



GENERAL PENSION BOARD MEETING CITY OF ST. PETE BEACH

155 Corey Avenue
St. Pete Beach, FL 33706

**JULY 31, 2018
1:30 P.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. Items added will be assigned agenda item numbers and items that are moved will retain the same item numbers. A notation will be made that those items will be taken out of order.
- 2. Audience Comments** – Comments shall be limited to three minutes per person to issues not on the agenda.
- 3. Approval of Minutes** [Attachment "A"]
 - a. April 11, 2018 –Special Meeting
 - b. April 19, 2018 – Regular Meeting
- 4. Authorization of Payments** [Attachment "B"]
 - a. Invoice No. 1111-ISC-TRSA from **Insight Investment** in the amount of **\$2,369.68**
 - b. Invoice No. 11890 from **Foster & Foster** in the amount of **\$17,577.00**
 - c. Invoice No. 1143-ISC-TRSA from **Insight Investment** in the amount of **\$2,358.98**
 - d. Invoice No. 32139 from **Christiansen & Dehner, P.A.** in the amount of **\$5,011.02**

- e. Invoice No. 10130018191 from **Graystone Consulting** in the amount of **\$4,375.00**
- f. Renewal Invoice from Gibson & Wirt in the amount of **\$6,508.00** (documentation included in Item No. 9, "Travelers Insurance documentation")

5. Presentations

- a. Salem Trust Report
- b. Graystone Consultants Quarterly Report
- c. Attorney Report

6. Election of Secretary

- a. Operating Rule and Procedures, 1.4, Establishment of Offices: The Board of Trustees shall elect a Chairman, Vice-Chairman and Secretary every two years.

7. Certification of the results of Sue Griffin as Trustee by acclamation [Attachment "C"]

- a. Notice of Election
- b. Memorandum from Colette Graston, HR Administrator, to General Employees' Retirement Members

8. Appointments or Reappointments to the board [Attachment "D"]

- a. Discussion of Ray Gallant's term expiring 12/18
- b. Discussion of Tim McLean's application to the General Pension Board, Commission Appointed seat

9. Correspondence or actions since the last meeting [Attachment "E"]

- a. June 28, 2018 email from Amanda Zugschwert of Graystone Consulting Tampa in regard to a Letter of Authorization from Morgan Stanley
- b. Travelers Insurance documentation:
 - o May 11, 2018 letter
 - o Application signed by William Schroeder
 - o July 2, 2018 letter
 - o proposal of insurance and quotes
- c. Memorandum and Revised Administrative Form from the Law Offices of Christiansen & Dehner, P.A.
- d. Anchor documentation:
 - o Material changes to brochure since 3/21/18
 - o Portfolio Summary
- e. Employee's Election Not to Participate in Defined Benefit Plan

10. Old Business [Attachment "F"]

- a. Operating Rules and Procedures
- b. Draft Request for Proposal – Pension Plan Administrator
- c. Proposed ordinance amending the City of St. Pete Beach General Employees' Retirement System

11. New Business

12. Adjournment

APPEAL

APPEAL: Florida Statutes Chapter 286.0105 Notices of meetings and hearings must advise that a record is required to appeal. Each board, commission, or agency of this state or of any political subdivision thereof shall include in the notice of any meeting or hearing, if notice of the meeting or hearing is required, of such board, commission, or agency, conspicuously on such notice, the advice that, if a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

AMERICANS WITH DISABILITIES ACT: Florida Statutes 286.26. Accessibility of public meetings to the physically handicapped. In accordance with the Americans with Disabilities Act and Florida Statutes, persons needing special accommodations to participate in a meeting should contact City Hall at (727) 367-2735 no later than forty-eight (48) hours prior to the meeting for assistance.

Electronic media must be submitted a minimum of 24 hours in advance to
cityclerk@stpetebeach.org

The public is cordially invited to attend.

All agenda material is available for review at City Hall.

APPROVAL OF MINUTES

[Attachment "A"]

GENERAL PENSION BOARD – SPECIAL MEETING

MINUTES

APRIL 11, 2018

2:00 P.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
William Palmer, Secretary
Samantha Brem, Member
Ray Gallant, Member

ALSO PRESENT:

Lee Dehner, Christansen & Dehner
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

Chairman Schroeder informed the board he wanted to add an actuarial scatter chart to the agenda as Item No. 3.b. There were no objections from the board members.

2. Audience Comments

There were no comments from the audience.

3. Agenda Items

- a. Review and discuss attorney's updated "redlined" Operating Rules and Procedures for the City of St. Pete Beach General Employees' Pension Board.

The board reviewed the aforementioned document page by page and discussed changes to be made to the document. After board discussion, Attorney Dehner stated he would make the redline changes and will send it to the board members.

Secretary Palmer stated he would place the approval of the Operating Rules and Procedures on the July 2018 agenda.

b. Actuarial Scatter Chart

Chairman Schroeder reviewed a one-page document entitled "Present Value of Accrued Benefit by Age of Participant" with the board.

Chairman Schroeder asked for a motion and a second to engage Salem Trust to validate that the pensioners are still alive and to make certain they're eligible members.

Secretary Palmer made a motion to ask Salem Trust to verify each year that the recipients are still alive and that correspondence be sent to them with signature verifications that they're still eligible to receive benefits. The motion was seconded by Member Brem and was unanimously approved by a voice vote.

Chairman Schroeder asked for a motion to instruct Human Resources and Foster and Foster to compare notes on the de minimis balances and to determine if the balances can be reclaimed by the members.

Member Brem made a motion to have HR and Foster and Foster coordinate on the de minimis deferred participants to see if there are any funds that can be repaid to the Fund. The motion was seconded by Member Gallant and was unanimously approved by a voice vote.

5. Adjournment

There being no further business, the meeting was adjourned at 3:17 p.m.

Attest:

Rebecca C. Haynes, City Clerk

William Schroeder, Chairman

Minutes approved on: _____

GENERAL PENSION BOARD

MINUTES

APRIL 19, 2018

10:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
Samantha Brem, Vice Chair
William Palmer, Secretary
Ray Gallant, Member

ALSO PRESENT:

Vince Tenaglia, Administrative Services Director
Lee Dehner, Christansen & Dehner
Mary Jo Murphy, Deputy City Clerk
David Wheeler, Graystone Consulting

1. Changes to the Agenda

The following changes were made to the agenda:

Chairman Schroeder requested to delete "Secretary" under Item No. 4.e., Election of Vice Chairman & Secretary, because the election of Secretary was not due at the time.

