

TAB 1

**DRAFT
CITY OF PALMETTO
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
June 4, 2012 11:00 A.M.**

Board Members Present:

Scott Tyler, Chair
Larry Denyes
Mike Fuller

Board Members Absent:

Ryan LaRowe, Vice Chair
Coby Gaulien

Staff and Others Present

Bryan Bakardjiev, Bogdahn Group
Leta Chaney, Salem Trust Company
Scott Christiansen, Board Attorney
Amber Foley, Assistant City Clerk

Chair Scott Tyler called the meeting to order at 11:12 a.m.

1. ELECTION OF 5TH TRUSTEE

A special meeting has been set for June 11, 2012 to elect Mike Fuller as 5th Trustee.

2. APPROVAL OF MINUTES

MOTION: Mr. Fuller moved, Mr. Denyes seconded and motion carried 3-0 to approve the February 27, 2012 minutes.

3. OCTOBER 1, 2011 ACTUARIAL VALUATION REPORT

MOTION: Mr. Tyler moved, Mr. Denyes seconded and motion carried 3-0 to accept the October 1, 2011 Actuarial Valuation Report.

Motion: Mr. Tyler moved, Mr. Fuller seconded and motion carried 3-0 to declare that based on the advice of our investment professionals, the Board of Trustees declare that the total expected annual rate of investment return for the next year, next several years, and the long- term thereafter shall be 7.9%, net of investment related expenses.

4. INVESTMENT REVIEW

Bogdahn Consulting:

Mr. Bakardjiev recapped the market for last quarter, stating that March ended strong. Since the end of the quarter, however, the market has been the opposite.

At the end of last year, the asset allocation was \$7,918,678. The end of the quarter, March 31, 2012, the allocation was at \$8,411,779 showing strong gains throughout the quarter. 63% allocation is in equity with the remainder in fixed income, the portfolio is in range and Mr. Bakardjiev does not recommend a rebalance.

Mr. Bakardjiev reviewed Sawgrass and Anchor performance for the quarter showing which showed an appreciation over \$500 thousand. The fiscal year-to-date total market value is currently \$9,079,000.

Mr. Bakardjiev noted that Anchor is coming up on a year and that he will get a service person to come to the next Board meeting to go over a review with the members. Sawgrass had a scheduling conflict and, per Mr. Bakardjiev's approval, they are not at the meeting today.

The fixed income side of the portfolio out performed by 72 basis points and held up very well during the quarter and helped to mitigate some of the under-performers.

Mr. Bakardjiev discussed the April flash report that was handed out to the Board, it showed a positive 42 basis points. A copy of this report is affixed hereto and made a part of these minutes.

Mr. Bakardjiev stated that the Board has not seen the advantages of diversifying with Anchor this reporting period, but will by the end of this current quarter.

A) Non-Core Global Fixed Income investment option carried forward from the February 27, 2012 meeting.

Mr. Bakardjiev recommended adding a global bond strategy to the portfolio at a small weighting of 5%. This will broaden the opportunity set. This creates more flexibility to move around and adds currency benefits and diversification, with more return opportunities. This is the lowest correlating class at roughly 50-60. Mr. Bakardjiev handed out a booklet regarding the Non Core Global Fixed Income where he compared Loomis, PIMCO, Franklin Templeton Bond Plus and Franklin Templeton Global Multi-Sector Plus.

Mr. Bakardjiev recommended using new contributions rather than liquidating assets to fund the 5% investment into the new asset class.

Discussion ensued on funding for bond strategy.

MOTION: Mr. Fuller moved to accept the recommendation and over a six month period move approximately 5% of our portfolio into the Templeton Global Bond Fund.

Mr. Bakardjiev stated that because there has been a crazy period in the bond market that is why he doesn't want to take a big chunk all at one time even though it's only 5%. Would prefer to mitigate some of the total impact.

Mr. Tyler seconded the motion on the floor and the vote carried unanimously.

B) Salem Trust Collective Investment Trust Program (CIT) carried forward from the February 27, 2012 meeting.

Mr. Bakardjiev discussed Salem Trust's new CIT program. He noted that this is just an introduction to the account and asked members to review and evaluate the data for the next meeting. He explained how this structure would impact the Plan. Mr. Bakardjiev handed out an outline of the costs for this fund structure, showing the custody fees will be reduced from \$7,000 to \$4,700.

Mr. Bakardjiev recommended adding an additional bond manager and splitting the current bond portfolio. He discussed how pairing an investment grade with more income strategy would smooth the portfolio. By doing that, the fees should be lower.

Mr. Bakardjiev provided the Board with evaluation reports with options which he wishes to discuss further at the next quarterly meeting.

Discussion ensued regarding the evaluation report that was handed out. Mr. Bakardjiev noted that this is a way to get diversification at a reasonable cost. He also reiterated that this is a new option and won't be available until the end of this year.

5. APPROVAL OF EXPENSES

- A) Bogdahn Group – 1/1/2012 – 3/31/2012
- B) Salem Trust – 1/1/12 – 3/31/12
- C) Sawgrass Asset Management – 3/31/2012
- D) Anchor Capital Advisors – 12/31/2011 – 3/31/2012

MOTION: Mr. Fuller moved, Mr. Tyler seconded, and motion carried 3-0 to ratify the paid expenses as presented.

6. ATTORNEY CHRISTIANSEN'S REPORT

Revised ordinance with salary change was adopted by City Commission.

Reminded the Board that financial disclosure forms are due July 1st.

No pending pension bills were adopted at the last legislative session. A bill was adopted regarding beneficiaries of divorced retirees. Ex-spouses will be deemed predeceased unless a new beneficiary form is completed after a divorce.

The State has given the cities the option of contributing either a percentage of total payroll or a fixed dollar amount to comply with their actuarial valuation reports. Currently the City contributes a percentage amount. Foster and Foster will provide a memo comparing the two options.

Mr. Christiansen clarified that the City can only allow 300 hours of accrued overtime but has the ability to establish a lesser amount or to completely eliminate the accrual of overtime.

Meeting adjourned at 12:37 p.m.

Minutes approved:

Ryan LaRowe, Secretary

**DRAFT
CITY OF PALMETTO
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
June 11, 2012 - 10:00 A.M.**

Board Members Present:

Scott Tyler, Chair
Ryan LaRowe, Vice Chair
Larry Denyes
Coby Gaulien

Board Members Absent:

Mike Fuller

Staff and Others Present

Amber Foley, Assistant City Clerk

Introduction of new board member Coby Gaulien

Chairman Scott Tyler called the meeting to order at 10:00 a.m.

1. ELECTION OF 5TH TRUSTEE

Motion: Larry Denyes moved, Ryan LaRowe seconded, and motion carried unanimously to elect Mike Fuller as the 5th Trustee.

Meeting adjourned at 10:01 a.m.

Minutes approved:

Ryan LaRowe, Secretary