FIRE PENSION BOARD

MINUTES

JANUARY 15, 2015

10:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Ryan Holt, Chairman
Keith Beattie, Member
Michael Terry, Member
Mark Keenan, Member
Bruno Falkenstein, Member

ALSO PRESENT:

Tyler Grumbles, Bogdahn Consulting
Lynn Skinner, Salem Trust
Lee Dehner, Christensen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

Chairman Holt stated there was a change to the agenda to include Foster & Foster and Patrick Donlan would be speaking about the actuarial report. Chairman Holt suggested adding Foster & Foster under the Reports section after the Christiansen & Dehner's report. Attorney Dehner suggested making a motion to amend the agenda.

Member Beattie made a motion to amend the agenda. The motion was seconded by Member Keenan and unanimously approved by a voice vote.

2. Audience Comments

Chairman Holt asked for audience comments. There were no comments from the audience.

3. Approval of Minutes

Member Falkenstein made a motion to approve the minutes of October 16, 2014. The motion was seconded by Member Beattie and unanimously approved by a voice vote.

4. Payment of Invoices

* Anchor Capital Advisors LLC
* Bogdahn Consulting
* Brown Advisory
* Christiansen & Dehner
* Cutwater Management
* Foster and Foster
* Salem Trust

Member Falkenstein made a motion for the payment of invoices as noted in Item 4 of the agenda. The motion was seconded by Member Beattie and unanimously approved by a voice vote.

5. Reports

Bogdahn Consulting

Tyler Grumbles, Bogdahn Consultant, reviewed with the Board a report entitled "The City of St. Pete Beach Firefighters' Retirement System, Investment Performance Review, December 31, 2014."

At 10:47 Chairman Holt received an emergency call from the fire station and had to exit the meeting immediately. At this time, Member Keenan acted as Chairman until Chairman Holt returned to the meeting.

Mr. Grumbles updated the Board about completing the due diligence in regard to Cutwater Asset Management being acquired by the Bank of New York Mellon. Cutwater is being removed from the watch list because the team is not changing and the strategy is not changing, but Bogdahn Consulting will continue to monitor it to make sure everything remains the same. Mr. Grumbles offered to answer questions from Board members, and Board discussion took place between Mr. Grumbles and Board members.

Mr. Grumbles informed the Board that Joe Bogdahn had decided to go from a majority owner in the company to a minority owner in the company, allowing employees to become owners in the company. There will be no changes with the management team and Mr. Grumbles will continue to service the account. The Board was notified of this action and the consent form requires a signature. Mr. Grumbles distributed a handout entitled "Change of Internal Control Notification" to the Board. There was Board discussion in regard to the handout.

Member Falkenstein made a motion to consent to transfer the shares. The motion was seconded by Member Beattie and unanimously approved by a voice vote.

Attorney Dehner asked Mr. Grumbles for an update on the Salem and Pennant Management, Inc. situation. Mr. Grumbles informed Attorney Dehner and the Board that after the fraud, they are trying to regain assets. The person arrested for the fraud signed over the assets to a holding company. The Fire Pension Board is presently not affected; however, the potential problem is a disruption of service for the Fire Pension Board. Attorney Dehner asked Mr. Grumbles to monitor the situation and make recommendations to the Board.

Salem Trust

Lynn Skinner informed the Board that Salem Trust's management group is staying in contact with the consultants and attorneys, keeping them updated as to how Salem Trust is proceeding with the situation of the fraud. Attorney Dehner did request Salem Trust's upper management to produce a letter to be presented to the Board in regard to the fraud. The letter has been drafted and is being reviewed in the legal department due to ongoing litigation. Ms. Skinner offered to arrange for upper management to attend a Board meeting to answer any questions the Board may have, and there was no reply or comment from the Board.

