

**MINUTES
POLICE OFFICERS' RETIREMENT SYSTEM
BOARD OF TRUSTEES QUARTERLY MEETING
FEBRUARY 26, 2014**

Present: Chairman Frank Cona, Vice Chairman Frank DiMarino, Trustees Randy Thompson, Ed Krepela, Shawn Nagell

Absent: Trustees: Michael Seamon, Nancy Woodley

Also Present: Attorney Lee Dehner, Deputy Town Clerk Jo Ann Mixon

1. Call to Order

Chairman Cona called the Police Officers' Retirement System Board of Trustees Quarterly Meeting to order at 8:00 a.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key, Florida.

2. Oath of Office

Trustees Frank Cona, Seat 1; Frank DiMarino, Seat 2; Ed Krepela, Seat 3; Randy Thompson, Seat 6; Shawn Nagell, Seat 7

Deputy Town Clerk Jo Ann Mixon administered the Oath of Office to Trustees Frank Cona, Frank DiMarino, Ed Krepela, Randy Thompson, and Shawn Nagell.

3. Florida Sunshine Law Education Video

The Board of Trustees reviewed a video entitled "The Sunshine Law - The Law in Plain English", presented by Attorney Cliff Shepard.

4. Board Member Introductions

Individual introductions were made by the members of the Board of Trustees.

5. Public to be Heard - No items were presented.

6. Remarks by the Chairman

a. Portfolio Allocations / Annual Investment Objectives

Chairman Cona identified the issues before the board (allocation of the portfolio into stocks and or debt instruments, and establishing an annual investment objective).

7. Remarks by the Town Manager

On behalf of Town Manager Dave Bullock, Staff Liaison and Finance Director Susan Smith presented a brief overview of Trustees duties and a history of the plan.

Discussions were held on the following topics/issues:

- established timeline for events
- Form 1 annual filing with the Supervisor of Elections Office.

8. Duties and Responsibilities of the Board Members

Chairman Cona announced the Police Officers' Retirement System Operating Rules and Procedures were distributed to the Trustees and explained any Trustee who failed to attend two consecutive meetings of the Board without an excuse acceptable to the other Trustees, will be deemed to have resigned from the board.

9. Board Secretary Election

Trustee Nagell moved to nominate and elect Trustee Thompson as Board Secretary. The motion, seconded by Trustee Krepela, carried unanimously (5-0) on a voice vote.

10. Approval of Minutes – November 20, 2013, Quarterly Meeting

Chairman Cona inquired and Attorney Dehner advised that all trustees were required to vote on any issue before the Board.

Trustee Thompson moved to approve the November 20, 2013, Quarterly Meeting minutes, as submitted. The motion, seconded by Trustee Nagell, carried (5-0) unanimously on a voice vote.

11. Approval of Invoices

Christiansen & Dehner – Invoice 23495	\$ 36.50
Christiansen & Dehner – Invoice 24050	\$ 766.50
Christiansen & Dehner – Invoice 24182	\$ 110.46
Morgan Stanley/Smith Barney Investment Fees 4 th Quarter	\$2,000.00
Salem Trust Company – Custodian Fees 2013 3 rd Quarter	\$1,125.00
Congress Management – Management Fees 2013 4 th Quarter	\$2,194.02
GW Capital, Inc. – Management Fees 2013 4 th Quarter	\$ 830.85
HGK Asset Management – Management Fees 2013 4 th Quarter	\$1,802.88
Madison Investments – Management Fees 2013 4 th Quarter	\$1,426.02
Oak Ridge Investments – Management Fees 2013 4 th Quarter	\$ 743.15
Renaissance Investments – Management Fees 2013 4 th Quarter	\$ 643.47

Trustee Thompson moved to approve the invoices as submitted. The motion, seconded by Trustee Krepela, carried unanimously (5-0) on a voice vote.

12. Reports

a. Graystone Consulting 2013 4th Quarter Report

Graystone Consulting Representative David Wheeler presented the 2013 4th Quarter Report highlighting the differences between an Investment Monitor and Investment Manager, the economy, Capital Market, Quarterly Performance, and the Compliance Checklist.

Discussions were held on the following topics/issues:

- secular ceiling
- International Market investments

12. Reports – Continued

a. Graystone Consulting 2013 4th Quarter Report

- Investment Policy (bonds)
- asset allocations, portfolio rebalancing, and risk.

