

***City of Venice Police Officers' Pension Fund***  
**MINUTES OF REGULAR MEETING**  
**February 19, 2010**

**CALL TO ORDER**

Chairman Kevin McGrath called a regular meeting of the Board of Trustees for the City of Venice Police Pension Fund to order at 9:07 AM. Those persons present included:

**TRUSTEES**

Kevin McGrath, Chairman  
Andy Devries  
John Holic  
Robert Palmieri  
Peter Sorrentino

**OTHERS**

Tim Nash, Bogdahn Consulting  
Lee Dehner, Christiansen & Dehner  
Linda Runkle, Pension Resource Center  
Leta Chaney, Salem Trust Company  
Doug Lozen, Foster & Foster  
Andy Holtgrieve, Rockwood Capital Advisors

**APPROVAL OF MINUTES**

A motion was made by Andy Devries to approve the Minutes of November 11, 2009. The motion was seconded by John Holic, approved by the Trustees, 5-0.

**LETA CHANEY, SALEM TRUST COMPANY**

Leta Chaney appeared before the Board on behalf of Salem Trust Company. She reported that operations are going well and that the new custody account has been established. Lee Dehner stated that the charge for the new account will be included in the contract document with Salem Trust Company.

**DOUG LOZEN, FOSTER & FOSTER**

Doug Lozen appeared before the Board on behalf of Foster & Foster to provide the annual actuarial valuation for the fiscal year ending September 30, 2009. The actuarial valuation determines the contribution required by the City to fund the benefits provided by the plan. Mr. Lozen explained that an increased cost to the City is the result of two primary factors: investment returns below the actuarial assumption; and low turn over of employees. The required contribution for the City in 2010 is 28% of total payroll, or approximately \$920,000; the cost for 2011 is 38.65% of payroll, or approximately \$1.3M. Mr. Lozen reported that the percentage of payroll is actually lower, due to the fact that 5 current employees are participants in the Deferred Retirement Option Plan (DROP). Active members contribute 7 ¼% of their payroll, and over \$208,000 of state money is contributed on an annual basis.

Mr. Lozen explained that investment losses experienced during 2008 and 2009 will be paid off over 10 years, rather than 30 years, resulting in an anticipated decrease in the Clty's required contribution in 2020 to 22% of payroll.

A motion was made by John Holic to approve the actuarial report as presented by the actuary . The motion was seconded by Andy Devries, approved by the Trustees, 5-0.

Lee Dehner questioned Tim Nash regarding the assumed rate of return on investments. Mr. Nash stated that although 8% (net of investment fees) may not be achieved this year, it represents a reasonable assumption for the next several years and the long-term thereafter.

A motion was made by Peter Sorrentino to determine, based upon the advice of the investment consultant, that 8% represents a reasonable assumption net of fees for the next several years and for the long term thereafter. The motion was seconded by John Holic, approved by the Trustees 5-0.

Lee Dehner discussed a provision in the proposed ordinance that involves the ability of a retired member to change their joint pensioner two times, and questioned Doug Lozen about the "proof of good health" requirement. Mr. Lozen explained that in the absence of proof of good health of the pensioner being replaced, the actuary will assume that the joint pensioner is deceased for purposes of calculating the new benefit.

#### **ANDY HOLTGRIEVE, ROCKWOOD CAPITAL ADVISORS**

Andy Holtgrieve appeared before the Board on behalf of Rockwood Capital Advisors to provide a report on the investment portfolio for the quarter ending December 31, 2009. The total fund return for the quarter was 3.9%, equivalent to the index, and the actual dollar increase to the portfolio was \$194,439.00. Mr. Holtgrieve explained that positive signs in the economy indicate that the market is in the early stages of a prolonged bull market. He discussed the strategy of holding approximately 40 stocks at 2 ½% of the portfolio and explained that technology and industrial investments did well during the quarter. Mr. Holtgrieve reported that fixed income investments were -0.2% for the quarter verses 0.2% for the index.

#### **TIM NASH, BOGDAHN CONSULTING**

Tim Nash appeared before the Board on behalf of Bogdahn Consulting to review the quarter ending December 31, 2009. The total market value of the Fund's assets was up from \$21.4 M on September 30, 2009 to \$22.5 M on December 31, 2009. The total portfolio was up 5.29% for the quarter, ahead of the benchmark of 3.89%. Mr. Nash reported that the total fund has increased over 9% since inception, which makes it one of the best performing funds in the state.

Mr. Nash advised that both investment managers are following the Florida scrutinized company list and that there are no prohibited investments in either portfolio. He

reported that The Bogdahn Group will be sending a letter of compliance to the State later in the month.

Mr. Nash distributed a draft Investment Policy Statement and explained the changes: 1) Increase the range for international investments to 25% of the portfolio, with a target of 15%; 2) Remove certain investment limitations and retain limitations on corporate common stock and convertible bonds at 85% of market value of plan assets; 3) require divestment of scrutinized companies from portfolio; and 4) change the benchmark for international investments from MSCI-EAFE to MSCI-ACWIxUS.

Mr. Nash presented the Board with a fee adjustment proposal of \$15,500.00 annually, all inclusive, which is an increase of \$2,500.00 over current fees, guaranteed for a three year contract. A motion was made by John Holic to approve the new fee, effective April 1, 2010. The motion was seconded by Andy Devries, approved by the Trustees, 5-0. Lee Dehner will prepare the contract for services.

#### **LEE DEHNER, CHRISTIANSEN & DEHNER**

Lee Dehner advised that the Restatement Ordinance will be completed and forwarded to Linda Runkle for distribution to the Trustees.

Mr. Dehner reported on the Internal Revenue Service survey that was scheduled to be distributed to 200 public pension plans by the end of 2009. He will continue to monitor the federal "HELPS 2" legislation regarding retiree medical insurance payments.

#### **LINDA RUNKLE, PENSION RESOURCE CENTER**

The Trustees reviewed the disbursements provided by the Administrator for approval. Andy Devries made a motion to ratify the disbursements. The motion was seconded by John Holic, approved by the Trustees 5-0.

The Trustees reviewed the benefit approvals provided by the Administrator for approval. Robert Palmieri made a motion to approve the benefits. The motion was seconded by Peter Sorrentino, approved by the Trustees 5-0.

Kevin McGrath stated that the 2009 Annual Report and Audit have been completed by CPA Associates. Ms. Runkle will submit the report, audit, and actuarial valuation to the State Department of Retirement.

## **ADJOURNMENT**

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on May 12, 2010 at 9:00 AM, the meeting was adjourned at 10:45 AM.

Approved: \_\_\_\_\_