

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
February 13, 2013

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 9:05 AM. Those persons present included:

TRUSTEES

Kevin McGrath, Chairman
Ernie Skinner
Andy Leisenring
Robert Palmieri
Andy Devries

OTHERS

Tim Nash & Tyler Grumbles, Bogdahn Consulting
Lee Dehner, Christiansen & Dehner
Linda Runkle, Pension Resource Center
Jeff Snyder, Venice Finance Department
John Holic, Mayor

APPROVAL OF MINUTES

Ernie Skinner made a motion to approve the minutes of the quarterly meeting held November 14, 2012. The motion was seconded by Andy Devries, approved by the Trustees, 5-0.

REPORT FROM MAYOR JOHN HOLIC

Mayor John Holic advised that the Minutes of the November 14, 2012 Board meeting accurately reflect his previous comments regarding the preparation of a report regarding the City's pension plans by a consultant. He explained that City Council met in an executive session in December to review the alternatives provided in the report, and that questions were submitted to the consultant. He advised that the report is comprised of alternatives, and that the City Council will vote on any action regarding the report in a public meeting. Mr. Holic stated that the report will become a public record at the point when the Council meets in a public session.

ACTUARIAL VALUATION: DOUG LOZEN

Doug Lozen appeared before the Board on behalf of Foster & Foster to present the October 1, 2012 Actuarial Valuation. The actuarial valuation determines the contribution required by the City to fund the benefits provided by the plan. The required contribution for the City in 2013 is estimated at 55.27% of total payroll; the actual cost for 2012 was 49.94% of pensionable payroll. Mr. Lozen explained that the increase is due to the utilization of a more conservative methodology for paying down unfunded liabilities. He reported that the return on market value of assets for 2012 was 18.24%, versus -0.08

for 2011, and advised that the portfolio returns were well above average for all pension plans.

He explained that the FASB 35 (Current Ratio) is 78.1%, and that the GASB 25 (Long Term Ratio) for the plan is 70.05%.

A motion was made by Ernie Skinner to approve the actuarial report as presented by Mr. Lozen. The motion was seconded by Robert Palmieri, approved by the Trustees, 5-0.

Lee Dehner questioned Tim Nash regarding the total annual expected rate of return on investments. Mr. Nash stated that 7.9% is a reasonable assumption for the short, mid, and long-term. A motion was made by Ernie Skinner to determine, based upon the advice of the investment consultant, that 7.9% represents a reasonable assumption net of fees for the next several years and for the long term thereafter. The motion was seconded by Ernie Skinner, approved by the Trustees 5-0.

TIM NASH, THE BOGDahn GROUP

Tim Nash appeared before the Board on behalf of The Bogdahn Group to review the quarter ending December 31, 2012. The total market value of the portfolio was \$26.42M on December 31, 2012. He explained that Bowen, Hanes & Company manages 75% of the portfolio, and that Rockwood Capital Advisers manages 25% of the portfolio. He noted that the gain for the fiscal year was 18.57%.

Mr. Nash recommended that the Board consider selecting a money manger for fixed income investments. He advised that fees could be reduced from 50 basis points to 30-40 basis points. He recommended that the fixed income assets currently managed by Bowen, Hanes & Company and by Rockwood Capital Advisers be transferred to a new manager to be selected by the Board. In response to a Trustee question, Mr. Nash explained that Bogdahn Group is a fiduciary to the pension plan, and that a research team of five associates in the company are dedicated to the research process to recommend managers based upon performance, risk, and fees.

Ernie Skinner made a motion to request that Mr. Nash bring recommendations to the next meeting of the Board for consideration. The motion was seconded by Robert Palmieri, approved by the Trustees, 5-0.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner advised that two significant bills have been filed for the up-coming legislative session. He reported that he will provide an ordinance to incorporate IRS regulations and expand Trustee terms to four years. He recommended that the Board have an opportunity to review the City consultant's report regarding pension options. Mr. Dehner advised that he will contact the Venice City Attorney regarding the release

of the consultant's report and/or a release of the transcript regarding the Council's executive session held during December 2012.

LINDA RUNKLE, PENSION RESOURCE CENTER

The Trustees reviewed the disbursements provided by the Administrator. Ernie Skinner made a motion to ratify the disbursements. The motion was seconded by Robert Palmieri, approved by the Trustees, 5-0. There were no benefit approvals processed during the quarter.

Linda Runkle advised that the Annual Report is being prepared by Foster & Foster. She reported that the Board will consider renewal of fiduciary liability insurance at the next meeting.

BOARD MEMBER COMMENTS

Andy Leisenring reported that he would like to create a fact sheet for members, composed of information from the Summary Plan Description. He recommended providing new members a packet of information including a fact sheet, copy of the Summary Plan Description, and a Beneficiary Designation Form. Mr. Leisenring stated that it is important to convey facts and figures to City officials, the public, and the media. Kevin McGrath recommended one-on-one discussions with Council members as an effective method of providing information.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on May 8, 2013 at 9:00 AM, the meeting was adjourned at 11:10 AM.

Approved: 