

Police Officers' Pension  
Board of Trustees  
April 23, 2008 9:30 a.m.

Board Members Present:

Eric Ball, Chair  
Rex Hannaford, Secretary  
Mike Stinson

Board Members Absent:

Gerald White

Staff and others present:

Scott Christiansen, Attorney  
Rusty Creighton, Sawgrass Asset Management  
Diane Ponder, Administrative Assistant  
Kenny Bright

Chairman Ball called the meeting to order at 9:35 am.

1. APPROVAL OF MINUTES

**MOTION: Mr. Stinson moved, Mr. Hannaford seconded and motion carried 3-0 to approve the January 23, 2008 minutes as presented.**

Chairman Ball informed the Trustees that the City Commission has not yet ratified the appointment of Kenny Bright as the 5<sup>th</sup> Trustee of the Board. Mr. Ball stated he had asked Mr. Bright to attend the meeting in an unofficial capacity to acquaint himself with the other trustees and the Board's consultants. Mr. Ball was of the opinion Mr. Bright's appointment ratification would occur at the next City Commission meeting.

2. INVESTMENT REVIEW

Dave West, Bogdahn Consulting, reported the quarter ending March 31, 2008, was not favorable; the total fund, net of fees, was down 5.95%. The portfolio value as of December 31, 2007 was \$7,632,925, a loss of \$446,386. Mr. West did state the Sawgrass Asset Management bond team has maneuvered the portfolio through a very difficult period. He also opined he does not recommend any change in investment strategy at this time; the momentum going forward should still stay with growth.

Rusty Creighton, Sawgrass Asset Management, reported the Dow Jones had the worst first quarter in history; the S&P has been down for five consecutive quarters. Mr. Creighton discussed the reasons for the portfolio's under performance, citing the health care group as the largest contributor to the under performance.

Mr. Creighton discussed opinions that if the economy is not in the midst of recession, it will be soon, and most likely it began in the 4<sup>th</sup> quarter of last year. He further explained that signs are being observed that a bottom to the recession may have been put in place in the stock market, but not necessarily the economy. He talked about assumptions one could make concerning the end to the downturn in the stock market.

Mr. West inquired if rebalancing the portfolio has been considered given the disparity in the valuation between stock and bonds. Mr. Creighton opined nothing should be done at this time, but to begin the process to increase the equity exposure would make some sense and he would speak to Mr. LaPrade about the issue.

3. REVIEW OF EXPENSES

- A) Christiansen & Dehner billings through January 31 and February 29, 2008
- B) Gabriel Roeder Smith & Co. billings through December 31, 2007 and March 31, 2008

- C) Sawgrass Asset Management billing through March 31, 2008
- D) Salem Trust billing through March 31, 2008

**MOTION: Mr. Stinson moved, Mr. Hannaford seconded and motion carried 3-0 to approve the expenses as presented.**

#### 4. OTHER BUSINESS

Mr. Ball explained some of the reasons for the delay in Mr. Bright's appointment ratification. He also reported on Mr. Christiansen's discussion with the City Commission regarding their responsibility in the ratification process. Mr. Christiansen explained possible legal ramifications should the City Commission not ratify Mr. Bright's appointment. Mr. Stinson and Mr. Hannaford spoke in support of Mr. Bright.

Mr. Stinson commented on an email referencing a change to "20 and out" and the cost of \$6,000 to make the change. Mr. Christiansen explained the "20 and out" benefit was presented to Commission, but because of the cost, Commission returned the proposal to the Board. The Board then directed the actuary to develop a benefits package using only state funds and the best benefit was a reduction to 23 years of services. Mr. Christiansen stated the cost of the proposed benefit must be then determined and then member contributions could be raised to pay for the benefit increase. Staff was instructed to contact the actuary if he could give an estimate of what the benefit would cost. Mr. Stinson volunteered to survey the sworn officers concerning their willingness to fund the proposed benefit of "20 and out" after costs are known.

#### 5. ATTORNEY CHRISTIANSEN'S REPORT

Reminded the Trustees that Form 1 is due July 1, 2008.

Legislation concerning pension plans is still with committees; nothing has reached the floor of the House and Senate. There is no pending legislation proposing to make Florida Retirement System mandatory.

The revised forms package is nearing completion.

Reviewing the Plan as it applies to the IRS regulations for the Pension Protection Act of 2006. Because the Pension Plan is tax qualified it must be kept current; therefore, recommendations to the Plan will be brought to the Board at a subsequent meeting.


Confirmed Mr. Bright's term began in January and will run for a two-year period.

Inquired if the Plan contains a provision that allows a member to take the full actuarial value of their benefit. Mr. Christiansen explained the Plan does not allow this type of withdrawal. The Partial Lump Sum Option Plan (PLOP) that will be brought forward will allow a member to withdraw up to 25%. Mr. Christiansen explained the difference between a defined benefit plan (the police officers' plan) and a defined contribution plan.

Mr. West requested permission to breakout the International Fund on the statement in the Sawgrass account. He explained Sawgrass is not responsible for overseeing that investment, thus the custodian should separate that investment into a separate account.

**MOTION: Mr. Stinson moved, Mr. Hannaford seconded and motion carried 3-0 to authorize Bogdahn Consulting to establish a separate account for the International Fund, at no further costs to the Plan.**

Meeting adjourned at 10:50 am.

  
Rex Hannaford  
Secretary