2. Audience Comments

There were no comments from the audience.

3. Approval of Minutes

- a. January 18, 2018 – Quarterly Meeting
- b. February 6, 2018 – Special Meeting

Member Gallant made a motion to approve the minutes of January 18th and February 6th. The motion was seconded by Member Brem and unanimously approved by a voice vote.

4. Agenda Items

a. Payment of Invoices

There was board discussion in regard to four invoices received from the following entities:

Anchor Capital Advisors	\$2,165.98
Salem Trust	\$2,950.00
Graystone Consulting	\$4,375.00
Christiansen & Dehner, P.A.	\$2,422.95

Member Brem made a motion to approve the invoices. The motion was seconded by Member Gallant and unanimously approved by a voice vote.

b. Salem Trust Report

There was no report from Salem Trust.

c. Graystone Consultants Quarterly Report

Graystone Consulting

David Wheeler, Graystone Consulting, gave a presentation to the Board in regard to the economy and the general market. Mr. Wheeler distributed and reviewed the report entitled "Quarterly Performance Summary as of March 31, 2018."

After reviewing the above-mentioned report, Mr. Wheeler recommended reviewing the cash flow requirements. Chairman Schroeder instructed Mr. Wheeler if it was determined there is a cash flow need, to instruct Salem Trust to take Real Estate Investment Trusts, REITs, first up to 5.5 percent. Mr. Wheeler added that he would copy Chairman Schroeder on the communication to Salem Trust.

Mr. Wheeler distributed and reviewed the report entitled "City of St. Pete Beach General Employees' Pension Plan, Large Capitalization Value Manager Search Summary Information as of March 31, 2018" with the Board.

Chairman Schroeder asked Mr. Wheeler to make a note that the board was open to a separate growth sleeve, and Mr. Wheeler complied.

Mr. Wheeler reiterated with the board that they were not recommending the board replace Anchor and that the report was just exploratory. At the conclusion of Mr. Wheeler's report, Chairman Schroeder stated that he didn't think there was a need to change but to monitor the Anchor account. There were no objections from the board members.

d. Attorney Report

Attorney Dehner discussed the following with the Board:

- No information from Washington or Tallahassee
- Redlined Rules and Procedures are completed and will be set for discussion during the July 19, 2018 meeting
- Rules and Procedures: Discuss items that require an ordinance change during the July 19, 2018 meeting
- File the Financial Disclosures by July 1, 2018

e. Election of Vice Chairman & Secretary

After the review of the Operating Rules & Procedures during a previous special meeting, Chairman Schroeder stated that a Vice Chair position needs to be filled and informed the board that Member Brem had agreed to serve as Vice Chair.

Secretary Palmer made a motion to approve Samantha Brem as Vice Chair. The motion was seconded by Member Gallant and unanimously approved by a voice vote.

f. Employee Board Member Term Expiring

Secretary Palmer thanked the board for having the opportunity to work with them, but that he would not be renewing his term.

Attorney Dehner informed the board that the new person would have to be an elected plan member, it could be an employee of the City, and an election needs to be held.

Chairman Schroeder stated to re-advertise in the papers and bulletins for the open seats on the board.

5. Adjournment

There being no further business, the meeting was adjourned at 11:33 a.m.

Attest:

Rebecca C. Haynes, City Clerk

William Schroeder, Chairman

Minutes approved on: _____

APPROVAL OF PAYMENTS

[Attachment "B"]



200 Park Ave 7th Floor
New York, NY 10166
212-527-1800
www.insightinvestment.com

January 24, 2018

INVOICE #
1111-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:

October 1, 2017 - December 31, 2017 \$2,369.68

TOTAL AMOUNT DUE \$2,369.68

Terms: Due and payable upon receipt

Fee computed as follows:

Average Portfolio Market Value for period	\$3,791,492.77
Multiplied by quarterly fee of 1/4 of .25 of 1%	\$2,369.68

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

Insight Investment is the corporate brand for the group of companies managed or administered by Insight Investment Management Limited. Insight Investment includes Insight Investment Management (Global) Limited (IIMG), Pareto Investment Management Limited (PIML), Cutwater Asset Management Corp (CAMC) and Cutwater Investor Services Corp (CISC), each of which provides asset management services. This group of companies may be referred to as 'Insight' or 'Insight Investment'.



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

Invoice

Date	Invoice #
2/26/2018	11890

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	3/28/2018

Description	Amount
Refund Calculations: CORUJO, MORTIMER, BELTRAMI, RODGERS	300.00
Refund Calculations for Opt Out: LARIMORE	200.00
Benefit Calculations: GRIFFIN	200.00
Preparation for and attendance at February 6, 2018 Board meeting (Board's share of expenses)	89.00
Electronic filing of 10/1/2017 valuation report to the Division of Retirement.	750.00
Preparation of the October 1, 2017 Actuarial Valuation and Report.	12,788.00
Preparation of GASB 67 Statement with measurement date of 09/30/17.	1,250.00
Preparation of GASB 68 Statement with measurement date of 09/30/17.	2,000.00

Balance Due \$17,577.00

Thank you for your business!

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



200 Park Ave 7th Floor
New York, NY 10166
212-527-1800

www.insightinvestment.com

April 24, 2018

INVOICE #
1143-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:

January 1, 2018 - March 31, 2018 \$2,358.98

TOTAL AMOUNT DUE \$2,358.98

Terms: Due and payable upon receipt

Fee computed as follows:

Average Portfolio Market Value for period	\$3,774,368.45
Multiplied by quarterly fee of 1/4 of .25 of 1%	\$2,358.98

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

Insight Investment is the corporate brand for the group of companies managed or administered by Insight Investment Management Limited. Insight Investment includes Insight Investment Management (Global) Limited (IIMG), Pareto Investment Management Limited (PIML), Cutwater Asset Management Corp (CAMC) and Cutwater Investor Services Corp (CISC), each of which provides asset management services. This group of companies may be referred to as 'Insight' or 'Insight Investment'.

