

City of Venice Police Officers' Pension Fund
MINUTES OF REGULAR MEETING
August 12, 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 9:10 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
Andy Holtgrieve, Rockwood Capital Advisors
Keith Quick, FOP

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 13, 2015. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0.

OLD BUSINESS

Doug Lozen explained the recommendation from the State Division of Retirement regarding the assumed rate of return on investments. It is the opinion of the State Actuary, Douglas Beckendorf, that the assumed rate of return must be decreased from 7.9% net of fees to 7.0% net of fees to obtain State acceptance of the pension plan pursuant to Part VII of Chapter 112, F.S. Mr. Beckendorf stated that the plan closure will shorten the investment horizon and the plan's asset allocation will shift from the current asset allocation to a less risky allocation as members retire.

Mr. Lozen reported that lowering the assumed rate of return applicable to the 2014 Actuarial Valuation will result in increased funding costs for the City for the fiscal year 2015-2016 budget. He estimated that the increased cost to the City will be in the range of \$300,000.00 to \$500,000.00 dollars.

Tim Nash advised that the stock and bond investment allocations will change gradually over time. He reported that the portfolio has earned an average of 11.17% net of fees over the past five years.

Ernie Skinner made a motion to accept the recommendation by the State to reduce the assumed rate of return on investments from 7.9% to 7.0%, and to request a revision of the 2014 Actuarial Valuation and the May 29, 2015 Actuarial Impact Statement to utilize the 7.0% assumption. Andy Leisenring seconded the motion, approved by the Trustees, 5-0.

Keith Quick spoke on behalf of the City's FOP regarding the concept of retiree cost of living adjustments (COLAs). He advised that the Union supports the gathering of information and an actuarial impact review. He stated that a COLA should not take effect until after October 1, 2015. The Board agreed that Chairman Kevin McGrath should speak with the Chief of Police, the Mayor, and City Council representatives. Andy Leisenring made a motion to appoint Chairman McGrath to pursue information and impacts of various COLA scenarios; to speak with City representatives; and to report results back to the Board at the next quarterly meeting. The motion was seconded by Ernie Skinner, approved by the Trustees, 5-0.

Plan Administrator Linda Runkle reported on the status of calculations of future retirement benefits for vested deferred members of the pension plan. She advised that the City administration must prepare a listing of pensionable benefit amounts to include with salary history for the calculation for each member. Andy Leisenring will continue to consult with Alan Bullock on this matter.

ROCKWOOD CAPITAL ADVISORS

Andy Holtgrieve appeared before the Board on behalf of Rockwood Capital Advisors. He advised that Rockwood has formed a strategic alliance with Buckingham to provide an enhanced level of advisory services. He explained that Rockwood's strategy is an All-cap, opportunistic and theme based approach to equity management. He reported that the portfolio value was reduced from \$8.2M to \$7.9M during the second quarter of 2015, but stated that the firm believes that money is invested in the appropriate sectors. He explained that uncertainty continues in the market.

TIM NASH, THE BOGDahn GROUP

Tim Nash appeared before the Board on behalf of the Bogdahn Group. He reviewed performance of the portfolio for the quarter ending June 30, 2015. The total market value of the portfolio was \$31.8M on June 30, 2015, compared to \$32.5M on March 31, 2015. Mr. Nash reported that the overall portfolio rate of return for the fiscal year is 4.76%. He advised that the average rate of return, since inception in 1986, is 9.16%.

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

current investments. Mr. Nash advised that he will revise the Investment Policy Statement to reflect the new 7.0% expected rate of return.

LEE DEHNER, CHRISTIANSEN & DEHNER

Lee Dehner provided an update on legislation approved during the legislative session. He advised that Foster & Foster will prepare a report for compliance with Florida Statutes, Section 112.664. This report will be submitted to the State Division of Retirement, and must be posted on the City's website. He discussed the provisions of SB 172, effective July 1, 2015, regarding the expenditure of premium tax revenues.

Mr. Dehner reported that he will prepare an Ordinance for the establishment of a "Share Plan" to comply with State requirements before the expiration of the current collective bargaining agreement in 2017.

Mr. Dehner advised that a medical disability application was filed on June 5, 2015 by Demitri Serianni. He requested that the Board extend the date for the initial hearing by 90 days through December 21, 2015. Ernie Skinner made a motion to extend the initial hearing date for Demitri Serianni through December 21, 2015. The motion was seconded by Andy Leisenring, approved by the Trustees, 5-0. The Trustees expressed a consensus that they would prefer to hold the medical disability hearing on the same date as the next quarterly meeting, if possible.

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 DeVries, approved by the Trustees, 5-0.

Linda Runkle reported on the medical disability affidavits and doctor's statements submitted by current medical disability retirees. She explained that the review is required of disability retirees who have not yet reached normal retirement age. She advised that one retiree has fully complied, and that one retiree must submit more detailed information from the doctor. Ms. Runkle explained that the Board may request further information from the retiree in order to render a determination that an annual review is not required due to the nature of the retiree's illness. Ms. Runkle will contact the retiree and this matter will be considered at the next quarterly meeting.

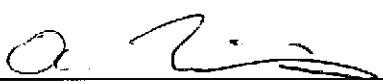
The Board reviewed the administrative expense budget prepared by the Plan Administrator. The preparation of this budget is a new requirement by State law, and the budget must be submitted to the plan sponsor (the City). Ernie Skinner made a motion to approve the budget as presented. The motion was seconded by Andy DeVries, approved by the Trustees, 5-0.

BOARD MEMBER COMMENTS

Kevin McGrath informed the Board of the death of retiree Thomas Coulombe. He thanked him for his years of service to the Police Department, and expressed condolences to his surviving spouse.

ADJOURNMENT

There being no further business and the next regular meeting of the Board having been previously scheduled to occur on November 11, 2015 at 9:00 AM, the meeting was adjourned at 11:25 AM.

Approved: 
A. Leisenring