NOTICE OF MEETING
GENERAL PENSION BOARD OF TRUSTEES

Thursday, April 22, 2010 @ 1:30 p.m.
City Hall – Commission Chambers
155 Corey Avenue, St. Pete Beach, Florida

AGENDA

Call to Order
Pledge of Allegiance
Roll Call
Additions, Deletions or Changes

1. Approval of Minutes

   Minutes of November 16, 2009, January 21, 2010, and March 9, 2010.

2. Payment of Invoices:

• Christiansen & Dehner, P.A.	$ 907.68
• Bogdahn Consulting	$ 2,550.00
• Dana Investment, Inc.	$ 4,147.77
• Rockwood Capital Advisors	$ (waiting)
• Salem Trust	$ (waiting)
• MBIA	$ (waiting)

3. Election of Officers
   a. Chairman
   b. Vice Chairman
   c. Secretary

4. Bogdahn Report

5. Reports: (if present)
   Money Managers
   Salem Trust
   Foster & Foster

6. Discussion regarding Changes to Pension Plan Assumptions
   a. Investment Return Assumption

   c. Mortality Table

7. **An Ordinance of the City of St. Pete Beach, Florida, amending and restating Chapter 66, Pensions and Retirement, Article II, General Employees' Retirement System, of the Code of Ordinances of the City of St. Pete Beach; providing for severability of provisions; repealing all ordinances in conflict herewith and providing an effective date.**

8. **Authorization for Renewal for Fiduciary Insurance – Gibson & Wirt**

9. **Consideration of Rate Increase for Christiansen & Dehner, P.A.**

10. **New/Old Business**

11. **New Members/Return of Contributions Report – (Verbal Report)**

12. **Audience Comments**

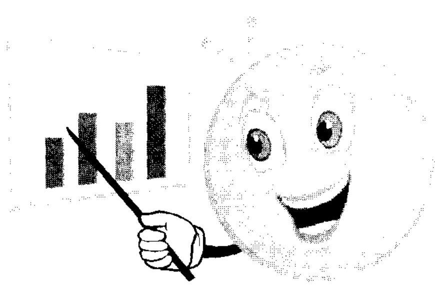
13. **Adjournment**

Appeal

If a person decides to appeal any decision made at this hearing, they will need a record of the proceeding and, for such purpose, may need to ensure that a verbatim record of the proceeding is made, which record includes the testimony and evidence upon which the appeal is to be based. (F.S. 286.0105) The City does not furnish verbatim transcripts; interested parties should make the necessary arrangements for verbatim transcripts.

Americans with Disabilities Act

In accordance with the Americans with Disabilities Act and F.S. 286.26, persons with disabilities needing special accommodation to participate in this proceeding should contact City Hall at (727) 367-2735, no later than four (4) days prior to the proceeding for assistance.



GENERAL PENSION BOARD

MINUTES

APRIL 22, 2010
1:30 pm

CALL TO ORDER

The Meeting was called to order by Bill Schroeder, Vice Chairman.

ROLL CALL

PRESENT

Ivette Ramos
Pamala Prell, Secretary
Mike Cohen
Bill Schroeder, Vice Chairman

NOT PRESENT

Dr. Hugh E. McGuigan, Chairman

ALSO PRESENT

Theresa McMaster, City Clerk
Mike Bonfield, City Manager

PLEDGE OF ALLEGIANCE

ADDITIONS, DELETIONS OR CHANGES

Pamala Prell neglected to add a discussion regarding turnover assumption under Item 6, which is hereby added to the agenda.

1. APPROVAL OF MINUTES

A motion was made by Pamala Prell to approve the Minutes of November 16, 2009, January 21, 2010 and March 9, 2010 as written. Ivette Ramos seconded the motion and the Minutes were unanimously approved.

2. PAYMENT OF INVOICES

Pamala Prell made a motion to approve the invoices submitted. The motion was seconded and unanimously approved.

3. ELECTION OF OFFICERS

A motion was made by Pamala Prell to retain Dr. Hugh McGuigan as Chairman. The motion was seconded and unanimously approved.

A motion was made by Pamala Prell to retain Bill Schroeder as Vice Chairman. The motion was seconded and unanimously approved.

A motion was made by Ivette Ramos to retain Pamala Prell as Secretary. The motion was seconded and unanimously approved.

A motion was made by Pamala Prell that Dr. Hugh McGuigan be re-appointed to the General Pension Board for a two year term. The motion was seconded and unanimously approved.

4. BOGDAHN REPORT

Tim Nash of the Bogdahn Group asked if the Board would hear the report of Dana Investments prior to his report. The Board was in agreement.

DANA INVESTMENTS

David Stamm, Equity Portfolio Manager of Dana Investments, gave a general overview of performance for the fiscal second quarter ending 03/31/10.