Christiansen & Dehner, P. A.

63 Sarasota Center Boulevard
Suite 107
Sarasota, FL 34240-

941-377-2200

Phone

941-377-4848

Fax

April 30, 2018

St. Pete Beach General Employees' Retirement System
155 Corey Ave.

St. Pete Beach,, FL 33706

ATTN: Bill Palmer *City Clerk*



Invoice Number

In Reference To: General Employees' Pension Fund

9117

32139

Professional Services

	Hours	Amount
4/10/2018 Review Trustee comments on Operating Rules and preparation for meeting.	0.70	297.50
4/11/2018 Preparation and attendance at Board Meeting.	1.90	807.50
Travel Time	2.00	425.00
4/19/2018 Preparation and attendance at Board Meeting.	1.50	637.50
Travel Time	0.60	127.50
4/20/2018 Revise draft Operating Rules.	0.40	170.00
4/30/2018 Memorandum to Board re: annual reporting of insurance coverage.	0.10	42.50
For professional services rendered	7.20	\$2,507.50

Additional Charges :

	Qty	
4/11/2018 Car Expense	1	43.60
Food Expense	1	11.00
Tolls	1	3.00
4/19/2018 Car Expense	1	14.72
Food Expense	1	7.50
Tolls	1	0.75
Total additional charges		\$80.57

Total amount of this bill

\$2,588.07

Previous balance

\$2,422.95

Balance due

Amount\$5,011.02

** 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
\$2,730.07	\$2,280.95	\$0.00	\$0.00	\$0.00

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

July 10, 2018

745-070 PEPSCS90000022
CITY OF ST PETE BEACH GENERAL
ATTN: BILL PALMER
155 COREY AVE.
ST. PETE BEACH FL 33706



Graystone ConsultingSM

A business of Morgan Stanley

Invoice Number: 10130018191

Graystone Consulting Tampa, FL
Financial Advisor
www.morganstanley.com

IMPORTANT NOTICE | INVESTMENT ADVISORY FEE PAYMENT REQUIRED

ACTION REQUIRED — PLEASE REMIT PAYMENT IN THE ENCLOSED BUSINESS REPLY ENVELOPE

We value you as a client and thank you for the opportunity to serve your investment needs. Please see below for the investment advisory fee(s) due.

ACCOUNT	CLIENT NAME	TOTAL FEE AMOUNT
745-038963	CITY OF ST. PETE BEACH	\$4,375.00
Total Fee:		\$4,375.00
Prior Balance:		\$0.00
Net Amount:		\$4,375.00

For additional details please see Invoice Detail and Remittance Instructions on pages to follow.

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ADVISORY INVOICE DETAILS

Account: 745-038963

Billing Period	04/01/2018 – 06/30/2018
Number of Days	91
Hard Dollar Fee	\$17,500.00
Fee Amount	\$4,375.00

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REMITTANCE INSTRUCTIONS

Please return payment using this page and include it with your check in the enclosed business reply envelope. Please note that cash payments cannot be accepted — wire and check information are below.

If you have any questions, please contact your Financial Advisor.

Account	Total Fee Amount
745-038963	\$4,375.00
Total Fee:	\$4,375.00
Prior Balance:	\$0.00
Net Amount:	\$4,375.00

By Wire

Bank Name: Citibank, New York
ABA: 021000089
For Benefit Of Morgan Stanley & Co. Incorporated
Beneficiary Account: 40611172
For Further Credit to: 980000163
Ref: Invoice 0101300

By Check

Morgan Stanley Global Banking Operations
ATTN: Advisory Fee Billing
1300 Thames Street Wharf, 4th Floor
Baltimore, MD 21231-9907
Ref: Invoice 10130018191

GIBSON & WIRT

COMMERCIAL INSURANCE SPECIALISTS

Since 1912

Auto • Home • Boat • Commercial • Life

125 E. Main St, Bartow, FL 33830 Office 863-533-3131 Fax 863-582-9836

www.gibsonandwirt.com

***RENEWAL INVOICE ***

07-02-18

City of St Pete General Employees' Retirement System
155 Corey Ave.
St. Pete Beach, FL 33770

Re: Designated Benefit Plan Fiduciary Liability
Policy Term: 07-31-18 to 07-31-19

EFFECTIVE	DESCRIPTION	AMOUNT
07-31-17	Fiduciary Liability	\$ 6,508.00

TOTAL: \$ 6,508.00

***Due By: 07-31-18**

****Make check payable: Gibson & Wirt**

CERTIFICATION OF THE RESULTS OF SUE GRIFFIN AS TRUSTEE BY ACCLAMATION

[Attachment "C"]

CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' PENSION BOARD

NOTICE OF ELECTION

The election of one employee position to the General Employees' Pension Board will be held:

MONDAY, JULY 30, 2018

Nominations for the position must be submitted in writing to the Human Resources Office by Monday, July 9, 2018 at 4:00 p.m.

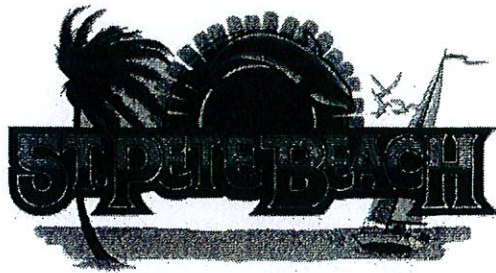
Ballots for the election will be distributed on Monday, July 16, 2018 and must be returned to the City Clerk's office by mail or in person by 4:00 p.m. Monday, July 30, 2018.

The General Pension Board will count the ballots and certify the winner at the quarterly meeting July 31, 2018 at 1:30 p.m.



Colette Graston, Human Resources Administrator

DISTRIBUTED: June 25, 2018



THE SUNSET CAPITAL OF FLORIDA

MEMORANDUM

To: General Employees' Retirement Members

From: Colette Graston, HR Administrator CG

Date: July 18, 2018

RE: General Employees' Pension Board Election

On June 25, 2018, a Notice of Election for a vacant employee position to the General Employees' Pension Board was sent to employees in the plan. Only one nomination was received; therefore, no election will be held. Sue Griffin will serve the remaining term for the vacant position.

