

**MINUTES
CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL MEETING
OCTOBER 10, 2014**

Present: Chairman Steve Branham, Vice Chairman Frank Cona, Trustees William Forcht, Sandi Henley, Lou Levy, Anne Ross, Nancy Woodley

Absent: Trustees Judd Jensen and Thomas Sousa

Also Present: Attorney Lee Dehner, Deputy Town Clerk Jo Ann Mixon

1. Call to Order

Chairman Branham called the Consolidated Retirement System Board of Trustees Special Meeting to order at 8:00 a.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key, Florida.

2. Pledge of Allegiance

Chairman Branham led the Pledge of Allegiance.

4. Oath of Office

Deputy Town Clerk Jo Ann Mixon administered the Oath of Office to the newly created Consolidated Retirement System Board of Trustees. Each seated Trustee provided a self introduction.

3. Town Manager Comments

Town Manager Dave Bullock discussed the following topics/issues:

- staff introduction
- current pension plans with consultants
- plan consolidation
- scope (develop Investment Policy, Operating Rules and Procedures, asset transfers, and investment decisions)
- frozen plan effective dates
- current rate of return assumptions for the General Employees' Retirement System (GERS) 7.0%; Firefighters' Retirement System (FFRS) 8.00%; Police Officers' Retirement System (PORS) 7.5%)
- four-year market rate of returns actual vs. assumed (GERS/FFRS/PORS)
- annual required contributions
- unfunded actuarial accrued liability for GERS, FFRS, and PORS
- pension contribution as a percent of total ad valorem revenue
- objectives for the pension policy
- frozen plan benefits/total unfunded liability.

Finance Director and Staff Liaison Sue Smith reported on the pension funding ratio.

3. Town Manager Comments – Continued

Attorney Lee Dehner advised and presented a historic review of the Longboat Key Retirement Systems (from one consolidated board into three separate boards and back into one consolidated board).

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

6. Election of Secretary

Chairman Branham requested nominations for the Board Secretary position.

Following discussion, Trustee Cona moved to nominate and elect Anne Ross to serve as the Board Secretary. The motion, seconded by Trustee Woodley, carried unanimously on a voice vote.

Staff was requested to forward the Secretary's books from the GERS, FFRS, and PORS Boards to Trustee Ross.

7. Approval of Minutes

Chairman Branham inquired into the cassette recordings from the previous boards on file in the Clerk's Office and pointed out two years of meeting minutes were electronically sent to the Trustees for review.

Following discussion, consensus was reached to maintain the cassette recordings. Staff was directed to periodically place this issue on the agenda for discussion.

8. Reports

Human Resources Reports and Information

Board Administrative Assistant Sharon Johnson reviewed the following documents for approval and execution:

- cost-of-living adjustments for the Police Officers' Retirement System retirees
- benefit adjustment for FFRS retiree Nathaniel Williams.

Discussion was held on the following topics/issues:

- FFRS benefit calculations for retirees and vested members
- payback period for Nathaniel Williams (\$30.00 per month first payment August 2014 and last payment August 2019)
- scheduling the retiree to come before the Consolidated Retirement Board.

Attorney Lee Dehner advised that the Consolidated Retirement Board can request full reimbursement from the Custodian for the error made regarding the overpayment to retiree Nathaniel Williams.

8. Reports

Human Resources Reports and Information – Continued

Trustee Henley moved to approve the repayment schedule established for Nathaniel Williams (\$30.00 per month) and to notify Custodian First State, in writing, requesting full reimbursement for the benefit overpayment made to FFRS retiree Nathaniel Williams. The motion, seconded by Trustee Cona, carried unanimously on a voice vote.

Finance Director and Staff Liaison Sue Smith was directed to write a letter to custodian First State requesting full reimbursement for the benefit overpayment made to FFRS retiree Nathaniel Williams under the Chairman's signature.

Trustee Henley moved to approve the cost-of-living increase for George Brown, Betty Jackson, Judd Jensen, Richard Landis, Stephen Roehl, and Martin Sharkey. The motion, seconded by Trustee Forcht, carried unanimously on a voice vote.

Following discussion there was consensus to authorize Chairman Branham to execute the presented documents.

Board Administrative Assistant Sharon Johnson presented the following as information:

- retirees list
- FFRS Custodian First State Trust Company changed the depository to Northern Trust Bank (letter was sent to retirees regarding the change)
- FFRS retiree Nathaniel Williams pension benefit overpayment in the amount of \$1,764.14 - repayment \$30.00 monthly (August 1, 2014 through August, 2019).