Trustee Thompson moved to reallocate Equities to the range midpoint (67.5%) and to direct the funds to Fixed Income. The motion, seconded by Trustee Krepela, carried unanimously (5-0) on a voice vote. The Board directed Graystone Consulting to develop a fund performance chart (by quarters) for the last three years.

b. Foster & Foster – Draft of the October 1, 2013, Valuation Report and Presentation of the February 11, 2014, Investment Return Assumption Analysis

Foster & Foster Representative Doug Lozen reviewed the draft Valuation Report dated October 1, 2013, and discussed the review performed by the State of Florida, Division of Retirement.

Discussions were held on the following topics/issues:

- four-year smooth
- lowering the investment assumption rate of return
- receiving State of Florida funds (approximately \$70,000.00 annually)
- Town budget impact (approximately \$31,000)
- Actuarial Asset Valuation as of September 30, 2013
- cost to redo the valuation if not State Accepted.

Trustee DiMarino moved to accept and approve the Valuation Report dated October 1, 2013. The motion, seconded by Trustee Thompson, carried unanimously (5-0) on a voice vote.

c. Discussion regarding the Rate of Return, Proposed Assumption Changes and request to communicate directly with Foster & Foster Representative Doug Lozen

Staff Liaison and Finance Director Susan Smith requested and consensus was reached to authorize Foster & Foster to add Staff Liaison and Finance Director Susan Smith to the correspondence distribution list, and allow for direct communication.

d. Human Resources Report

Human Resources Manager Lisa Silvertooth submitted documents for approval and execution for Plan Member Randy Thompson to enter the Deferred Retirement Option Plan (DROP) effective December 1, 2013.

Trustee DiMarino moved to accept and authorize Chairman Cona to sign the presented documents. The motion, seconded by Trustee Nagell, carried unanimously (5-0) on a voice vote.

12. Reports – Continued

d. Human Resources Report

Ms. Silvertooth submitted the Plan Membership List and Retirees List dated February 26, 2014.

13. New Business

a. Update to Operating Rules and Regulations

Chairman Cona announced the Operating Rules and Regulations were outdated and requested a subcommittee be formed to review the document. Discussion ensued.

Trustee Krepela moved to form a subcommittee consisting of Vice Chairman DiMarino and Secretary Thompson, to review and provide an updated version of the Operating Rules and Regulations. The motion, seconded by Trustee Nagell, carried unanimously on a voice vote.

Attorney Dehner advised the Board on his involvement in updating the Operating Rules and Regulations.

The Board of Trustees directed the Staff Liaison's Administrative Assistant Sharon Johnson to arrange the meeting date and post the agenda.

b. Meeting Dates for 2014

Following discussion consensus was reached to hold meetings at 8:00 a.m. in the Commission Chamber on May 28, 2014, August 20, 2014, and November 19, 2014.

14. Old Business – No items were presented.

15. Attorney Comments

Attorney Lee Dehner advised on the following items/issues:

- Legislative updates (sessions in March and April)
- Division of Retirement Conference in Tallahassee May 12 -14, 2014.

Attorney Dehner advised a motion to set the annual rate of return was necessary since the Board approved and accepted the Valuation Report dated October 1, 2013.

Trustee Krepela moved to set the annual rate of return at 7.5% for the current year, the next several years, and the long term thereafter, based on the recommendations made by Consultant David Wheeler. The motion, seconded by Trustee DiMarino, carried unanimously (5-0) on a voice vote.

Following discussion Staff Liaison and Finance Director Susan Smith was directed to develop correspondence identifying the annual rate of return, and Attorney Dehner was directed to review the document, prior to obtaining the Chairman's signature.

16. Board Comments

a. Florida Public Pension Trustees Association (FPPTA)

Trustee DiMarino inquired about the FPPTA membership and access to the website.

b. Errors and Omissions Insurance Policy

Chairman Cona requested the Errors and Omissions Insurance Policy be distributed to the Trustees.

17. Adjournment

Chairman Cona adjourned the Police Officers' Retirement System Board of Trustees meeting at 10:46 a.m.

/s/Jo Ann Mixon

Jo Ann Mixon, Deputy Town Clerk
Minutes Approved: June 11, 2014

/s/Frank Cona

Frank Cona, Chairman