

**MINUTES  
FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD OF TRUSTEES SPECIAL MEETING  
AUGUST 28, 2013**

**Present:** Chairman Gerald Feder, Vice Chairman Armando Linde, Trustees Shannon Gault, Lee Riley, Jason Berzowski,

**Absent:** Trustees James Pappas and Brandon Desch

**Also Present:** Attorney Robert Sugarman, Deputy Town Clerk Jo Ann Mixon

1. Call to Order

**Chairman Feder called the Firefighters' Retirement System Board of Trustees Quarterly Meeting to order at 1:30 p.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key, Florida.**

2. Letters of Resignation

Town Manager's Appointed Trustees Seats 6 and 7

Chairman Feder announced the resignations of Keith Tanner (Seat 6) and Matt Taylor (Seat 7).

3. Swearing in of New Board Members

Town Manager Appointed Trustees Jason Berzowski and Brandon Desch

Deputy Town Clerk Jo Ann Mixon administered the Oath of Office to Trustee Jason Berzowski, Seat 6.

4. Approval of Minutes

**Trustee Riley moved to approve the July 12, 2013, Special Meeting minutes, as submitted. The motion, seconded by Trustee Gault, carried unanimously on a voice vote.**

5. Discussion of the Request For Proposals 12-016 Legal Services

Subcommittee's recommendation for Legal Services

Chairman Feder announced the subcommittee reviewed the Legal Services Request for Proposals (RFP's), and identified the firms of Sugarman & Susskind, P.A., and Lewis, Longman, & Walker P.A., as the top two candidates under consideration.

a. Sugarman and Susskind, P.A.

Attorney Robert Sugarman provided a five minute commentary on the Sugarman & Susskind law firm, identified experience in representing pension boards, plan freezes and closing processes, and reviewed the educational background of the firm's associates.

b. Lewis, Longman & Walker, P.A.

Attorney Jennifer Cowan and Attorney James Linn provided a five minute commentary on the Lewis, Longman, & Walker law firm, identified experience in representing pension boards, counties and municipalities, and identified the educational background of the firm's associates.

**5. Discussion of the Request For Proposals 12-016 Legal Services - Continued**

Discussions were held on the following topics/issues:

- review of the submitted RFP's
- experience and client relationships
- employees' comfort level in the selected attorney
- availability of the attorney to attend meetings
- union representative attorney versus management representative attorney

**Following discussion, Trustee Gault moved to maintain the relationship with the law firm of Sugarman and Suskind, P.A., as the Attorney for the Firefighters' Retirement System. The motion, seconded by Trustee Linde, carried unanimously on a voice vote. Attorney Sugarman was seated at the dais.**

**6. Reports**

**a. The Carter Hester Group/Graystone Consulting Group will present the 2013 2<sup>nd</sup> Quarter Report, and discussion on the Firefighters' Retirement System Plan Freeze**  
Graystone Consulting Representative David Wheeler provided an overview of the current economic conditions, and market performance. Graystone Consulting Representative Charles Mulfinger provided the 2<sup>nd</sup> Quarterly Report as of June 30, 2013.

**b. Prospective Manager Presentations**

Mr. Mulfinger provided materials for the consultant selection process and identified the firms under consideration.

Blackrock Equity Dividend

Representative William Gannon provided a ten minute presentation highlighting equity dividend philosophy, core beliefs, investment professionals, investment process, and a proven record of risk-adjusted returns.

Wedgewood Partners, Inc.

Representative David Rolfe provided a ten minute presentation highlighting the investment process, organizational structure, strict sell discipline, portfolio guidelines, and sector breakdown.

Discussions were held on the Wedgewood portfolio.

Connors Investors Services, Inc.

Representative Steve Pottieger provided a ten minute presentation highlighting a hedged equities strategy, investment objective, portfolio development, and firm experience.

Discussions were held regarding Connors Investors Services, Inc., risk adjusted returns and fees (30 basis points).

Attorney Sugarman advised hedge funds were not regulated by the Securities and Exchange Commission, that monies were held offshore, and hedge funds were governed by different laws.

6. Reports - Continued

b. Prospective Manager Presentations - Continued

Private Advisors, LLC

Representative E. Bryon Horner provided a ten minute presentation highlighting the Private Advisors' portfolio, firm experience, client list, investment process, and risk management.

Discussions were held on leverage (not used in the portfolio).

Pine Grove Asset Management, LLC

Representative John H Feeley provided a ten minute presentation highlighting the firm's organization, client list, investment process, and the hedge fund strategy.

Mr. Mulfinger reviewed the large cap managers MFS, Blackrock, and Wedgewood.

