

**CITY OF OAKLAND PARK POLICE & FIREFIGHTERS
PENSION PLAN REGULAR MEETING MINUTES
Monday, July 25, 2016**

CALL TO ORDER:

The regular meeting of the Board of Trustees of the City of Oakland Park Police & Firefighters' Pension Plan was called to order by the Fund Administrator at 5:12 pm at the City of Oakland Park, 2nd Floor Conference Room.

ROLL CALL:

TRUSTEES PRESENT: Robert Rogers, James Carroll, Michael Paparella, Bert Wrains and Paul Vanden Berge

OTHERS PRESENT:

Fund Attorney Adam Levinson, Fund Actuary Don DuLaney, City Representatives Ming Meyer and Lori Day, Tom Galfano and Dann Smith and of Wells Fargo Craig Zauner, Rob Normoyle and Blake Engle and Fund Administrator Livia Giuliani.

APPROVAL OF MINUTES:

April 25, 2016 Regular Meeting Minutes

Trustee Wrains moved to approve the minutes and Chairman Rogers seconded the motion. The motion passed 5-0.

PUBLIC COMMENTS:

Ms. Blake Engle was present to request a disability. Attorney Levinson reported on the process of the service and non-service incurred disability. To summarize, Attorney Levinson said that once an application is submitted to the Board, they will have to determine if the disability meets the service incurred disability requirements. The requirements are that the disability must be total and permanent and it must be service related. Ms. Engle stated that workers comp denied her claim because they felt it was not service related. Attorney Levinson stated that the Board will have to determine the requirements of the disability after the medical records have been reviewed. The Board will determine whether it is service related or a non-service related disability. He also noted that the disability process may be a lengthy one as the Board has to review medical records and that the Member must have an Independent Medical Evaluation done for the Board's review as well. Then a special meeting would need to be set in order for the Board to approve or deny the disability and that it could take between 60-90 days.

Fire Member Craig Zauner asked if there was a way to separate the police and fire pension funds. Mr. DuLaney noted that this is a combined fund and that the state would need to approve separating the fund.

CONSENT AGENDA:

For Approval: Warrant #196 & 197

DuLaney & Company (Services Rendered for June; Invoice dated 7/20/16)	\$2,650.00
Wells Capital Mgmt. (2 nd Qtr. 16 Mgmt. Fee Invoice #10573419 dated 7/15/16)	\$15,280.18
Total	\$17,930.18
Livia Giuliani (Pizza and soda for the Pension Board meeting)	\$51.06
Total	\$51.06

For Ratification: Warrant #193-195

GAMCO (1 st Qtr. 16; Mgmt Fee-Inv#20160331-154-5255A dated 4/20/16)	\$22,664.00
KKJ&L (Legal Fees-Bill #18222 dated 4/30/16)	\$3,750.00
Wells Fargo (1 st Qtr. 16 Mgmt Fee-Invoice #10387755 dated 4/15/16)	\$18,334.55
Total	\$44,748.55
DuLaney & Company (Services Rendered for April 2016; Invoice dated 5/26/16)	\$5,270.00
DuLaney & Company (Services Rendered for May 2016; Invoice dated 6/8/16)	\$970.00
KKJ&L (Legal Fees-Bill #18367 dated 5/31/16)	\$1,680.00
Total	\$7,920.00
Bogdahn Group (2 nd Qtr. 16 Consulting Fee-Invoice #16569 dated 6/28/16)	\$10,000.00
KKJ&L (Legal Fees-Bill #18516 dated 6/29/16)	\$960.00
Salem Trust Company (2 nd Qtr. 16 Custodian fee-Inv dated 7/11/16 (auto debit)	\$8,902.49
Total	\$19,862.49
Total Warrants	\$90,461.22

Auto payments for Ratification:

Benefits USA, Inc. (Administration Services April-June 2016)	\$3,900.00
Benefits USA, Inc. (Bookkeeping Fee April-June 2016)	\$825.00
Garcia Hamilton (2 nd Qtr. '16 Mgmt Fee-Invoice #)	\$7,381.82
Total Auto Payments	\$12,106.82

