

**TOWN OF LANTANA POLICE RELIEF AND PENSION FUND
BOARD OF TRUSTEES QUARTLY MEETING**

MINUTES: QUARTERLY MEETING OF MAY 3, 2017

1. CALL TO ORDER

Chairman Robert Hagerty called a regular Quarterly Meeting of the Board of Trustees for the Town of Lantana Police Relief and Pension Fund to order at 8:34 AM in the Police Department Conference Room at 500 Greynolds Circle in Lantana, Florida.

Those persons present included:

TRUSTEES

Robert Hagerty, Chair
Simione Pavlov
Eddie Tavcar
Ken White

OTHERS

Scott Baur, Resource Centers
Bonnie Jensen, Klausner Kaufman Jensen & Levinson
Jeff Amrose, Gabriel Roeder Smith
Tyler Grumble, AndCo

2. PUBLIC COMMENTS

No members of the public had any comment for the Board.

3. APPROVAL OF THE MINUTES

The Board reviewed the Minutes for the meetings of February 8, 2017 and February 13, 2017, with corrections to the Minutes of February 13, 2017.

Ken White made a motion to approve the Minutes for February 8, 2017 as presented. Simione Pavlov seconded the motion, approved by the Trustees 4-0.

Ken White made a motion to approve the Minutes for February 13, 2017 as amended. Eddie Tavcar seconded the motion, approved by the Trustees 4-0.

Chair Hagerty reported Trustee Ed Shropshire resigned from the Board prior to the meeting following his election to the Town Commission.

4. REPORTS

Annual Valuation: Jeff Amrose, Gabriel Roeder Smith

Jeff Amrose reported on the substantial changes to the plan provisions, such as the disability benefits and COLA, as well as changes to the use of the Chapter 185 premium tax receipts from the state. Accordingly, the required employer contribution increased from 18.39% of pay for FY2017 to 43.59% of pay for the fiscal year starting October 1, 2017. Jeff Amrose broke down the dollar components of the increased contribution requirement, attributing \$3,000 to assumption changes, \$30,000 to the normal cost of benefits, and \$45,000 to experience losses. The remainder resulted from the benefit changes. The Town has a \$135,295 prepaid contribution.

Commander Hagerty clarified the requirements for a member receiving a pension to change the joint annuitant following retirement, as allowed by Florida statute.

Mr. Amrose further reviewed the experience for the plan during the last year. The mortality changed due to mandates from the Florida legislature, but the majority of losses resulted from higher than expected pay increases. Since actual pay increases are capped at 5%, a variety of factors contributed to the increases in payroll. These increases followed many years where officers in Lantana received virtually no increases whatsoever. The funded ratio dropped from 91.7% to 74.6% due to the liability increases from the new benefits. The funded ratio would otherwise have decreased from 91.7% to 89.3%. Mr. Amrose stated that the plan does not have the cumulative positive experience from inception of the benefit to provide a COLA increase to members already retired. The Pension Fund also has modest unrecognized losses.

Mr. Amrose reviewed the use of the Chapter 185 premium tax receipts, now available for the Town to use. The Department had a high number of new hires and terminations for the year, adding to the total Department payroll. The Pension Fund will amortize the additional liabilities for the new benefits over the next 20 years. Mr. Amrose then reviewed the details of the 5-year market smoothing of investment gains and the details for the unrecognized losses. The Valuation Report includes the required GASB 67 footnotes.

Ken White made a motion to approve the Minutes for February 8, 2017 as presented. Simone Pavlov seconded the motion, approved by the Trustees 4-0.

Ken White made a motion to approve the Minutes for February 13, 2017 as amended. Eddie Tavcar seconded the motion, approved by the Trustees 4-0.

Investment Consultant: Tyler Grumble, AndCo

Tyler Grumble provided a brief market overview for the quarter ending March 31, 2017; the market and sectors mostly had a very strong quarter. Mr. Grumble reviewed the asset allocation, in line with the target ranges established by the Investment Policy, although the portfolio weighted slightly to domestic equities due to recent market gains. The Pension Fund had total assets of \$13, 009, 698 as of March 31, 2017. Mr. Grumble also reviewed the cash reconciliation for the quarter.

The assets gained 4.79% gross and 4.75% net for the quarter ending March 31, 2017, compared to a gain of 4.55% for the corresponding benchmark. For the fiscal year to date, the portfolio gained 5.74% net of expenses compared to 5.4% for the benchmark to rank in the top quartile. Mr. Grumble reviewed the individual manager performance, and he recommended no changes to the portfolio at this time. ASB, a conservative real estate manager, trailed the NCREIF benchmark as the manager further reduced leverage in the portfolio. The real estate portfolio continues to provide a good alternative to the fixed income investments held by the Pension Fund.

Commander Hagerty departed the meeting at 9:40 AM.

Ken White made a motion to approve the Investment Consultant Report, seconded by Eddie Tavcar, and approved by the Trustees 4-0.

Attorney Report: Bonni Jensen, Klausner Kaufman Jensen & Levinson

Bonni Jensen reported on the legislative session still in progress. The Florida legislature considered changing the FRS defaults. She then reviewed updates to the Summary Plan Description, including the recent benefit increases and operational changes. She will clarify the language in the Summary Plan Description regarding the allowed changes to the joint annuitant for a member following retirement. She

also considered further clarifications to the description of the disability benefit, which now defaults to the accrued benefit with minimums. Ms. Jensen will bring the revised Summary Plan Description to the August quarterly meeting.

Ms. Jensen addressed the internal controls and procedures for the Pension Fund, and she reviewed a memo on internal controls and procedures designed to prevent fraud as well. The current controls in place have multiple mechanisms to protect the plan assets, and the Board engages an external auditor to review procedures and compliance in addition to the financial statement. Ms. Jensen recommended the Board consider obtaining cyber liability coverage, which the Trustees will consider with the next renewal. The Trustees briefly considered the forfeiture provisions for the plan.

Ms. Jensen reminded the Trustees to file the Form 1 annual financial disclosure by the July 1 deadline. Mr. Baur reminded the Town

Administrator Report: Scott Baur, Resource Centers

Mr. Baur provided the Board with updated contact information, and he will make further updates for Simion Pavlov. Mr. Baur provided an overview of information appearing on the webpage for the Pension Fund.

Mr. Baur then reviewed a summary of plan provisions, which his office uses as an internal written procedure to the plan provisions for calculation and programming purposes. Mr. Baur reminded the Board of upcoming conferences and dates. Finally, he provided the Trustees with a "Pension Guide for Elected Officials" that provides a straightforward and balanced discussion regarding public pension benefit and funding requirements.

5. PLAN FINANCIALS

The Trustees deferred action on the annual Administrative Expense Report for 2015-16 and the proposed administrative expense budget for the 2017-18 fiscal year to the next regular quarterly meeting of the Board.

Ken White made a motion to approve the Warrant dated May 3, 2017 for expenses, seconded by Eddie Tavcar, and approved by the Trustees 3-0.

The Board had no benefits pending approval.

6. NEW BUSINESS

The Board had no other New Business for discussion.

7. ADJOURNMENT

There being no further business and the next Quarterly Meeting having previously been scheduled for Wednesday, August 2 at 8:30 AM, Chair Hagerty adjourned the meeting at 10:38 AM.

Respectfully Submitted,

Simione Pavlov, Secretary