

TAB 1

**DRAFT**  
**POLICE OFFICERS' PENSION**  
**BOARD OF TRUSTEES**  
**March 1, 2010 - 11:00 A.M.**

Board Members Present:

Vince Eurice  
Mike Fuller  
Garry Lowe  
Scott Tyler

Others Present:

Scott Christiansen, Attorney  
Bryan Bakardjiev, Bogdahn Group  
Leta Chaney, Salem Trust  
Gregg Gosch, Sawgrass Asset Management  
Diane Ponder, Deputy Clerk-Administration

 1. CALL TO ORDER

Interim Chair Garry Lowe called the meeting to order at 11:10 am.

 2. RATIFICATION OF POLICE OFFICER REPRESENTATIVE ELECTION

**MOTION:** Mr. Eurice moved, Mr. Fuller seconded and motion carried 4-0 to ratify the election of Scott Tyler.

3. OATH OF OFFICE

The Oath of Office was administered to new Trustees Scott Tyler, Vince Eurice and Mike Fuller.

 4. ELECTION OF OFFICERS

**MOTION:** Mr. Tyler moved, Mr. Eurice seconded and motion carried 4-0 to elect Garry Lowe as Chairman.

**MOTION:** Mr. Eurice moved, Mr. Fuller seconded and motion carried 4-0 to elect Scott Tyler as Secretary.

 5. APPROVAL OF MINUTES

**MOTION:** Mr. Lowe moved, Mr. Fuller seconded and motion carried 4-0 to approve the October 21, 2009 minutes.

 6. INVESTMENT REVIEW

Review of investment activity for the quarter ending December 30, 2009.

For the benefit of the new Trustees, Bryan Bakardjiev of the Bogdahn Group discussed the role his firm serves as the Plan's investment consultant.

Mr. Bakardjiev reviewed the performance of the market for the quarter ending December 31, 2009. Highlights he discussed were the internationals relative to domestics. He reported growth has out-performed for the quarter; financials are still lagging, and was the only sector negative for the quarter. The total portfolio asset allocation was \$7,111,930, a gain of \$282,000 equating to 4.12% for the quarter. Mr. Bakardjiev recommended no rebalance at this time.

As a follow-up from last quarter's meeting, Mr. Bakardjiev referred to the updated Investment Policy Statement that was brought forward and approved. Attorney Christiansen made recommendations for changes and Sawgrass Asset Management made minor changes. For the

benefit of the new Trustees, Mr. Bakardjiev reviewed the entire Investment Policy. He then discussed the changes as follows:

- Authorized investments from the Plan's ordinance is now copied into the policy
- Fixed Income Addendum: No single issue shall exceed 7.5% of the manager's portfolio; however, a higher weighting in U.S. Treasury and Agency securities will be allowed
- Attorney Christiansen's amendment: 60% cost vs. 60% of value, to reflect the change made in the ordinance.

Mr. Bakardjiev confirmed the actuarial assumption target is 8%, and the 3% of CPI is just another benchmark. In response to Mr. Fuller's inquiry, Attorney Christiansen stated that by law the Plan is required to be sound, and explained how the actuary compiles the annual report and the City's requirement to contribute to the level necessary to fully fund the Plan. Attorney Christiansen confirmed that in June, 2009, the assumption was reduced to 8% from 8.25% and the amortization period was changed to 25 years to recognize gain or loss vs. 30 years.

**MOTION: Mr. Fuller moved, Mr. Tyler seconded and motion carried 4-0 to accept the Investment Policy Statement as presented.**

Mr. Bakardjiev confirmed money managers have been sent letters regarding the list of securities that must be deleted from the portfolio by the end 2010.

Mr. Bakardjiev reported that at the last meeting, Bogdahn Group proposed an increase in their fee which has been the same for the past five years; the three year guarantee expired two years ago. At that meeting the Board requested additional information on what other firms were charging, which was gathered and distributed. Mr. Bakardjiev opined the proposed \$15,500 all inclusive fee is still at the low-end of the competitive range. He confirmed the agreement can be terminated at any time, and Bogdahn Group will agree that a request for an increase will not be made for three years. Attorney Christiansen instructed that the Board can go out for proposal; most firms will respond and will give fee quotes similar as to what was gathered and distributed. Mr. Fuller opined the proposed fee is reasonable.

**MOTION: Mr. Fuller moved, Mr. Tyler seconded and motion carried 4-0 to approve the fee increase for Bogdahn Group and authorize Attorney Christiansen to prepare an addendum to the contract.**

The new fee will be effective April 1, 2010. Mr. Bakardjiev also confirmed that additional Trustee training will be included in the fee.

