



CITY OF LAKELAND

POLICE OFFICERS' RETIREMENT FUND (PORF)

Special Pension Board Meeting Minutes

Tuesday, June 12, 2007

The City of Lakeland Police Officers' Retirement Fund Pension Board was called to order by Chairman Keith Deloach on Tuesday, June 12, 2007, at 10:15 a.m., at 219 North Massachusetts Avenue, Lakeland, Florida. Present were Chairman Keith Deloach, Board Member Police Captain Greg Policastro, Board Member Police Lieutenant Jody Sisson, Brad Heinrichs of Foster & Foster, Inc., Lee Dehner of Christiansen & Dehner, P.A., and Retirement Services Staff: Director Kevin Torres, Dana Blydenburgh, Annette Wieck and Debbie Stefanski. Absent: Board Member Police Lieutenant John Thomason

LEGAL DISCUSSION REGARDING TRUSTEE CONDUCT

Board Attorney, Lee Dehner, began the meeting by discussing Ch. 112.313(7), Conflicting Employment or Contractual Relationship. This section of law outlines conduct expected of public officers and trustees. Mr. Dehner stated that no public officer or employee of an agency shall have or hold any employment or contractual relationship with any business entity or agency which is subject to regulation of, or is doing business with an agency of which he or she is an officer or employee, excluding those organizations and their officers who, when acting in the official capacity, enter into or negotiate a collective bargaining contract with the state or any municipality, county, or other political subdivision of the state; nor shall an officer or employee of an agency have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his or her private interests and the performance of his or her public duties that would impede the full and faithful discharge of his or her public duties.

Mr. Dehner inquired on the proposals presented at the May 14, 2007 board meeting and whether Chairman Deloach possessed a relationship with ARIS, one of the presenters and possible candidates for contractual employment with the board of trustees. Ch 112.3135 restricts the employment of relatives. Chairman Deloach announced his immediate resignation from the board to avoid any conflict of interest.

Board member Sisson made motion to appoint board member Greg Policastro as acting chairman for the meeting. Board member Carter seconded the motion. Motion passed unanimously.

ACTUARIAL VALUATION REPORT

Brad Heinrichs, of Foster & Foster, Inc. provided the board with the FY2006 actuarial valuation report. He reported the total required contribution is \$454,169, 3.2% of payroll. The estimated member contributions are \$127,728 and the state contribution is \$507,717. The total required contribution has decreased from reported FY2005 figures. This reduction in contribution is the result of net favorable experience during the past year. The primary components of favorable experience included a 9.3% investment return that exceeded the 8% assumption and average increases in pensionable compensation that were less than the assumed rate. These gains were partially offset by lower than expected turnover and an increase in the average entry age of plan participants.

Board member Sisson made motion to accept the valuation report subject to a review of the share plan FY 2006 allocations between Mr. Heinrichs and acceptance of the calculations by Retirement Services. Board member Carter seconded the motion. Motion passed unanimously.

LEGAL REPORT

Mr. Dehner advised the board to file a letter with Charles Slavin, State Actuary regarding the expected rate of return going forward. Board member Sisson made motion to compose a letter to Mr. Slavin reflecting the total expected annual rate of



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return for the fund for the next year, next several years, and the long term thereafter to be 8.0% gross of investment related expenses. Board member Carter seconded the motion. Motion passed unanimously.

Mr. Dehner reported that after receiving the most recent PORF investment policy statement stating that equities should not exceed 70% of market value and after reviewing section 62-54 of the ordinance which does not contain a restriction on equity exposure, he reported that in his opinion the board is in compliance with its Investment Policy as allocations currently stand.

Mr. Dehner discussed that the U.S. Department of the Treasury has reversed itself and announced that self-insurance health plans will be eligible to participate in the Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act. The HELPS Retirees Act was passed by the U.S. Congress in 2006 to permit retired public safety officers to shield up to \$3,000 of their pension benefit from federal tax if the money is used to pay health insurance premiums. Treasury intends to issue a formal declaration of this administrative position in the near future and Mr. Dehner will keep the Board posted.

CONSULTANT INTERVIEWS

Mr. Kevin Leonard of **Segal Advisors** explained that Segal was founded in 1969. The company has over 220 clients with \$70 billion in assets. Segal works solely in the arena of investment consulting with 100% of their revenues in hard dollars. Segal has 18 employees with client consulting responsibility, 16 research and investment analysis, 7 support and marketing staff. There are 7 CFA's on staff with 10 others enrolled.

Mr. Joe Bogdahn and Mr. Mike Welker of **Bogdahn Consulting** explained that they provide services on a flat-fee basis, with no percentage-of-assets kicker. Bogdahn Consulting represents pension boards in over 70 Florida municipalities and Special Fire Districts, meeting with each at least quarterly. Bogdahn accepts full fiduciary responsibility with each client, without exception. There are 8 consultants, including 3 CFA's, 2 CIMA's and a CPA and an attorney on staff. In compliance with FSS 185.06(5)(b), Bogdahn does not manage or custody assets.

Board member Carter made motion to hire Bogdahn Consulting upon successful completion of contract negotiation and appropriate dismissal of Merrill Lynch Consulting. Board member Sisson seconded the motion. Motion passed unanimously.

ADJOURNMENT

- ◆ Upon motion meeting was adjourned at 12:45 p.m.