

MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE RETIREMENT SYSTEM HELD IN THE CONFERENCE ROOM AT CITY HALL ON WEDNESDAY, MARCH 26, 2003, AT 1:30 P.M.

I. ROLL CALL:

B. Police Retirement Board:

The Vice Chairman called the meeting to order at 1:34 p.m.

Trustees present were Deputy Chief Patrick Hampshire (Vice Chairman), Finance Director Chuck Powers, and Lt. Kenneth White; Mayor Rodney Romano (Chairman) arrived at 1:49 p.m. Also present were Board Attorney Robert A. Sugarman and Recording Secretary Evanna Stephenson, City Clerk's Office. Absent was David Vespo.

Others present were Larry Cole of Merrill Lynch Consulting Services and Jack Hamilton of Davis Hamilton Jackson & Associates.

II. ADDITIONS/DELETIONS/REORDERING:

A. Employees' Retirement Board:

B. Police Retirement Board:

None.

C. Employees' and Police Retirement Boards:

Consensus was to waive the rules to add Consent C-2 to the agenda and approve the agenda as set at this time.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

1. Consider allowing purchase of prior police employment

Action: Motion made by Mr. Powers and seconded by Lt. White to approve the proposed amendment to the Pension Code, allowing the purchase of up to five (5) years of prior police employment and amending the purchase of military service to five (5) years (not to exceed five (5) years of prior service credit for police officer service and/or military service) and to direct the Board Attorney to forward the proposed amendment to the City Commission for final approval.

Vote: Voice vote showed: AYES: Mr. Powers, Lt. White, and Deputy Chief Hampshire. NAYS: None.

C. Employees' and Police Retirement Boards:

IV. NEW BUSINESS:

A. Pertained to Employees' Retirement Board:

Mayor Romano arrived at 1:49 p.m.

B. Police Retirement Board:

1. From William R. Mosley, re the purchase of military time and prior service buy-in

The Attorney, Robert Sugarman, said Officer Mosley could buy one year of military time into Division 1, but he could not answer for Division 2. If he did purchase military time to vest in the retirement, his pension benefits would still be collectable upon reaching retirement age. He also stated that joining the military was not considered an interruption of service.

C. Employees' and Police Retirement Boards:

1. Mr. Michael Callaway, Vice President, Merrill Lynch Consulting Services, to review fund valuation for quarter ending December 31, 2002, and for calendar year January 1, 2002 – December 31, 2002

Larry Cole reviewed the fund valuation for quarter ending December 31, 2002, and for the calendar year January 1, 2002 – December 31, 2002.

As of December 31, 2002, the fund had a total market value of \$18,892,410 including accrued income. This represented an increase in value from the previous quarter of \$707,500. The total fund earned \$718,849 and paid out \$11,349 in net distributions.

As of December 31, 2002, 48.6% of the total fund was invested in equities including international and small cap equity portfolios, 50.5% in bonds and 0.9% in cash and equivalents. The current allocation to stocks was more conservative than the median fund in the balanced sample, which had 52.9% of its assets invested in stocks.

For the quarter, the total fund earned a 4.0% return, which ranked in the bottom 41% of the public balanced fund sample. The target index which

comprised of 50% S&P 500, 10% MSCI-EAFE and 40% Merrill Lynch Government/Corporate Index had a return of 5.5%.

Board Attorney Robert A. Sugarman requested an explanation from PIMCO and Franklin Balance Sheet regarding their performance, along with an opinion from Merrill Lynch.

Consensus was to direct Mr. Cole to invite PIMCO to the next meeting to explain why they were under weighted in corporate bonds.

2. Davis Hamilton Jackson & Associates, report for calendar year January 1, 2002 – December 31, 2002

Jack Hamilton reported on calendar year January 1, 2002 – December 31, 2002. He said the portfolio value on December 31, 2002, was \$3,058,366.60.

3. Annual review of disability retirees

Risk Manager Dave Murphy provided copies of a spreadsheet listing individuals currently eligible for and receiving the City's Duty and Non-Duty Disability Retirement benefits.

Action: Motion made by Mr. Powers and seconded by Lt. White to table action until the April meeting.

Vote: Voice vote showed: AYES: Mayor Romano, Mr. Powers, Lt. White, and Deputy Chief Hampshire. NAYS: None.

V. CONSENT AGENDA:

A. Pertained to Employees' Retirement Board:

B. Police Retirement Board:

Action: Motion made by Mr. Powers and seconded by Mayor Romano to approve Consent Agenda (B), in its entirety, as follows:

- 1. Approve amended minutes of February 26, 2003, regular meeting, as submitted**
- 2. Authorize payment of invoice from Sugarman & Susskind, dated February 28, 2003, in amount of \$1,350.00 for retainer fee for month of March 2003**

Vote: Voice vote showed: AYES: Mayor Romano, Mr. Powers, Lt. White, and Deputy Chief Hampshire. NAYS: None.

C. Employees' and Police Retirement Boards:

Action: Motion made by Mr. Powers and seconded by Mayor Romano to approve Consent Agenda (C), in its entirety, as follows:

1. **Ratify refunds of pension contributions for March 2003 as reported by Finance Department**

None.

2. **Authorize payment of invoice from Boca Bookbinding, Inc., dated March 18, 2003, in amount of \$129.23 for bookbinding minutes**

Vote: Voice vote showed: AYES: Mayor Romano, Mr. Powers, Lt. White, and Deputy Chief Hampshire. NAYS: None.

Mayor Romano departed at 2:39 p.m.


Board Attorney Robert A. Sugarman distributed information clarifying the use of state premium tax revenues to provide extra benefits to police officers as provided in Chapter 99-1, Laws of Florida; proposed changes to Chapter 175 and 185 premium tax revenues and how they are collected and allocated; and proposed House Bill 133 relating to Firefighter and Municipal Police Pensions.


VI. ADJOURNMENT:

B. Police Retirement Board:

Meeting adjourned at 2:45 p.m.

MINUTES APPROVED: 04-23-03



Mayor Rodney G. Romano, Chair
Employees' Retirement Board


Evanna C. Stephenson
Recording Secretary

Minutes transcribed by: Evanna C. Stephenson, City Clerk's Office

A tape recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.