THE SUNSET CAPITAL OF FLORIDA

GENERAL EMPLOYEES PENSION BOARD

CITY OF ST. PETE BEACH

155 Corey Avenue
St. Pete Beach, FL 33706

Thursday, 10/15/2015
8:30 a.m.

Call to Order
Pledge of Allegiance
Roll Call

1. **Changes to the Agenda** – Agenda items to be added, moved or deleted will be addressed at this time. Added items will be assigned agenda items numbers and moved items should remain with the same item numbers. Notation will be made that those items will be taken out of order.

2. **Audience Comments**

3. **Approval of Minutes**

   a. April 16, 2015 - Quarterly Meeting

   b. July 16, 2015 - Quarterly Meeting

4. **Payment of Invoices**

Foster & Foster	**Inv# 7817**	**$**	**2,700.00**
Christiansen & Dehner, P.A.	**Inv# 27264 09-30-15**	**$**	**1,103.54**
Anchor Capital Advisors	**07-01-15 to 09-30-15**	**$**	**2,090.50**
Salem Trust	**07-01-15 to 09-30-15**	**$**	**2,700.00**
Morgan Stanley	**07-01-15 to 09-30-15**	**$**	**3,625.00**
Cutwater Asset Management	**04-01-15 to 06-30-15**	**$**	**2,320.50**

5. Reports

Graystone (Morgan Stanley) Consultant – Quarterly Report

Salem Trust Company

6. New / Old Business

a. Review of Proposals for Custodial Services

b. Foster & Foster – Actuarial Experience Study

7. Attorney Report

8. Adjournment

APPEAL

If a person decides to appeal any decision made at this meeting, he or she will need a record of the proceeding and, for such purpose, may need to ensure that a verbatim record of the meeting 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 American with Disabilities Act and F.S. 286.26, persons with disabilities needing special accommodations to participate in this meeting should contact City Hall at (727) 367-2735 no later than four days prior to the meeting for assistance. The public is cordially invited to attend. All agenda material is available for review at City Hall.

GENERAL PENSION BOARD

MINUTES

APRIL 16, 2015

10:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
William Palmer, Member
Joanne Lentino, Member
Ray Radvilavicius, Member

ALSO PRESENT:

David Wheeler, Graystone Consulting Tampa
Mark Rhein, Salem Trust
Lynn Skinner, Salem Trust
Lee Dehner, Christensen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. **Changes to the Agenda**

Member Palmer asked to make the following change to the agenda:

- Add discussion about Custodian Fees with Salem Trust.

Attorney Dehner commented that there were several topics to review in regard to Salem Trust. Chairman Schroeder suggested including the topic of Custodian Fees during No. 5, "Reports, Salem Trust Company."

Member Palmer asked to make the following change to the agenda:

- Remove No. 6D, "Gibson & Wirt, Inc. – Fiduciary Liability Insurance Renewal."

Member Palmer stated the renewal had not been received. Chairman Schroeder asked Attorney Dehner if direction could be given to Member Palmer to renew the Fiduciary Liability Insurance if the invoice is deemed to be a reasonable amount when received. Attorney Dehner stated yes if it was a reasonable amount, but if there was a question, to bring it back to the Board for discussion. Therefore, Chairman Schroeder stated to keep the item on the agenda.

2. Audience Comments

There were no comments from the audience.

3. Approval of Minutes

Member Palmer stated that Mr. Wheeler, Graystone, wanted to comment on the minutes.

In regard to the January 15, 2015 minutes, Mr. Wheeler commented that Attorney Dehner made a statement that it was Graystone's responsibility to monitor and provide a report on the custodian, Salem Trust. Mr. Wheeler stated that Graystone did not have that capability.

Chairman Schroeder asked what sentence in the minutes Mr. Wheeler was referring to. Member Lentino read the following sentence: "Mr. Wheeler offered to prepare an independent appraisal for the next meeting." Mr. Wheeler explained that if he mentioned an appraisal, he would have been referring to an asset allocation study and would have not been an appraisal regarding Salem Trust. Attorney Dehner replied to Mr. Wheeler that he may receive information from time to time with respect to Salem Trust, and it is expected to be reported to the Board, which is one of his obligations as a fiduciary.

Chairman Schroeder asked Attorney Dehner if the minutes should be amended. Attorney Dehner stated the minutes were actually accurate, and that the minutes of today's meeting will reflect that.

Member Palmer made a motion to approve the minutes for January 15, 2015. The motion was seconded by Member Radvilavicius and unanimously approved by a voice vote.

