.00
2. DSM Capital Partners (Management Fees)	\$ 13,012.00
3. MD Sass Associates (Management Fees)	\$ 18,188.62
4. Wells Capital Management (Management Fees)	\$ 9,816.61
5. Sawgrass Asset Management (Management Fees)	\$ 3,648.59
6. Garcia Hamilton & Associates(Management Fees)	\$ 3,644.78
7. Muriel Bruno (Travel – FPPTA Trustee School-Orlando)	\$ 1,417.15
8. Ronald Miller (Travel – FPPTA Trustee School-Orlando)	\$ 1,431.87
9. Mitchel Beardsley (Share Payout)	\$ 25,186.07
10. Cary Burns (Share Payout)	\$ 30,766.37

11. Donna Saxer (Share Payout)	\$ 40,970.38
12. Jimmy Rexroad Jr (Share Payout)	\$ 40,970.38
13. Daniel Butterworth (Share Payout)	\$ 1,331.30
14. David Janovich (Share Payout)	\$ 1,331.30
15. Anthony Motley (Share Payout)	\$ 1,553.18
16. Daniel Sosa-Jones (Share Payout)	\$ 25,186.07
17. Ernest Stevens (Share Payout)	\$ 32,520.17

Mr. Unmisig made a **MOTION** to approve item C1. Mr. Russo seconded the **MOTION**, and it passed unanimously.

IV. REGULAR AGENDA

R1. Presentation of Actuarial Valuation and Share Program Allocation. (Reference Material: October 1, 2017 Actuarial Valuation, Share Program Statements)

Larry Wilson and Kelly Adams of Gabriel, Roeder, Smith & Company presented the results of the October 1, 2017 Actuarial Valuation and the Share Program Allocation.

There was discussion regarding the matrix that is used to arrive at the market value of assets. This is called Vested Benefit Security Ratio. Mr. Wilson shared that the market value of assets is 100.34%.

Mr. Miller inquired if the assumed rate of return of 7.5% is still good with the State. Mr. Wilson stated yes the State is still good with the Plan using that rate.

Mr. Wilson stated that he would like to propose an experience study. The last one completed was for 9/30/12. He will prepare an engagement letter.

There was discussion on disclosing a comparison of the market value and actuarial funded ratio in the valuation report. Mr. Wilson stated that there is no requirement to have the actuarial funded ratio included in the report but if the Board instructed him to include in the report he will provide the comparison in the next report. Mr. Miller instructed Mr. Wilson to send this year's comparison to Ms. Hendrickson and to include it in future reports.

Ms. Hendrickson inquired if the mortality table will be included in the experience study. Mr. Wilson stated that it would not because the actuaries are required to use the FRS mortality table so there would be no recommendation to change the table.

There was discussion on the use of two different mortality tables. The use of the FRS mortality table in the valuation reports versus the mortality table that is used for benefit calculations. Mr. Wilson shared that they cannot use the same mortality table because there could be gender discrimination which would result in different payments.

Mr. Wilson shared that the State has a new rule for the actuaries to follow. After the valuation report has been approved his firm is now required to upload certain data from the report into the State's database along with sending an electronic copy of the report. In addition to sending the section 112 compliance report to the State.

Mr. Unmisig made a **MOTION** to accept the October 1, 2017 Actuarial Valuation and Share Program Statements as prepared by Gabriel, Roeder, Smith & Company. Mr. Clements seconded the **MOTION** and it passed unanimously.

R2. Investment Consultant Presentation by AndCo Consulting. (Reference Material: AndCo Consulting Performance Report)

Dan Johnson of AndCo Consulting reviewed the quarter ending December 31, 2017 investment performance report for the Police Officers' Pension Fund. Please see report titled: Pinellas Park Police Officers' Pension Fund Investment Performance Review – Period Ending December 31, 2017.

Mr. Johnson provided a handout titled: NASRA ISSUE BRIEF: Public Pension Plan Investment Return Assumption.

Mr. Johnson stated to be compliant with the State that he needed to provide to the Department of Management Services a letter confirming that the Board will still use 7.50% as the assumed rate of return.

Mr. Unmisig made a **MOTION** to approve 7.50% as the assumed rate of return. Mr. Clements seconded the **MOTION**, and it passed unanimously.

Mr. Johnson introduced Mr. Brown and provided a firm update. Mr. Johnson stated that he has recently been promoted as a new partner in the firm. He also shared that Kerry Richardville who has been assisting him with all three Pinellas Park Plans will continue to provide assistance to him. There will be no disruption in service provided to the Board.

There was discussion on whether the plan needed to be rebalanced. Mr. Johnson stated he does not recommend any rebalancing at this time.

There was discussion on the management fees of mutual funds. Mr. Johnson stated with mutual funds the fees are handled differently. He shared that his firm does provide an estimate on the mutual funds' management fees.

Mr. Miller stated that he had concerns with MD Sass and where they are in the percentile. Mr. Johnson shared that he has had a conference call with Ari Sass. Mr. Johnson stated that MD Sass is reducing the rating to healthcare and will remain underweight in the financial sector. They will still use the bottom up approach.

There was discussion on Templeton Global and where they are in the percentile. There was discussion of moving the funds out and placing in PIMCO's Diversified Income. Mr. Grabar provided a brief overview of the strategy and stated that it is not a total fixed income and if there was a global crisis it will not perform.

The consensus of the Board is at the next quarterly meeting to review other value managers to compare to MD Sass and to review other options in comparison of Templeton Global Bond.

Mr. Johnson provided a fund update as of February 28, 2018.

R3. Discussion of Fee Discount for the Heritage Growth Portfolio that is Managed by Wells Fargo Asset Management. (Reference Material: Wells Fargo Asset Management Letter dated January 5, 2018.)

Wells Fargo Asset Management is offering a temporary fee discount for the Heritage Growth Portfolio that they manage. This fee discount is being offered for another four quarters. Mr. Johnson stated that the discount is 20%.

R4. Consideration of PIMCO's New Share Class for Tactical Opportunities Fund. (Reference Material: Email and PIMCO Tactical Opportunities Onshore Fund L.P. Supplement: Class K Interests.)

Dan Johnson of AndCo Consulting provided an overview of PIMCO's new share call for tactical opportunities fund. Please see handout titled: PIMCO Tac Opps: New Share Classes and Other Updates.

Mr. Johnson explained that PIMCO is offering two new options with more attractive fees. He also shared that the lock-up provision is waived per Greg Grabar with PIMCO.

Mr. Johnson stated that he does recommend making a change and would choose option # 2.

Mr. Grabar shared the reasoning to offer a discount.

Mr. Clements made a **MOTION** to accept PIMCO's Longer-Lock 2. Mr. Unmisig seconded the **MOTION**, and it passed unanimously.

V. OTHER BUSINESS

VI. ADJOURNMENT

Mr. Unmisig made a **MOTION** to adjourn the meeting. Mr. Clements seconded the **MOTION**, and it passed unanimously. The meeting adjourned at 11:56 AM.

Respectfully submitted,



Earl Clements, Secretary
Pinellas Park Police Officers' Pension Board

Please note that if a person decides to appeal any decision made by the Police Officers' Pension Board of Trustees with respect to any matter considered at the above-cited meeting, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based on. The City maintains a tape recording of all public hearings. In the event that you wish to appeal a decision, the tape may or may not adequately insure a verbatim record of the proceeding; therefore, you may wish to provide a court reporter at your expense. An interpreter for persons with hearing impairments will be made available upon requests at least 72 hours in advance. This document is available in Braille, large print, audiotape and electronic file on computer disks.