

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
February 11, 2015

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
Ernie Skinner
Andy DeVries

OTHERS

Tim Nash, Bogdahn Consulting
Lee Dehner, Christiansen & Dehner
Linda Runkle, Pension Resource Center
Doug Lozen, Foster & Foster
Jeff Snyder, Finance Director

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 November 5, 2014. The motion was seconded by Robert Palmieri, approved by the Trustees, 5-0.

OLD BUSINESS

Doug Lozen and Lee Dehner discussed the interpretation of Ordinance 2014-23, which made changes to pension benefits effective October 1, 2014. They reported that discussions with members of the City administration indicate that it was not the intent of the parties to collective bargaining negotiations to reduce benefits retroactively. Therefore, the calculation of pension benefits prior to October 1, 2014 will include all pay, and benefits calculated for service after October 1, 2014 will include base pay only. Mr. Dehner explained that Ordinance 2014-23 will need to be modified to clarify the intent, because a strict interpretation of the Ordinance would result in the reduction of benefits for service prior to October 1, 2014 for all active employees. Mr. Dehner advised that he will draft an Ordinance to clarify the intent of the parties, and Mr. Lozen explained that he will revise the Impact Statement prepared on August 18, 2014 for Ordinance 2014-23. Mr. Lozen explained that the completion of the 2014 Actuarial Valuation was delayed due to this pending issue, and advised that the revised Impact Statement and Actuarial Valuation should be completed in three weeks. Robert Palmieri made a motion to direct Mr. Dehner to draft an Ordinance to clarify the

meaning and intent of Ordinance 2014-23, and to direct Mr. Lozen to revise the accompanying Impact Statement. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

Kevin McGrath reported that he had discussed the concept of providing a cost of living adjustment (COLA) to retirees with the Chief, and that the Chief advised that there was some interest expressed by elected officials to provide a COLA increase to retirees. Mr. McGrath suggested that Foster & Foster be asked to prepare some cost estimates for a few scenarios, such as a recurring 2% increase, or a one time increase of various percentages, for discussion purposes. Mr. Dehner advised that the Union should be contacted regarding this matter. The Board requested that the plan administrator contact the Union to request a written notification regarding whether the Union objects to the concept of a COLA for retirees, and/or to the preparation of estimates for discussion purposes. This topic will be included on the next quarterly agenda.

TIM NASH, THE BOGDahn GROUP

Tim Nash appeared before the Board on behalf of the Bogdahn Group. He advised that Bogdahn has been in the investment consulting business for 15 years. He explained that there have recently been changes to the ownership structure, and that Joe Bogdahn will remain with the company as Chairman and retain a minority shareholder interest. Mr. Dehner advised that the Board should acknowledge and consent to the change in internal control. Ernie Skinner made a motion to acknowledge and consent to the internal change of control for Bogdahn Group. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

Mr. Nash reviewed performance of the portfolio for the quarter ending December 31, 2014. The total market value of the portfolio was \$32M on December 31, 2014, reflecting an increase of 2.17% during the fourth quarter. Mr. Nash explained that energy stocks, and international investments were negative for the quarter. He reported that the overall portfolio annual rate of return, gross of fees, since 1986, is 9.48%, well in excess of the expected rate of return of 7.9%.

Mr. Nash advised that he anticipates a capital call April 1, 2015, from ASB, the new real estate investment. He explained that the call will be funded proportionately from current investments.

Linda Runkle asked about Mr. Nash's experiences in the return of foreign taxes paid on investments. He responded that the Custodian or money manager usually coordinates the returns on behalf of the plan. Mr. Nash will follow-up with Salem Trust Company and with the investment managers.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner provided an update on new legislation filed during the current legislative session. He explained that the Division of Retirement will be posting calculations required by SB 534, including the calculation of returns to the plan that are 2% below

the assumed rate of return, and that the Division will not post the calculation for returns that are 2% above the assumed rate of return. He advised that both calculations should be posted on the City's website for comparison.

Mr. Dehner reported that the City will remain eligible for the receipt of State money for pension funding, even after the conversion to the Florida Retirement System (FRS). He advised that SB172 would modify provisions on the utilization of State money, and that SB 242 would modify the actuarial mortality table utilized for current calculations in order to be consistent with tables utilized by FRS.

LINDA RUNKLE, PENSION RESOURCE CENTER

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

Linda Runkle reviewed the responsibilities of Pension Resource Center (PRC) as the plan administrator. She explained that PRC was hired on November 1, 2008, and that she has provided the plan administrator service since inception. The Board reviewed the current contract and fees. Ms. Runkle thanked the Board for their confidence, and the Board thanked her for her service.

Ms. Runkle will schedule a service provider for 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 May 13, 2015 at 9:00 AM, the meeting was adjourned at 10:20 AM.

Approved: 