

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

Board Members Present:

Larry Denyes  
Ryan LaRowe  
Scott Tyler

Board Members Absent:

Vince Eurice  
Mike Fuller

Others Present:

Scott Christiansen, Attorney  
Rusty Creighton, Sawgrass Asset Management  
Gregg Gosch, 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 11:04 a.m.

2. RATIFICATION OF POLICE OFFICER REPRESENTATIVE ELECTION

**MOTION: Mr. Denyes moved, Mr. Tyler seconded and motion carried 3-0 to certify the election of police officer elected Trustee, Ryan LaRowe.**

ELECTION OF OFFICERS

The election of officers was deferred until the next meeting.

3. APPROVAL OF MINUTES

**MOTION: Mr. LaRowe moved, Mr. Denyes seconded and motion carried 3-0 to approve the November 29, 2010 minutes.**

4. INVESTMENT REVIEW

Greg Gosch, Sawgrass Asset Management, stated that on an absolute basis the Plan is doing well; relatively it is lagging, but is improving.

Rusty Creighton, Sawgrass Asset Management, reported the portfolio's value at \$7.6 million for the quarter ending December 31, 2010, a gain of \$308,000. Stocks are at 62%, slightly over the benchmark of 60%. The performance review is up 4.2%, but is lagging behind the blended benchmark of 5.7%. All the under-performance is from equity performances. Long-term performance is above the benchmark.

He discussed the rally of the stocks since the March 9, 2009 low. Stocks have been up over 100%, the best rally in 70 years. He discussed the unusual performance of the lower quality, risky stocks over the last six quarters of the rally. He explained that Sawgrass Asset Management does poorly in beta, but after a beta-led market, quality stocks will prevail, and the Plan's high quality investments will be rewarded. From the inception of Sawgrass Asset Management, the firm's performance over the long-term has been positive in capturing the up-market and has outperformed the benchmark.

Bryan Bakardjiev, Bogdahn Group, reviewed the performance of the portfolio. The bond market is down, while growth outperformed value for the quarter and year, which will probably continue as the recovery continues to mature. There were more distributions than contributions in the portfolio this quarter. As of

February 27, 2011 the value of the portfolio was \$7.844 million. He stated all investments are very close to targets and are in compliance.

Mr. Bakardjiev reported a 4.18% return for the quarter, under the benchmark of 5.72%, and this is the second quarter of negative impact on the trailing return. For the year, the portfolio is trailing the benchmarks by 4.61%. The Sawgrass Fixed Portfolio has performed well over a 3, 4 and 5-year period. Three-year rolling returns have been within the top 25 percentile.

He discussed the fact that his firm still believes the portfolio is biased to large growth. He mentioned past discussions regarding adding a value component to the portfolio. He suggested there needs to be some diversification so the portfolio is not susceptible to cyclicity.

He discussed the material on a proposed all cap value component. Of the research gathered by his firm, Mr. Bakardjiev explained why Anchor Capital, Dalton Griner, Gabelli or Heartland was targeted as possible managers. He suggested that interviews should be conducted with at least three managers during a quarterly meeting. The Board requested that he set up interviews with Anchor, Dalton, and Gabelli.

Mr. Bakardjiev discussed the exchange traded fund (ETF) component of the international core investment. The ETF was added as an index option with an initial investment of approximately \$250,000, which is currently at approximately \$600,000. There has been discussion as to whether the Board should look at active investment rather than using only the benchmark return. He recommended that the Board consider only a fund approach.

He discussed the mutual fund approach, referring to the material that showed a return from the benchmark of 2.94% to approximately 7.5% for a five-year return. The ETF the Plan is using now reflects a return of 3.75% for a five-year return. The impact of going to active management would be a cost to the Plan of 54 basis points for the next lowest mutual fund being recommended, or four additional basis points over the current 50 basis points. He discussed either American Zero Percent Growth Fund or Manning & Napier Overseas Fund as possible managers, explaining the performance of both funds. He recommended American as the better option for the Board at this time. Additional costs would have to be negotiated with Sawgrass Asset Management and Salem Trust. It was consensus of the Board members present to consider this when all members are present; therefore, it will be placed on the next agenda for discussion.

Mr. Bakardjiev confirmed Sawgrass is meeting the scrutinized company clause in the Protecting Florida Investments Act. The inquiry of the ETF was sent to all fund families.

Attorney Christiansen requested that Sawgrass supply him the information that is available for the soft dollar report.

#### 5. REVIEW OF EXPENSES

- A) Christiansen & Dehner - November, 2010 and January, 2011
- C) Sawgrass Asset Management – quarter ending December 30, 2010, 2010
- D) Salem Trust – quarter ending December, 2010
- E) Bogdahn Group – quarter ending December, 2010
- F) Gabriel Roeder Smith & Company – November, 2010

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

6. OTHER BUSINESS

A) Sawgrass Asset Proxy Voting Guidelines and Soft Dollar Disclosure

Attorney Christiansen explained what the voting guideline and soft dollar reports contained.

B) Records Management Liaison Officer;

Attorney Christiansen confirmed the resolution naming the officer was adopted in 2003.

7. ATTORNEY CHRISTIANSEN'S REPORT

Staff confirmed that all the necessary documentation to implement Foster & Foster as the Plan's actuary is in place.

Discussed proposed legislation regarding defined benefit pension plans, and how they could be affected.

Meeting adjourned at 12:25 p.m.

*Scott Tyler*

Scott Tyler  
Secretary

Minutes corrected June 6, 2011 as follows:

A sentence in the fourth paragraph of page two that read "He suggested a manager who would be conservation with an aggressive approach." was deleted.