Should you have any questions, please feel free to contact me at 727-363-9233.

APPOINTMENTS OR REAPPOINTMENTS TO THE BOARD

[Attachment "D"]

GENERAL EMPLOYEES PENSION BOARD

CREATED: City Code, Article II - Section 66-26 through 66-115
MEETS: Quarterly – 2 yr. Terms
TIME: Established by the Board based on rotation
PLACE: Commission Chamber at City Hall, 155 Corey Ave, St. Pete Beach,
Florida

EMPLOYEES

VACANT

RAY GALLANT rgallant@stpetebeach.org (C) 423-3250	7581 Boca Ciega	Elected 10/16 Term Expires 12/18
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COMMISSION APPOINTED

BILL SCHROEDER, CHAIR william_schroeder@jabil.com (H) 367-9634 (W) 803-3544	4330 Miller Drive	Co. Appointed 4/17 Term Expires 4/19
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VACANT

COMMISSION APPROVED

SAMANTHA BREM sabrem@eckerd.edu 424-1597	1400 45 th Avenue N. St. Petersburg, FL	Co. Appointed 2/17 Term Expires 2/19
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CONSULTANTS

Scott Owens, Graystone Consulting scott.owens@msggraystone.com	813-227-2027 Office
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Patrick Donlan, Foster & Foster Patrick@Foster-Foster.com	239-433-5500 239-481-0634 Fax
--	----------------------------------

Lynn A. Skinner, Salem Trust lynn.skinner@salemtrust.com	877-382- 5268 Office 813-301-1504 Direct
---	---

Attorney

Lee Dehner, Christenson & Dehner lee@cdpension.com	941-377-2200 Office
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CORRESPONDENCE OR ACTIONS SINCE THE LAST MEETING

[Attachment "E"]

MaryJo Murphy

From: Zugschwert, Amanda M <Amanda.Zugschwert@msgraystone.com>
Sent: Thursday, June 28, 2018 10:33 AM
To: MaryJo Murphy
Subject: City of St. Pete Beach - RAGE LOA
Attachments: RAGE LOA HDF.PDF

Categories: Red Category

Good morning,

I have attached a letter of authorization that Morgan Stanley is asking our clients to sign off on, this is for our partner company RAGE Frameworks Data Network to help assist in automating our billing process for hard dollar billing.

Please review and let me know if you have any questions or concerns regarding signing off on this document. Please return once reviewed.

Thank You,

Amanda Zugschwert
Client Service Associate

Graystone Consulting Tampa
100 North Tampa Street, Suite 3000 | Tampa, FL 33602
P: 813-227-2135 | F: 813-227-2070

NOTICE: Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. If you have received this communication in error, please destroy all electronic and paper copies and notify the sender immediately. Mistransmission is not intended to waive confidentiality or privilege. Morgan Stanley reserves the right, to the extent required and/or permitted under applicable law, to monitor electronic communications, including telephone calls with Morgan Stanley personnel. This message is subject to the Morgan Stanley General Disclaimers available at the following link: <http://www.morganstanley.com/disclaimers>. If you cannot access the links, please notify us by reply message and we will send the contents to you. By communicating with Morgan Stanley you acknowledge that you have read, understand and consent (where applicable), to the foregoing and the Morgan Stanley General Disclaimers.

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Technology Enhancement Update: Automating Aggregation of Assets Across Custodians

At Morgan Stanley, we are continually reviewing and improving our processes and capabilities as part of our commitment to delivering an exceptional client experience.

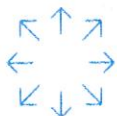


Our Partnership With RAGE Frameworks

We are proud to announce that we have partnered with RAGE Frameworks, a subsidiary of Genpact, to further enhance our ability to review and advise on assets that are custodied away from Morgan Stanley.

A market leader in knowledge-based automation technology, RAGE Frameworks (RAGE) provides data aggregation solutions to Fortune 100 firms, as well as some of the industry's largest wealth management firms, enabling them to rapidly adapt to today's dynamic, competitive landscape.

At Morgan Stanley, our goal is to fully automate the electronic transfer and aggregation of data, eliminating dependency on paper statements and manual processing, and enhancing both efficiency and data quality. Our partnership with RAGE enables us to automate the collection and processing of necessary information on assets that we advise on, but are not custodied with us.



Benefits

RAGE provides a fully automated data aggregation engine, which securely transmits and integrates data from U.S. custodians, banks and other sources to deliver on-demand asset information. This ability to aggregate outside assets enables a holistic portfolio view for 360° analysis, fee assessment and performance reporting.



Due Diligence

Morgan Stanley often works with qualified leading-edge service providers to help ensure we deliver best-in-class solutions. Prior to engaging a partner such as RAGE, we perform extensive due diligence to assess and document their policies and procedures regarding data privacy, vulnerability assessment, business continuity planning, physical security, disaster recovery and more to ensure they meet our rigorous standards.



Protecting Your Privacy

Your privacy and information security are critical priorities at Morgan Stanley, and our privacy policy restricts data collection to only what is necessary to perform required functions. The information shared with RAGE is strictly limited to the data necessary to identify your portfolio and to review holdings and transactions.

For Retirement Plans, only Plan Portfolio information is shared with RAGE. Participant information is protected and will not be shared with RAGE.



Focusing on Data Security

RAGE Frameworks maintains bank-level security by utilizing 256-bit AES encryption to protect customer data in transit and at rest. In addition, the servers that process and store data are physically protected in a heavily secure SSAE16 SOC 2 compliant data center. The data center is secured with biometric access controls, 24x7 on-site security personnel, surveillance cameras, and individually locked server cabinets.

All RAGE employees have limited and read-only access. They work in a clean room where employees are prohibited from having any cell phones, personal PDAs, paper, pens, and/or any kind of recording device. The sites are only accessible through a specific network where every keystroke and computer activity is recorded for auditing and compliance purposes.

RAGE Framework's Information Security team conducts security audits and reviews on its systems and processes biannually. Additionally, the company's security framework is audited by an independent third party annually.

