

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
August 7, 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
Andy DeVries
Andy Leisenring
Robert Palmieri

OTHERS

Tim Nash, Bogdahn Consulting
Lee Dehner, Christiansen & Dehner
Linda Runkle, Pension Resource Center
David Kelly, Bowen, Hanes & Co.
Miriam Cleary & Jason Celente, Cutwater Asset
Management
Janna Hamilton & Jeffrey Detwiler, Garcia-Hamilton
& Associates

MOTION TO AMEND AGENDA

Robert Palmieri made a motion to amend the agenda to receive the report from Bogdahn Consulting prior to the interviews of fixed income managers. The motion was seconded by Andy Leisenring, approved by the Trustees, 4-0.

APPROVAL OF MINUTES

Andy Leisenring made a motion to approve the minutes of the quarterly meeting held on May 8, 2013. The motion was seconded by Andy Devries, approved by the Trustees, 4-0.

BOWEN, HANES & COMPANY: DAVID KELLY

David Kelly appeared before the Board on behalf of Bowen, Hanes & Company to review the performance of the portfolio. Currently, Bowen, Hanes & Company is managing \$21M, with \$15M invested in equities. Mr. Kelly advised that the equity portfolio increased 16.6% for the fiscal year to date, and the total portfolio has increased 10.8% fiscal year to date. He explained that Bowen, Hanes & Company has been holding cash due to negative returns for fixed income investments.

Mr. Kelly reviewed performance utilizing twenty year rolling periods since inception of June 30, 1986, and reported that the annualized average return has been 9.4%.

TIM NASH, THE BOGDAHN GROUP

Tim Nash appeared before the Board on behalf of The Bogdahn Group to review the quarter ending June 30, 2013. The total market value of the portfolio was \$27.8M on June 30, 2013. He explained that Bowen, Hanes & Company's equity performance for the quarter was well below the benchmark, and that Bowen Hanes & Company and Rockwood Capital Advisors both performed below the benchmark in fixed income assets. He reported that the performance of the portfolio fiscal year to date is 6.06% gross of fees.

Mr. Nash explained that the Board is currently paying 40 to 50 basis points to manage fixed income assets, and recommended that savings would result from changing investment strategy to hire a fixed income manager at a fee of 25 basis points.

Lee Dehner advised that the Board hired Rockwood Capital Management in October of 2009. He stated that the Board discussed dedicated managers versus balanced managers at the time the decision was made to hire Rockwood Capital Management.

CUTWATER ASSET MANAGEMENT PRESENTATION

Miriam Cleary and Jason Celente appeared before the Board on behalf of Cutwater Asset Management to describe their company and explain their investment philosophy for fixed asset management. The company was founded in 1991 and the corporate headquarters are in White Plains, NY. Currently Cutwater Asset Management manages \$3.3B in Florida, and \$27.9B in total assets. Mr. Celente explained that the bond portfolio generally has 100 bonds, with concentrations ranging from ½% to 2%. The proposed fee is 30 basis points.

GARCIA-HAMILTON & ASSOCIATES PRESENTATION

Janna Hamilton and Jeffrey Detwiler appeared before the Board on behalf of Garcia-Hamilton & Associates to describe their company and explain their investment philosophy for fixed asset management. The company was established 25 years ago and the corporate headquarters are in Houston, TX. Currently, Garcia-Hamilton manages \$3.4B in assets, and 70% of their clients are public funds. Mr. Detwiler explained the fixed income investment process, interest rate anticipation, and sector rotation. The proposed fee is 25 basis points.

The Board discussed the presentations by Cutwater Asset Management and Garcia-Hamilton & Associates. Mr. Nash explained that hiring a fixed income manager would result in lower costs and broader diversification. He advised that both managers have performed better than the current balanced strategy managers.

The Trustees discussed the philosophical change to hire individual managers instead of maintaining the balanced strategy. It was a consensus of the Board not to make a change at this point, but to carefully monitor returns over the next two quarters.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner advised that he is sending an ordinance to the City that contains modifications necessary for compliance with IRS regulations.

The Trustees discussed the past practice of cashing out leave time prior to entry into the DROP, and requested that the Plan Administrator notify the City to confirm the process.

LINDA RUNKLE, PENSION RESOURCE CENTER

The Trustees reviewed the disbursements provided by the Administrator. Robert Palmieri made a motion to ratify the disbursements and benefit approvals as submitted. The motion was seconded by Andy Leisenring, approved by the Trustees, 4-0.

Linda Runkle presented the format for the upcoming Trustee election. Andy Leisenring will distribute and post the notice of nomination. The Board requested that the Plan Administrator notify the Mayor's office to request that Kevin McGrath be appointed to serve another term.

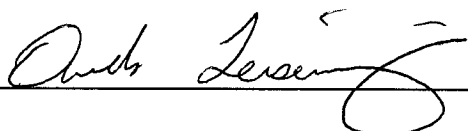
Ms. Runkle provided a summary of the response to the annual medical disability affidavit. Two medical retirees provided their affidavits and doctor's statements; one medical retiree has not complied and will be notified that he must respond within thirty days.

BOARD MEMBER COMMENTS

Andy Leisenring suggested that the Actuarial Valuation be prepared by Foster & Foster to reflect contributions in actual dollars instead of percentage of payroll. The Board discussed that the percentage of payroll was a misleading number due to DROP participants, and concluded that the City budget is based upon dollars, not percentages. Andy Leisenring made a motion to request that future Actuarial Valuations be prepared in dollars, not percentages. Andy DeVries seconded the motion, approved by the Trustees, 4-0.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on November 13, 2013 at 9:00 AM, the meeting was adjourned at 11:47 AM.

Approved:  _____