4. Payment of Invoices

Christiansen & Dehner, P.A.	Inv # 26103, 01-31-15	1,009.05
Anchor Capital Advisors	10-01-14 to 12-31-14	2,386.91
Salem Trust	01-01-15 to 03-31-15	2,700.00
Cutwater Asset Management	10-01-14 to 12-31-14	2,331.39
Morgan Stanley	01-01-15 to 03-31-15	3,625.00

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

5. Reports

a. Graystone (Morgan Stanley) Consultant – Quarterly Report

David Wheeler, Graystone Consulting Tampa, provided handouts entitled "Quarterly Performance Summary as of March 31, 2015 and Quarterly Performance Evaluation as of March 31, 2015" for the Board members. There was Board discussion in regard to the summaries.

Mr. Wheeler commented that the fixed income is starting to be below the minimum of 30%. Chairman Schroeder inquired how to make a change in dictating how the money is taken out. Ms. Skinner, Salem Trust, commented that it is set at percentages for each of the investments. Mr. Wheeler suggested doing a one-time rebalancing.

For this meeting, Chairman Schroeder suggested the Board approve to move 5% of the large cap into the fixed income so it is at 35%. Chairman Schroeder also asked Mr. Wheeler to work with Ms. Skinner and come back with a recommendation during the next meeting. Mr. Wheeler agreed. Chairman Schroeder further asked that the letter state that as part of the policy that in no event the fixed income would be able to drop below 30%.

Mr. Wheeler continued to review the summary with the Board.

Chairman Schroeder asked Mr. Wheeler for a page with a fee analysis to be included in the report from Graystone on a quarterly basis. Mr. Wheeler agreed.

Mr. Wheeler further explained the summaries to the Board.

Mr. Wheeler offered to answer questions from the Board. There was Board discussion between Mr. Wheeler and the Board members in regard to the summary.

Mr. Wheeler presented the Board with a document entitled "City of St. Pete Beach General Employees' Pension Plan, Asset Allocation Analysis, April 16, 2015." Mr. Wheeler stated that the analysis supports Mr. Mulfinger's letter which states that a 7.75% net return is at the high-end of expectations. Mr. Wheeler suggested that this is a topic that should be discussed among the Board.

b. Salem Trust Company

In anticipation of the SSAE 16 Report and an update with Pennant Management, Ms. Skinner advised the Board it would be best for the Board to table the discussion of custodian fees until a future date.

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

Mr. Rhein updated the Board as to how Salem Trust is proceeding with the situation of the fraud involved with Pennant Management. 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 and updates 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 no discussion between Mr. Rhein and the members of the Board. Chairman Schroeder thanked Mr. Rhein for the update.

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 Lentino made a motion to prepare an RFP for custodial services in the event Salem Trust is hindered from providing the best services for the General Employee Pension fund. The motion was seconded by Member Radvilavicius and unanimously approved by a voice vote.**

6. <u>New/Old Business</u>

a. Mr. James Rossi – General Pension Board Seat Vacancy

Chairman Schroeder stated that the Board needed to make a motion for the appointment of the fifth seat, and then the City Commission would be asked to affirm the Board's action.

Chairman Schroeder introduced Mr. James Rossi to the General Pension Board. Mr. Rossi gave a brief biography to the Board. There was a brief question and answer session between Mr. Rossi, the Board members and Attorney Dehner.

Member Lentino made a motion to approve James Rossi as the fifth seat on the General Employee Pension Board. The motion was seconded by Chairman Schroeder and unanimously approved by a voice vote.

b. Cutwater Asset Management – Consent to deal with our agent.

Ms. Skinner explained that Cutwater Asset Management is using Northern Trust to reconcile positions and instruct holding and cash movement across accounts. Therefore, there is a letter that needs to be signed to authorize Salem Trust to work with Northern Trust.

Member Radvilavicius made a motion to sign the letter from Cutwater Asset Management. The motion was seconded by Member Palmer and unanimously approved by a voice vote.

c. Foster & Foster – Actuarial Experience Study

Member Palmer informed the Board that Patrick Donlan, Foster & Foster, recommended the Board execute the study. Member Palmer informed the Board the cost would be $1500. Attorney Dehner commented that the study should be done periodically and that $1500 is a reasonable cost.

