

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
May 8, 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 9:07 AM. Those persons present included:

TRUSTEES

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

OTHERS

Tim Nash, Bogdahn Consulting
Lee Dehner, Christiansen & Dehner
Linda Runkle, Pension Resource Center
Jeff Snyder, Venice Finance Department
John Holic, Mayor
Tony Brown, Rockwood Capital Management

APPROVAL OF MINUTES

Andy Leisenring requested that the Plan Administrator verify the percentages of payroll reflected in the minutes under the Actuarial Valuation section. Ernie Skinner made a motion to approve the minutes of the quarterly meeting held February 13, 2013, as revised if necessary. The motion was seconded by Andy Devries, approved by the Trustees, 5-0.

ROCKWOOD CAPITAL ADVISORS: TONY BROWN

Tony Brown appeared before the Board on behalf of Rockwood Capital Advisors to review the performance of the portfolio. Currently, Rockwood Capital Advisors is managing \$7.07M, invested 68% in equities, 31% in fixed income, and 1% in cash. He reported that the equity portfolio increased 12.1% for the quarter ending March 31, 2013, versus the benchmark of 11.1%. He advised that the equity portfolio increased 14.2% for the fiscal year, versus the benchmark of 11.4%. Mr. Brown explained that fixed income returns have been flat for the fiscal year to date, earning 0.1%, which reflects the benchmark.

Mr. Brown requested a modification to the fixed income guidelines contained within the Investment Policy Statement allowing the duration of the portfolio to be decreased from the current limit, to provide better downside protection in a rising interest rate environment. Tim Nash advised that the current limit is +/- 25% of the Barclays Aggregate Index. Mr. Nash noted that the duration guidelines are designed to minimize the risk associated with longer maturity bonds. He recommended modifying the fixed income duration guideline from the current language, "The duration of the manager's

portfolio shall fall within a band of +/- 25% of the Target Index", to a revised "The duration of the manager's portfolio shall not exceed 135% of the Target Index". The new language will allow the manager to shorten the duration of the portfolio as he/she deems appropriate to limit the risk associated with a rising interest rate environment.

Andy Devries made a motion to modify the Investment Policy Statement in accordance with the recommendations of Mr. Nash. The motion was seconded by Ernie Skinner, approved by the Trustees, 5-0.

Mr. Nash will provide the revised Investment Policy Statement to the Board for signature, and will circulate the executed document as required by law.

TIM NASH, THE BOGDAHN GROUP

Tim Nash appeared before the Board on behalf of The Bogdahn Group to review the quarter ending March 31, 2013. The total market value of the portfolio was \$28.1M on March 31, 2013. 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 quarter was 6.87% versus the benchmark of 5.92%, and advised that the performance is in the top 7% of all public plans.

Mr. Nash reviewed the performance of the fixed income investments, and reported that Bowen, Hanes & Co. is performing below the benchmark, and that Rockwood Capital Advisers is performing close to the benchmark. He recommended that the Trustees consider hiring an additional investment manager specifically to manage fixed income investments. He explained that 35% of the plan's assets, almost 10 million dollars, is invested by Bowen, Hanes & Co. and Rockwood Capital Advisers in fixed income investments. He advised that a fixed income management fee would be 25 basis points, which would be a fee reduction.

Mr. Nash reviewed the performance of several fixed income investment managers, contained within an "Investment Strategy Review" report presented to the Board. Robert Palmieri made a motion to contact Garcia Hamilton and Cutwater to schedule interviews for the August meeting. He also requested that Bowen, Hanes & Co. be invited to attend the August meeting. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

Mr. Nash recommended that the Board consider an ordinance modification to forward to the City Council, permitting investment in real estate, and suggested a maximum 10% allocation. Lee Dehner advised that language allowing an investment in real estate will be included in an ordinance draft that complies with IRS regulations and increases Trustee terms to four years.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner advised that SB534 passed during the recently concluded legislative session. If the legislation is signed by the Governor, it will require additional filing and disclosure requirements.

Mr. Dehner presented a proposed addendum to the Operating Rules and Procedures of the Board regarding the confidentiality of information regarding police officers. The confidentiality of information is in accordance with Florida Statutes, Section 119.071(4)(d) (2) (a), and provides an exemption from public records disclosure.

Robert Palmieri made a motion to modify the Operating Rules and Procedures in accordance with the Florida Statutes. Andy Leisenring seconded the motion, approved by the Trustees, 5-0.

Mr. Dehner reminded the Trustees to file a Form 1 Statement of Financial Interests with the Supervisor of Elections before July 1, 2013.

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 Andy Leisenring, approved by the Trustees, 5-0. There were no benefit approvals processed during the quarter.

Linda Runkle presented the quotation for the renewal of fiduciary liability insurance with Hudson Insurance Company. The total premium is \$5,042.71. The Waiver of Recourse portion of the premium, in the amount of \$125.00, will be paid by the City Finance Department; the balance will be paid by the Pension Fund.

Ernie Skinner made a motion to bind renewal coverage with Hudson Insurance Company, effective June 21, 2013. Robert Palmieri seconded the motion, approved by the Trustees, 5-0.

OTHER BUSINESS

Jeff Snyder, Finance Director for the City of Venice, requested that the annual Actuarial Valuation be completed in December of each year, rather than February. He advised that the Venice Firefighters' Pension Plan receives their Actuarial Valuation in December. The report is prepared by Foster & Foster on behalf of both the Police and Firefighters' Pension Boards. It was a consensus of the Board to request that Foster & Foster submit the Actuarial Valuation in December, if possible.

BOARD MEMBER COMMENTS

Andy Leisenring distributed a comparison of 2012 Regional Police Pension Plans, which he created by utilizing information from 2012 Actuarial Valuations.

Mr. Leisenring requested that a meeting be scheduled for a "Question and Answer Session" for retirement plan members. He recommended that Board Attorney, Lee Dehner, and Board Actuary, Doug Lozen, be invited to attend. He indicated that the Firefighters' Pension plan members may wish to participate in a joint session. Linda Runkle will contact Mr. Dehner and Mr. Lozen to arrange a date for the meeting.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on August 7, 2013 at 9:00 AM, the meeting was adjourned at 11:13 AM.

Approved: _____

