POLICE PENSION BOARD

MINUTES

July 19, 2012

10:30 a.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

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

ALSO PRESENT:

Pamala Prell, Deputy City Clerk, MMC

1. **Approval of Minutes**

Member McAuley made a motion to approve the minutes of April 19, 2012, as written. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

Chairman Rogers requested that Item #8 be moved up on the agenda, it became Item #2.

Member McAuley requested that the approval of the Summary Plan Description be added to the agenda, it became part of Item #2.

Attorney Dehner advised that the Investment Policy Statement was ready for approval and it became part of Item #2.

2. **Approval of the 2011 Valuation Report, the revised Summary Plan Description and the Investment Policy Statement.**

Member McAuley made a motion to approve the 2011 Valuation Report, the Summary Plan Description and the Investment Policy

Statement. The motion was seconded by Member Johnson and unanimously approved by a voice vote.

3. **Review/Approval of Invoices**

Member Johnson provided the Board with three additional invoices for approval.

Member Jacobus made a motion that the Board must approve any and all invoices for outside vendors and members attending conferences, in advance of the expenditure, with the exception of payouts to employees. The motion was seconded by Member Gorup and approved by a 4-1 voice vote, with Member McAuley voting no.

Member McAuley made a motion to approve all of the invoices, as submitted. The motion was seconded by Member Johnson and unanimously approved by a voice vote.

4. **Bogdahn Consulting**

Consultant Tim Nash reported that as of June 30, 2012 the total value of the fund was $10,183,367.00. He pointed out that the quarter earnings were down by 1.99 %.

Member Jacobus asked Mr. Nash to provide the Board with a list of all the payments from the pension fund, such as money managers, custodian, conferences, etc. Mr. Nash agreed to provide the report.

Consultant Nash recommended that an annual rate of return of 7.75% be adopted by the Board.

Member Johnson made a motion to adopt an annual rate of return of 7.75%, as recommended. The motion was seconded by Member McAuley and unanimously approved by a voice vote.

5. **Christiansen & Dehner, P.A.**

Attorney Lee Dehner reported that Governor Scott signed two new laws that went into effect on July 1, 2012. He explained that one law exempts the birthdates of police officers from being a public record; the second law applies to ex-spouses who are designated as a beneficiary, which makes that designation null and void, after a divorce. He pointed out that there is a statement on the Summary Plan Description that urges the members to keep their beneficiaries up to date.

6. **Other Company Representatives**

There were no other representatives present.

7. List of New Members and Terminated Members

Member Johnson reported that a new Officer, Justin Dudley was hired and Officer Sean Conroy left the department.

8. McAuley: Plan Overview/Reform

Member McAuley stated that the plan currently has excess State money in the amount of $126,084.12 and another check will be sent in August. He pointed out that the excess (frozen) State funds are to be used for benefit enhancements for the members. He suggested that the Board approve a supplemental plan for the members by using the excess (frozen) funds because it would not be an ongoing cost to the pension plan.

Member McAuley explained that he contacted the 20 contributing members and conducted an informal vote to see if members were interested in having a supplemental plan and there were 11 yes votes and zero no votes, and 9 members did not vote. He advised that he also provided a ballot with three options for the members to consider which were: (1) contributing members only; (2) contributing members and DROP plan members and (3) contributing members, DROP plan members and retirees from 2006 to present. He reported that the majority of the members voted for option one.

Member McAuley asked the Board for approval of the supplemental plan and to have an ordinance drafted to implement the plan. He explained that the excess (frozen) funds would be put in the supplemental plan for the contributing members and when those members leave employment they can collect their share of those funds, as a supplemental benefit.

Member Johnson pointed out that there is an Impasse Hearing, before the City Commission for the Fraternal Order of Police set for August 15, 2012 regarding the pension plan. He reported that the City's proposal is to freeze the pension plan and adopt a 401K plan and, if the supplemental plan is not in place at that time, the access State money has to be returned to the State and the City will no longer receive State funding.

Member McAuley stated that the supplement plan would have to be in effect as of October 1, 2012, or the funds must be returned to the State.

After considerable discussion regarding the (frozen) State money, the Board agreed to hold a special meeting on July 30, 2012 at 8:00 a.m. to discuss the supplemental plan and the reserve of State money.

9. Miscellaneous

There was no discussion for this item.

10. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 12:03 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Bob Rogers, Chairman

Minutes approved on: 10-18-12