9. Approval of Invoices

Foster & Foster, Inc. - Invoice 6410 (PORS)	\$ 240.00
Foster & Foster, Inc. - Invoice 6409 (FFRS)	\$ 1,423.00
Lewis Longman & Walker PA - Invoice 102004 (FFRS)	\$ 330.00
Morgan Stanley/Graystone - 2014 2 nd Quarter (PORS)	\$ 2,000.00
Foster & Foster, Inc. – Invoice 6322 (PORS)	\$ 653.00
Christiansen & Dehner, PA - Invoice 25144 (PORS)	\$ 151.60
Christiansen & Dehner, PA – Invoice 25302 (PORS)	\$ 682.20
Christiansen & Dehner, PA – Invoice 25447 (GERS)	\$ 644.30
The Bogdahn Group – Invoice 10841 (GERS)	\$ 3,875.00

Discussion was held on the following topics/issues:

- invoice process
- timely payment
- invoice approval or ratification by the Board of Trustees.

9. Approval of Invoices – Continued

Trustee Henley moved to authorize the Secretary (Trustee Ross) to review and authorize payment on behalf of the Consolidated Retirement System Board of Trustees, and for the Trustees to ratify the invoice payments at a quarterly meeting. The motion, seconded by Trustee Levy, carried unanimously on a voice vote.

Trustee Henley moved to approve/ratify the invoices, as submitted. The motion, seconded by Trustee Ross, carried unanimously on a voice vote.

10. New Business

a. Distributed information discussion

Chairman Branham discussed the following issues / topics:

- plan consolidation documents (financial consultants)
- five uniformed fiduciary requirements (define goals and objectives/diversify portfolio assets/written investment policy/use prudent experts/monitor activity)
- Valuation Reports and summary pages
- financial report format and fee summary.

b. Interim Attorney discussion

Chairman Branham introduced Attorney Lee Dehner as the Interim Attorney working with the Board of Trustees to provide legal services during the Request for Proposals and selection processes.

c. Interim Actuary Foster & Foster, Inc.

Chairman Branham explained Foster & Foster represented all three Longboat Key Retirement Systems prior to the consolidation. Discussion was held on the following topics/issues:

- maintain the current actuary during the consolidation period
- condensed report format
- legal compliance with statutory requirements
- Florida Statutes, Chapter 112
- Senate Bill (SB) 534
- Governmental Accounting Standards Board (GASB) 67/68
- early implementation of GASB 67 (audit)
- actuary report to include a 10/20 year look-ahead chart

Following discussion, staff was directed to contact Foster & Foster to request their attendance at the next meeting.

Trustee Forcht inquired and Chairman Brenham identified the document distribution process.

10. New Business

c. Interim Actuary Foster & Foster, Inc. – Continued

Following discussion, Trustee Levy moved to maintain Foster & Foster, Inc. for Actuary Services. The motion, seconded by Trustee Cona, carried unanimously on a voice vote.

d. Request for Proposals (RFP) process

e. Plan Administrator Scope

Finance Director and Staff Liaison Sue Smith displayed a PowerPoint presentation highlighting a Plan Consolidation task list.

Discussions were held on the following topics/issues:

- hiring a Pension Administer
- RFP process for legal services, investment advisor, custodian, and actuary
- reconciling plan asset transfers to custodian(s)
- limitation of authority
- Town Commission selection of Investment Managers, legal, and actuarial services
- RFP evaluation committee (composed of Trustees and Town staff).

Attorney Dehner advised on the following:

- retaining/hiring consultants
- fiduciary liability
- Waiver of Recourse policy
- indemnification
- active role of the Town Commission and fiduciary responsibility
- obtaining an attorney as a first step
- Summary Plan Description
- posting the RFP on Demand Star.

Further discussions were held on the following topics/issues:

- protest by current FFRS members
- pending issues from the FFRS, GERS, and PORS former Boards
- provide a list of pending issues for legal review by Attorney Dehner.

Following discussion, there was consensus to provide documentation on pending issues to Attorney Dehner for legal review.

BREAK: 9:41 a.m. – 9:51 a.m.