Member Palmer made a motion to ask Foster & Foster to do an Actuarial Experience Study. The motion was seconded by Member Lentino and unanimously approved by a voice vote.

d. Gibson & Wirt, Inc. – Fiduciary Liability Insurance Renewal

Chairman Schroeder suggested for someone to make a motion to give Member Palmer the authority to renew the Fiduciary Liability Insurance.

Member Lentino made a motion to approve giving the responsibility to Member Palmer the ability to sign off on the Fiduciary Liability Insurance Renewal for the General Employee Pension Board, which includes a waiver of recourse for board members.

Attorney Dehner commented that typically there is a separate premium for the waiver of recourse which will be paid by the City.

The motion was seconded by Member Radvilavicius and unanimously approved by a voice vote.

7. Attorney Report

Attorney Dehner gave a legislative update to the Board as follows:

- 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 242, if passed, would require local plans to use the same mortality tables and mortality assumptions used by the FRS (Florida Retirement System).
- Senate Bill 224, if passed, would add a requirement for each consultant contract that Attorney Dehner prepares, Attorney Dehner will have to put a notification that their records may be subject to a public records request and to identify an individual to contact if there are any questions.

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

Attorney Dehner informed the Board there is a minimum statutory requirement, with respect to trustee education, that at least once a term trustees receive education in two areas: investment related and legal. The Police Pension Board Police will be sponsoring a trustee education conference in the City of St. Pete Beach's City Hall in the Commission Chambers on September 9, 2015. Chairman Schroeder suggested co-sponsoring the conference with the Police Pension Board.

Attorney Dehner apprised the Board the Division of Retirement is having its annual conference in Tallahassee, Florida at the State Conference Center on June 2nd, June 3rd and June 4th, 2015.

8. Adjournment

There being no further business, the meeting was adjourned at 11:59 a.m.

Attest:

Rebecca C. Haynes, City Clerk	William Schroeder, Chairman

Minutes approved on: ______________

GENERAL PENSION BOARD

MINUTES

JULY 16, 2015

1:30 P.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
William Palmer, Member
Joanne Lentino, Member
Ray Radvilavicius, Member
James Rossi, Member

ALSO PRESENT:

Mr. Charles Mulfinger, Graystone Consultant
Scott Owens, Graystone Consulting Tampa
Mark Rhein, Salem Trust
Lynn Skinner, Salem Trust
Mindy Johnson, Client Services Manager
Lee Dehner, Christensen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

Member Palmer asked to make the following changes to the agenda:

- Add a late invoice from Foster & Foster that is not listed on the agenda: Foster & Foster, Invoice # 7556, 07/15/15, $3,769.00
- Remove No. 4, "Approval of Minutes," from the agenda. The minutes will be presented at the next regular meeting in October.

2. Audience Comments

There were no comments from the audience.

3. Appointment and Oath of New Board Member Jr. James Rossi

Chairman Schroeder welcomed Mr. James Rossi to the General Pension Board.

5. Payment of Invoices

Christiansen & Dehner, P.A.	Inv # 26744, 05-31-15	1,693.39
Anchor Capital Advisors	01-01-15 to 3-31-15	2,377.56
Anchor Capital Advisors	04-01-15 to 6-31-15	2,314.18
Salem Trust	04-01-15 to 06-30-15	2,700.00
Morgan Stanley	04-01-15 to 06-30-15	3,625.00
Cutwater Asset Management	01-01-15 to 03-31-15	2,330.15

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

6. Reports

a. Graystone (Morgan Stanley) Consultant – Quarterly Report

Mr. Charles Mulfinger and Scott Owens gave presentations to the Board.

After the conclusion of the presentations, Chairman Schroeder suggested the following motions be made in regard to the following:

- adopting the asset allocation spreadsheet policy change
- consolidating of the REIT choices
- Anchor analysis for next quarter based on the CIO retiring and understanding what's in the market
- looking at existing fees of the mutual funds, making certain to be in the highest institutional class based on the portfolio

Member Rossi made a motion to support all four items stated by Chairman Schroeder: combine the two REITs, replenish with 150 and look for mutual funds that may have a lower management fee. The motion was seconded by Member Lentino and unanimously approved by a voice vote.

b. Salem Trust Company

Lynn Skinner, Salem Trust, and Mark Rhein, Chief Operating Officer with Salem Trust, gave presentations to the Board.

Mr. Rhein introduced the Police Pension Board to Salem Trust's new client services manager, Mindy Johnson.

Mr. Rhein stated the next SSAE 16 report should be delivered to the public at large in September or October 2015. The report will review from 7/1/14 through 6/30/15. Mr. Rhein informed the Board that Salem Trust is confident that the report will be satisfactory.