**RECESS:** 3:57 p.m. - 4:10 p.m.

Discussions were held on the following topics/issues:

- fees (large cap 34 basis points)
- Longboat Key Firefighters' Retirement System portfolio
- investment strategy and investment policy.

Chairman Feder announced the State of Florida, Division of Retirement, did not accept the Longboat Key Firefighters' Retirement System Impact Statement dated June 28, 2013, due to the interest rate assumption, the plan freeze, and the short investment horizon. Attorney Sugarman advised closed plans normally would change the assumption rate (decrease) and shift from equities to fixed income.

Discussions were held on the following topics/issues:

- letter from the State of Florida (non-acceptance of the Impact Statement)
- State money needed to be received by Sept 30 to reflect in the valuation
- Town's contribution if the rate of return was set at 7.0%
- negotiation with the State of Florida.

Attorney Sugarman advised on the following topics/issues:

- closed plans (move away from equities and toward bonds)
- lowering the investment rate of return and asset allocations
- partnering with the Town of Longboat Key to negotiate with the State of Florida, Division of Retirement (to receive 2013 monies)
- Trustees' responsibilities to respond to the State of Florida, Division of Retirement.

Foster & Foster, Inc., Representative Doug Lozen reviewed the letter from the State of Florida, Division of Retirement, related a telephone discussion held with Mr. Beckendorf regarding the rate of return (Mr. Beckendorf suggested 7.0%) in conjunction with the Impact Statement for Ordinance 2013-13.

6. Reports - Continued

b. Prospective Manager Presentations - Continued

Discussions were held on the following topics/issues:

- 2013 the last year to receive monies from the State of Florida (\$276,000.00)
- non-compliance issues (monies from the State to the Town would be at risk)
- obtaining more information regarding the non-compliance issue
- negotiating efforts with the State of Florida regarding the rate of return
- negotiating team (one Trustee from the Firefighters' Board and Town Manager)
- deadline date regarding compliance September 30, 2013
- moving money from bonds to hedge funds
- postponing hedge fund discussion to the November 20, 2013, Quarterly Meeting
- plan flexibility/portfolio earning.

**Following discussion there was consensus for Town Manager Dave Bullock to organize the process for discussion with the State of Florida, to not modify the current asset allocation, and to hold further discussion at the November 20, 2013, Quarterly Meeting.**

c. Investment Policy Discussion and Approval

Foster & Foster, Inc. Representative Doug Lozen discussion regarding the Plan Freeze, and State of Florida, Division of Retirement, notification of non-acceptance of the Impact Statement dated June 28, 2013 (Ordinance 2013- 13)

**Trustee Berzowski moved to table discussion on this issue to the November 20, 2013, Quarterly Meeting. The motion, seconded by Trustee Gault, carried unanimously on a voice vote.**

b. Prospective Manager Presentations - Continued

**Trustee Linde moved (based on the recommendation of the Investment Manager Graystone) to terminate services with Easton Vance and contract with Blackrock Equity Dividend, and to terminate services with Neuberger Berman Large Cap Growth, and contract with Wedgewood Partners. The motion, seconded by Trustee Gault, carried unanimously on a voice vote.**

d. Foster & Foster, Inc.

Discussions were held on the process of addressing the letter of Non-State Accepted Impact Statement dated August 22, 2013, from the Florida Department of Management Services, Bureau of Local Retirement Systems, actuary Douglas Beckendorf.

**Trustee Gault moved to authorize Chairman Feder to serve as the representative of the Longboat Key Firefighters' Retirement System during negotiations. Trustee Linde seconded the motion. (No roll call or voice vote was taken.)**

Attorney Sugarman advised an appointment could be made without voting on a motion.

**Following discussion, and without objection from the Board of Trustees, Chairman Feder volunteered to serve as the representative from the Longboat Key Firefighters' Retirement System to negotiate along with the Town (as a partner) and the State of Florida regarding asset allocations.**

6. Reports - Continued

e. Human Resources Report

Human Resources Manager Lisa Silvertooth submitted the following documents for approval and execution:

- Authorization for benefit payments to start (from the fund) for Deferred Retirement Option Plan (DROP) participants Keith Tanner, James Martin, James Jacobs, Thomas Batchelor, and Matthew Altman
- New Employee Acknowledgement for Plan Membership and Beneficiary Form for employee Tirso Guererro
- retiree Cost of Living Increases (COLA).

**Following authorization by the Board of Trustees, Chairman Feder signed the presented documents.**

Ms. Silvertooth submitted the following documents as informational only:

- Active Plan Member List
- Retiree List
- quarterly DROP rate
- estimated deferred calculations and actuarial lump sum values for plan members.

