



CITY OF LAKELAND

POLICE OFFICERS' RETIREMENT FUND (PORF)

Pension Board Meeting Minutes

Monday, March 9, 2009

The City of Lakeland Police Officers' Retirement Fund Pension Board was called to order by Chairperson Police Captain Greg Policastro at 9:00 a.m. at 219 North Massachusetts Avenue, Lakeland, Florida. Present were Board Member Police Lieutenant Jody Sisson, Board Member Police Lieutenant John Thomason, Lee Dehner of Christiansen & Dehner, P.A., Joe Bogdahn of Bogdahn & Associates, Brad Heinrichs of Foster & Foster, and Retirement Services Staff: Director Jennifer Kerr, Dana Blydenburgh.

ELECTION OF 2009 CHAIR AND SECRETARY

Board member Thomason made a motion to maintain the current chairperson and secretary, thus re-appointing Greg Policastro and Jody Sisson as chairperson and secretary respectively. The motion passed unanimously.

APPROVAL OF MINUTES

Board member Sisson made a motion to approve the November 26, 2008; January 15, 2009; January 27, 2009 board meeting minutes. The motion passed unanimously.

INVESTMENT MANAGEMENT REPORT

Mr. Marty LaPrade of Sawgrass Asset Management appeared before the Board to provide an update on his firm. Sawgrass currently has \$1.8 billion in assets under management with 137 clients represented in 17 states. The Large Cap Growth portfolio has \$675 million assets with 60 institutional clients. Mr. LaPrade stated that 8 out of the past 9 years the Large Cap Growth portfolio has outperformed the benchmark. The modest defensive bias helped the portfolio to fall slightly less than the Russell 1000 Growth (-21.7 vs. -22.8). Though the risk sensitive measures employed by Sawgrass helped to avoid any major catastrophes, their fully invested posture declined with the overall market. At this time, Sawgrass has a more sector neutral position focusing risk on specific stocks rather than sector or industry bets.

INVESTMENT MANAGEMENT REPORT

Mr. David Kelly of Bowen, Hanes & Company appeared before the Board to provide an update on his firm. As of December 31, 2008 their total portfolio was valued at \$1,531,658.30 with a market value of \$1,222,823.85. Mr. Kelly discussed the general market environment and stated that in the current environment a more streamlined approach makes sense with fewer stocks, as a variety of sectors and industries could be negatively affected by current and potential legislation. Steps taken include: raising some cash reserves; focusing on tangible assets such as metals, mining, agriculture, energy and timber; focusing on dividends - companies with strong balance sheets and cash flows; infrastructure exposure impacting a variety of industries such as construction, engineering, power generation and technology; special situations in areas such as life science, biotechnology, information technology and computer technology.

CONSULTANT REPORT

Mr. Joe Bogdahn of Bogdahn & Associates appeared before the Board to provide the quarterly investment review. Unfortunately for the long-term investors, the 4th quarter of 2008 is destined to be analyzed in a negative historical context well into the future as many of the world's economic ills seemed to crescendo into a global economic crisis. The steep declines in value across a broad set of equity asset classes in a short period of time has not been witnessed in recent history. During the quarter, the NBER (National Bureau of Economic Research) announced that the U.S. officially entered a recession back in December of 2007. As of December 31, 2008 the portfolio was valued at \$14,263,262. For the quarter, the total fund composite, net of fees, was -13.16 and for one year the fund was -26.11.



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ACTUARIAL REPORT

Brad Heinrichs of Foster & Foster appeared before the Board to present the actuarial valuation as of October 1, 2008. The contribution requirements total 4.3% with 1.0% from member contributions and the remainder derived from State funding. This increase in contribution is the result of net unfavorable actuarial experience during the past year. The primary component of unfavorable experience was a 4.5% investment return (Actuarial Asset Basis) that was less than the 8% assumption and an increase in the level of administrative expenses. A point of concern discussed by Mr. Heinrichs was the timing of when the Share Plan disbursements were paid to retiring plan members. Per the Plan document, the payout should not occur until the fiscal year valuation is reported and all gains/losses are accounted for. Retirement Services has been disbursing Share Plan dollars as the member retires but before the valuation report is presented. During the most recent investment cycle the Share Plan accounts declined in value creating a negative account value for a few of the Plan members. Board Counsel, Mr. Dehner, advised that Staff attempt to recoup all of the lost dollars.

Board Member Sisson made a motion to approve the Valuation Report. Motion passed unanimously.

Board Member Sisson made a motion to compose a letter to Mr. Slavin, State Actuary, reflecting the total expected annual rate of 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. Motion passed unanimously.

Board Member Sisson made a motion to engage Foster & Foster in certifying the calculation of pension benefits. Motion passed unanimously. Retirement Services Staff will work with Foster & Foster in this effort.

LEGAL REPORT

Board Counsel, Lee Dehner of Christiansen & Dehner, P.A., provided a legal report to the Board. Mr. Dehner discussed senate bills that were reintroduced to the legislation this term. These include a bill to increase the trustee term from 2 years to 4 years and a bill to increase foreign securities allocation from the current restriction of 10% to a higher amount, possibly 20%.

Mr. Dehner reported that proposed amendments pertaining to the 60t rule by State Actuary, Charles Slavin, are still under review. If passed, this will result in greater plan funding requirements as well as added administrative expenses.

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

DIRECTOR REPORT – Jennifer Kerr

Retirements, Share Distribution, and Terminations

NAME	CHECK DATE	REASON	AMOUNT
Jackson,Nicole L	12/6/2008	TER	\$341.48

Board member Thomason made a motion to approve the Director report. The motion passed unanimously.

ADJOURNMENT

Upon motion meeting adjourned at 11:15 a.m.

Respectfully Submitted



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Approval Date: _____

Signed: _____

Captain Greg Policastro, Chairman

Signed: _____

Lieutenant Joseph Sisson, Secretary