

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
November 5, 2014

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 9:00 AM. Those persons present included:

TRUSTEES

Kevin McGrath, Chairman
Robert Palmieri
Andy Leisenring

OTHERS

John Thinner, Bogdahn Consulting
Lee Dehner, Christiansen & Dehner
Linda Runkle, Pension Resource Center
David Kelly, Bowen, Hanes & Co.
Keith Quick, Union President

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

Andy Leisenring made a motion to approve the minutes of the quarterly meeting held on August 6, 2014. The motion was seconded by Robert Palmieri, approved by the Trustees, 3-0.

ACTUARIAL REPORT: DOUG LOZEN, FOSTER & FOSTER

Doug Lozen appeared before the Board on behalf of Foster & Foster. He explained the required GASB 67 and GASB 68 calculations. Mr. Lozen advised that SB534 provides that a calculation must be performed assuming that the plan's investment earnings are 2% less than the expected rate of return (which will result in making the unfunded liability of the plan appear higher). In order to place the required calculation in perspective, Foster & Foster and the Board's attorney, Lee Dehner, suggest an additional calculation assuming that the plan's investment earnings are 2% higher than the expected rate of return. Robert Palmieri made a motion to authorize Foster & Foster to prepare a calculation utilizing the assumption that the plan's portfolio earned 2% above the expected rate of return. The motion was seconded by Andy Leisenring, approved by the Trustees, 3-0.

Mr. Lozen responded to a question regarding the impact of the City's conversion to FRS upon the existing defined benefit plan. He advised that there will be a large reduction in

the City's responsibility for funding in the future, however, the 2014 Actual Valuation will reflect full membership in the defined benefit plan.

Linda Runkle, Plan Administrator, recommended that the Board authorize the preparation of benefit calculations for all members that converted to the FRS plan. The Ordinance freezes the earned benefits of members that converted, effective October 1, 2014, and the members become entitled to a vested deferred pension upon retirement. Robert Palmieri made a motion to request that Foster & Foster prepare calculations on behalf of all vested deferred members. The motion was seconded by Andy Leisenring, approved by the Trustees, 3-0.

Kevin McGrath discussed the implementation of a one time COLA increase for current retirees. Doug Lozen estimated that the cost for the preparation of a COLA impact statement for presentation to the City would be approximately \$750.00. Keith Quick reported that he felt that the time is not appropriate for consideration of COLAs to retirees, due to recent changes to the benefits of active members. Lee Dehner advised that the Union would need to agree to the implementation of COLAs for retirees. It was agreed that the discussion would be tabled until the next quarterly meeting in February of 2015.

The Board requested an opinion from Lee Dehner regarding the eligibility of current members who serve as Trustees. Mr. Dehner reported that there is an Attorney General's Opinion from 2006 that provides that a DROP participant is retired for plan purposes, but still an active police officer, and therefore can serve as a member elected Trustee. He concluded that an active police officer who has converted to FRS can continue to serve as a member elected Trustee.

INVESTMENT MANAGER REPORT: DAVID KELLY, BOWEN, HANES & CO.

David Kelly appeared on behalf of Bowen, Hanes & Company to provide an update for the quarter and fiscal year ending September 30, 2014. He reported that Bowen, Hanes & Company currently manages \$23.2M on behalf of the pension plan, and that the total return for the fiscal year was 13%. Mr. Kelly advised that the portfolio increased from \$21.3M on September 30, 2013 to the current level of \$23.2M.

Mr. Kelly explained that the plan has paid foreign dividends on investments, and recommended that the Board authorize the custodian, Salem Trust Company, to participate in the Globe Tax program for the refund of foreign taxes. Andy Leisenring made a motion to commence participation with Globe Tax. The motion was seconded by Robert Palmieri, approved by the Trustees, 3-0.

JOHN TINNES, THE BOGDahn GROUP

John Tinnés appeared before the Board on behalf of the Bogdahn Group to review the quarter and fiscal year ending September 30, 2014. The total market value of the portfolio was \$31.5M on September 30, 2014, reflecting a slight decrease during the fourth quarter. The portfolio earnings for the fiscal year were 12.11% net of fees.

The Board executed contract documents for a real estate investment of \$3M with ASB Capital Management.

Mr. Tinnes explained the role of the investment consultant. He advised that the Bogdahn Group has been a service provider for the pension plan since 2005. He reported that services include investment policy creation, asset allocation, manager evaluation, and performance monitoring. He advised that the current contractual rate of \$15,500.00 annually will remain the same for 2015.

LINDA RUNKLE, PENSION RESOURCE CENTER

The Trustees reviewed the disbursements provided by the Administrator. Andy Leisenring made a motion to ratify the disbursements as submitted. The motion was seconded by Robert Palmieri, approved by the Trustees, 3-0.

The Trustees reviewed the benefit approvals provided by the Administrator. Andy Leisenring made a motion to ratify the benefit approvals as submitted. The motion was seconded by Andy Robert Palmieri, approved by the Trustees, 3-0.

Pension Resource Center will be scheduled for a service provider review at the next quarterly meeting.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on February 11, 2015 at 9:00 AM, the meeting was adjourned at 10:35 AM.

Approved: 