Mr. Rhein updated the Board as to how Salem Trust is proceeding with the situation of the fraud involved with Pennant Management.

7. New/Old Business

a. Graystone – Asset Allocation Rebalancing for Distribution Fund

This topic was discussed during No. 6.a., "Reports, Graystone (Morgan Stanley) Consultant – Quarterly Report."

b. Review of Proposals for Custodial Services

Attorney Dehner advised the Board to wait for the results of the SSAE 16 report in late September or October which will determine if the RFP process will continue.

The Board came to a decision to review the responses on an individual basis before the October meeting.

c. Foster & Foster – GASB Rules and Senate Bill 534 Compliance Report

Attorney Dehner gave an update to the Board regarding the following:

- GASB 67/68: Foster & Foster is complying with these requirements and will be available in the next evaluation report.
- Senate Bill 534: The annual disclosures report that satisfies the October 1, 2014 financial reporting requirements made under Section 112.664 needs to be posted on the City of St. Pete Beach website.

Item 7.d., "Foster & Foster – Investment Return Assumption," and 7.e., "Gibson & Wirt, Inc. – Fiduciary Liability Insurance Renewal" were not discussed at this time. The Attorney Report was given by Attorney Dehner.

8. Attorney Report

Attorney Dehner reported to the Board on the following topics:

- Trustees' education conference on September 9, 2015, 11:00 a.m. to 2:00 p.m., at City Hall in the Commission Chambers.

- Amendments to the plan for tax compliance are in progress

7. New/Old Business (continued)

a. Foster & Foster – Investment Return Assumption

Attorney Dehner advised the Board to prepare the evaluation with 7.75 and discuss the topic when Mr. Donlan delivers the evaluation report.

b. Gibson & Wirt, Inc. – Fiduciary Liability Insurance Renewal

Member Palmer reported to the Board that the Fiduciary Liability Insurance was secured, and it was approximately $50 less than the previous year.

9. Adjournment

There being no further business, the meeting was adjourned at 3:08 p.m.

Attest:

______________________	______________________
Rebecca C. Haynes, City Clerk	William Schroeder, Chairman

Minutes approved on: _______________

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

Invoice

Date	Invoice #
9/24/2015	7817

Phone: (239) 433-5500
Fax: (239) 481-0634
data@foster-foster.com
www.foster-foster.com

Bill To
City of St. Pete Beach General Employees' Retirement System 155 Corey Avenue St. Pete Beach, FL 33706

Terms	Due Date
Net 30	**10/24/2015**

Description	Amount
Experience Study and letter report dated July 14, 2015.	1,500.00
Benefit Calculations: HYATT	200.00
Preparation of Cost-Of-Living Adjustments for 25 retirees, effective October 1, 2015.	1,000.00

Balance Due **$2,700.00**

Thank you for your business!

Please make all checks payable to:
Foster & Foster, Inc.
13420 Parker Commons Blvd, Suite 104
Fort Myers, FL 33912

Christiansen & Dehner, P. A.

63 Sarasota Center Boulevard
Suite 107
Sarasota, FL 34240-

941-377-2200
Phone

941-377-4848
Fax

September 30, 2015

City of St. Pete Beach General
Employees' Pension Fund
155 Corey Ave.
St. Pete Beach,, FL 33706
ATTN: Bill Palmer

		Invoice Number
In Reference To: General Employees' Pension Fund	9117	27264

Professional Services

		Hours	Amount
9/9/2015	Trustee Training.	0.50	197.00
	For professional services rendered	0.50	$197.00
	Previous balance		$906.54
	Balance due		$1,103.54

** Please note that the "Balance Due" figure at the end of this bill reflects both "Total New Charges - Current Period" and any previous balances due. In most cases, if the previous balance(s) have already been approved for payment but not yet received in our office, you should be paying only the "Total New Charges - for services and/or expenses" . Thank you.