Morgan Stanley also has a robust framework of processes and technologies in place to safeguard your information. We provide multiple layers of data protection, which are supported by security provisions that are reviewed on a regular basis to keep pace with the evolving cybersecurity landscape. We also make ongoing investments in the latest cybersecurity and fraud prevention technology. In the unlikely event of a security breach, Morgan Stanley has a remediation process in place.



Your Authorization

A signed letter of authorization (LOA) is required to authorize RAGE to electronically collect information on your holdings from custodians, and to transmit that information to Morgan Stanley.

Letter of Authorization (LOA) Instructions Form to authorize RAGE Frameworks

This LOA authorizes your custodian(s) to provide account information to RAGE Frameworks. To serve as this authorization, please sign at the bottom of this letter and return it to your Institutional Consultant, retaining a copy for your records.

Upon receipt of this authorization, the client support officer from RAGE Frameworks will contact your custodian(s) to integrate your account into the RAGE Frameworks Data Network.

This authorization will extend to future additions/deletions of accounts with the custodian(s) named on the attached account listing.

Please feel free to call your Institutional Consultant if you have any questions.

Thank you for your assistance.

Client or Institution Name: _____

Authorized Agent Signature: _____

Authorized Agent Name: _____

Authorized Agent Title: _____





B&SI Operations
485 Lexington Ave, 6th FL
New York, NY 10017

669



CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM
155 COREY AVENUE
ST. PETE BEACH, FL 33706

Sent Via: First Class Mail, evidence of mailing
5/11/2018

Policy Number: 105972346

Policy Type: Wrap Plus

Expiration Date: 7/31/2018

Underwriting Company: Travelers Casualty and Surety Company of America

Our records indicate that the above referenced policy(ies) (the "Policy") will expire on the expiration date shown above.

We have not yet received important underwriting information needed to determine what renewal terms, if any, to offer. Certain state laws require an insurer to advise the insured prior to the policy expiration date when it proposes a change in renewal premium, a change in policy provisions, or nonrenewal of the policy.

Because we are presently unable to propose renewal terms, applicable state laws and regulations require us to provide this notice to state that the above referenced Policy is not being renewed. ***This does not mean that we no longer want to insure you; rather, we do not have the information needed to evaluate your account.*** We hope that you will contact your agent or broker at your earliest convenience to ensure that we receive all relevant underwriting information.

We are obligated to tell you, however, that neither the continued evaluation of any information received to date nor any request for or receipt of any additional information will obligate us to renew the Policy on any terms, and that the Policy will expire as set forth above unless we expressly state otherwise in writing after the date of this letter.

Thank you for your time and consideration. We look forward to receipt of your renewal application and supporting materials. If you have any questions, please contact your insurance agent or broker.

Sincerely,

Travelers Casualty and Surety Company of America

CC:Agent

GIBSON & WIRT
125 E MAIN ST
BARTOW, FL 33830

**Wrap+®**

**Designated Benefit Plan
Fiduciary Liability Coverage
Renewal Information Request**

Travelers Casualty and Surety Company of America

The information requested in this Application is for a Claims-Made policy. If issued, the policy will apply only to claims first made during the policy period, or any applicable extended reporting period.

The limit of liability available to pay losses will be reduced and may be exhausted by the amounts paid as defense expenses. Defense expenses will be applied against the applicable retention or deductible. (For policies issued in New York, the limit of liability may be reduced up to 50% for amounts paid as defense expenses, and may be applied to up to 50% of the applicable deductible or retention.)

GENERAL INFORMATION

Name of Applicant: City of St.Pete Beach General Employees' Retirement System		Year Established: 1992
Mailing Address: 155 Corey Avenue, St.Pete Beach, FL 33706		
Renewal Effective Date (mm/dd/yyyy): 07/31/2018	Type of Applicant: ☐ Multiemployer Plan ☐ Multiple Employer Plan ☒ Governmental Plan Number of government employees eligible to participate in plan <u>142</u> ☐ Other (explain) _____	

Contact information of the Insurance Representative (the individual or entity designated by the Applicant to act as the Applicant's exclusive agent with respect to this insurance, including paying premiums and the giving or receiving of notices of cancellation, nonrenewal, or change of coverage):

Name of Insurance Representative: Drew Guffey / Gibson & Wirt
Mailing Address: P.O. Box 59, Bartow, FL 33831

Complete the table by providing information for the Applicant's existing insurance program:

Coverage	Date First Purchased	Current Insurer	Expiration Date	Expiring Limit of Liability	Expiring Retention	Expiring Premium
Fiduciary Liability	07/31/2017	Tra	07/31/2018	\$ 2,000,000.00	\$ 5,000.00	\$6,453.00

TRUST/PLAN INFORMATION

1. Will the Fiduciary Liability Coverage premium be paid by any trust or plan for which coverage is requested? ☒ Yes ☐ No

2. Complete the chart for all trusts or plans for which coverage is requested:

Full Trust or Plan Name	*Type	Current Asset Value	Latest FYE Annual Contributions	Current # of Participants	**Status
St.Pete Beach General Empl	DB	\$ 12,068,109.00	\$ 528,748.88	142	A
		\$	\$		
		\$	\$		

If there are additional plans to be covered, attach details.

*Types: Defined Benefit (DB), Defined Contribution (DC), Welfare Benefit Plan (W), or Other (O) – attach explanation
 **Status: Active (A), Frozen (F), or Terminated (T). If any trust or plan has been terminated, indicate date of transaction.