BOGDAHN REPORT

Tim Nash reported that in general, the markets were up and the news was positive. Mr. Nash advised the Board that MBIA has changed its name to *Cuttwater*. Bill Schroeder asked Mr. Nash why Bogdahn was not benchmarking their performance to the actual portfolio content as Dana Investments does, rather than the S & P. Mr. Nash explained that Dana has the ability to move that at any time and they can decrease the amount of their growth or increase their amount of growth so Bogdahn set their benchmark to the S & P 500 meeting core guidelines and expect them to beat the core benchmark longer term overall since the growth is a small piece of what they're doing and that can increase or decrease at any time.

Mr. Nash stated that Bogdahn has been this Plan's consultant since 2000 and they were the founder's very first client. Bogdahn's most recent contract, signed in 2006, had a three year guarantee and after looking at all of their relationships, they are trying to bring all their clients up to a minimum fee level. This Plan is currently at $10,200 and their minimum fee is $15,500 and this Board has a discount because all three Pension Boards meet on the same day, so it would actually increase to $15,200 per year. They are trying to get all their clients to that minimum fee level. They are also making some changes to their contract as part of that move. The current contract is an "ala carte" contract. It has a base fee of $8,000 and then $2,500 for each manager that you have and then when they do searches, there is a $3,500 search fee. So going forward, for all of our clients, they are modifying all those contracts so the contract will be all inclusive, there will be no extra charges for searches, no additional charges for managers, etc. and they think that is a better way for them to deliver their services to their clients. They believe that an all encompassing contract would be beneficial to the Board and serve them well going forward.

Mike Cohen inquired as to some additional information Mr. Nash is to bring to the Firefighter's Board and if that is correct, this Board would also like to see that as well. Mr. Nash stated that the Firefighter's Board asked if Bogdahn could come up with some alternate ways to incorporate the fee increase in a contract as we go forward. Maybe we can delay implementing it until year two or year three of our contract as we go forward. He is going to take it back to their senior partner, Joe Bogdahn, and let him take a look at it and then respond to all the Boards with what they may be able to work out.

Bill Schroeder asked Mr. Dehner if they have a fiduciary responsibility to officially request quotes for new advisors. Mr. Dehner responded no, it is their responsibility to determine if it's a reasonable fee or not. Mr. Schroeder stated that in his opinion, based on the performance of the last year and a half, he doesn't think anyone should get increases until the Board gets more of the performance back and he doesn't think it's the right time to even consider increases for the fund. Mr. Nash advised the Board that he will take their concerns back to Mr. Bogdahn.

5. REPORTS - SALEM TRUST

Lynn Skinner told Mike Cohen that Salem Trust has an online system and if he would like to have access to the system, she will get him signed up and he can actually look at the account at any time.

Ms. Skinner advised the Board that Salem Trust is also looking at a fee increase and she will be ready to present that at the next regular Board Meeting.

FOSTER & FOSTER

Patrick Donlan stated, for the benefit of Mike Cohen, that every year on October 1st, they project all the future retirement benefits and then look at the assets in the Plan and determine, based on their assumptions, that there are enough assets to cover all those future retirement benefits. And if there's not, then they have to acquire contributions from the City for the next year and we are somewhat underfunded at the current time. Everything is based on assumptions such as turnover, salary increases, and investment returns. A year or so ago, he did an experience study and looked at past experience on all of our assumptions and made recommendations and the Board, at their last Meeting, (only Pam and Ivette were present) were receptive to making three changes. One of them is the Investment Return Assumption changing that from 8½% to 8%. The second thing was the Mortality Table. They had been using the 1983 Group Annuity Mortality Table and they updated it to the RP 2000 Mortality Table. And the last thing was we adjusted up the turnover assumption a little bit because if we looked at our past history, the City has had more turnover than our old assumed rate. As a consequence of making all those three changes, it increases the required City contribution by 1.7% of payroll. The requirement for the City for next year is 1.7% more than it was in the original report. Now that the Board has five members, they need to approve these assumption changes.

Mike Bonfield, City Manager, addressed the Board and stated that he didn't really have a position on what rate they should charge or what their assumption should be. He stated that the City's budget is not good and is not going to be good no matter what the Board does. The City's concern is that they reflect what this Plan is costing the City, they need to know what it is, and it's not doing the City any good to not have enough being paid today when all they are doing is just spreading that out over future years and digging a hole that is getting bigger and bigger. Mr. Bonfield told the Board that if they think 8% is the proper assumption, that the mortality table should be changed because it's more current and if they think the turnovers have been different, then he suggested that they do that. He went on to say that they should not do the right thing because they are concerned that it's going to raise the cost 1½% because it's going to raise it anyway. That cost is there, whether it's in this year's payment or somewhere in the unfunded part of the Plan.

After discussion, **Pamala Prell made a motion to change the assumption rate to 8%, adopt the new recommended Mortality Table and make the changes on the Foster & Foster Report for the turnover. The Motion was seconded by Ivette Ramos and approved by unanimous vote.**

Pamala Prell asked when these changes would take effect and Patrick Donlan advised they would take effect next fiscal year's City budget.

Pamala Prell amended her motion to include the adoption of the revised Actuarial Evaluation Report of October 1, 2009. The motion was seconded and approved by unanimous vote.