Current	30 Days	60 Days	90 Days	120+ Days
$197.00	$906.54	$0.00	$0.00	$0.00

Please indicate account number(s) with payment.
(Please Deduct any payments not reflected in Balance due)

Anchor Capital Advisors LLC
One Post Office Square
Boston, MA 02109-2103
Tel: (617)338-3800 Fax: (617)426-6871
www.anchorcapital.com

October 1, 2015

Cust: Salem Trust Company
Acct: XXXXXX9573

Palmer, Bill
St. Pete Beach G.E Retirement System
155 Corey Avenue
St. Pete Beach, FL 33706

MANAGEMENT FEE: **City of St. Pete Beach General Employees Retirement System 3212**

For the Period 7/1/2015 through 9/30/2015

9/30/2015 Portfolio Value:		$ 1,114,934.60
Quarterly Fee Based On:		
All Assets		
$ 1,114,935 @ 0.75% per annum	$ 2,090.50	
Quarterly Fee:		$ 2,090.50
	Paid by Debit Direct	($ 0.00)
	Please Remit	$ 2,090.50

SALEM TRUST
COMPANY

October 15, 2015

City of St. Pete Beach
Bill Palmer
155 Corey Avenue
St. Pete Beach, FL 33706

St. Pete Beach General

Fee Advice for Period July 1, 2015 to September 30, 2015

Detail of Calculation:

		Annual Fee	Quarterly Fee
Flat Fee	$	10,800.00	$2,700.00
		TOTAL DUE	**$2,700.00**

These fees will automatically be charged to your account.
If you have any questions, please contact Lynn Skinner at 877-382-5268.

Investment Advisory Services
Client Fee Invoice

MorganStanley
SmithBarney

City of St. Pete Beach General
Employees' Pension Plan
ATTN: Bill Palmer
155 Corey Ave.
St. Pete Beach, FL 33706

Date
October 1, 2015
Billing Period
2015-07-01 thru 2015-09-30

This service fee for the period indicated is due upon receipt of this notice. Please forward your check for this amount to: **Morgan Stanley Smith Barney**
100 N. Tampa St. Ste. 3000
Tampa, FL 33602
Attn: Charlie Mulfinger

Account Name	Account Number	Amount Due
City of St. Pete Beach General Employees' Pension Plan	745-038963	$3,625.00

Morgan Stanley Smith Barney LLC. Member SIPC. Consulting Group and Investment Advisory Services are businesses of Morgan Stanley Smith Barney LLC.

CUTWATER
ASSET MANAGEMENT

113 King Street
Armonk, NY 10504
914-765-3362
www.cutwater.com

July 22, 2015

**INVOICE #
788-ISC-TRSA**

Mr. Bill Palmer
Trustee General Pension Board
City of St. Pete Beach
155 Corey Avenue
St. Pete Beach, Florida 33706

Invoice for Investment Advisory Services for the City of St. Pete Beach General Employees:

April 1, 2015 - June 30, 2015	$2,320.50
TOTAL AMOUNT DUE	$2,320.50
Terms: Due and payable upon receipt	

Fee computed as follows:

Average Portfolio Market Value for period	$3,712,800.37
Multiplied by quarterly fee of 1/4 of .25 of 1%	$2,320.50

Please reference invoice number when making payments by ACH, Fedwire, or CHIPS Transfers:

Cutwater Investor Services Corp.

BNY Mellon, N.A. 500 Ross Street Pittsburgh, PA 15262
Transit Routing (ABA) # 043000261
Account # 9040869 SWIFT/BIC IRVTUS3N
FFC to Account Name & Invoice Number

CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL EXPERIENCE STUDY
July 14, 2015

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

July 14, 2015

Board of Trustees
City of St. Pete Beach
General Employees' Retirement System
155 Corey Avenue
St. Pete Beach, FL 33706

Re: Actuarial Experience Study

Dear Board:

As requested, we have performed an experience study determined as of October 1, 2014. In the course of the analysis, we compiled plan experience from the annual valuations performed since October 1, 1991. The purpose of this study is to review the current actuarial assumptions and methods to determine which changes, if any, are necessary in order to achieve the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated experience. Per the Board's request, we have only looked at the investment return assumption.

It is important to remember that the ultimate cost of your retirement plan is independent of any actuarial assumptions or methods. This cost will be the sum of the benefits paid from the plan and the administrative expenses incurred, less any net investment gains received.

The balance of this Report presents details of the experience analysis. In addition, the report also contains the corresponding actuarial impact on funding requirements for any proposed changes. To the best of our knowledge, this report is complete and accurate in all aspects.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Respectfully submitted,

FOSTER & FOSTER INC.