Pension Payments for Approval:

Sal Verini (Monthly benefit effective 7/1/16)	\$4,052.80
Sal Verini (Share Plan Distribution)	\$56,844.22

Pension Payments for Ratification:

Joseph Melfi (monthly pension benefit effective 5/1/16)	\$4,937.90
Joseph Melfi (Partial Share Plan distribution)	\$54,449.46
Joseph Melfi (Final Share Plan balance)	\$1,461.05
Total Pension Payments	\$60,848.41
Grand Total disbursements	\$163,416.45

Trustee Wrains moved to approve the Consent Agenda through Warrant #197 and Chairman Rogers seconded the motion and it passed 5-0.

INVESTMENT REPORTS: Quarter Ending 6/30/2016

Bogdahn Group

Mr. West reported that the index fund rated in the top quartile. For the quarter the Fund up 1.5% for July up another quarter of a percent. Small cap equities, emerging market stocks, and investment grade and high yield corporate bonds, posted the strongest returns throughout the quarter. Mr. West said that real estate continues to perform well. Trustee Carroll asked if there was another alternative within real estate that they can invest in. Mr. West said if they can invest in REIT's however the equity allocation has to increase.

Trustee Carroll left the meeting at 7:20 PM.

Mr. West reported that the market value at the beginning of the quarter was \$56,870,566, the contributions totaled \$440,097; the distributions totaled -\$1,531,240; the management fees totaled -\$72,753, the other expenses totaled -\$51,207; the income generated was \$267,856 and the appreciation/depreciation totaled \$ 742,619 for a total market of \$56,665,939 value at the end of the quarter.

Mr. West reported on the performance noting that the Fund earned 1.9% for the quarter vs. the fund policy of 2.03%; the equity fund earned 1.43% vs. the equity composite of 1.88%. the domestic equity returned 2.00% vs. the domestic equity composite of 2.63%. GAMCO All Cap returned 4.11% vs. the Russell 3000 of 2.63%. Wells Premier Large Cap Growth was down -0.19% vs. the Russell 1000 growth index of 0.61%. Vanguard returned 2.33% vs. the CRSP U.S. Mid Cap TR Index of 2.34%. The American Funds Euro Pacific International was down -0.32% vs. the MSCI AC World ex USA International index of -0.40%.

The Fixed income fund earned 2.19%; Garcia Hamilton fixed income returned 2.14% vs. the fixed income policy of 2.21%. The Global fixed returned 2.44% vs. the index of 2.99%. PIMCO returned 5.03% vs. the Barclays Global Credit (Hedged) index of 3.28%. Templeton was down -0.33% vs. the Citigroup World Government Bond Index of 3.41%. Morgan Stanley Real Estate returned 2.64% vs. the Total Real Estate Policy 2.03%.

Mr. West reported that Wells Fargo fundamental research group has done an exceptional job; however, he stated that they have them on watch due to the underperformance in the compliance report. Mr. West said the Board should stay the course and should not make a change at this time.

Wells Fargo

Mr. West said that Wells Fargo was here because they have performed below the index. Mr. Dann Smith and Mr. Tom Galfano were in attendance. Mr. Smith reported on the firm noting that they manage approximately \$17 billion in assets with more than 395 investment professionals with an average tenure of 11 years.

Mr. Galfano reported on the performance noting that the Heritage Premier Growth Gross Fund declined -0.24% for the quarter -4.40% for the fiscal year to date -4.68% for the 1 year period and 3.92% since inception vs. the Russell 1000 Growth Index of 0.61%, 1.36%, 3.02% and 8.89% respectively. Mr. Galfano apologized to the Board for the underperformance noting that he meets with the Bogdahn Group closely.

Mr. Smith reported that because of the underperformance they've reduced their management fee by 20% from 66 basis points to 54 basis points for the next 4 quarters effective with the 2nd quarter 2016.

