

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
August 6, 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 9:11 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
Tony Brown, Rockwood Capital Management
Keith Quick, Union President
Linda Senne, Finance Department
Christi Womack, Herald Tribune

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

Ernie Skinner made a motion to approve the minutes of the quarterly meeting held on May 14, 2014. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

INVESTMENT MANAGER REPORT: ROCKWOOD CAPITAL ADVISORS

Tony Brown appeared on behalf of Rockwood Capital Advisors to provide an update for the quarter ending June 30, 2014. He reported that Rockwood currently manages \$7.9M on behalf of the pension plan, and that the total return for the quarter was 2.9%. Mr. Brown advised that short term performance is under the benchmark, however, cumulative returns on the equity portfolio since 2000 have been above the S+P 500 benchmark. He advised that the investment objective is for the long term, and that the portfolio "is not a trading portfolio". In response to a Trustee question, Tim Nash responded that the total portfolio returns, fiscal year to date, are 11.75%, well in excess of the assumed rate of return.

TIM NASH, THE BOGDahn GROUP

Tim Nash appeared before the Board on behalf of the Bogdahn Group to review the quarter ending June 30, 2014. The total market value of the portfolio was \$31.7M on June 30, 2014, compared to \$30.7M on March 31, 2014. He reported that the return for the second quarter was 4%.

Mr. Nash recommended that the Board amend the Investment Policy Statement to increase the limitation on investments in corporate common stocks and convertible bonds from seventy percent (70%) of the market value of Plan assets to seventy five percent (75%) of Plan assets. He also recommended that the Investment Policy Statement be modified to permit investments in Master Limited Partnerships (MLP), but to prohibit investments in co-mingled MLPs and REITS.

Ernie Skinner made a motion to amend the Investment Policy Statement to reflect the changes recommended by Mr. Nash. The motion was seconded by Robert Palmieri, approved by the Trustees, 5-0. Mr. Nash will provide a copy of the Investment Policy Statement, which reflects the amendments approved on May 14, 2014 and August 6, 2014, for signature and distribution.

Lee Dehner advised that he is reviewing contract documents for a real estate investment of \$3M with ASB Capital Management.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner confirmed that the City Attorney, City Clerk, and City Council have all agreed that the existing terms of Trustees will be extended to reflect the four year Trustee terms approved by Ordinance. A schedule of term expiration dates was distributed to the Board.

Mr. Dehner explained that the passage of Senate Bill 534 creates additional filing and disclosure requirements for defined benefit pension plans. The additional requirements will create additional expenses to the Plan, without any benefit to the Plan or members.

The Board reviewed the performance of Christiansen & Dehner. Mr. Dehner advised that his law firm represents 170 pension plans in 100 cities. He reported that he has practiced in the pension plan advisory arena since 1979. Kevin McGrath thanked Mr. Dehner for his work for the Venice Police Officers' Pension Plan. He observed that he was a member of the Board when Mr. Dehner was retained during the 1980's, and reported that the Plan has avoided litigation and remained in compliance with State and Federal laws during his tenure.

The Bogdahn Group will be scheduled for a service provider review at the next quarterly meeting.

LINDA RUNKLE, PENSION RESOURCE CENTER

The Trustees reviewed the disbursements and benefit approvals provided by the Administrator. Ernie Skinner made a motion to ratify the disbursements and benefit approvals as submitted. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

Ms. Runkle advised that two members entered the DROP effective September 1, 2013, but have not made an election for form of benefit. She requested that the Board authorize a 30 day formal notice letter to the members, requiring that the election be made, or the form of benefit will become the 10 year certain. Ernie Skinner made a motion to send certified letters to the two members. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

The Board discussed the 2014 Audit. The 2013 Audit was performed by Moore Stephens Lovelace. The engagement letter quotes a fee of not to exceed \$6,500 for two years. Ernie Skinner made a motion to retain Moore Stephens Lovelace for the 2014 Audit. The motion was seconded by Andy DeVries, approved by the Trustees, 5-0.

OTHER BUSINESS

The Board discussed Ordinance 2014-23, which is scheduled for City Council approval on August 26, 2014. The Board questioned whether Section 4(b) on page 3 of the draft Ordinance, regarding the utilization of State monies to reduce the City's required contribution to the Plan, was discussed and/or negotiated with the Union.

BOARD MEMBER COMMENTS

Kevin McGrath recommended that the Board discuss the provision of a cost of living increase to retirees at the next quarterly meeting. He advised that no increases have been provided over the past 6 years. He reported that the Union does not negotiate with the City on behalf of retirees, and stated that other pension plans have funded retiree increases via excess State monies. Mr. McGrath requested that Doug Lozen of Foster & Foster be invited to attend the next meeting, and that the topic be listed as an agenda item.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on November 5, 2014 at 9:00 AM, the meeting was adjourned at 10:56 AM.

Approved: 