

TAB 1

**DRAFT
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
NOVEMBER 29, 2010 - 11:00 A.M.**

Board Members Present:

Scott Tyler, Secretary
Larry Denyes
Vice Eurice
Mike Fuller
Ryan LaRowe

Others Present:

Scott Christiansen, Attorney
Rusty Creighton, Sawgrass Asset Management
Brian Bryan Bakardjiev, Bogdahn Consulting
Diane Ponder, Deputy Clerk-Administration

1. CALL TO ORDER

Mr. Tyler called the meeting to order at 11:16 a.m.

2. NEW BOARD MEMBER LARRY DENYES

The Oath of Office was administered to Larry Denyes.

3. APPROVAL OF MINUTES

MOTION: Mr. Eurice moved, Mr. Fuller seconded and motion carried 5-0 to approve the September 27, 2010 minutes.

4. INVESTMENT REVIEW

Sawgrass Asset Management Portfolio Manager Rusty Creighton reviewed the economy for the quarter. He discussed the portfolio's performance, reporting a balance at September 30, 2010 of \$7,360, 0000. The figure equated to 59% in stock, 39% in fixed income and 2% in cash. There was a net gain of \$506,000 for the quarter. He reported the deviation from the benchmark was contributed to the large cap portfolio and discussed the impact of these stocks' performance on the market.

B) Bogdahn Consulting

Bryan Bakardjiev of Bogdahn Consulting reviewed his firm's role as a third party independent advisor. He discussed the economic conditions, reporting the last quarter was exceptional. For the quarter there was a 7.3% overall return, and over the fiscal year the return was 9.52%, which exceeded the assumption rate.

Mr. Bakardjiev explained that currently the portfolio is a growth portfolio, which over the last year was the better investment. He discussed the Plan's asset allocation; 60% equity and 40% fixed income. He recommended that internationals now be increased to the 15% target allocation in the Investment Policy. The range within the target is typically 5% above and 5% below the target range. He also stated that at the next quarterly meeting he will recommend looking some value options, most likely at a 22.5% percentage range [split from equities].

MOTION: Mr. Fuller moved, Mr. Tyler seconded and motion carried 5-0 to approve the rebalancing of the asset allocation to bring the international in line with the Investment Policy Statement.

5. SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Jeff Ambrose of Gabriel Roeder Smith (GES) attended the meeting via a telephone conference. He reviewed the Supplemental Valuation Report the Board had commissioned regarding a decrease in the investment return assumption to 7.5% from 8% and the adoption of the RP2000 Generational Mortality Table.

The Board discussed the most cost effective way to implement the proposed changes. For every quarter basis point reduction in the investment return assumption, it will cost approximately 2% of pay, or \$38,000. To implement the new mortality table will cost 3% of pay, or approximately \$54,000. Mr. Ambrose stated that the new assumptions can be implemented over several years. The Board also noted that the Plan is not funded 100%. Mr. Ambrose acknowledged that none of the clients his firm assists is funded at that level.

MOTION: Mr. Tyler moved, Mr. Fuller seconded and motion carried 5-0 that beginning with the Actuarial Valuation for October 1, 2010, to introduce the new RP200 Mortality Table and realize one-half of the impact of the table in the first year and the second half in 2011, and also in the first year to realize the first half of the impact of going from 8% to 7.5% on the investment assumption and recognize the second half of that impact in 2011.

6. REVIEW OF EXPENSES

- A) Christiansen & Dehner September and October, 2010
- C) Sawgrass Asset Management – quarter ending September 30, 2010, 2010
- D) Salem Trust – quarter ending September 30, 2010

MOTION: Mr. Eurice moved, Mr. LaRowe seconded and motion carried 5-0 to ratify the paid expenses as presented.

7. RFP: ACTUARIAL SERVICES

Attorney Christiansen commented on the reason for the issuance of the RFP being due to the issue with the fiduciary responsibility and the fee increase. Four responses were received, with one being the current actuary, GRS. Attorney Christiansen stated he was familiar with three of the firms responding to the RFP. Foster & Foster was recently selected by the General Employees' Pension Plan as their actuary. The Board discussed the responses that were provided to them prior to the meeting, comparing the fee structure and services. Attorney Christiansen discussed his knowledge of the firms with which his other clients have worked. The Board discussed the fact that a lump sum for PLOP calculations should be negotiated with any firm selected. The Board considered the fact GRS will not accept the fiduciary language recommended by Attorney Christiansen.

MOTION: Mr. Denyes moved, Mr. LaRowe seconded and motion carried 5-0 to accept the proposal of Foster & Foster for Actuarial Services, and notify GRS immediately and add the language for PLOP calculations and fiduciary language.

8. DISCUSSION: IRS DETERMINATION LETTER

Attorney Christiansen reviewed the topic that was discussed at the last meeting. He confirmed that of the 60 presentations he and his partner have made to clients, only eight agencies have decided to make application for the IRS determination letter. Any information received from those eight agencies will be shared with all his clients. He stated that he feels the Plan has all the requirements to meet the IRS tax qualification, but the timeliness of the changes to the ordinance could be an issue. If the Board does not make the determination to apply in this cycle, they can make application in 2013. If a voluntary audit is performed and issues are cited, there may be a chance of penalties levied by the IRS. Should the Plan be audited and found not to be tax qualified, taxes on employee contributions and benefit accruals would be payable plus any penalties.

MOTION: Mr. Tyler moved, Mr. Fuller seconded and motion carried 5-0 to defer application.

9. ELECTION OF OFFICERS

Topic deferred to the next meeting to allow for the election of the police officers' representative.

10. PROPOSED 2011 MEETING DATES

MOTION: Mr. Fuller moved, Mr. LaRowe seconded and motion carried 5-0 to approve the 2011 meeting dates as presented.

11. ATTORNEY CHRISTIANSEN'S REPORT

Reminded staff that Pension Letter #2, fiscal year-end report, is due to the elected officials

To facilitate the Addendum to the Salem Trust contract, Attorney Christiansen recommended electing an interim chairman for the purpose of this meeting.

MOTION: Mr. Fuller moved, Mr. Tyler seconded and motion carried 5-0 to make Ryan LaRowe the interim chairman today.

Mrs. Ponder reported that the Plan's total expenses for the year amounted to \$73,829.

Mr. Christiansen confirmed that Salem Trust has the responsibility of overseeing any class action settlements of the Plan.

Mr. Tyler recessed the meeting at 1:00 pm.

The meeting was reconvened 1:15 pm to hold an education session led by Bogdahn Consulting.

Meeting adjourned at 2:39 PM

Minutes approved:

Scott D. Tyler
Secretary