By: ______________________

Patrick T. Donlan, EA, ASA, MAAA

ACTUARIAL STANDARDS OF PRACTICE

Background

The Actuarial Standards Board has provided coordinated guidance through of a series of Actuarial Standards of Practice (ASOP) for measuring pension obligations and determining pension plan costs or contributions. The ASOPs that apply specifically to valuing pensions are as follows:

- ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions,* which ties together the standards shown below, provides guidance on actuarial cost methods, and addresses overall considerations for measuring pension obligations and determining plan costs or contributions

- ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*

- ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*

Please note that the contents displayed throughout the remainder of this report are in compliance and consistent with the above mentioned Actuarial Standards of Practice. When applicable, further details of the ASOP associated with the reviewed actuarial assumption will be provided in the experience analysis, which is the basis for the remainder of the report.

Additional Required Communications

Please keep in mind that future actuarial measurements may differ significantly from current measurements due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions.
- Changes in demographic assumptions.
- Changes in plan provisions or applicable laws.

The data used for purposes of this report was compiled from previous actuarial valuations and from data provided by City of St. Pete Beach, unless otherwise indicated.

EXPERIENCE REVIEW SUMMARY

Economic Assumptions

ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations,* provides guidance to actuaries in selecting (including giving advice on selecting) economic assumptions – primarily investment return, discount rate, and salary scale – for measuring obligations under defined benefit pension plans. We have used the standards set forth in ASOP No. 27 as a guideline for reviewing and if applicable, selecting proposed changes to the following economic actuarial assumptions:

- Investment Return
- Salary Increases

Investment Return

The assumed rate of investment return is currently 7.75% per year compounded annually, net of investment related expenses. We believe that the decision to modify the investment return assumption should be based on input from your investment consultant, reflecting any significant changes to the asset allocation, and their judgment of capital market returns. Keep in mind, however, that this assumption should reflect the best estimate of investment returns over a 50-60 year period (as long as the Plan remains open to future employees). Exhibit A discloses the actual returns for the Fund over the past 23 years.

For purposes of this study, we have determined the impact on the Plan's liabilities and annual required contribution if the investment return assumption was decreased from 7.75% to 7.50%, 7.00% or 6.50% annually.

Assumed Return	Annual Required Contribution
7.75% (Current)	76.8% of payroll
7.50%	80.1% of payroll
7.00%	86.8% of payroll
6.50%	93.5% of payroll

Enclosed is a summary of the impact on the Plan's annual required contribution for each of the proposed changes. Finally, the Board must decide the applicable valuation date for any of the proposed changes. For example, if the Board decides to make the changes effective with the October 1, 2015 valuation report, then the additional funding requirements would apply to the City's fiscal year beginning October 1, 2016 and ending September 30, 2017.

City of St. Pete Beach
General Employees' Retirement System

Actuarial Experience Study

Exhibit A: Investment Return History (Net-of-Fees)
October 1, 1991 through September 30, 2014

Year Ending	Market Investment Return	Investment Return Assumption
9/30/2014	10.84%	7.75%
9/30/2013	10.53%	7.75%
9/30/2012	18.46%	7.75%
9/30/2011	0.87%	8.00%
9/30/2010	11.12%	8.00%
9/30/2009	0.91%	8.50%
9/30/2008	-11.35%	8.50%
9/30/2007	13.15%	8.50%
9/30/2006	9.27%	8.50%
9/30/2005	8.59%	8.50%
9/30/2004	7.63%	8.50%
9/30/2003	9.10%	8.50%
9/30/2002	-0.88%	8.50%
9/30/2001	-6.24%	8.50%
9/30/2000	8.34%	8.50%
9/30/1999	11.91%	8.50%
9/30/1998	5.22%	8.50%
9/30/1997	24.37%	8.50%
9/30/1996	14.94%	8.50%
9/30/1995	17.98%	8.50%
9/30/1994	-0.89%	8.00%
9/30/1993	11.42%	8.00%
9/30/1992	12.11%	8.00%

Averages		
5 Years	10.22%	
10 Years	6.93%	
20 Years	7.91%	
All Years	7.84%	

City of St. Pete Beach

General Employees' Retirement System

Actuarial Experience Study

Funding Requirements for Proposed Assumption Changes

Determined as of October 1, 2014
Applicable to the fiscal year ending September 30, 2016

	City's Annual Required Contribution			
Assumption/Method	% of Payroll	Dollars (estimated)	Increase/(Decrease)	Estimated GASB 68 Net Pension Liability as of 9/30/14
Current - 7.75% Interest	76.8%	604,368	N/A	4,658,913
7.50% Investment Return	80.1%	630,337	25,969	5,057,884
7.00% Investment Return	86.8%	683,061	78,693	5,909,599
6.50% Investment Return	93.5%	735,786	131,418	6,840,258