

TOWN OF INDIAN SHORES POLICE OFFICERS' PENSION TRUST FUND
POLICE OFFICERS' PENSION BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
Municipal Center, Fourth Floor, 19305 Gulf Blvd., Indian Shores, FL 33785

Thursday, January 17, 2019 at 4:30PM

TRUSTEES PRESENT: Mark McKee
Justin Guillory
Don Vinel

TRUSTEES ABSENT: Daniel Bauer
Matt Ehrhart

OTHERS PRESENT: Lee Dehner, Christiansen & Dehner
Charlie Mulfinger, Graystone Consulting
Scott Owens, Graystone Consulting
David Kelly, Bowen, Hanes & Company
Ferrell Jenne, Foster & Foster

1. **Call to Order** – Justin Guillory called the meeting to order at 4:30PM.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**

The minutes from the October 18, 2018 quarterly meeting were approved upon motion by
Don Vinel and second by Mark McKee; motion carried 3-0.

5. **New Business**
 - a. Update on Trustee term expirations
 - i. Ferrell Jenne commented Mark McKee was reappointed by Council at the November 13, 2018 meeting. Ferrell commented Don Vinel's term expired on October 1, 2018, but this would need to be tabled until the next meeting as Don would not be able to vote on his own reappointment.
6. **Reports**
 - a. Graystone Consulting, Charlie Mulfinger/Scott Owens
 - i. Triennial performance review
 1. Charlie Mulfinger commented they performed a triennial performance review as of September 30, 2018 and as of December 31, 2018.
 2. Charlie Mulfinger reviewed the triennial report as of September 30, 2018. The total fund gross quarterly returns were 7.26% and the portfolio had a net-of-fees gain of \$218,517.10.
 3. Charlie Mulfinger reviewed the Investment Policy Statement (IPS) and the associated ranges and targets. Charlie commented the plan was above the domestic equity range as of September 30, 2018. David Kelly commented he would address this in his report.
 4. Charlie Mulfinger commented the plan had beaten the policy index return, net-of-fees dating back to 2011.
 5. Charlie Mulfinger reviewed the portfolio's three-year risk/return as of September 30, 2018. Charlie commented the plan's standard deviation was 7.17% versus the policy index of 5.52%

and explained this meant the plan was more volatile. The total fund Sharpe Ratio was 1.83% versus the policy index of 1.66%.

6. Charlie Mulfinger reviewed the compliance checklist and commented the total equity allocation exceeded the 70% threshold and wasn't within the domestic equity portfolio ranges.
7. Charlie Mulfinger reviewed the quarterly report as of December 31, 2018. The plan had a loss of \$304,286.34, net-of-fees. The total fund gross quarterly returns were -8.45%. Charlie reviewed how the December 31, 2018 quarter affected the entire portfolio and the returns stretching back to the date of inception. Charlie reviewed the portfolio's three- and five-year risk/return as of December 31, 2018.
8. Charlie Mulfinger commented the plan's returns had been outstanding, but the portfolio was riskier. Charlie commented the short-term risk/return had added value but longer term, the plan was slightly below the policy index.