3. Please provide the names of firms providing the following services:

CPA	Attorney	Actuary	Investment Adviser
Wells, Houser, & Schatzel	Christiansen & Dehner, P.A.	Foster & Foster	Greystone Consulting

4. Has the Applicant changed outside auditors in the last 12 months?..... ☐ N/A ☐ Yes ☒ No

UNDERWRITING INFORMATION

5. Does any trust or plan not conform to the standards of eligibility, participation, vesting, blackout notification requirements, or other provisions of ERISA or any similar or related federal, state, local, or foreign law or regulation governing employee benefits? ☐ Yes ☒ No
 If yes, attach full explanation.
6. Has any trust or plan:
 (a) been the subject of an investigation by the DOL, IRS, or any similar state agency;
 (b) had its tax exempt status withdrawn or threatened to be withdrawn by the IRS;
 (c) filed for an exemption from a prohibited transaction; or
 (d) received an adverse opinion as to its financial condition by an independent public accountant? ☐ Yes ☒ No
 If yes, attach full explanation.
7. If any trust or plan is a defined benefit trust or plan, has such trust or plan:
 (a) experienced an event reportable to the PBGC;
 (b) not been certified by an actuary to be adequately funded in accordance with the minimum funding standard of ERISA or any similar or related federal, state, local, or foreign law or regulation governing employee benefits; or
 (c) been converted into a cash balance plan or is any such conversion expected in the next 12 months? If there are no defined benefit plans, please check "N/A" ☐ N/A ☐ Yes ☒ No
 If yes, attach full explanation.
8. Has any trust or plan:
 (a) been amended within the last 12 months in a way that will result in the reduction of benefits or are any such amendments anticipated within the next 12 months; or
 (b) been merged with another trust or plan or terminated within the past 2 years, or is any such merger or termination anticipated in the next 12 months? ☐ Yes ☒ No
 If yes, attach full explanation.
9. Are there any outstanding or delinquent trust or plan contributions or trust or plan loans, leases, or debt obligations that are in default or classified as uncollectible? ☐ Yes ☒ No
 If yes, attach full details.

LIMIT AND RETENTION INFORMATION

10. Do you desire any changes to the expiring policy limit or retention? ☐ Yes ☒ No
 If yes, indicate the desired changes below.

Coverage	Limit of Liability	Retention
Fiduciary Liability	\$	\$

11. If the requested limit of liability exceeds the limit of liability in the expiring Fiduciary Liability Coverage, answer the following question:
 Solely with respect to any higher limits requested or that may ultimately be issued for the proposed insurance, is the Applicant or any person proposed for this insurance aware of any fact, circumstance, situation, event, or act that reasonably could give rise to a claim against them under the Fiduciary Liability Coverage for which the Applicant is applying? ☐ Yes ☐ No
 If yes, attach full details.

Solely with respect to any portion of the limit of liability for this proposed Fiduciary Liability Coverage that exceeds the amount of the expiring limit of liability for Fiduciary Liability Coverage in the expiring policy, the proposed insurance will not afford coverage for any claim arising from any fact, circumstance, situation, event, or act about which any natural person officer, including any executive director or functional equivalent thereof; member of the board of trustees; in-house risk manager, or in-house general counsel of the Applicant had knowledge prior to the issuance of the proposed policy, nor for any person or entity who knew of such fact, circumstance, situation, event, or act prior to the issuance of the proposed policy.

As part of this Application, provide copies of the documents listed below. The documents, as well as the representations and facts contained within such documents are made a part of this Application; the Insurer may elect to obtain requested information from public sources, including the Internet.

- Financial statements for all trusts or plans
- Most recent 5500 of all ERISA plans
- Schedule of trust and plan trustees
- Sponsor financial statement if Applicant is a multiple employer, government, or quasi-governmental plan

NOTICE REGARDING COMPENSATION

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

FRAUD WARNINGS

ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, MARYLAND, NEW MEXICO, AND RHODE ISLAND: Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or who knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

COLORADO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

FLORIDA: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

KENTUCKY, NEW JERSEY, NEW YORK, OHIO, AND PENNSYLVANIA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. (In New York, the civil penalty is not to exceed five thousand dollars (\$5,000) and the stated value of the claim for each such violation.)

LOUISIANA, MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON: It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

OREGON: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

PUERTO RICO: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years; if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

SIGNATURE AND AUTHORIZATION

The undersigned Authorized Representative of the Applicant declares that to the best of his or her knowledge and belief, after reasonable inquiry, the statements set forth in this application for insurance, including any supplements or materials made part of this application, are true and complete and may be relied upon by Travelers. If any information in this application, or any supplements or materials submitted therewith, changes prior to the inception date of the policy that Travelers may issue to the Applicant, the Applicant will notify Travelers of such changes and Travelers may modify or

withdraw any outstanding quotation. Travelers is authorized to make any investigation or inquiry in connection with this application.

The signing of this application does not bind Travelers to offer, nor the Applicant to purchase, the insurance. If the policy is issued, it is agreed that this application, including any supplements or materials made part of this application, will have been relied upon by Travelers in issuing the policy, will be the basis of the insurance, and will be, in all states other than NC and UT, considered physically attached to, and part of, the policy.

Authorized Representative Signature: X 	Authorized Representative Name - Printed William Schroeder	Date (mm/dd/yyyy): 06/21/2018
Producer Signature* (required in FL and IA) X	State Producer License No (required in FL):	Date (mm/dd/yyyy):
Agency:	Agency Contact:	Agency Phone Number:

* If you are electronically submitting this document, apply your electronic signature to this form by checking the Electronic Signature and Acceptance box below. By doing so, you agree that your use of a key pad, mouse, or other device to check the Electronic Signature and Acceptance box constitutes your signature, acceptance, and agreement as if actually signed by you in writing and has the same force and effect as a signature affixed by hand.

- ☐ Electronic Signature and Acceptance – Authorized Representative
☐ Electronic Signature and Acceptance – Producer



Wrap⁺

for Governmental Plans

Katie E McDowell

2420 Lakemont Ave.

ORLANDO, FL 32814

Phone: (813) 357-7464

Email: KEMCDOWE@travelers.com

July 2, 2018

Attn: William Schroeder

City of St. Pete Beach General

Employees' Retirement System

RE: Benefit Plan: City of St Pete General Employees' Retirement System
155 Corey Ave.

Insurance Representative: St. Pete Beach, FL 3370

Drew Guffey

125 E. Mains St

Bartow, FL 33830

Expiring Policy Number: 105972346

Policy Period: July 31, 2018 to July 31, 2019

Dear William Schroeder:

On behalf of **Travelers Casualty and Surety Company of America** we are pleased to provide the attached proposal of insurance for your review.

The quotes contained in this document are valid until the expiration of your current policy, and are subject to the provision of, and Travelers' review and acceptance of, the required underwriting information noted in the Contingencies section. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on review of the required underwriting information or based on adverse change in the risk(s) to be insured prior to the quote expiration date noted in this document.

