

**CITY OF LAKELAND
POLICE OFFICERS' RETIREMENT SYSTEM
BOARD OF TRUSTEES**

Greg Policastro, CPPT
John Thomason, CPPT
Dr. Nicholas Nugent
Stanley Hawthorne

MEETING MINUTES

**June 11, 2009
2:00 PM**

Lakeland Police Department
Conference Room LPD 3A
219 North Massachusetts Avenue
Lakeland, Florida 33801
(863) 834-8901



In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this proceeding should contact Dana Blydenburgh no later than three (3) days prior to the proceeding at (863) 834-8797 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers, (800) 955-8771 (TDD) or (800) 955-8770 (VOICE), for assistance.

CALL TO ORDER

Chairperson Police Captain Greg Policastro called the meeting to order at 2:00 p.m.

ROLL CALL

Trustees: Police Captain Greg Policastro, Deputy City Manager Stanley Hawthorne, Lieutenant John Thomason, Board Member Nicholas Nugent.

Guests: Board Counsel Lee Dehner of Christiansen & Dehner, P.A., Mike Welker, The Bogdahn Group; Jana Owen, Salem Trust, Brad Heinrichs of Foster & Foster, Michael Brossart, Assistant Finance Director and Police Lieutenant Jody Sisson.

Retirement Services Staff: Director Jennifer Kerr

PRESENTATION

Attorney

Lee Dehner of Christiansen & Dehner, P.A., provided a legal report to the Board. Mr. Dehner discussed Senate Bill 538 amending Chapter 175 & 185, Florida Statutes which was signed into law by Governor Christ effective July 1, 2009. The new law allows an expanded definition of credited service to allow, but not require, municipalities the option to allow for the purchase of prior federal, other state, or county service, as long as the member can provide proof that it was equivalent service. The new law also allows the option of expanding the terms of office of the board of trustees from 2 to 4 years. The new law expands the board of trustees' administrative option to withhold from the retirement payments those funds that are necessary to pay for the premiums of accident, health and long-term care insurance for the retiree and the retiree's spouse and dependants. And finally, the new law expands the board of trustees' ability to invest in foreign securities from 10 to 25 percent on a market value basis.

John Thomason motioned to direct the pension board attorney to amend the ordinance to allow 4 year trustee terms. Nicholas Nugent seconded the motion. 3-1 Stanley Hawthorn.

John Thomason motioned to table the buyback provision to allow out of state and federal service purchase until the next regular meeting. Nicholas Nugent seconded the motion. Motion carried unanimously.

John Thomason motioned to amend his first motion to direct the pension board attorney to amend the ordinance to allow 4 year trustee terms but combine any changes in one amendment. Nicholas Nugent seconded the motion. 3-1 Stanley Hawthorne.

Mr. Dehner reported State Actuary, Charles Slavin, has retired and the proposed amendments pertaining to the 60t are now on the back burner.

Mr. Dehner reminded the board of their responsibility to file their Financial Disclosure Form on or before July 1.

Custodian

Jana L. Owen, Salem Trust discussed the receivables & disbursements (R&D) account held at Salem Trust to pay board expenses. Salem provides online access to the R&D account. Ms. Owen commented the site is very user friendly. Ms. Owen stated all investment manager fees are paid through this account, thereby allowing the Bogdahn Group to report manager performance net returns. Kerr stated pension board invoices currently are paid directly through the City.

Mr. Heinrichs stated the new method would provide the trustees added protection as well. Mr. Heinrichs explained he only receives the custodial statements but cannot verify payments out of the plan as they are currently handled.

Ms. Owen stated Salem is able to provide retiree payments as well as full customer service for retirees. Ms. Kerr explained City Finance handles retiree payments currently.

Ms. Owen stated \$3/payment no charge for customer service; for 118 retired members would be \$4,250/year. Invoices are \$10 each and no charge for wires.

Ms. Owen stated her firm also handles communication to retirees which could be customized any way the Board chooses.

Ms. Owen stated the online access is open to whomever the Board chooses. Michael Brossart, Assistant Finance Director said the City would need access to the web site.

Ms. Kerr stated she will provide quarterly expense reports with copies of each invoice paid by the fund.

Mr. Hawthorne stated he needs more information and background from City Hall Finance Department.

Mr. Dehner stated the Board's current contract with Salem Trust is all inclusive until January 2010. No additional fees would be charged for processing invoices or retiree payments until January 2010. A new contract with Salem can be negotiated at that time.