b. Bowen, Hanes & Company, David Kelly, Investment Manager

i. Quarterly report as of December 31, 2018

1. David Kelly explained the target allocations. Charlie Mulfinger commented he would recommend that the plan balances back to 65% or amends the Investment Policy Statement (IPS), in order to stay in compliance.
2. David Kelly reviewed the gross of fees return information over the past three fiscal years. David commented they had outperformed in all sectors. David also reviewed the all public plans peer group analysis and commented the plan beat over 400 plans in their peer group and was ranked in the first percentile.
3. David Kelly commented they do not look at volatility or track records. They concentrate on the asset allocation and investing in high quality stocks that outperform in the long-term. David reviewed the Investment Policy Statement (IPS) targets and ranges. David commented the reason the plan had done so well over the last three years was because the plan reduced the international allocation in the IPS, and this sector had performed very poorly.
4. David Kelly commented he would be sure to rebalance the portfolio, so the domestic equity portfolio was within the Investment Policy Statement's (IPS) ranges. David commented if he understood the cap was 65%. Lee Dehner commented if the plan wanted to move to 70%, the IPS would need to be updated.
5. The market value of assets as of December 31, 2018, was \$3,211,261.80. The total portfolio net returns fiscal year to date were -8.6%.
6. David Kelly commented as of January 11, 2019, the total portfolio was up 2.4% and the market value of assets was \$3,269,763.88.
7. David Kelly briefly reviewed the trade war and commented they had an optimistic market outlook.
8. Lee Dehner commented that David Kelly should rebalance the portfolio in an economically feasible way, and it didn't have to be done overnight.

c. Christiansen & Dehner, Lee Dehner, Board Attorney

1. Lee Dehner briefly reviewed the benefit overpayment memo. The board discussed the "are you alive" letters. Ferrell Jenne commented she would talk to the plan's custodian and get an outline of their death audit procedures. Ferrell would also give a cost to prepare and track the "are you alive letters" at the next meeting.

2. Lee Dehner reviewed the proposed Ordinance and stated it incorporated new Internal Revenue Service (IRS) regulations on what to do if the plan could not find a member who was due a benefit. Lee commented the Ordinance amendment would not have a financial impact on the plan. By consensus, the board decided to table the Ordinance until the next meeting.
3. Lee Dehner reviewed the updated Operating Rules & Procedures. Lee commented he added in references to the plan administrator and incorporated the Internal Revenue Service (IRS) guidelines. Lee reminded the board that Operating Rules were adopted by the board; they did not need to go to the Town. By consensus, the board decided to table the Operating Rules & Procedures until the next meeting.

7. **Old Business**

1. Mark McKee commented he would be gone the entire month of April and Don Vinel would not be available for the April meeting either. The board discussed possibly rescheduling the meeting. Ferrell Jenne commented they would try to determine a quorum four weeks in advance, as Justin Guillory, Matt Ehrhart, and Dan Bauer may be able to attend.

8. **Consent Agenda**

- a. Payment ratification
 - i. Warrant #14, #15
- b. New invoices for payment approval
 - i. None
- c. Fund Activity Report for October 12, 2018 – January 10, 2019
 1. Ferrell Jenne reviewed the fund activity report and when members show up on the report.

The board voted to approve the consent agenda as presented upon motion by Don Vinel and second by Mark McKee; motion carried 3-0.

9. **Staff Reports, Discussion, and Action**

- a. Foster & Foster, Ferrell Jenne, Plan Administrator
 1. Ferrell Jenne commented they were working on the State Annual Report and would keep the board updated on the progress.

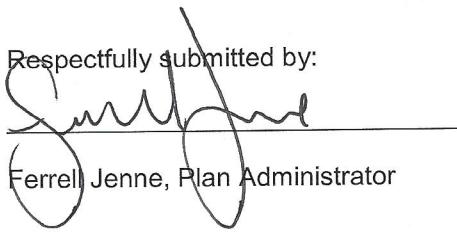
10. **Trustee Reports, Discussion, and Action**

1. Don Vinel reminded the trustees to file their financial disclosure forms prior to July 1, 2019 to avoid fines. Ferrell Jenne commented she would send out the financial disclosure forms to the trustees.

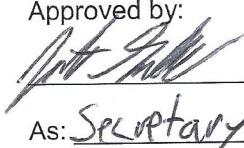
11. **Adjournment** – The meeting adjourned at 5:38PM.

12. **Next Meeting** – June 3, 2019 at 2:00PM, Quarterly Meeting

Respectfully submitted by:


Ferrell Jenne, Plan Administrator

Approved by:


As: Secretary

Date Approved by the Pension Board:

JUNE 3, 2019