GENERAL PENSION BOARD

MINUTES

OCTOBER 16, 2014

1:30 P.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
William Palmer, Member
Joanne Lentino, Member (entered meeting at 1:33 p.m.)
Ray Radvilavicius, Member

ALSO PRESENT:

Charles H. Mulfinger, II, Graystone Consulting Tampa
Tyler Grumbles, Bogdahn Group
Lee Dehner, Christensen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

Chairman Schroeder suggested making a change to the agenda by adding a discussion of filling the fifth vacant seat and a related workshop of fiduciary duty in the New/Old Business section, No. 6.

Member Palmer made a motion to amend the agenda as discussed. The motion was seconded by Member Radvilavicius and unanimously approved by a voice vote.

2. Audience Comments

There were no comments from the audience.

Chairman Schroeder stated to let the record reflect that Member Lentino arrived at this time and is present for the meeting.

3. Approval of Minutes

Member Radvilavicius made a motion to approve the minutes for 04/17/14 and 07/17/14. The motion was seconded by Member Palmer and unanimously approved by a voice vote.

4. Payment of Invoices

Christiansen & Dehner, P.A.	Inv # 25219, 07-31-14	966.92
Anchor Capital Advisors	04-01-14 to 06-30-14	2,381.66
Salem Trust		2,700.00
Foster & Foster	Inv # 6457	1,645.00
MorganStanley	07-01-14 to 09-30-14	3,625.00

Member Palmer made a motion to approve the invoices as presented. The motion was seconded by Member Radvilavicius and unanimously approved by a voice vote.

5. Reports

a. Graystone (Morgan Stanley) Consultant – Quarterly Report

Charles Mulfinger, Graystone Consulting, provided a handout entitled "Quarterly Performance Summary as of September 30, 2014" for the Board members. There was Board discussion in regard to the summary.

Mr. Mulfinger informed the Board that Salem Trust has a parent company and sister companies. One of the sister companies had a repurchase agreement which held collateral on the entity. The collateral was in the amount of $170 million, and they were defrauded. They believed they had government backing but did not. Therefore, this could be a large potential loss. Most importantly, the Board's assets are not at risk, but the Board could be affected because the business itself could be at risk.

b. Salem Trust Company

Lynn Skinner, Salem Trust Company, confirmed Mr. Mulfinger's comments and added it is an ongoing litigation. Ms. Skinner explained there are three sister companies and one holding company. Ms. Skinner stated that she would be glad to invite the president or chief operating officer to the next meeting to update the Board on the situation. The Board and Attorney Dehner asked Ms. Skinner to please schedule someone to speak during the January meeting.

Ms. Skinner updated the Board in regard to Phillip Thorne completing the payments that were due.

Ms. Skinner distributed a spreadsheet in regard to custody fees to the Board. There was Board discussion in regard to the spreadsheet. Due to the recent activity of the parent company, Chairman Schroeder recommended not voting on the custody fees and postponing the decision until the next board meeting. Member Palmer suggested obtaining other proposals.

Attorney Dehner posed questions to Ms. Skinner in regard to the potential fraudulent loans. Ms. Skinner explained the issues involved with U.S. Fiduciary Services, the parent company of GreatBanc Trust, Salem Trust and Pennant Management.

6. New/Old Business

Chairman Schroeder reported that there had been no applications for the vacant seat on the Board. Member Lentino informed the Board that she was instructed she could not make an announcement for the vacant seat during a City Council meeting and the announcement went through Colette Graston, Executive Assistant to the City Manager, in a weekly newsletter. Member Lentino planned to ask for the announcement to be made in the weekly newsletter once again and to meet with the City Clerk in regard to the vacant seat. There was Board discussion in regard to the procedure of promoting the vacant seat. Attorney Dehner advised the Board members the following: if any applications are received, the information should be included in the agenda package for January so they can be reviewed and the appointment of the seat will need to occur during a special meeting.

7. Attorney Report

Attorney Dehner explained to the Board an action item to be taken with regard to Senate Bill 534. Senate Bill 534 is in effect and the Board is required to comply with the bill. A report needs to be filed with the Division of Retirement within 60 days of when the Board approves the next valuation report and posted on the City website. To present a more balanced calculation, Attorney Dehner recommended the Board authorize the actuary to do an additional calculation assuming that 2 percent more is earned than the actuary's assumed rate. This action would entail a \$500 charge. After Board discussion, the decision of performing the additional calculation was postponed until the January 2015 meeting.

Attorney Dehner explained GASB 67 and GASB 68 to the Board. Attorney Dehner informed the Board that in regard to GASB 67, an action item needed to be taken today and with regard to GASB 68, no action needed to be taken.

Attorney Dehner recommended for the Board to authorize Foster & Foster to use liabilities reported in the 10/1/13 valuation report and then roll forward the liabilities and use the asset value as of 9/30/14 for timely presentation to the City for their audits and financial statements.

> **Member Radvilavicius made a motion to authorize Foster & Foster to do the GASB 67 calculation utilizing liabilities from the 10/1/13 valuation report and then roll forward to include the asset market value as of 9/30/14, if necessary, for timely presentation to the City. The motion was seconded by Member Palmer and unanimously approved by a voice vote.**

Attorney Dehner advised the Board the Division of Retirement fall conference will be November 17, 18 and 19 in Lake Buena Vista and there is no fee for registration. Attorney Dehner added there are workshops designed for trustees that cannot attend the statewide conference and that the minimum statutory requirement is that trustees receive education at least once a term.

8. Adjournment

There being no further business, the meeting was adjourned at 3:15 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Bill Palmer, Secretary

Minutes approved on: 1/15/15