John Thomason motioned to use a Receipts & Disbursements account at Salem Trust free of additional charge through January 2010 to pay pension board invoices and after that time negotiate a fee for the service and table the issue of retiree payments until the next meeting with input from the Finance Department. The motion carried unanimously.

Investment Consultant

Mike Welker, The Bogdahn Group provided an update of the transition of assets from the general pension fund. On June 1, 2009 the Bogdahn Group began the transition of \$50,705,118 from the general pension fund by taking money from a fixed income comingled fund, Lord Abbett and from cash, and allocating to current managers based on previous investment policy statement. Mr. Welker explained the allocation of the transition assets will be assigned according to the investment policy statement dated September 13, 2007 provided Board direction.

John Thomason motioned to direct Mike Welker to allocate the transition assets according to the previous Investment Policy Statement dated September 13, 2007. Motion carried unanimously.

Mr. Welker stated the fund would be rebalanced at the same time the new assets transition into the plan. Ms. Kerr provided the transition timeline report by Global Transition Solutions.

Mr. Welker provided a new investment policy statement with slightly different target allocations due to the lift of the international allocation restriction recently passed. The new target is 15% for the international with a range up to 25%.

John Thomason motioned to direct Mike Welker to update the Investment Policy Statement to include the recommended changes. Motion carried unanimously.

Administrator

Jennifer Kerr, Retirement Services Director provided a list of 21 retired police officers of the Supplemental PORF plan whose benefits were adjusted due to a miscalculation of their pension benefit. These 21 retired officers were made whole on the June 1, 2009 monthly PORF check. The total cost to the plan was \$100,976.

Ms. Kerr provided a list of 33 retired police officers of the Employees' Pension plan whose retirement benefits were recalculated and found to have been underpaid. All 33 retired officers received the value of missed payments on their June 15, 2009 check. The total cost to the plan was \$70,233.

Ms. Kerr reported under the new pension plan the police retiree payments will now be monthly and combine the (1) monthly PORF supplemental check and the (2) two semi-monthly Employees' Pension checks beginning with the July 1, 2009 check.

Retirement Services provided communication of these events to all retired police officers.

Actuary

Brad Heinrichs, Foster & Foster, Inc. discussed his firm's contract proposal and the online benefit calculator. Currently the plan pays for one benefit estimate and one final calculation. The online calculator allows a member to access benefit information at any time at no additional cost to the plan.

John Thomson motioned to direct the pension board attorney to draft a contract with Foster & Foster, Inc. to include the State Annual Report and the online benefit calculator. Motion carried unanimously.

Mr. Heinrichs discussed the actuarial impact statement dated May 28, 2009. Effective October 1, 2009 required member contributions are 12.01% and the city contribution is 15.96%. There will be no change for Tier 1 members until October 1, 2010.

Mr. Heinrichs explained the State may take issue with the plan provision allowing accrued leave towards credited service. Mr. Dehner stated he will follow up and provide guidance at the next board meeting.

John Thomason motioned Greg Policastro to serve as Chairman of the Board. The motion carried unanimously.

Nicholas Nugent motioned John Thomason to serve as Secretary of the Board. The motion carried unanimously.

NEW BUSINESS

- Fifth trustee

PUBLIC COMMENTS

NEXT MEETING DATE

The regular meeting schedule will be set at this meeting.

ADJOURNMENT

There being no other business the Trustees adjourned at 4:46 PM.

ANNOUNCEMENTS

- FPPTA 25th Annual Conference
June 28 - July 1, 2009
Boca Raton Resort & Club, Boca Raton
For more information go to www.fppta.org
- Form 1 – Statement of Financial Interests due July 1, 2009
Local officers as defined in Section 112.3145(1)(b), F.S. need to file within 30 days of appointment and then annually by July 1 each year. Forms should be filed with the Supervisor of Elections of the county where the local officers resides.

Respectfully Submitted,

Approval Date: _____

Signed: _____
Greg Policastro, Chairman

Signed: _____
John Thomason, Secretary

The purpose of this meeting is to consider items on the above agenda. Minutes will be available upon request from Retirement Services. In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this* proceeding should contact Dana Blydenburgh no later than three (3) days prior to the proceeding at (863) 834-8797 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers, (800) 955-8771 (TDD) or (800) 955-8770 (VOICE), for assistance.