7. An Ordinance of the City of St. Pete Beach, Florida, amending and restating Chapter 66, Pension and Retirement, Article II, General Employees' Retirement System, of the Code of Ordinances of the City of St. Pete Beach; providing for severability of provisions; repealing all ordinances in conflict herewith and providing an effective date.

Chairman Schroeder called on Lee Dehner, Attorney, who advised the Board that he completed the Plan restatement incorporating the items discussed over the course of the last several meetings as well as and most importantly compliance with the new Internal Revenue Code provisions discussed. Now, based on today's discussion, he will reflect the interest rate as 8% rather than 81/2% and other than that, it's ready to be presented to the City.

Pamala Prell made a motion to approve forwarding the ordinance to the City Commission. The motion was seconded and approved by unanimous vote.

8. Authorization for Renewal for Fiduciary Insurance

Pamala Prell advised the Board that she has sent in the Renewal Application and is waiting for the quote on the new insurance rate which she will have prior to the July Meeting.

9. Consideration of Rate Increase for Christiansen & Dehner, P.A.

Lee Dehner advised the Board that the last time his firm increased their fees was April 1, 2007 and at that time they increased from $250 to $290 per hour. At this time, they are increasing their fees, effective July 1, 2010, from $290 to $325 per hour, a 12% increase. Many Trustees have commented rather than waiting several years and having a larger percentage adjustment, they would rather see a smaller percentage adjustment on an annual basis. Their new fee schedule will show the initial fee increase from $290 to $325, which is 12%, then each year an annual increase of 4%. At one of the earlier meetings, he was asked what that calculated out to be in dollars. In dollar terms to the General Pension that would be an increase over last year, 2009, of $334.

Pamala Prell made a motion to approve the increase in the rate for Christensen & Dehner, P.A. to $325 per hour. The motion was seconded and approved by unanimous vote.

Mr. Dehner prepared addendums to the contract and asked that they be signed today.

10. NEW/OLD BUSINESS

Mike Cohen asked the Board to give serious consideration to reviewing the Investment Policy Statement including the asset mixes allowed. He would like to suggest that Bogdahn, or whomever the Board chooses, to come in and explain their investment policy. Prior to last year, they have met their benchmark, but last year was an exception. Chairman Schroeder said the Board would be happy to look at different investment opportunities and historically the Board has taken a very conservative approach and he believes it has done them well up until this point.

Mr. Cohen asked that this matter be placed on the Agenda for their next Meeting.

Lee Dehner welcomed Mr. Cohen to the Board and asked if he had received a copy of the "Trustee Responsibility" materials that he prepares.

Mr. Dehner advised Mr. Cohen that he must file his Financial Disclosure form within thirty days from the date of his appointment. Each year the Trustees must file the forms before July 1st.

Mr. Dehner briefly reported on the pending legislative matters. On the HELPS II legislation on the Federal side; it's still pending and it relates to the $3,000 tax exclusion for payment of health insurance premiums, long term care and accident insurance premiums. Currently it's only available to public safety officers, police officers and firefighters. This legislation does several things it would extend that coverage to all public employees who retire with a normal or disability retirement benefit. Beyond that, there is a particular requirement that would require direct transfer of the money from the Pension Plan to the insurance provider. That is an administrative burden, it's an administration expense, custodian's charge additional money to do that. For that reason, most funds are now just waiting to see if this legislation passes or not.

There has been a lot of discussion this session about Senate Bill 1902. It primarily would affect firefighters and police officers. It's not enjoying support; it's stuck in the Senate. He doesn't think it will move forward. This legislation will not affect this Plan.

Mr. Dehner explained correspondence received from a securities monitoring company which consists of law firms nationwide that primarily provide representation in shareholder litigation class actions. They are offering to monitor their portfolio to determine whether or not you are invested in a company that is defending a shareholder class action. Our custodian, Salem Trust Company, does that and if they determine we do have a company that is defending a class action, they file, on our behalf, a proof of claim. This offered service would serve if you choose to do it, there is no expense nor fees charged. It's a backup monitoring system for what Salem Trust Bank does. Also this firm would provide you with information about the class action that would not be available to Salem. His advice is to let Salem continue to file the proof of claim.

11. NEW MEMBERS/RETURN OF CONTRIBUTIONS REPORT

Pamala Prell reported that Michael Trull resigned from Public Works January 15, 2010. There is a replacement, Jason Kreisle, who was hired January 13, 2010. She also reported that she entered the Drop Plan, effective June 1st.

Mrs. Prell asked Mr. Dehner if a "Drop Trustee" has the right to vote, such as an election of a trustee or an election for anything. Mr. Dehner responded by saying "yes".

12. AUDIENCE COMMENTS

There were none.

13. ADJOURNMENT

A motion was made, seconded and unanimously approved; the Meeting was adjourned.

Theresa McMaster

Theresa B. McMaster, City Clerk

Bill Schroeder, Vice Chairman

Minutes approved on: 7-22-2010