

TAB 1

**POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
NOVEMBER 28, 2011 - 11:00 A.M.**

Board Members Present:

Scott Tyler, Chair
Ryan LaRowe, Vice Chair
Larry Denyes
Mike Fuller

Board Members Absent:

Vince Eurice

Staff and Others Present

Bryan Bakardjiev, Bogdahn Group
Scott Christiansen, Board Attorney
Greg Gosh, Sawgrass Asset Management
Diane Ponder, Deputy Clerk-Administration



Chair Scott Tyler called the meeting to order at 11:09 a.m.



2. APPROVAL OF MINUTES

MOTION: Mr. LaRowe moved, Mr. Denyes seconded and motion carried 4-0 to approve the August 29, 2011 minutes.

3. INVESTMENT REVIEW



A) Sawgrass Asset Management

Greg Gosh reviewed the market's performance for the quarter and how it affected the portfolio's performance. He informed the Board the portfolio complies with the Protect Florida Investment Act.



B) Bogdahn Consulting

Mr. Bakardjiev also recapped the market for the last quarter. Equity markets saw a loss, with the international performing worse than domestic. Since the end of the quarter, the market has again been volatile. Across the board, all the managers are very conservative, protecting assets during a falling market.

As of September 30, 2011, the portfolio was valued at \$7,544,000, a loss of \$545,000 which was due primarily to the equity market. For the fiscal year, the portfolio saw a \$261,000 gain and realized a 3.54% return. Mr. Bakardjiev discussed the benchmarks that are used as an appropriate comparison for the manager's performance.

Mr. Bakardjiev discussed prior recommendations that the Board consider adopting an active international component and look at international fixed income exposure in the global bond market. He also commented on the real estate investment (REIT) he has been previously recommended, but the portfolio is still too small.

He reported his firm has been working with Salem Trust, who has the ability to open co-mingled funds, thereby offering management and investment diversification, automatic rebalancing and a reduction in fees that will benefit smaller pension plans. He stated his firm has no relationship with Salem, other than bringing the idea to them as a vehicle to reduce fees for the smaller pension plans. The Bogdahn Group will monitor the managers in the Salem Trust "platform" and recommend terminating the relationship with any manager who performance does not benefit their clients. Bogdahn Group could also ask Salem Trust to perform due diligence on any manager they think will be beneficial to their clients. He anticipates that

Salem Trust will be making a full disclosure of the program the first of the year and will probably make a presentation to the Board. Sawgrass Asset Management will be one of the managers in the Salem Trust program, which will include international, global and domestic investments.

To implement the program with automatic rebalancing, Salem Trust will be required to sign off on the Plan's Investment Policy allocation. To answer the inquiry from Attorney Christiansen about whether or not it will be "all or nothing", Mr. Bakardjiev stated that for Bogdahn Group to guarantee their fees for a longer period of time beyond their contract; it would have to be all inclusive in the automatic rebalance because they would have to monitor only one account in the co-mingled pool rather than multiple individual accounts. There will be a custody and management agreement with Salem Trust; Bogdahn Group will make the recommendations on asset allocation. Discussion ensued on how it is anticipated the program will work and what options are available.

Mr. Fuller commented on the fact that he has not seen any comparison of managers on the growth side. Mr. Bakardjiev referred to the report and reviewed the benchmarks and peer group to which Sawgrass is compared. He discussed the due diligence process his firm employs before including any manager in a search, as well as quarterly and annual due diligence that is performed after a manager is selected.

4. REVIEW OF EXPENSES

- A) Bogdahn Group – quarter ending September, 2011
- B) Sawgrass Asset Management – quarter ending September, 2011
- C) Salem Trust – quarter ending September, 2011
- D) Anchor Capital – quarter ending September, 2011

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

5. PROPOSED ORDINANCE

Attorney Christiansen reviewed the proposed ordinance which updates the definitions of actuarial equivalent and salary, and amends the investment language to the "most liberal language", restricting international to a maximum of 25%.

MOTION: Mr. Fuller moved, Mr. LaRowe seconded and motion carried 4-0 to approve and recommend transmittal [of the ordinance] to the Palmetto City Commission.

6. SUMMARY PLAN DESCRIPTION

MOTION: Mr. Tyler moved, Mr. Denyes seconded and motion carried 4-0 to approve the Summary Plan Description dated December 1, 2011.

7. 2012 MEETING SCHEDULE

MOTION: Mr. Tyler moved, Mr. Fuller seconded and motion carried 4-0 to approve the 2012 Meeting Schedule as presented.

8. APPROVAL OF BENEFITS

- A) Rex Hannaford – DROP

MOTION: Mr. LaRowe moved, Mr. Tyler seconded and motion carried 4-0 to approve the DROP retirement benefits for Rex Hannaford, as presented.

9. OTHER BUSINESS

None



10. ATTORNEY CHRISTIANSEN'S REPORT

Mr. Bakardjiev confirmed the Plan is in compliance regarding the scrutinized companies report. The Investment Policy Addendum has been signed by Anchor.

The terms of Trustees was discussed.

Pending legislation House Bill 365 and Senate Bill 910 proposes to eliminate the police officers extra benefit language; if City set up separate tier for new officers, the State money can be used to fund the Plan. Also proposed is language to alter current presumptions for hypertension, heart disease and tuberculosis, mandating that an officer has to work five years and once 37 years of age is reached, an officer can no longer get the presumption for those three diseases.

Reminded staff that the fiscal year-end report, pension letter #2, is due to be provided to the elected officials.

Meeting adjourned at 12:55 p.m.

Minutes approved:

Ryan LaRowe
Vice Chair