FIRE PENSION BOARD

MINUTES

APRIL 27, 2015

1:30 P.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Ryan Holt, Chairman
Keith Beattie, Member
Mark Keenan, Member

ABSENT:

Michael Terry, Member
Bruno Falkenstein, Member

ALSO PRESENT:

Lynn Skinner, Salem Trust
Mark Rhein, Chief Operating Officer, Salem Trust
Lee Dehner, Christensen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

There were no changes to the agenda.

2. Audience Comments

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

3. Approval of Minutes

Member Beattie made a motion to approve the minutes of January 15, 2015. The motion was seconded by Member Keenan and unanimously approved by a voice vote.

4. Payment of Invoices

* Anchor Capital Advisors LLC

* Bogdahn Consulting
* Brown Advisory
* Christiansen & Dehner
* Cutwater Management
* Foster &Foster
* Salem Trust

Member Beattie made a motion to approve the payment of invoices. The motion was seconded by Member Keenan and unanimously approved by a voice vote.

5. Reports

Salem Trust

Lynn Skinner informed the Board that she received a phone call from Cutwater Asset Management in regard to an authorization letter to work with Northern Trust that needed to be signed by the chairman of the board. Chairman Holt agreed to sign the letter.

Ms. Skinner introduced Mark Rhein, Chief Operating Officer, to the Fire Pension Board.

Mr. Rhein updated the Board as to how Salem Trust is proceeding with the situation of the fraud involved with Pennant Management. No employee of the holding company, Pennant Management or Salem Trust was part of the fraud. The amount of the fraud was approximately 180 million dollars. The assets that were discovered total 135 million dollars. The USDA did guarantee this loan, and there is a suit filed against the USDA.

Mr. Rhein informed the Board the result received from the SSAE 16 Report (Statement on Standards for Attestation Engagements), a review of operating standards and controls, was an adverse opinion. In summary, in the report there was an inability to attest to the controls because the source documents were not retained. As a result, there are weekly reviews every week and updates are in place. Mr. Rhein stated Salem Trust is aware of the deficiencies and is confident that the adverse opinion will not be duplicated. Mr. Rhein offered to answer questions of the Board, and there was discussion between Mr. Rhein and the members of the Board. Chairman Holt asked Mr. Rhein to keep the Board updated, and Mr. Rhein agreed.

Attorney Dehner commented that he has been monitoring the situation with the fraud, and it is going to be a lengthy process. The concern for the Board is a disruption of service. Attorney Dehner suggested the Board should discuss monitoring the situation or direct Attorney Dehner to prepare an RFP for a custodian, understanding there's no termination of Salem Trust at this time.

Member Beattie made a motion to direct Attorney Dehner to prepare an RFP. The motion was seconded by Member Keenan and unanimously approved by a voice vote.

Attorney Dehner commented that Salem Trust has provided good service for many years, shown good will, and wished them well.

Christiansen & Dehner

Attorney Dehner gave a legislative update to the Board. In regard to Senate Bill 534, this bill requires calculations to be prepared by the actuaries. Foster & Foster will take care of this as soon as the format is available. Senate Bill 172 that determines how State money will be used was passed on April 24, 2015 by the House and Senate and will now go to the governor. If it passes, it will become law effective July 1, 2015 and Attorney Dehner will review the details with the Board. Senate Bill 242, if passed, would require local plans to use the same mortality tables and mortality assumptions used by the FRS (Florida Retirement System).

Attorney Dehner reminded the Board that the "Form 1, Statement of Financial Interests, 2014" forms are due by July 1, 2015.

6. Old Business

Summary Plan Description

Attorney Dehner stated that the Summary Plan Description is set, but the Board decided to wait to discuss it until all of the Board members are present.

Schedule date for Policy and Procedure review

The Board decided to wait to discuss the Policy and Procedure review until all of the Board members are present. Attorney Dehner recommended discussing the Policy and Procedure review during a workshop. Chairman Holt suggested Attorney Dehner e-mailing dates that he would be available for a workshop and Attorney Dehner agreed.

There was a discussion about the consent form in regard to Cutwater Asset Management being sold to the Bank of New York Mellon. Mr. Grumbles was not present for the meeting. Attorney Dehner stated he would have Mr. Grumbles address the topic at the next meeting but advised the Board to make a motion for Chairman Holt to sign the consent form.

Member Keenan made a motion to agree to the sale of Cutwater Asset Management being sold from MBIA to the Bank of New York Mellon and have Chairman Holt sign the consent form. The motion was seconded by Member Beattie and unanimously approved by a voice vote.

7. New Business

Fire Trustee Holt's expiration of Term/Chairman by Acclamation

Chairman Holt's term expired January 2015. Notices were posted for nomination and there were no responses. Attorney Dehner stated the appropriate action by the Board is to make a motion to certify the result of Chairman Holt remaining as Trustee by acclamation.

> **Member Keenan made a motion to certify the result that Ryan Holt will remain as the Trustee by acclamation since he was unopposed in the process. The motion was seconded by Member Beattie and unanimously approved by a voice vote.**

8. <u>Adjournment</u>

There being no further business to come before the Board, the meeting was adjourned at 2:10 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Ryan Holt, Chairman

Minutes approved on: 7/16/15