MINUTES
MEETING OF THE SANIBEL BOARD OF TRUSTEES OF THE MUNICIPAL POLICE OFFICER'S RETIREMENT TRUST FUND CITY OF SANIBEL, FLORIDA – FEBRUARY 4, 2009

1. **Call to order by Chairman Tomlinson.**

Chairman Tomlinson called the meeting to order at 2:00 P.M. The meeting was held in the conference room at the Sanibel-Captiva Community Bank on Library Way, Sanibel. Board members present were Mr. Albert, Mr. Dalton and Mr. Tomlinson. Mrs. McBee was a late arrival. Also present were Mr. Burgess Chambers of Burgess Chambers & Associates, Inc., Kara Humphrey of SunTrust, Jon Larsen of Trusco/SunTrust, Doug Lozen of Foster & Foster and Attorneys Robert Sugarman and Pedro Herrera of Sugarman & Susskind. Guests present were Sanibel City Manager Judie Zimomra, Vice Mayor Kevin Ruane, City Mayor Mick Denham, City Attorney Ken Cuyler, Council member Marty Harrity, Sanibel City Administration Director Jim Isom and board member applicant Craig Holston.

Attorney Sugarman delivered the oath of office to new board member Craig Holston. Mr. Holston signed and recited the oath.

Motion made by Mr. Albert to accept the City Council appointment of Craig Holston per resolution 08-131 to chair Seat No. 4 for the two year term ending September 30, 2010; seconded by Mr. Dalton the motion passed unanimously.

Mr. Sugarman notified Mr. Holston a Financial Disclosure must be filed with Lee County within 30 days of appointment. Financial Disclosures will be due this summer from remaining trustees.

2. **Review and approval of minutes of November 5, 2008 meeting.**

Chairman Tomlinson noted two errors were found, corrected and a revision provided.

Motion made by Mr. Albert to approve the revised minutes; seconded by Mr. Dalton and the motion passed unanimously.

3. **Report from Doug Lozen of Foster & Foster.**

Mr. Doug Lozen presented an Actuarial Experience Study and Funding Method Analysis. This report updated a 3 year old experience study and took a look at possible changes in funding the plan for the purpose of reducing the unfunded liability.

The salary increase rate, investment return rate and turnover rate are the basic components. The salary increase rate shows salary increases have been greater than assumption rate over the past 19 years. Hurricane overtime and salary enhancements to make the positions more desirable have attributed to this. The investment return rate for the year ending 9/30/08 was -12 %. The 19 year average for investment return is 7.3%.

Turnover rate has a favorable experience. There are no changes recommended at this time.

Alternative Funding Methods are available other than the current 30 year pay down. Mr. Lozen recommends changes where actuarial gains and losses pay down in 10 years, recent gains and losses pay down in 20 years and amendments remain at 30 year pay down. This would cost the city an extra 1.6%. If 10 years were adopted for each of those 3 categories, it would be an extra 5-7% on top of the 1.6% extra cost to the city.

The final analysis is changing the cost method to wipe out the unfunded liability. The aggregate cost method eliminates the disclosure of any unfunded liability, even though there is almost always a deficiency between assets and liabilities (regardless of cost method). The additional city requirement is $362,595 or 16.5% of payroll.

Motion made by Mr. Holston to accept Foster & Foster's report; seconded by Mr. Dalton and the motion passed unanimously.

4. **Review Fourth Quarter 2008 Performance Report from Trusco Capital Management.**

Mr. Jon Larsen introduced Kara Humphrey, SunTrust Bank. Ms. Humphrey notified the board as of April 1, 2009 direct deposit payment advises would no longer be mailed to retirees who have direct deposit. An online payment system available to retrieve this information was provided to the board and retirees.

Mr. Larsen notified the board as of February 1, 2009 the company is no longer Trusco or Ridgeworth and is working under SunTrust. There is no impact on services as it is just a structural change as a firm.

The S & P was down 22% for the quarter. The portfolio consists of 50% fixed income. The ending portfolio market value as of 12/31/08 is $5,725,792 with a net loss of $1,053,415 for the year. For the quarter, the value was -$486,230. This plan is well diversified and is doing better than average. Mr. Pedro Herrera has a contract in place for the board's signature today.

Motion made by Mr. Holston to accept the Trusco/SunTrust report; seconded by Mrs. McBee and the motion passed unanimously.

5. **Review Fourth Quarter 2008 Investment Performance Monitoring Report from Burgess Chambers & Associates, Inc. presented by Mr. Burgess Chambers.**

Mr. Burgess Chambers stated the fourth quarter showed the largest loss of the year for the plan. The ending market value is $6,396,463 with a loss of -$860,850 or -12% for the quarter. Mr. Chambers recommended no changes be made. Three main reasons are 1) banks are not lending money 2) single corporate bond yield over 10 year Treasury is very high, and 3) the unraveling of unemployment. Mr. Chambers cautioned SunTrust not to make any aggressive moves into equities at this time.

Motion made by Mr. Albert to accept the BCA fourth quarter report; seconded by Mr. Holston and the motion passed unanimously.

6. **Report from Attorneys Robert Sugarman and Pedro Herrera of Sugarman & Susskind.**

   Mr. Sugarman reported on proposed state legislation. House bill 5 involves the local option to extend trustee terms from 2 to 4 years and increase international exposure from 10 to 20%, require full funding of the plan in case of its termination and permit other health insurance besides the city's to be deducted from pensions to enable eligibility for the $3,000 federal PPA income tax deduction.

   Educational opportunities include the Police Officers' and Firefighters' Pension Trustees' conference in Tallahassee on May 18-20 and at Orlando in the fall 2009. The International Foundation of Employee Benefit Plans Conference at Orlando in November 2009.

   Mr. Sugarman has provided an outline of the educational session being held today after this meeting that meets the minimum state requirement for continuing education.

   Motion made by Mrs. McBee to accept Mr. Sugarman's report; seconded by Mr. Dalton motion passed unanimously.

7. **Public Comments and inquiries.** Public present had no comment.

8. **Other business.**

   Vice Mayor Ruane reported at the next City Council meeting a discussion on adding additional seats to the board to try to address the public's concern as to whether the board has enough expertise. Mr. Sugarman requests Vice Mayor Ruane suggest that the Council ask the City Attorney to check on the laws regarding this issue as it may not be permitted by Chapter 185 and Mr. Sugarman will gladly confer with the city attorney, since it would not be appropriate for Mr. Sugarman to give advice directly to the city attorney's clients.

   The next meeting is on Wednesday, May 6, 2009 at 2 PM in MacKenzie Hall, 800 Dunlop Road, Sanibel.

9. **Adjournment.** There being no further business, the meeting was adjourned at 3:37 P.M.

Approved: _____

ppb99 Date: _____