Christiansen & Dehner

Attorney Dehner gave a legislative update to the Board. There have been three bills filed, only one of which will have any impact on the Fire Pension Board, Senate Bill 242. Senate Bill 242 requires actuaries to use mortality tables and assumptions consistent with what Florida Retirement System uses. Attorney Dehner will monitor this and keep the Board updated.

Foster & Foster

Patrick Donlan reviewed a report entitled "City of St. Pete Beach Firefighters' Retirement System, Actuarial Valuation Report as of October 1, 2014, Contributions Applicable to the Plan/Fiscal Year Ended September 30, 2016" with the Board.

At 11:08 a.m. Chairman Holt returned to the meeting.

Mr. Donlan offered to answer any questions from the Board in regard to the Actuarial Valuation Report. Hearing no questions or comments, Mr. Donlan suggested that the Board make a motion to approve the Actuarial Valuation Report. If approved, Mr. Donlan stated he would send the report to Elaine Edmunds, Administrative Services Director, and to the State.

Member Beattie made a motion to approve the Actuarial Valuation Report as of October 1, 2014. The motion was seconded by Member Terry and unanimously approved by a voice vote.

Attorney Dehner informed the Board they needed to make a motion to determine the total expected annual rate of return for the next year, next several years and long-term thereafter based on Tyler Grumbles' recommendation.

Mr. Grumbles stated it was reasonable to assume that the plan will earn a return of 7.75% over the next year, the next several years and long-term thereafter.

> **Member Beattie made a motion to accept Tyler Grumbles' recommendation. The motion was seconded by Member Falkenstein and unanimously approved by a voice vote.**

Attorney Dehner informed the Board that it needed to go in correspondence, signed by the Chairman, to the Division of Retirement, copy to the City, and a copy to Patrick Donlan.

6. Old Business

Summary Plan Description

Attorney Dehner asked Mr. Donlan to provide the Board Exhibit B for the Summary Plan Description. Chairman Holt informed Attorney Dehner that he had met with the City Manager, the Chief and members of the local union in regard to the Summary Plan Description. Since there may be some upcoming changes, Chairman Holt suggested to wait on reviewing the Summary Plan Description. Attorney Dehner replied the statutory requirement is to review it every other year. Therefore, it was decided to continue the review of the Summary Plan Description during the next Fire Pension Board meeting.

7. New Business

Schedule date for Policy and Procedure review

Attorney Dehner's recommendation was to review and update the current Operating Rules and Procedures. During the April 2015 meeting or a special meeting, the Board's comments in regard to the Operating Rules and Procedures will be discussed. Attorney Dehner will then incorporate the changes into a new document or an addendum due to how extensive the changes are. Attorney Dehner stated that the most recent revision of the Operating Rules and Procedures is dated 4/29/10. Chairman Holt will disburse a copy to all of the trustees to review. The Board agreed to review the Operating Rules and Procedures during the April 2015 meeting.

Fire Department Trustee member Ryan Holt term expiration

Chairman Holt's term expires January 2015. Chairman Holt was appointed by the members of the fire department. There will be posted in each station a nomination until the 25th. If there are nominations, there will be a vote; if not, Chairman Holt will carry for another term. Attorney Dehner informed the Board that if Chairman Holt is the only nomination, he will be Chairman by acclamation, and the Board can certify the acclamation at the next meeting.

Appointment of fifth pension board member

Chairman Holt stated the fifth pension board member was appointed by the Board, which is presently Member Beattie. Member Beattie's term as a board member expires in March 2015. Member Beattie stated he would like to continue to serve on the Board. Attorney Dehner informed the Board that if approved by the Board, Mr. Beattie's name will be submitted to the City Commission for affirmation of ministerial duty.

Member Falkenstein made a motion to continue Mr. Beattie as a board member. The motion was seconded by Member Terry and unanimously approved by a voice vote.

8. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 11:26 a.m.

Attest:

Rebecca C. Haynes, City Clerk

Ryan Holt, Chairman

Minutes approved on: 4/27/15