

**CITY OF PALMETTO
POLICE OFFICERS' PENSION
BOARD OF TRUSTEES
September 18, 2012 - 4:00 P.M.**

Board Members Present:

Scott Tyler, Chair
Mike Fuller
Coby Gaulien

Board Members Absent:

Ryan LaRowe, Vice Chair
Larry Denyes

Staff and Others Present:

Bryan Bakardjiev, Bogdahn Group
Greg Gosch, Sawgrass
Scott Christiansen, Board Attorney
Amber Foley, Assistant City Clerk

Chair Scott Tyler called the meeting to order at 4:02 p.m.

2. APPROVAL OF MINUTES

- A. June 4, 2012 minutes
- B. June 11, 2012 minutes

Motion: Mr. Fuller moved, Mr. Gaulien seconded, and the motion carried 3-0 to approve the June 4, 2012 minutes.

Motion: Mr. Fuller moved, Mr. Tyler seconded, and the motion carried 3-0 to approve the June 11, 2012 minutes.

3. APPROVAL OF EXPENSES

- A. Foster and Foster – Invoices Dated 5/25/2012 and 8/20/2012
- B. Bogdahn Group – 4/1/2012-6/30/2012
- C. Salem Trust – 4/1/2012-6/30/2012
- D. Sawgrass Asset Management – 4/1/2012-6/30/2012
- E. Christiansen and Dehner—Invoices Dated 6/30/2012 and 7/31/2012
- F. Florida Municipal Invoice Trust—Dated 8/3/2012

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

4. DISCUSSION: FUNDING METHODOLOGY FOR POLICE OFFICERS' RETIREMENT SYSTEM

Attorney Christiansen discussed the funding methodology for the Police Officers' Retirement System. He explained that five to six years ago the State changed the funding methodology to a percentage of payroll contribution. Now the State is allowing the pension plans to use either a percentage of payroll or a flat dollar amount to comply with their actuarial valuation reports. Currently the City contributes a percentage amount. Foster and Foster has provided a memo comparing the two options and Mr. Christiansen recommends to continue funding the Police Officers' Retirement System on a percentage of payroll basis.

Motion: Mr. Tyler moved, Mr. Fuller seconded, and the motion carried 3-0 to continue funding the Police Officers' Retirement System on a percentage of payroll basis as determined by the annual actuarial report for FY 2012 and subsequent years.

5. INVESTMENT REVIEW

Bogdhan Consulting

Mr. Bakardjiev recapped the market for the last quarter, stating that it was a negative quarter ending with an asset allocation of \$8,312,637. Even though the quarter was negative, fiscal year to date has seen a positive 12.31% return. He discussed the second quarter investment performance review. This review is attached to and made a part of these minutes.

Mr. Bakardjiev reviewed the August flash report that was distributed to the Board. It showed a positive 100 basis points as of August 31, 2012. A copy of this report is attached to and made a part of these minutes.

The Board added Templeton Global Fund to the portfolio last year to continue diversification. Mr. Bakardjiev would like to complete the funding of Templeton and add the 2.5% as previously discussed. He would like \$209,000 to be transferred from Sawgrass Fixed Income into Templeton to complete this.

Motion: Mr. Tyler moved, Mr. Fuller seconded, and the motion carried 3-0 to move \$209,000 from the Sawgrass Fixed Income to Templeton Global Bond Adv (TGBAX).

Mr. Bakardjiev stated that he will be updating the investment policy statement and he will be bringing that to the next meeting for approval.

Mr. Bakardjiev discussed Sawgrass assets. The Fixed Income and Growth assets are currently in the same account. He would like to take the Growth and put it into a separate custodial account with Salem Trust. This will make it easier to measure each portfolio and see what cash allocation is being used. Mr. Bakardjiev would also like to have a standing letter sent to the custodian that tells them how to handle contributions and distributions to make sure the assets are kept in line.

Motion: Mr. Tyler moved, Mr. Fuller seconded, and the motion carried 3-0 to authorize Mr. Bakardjiev to break the Sawgrass Fixed Income and Sawgrass Growth into two separate accounts.

At the next meeting, Mr. Bakardjiev will bring a standing letter and, if the Board likes it, then they can adopt it and he will send it to Salem Trust.

Sawgrass Asset Management, LLC

Greg Gosch, Sawgrass Asset Management, informed the Board that in February there will be a Public Pension Trustee Association class in Ponte Vedra Beach at the Sawgrass Marriott.

Mr. Gosch reviewed the market's performance for the quarter ending June 30, 2012. He stated that Large Capitalization Growth had a \$30,750 loss for the quarter. Mr. Gosch reviewed Fixed Income for the quarter which had a gain of \$84,513.

Mr. Fuller departed the meeting at 5:18 p.m.

6. ATTORNEY CHRISTIANSEN'S REPORT

The appointment of Mike Fuller will be placed on the next City Commission agenda for approval.

Mr. Christiansen discussed a bill that was adopted regarding beneficiaries of divorced retirees. Ex spouses will be deemed predeceased unless a new beneficiary form is completed after a divorce.

Mr. Christiansen addressed the overpayment of benefits memo that was sent from his office. He stated that the custodian, Salem Trust, compares a list of retirees once a quarter to the deceased list made by Social Security. To deal with stop dates and change dates, Mr. Christiansen would like to see a memo sent to the custodian that identifies all change dates and stop dates on current retirees. This would help with overpayment issues.

Mr. Christian discussed the Chapters 175 and 185 of Florida Statutes that were amended in 1999. The amendment states that, from this date forward, the amount that cities received that year (1999) from the State to fund their pension plans they would continue to receive. If the city received any additional amount, that money had to be set aside to be used for additional benefits for police officers. If police benefits were reduced they could not be reduced below the benefit level from 1999 or the city would lose State money. Recently the City of Naples negotiated with the police to reduce benefits and the State sent a letter back stating they were not going to receive funding because they were not complying with Chapter 185. The City then wrote a letter to the Governor disagreeing with the State, and the Florida Department of Retirement responded to Naples stating that they have been interpreting the Statute wrong and Naples will still receive their State money. Other cities have reduced police benefits and they continue to receive State money. Mr. Christiansen will be watching this very closely and update the Board with more information as it comes.

7. UPDATE ON MONEY MARKET MUTUAL FUND SHAREHOLDER SERVICE FEE

Informational Only

Mr. Tyler discussed a letter that he received from Robbins Geller Rudman and Dowd who provide cost-free securities fraud monitoring to the pension plan. They would like to provide a short update to the Board at the next meeting.

The consensus of the Board was to have Robbins Geller Rudman & Dowd attend the next meeting to provide a short update.

Meeting adjourned at 5:38 p.m.

Minutes approved: December 7, 2012

Ryan LaRowe

Ryan LaRowe
Vice Chair