

MINUTES
MEETING OF THE SANIBEL BOARD OF TRUSTEES OF
THE MUNICIPAL POLICE OFFICER'S RETIREMENT TRUST FUND
CITY OF SANIBEL, FLORIDA – MAY 6, 2009

1. Call to order by Chairman Tomlinson.

Chairman Tomlinson called the meeting to order at 2:01 P.M. The meeting was held in MacKenzie Hall on 800 Dunlop Road, Sanibel. Board members present were Mr. Albert, Mr. Dalton, Mr. Holston, Mrs. McBee and Chairman Tomlinson. Also present were Mr. Burgess Chambers of Burgess Chambers and Associates, Mr. Jon Larsen of SunTrust, Mr. Doug Lozen of Foster & Foster and Attorneys Robert Sugarman and Pedro Herrera of Sugarman & Susskind. Guests present were City Council Liaison vice Mayor Kevin Ruane, Administration Director Jim Isom and Mayor Mick Denham.

2. Review and approval of minutes of February and April meetings.

Motion made by Mrs. McBee to approve the minutes; seconded by Mr. Holston and the motion passed unanimously.

3. Review First Quarter 2009 Performance Report from SunTrust by Mr. Jon Larsen.

Mr. Larsen presented the quarterly Performance Report. The quarter had a net change of -\$167,909 ending with a portfolio market value of \$5,557,774 on 3/31/09. Mr. Burgess Chambers cautioned Mr. Larsen with high volatility to pay particular attention to the target allocation and make sure to take advantage of some short term gains in the market. Mr. Larsen echoed his views on that issue. Chairman Tomlinson asked where to put the money to preserve gain? Mr. Chambers advised into fixed income or cash. In relation to fixed equity/bonds, should we look at a different style of investment? Mr. Chambers advised more of a corporate orientated bond type folio is more attractive for the remainder of the year or cash but the return for cash is 0. Mr. Chambers and Mr. Larsen will discuss the issue further prior to the next meeting.

Motion made by Mrs. McBee to accept SunTrust's quarterly report; seconded by Mr. Albert and the motion passed unanimously.

4. Review First Quarter 2009 Investment Performance Monitoring Report from Burgess Chambers & Associates, Inc., presented by Mr. Burgess Chambers.

Mr. Chambers informed the board that two things have assisted the plan in its success. The first being the management of the large cap growth equity and Russell 1000 shares. The second being underweight in real estate. All active products are ahead of benchmarks. Fiscal year to date the plan is down 16.5%. The first quarter was down 5% and had an ending market value of \$6,120,695. No changes are recommended at this time.

Motion made by Mr. Dalton to accept Burgess Chambers & Associates report; seconded by Mr. Holston and the motion passed unanimously.

5. Report from Attorney Robert Sugarman of Sugarman & Susskind.

Mr. Sugarman reports the State Legislature passed Senate bill 538 which passed the House and Senate with no nay votes. If the governor signs it, it will require some changes to pension plans. The mandatory changes are: 1) require us to divest ourselves of any stocks or securities in companies that do certain types of business with Iran and Sudan by 9/30/10, 2) when the retiree picks joint/survivor option now they will be able to change that 2 times after they retire, and 3) should the plan be terminated with the plan not fully funded everyone becomes vested and the city has to pay off that debt. Optional changes are the purchase of prior police officer service and a limit on foreign investments from 10% to 25%. Should the governor sign, an ordinance and the statement of investment policy both will need to be amended. The question arose, where between 10 and 25 would you want to be? Mr. Chambers suggests the ordinance allow you to go up to the state's level of 25 but the investment policy would go no higher than 15 and ranges would be a good idea. Chairman Tomlinson suggests the investment policy have more flexibility with ranges so that we can meet our benchmarks more easily and not moving money too frequently. Mr. Chambers will prepare a draft policy and distribute.

The Pension Protection Act of 2006 permitted our retirees to reduce their taxable pension income by up to \$3000 if they buy retiree health insurance and if we deduct the cost of that health insurance for them and pay it. Up until now it was only legal under Florida law for us to deduct health insurance that was provided by an employer or a union. The state law has now taken away that restriction and we can deduct health insurance for anyone, from any source and pay it to any source, thus enabling our members to take advantage of \$3000 income reduction. This has to be put in the ordinance to permit us to move forward.

Current trustee terms are two years. The local option can increase them to 4 years. There was much discussion on pros and cons. Chairman Tomlinson requested Mr. Sugarman draw up the ordinance to include 4 year terms.

Educational opportunities are:

- 30th Annual Police Officers and Firefighters Conference, May 18, 19 & 20 in Tallahassee
- FPPTA Conference, end of June, in Boca Raton

Motion made by Mr. Holston to accept Mr. Sugarman's report; seconded by Mr. Albert and the motion passed unanimously.

6. Review report from Foster & Foster by Mr. Doug Lozon.

Mr. Lozon presented the Summary Plan Description for review and approval.

Motion made by Mr. Holston to approve the Summary Plan Description; seconded by Mrs. McBee and motion passed unanimously.

Chairman Tomlinson asked for a motion to approve the state mandated Annual Report.

Motion made by Mrs. McBee to approved the Annual Report; seconded by Mr. Dalton and motion passed unanimously.

7. Other business.

The FPPTA membership is up for renewal. The board decided not to continue this membership as the services were not being utilized.

The board approved renewal of the Fiduciary Liability Insurance Policy for \$4226.85 and trustee option of \$25 each.

Motion made by Mrs. McBee to purchase Fiduciary Liability Insurance Policy with rider for each member; seconded by Mr. Albert and motion passed unanimously.

Mr. Ruane spoke of the economy, the real estate prices down and about the long term stability, planning and sustainability of the pension plan. Council is preparing the upcoming budget and is trying to anticipate where assessments may be that come out in July. Council is looking at the strain the municipality will face in the next 3-5-7 years. Mr. Ruane questions the definition of compensation under Federal Statute 185 as it relates to the current City of Sanibel determination of compensation under the plan. Mr. Ruane requests a written opinion on what constitutes compensation (i.e.: transponder, cell phone, car allowance, etc). Mr. Sugarman requests the city submit all payroll codes appearing on the paychecks, collective bargaining agreement and policies defining those codes and he will offer an opinion. Mr. Isom advised all of those previously mentioned items have been included in the total compensation and earnings for pension calculations.

Motion made by Mr. Holston to authorize Foster & Foster to perform those studies concerning our pension plan as requested by the City Manager's office at the expense of the city and with the results to be sent to us at the same time that they are sent to the city; seconded by Mr. Albert and the motion passed unanimously.

Mr. Sugarman reminded everyone employee contributions cannot be increased without increasing benefits.

Mr. Ruane stated the required funding amount for this year is \$727,402, which includes all contributions (state, employee and city) and that's up from \$438,000 in the past year.

The next meeting is on Wednesday, August 5, 2009 at 2 PM in MacKenzie Hall at 800 Dunlop Road, Sanibel.

8. Public Comments and inquiries.

Mr. Bob Winters, Sanibel resident, expressed his concern reference the amortization periods. He also inquired as to comparables with local agencies and Mr. Ruane advised he was working with the Cape Coral mayor.

9. Adjournment.

There being no further business, the meeting was adjourned at 3:32 P.M.

Approved: _____

Date: _____

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