

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

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

Absent: Trustees Brandon Desch, James Pappas

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. Public to be Heard – No items were presented.

3. Approval of Minutes

Trustee Riley moved to approve the August 28, 2013, Quarterly Meeting, November 20, 2013, Quarterly Meeting, and the January 30, 2014, Special Meeting minutes. The motion, seconded by Trustee Gault, carried unanimously (5-0) on a voice vote.

Trustee Linde moved to approve the February 21, 2014, Subcommittee Meeting minutes. The motion, seconded by Trustee Gault, carried unanimously (5-0) on a voice vote

4. Subcommittee Report

Trustee Gault discussed the Subcommittee's review process and presented the Subcommittee's recommendation for the Rate of Return and the Assumption timeline.

Discussions were held on the following topics/issues:

- 20-year assumption timeline
- State of Florida's comments regarding a 7.0% Rate of Return
- sending the Actuarial Valuation to the State of Florida with backup materials identifying a process to reduce the Rate of Return with a legal opinion
- conservative investment approach / fixed income / real estate investments
- asset allocation levels / unfunded liability
- mechanics of the process in lowering the Rate of Return.
- 20-year horizon/unfunded liability.

Trustee Gault moved to accept the recommendation of the Subcommittee to reduce the Rate of Return from 8.0% to 7.0% over a period of time using a 20-year assumption timeline. The motion, seconded by Trustee Riley, carried 4-1 on a roll call vote: Gault, aye; Riley, aye; Feder, aye; Linde, aye; Berzowski, no.

4. Subcommittee Report – Continued

Attorney Sugarman advised at the May 2014 Quarterly Meeting, the Board would need to approve the Actuarial Valuation dated October 1, 2013, provide a copy to the State of Florida / Division of Retirement, and include a letter from the Board of Trustees (drafted by Attorney Sugarman and signed by the Chairman).

5. Reports

a. Graystone Consulting 2013 4th Quarter Report

Graystone Consulting Representative David Wheeler provided an overview of the current economic conditions, market performance, 4th Quarter Investment Report, and the compliance checklist.

Discussions were held on the following topics/issues:

- current conditions of the market
- asset allocations
- real estate investment (open ended).

Mr. Wheeler discussed the National Council Real Estate Investment Funds (NCREIF) versus the National Association of Real Estate Investment Trust (NAREIT) index comparison, a five-year, 10-year, and 20-year Risk / Return Analysis NCREIF & NAREIT versus S&P 500, and a five-year, 10-year, and 20-year Risk / Return Analysis NCREIF & NAREIT versus Barclays Aggregate.

Discussions were held on the following topics/issues:

- hedge funds
- current ordinance investment restrictions
- cash flow
- unrealized loss
- real estate investments (commercial)
- percentage of investment in real estate (5.0%).

Attorney Sugarman advised the Board should schedule a Special Meeting, prior to the next quarterly meeting, to hold discussion with any prospective Real Estate Investment consultant.

Mr. Wheeler discussed an Asset Allocation Analysis with a strategic seven-year and 20-year Risk/Return Assumption.

Discussions were held on the following topics/issues:

- private real estate investments without hedge funds
- cost differential between hedge funds and real estate funds.

4. Subcommittee Report – Continued

Staff Liaison and Finance Director Susan Smith requested the Board attach the approved recommendation, from the subcommittee, to the minutes of this meeting, since the motion was not specific regarding the recommendation.

Following discussion, there was consensus to attach the Subcommittee's approved recommendation as Exhibit A to the February 26, 2014 Quarterly Meeting minutes.

5. Reports - Continued

a. Graystone Consulting 2013 4th Quarter Report

Following discussion there was consensus for Graystone Consulting to have Intercontinental (Real Estate Investment Trust consultant) attend the May 28, 2014, Quarterly Meeting, and develop a private real estate investment 20-year analysis without hedge funds.

Attorney Sugarman advised of a personal investment relationship with Intercontinental.

RECESS: 3:17 p.m. - 3:23 p.m.

b. Foster & Foster draft Actuarial Valuation Report dated October 1, 2013

Foster & Foster, Inc., Representative Doug Lozen stated he would remove the word "draft" from the Actuarial Valuation dated October 1, 2013, for presentation at the May 28, 2014, Quarterly Meeting, and would prepare a 20-year cost projection based on the approved recommendation of the Subcommittee and E-mail the document to the Staff Liaison's Administrative Assistant Sharon Johnson.

Chairman Feder requested and consensus was reached to forward Item 9, Attorney Comments, for discussion at this time.

9. Attorney Comments

a. Notification to the Firefighters' Retirement System Plan Member

Attorney Sugarman advised a follow up letter, with an acknowledgement regarding retirement benefits, should be provided to Plan Members, with a requirement to return the acknowledgement of benefits to Human Resources Manager Lisa Silvertooth by April 30, 2014.