**Trustee Berzowski requested and the Board reached consensus to add a discussion of Lump Sum Payouts to the agenda, without objection.**

f. Lump Sum Payouts

Trustee Berzowski reviewed Ordinance 2013-13, Section 34.42(c), and questioned why lump sum payouts were available only to those members with less than 10 years of service and not to the entire membership.

Foster & Foster, Inc., Representative Doug Lozen reported on the following topics/issues:

- future liabilities and/or exposure
- cash out benefit / changing investment strategy
- cash needs / availability
- related risk
- offer a lump sum payout option to all plan members
- litigation
- union negotiations required to amend the existing ordinance.

Attorney Sugarman advised the Board on the following topics/issues:

- existing ordinance does not allow members with over 10 years of service to receive a lump sum payout
- Board must administer the existing plan documents
- establishing procedures and a deadline before payouts were received
- Florida Retirement System (purchasing years of service)
- development of an education session.

6. Reports - Continued

f. Lump Sum Payouts - Continued

**Trustee Linde moved to change the agenda order and forward Item 9(a) for discussion at this time. The motion, seconded by Trustee Gault, carried unanimously on a voice vote.**

9. New Business

a. Fiduciary Liability Insurance Renewal

Finance Department Budget Analyst Sandi Henley provided an update on the renewal process and acknowledged Alterra America Insurance Company through Boyd Insurance & Investment Service, Inc., provided Fiduciary Liability Insurance for the Board.

b. Proposed 2014 Quarterly Meeting Dates

February 19, 2013 / May 21, 2014 / August 20, 2014 / November 19, 2014

**Following discussion, Chairman Feder moved to further discuss the 2014 Meeting Schedule at the November 20, 2013, Quarterly Meeting. The motion, seconded by Trustee Berzowski, carried unanimously on a voice vote.**

8. Public to Be Heard

Florida Retirement System Enrollment

Firefighter Daniel (Matt) Taylor commented on issues relating to enrollment of the firefighters in the Florida Retirement System and his removal as a Trustee.

7. Approval of Invoices

To consider approval of the following invoices:

Morgan Stanley – 2013 2 <sup>nd</sup> Quarter Custodian Fees	\$ 2,356.84
Morgan Stanley – 2013 2 <sup>nd</sup> Quarter Manager Fees	\$ 6,235.80
Sugarman & Susskind – Invoice dated May 8, 2013	\$ 220.00
Sugarman & Susskind – Invoice dated May 8, 2013	\$ 220.00
Foster & Foster, Inc. – Invoice 5172	\$ 8,503.00

**Trustee Gault moved to approve the invoices, as submitted. The motion, seconded by Trustee Linde, carried unanimously on a voice vote.**

10. Old Business

Trustee Linde inquired and Foster & Foster, Inc., Representative Doug Lozen provided the amortization period for the plan's liabilities as follows:

- gains/losses 10 year amortization
- method over 20 year amortization
- benefit changes over 30 year amortization.

Discussions were held on the Investment Rate of Return and the Actual Present Value of the Frozen Accrued benefit.

11. Attorney Comments

Attorney Sugarman advised on the following topics/issues:

- education session State Police/Fire Session October 23-25, 2013, Orlando, Florida
- Florida Public Pension Trustees Association (FPPTA) Palm Beach Gardens, Florida
- education requirements for Trustees

11. Attorney Comments - Continued

- holding an educational session with the full Board and consultants
- perform final actual calculations for plan members - after September 30, 2013
- provide final calculations with actual benefit dollars for all plan members
- identify a time period deadline for plan members to review the calculations
- provide beneficiary designation forms to all plan members
- obtain future year contribution requirements from the Town
- payroll data run with end date of September 22, 2013, for all plan members
- Senate Bill (SB) 534 signed by Governor Scott
- allowing for public comment at every meeting (5 minute limit)
- filing a financial disclosure/daily fine (provide certified receipt to Town)
- actuary requirement changes (reporting methods/posting information on website)
- higher actuarial firm fees (50 to 100% increase)
- opportunity for legislative lobbying by the Town (SB 534 unfunded mandate).

12. Board Comments

Trustee Riley requested all agenda material be provided to the Trustees one week prior to the meeting date and in paper form (not by email/electronically).

**Staff was directed to have the agenda materials available for pick up by Trustees at Town Hall one week prior to the meeting.**

13. Adjournment

**Chairman Feder adjourned the Firefighters' Retirement System Board of Trustees meeting at 6:12 p.m.**

/s/Jo Ann Mixon

Jo Ann Mixon, Deputy Town Clerk

/s/Gerald Feder

Gerald Feder, Chairman

Minutes Approved: November 20, 2013