FIRE PENSION BOARD

MINUTES

January 19, 2012

10:30 a.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Phil Milner, Chairman
Keith Beattie, Vice Chairman
Mike Handoga, Secretary
Bruno Falkenstein, Member
Michael Terry, Member

ALSO PRESENT:

Pamala Prell, Deputy City Clerk, MMC

1. **Approval of Minutes**

Secretary Handoga made a motion to approve the September 15, 2011 minutes, as written. The motion was seconded by Vice Chairman Beattie and approved by a unanimous voice vote.

2. **Payment of Invoices**

Chairman Milner advised that he has not been receiving copies of the invoices. He asked Attorney Dehner and Tim Nash to provide copies of their invoices to Secretary Handoga via email.

Mr. Tim Nash stated that he would notify the money managers and ask them to send the invoices.

Ms. Lynn Skinner, of Salem Trust, stated that she would contact Patrick Donlan of Foster and Foster and ask that he send copies of his invoices.

Chairman Milner advised that he listed the invoices on the agenda and when he receives copies of the invoices he will include them in the agenda packet for the board's review.

3. Reports

a. Bogdahn Consulting

Mr. Tim Nash of Bogdahn Consulting reported that as of December 31, 2011 the total value of the fund was $8,510,978. He pointed out that the plan earned $480,000, which is a 6.02% rate of return.

b. Salem Trust

Ms. Lynn Skinner of Salem Trust provided the board with an updated insurance certificate from the bank and stated that she will work with Mr. Nash to assure that copies of all invoices are sent to the board.

c. Foster and Foster

Chairman Milner stated that he did not think is was necessary to invite Patrick Donlan to the meeting. Chairman Milner provided the board with a revised evaluation report that was prepared by Mr. Donlan due to the changes made to the assumption rates. He reminded the board that they approved lowering the 8% assumption rate to 7.75% and the payroll assumption rate from 5.5% to 4.5%. He stated that if the trustees have any questions they could contact Mr. Donlan.

Secretary Handoga made a motion to approve the amended evaluation report. The motion was seconded by Member Falkenstein and approved by unanimous voice vote.

Secretary Handoga made a motion to adopt the annual rate of return of 7.75% as recommended by the consultant. The motion was seconded by Vice Chairman Beattie and approved by a unanimous voice vote.

Attorney Dehner pointed out that Mr. Nash would provide a letter for Chairman Milner to sign and forward to the Florida Division of Election notifying them of the adopted annual rate of return of 7.75%.

Secretary Handoga asked if by lowering the assumption rate to 7.75% would that eliminate the need for the additional evaluation report that the State mandated. Mr. Dehner stated that was correct.

d. Attorney Lee Dehner

Attorney Lee Dehner reported that the Florida Legislative Session is underway and HB 365 has been filed but he did not think there will be any other pension bills filed this year, but will keep the board advised of any new bills. Mr. Dehner reminded the trustees to file their financial disclosures forms prior to July 1, 2012 to avoid fines. Mr. Dehner announced that there will be an educational training session hosted by the Town of Belleair Beach on January 25, 2012 and invited the trustees to attend.

4. Old Business

a. Reserve Fund

Chairman Milner pointed out that the plan has an excess reserve fund of $223,000 that is required to be used for additional benefits. He stated that the City is benefitting from that because any revenue generated from that access money is not being added to that reserve fund, it is going into the pension fund.

b. Resolution – State Unfunded Mandates

Chairman Milner stated that he spoke to Chairman Rogers of the Police Pension Board regarding the City Commission adopting a resolution and asking the State Legislature not to impose any unfunded mandates on the pension boards. Chairman Milner advised that Chairman Rogers informed him that he was not going to take any action regarding the resolution until he discussed it with the pension board. Chairman Milner stated if the police board does not want to send a resolution he would like the fire board to send a letter to the Commission requesting a resolution be sent to Tallahassee urging them to stop adopting unfunded mandates.

5. <u>New Business</u>

a. City Manager's purposed changes to the current Fire Pension Plan and how it will affect future Chapter 175 money.

Chairman Milner reported that the City Manager is proposing to freeze the pension plan and offer a 401K plan. He stated that the City has called an impasse on the union negotiations and is in the process of setting up Special Magistrate hearings. Chairman Milner stated that he will provide a copy of the City Manager's proposal before their next meeting. He also reported that the City Manager is going to contact the State of Florida and advise them that the City no longer wants to accept the State monies.

b. Sharing of Pension Resources

Chairman Milner raised the issue of allowing other groups such as the fire, police and general unions, the City, or a member of the City Commission to use their resources to gather data as long as they pay the cost for such use.

Member Falkenstein made a motion to allow any agencies connected with the City of St Pete Beach to use their consultant's data as long as they agree to pay for that use. The motion was seconded by Secretary Handoga and approved by a unanimous voice vote.

c. Trustee Terms

Chairman Milner announced that his term expires in January 2012 and that a notice seeking nominations has been posted at the fire stations and 10 days has been given to receive nominations. He advised that he wishes to seek re-election and if more than one nomination is received they will hold an election.

Members Falkenstein and Terry stated that they also would seek another term on the board.

Secretary Handoga asked Attorney Dehner to explain what the duties of the board will be if the plan is frozen.

Attorney Dehner explained that the board will still administer the plan for the members that are still in the plan. Attorney Dehner explained that a closed plan would allow no new participants and the current participants would continue to accrue benefits and the board would administer that plan. He explained if the plan is frozen there will be no further benefits accrued and no further contributions will be made to the plan and the board would administer that plan. If the plan is terminated then the total value of accrued benefits for all plan members, vested and non-vested, needs to be determined then the board would decide how to distribute the value of the benefits, by either an annuity, lump sum, trusts or otherwise, if additional monies are needed the City will be required to fund the additional money for distribution to the members.

Member Handoga asked what would happen if the City decided not accept the State's money.

Attorney Dehner explained that if the City withdrew from the State program, after receiving state monies, the State would probably take the position that the plan would have to be terminated because of accepting monies in the past. Mr. Dehner stated that if the plan is frozen or closed the plan still needs to be administered for the members who are still under the plan provisions.

Attorney Dehner stated that he did not feel that it would be a very good political move to stop accepting the State money, because the tax payers will still be taxed and the money will go into the State's fund and not be returned to the fire and police pension plans. Attorney Dehner also explained that if the plan is terminated the excessive revenue from the State contributions should be divided among the current members and the City Commission would have to adopt a share plan in order to accomplish that, if not the monies may have to be returned to the State.

6. Adjournment

Being no further business to come before the board, the meeting was adjourned at 11:45 a.m.

Attest:

Rebecca C. Haynes, City Clerk

Phil Milner, Chairman

Minutes approved on: 4-19-12