Please note that we require a response to this document prior to expiration of the Insured's current policy in order to facilitate policy renewal. The insured's current policy will expire and not be renewed in the absence of a request, and Travelers' agreement, to bind coverage.

Travelers is pleased to offer Risk Management PLUS+ Online[®], the industry's most comprehensive program for mitigating your management liability exposures, which is available to you at no additional cost. Please visit www.rmplusonline.com to view the services that are available. If you have additional questions about the site please contact your Underwriter.

Travelers Casualty and Surety Company of America, a subsidiary of The Travelers Companies, Inc., has consistently earned high ratings for financial strength and claims-paying ability from independent rating services, including a current A.M. Best rating of A++*. Founded in 1853, The Travelers Companies, Inc. is a Fortune 500 company, a component of the Dow Jones Industrial Average, and a leading provider of property casualty insurance for businesses.

Thank you for considering Travelers for your client's insurance coverages. We look forward to discussing this opportunity with you.

Sincerely,

Drew B. Guffey

Gibson & Wirt

*A.M. Best's rating of A++ applies to Travelers Casualty and Surety Company of America as well as to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services visit www.travelers.com. Ratings listed herein are as of May 2014, are used with permission, and are subject to changes by the rating services. For the latest rating, access www.ambest.com.

Travelers Casualty and Surety Company of America
QUOTE OPTION #1

LIABILITY COVERAGES:

Coverage	Limit	Additional Defense Limit	Retention	Continuity Date	Prior & Pending Proceeding Date
Designated Benefit Plan Fiduciary Liability	\$2,000,000 for all Claims	N/A	\$5,000(A) for each Claim under Insuring Agreement A	07/31/1999	07/31/1999

TOTAL ANNUAL PREMIUM - \$6,508.00

(Other term options listed below, if available)

COVERAGE DETAILS:

Settlement Program Limit of Liability: \$100,000 for each **Settlement Program Notice**, which amount is included within, and not in addition to, any applicable Designated Benefit Plan Fiduciary limit of liability

HIPAA Limit of Liability: \$100,000 which amount is included within, and not in addition to, any applicable Designated Benefit Plan Fiduciary limit of liability

502(c) Penalties Limit of Liability: \$100,000 which amount is included within, and not in addition to, any applicable Designated Benefit Plan Fiduciary limit of liability

EXTENDED REPORTING PERIOD AND RUN-OFF:

Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: 75%

Additional Months: 12

Run-Off Extended Reporting Period for Liability Coverages:

Additional Premium Percentage: N/A

Additional Months: N/A

CLAIM DEFENSE FOR ASSOCIATION MANAGEMENT LIABILITY COVERAGE, LIABILITY COVERAGES AND/OR CYBER COVERAGE:

Duty to Defend

ANNUAL REINSTATEMENT:

Liability Coverage Limit of Liability: N/A

PREMIUM DETAIL:

Total Premium includes Waiver of Recourse Premium of \$100 per annual term, paid from funds other than plan assets.

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$6,508.00	\$0.00	\$0.00	\$6,508.00	\$6,508.00

POLICY FORMS APPLICABLE TO QUOTE OPTION # 1:

DBP-15001-1112 Designated Benefit Plan Fiduciary Liability Coverage Declarations

DBP-16001-1112 Designated Benefit Plan Fiduciary Liability Coverage

ENDORSEMENTS APPLICABLE TO QUOTE OPTION # 1:

AFE-19004-0115 Cap on Losses From Certified Acts of Terrorism Endorsement

AFE-19008-0115 Federal Terrorism Risk Insurance Act Disclosure

DBP-17009-1112	Florida Changes Endorsement
DBP-17055-1112	Table of Contents Florida
DBP-19001-1112	Designation of Insurance Representative Endorsement
DBP-19002-1112	Waiver of Recourse Endorsement
DBP-19003-1112	Governmental Plan Endorsement
DBP-19033-1112	Failure to Fund Exclusion Endorsement
DBP-19083-0315	Global Coverage Compliance Endorsement

CONTINGENCIES APPLICABLE TO QUOTE OPTION # 1:

This quote is contingent on the acceptable underwriting review of the following information prior to the quote expiration date.

None

NOTICES:

It is the agent's or broker's responsibility to comply with any applicable laws regarding disclosure to the policyholder of commission or other compensation we pay, if any, in connection with this policy or program.

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage

required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

Coverage Disclaimer:

THIS QUOTE DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OR COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY TRAVELERS. IT IS NOT A REPRESENTATION THAT COVERAGE DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.

THE PRECEDING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS QUOTE. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS QUOTE HAVE NOT BEEN AGREED TO BY TRAVELERS. PLEASE REVIEW THIS QUOTE CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR TRAVELERS REPRESENTATIVE.

Toll-Free ERISA HelpLine

As part of the services provided through Risk Management PLUS+ Online®, Travelers Bond & Specialty Insurance is pleased to provide its Fiduciary Liability policyholders with access to the ERISA HelpLine, a toll-free hotline designed for quick, practical guidance on day-to-day workplace issues.

To utilize the HelpLine, call **1-888-401KLAW (1-888-401-5529)**.

Through the ERISA HelpLine, policyholders are eligible to receive up to one hour of consultation with an ERISA attorney from the law firm of Morgan Lewis at no charge. Morgan Lewis is a global law firm with a national ERISA practice and more than 1,400 lawyers in 22 offices throughout the world.

The ERISA HelpLine is designed to provide general guidance on issues relating to employee benefits and ERISA law. From reviewing issues related to contingent workers to questions about HIPAA, attorneys from Morgan Lewis are there to help you. The ERISA HelpLine is available toll-free from anywhere in the United States.

We encourage policyholders to take advantage of this no-cost hotline. For more information about the hotline, go to www.rmplusonline.com/ERISAHelpLine.

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.

Travelers Casualty and Surety Company of America, and its property casualty affiliates,
1 Tower Square, Hartford, CT 06183



July 2, 2018

CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM
155 COREY AVENUE
St. Pete Beach, FL 33706

Re: Important Information about Claims Information Line

Dear CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Travelers Bond & Specialty Insurance is pleased to announce its **1-800-842-8496** Claims Information Line. This line is designed to provide insureds with an additional resource on how to report claims or those circumstances or events which may become claims.