ACTUARY'S REPORT:

Don prepared a study as to what the cost would be if the plan if the plans were to separate. He reported briefly noting that based on the 10/1/15 valuation, the total amortization of \$1,692,223 in the same proportion as the Actuarial Accrued Liability that exists on 10/1/15, the percentages would be 49.4% for the Fire Fund and 50.6% for the Police Fund.

Mr. DuLaney reported that he prepared the Compliance report in order to satisfy the requirements of FS 112.664 and Ch. 60T. He noted that these schedules have no impact on the funding requirements of the plan. The actuarial funding requirements were based on the 10/1/15 Actuarial Valuation have been used to prepare the report. The report contains figures using an investment return of 2% higher and 2% lower than current rate of 7.50%. The schedules show the projected the number of years until the Fund becomes insolvent but do not reflect what will occur. This is because future contributions from any funding source are assumed, as required contrary to the Florida Statutes. Mr. DuLaney reported that using the current investment return and with the and the 1983 GAM mortality table, the Fund would last about 19.20 years; with the RP200 Generational Tables and a rate of 8.40%, the Fund would last 20.84 years; using the RP 2000 Generational Tables and 6.40% the fund is expected to last 15.58 years and finally using the

RP2000 and a plan assumption rate of 10.40%, the plan is expected to last 999.99 years. Mr. DuLaney reported that investment returns play a big role in the gains and losses. Every time there is an investment assumption change, it affects the gains in the fund. The funding cost for next year gets reduced by \$360,000. Mr. DuLaney reported that the funding requirements as of the 10/1/15 valuation are as follows: Interest rate of 7.50% and 1983 GAM tables, the total required contribution would be \$2,522,714; Interest rate of 8.40% and RP2000 the required contribution would be \$2,341,565; Interest rate of 6.40% and RP 2000 the required contribution would be \$3,768,218 and with the interest rate of 10.40% and the RP2000 the required contribution would be \$1,126,233.

ATTORNEY'S REPORT:

Attorney Levinson reminded the board to submit their financial disclosures if they did not already do so.

Attorney Levinson stated that at the last meeting there was a discussion of paying a 13th check. He reported that the plan cannot pay a 13th check unless there is an actuarial gain for several years and even though there is \$1.7 million in the fund, it is receiving investment earnings but it cannot be paid until the fund has an actuarial gain.

Trustee Wrains asked what happens to the COLA reserve when the fund has a cumulative balance. Mr. DuLaney said a check is given to the retirees. Trustee Wrains asked who decides how much of the reserve is paid out. Mr. DuLaney reported that it has to be agreed upon as to how much stays in the plan and how much goes to retirees.

Chairman Rogers asked what happens when the active membership decreases with regards to being a trustee. Attorney Levinson said that Chapter 175/185 statutes say that if active membership is decreased, then the retirees can serve on the board.

NEW BUSINESS:

SEC Money Market change (Consultant)

Mr. West reported on the money market change letter from Salem Trust noting that he recommends using the Treasury fund for the sweep vehicle. That being said, Trustee Wrains moved to authorize the Chairman to sign the money market sweep forms and Trustee Vanden Berge seconded the motion. The motion passed 4-0.

Fiduciary Liability Insurance Application

Ms. Giuliani reported that the insurance is due on 9/1 and that the application needs to be signed to obtain the quotes.

Steven Eggnatz Income Deduction Order

Attorney Levinson noted that unless a notarized letter of agreement is received, the Board will comply with the Court order.

UNFINISHED BUSINESS:

There was no unfinished business discussed.

ADMINISTRATOR'S REPORT:

Ms. Giuliani reported that the FPPTA Trustees School is being held in Bonita Springs on September 25-28. If any Trustee wishes to attend should secure the hotel and contact her for the registration.

MISCELLANEOUS CORRESPONDENCE: (No action required)

NEXT MEETING DATE:

The next meeting date is October 24, 2016 @ 5:30 PM

ADJOURNMENT:

The meeting was adjourned at 8:30 PM


Secretary