POLICE PENSION BOARD

MINUTES

OCTOBER 17, 2013

8:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Bob Rogers, Chairman
Tom Lange, Member
Keith Jacobus, Member

ABSENT:

Jerry Gorup, Member (excused)
James Baugher, Member (excused)

ALSO PRESENT:

Mary Jo Murphy, Recording Secretary
Tyler Grumbles, Bogdahn Consulting
Lynn A. Skinner, Salem Trust
Lee Dehner, Christensen & Dehner

1. Call to Order, Pledge of Allegiance and Roll Call

Member Lange added attachments A, L, M and N to the agenda.

3. Authorization of Payments

Member Lange explained the invoices to the Board and suggested paying all of the outstanding amounts that are due under item No. 3.

- **Cutwater** Asset **Management** Invoice# 425-ISC-TRSA in the amount of $2,485.69 (Attachment "B")
- **Anchor Capital Management** Invoice July 1, 2013 in the amount of $4,150.40 (Attachment "C")
- **Bogdan Group** Invoice # 9515 in the amount of $3,800 (Attachment "D")
- **Christiansen & Dehner** Invoice# 23560 in the amount of $1,831.01 (Attachment "E")

- **Foster & Foster** Invoice# 4333 in the amount of $7,204 and Invoice# 4892 in the amount of $7,213 (Both invoices included in Attachment "F")
- **Salem Trust** - Acknowledgement of deducted fee to be presented at this meeting.

Member Jacobus made a motion to pay the following outstanding bills: B, C, D, E, F, K, L & M. The motion was seconded by Member Lange and unanimously approved by a voice vote.

4. Foster & Foster

- Actuarial Valuation Report as of October 1, 2013, normally presented at this fourth quarter meeting, may be delayed awaiting data from the city and Salem Trust. This may require a special meeting or scheduling the presentation for the first quarter meeting of 2014.
- Patrick Foster's letter of July 17, 2013, explaining his opinion that premium tax dollars may now be used to offset the city's funding requirement is Attachment "G".

Member Lange informed the Board that the Actuarial Valuation Report was not completed.

Chairman Rogers stated that the entire amount of the state money's reserve will be used to fund the pension plan as long as it remains underfunded.

5. Investment Overview – Presentation by Bogdahn Group

Tyler Grumbles, Bogdahn Consulting, appeared for Tim Nash due to a scheduling conflict. Mr. Grumbles reviewed the Investment Performance Review of September 30, 2013 with the Board.

Mr. Grumbles advised the Board there were a couple of mutual funds that they could reduce the fees on. In reference to Vanguard Total Stock Market Fund, there could be a fee reduction to $300 annually and the Templeton Global Bond Fund would be a fee reduction to $500 annually. In total it is $879 and Mr. Grumbles advised the Board to make the change.

Member Lange made a motion to take the action of reducing the fees on Vangard Total Stock Market Fund and Templeton Global Bond Fund. The motion was seconded by Member Jacobus and unanimously approved by a voice vote.

Mr. Grumbles advised the Board that Salem Trust had recommended that the rebalancing procedure be changed to quarterly and to increase the cash that is on hand to make sure that money is available for distribution.

Member Jacobus made a motion to authorize Member Lange to sign the Letter of Authorization authorizing Lynn Skinner to balance the excess cash flow to the formula in the letter. The motion was seconded by Chairman Rogers and unanimously approved by a voice vote.

6. <u>Legal Update</u>

Mr. Dehner, attorney with Christensen & Dehner, advised the Board there was an amendment to the Sunshine Law that the Board is required to provide an opportunity to the public for public comment during meetings. Mr. Dehner suggested putting a new line item in the beginning of the agenda entitled Public Comment so the public will have an opportunity to make comments on any item the Board may take action on.

2. <u>Approval of July 18, 2013 Minutes (Attachment "A")</u>

Member Lange made a motion for the approval of the minutes for July 18, 2013. The motion was seconded by Member Jacobus and unanimously approved by a voice vote.

7. <u>Correspondence and actions since the last meeting</u>

- Memorandum from Bureau of Local Retirement Systems dated July 10, 2013, noting approval of the plan's 2012 Annual Report is Attachment "H"
- Letter and Memorandum accompanying 2012 Premium Tax Distribution of $80,851.14 (Attachment "I")
- Fiduciary Liability Insurance was renewed at the cost of $4,768.19 including waiver of recourse paid separately by the city. No attachment.
- COLA adjustments for nine eligible retirees for a total (aggregate) monthly increase of $1,121.77 was prepared by Foster and Foster, signed by Secretary Lange, and forwarded to Salem Trust with an effective date of October 1, 2013. No attachment.
- Secretary Lange signed authorizations for return of contributions to Dennis Curtain and Justin Dudley. No attachment.
- Secretary Lange signed authorizations for distribution of "Share" money to Brian Overton, Dennis Curtin, Lance Scudder and Justin Dudley. Four active members and two DROP members are still due funds. No attachment.

Member Lange asked for verification of the varying amounts in the letter and the memorandum. Lynn Skinner confirmed that the amount received was $80,851.14 and it was deposited on August 29th.

Member Lange mentioned to the Board that it is his intention to give all of the Police Pensions Board's correspondence to the City Clerk's office and have the City Clerk's office post the documents on the City website.

Member Jacobus made a motion to transfer the control of the Police Pension Board's records to the City Clerk's office. The motion was seconded by Chairman Rogers and unanimously approved by a voice vote.

8. Old Business

After Board discussion concerning the Actuary Report, Chairman Rogers will be speaking with Foster & Foster about discussing the Actuary Report in a special meeting on November 22, 2013 at 8:30 a.m.

There was Board discussion in reference to controlling expenses and the advantages of passive investments. Mr. Grumbles stated the reason for having a combination of passive and active management is that investments do better during different time periods. Chairman Rogers' conclusion was to continue with the present approach.

9. New Business or Discussion

Chairman Rogers asked for audience comments.

Member Jacobus mentioned moving forward with reviewing their outside vendors. Member Lange stated that he would place it on the agenda for the Special Meeting.

Ms. Skinner apologized that the statements had been delayed in going out and noted the fees were discounted for 6/30 and again for 9/30 because of the delay.

Mr. Dehner reviewed with the Board the memorandum with the proposed 2014 meeting dates. There was discussion amongst the Board about desiring a January meeting. Mr. Dehner replied that he would mention to the Fire Employees' Pension Board and the General Employees' Pension Board about moving the meetings to an earlier date in January.

Chairman Rogers asked for audience comments.

Casey T. Bovee, Merrill Lynch Financial Advisor, addressed the Board to ask for guidance in the process of being considered to become a vendor for the plan. Mr. Bovee stated that Merrill Lynch covers several financial needs dealing with investments and insurance. Chairman Rogers asked Mr. Bovee to send a letter to himself and Secretary Lange and stated it would be included on the agenda.

10. Adjourn

There being no further business to come before the Board, the meeting was adjourned at 3:40 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Bob Rogers, Chairman

Minutes approved on: 12/4/2013