

**Minutes of JOINT QUARTERLY Meeting of the Firefighters', General Employees' and Police Officers' Retirement Systems, held Wednesday, February 24, 2010, at 3:00 P.M., in the Council Chamber, 11 North 3<sup>rd</sup> Street, Jacksonville Beach, Florida.**



**Call to Order**

Bruce Corbitt of the Police Officers' Board of Trustees called the meeting to order at 3:00 p.m.

**Roll Call** as follows:

**Firefighters' Board:**

Bruce Anderson (*absent*)  
R. Dallis Hunter  
Deborah White  
Steve Sciotto  
Colleen White (*left 3:50*)

**General Employees' Board:**

Penny Christian (*absent*)  
Nelson Luna  
Brandon Maresma  
Kelly Paul  
Fland Sharp(*absent*)

**Police Officers' Board:**

Bruce Corbitt  
Steve Corbitt  
Marvin Dupree (*absent*)  
Alan Grant  
C. David Young (*absent*)

Also present were City Clerk/Pension Manager Heidi Huettinger, and Assistant City Clerk Judy Bullock.

**New Business**

**Item 1 – Approval of Minutes**

*Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees*

- Special Meeting held November 11, 2009

**Motion:** It was moved by Ms. D. White, seconded by Mr. S. Corbitt, to approve the minutes of the Special Meeting held November 11, 2009, as presented.

Voice vote resulted in all ayes by Board members; motion carried unanimously.

- Joint Quarterly Meeting held November 11, 2009

**Motion:** It was moved by Ms. D. White, seconded by Mr. Luna, to approve the minutes of the Joint Quarterly meeting held November 11, 2009, as presented.

Voice vote resulted in all ayes by Board members; motion carried unanimously.

**Item 2 – Oath of Office to Appointed, Newly Elected, and Reelected Trustees -**

*Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees*

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Ms. Huettinger administered the Oath of Office to the following Trustees:

Firefighters' Board – Ed Dawson  
Steve Sciotto

General Employees' Board - Brandon Maresma

Police Officers' Board - Steve Corbitt

**Item 3 – Quarterly Review of DROP Interest Rate**

*Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees*

**Motion:** It was moved by Ms. D. White, seconded by Mr. S. Corbitt, for the DROP Interest Rate to remain at 6% for the ensuing quarter.

**Firefighters'**

Roll call vote: Ayes – Dawson, Sciotto, C. White and D. White; motion carried unanimously.

**General Employees'**

Roll call vote: Ayes – Luna, Maresma, and Paul; motion carried unanimously.

**Police Officers'**

Roll call vote: Ayes - S. Corbitt, Grant, and B. Corbitt; motion carried unanimously.

**Item 4 – Quarterly Report – MD SASS**

Ari Sass of MD SASS presented the financial report for the Quarter ended December 31, 2009. He reviewed the portfolio holdings, including acquisition of stocks in insurance, banks, and overweighting in the area of technology.

**Motion:** It was moved by Mr. S. Corbitt, seconded by Ms. D. White, to accept the report.

Voice vote resulted in all ayes by trustees.

**Item 5 – Quarterly Report – The Bogdahn Group**

Mr. Brown advised trustees that he had been having discussions over the past few weeks and had drafted a letter to legal counsel, Bob Sugarman, requesting the Boards' increase their holdings in foreign stocks from 10% to 20%. Mr. Brown assured the trustees that the increase would not be a deviation from the current investment strategy.

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He advised trustees that the State of Florida recently increased the allocation in foreign securities from 20% to a maximum of 25%. Mr. Brown explained that the state's definition of foreign securities is very strict and the state would consider the stock to be a foreign security, if the company is domiciled overseas, even though the company is headquartered in the US and its stocks are traded domestically in the US Stock Exchange.

Under discussion, Mr. B. Corbitt suggested that the Boards accept the letter as information, and then if Mr. Sugarman advises that the change meets the State Statutes, place the request on the next agenda.

Following additional discussion, Mr. B. Corbitt recommended that the trustees make a motion, based on Mr. Brown's recommendation, as the Boards' Consultant, that any change would be contingent on Mr. Sugarman's approval.

