

**MINUTES
FIREFIGHTERS' RETIREMENT SYSTEM
BOARD OF TRUSTEES QUARTERLY MEETING
JUNE 24, 2014**

Present: Chairman Gerald Feder, Vice Chairman Armando Linde, Trustees Brandon Desch, Lee Riley

Absent: Trustee Jason Berzowski

Vacant: Seats 3 and 4

Also Present: Attorney Robert Sugarman, Staff Liaison and Finance Director Susan Smith, 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 2:00 p.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key, Florida.

2. Public to be Heard – No items were presented.

3. Letters of Resignation

Chairman Feder announced the resignations of Trustee Shannon Gault and James Pappas.

4. Election of Secretary

Following discussion Trustee Riley nominated for appointment Trustee Desch. The motion, seconded by Trustee Linde, carried unanimously (4-0) on a voice vote.

5. Approval of Minutes

Trustee Riley moved to approve the February 26, 2014, Quarterly Meeting minutes, as submitted. The motion, seconded by Trustee Linde, carried unanimously (4-0) on a voice vote.

6. Reports

a. Graystone Consulting 2014 1st Quarter Report

Graystone Consulting Representatives David Wheeler and Charlie Mulfinger provided an overview of the current economic conditions, market performance, 1st Quarter Investment Report, portfolio review, and the compliance checklist.

6. Reports - Continued

a. Graystone Consulting 2013 4th Quarter Report

Discussions were held on the following topics/issues:

- consumer discretionary definition
- duration / interest rates
- Federal fund rate / economy
- Asset Allocation Study dated June 24, 2014.

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

Foster & Foster, Inc., Representative Doug Lozen presented the Actuarial Valuation Report dated October 1, 2013, and a cost projection to gradually reduce the Investment Return Assumption.

Trustee Linde moved to accept the Actuarial Valuation Report dated October 1, 2013. The motion, seconded by Trustee Desch, carried unanimously on (4-0) on a voice vote.

Discussions with Attorney Sugarman were held on the following topics/issues:

- gradual reduction in the Investment Return Assumption
- Firefighters' Retirement System Subcommittee Report
- 7.0% long-range Investment Return Assumption
- risk tolerance (moderate)
- asset allocations / returns.

Graystone Consulting Representative Charlie Mulfinger and Foster & Foster Representative Doug Lozen reviewed the Asset Allocation Study dated June 24, 2014.

Following discussion, Trustee Linde moved to send to the State of Florida, Division of Retirement, the Graystone Consulting Asset Allocation Study dated June 24, 2014, the Foster & Foster Cost Projection Study – Gradual Reduction in the Investment Return Assumption dated June 18, 2014, the Actuarial Valuation Report dated October 1, 2013, and a cover letter from Attorney Sugarman. The motion, seconded by Trustee Riley, carried unanimously (4-0) on a voice vote.

c. Consolidation of the Three Existing Retirement Plans (General/Fire/Police

Staff Liaison and Finance Director Susan Smith gave a PowerPoint presentation and identified the process of consolidating the three existing Retirement Systems. Discussion ensued regarding the funds being combined for investment purposes and accounted for individually by groups (Fire/General/Police).

d. Human Resources Report

Human Resources Manager Lisa Silvertooth submitted the Plan Membership and Retiree lists, and noted difficulty in receiving the Quarterly Deferred Retirement Option Plan (DROP) rate. Discussion ensued.

7. Approval of Invoices

Sugarman & Susskind – Invoice dated March 10, 2014	\$ 75.00
Sugarman & Susskind – Invoice dated March 10, 2014	\$ 2,574.50
Sugarman & Susskind – Invoice dated March 10, 2014	\$ 120.00
Sugarman & Susskind – Invoice dated April 4, 2014	\$ 2,190.00
Foster & Foster – Invoice 6013	\$ 6,975.00

Following discussion, Trustee Desch moved to approve the invoices, as submitted. The motion, seconded by Trustee Linde, carried unanimously (4-0) on a voice vote.

8. New Business

a. Fiduciary Liability Insurance renewal

Budget Analysis Sandi Henley reported the existing Fiduciary Liability Insurance policy could be extended from July 1, 2014 to September 30, 2014.

Attorney Sugarman advised on the following topics/issues:

- 5-year statute of limitation on board actions
- Tail Insurance coverage / policy (October 1, 2014 – September 30, 2019).

Trustee Desch moved to extend the Fiduciary Liability Insurance policy to September 31, 2014, authorize payment for the policy extension, and for staff to inquire about a Tail Insurance Policy. The motion, seconded by Trustee Linde, carried unanimously (4-0) on a voice vote.

b. Correspondence Member Tom Batchelor - No discussion was held on this item.

c. Correspondence from Trustee Jason Berzowski

Plan Member Eric Cumberland expressed concerns about the final benefit calculations provided to plan members.

Discussions were held on the following topics/issues:

- frozen pension benefit / sign off sheet
- Average Final Compensation (AFC)
- plan members meeting with Foster & Foster representative
- final benefit calculations provided to plan members
- snapshot of benefits / Ordinance 2013-13 (plan freeze)
- providing an opportunity for plan members to ask questions to the board.

Following discussion there was consensus to gather questions from the plan members for submission to Staff Liaison Administrative Assistant Sharon Johnson for forwarding to Attorney Robert Sugarman and Foster & Foster Representative Doug Lozen.

8. New Business – Continued

c. Correspondence from Trustee Jason Berzowski

Attorney Sugarman advised the plan member's name and phone numbers should be included with the submitted questions.

Discussions were held on the following topics/issues:

- plan member sign-off on credited service (employment years), contribution (from plan member), and pensionable pay (salary)
- whether benefit calculations on the Final Average Compensation document should have been calculated with the plan-freeze pay rate or should the calculation be performed at the final pay rate (end of employment).

Following discussion Trustee Desch moved for staff to establish a procedure to answer questions regarding the Average Final Compensation (AFC) identified by the Plan Members, to authorize the Attorney and Actuary to participate in the process, and for staff to collect the AFC confirmation documents from plan members. The motion, seconded by Trustee Riley, carried unanimously (4-0) on a voice vote.

9. Old Business – No items were presented.

10. Attorney Comments

Attorney Robert Sugarman advised on the following topics/issues:

- retirement plan consolidation / steps for the Board of Trustees to complete prior to consolidation (Final Audit / Tail Insurance Coverage / Final Actuarial Valuation of the assets and liabilities / transfer assets, contracts, and records to the new Board of Trustees)
- financial reporting (Form 1)
- obtaining proposals from existing consultant regarding the plan consolidation
- whether trades should be made on September 30, 2014 prior to close out
- engagement contracts.

Staff Liaison and Finance Director Susan Smith reported the Town was in the process of a Request for Proposals for Auditors.

Staff Liaison Administrative Assistant was directed to place on the August 27, 2014 agenda the Engagement of an Auditor, and to prepare an inventory of the records and existing contracts for presentation to the Board.

11. Board Comments

Chairman Feder submitted a resignation from the Board effective August 25, 2014. Vice Chairman Linde would preside over the August 27, 2014, Quarterly Meeting, unless the Town Commission appoints a new Chairman.

12. Adjournment

Chairman Feder adjourned the Firefighters' Retirement System Board of Trustees Quarterly Meeting at 4:35 p.m.

/s/Jo Ann Mixon

Jo Ann Mixon, Deputy Town Clerk

/s/Armando Linde

Armando Linde, Vice Chairman

Minutes Approved: September 23, 2014