POLICE PENSION BOARD

MINUTES

January 19, 2012

1:30 p.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Bob Rogers, Chairman
Bruce Johnson, Secretary
Jerry Gorup, Member
Keith Jacobus, Member

NOT PRESENT:

Sean McAuley, Member

ALSO PRESENT:

Pamala Prell, Deputy City Clerk, MMC

1. <u>Approval of Minutes</u>

Secretary Johnson made a motion to approve the minutes of October 20, 2011, November 10, 2011, September 15, 2011 and January 12, 2012 as written. The motion was seconded by Member Gorup and approved by a unanimous voice vote.

2. <u>Review/Approval of Invoices</u>

Chairman Rogers asked Ms. Skinner of Salem Trust who monitors the payouts to employees. Ms. Skinner stated that she receives the payout amounts from Foster and Foster and once they are authorized by the board, she issues the checks.

Chairman Rogers asked Ms. Skinner if the City has used any pension funds to pay for items other than pension matters. Ms. Skinner stated that all payments from the fund are authorized by the board and that she is not aware of the any funds being used for purposes other than pension matters.

There was a general discussion regarding employee lump sum payouts and tax penalties.

Attorney Dehner explained that benefit payments, calculations of benefit payments and return of contributions are handled administratively.

Member Jacobus made a motion that the invoices for those bills to the plan, that are not payouts to past employees, be approved by the board prior to their payment. The motion was seconded by Member Gorup and approved by a unanimous voice vote.

Chairman Rogers stated that there have been some public comments made recently that the City has used pension funds to pay for things other than pension matters, which upsets him. Chairman Rogers suggested that the board approve a resolution that reads: "The Police Pension Board money is held in safekeeping by Salem Trust. Disbursement from the trust can only be approved by the Police Pension Board. Disbursements are strictly for paying operating expenses of the plan and to pay employee benefits as accrued by the beneficiaries over their working career. Pension money has never been used to pay any city expenses or for any capital expenditure."

Mr. Steve McFarlin, 6449 Second Palm Point, stated that within the past 10 days spending pension money for other things was mentioned at the Candidate Forum and at the Regular Commission Meeting. He stated that a candidate mentioned it at the forum and it is a serious concern, even if it is not factual.

Member Group made a motion that the board adopts a resolution that reads: "The Police Pension Board money is held in safekeeping by Salem Trust. Disbursement from the trust can only be approved by the Police Pension Board. Disbursements are strictly for paying operating expenses of the plan and to pay employee benefits as accrued by the beneficiaries over their working career. To the knowledge of the current board members pension money has never been used to pay any city expenses or for any capital expenditure." The motion was seconded by Chairman Rogers and approved by a unanimous voice vote.

3. <u>Bogdahn Report</u>

Mr. Tim Nash, of Bogdahn Consulting, presented the quarterly report ending December 31, 2011 and advised that the market value of the plan was $9,981,442.00, which was a 7.10% rate of return.

Mr. Nash reviewed the Value Style Investment Evaluation Booklet and explained the different investment options.

Secretary Johnson made a motion to allocate the following funding: 50% in Vanguard Total Stock Market, 0% in Vanguard Total International, 0% in Vanguard REITS, 15% in Wells Fargo, 15% in Anchor, 20% in Manning & Napier, 0% in Thornburg and 0% in Cohen & Steers. The motion was seconded by Member Gorup and approved by a unanimous roll call vote.

Mr. Nash explained that he will send letters to Rockwood and Dana informing them of the change in managers. Mr. Nash suggested that all securities in the Dana and Rockwood portfolios be liquidated so that he can begin to implement the new strategy approved by the board. He suggested putting the 15% for Anchor into the Vanguard Total Stock Market until Attorney Dehner gets the contract prepared then move the 15% to Anchor. He stated that he will draft the termination letters (Dana and Rockwood) for Chairman Rogers to sign.

4. Attorney Report

Attorney Dehner reported that the legislative session is underway and HB 365 has been filed but no other bills have been filed. If there are any additional bills filed, he will advise the board.

Attorney Dehner reminded the trustees to file their financial disclosure forms prior to July 1, 2012 to avoid fines. He advised Mr. Jacobus that he is required to file his form within 30 days of his appointment and suggested that it be sent to the Supervisor of Elections by certified mail.

Attorney Dehner announced that there will be a trustee training session hosted by the Town of Belleair Bluffs on January 25, 2012 and invited the trustees to attend.

5. Other Business

Chairman Rodgers explained that he did not take any action regarding the resolution for unfunded mandates and wanted to clarify the request with the board before taking any action. He stated that he did not think it would accomplish anything.

Secretary Johnson stated that he would like to send the resolution.

Member Gorup stated that he would agree to send the resolution if Secretary Johnson would agree to reduce the assumption rate to 7.75%.

Secretary Johnson stated that he did not want to reduce the assumption rate because the board just reduced it and he wants to see how that works out.

Mr. Tim Nash stated that his firm believes an assumption rate of 8% is reasonable. He pointed out that when the assumption rate is lowered it increases the City's contributions to the plan. He stated that the board recently lowered the assumption from 8.5% to 8% and he did not recommend any changes. He pointed out that the assumption rate can be changed at any time.

Member Jacobus made a motion that Chairman Rogers work with Chairman Milner (Fire Pension Board) and write a letter to the City Commission requesting them to send a resolution to the elected officials in Tallahassee requesting that they stop adopting unfunded mandates. The motion was seconded by Member Gorup and approved by a unanimous voice vote.

The board agreed that if the Chairmen cannot agree on the content of the letter, then the issue would come back to the board for further consideration.

Member Gorup made a motion to lower the assumption rate from 8% to 7.75%. The motion was seconded by Member Jacobus and approved by a 3-1 roll call vote with Secretary Johnson voting no.

6. <u>New Members/Terminated Member</u>

Secretary Johnson reported that Officer Lundy left the department and Officer Tim Skeper and Officer Anthony Hellstern were hired.

Member Gorup asked if the department was at full force. Secretary Johnson replied that they are still two officers short, due to budget cuts.

7. <u>Adjournment</u>

Being no further business to come before the board, the meeting was adjourned at 3:27 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Bob Rogers, Chairman

Minutes Approved on: 4/19/2012