Mr. Sciotto remarked that he is not comfortable approving any changes that the trustees have not seen first. He elaborated that trustees have been asked to approve changes from investment managers at the last few meetings without having had the opportunity to review those changes. Mr. Sciotto added, in his opinion, proper procedures are not being followed.

Mr. Brown advised that there currently companies in the Russell 1000, based on the State of Florida's definition of foreign securities. He added that he didn't see this change as a policy change, but a change in the definition.

Ms. Huettinger added that Mr. Brown did the appropriate research, and confirmed with the State of Florida, the ability to legally change the allocation.

Mr. Sass advised that he would disseminate the letter regarding the recommended change immediately and Mr. Brown stated that he would prepare an Addendum to MD SASS's Investment Policy.

**Motion:** It was moved by Ms. D. White, seconded by Mr. Grant, to allow MD SASS to invest in foreign securities, as qualified by the State of Florida, up to a maximum of 20%, upon the approval of the retirement plans' attorney, Bob Sugarman, by adding an addendum to the their investment policy.

**Police Officers':** Ayes - Grant, B. Corbitt and S. Corbitt; motion carried unanimously.

**General Employees':** Ayes – Maresma, Paul and Luna; motion carried unanimously.

**Firefighters':** Ayes – Sciotto, C. White, D. White and Dawson; motion carried unanimously.

**R5/R6 Discussion**

Mr. Brown advised the trustees that they have been made aware of a new retirement “R6” share class available that represents a cost savings from the portfolio’s current holding in the “R5” share class of EuroPacific Growth fund. This transaction can be done as a same day exchange with Salem Trust so that the plan will not be out of the market. He stated that this change is highly recommended, as it will save the plans money, he added that they are recommending to their clients to approve this change throughout the state.

**Motion:** It was moved by Mr. Sciotto, seconded by Ms. D. White, to approve a change from R-6 to R-5, less management fees.

**Firefighters’:** Ayes – D. White and Dawson; motion carried unanimously.

**General Employees’:** Ayes – Maresma, Paul and Luna; motion carried unanimously.

**Police Officers’:** Ayes - Grant, B. Corbitt and S. Corbitt; motion carried unanimously.

**Motion:** It was moved by Mr. S. Corbitt, seconded by Ms. D. White, to accept the Bogdahn Group’s report.

Voice vote resulted all ayes by all trustees.

**OLD BUSINESS**

*Consideration by Firefighters’, General Employees’ and Police Officers’ Boards of Trustees*

**Item 6 – Review and Approval of Corrected Annual Operating Budget**

In reviewing the Operating Budgets for each plan, Ms. Huettinger explained that the original numbers were accurate. The extreme increases in expenditures over the last year were not really increases, just costs that were not previously reported, as they represented investment manager fees, consultant fees, and bank fees, that were not listed as line items in past budgets. Ms. Huettinger added that she is attempting to present comprehensive budgets illustrating all expenditures.

**Firefighters’**

**Motion:** It was moved by Mr. Sciotto, seconded by Ms. D. White, to approve the Operating Budget for the ensuing year.

Roll call vote: Ayes – Dawson, Sciotto and D. White; motion carried unanimously.

**General Employees’**

**Motion:** It was moved by Ms. Paul, seconded by Mr. Luna to approve the Operating Budget for the ensuing year.

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Roll call vote: Ayes – Luna, Maresma and Paul; motion carried unanimously.

**Police Officers'**

**Motion:** It was moved by Mr. C. Corbitt, seconded by Mr. Grant, to approve the Operating Budget for the ensuing year.

Roll call vote: Ayes – S. Corbitt, Grant and B. Corbitt; motion carried unanimously.

**Item 12 – Pension Manager's Report**

Ms. Huettinger presented the Report of Member Contribution Refunds/Pension Buybacks (*provided for informational purposes*).

**Motion:** It was moved by Ms. D. White, seconded by Mr. S. Corbitt, to accept the Pension Manager's Report.

Voice vote resulted in all ayes by Board members; motion carried unanimously.

**Adjournment**

There being no further business coming before the Boards, the meeting was adjourned at 4:45 p.m.

Submitted by: Judy L. Bullock  
Assistant City Clerk

Approval:



Chairperson

Date: May 11, 2010