Gregg Gosch, Sawgrass Asset Management, reported that the Police Plan was one of the firm's first clients. He discussed the history and present state of the firm.

Reviewing the portfolio, Mr. Gosch reported the benchmark was outperformed with the growth index as the strongest asset performing class for the quarter. The durations for bonds are being shortened, especially on the corporate side; equities market looking more favorable.

Mr. Fuller inquired Mr. Gosch's opinion of what a realistic return for the portfolio would be. Mr. Gosch suggested a 5-10% in equities this year and 3-3.5% in bonds. He projected it will be a slow recovery.

Leta Chaney, Salem Trust, reviewed her firm's role; custodian holds assets, creates statements, administers benefit payments to retirees; and prepares 1099's for retirees. She stated Salem Trust started working for the Plan in 1998, at which time Sawgrass offered to pay Salem Trust's fee of \$4,000 and has continued to do so until present. In 2006 Salem Trust took over the retiree benefits at a fee of \$1,000. She reported Salem Trust will consult with Sawgrass about the

continuation of the fee payment before discussing the possibility of a fee increase. She reported the consultant wants a separate account for each strategy, which will mean additional expenses. Mr. Bakardjiev explained why the separation is desired. Attorney Christiansen suggested that the options for the cost to implement additional accounts be provided at the next meeting. Ms. Chaney further explained that she is not going to be using the custom custodial annual service agreement because the Plan has reached many of the thresholds in the agreement. Any proposed fee increase will be brought back as all inclusive fee.

 7. APPROVAL OF EXPENSES

- A) Bogdahn Group – December 2009
- B) Christiansen & Dehner – October, November 2009
- C) Gabriel Roeder Smith & Co – December 2009
- D) Salem Trust – November 2009 – February 2010
- E) Sawgrass Asset Management – January 2010

**MOTION:** Mr. Tyler moved, Mr. Fuller seconded and motion carried 4-0 to ratify the paid expenses as presented.

8. INVESTMENT POLICY STATEMENT

Discussed under the investment review portion of the meeting.

 9. PROPOSED ACTUARIAL SERVICES AGREEMENT

Attorney Christiansen again requested to delay discussion of the topic, as he is still in negotiation with GRS, primarily over the fiduciary responsibility issue. GRS has not acknowledged the responsibility in other contracts, and has hired a fiduciary attorney. He informed the Board that after the issuance of an RFP, the General Employees' Board of Trustees has hired a new actuary.

10. DISCUSSION: BOGDAHN GROUP PROPOSED FEE INCREASE

Discussed under the investment review portion of the meeting.

11. DISCUSSION: SALEM TRUST COMPANY PROPOSED FEE INCREASE

Discussed under the investment review portion of the meeting.

 12. ATTORNEY'S REPORT

The new Trustees confirmed they have submitted Form 1.

Instructed the Board that the Fifth Trustee is selected by the Board. There are no requirements to fill the position.

Staff confirmed the Summary Plan Description has been distributed to the officers.

Proposed legislation regarding the insurance pre-tax treatment for \$3,000 of health premium approved for police officers will do away with the payroll deduction requirement. The same legislation has been proposed to provide that all public employees get the same pre tax treatment.

Florida Senate Bill 1902 proposes to make a lot of changes to Chapters 175 and 185. It proposes to delete the requirement that state money has to be used only for benefits; proposes a requirement that a plan must develop a budget every year, and the city has to approve the budget. He stated the budget issue could cause problems from a fiduciary responsibility, because plan trustees have the sole responsibility for managing the assets of a plan.

Briefly discussed the Struve benefit that should have stopped and didn't, amounting to \$18,000. Ms. Struve has agreed to a repayment schedule of \$200 per month. Ms. Ponder alerted the

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Board that Ms. Struve has inquired about amended 1099's for the overpayment. Salem Trust cannot issue a 1099 until such time reimbursement payment is made. The City will issue a statement of repayment at the end of each year. The City's CPA has been contacted to see if they can assist in determining an equitable solution.

The Board discussed whether the Plan should absorb the cost of providing a tax advisor.

**MOTION: Mr. Tyler moved, Mr. Fuller seconded and motion carried 4-0 to accept the settlement arrangements of \$200 per month for the overpayment and provide an annual statement of repayment made by Ms Struve, and pay no other expenses.**

Meeting adjourned at 12:45 pm.

Scott Tyler  
Secretary