Discussion was held on the retirement benefit "snapshot" not identifying compensation hours for Plan Members.

Consensus was reached to provide an acknowledgement letter to plan members.

b. Receiving 175 Monies from the State of Florida

Attorney Sugarman advised the Town should contact Attorney Jim Linn regarding the 175 monies from the State of Florida.

9. Attorney Comments - Continued

c. Town Code Section 34.43 Definitions

Attorney Sugarman advised Town Code Section 34.43 reads: "Spouse" means the lawful wife or husband of a member or retiree at the time benefits become payable. However, to remain qualified under the Internal Revenue Service (IRS), the definition of Spouse must look to the laws of the State or Country where the marriage took place and not the laws of the State of Florida.

Following discussion consensus was reached to accept the definition of the word "Spouse" as recognized by the Internal Revenue Service.

Attorney Sugarman announced educational opportunities in Tallahassee at Florida State University May 12-14, 2014, and in Orlando June 29 – July 2, 2014.

d. Employee Snapshot Balances

Trustee Berzowski discussed the retirement benefit amounts identified in the retirement benefit "snapshot" provided to Plan Members, inquired about early retirement benefits when the years of service were satisfied but not the age requirement, and questioned what would occur if the "snapshot" hours for sick / vacation / compensation time were lower at the time of retirement than they were at the time of the "snapshot."

Attorney Sugarman advised questions should be sent to his office identifying the specific details of each question for each Plan Member who may have an issue.

5. Reports - Continued

c. Rate of Return and Assumption Change Discussion

Staff Liaison and Finance Director Susan Smith identified the Rate of Return for the Retirement Systems (Police Officers' Retirement System 7.5%, General Employees' Retirement System 7.0%, Firefighters' Retirement System 8.0%) and identified the budgetary impact to the Town. Discussion ensued.

Staff Liaison and Finance Director Susan Smith requested, and the Board reached consensus, to add Ms. Smith to the Foster & Foster correspondence distribution list.

d. Human Resources Report

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

- Authorize payment of the Frozen Plan Actuarial Present Value Accrued Benefit for former plan members Brian Bippen, Brandon Desch, Jeff Bullock and Denny Bickel
- Authorization to Refund Contributions from former plan members Kristin Rouse, Jason Berzowski, Jose Rivera, Chase Opela, Brian Kolesa, Jay Gosnell, Daniel Heath, Bryan Carr, Brandon Hiott, Richard Jenkins.

5. Reports - Continued

d. Human Resources Report

Trustee Riley moved to approve the refund of the member contributions and to authorize Chairman Feder to execute the presented documents. The motion, seconded by Trustee Linde, carried unanimously (5-0) on a voice vote.

Ms. Silvertooth submitted the following as informational:

- Plan Membership List dated February 26, 2014
- Retirees List dated February 26, 2014
- Quarterly Deferred Retirement Option Plan (DROP) rate.

Ms. Silvertooth announced letters, along with the Acknowledgement of Benefits form, would be mailed to the twelve Plan Members who remain eligible for a Longboat Key Firefighters' Retirement System benefit.

6. Approval of Invoices

Sugarman & Susskind – Invoice dated November 12, 2013	\$ 435.00
Sugarman & Susskind – Invoice dated December 12, 2013	\$ 1,652.00
Sugarman & Susskind – Invoice dated February 6, 2014	\$ 1,665.00
Foster & Foster – Invoice 5721	\$11,577.00

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

7. New Business

Records Management / Request to Destroy

Chairman Feder removed this item from the agenda due to a current Public Records Request.

8. Old Business – No items were presented.

10. Board Comments – No items were presented.

11. Adjournment

Chairman Feder adjourned the Firefighters' Retirement System Board of Trustees Quarterly Meeting at 4:05 p.m.

/s/Jo Ann Mixon

Jo Ann Mixon, Deputy Town Clerk

/s/Gerald Feder

Gerald Feder, Chairman

Minutes Approved: 06-24-2014

EXHIBIT A

Proposal Recommended by the Firefighters' Retirement System Board of Trustees Subcommittee

Reduce our rate to **7.5%** commencing with the Actuarial Statement **October 1, 2014**

Two years later, reduce to **7.25%**

Two years later, reduce to **7%**

And the Plan returns to a **20 year horizon**, rather than 15, to pay off the unfunded liability.

After that, the Board will evaluate the economic environment regarding interest rates and economic growth to determine if it is necessary to reduce further.

And the Board will provide the state Division Actuary with detailed backup supporting our decision from our Actuary, our Financial Advisor and our attorney to receive.