



# CITY OF LAKELAND

## POLICE OFFICERS' RETIREMENT FUND (PORF)

### Regular Pension Board Meeting Minutes

#### Tuesday, August 16, 2005

Chairperson Mike Smith called the City of Lakeland Police Officer's Retirement Fund Pension Board to order for a regular meeting, Tuesday, August 16, 2005, at 12 noon, at 500 North Lake Parker Avenue, Lakeland, Florida. Present were Chairperson Mike Smith, Board Member Police Captain Greg Policastro, Board Member Police Lieutenant Jody Sisson, Board, Board Member Keith Albritton, Michael Sebesta, Larry Cole, and Director Gary Clark. Absent: Board Member Police Lieutenant John Thomason.

#### ❖ Approval Of Minutes

- Motion was made to approve the minutes of the May 17, 2005 meeting. Motion was seconded and carried.

#### ❖ Money Manager Report

- Michael Sebesta from Trusco Capital Management provided a performance review for the quarter ending June 30, 2005. Portfolio earned 5.62% over for the trailing twelve month period. Stocks moved higher in the second quarter despite a renewed rise in energy prices and two additional Federal Reserve interest rate hikes. Bonds also improved during the period amid reports of continued moderate inflation and speculation that the Fed might slow the pace of tightening. Trusco's outlook for the economy remains positive. Trusco continues to recommend a modest overweight position in stocks within current asset allocation ranges, emphasizing large-caps, the growth style, and international equities where appropriate. Trusco also recognizes that some of the factors that have favored equities are changing and not as favorable. Trusco continues to be very price sensitive in entry and exit points and emphasize companies with consistent growth. In fixed-income portfolios, Trusco anticipates moderately higher yields and a further flattening of the yield curve, though much of the move has already occurred. Trusco will maintain a neutral duration maturity structure and an emphasis on Treasuries. Trusco will maintain an underweight position in corporate bonds and mortgages.
- Mr. Cole is concerned with Trusco's growth product, however doesn't recommend changing managers at this point. Mr. Cole stated Trusco does very well in protecting assets in a down market however has a hard time keeping up with peers in an up market. Board Member Albritton asked if it was possible to add another manager to compliment Trusco. Mr. Cole indicated it would be very challenging to find a manager given the fund size.

#### ❖ Consultant Report

- Larry Cole, Merrill Lynch Consulting Services (ML), provided a review of the fund performance for the quarter ending June 30, 2005. Total portfolio value was \$16,327,560 at quarter end. Total fund performance was 6.9% versus the target index of 7.4% for the fiscal year. Trusco fell short of their target index at 1.4% versus 1.9% for the quarter. EuroPacific gained 0.8% for the quarter whereas the EAFE was down 0.8%. Sentinel lagged the Russell 2000 at 3.2% versus 4.3% for the quarter. Board Member Albritton and Mr. Cole discussed concern with the management change with the Sentinel mutual fund. Board Member Albritton asked to see some alternatives for small cap. Mr. Cole will bring his preferred list of providers for small cap to the next meeting. Mr. Cole continues to closely watch Seix, Trusco's fixed income management team. Mr. Cole including a hand out for board members of their 27 page response to the SEC's 10 questions regarding the objectivity of the recommendations provided by a pension consultant.

#### ❖ Retirement Report - Director Gary Clark

##### ➤ PORF RETIREMENTS

NAME	DOR	AMOUNT	JOB TITLE	CSD
Retired				
Reece, James D	7/23/2005	\$1,195.43	Master Police Officer	6/19/1985
Vested				
Kachadurian, Richard John	6/11/2007	\$1,009.80	Master Police Officer	6/5/1985

- Board Member Sisson made motion to approve the PORF retirements. Motion was seconded by Board Member Policastro and carried.



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➤ **PORF RETIREMENTS REFUNDS**

NAME	CONTR DATE	CHECK DATE	REASON	AMOUNT
Garcia, Raymond A	1/16/2001	7/23/2005	TER	\$1,685.93

- Board Member Sisson made motion to approve the PORF retirements refunds. Motion was seconded by Board Member Policastro and carried.

➤ **PORF DEATH BENEFIT** - City Code Section 62-59 to equal one year's salary

NAME	CONTR DATE	CHECK DATE	REASON	AMOUNT
Marlowe, David W	10/02/1989	8/12/2005	DEA	\$51,913.68

- Board Member Sisson made motion to approve the PORF death benefit. Motion was seconded by Board Member Policastro and carried.
- Director Gary Clark explained to the Board how recent provisions in the Employees Pension plan affected David Marlowe's employee pension benefit amount. Director Clark explained the question of interpretation of beneficiary within the plan and we are working to clarify the language.
- The PORF is due to receive \$747,682.98 from the state within the next few weeks. Director Clark is still looking at methods of distributing the excess monies.
- Director Clark reviewed expected plan cost for fiscal year 2006 with Board Members. Director Clark expects legal cost to increase substantially. Director Clark explained some of the impacts the City Manager's program based budgeting will have on the PORF. Director Clark mentioned the City has never contributed to the PORF and finds issue with the PORF contributing to the general fund for administrative cost.
- Director Clark gave Board Members a copy of an article he recently wrote for [www.publicpensionsonline.com](http://www.publicpensionsonline.com) concerning the future of defined benefit retirement plans.

❖ **Miscellaneous**

- Response from Attorney regarding DROP Benefit
  - Director Clark provided Board Members with the opinion our plan attorney and indicated that a benefit enhancement would be a union negotiated benefit.
    - Board Member Sisson discussed different options such as back drop or an actuarially cost neutral DROP benefit.
- Director Clark gave Board Members a revised review of cost which was revised for passage of ordinance 05-020 completed by the plan actuary.
- Upcoming tentative board meeting dates:
  - November 15, 2005
  - February 21, 2006
  - May 16, 2006
  - August 15, 2006

❖ **Adjournment**

- Upon motion meeting was adjourned at 2:05 p.m.