Police Pension Board meeting

January 20, 2011 10:30 AM

Agenda for Meeting

Meeting brought to Order --- Bob Rogers, Chair

Pledge of Allegiance – I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Roll Call

Minutes from November 5, 2011 --- Approval with any Corrections

Review and verify expenses from invoices --- Board review and approval

- Attny Dehner
- Bogdahn
- Foster & Foster
- Salem Trust
- Cutwater
- Rockwood
- Dana

Old Business

1. Review of The Board's Fiduciary Responsibility --- Bob Rogers
2. Review of the 5 year plan history introduced at the November meeting --- Bob Rogers

New Business

1. Consideration of the City Commission's recommendation to move our growth assumption from 8.50% to 8.0%. Actuary teleconference comments by Mr. Donlan
2. Bogdahn Quarterly Report with emphasis on absolute performance by each fund manager
3. Attorney comments by Mr. Dehner
4. Goals for 2011 --- Increase our Assets (net of DROP) to $10,000,000. 10 year Goal --- reduce our unfunded liability from 35% to 20% i.e. 80% funded.
5. Review of Investment Manager Evaluation dated 10/21/2010 --- Bogdahn Group.
6. Review performance parameters for fund managers. Review state required board structure verses state funding.
7. Status of Member's required education and Statement of Financial Interest filing.

POLICE PENSION BOARD

January 20, 2011
10:30 a.m.

MINUTES

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT

Officer J.R. Raleigh
Officer Bruce Johnson
Officer Scott Collins
Jerry Gorup
Chairman Bob Rogers

ALSO PRESENT

Pamala Prell, Acting City Clerk

1. **Approval of Minutes**

It was agreed that the Minutes of the November 5, 2011 Police Pension Board be postponed to the next Police Pension Board Meeting.

There was considerable discussion with regard to the procedure for processing the invoices and how they are reviewed and ratified by this Board. The Board members agreed to keep the process as it is now.

There was considerable discussion with regard to how agendas are created.

> **Officer Rogers moved to have one person responsible for the agenda and that person should be the Secretary. Anyone who has a line item that they want to place on an agenda shall give that information to the Secretary. The motion was seconded.**
>
> **The motion was unanimously approved by individual roll call vote.**

Officer Gorup inquired as to the next newcomers' class. Officer Gorup can find information regarding this subject on the website for the Florida Pension Trustees Association (FPPTA). This Board could host a session and invite other groups to attend.

> **The Board members agreed that they are interested in hosting such a school. Attorney Dehner will speak with the other Pension Board members.**

2. Review/Approval of Invoices

Officer Johnson has reviewed the list of invoices nothing that the only invoice that is different is the membership renewal into the Pension Trustee Association (a $600/year membership). The next upcoming school will be held January 30 through February 2. This school will be held in St. Augustine and the cost will be $600.

> **It was moved and seconded to approve payment of the invoices as reviewed by Officer Johnson.**
>
> **The motion was unanimously approved by voice roll call vote.**

3. Review of the Board's Fiduciary Responsibility

Chairman Rogers noted that this Board has the Fiduciary responsibility to focus on making sure that this Plan will meet the benefits that the beneficiaries have earned by their service.

Chairman Rogers referred to a spreadsheet he brought to last month's Meeting. The numbers have been verified by Salem and by Foster and Foster. Chairman Rogers recast the chart so the Board members can see what is happening over a five year term. The Bogdahn group will discuss this at a later time.

Chairman Rogers referred to the subject of capitalizing a loss because of an excess in expense. Essentially, he spoke to expenses exceeding contributions. Last year there was an excess of expenses totaling $111,707 which reduced our capital available for investments. This was a loss in the plan of $121,000. He pointed out total expenses for the year, state funding, excess monies, etc. Discussion ensued.

4. Consideration of City Commission recommendation to move Growth Assumption from 8.5% to 8%

Mr. Patrick Donlan (Foster and Foster) and Chairman Rogers discussed the assumption rates for the Police and Fire Pension Boards on a three-way conference call. They discussed the unfunded liability and how much the actual dollar amount would cost the City taxpayers. This would increase the cost by 5% per payroll or about $72,000/year. There was considerable discussion regarding various percentage changes, etc.

Mr. Tim Nash (the Bogdahn Group, investment consultant) shared his conversation with the State's Actuary. He referred to information he distributed to the Commissioners concerning Asset Allocation and Manager Review, page 8. He spoke to the plan that this Board is currently in e.g. what is the correct assumption and how do we decide what that is. When you look at historic results, 8.5% is an achievable amount. By moving this rate down to 8%, there would be a higher probably of achieving that rate of return going forward, but it would increase the cost to the City. Discussion followed.

Mr. Nash spoke to the Investment Performance Report as of the December 31 year-end report.

Considerable discussion took place concerning changing the assumption rate to 8% and the history of past funding and increases. .

> **The Police Pension Board was in agreement with Chairman Rogers's suggestion to have one Commissioner from the City Commission attend the next Police Pension Board Meeting to discuss this further.**

Attorney Dehner noted that this Board is currently in the *Entry Age Normal Cost Method.* He further explained the *Aggregate Cost Method* noting that this effects the development of the funding requirement.

5. Goals for 2011

Chairman Rogers noted that his goal for F/Y2011 is to increase assets (net of DROP) to $10-million by the end of this Fiscal Year.,

Discussion ensued with regard to the City receiving money for trades it does business with. There also was discussion regarding benchmark figures, range of returns, goals for this year, shopping insurance rates, fees, etc. There was discussion regarding having more real estate.

6. Salem Trust

Lynn Skinner (Salem Trust), custodian for the Plan, pays the invoices including benefit payments to the pensioners, holding the assets, etc. Salem Trust handles the account information on-line. This allows the members to view their account information, investment manager trades, transactions, etc.

7. Attorney Report

Attorney Dehner spoke to three updates: (1) Federal health care enhancement for local public servants is still at the House Ways and Means Committee. This would extend the benefit for all public employees with a normal or disability retirement benefit, and it would index the $3,000.00. (2) Legislatively – We are watching for prefiled bills. Attorney Dehner expects to see pension related legislation submitted for consideration. This year, most of the bills that were filed were last year's and not pension friendly. Most of those proposals will come back this year and when these proposals are prefiled, this Board might want to consider a Special Meeting to discuss what action this Board believes would be in the best interest of the Plan. The Fire Board will also be considering a Special Meeting to discuss last year's bills that come back this year. (3) Attorney Dehner has prepared a new Summary Plan Description and will be sending it to the Trustees for review and ultimately review by our members and new hires at time of employment.

8. ADJOURNMENT

Time being 1:50 p.m. and no further business, this Meeting was adjourned.

Pamala Prell

Pamala Prell, Acting City Clerk

Bob Rogers, Chairman