



CITY OF LAKELAND

POLICE OFFICERS' RETIREMENT FUND (PORF)

Regular Pension Board Meeting Minutes

Tuesday, February 15, 2005

- ❖ Director Gary Clark called the City of Lakeland Police Officer's Retirement Fund Pension Board to assemble for election of officers.
 - Board Member Mike Smith was unanimously elected Chairperson of the Police Officer's Retirement Fund Pension Board. Board Member Jody Sisson was unanimously elected Secretary of the Police Officer's Retirement Fund Pension Board.

Chairperson Mike Smith called the City of Lakeland Police Officer's Retirement Fund Pension Board to order for a regular meeting, Tuesday, February 15, 2005, 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 Member Police Lieutenant John Thomason, Board Member Keith Albritton, Michael Sebesta, Larry Cole, Murray Cohen and Director Gary Clark.

- ❖ **Approval Of Minutes**
 - Motion was made to approve the minutes of the November 23, 2004 meeting. Motion was seconded and carried.
- ❖ **Actuary Report**
 - Mr. Murray Cohen of Boggs and Associates appeared before the Board to give the annual actuarial review. Mr. Cohen stated the plan has a \$5M accrued benefit liability deficit. With 99-1 not allowing the plan to utilize all state premium tax monies received, the plan deficit is going to continuing growing. The current base is \$507,717 and any monies received in excess of this amount are unusable to the plan to fund current benefits. Contributions required for this plan total \$866,624. The plan received \$725,666 in 2004. The plan needs \$393,130 to meet the funding requirements. If the PORF is unable to make this contribution the Board is forced to seek other alternatives. The actual investment return was 9.3% versus the assumed investment return of 8.0%.
- ❖ **Money Manager Report**
 - Michael Sebesta from Trusco Capital Management provided a performance review for the quarter ending December 31, 2004. Portfolio earned 7.92% over for the past twelve months. Trusco recommends a moderate overweight position in equities within asset allocation ranges. With regard to fixed income Trusco recommends a neutral relative duration with a barbell maturity structure, and an overweight position in securities that perform well in rising inflation environments such as Treasury inflation-indexed securities known as TIPS.
- ❖ **Consultant Report**
 - Larry Cole, Merrill Lynch Consulting Services (ML), provided a review of the fund performance for the quarter ending December 31, 2004. Total portfolio value was \$16,729,080 at quarter end. Total fund performance was 9.1% versus the target index of 9.2% for the calendar year. The newly funded position with Sentinel Small Cap Mutual Fund had a very poor quarter earning 9.6% against the benchmark Russell 2000 at 14.1%. Mr. Cole will closely follow the Sentinel Small Cap Mutual Fund. Over the past year, the PORF ranked 39th out of the 93 Florida plans ML works with. Mr. Cole provided Board Members with a comparison of Trusco's new fixed income management team Seix to other fixed income alternatives. The following investment managers were included in the comparison;
 - Galliard Capital Management
 - PIMCO
 - Richmond Capital Management
 - Taplin, Canida & Habacht
 - Tattersall/Evergreen Investments
 - Seix Advisor
 - Sawgrass Asset Management



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Mr. Cole is not recommending a search, but thought it was prudent to review this information. Seix had a good quarter and Mr. Cole is comfortable remaining with Seix at this time. Seix's has 22 analysts which is a large number for a bond shop. Board Members agreed with Mr. Cole's recommendation to remain with Seix but to watch the manager closely over the next couple of quarters.

❖ **Retirement Report - Director Gary Clark**

➤ PORF Retirements

NAME	DOR	AMOUNT	JOB TITLE	CSD
Mort, George C	12/1/2004	\$1,301.81	Master Police Officer	8/3/1986

➤ PORF RETIREMENTS REFUNDS

NAME	CONTR DATE	CHECK DATE	REASON	AMOUNT
Jett, Edwin A	8/19/2002	12/25/2004	RES	\$945.92
Jett, Sheryl L	8/19/2002	12/25/2004	RES	\$926.25
Smith, David A	3/15/2004	1/8/2005	PRO	\$268.13
Total	3			\$2,140.30

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

➤ Gary Clark asked if Board Member Jody Sisson and John Thomason had filed a financial disclosure form since being elected in 2004. Gary Clark reminded Board Members of the annual financial disclosure form being mailed out in June.

➤ PORF Status and Collective Bargaining

▪ The City and PBA have agreed to terminate the PORF Defined Benefit (DB) Supplemental Pension Benefit and create a Share Benefit. The Share Benefit will become effective April 1, 2005 provided the commission has the first and second readings in March. Gary Clark provided Board members with the proposed Share Benefit document. The PBA also accepted the new pension options offered in the Employees Pension Plan. In order to terminate the existing DB benefit a disability benefit will be added to the Employees Pension Plan for Police Officers. Police Officers will contribute 9% to the Employees Pension Plan. It will be the responsibility of the PORF Board to determine Police Officer eligibility for a disability benefit and then make recommendation to the Employees Pension Board. The PORF investment arrangements will not change. However actuary and state reporting of the assets will be separate for the two components of the plan. Credited Service will be determined for every Police Officer on April 1, 2005. Accrued benefits will be determined for all 235 Police Officers currently in the PORF DB and those officers will be eligible for that benefit after achieving 10 years of credited service and age 50. Vesting requirements in the share benefit will be 20 years. Board Members asked if the vesting period could be changed at a later time. Board Member Thomason asked if opening the Share Benefit will resolve the current deficit and free up the excess state premium monies. Gary Clark explained the impacts of closing the PORF DB. Captain Joe Henson addressed the Board regarding the PORF Board's added responsibility for managing the plan. Board Members discussed details of the new Share Benefit.

❖ **Miscellaneous**

➤ Upcoming tentative board meeting dates:

- May 17, 2005
- August 16, 2005
- November 15, 2005
- February 21, 2006

❖ **Adjournment**

➤ Upon motion meeting was adjourned at 2:32 p.m.