10. New Business -Continued

f. Police Officers' Retirement System Audit quote from Mauldin & Jenkins \$6,500.00

Following discussion, Trustee Cona moved to have Mauldin & Jenkins perform a PORS audit. The motion, seconded by Trustee Henley, carried unanimously on a voice vote.

Finance Director and Staff Liaison Sue Smith was directed to inform Mauldin & Jenkins to conduct an audit for all three retirement plans (FFRS/GERS/PORS).

g. Florida League of Cities Municipal Pension Trust Fund (FMPTF)

Chairman Brenham requested, and there was consensus to forward this item to the next meeting for discussion.

h. Investment Manager participation at quarterly meetings

Following discussion, there was consensus to limit presentation time.

i. Timeline Work Groups - Investment Policy - Operating Procedures - General Accounting Standards Board (GASB) 67/68 - Senate Bill (SB) 534

Discussions were held on the following topics/issues:

- Investment Policy (provide the policies to Trustees)
- amending the Town Code regarding investment opportunities
- manage under the current direction (under management) once consolidated create a new Investment Policy
- establishing work group
- RFP selection committee
- identify the Board members (role as identified by the Town Commission).

Attorney Dehner advised the assets were under management through the existing consultants and would continue until this Board changes that direction.

Following discussion, Trustee Cona moved to submit a request to the Town Commission to modify the governing ordinance to include an indemnification clause to support the Waiver of Recourse from the insurer effective October 1, 2014. The motion was seconded by Trustee Henley.

Trustee Henley moved to amend the motion by including the language "to present the request at the October Town Commission Workshop". The amendment to the motion, seconded by Trustee Woodley, carried unanimously on a voice vote. Following discussion, the amended motion carried unanimously on a voice vote.

Chairman Branham inquired and Ms. Smith explained the General Accounting Standards Board (GASB) 67/68 and Senate Bill (SB) 534 discussions would be placed on the next agenda.

10. New Business -Continued

j. Personal Financial Statements – Form 1 and Form 1F

Chairman Branham announced the Personal Financial Statements (Form 1 and Form 1F) were mailed to the Trustees by the Town Clerk's Office.

k. Sunshine Law Training

Chairman Branham announced the Sunshine Law Education Session was held on September 29, 2014 and for those Trustees who could not attend that session another opportunity would be available on October 17, 2014.

l. Training for Board Members

Chairman Branham announced educational courses and Trustee Certification were available through the Florida Public Pension Trustee Association (FPPTA).

Following discussion, Chairman Branham moved to authorize expenditures up to \$15,000.00 for Trustee education during Fiscal Year 2015. The motion, seconded by Trustee Henley, carried unanimously on a voice vote.

Finance Director and Staff Liaison Sue Smith was directed to provide assistance for registration.

m. Establish meeting dates

Chairman Branham identified possible future meeting dates. Discussion ensued.

Following discussion, there was consensus to schedule meetings on November 7, 2014, December 18, 2014, and January 7, 2015.

Trustee Cona left the meeting at 10:56 a.m.

Discussions were held on the investment policy, the 2014 Valuation Reports (three individual reports), and the 2015 Valuation Report (one report identifying three plans).

Finance Director and Staff Liaison Sue Smith was directed to invite Foster & Foster to the November 7, 2014, meeting.

n. Update signature cards

Ms. Johnson reported custodian First State and SalemTrust requested updated signature cards.

Following discussion, there was consensus to have the Chairman, Vice Chairman, Secretary, Human Resources Manager, and Longboat Key Finance Director as authorized signatures.

11. Old Business –No items were presented.

12. Attorney Comments

Attorney Dehner advised on the following topics/issues:

- summary plan descriptions
- rules and procedures
- contracts filtered through the Board's Attorney
- consultant interview process
- Investment consultant and legal.

13. Board Comments

Trustee Levy requested each trustee provide a resume identifying work experience.

Trustee Henley inquired as to whom would be writing the request to be sent to the Town Commission.

Ms. Smith inquired as to which consultants the Board wished to have at the November 7, 2014, meeting.

Following discussion, there was consensus to invite the actuary, and limit the presentation to 20 minutes.

14. Adjournment

Chairman Branham adjourned the Consolidated Retirement System Board of Trustees Special Meeting at 10:47 a.m.

/s/ Jo Ann Mixon
Jo Ann Mixon, Deputy Town Clerk

/s/Steve Branham
Steve Branham, Chairman

Minutes Approved: 11-07-2014