Policyholders will be able to obtain assistance on the following topics from the Claims Information Line:

- The information that needs to be included with the claim notice
- The address, electronic mail address and/or facsimile number to which the policyholder can send claims related information
- Get questions on the claim process answered

The Declarations Page of your policy sets forth where you should report claims and claims related information. You should also review the policy's reporting requirements to be aware of how much time you have to report a claim to Travelers. The sooner Travelers is notified, the sooner we can become involved in the process and offer assistance to our policyholder. A delay in reporting may result in all or part of a matter to fall outside of the coverage provided.

The Claims Information Line should streamline the claim reporting process and allow policyholders to ask questions on what information is needed as well as other questions which will assist them in working with Travelers. While the Claims Information Line provides policyholders a valuable resource by answering questions and providing information, the line does not replace the reporting requirements contained in the Policy.

We hope this improvement to customer service is something our policyholders will find helps them understand the claim process and provides them a resource for reporting.

Best regards,
Katie E McDowell



One Tower Square
Hartford, CT 06183

7/2/2018

CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

155 COREY AVENUE
St. Pete Beach, FL 33706

RE: Risk Management PLUS+ Online® from Travelers Bond & Specialty Insurance (www.rmplusonline.com)

As a Travelers Bond & Specialty Insured you receive risk management services, at no additional cost, to help protect you and your business.

Risk Management PLUS+ Online, is a robust website to assist you in the mitigation of risk relative to employment practices, directors and officers, fiduciary liability, cyber, crime, kidnap & ransom, and identity fraud exposures.

Highlights of Risk Management PLUS+ Online include:

- ☒ Thousands of articles on a variety of risk management topics
- ☒ Topical webinars and podcasts on current issues
- ☒ Checklists to assist in managing risk
- ☒ Web based training
- ☒ Model Employee Handbook, including policies and forms for downloading or printing that reduce risks in the workplace.

The following Risk Management PLUS+ Online Registration Instructions contain easy, step-by-step instructions to register for this valuable tool. For more information, call 1-888-712-7667 and ask for your Risk Management PLUS+ Online representative. It's that simple.

Thank you for choosing Travelers Bond & Specialty Insurance for your insurance needs. Travelers is a market leader in providing management liability and crime coverages that are specifically customized for your organization.

Instructions for Registration & Orientation to Risk Management PLUS+ Online®

Registration for Site Administrators:

The Site Administrator is the person in your organization who will oversee Risk Management PLUS+ Online for the organization. The Site Administrator is typically a person who leads human resources and/or financial functions or is responsible for legal matters pertaining to personnel. The Site Administrator may add other Site Administrators later to assist with their responsibilities. To register:

1. Go to www.rmplusonline.com.
2. In the Sign-In box, click **Register**.
3. Enter the password/passcode: TRVP120000
4. Fill in the Registration Information and click **Submit**.
5. Your organization is registered, and you are registered as Site Administrator.

Learning to Navigate the Site:

1. Go to www.rmplusonline.com. On each page, you will see a box outlined in blue that contains the instructions for use of that page.
2. If you have any questions, just click on **Contact Us** on the front page. Enter your question in the form provided, and the System Administrator will get back to you quickly with the answer.
3. You can also schedule a live walk-through of the site by sending a request for a walk-through via the contact link on the front page.

IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION

For information on how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

FLORIDA IMPORTANT NOTICE

To present inquiries, obtain information about coverage or make a complaint:

You may contact your agent first, or you may call us for information or to make a complaint at:

860-954-2382

You may also write to us at:

Travelers
Consumer Affairs
One Tower Square 5GS
Hartford, CT 06183-9079

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

This endorsement modifies any Coverage Part or coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

It is agreed that:

The following is added to this policy. This provision can limit coverage for any loss arising out of a **Certified Act Of Terrorism** if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of **Certified Acts Of Terrorism** in another endorsement to this policy.

If aggregate insured losses attributable to **Certified Acts Of Terrorism** exceed \$100 billion in a calendar year and the Company has met its insurer deductible under **TRIA**, the company will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Certified Act Of Terrorism means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of **TRIA**, to be an act of terrorism pursuant to **TRIA**. The criteria contained in **TRIA** for a **Certified Act Of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to **TRIA**; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

TRIA means the federal Terrorism Risk Insurance Act of 2002 as amended.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number: **105972346**

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE ENDORSEMENT

This endorsement applies to the insurance provided under any Coverage Part or coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended.

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA"), establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). Act Of Terrorism is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

- 85% with respect to such Insured Losses occurring in calendar year 2015.
- 84% with respect to such Insured Losses occurring in calendar year 2016.
- 83% with respect to such Insured Losses occurring in calendar year 2017.
- 82% with respect to such Insured Losses occurring in calendar year 2018.
- 81% with respect to such Insured Losses occurring in calendar year 2019.
- 80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is no more than one percent of your premium, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA. Please note that no separate additional premium charge has been made for the terrorism coverage required by TRIA. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability

It is agreed that:

The following is added to the **Policy**:

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Casualty and Surety Company of America

Policy Number: 105972346

DBP-17055 Ed. 11-12

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SPECIMEN - QUOTE 1

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DESIGNATED BENEFIT PLAN FIDUCIARY LIABILITY COVERAGE

**THIS IS A CLAIMS MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED IN THE LIMIT OF LIABILITY.
PLEASE READ ALL TERMS CAREFULLY.**

I. INSURING AGREEMENTS

- A. The Company will pay on behalf of the **Insured, Loss** for any **Claim** first made during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, for a **Wrongful Act**.
- B. The Company will pay on behalf of the **Insured, Settlement Fees** and **Defense Expenses** incurred by the **Insured** in connection with any **Settlement Program Notice**; provided that participation by the **Insured** in any **Settlement Program** commences during the **Policy Period** or, if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

II. DEFINITIONS

Wherever appearing in this **Policy**, the following words and phrases appearing in bold type will have the meanings set forth in this section II. DEFINITIONS:

- A. **Additional Defense Limit of Liability** means the amount set forth in ITEM 5 of the Declarations. If "*Not Applicable*" is selected for the **Additional Defense Limit of Liability**, then any reference to the **Additional Defense Limit of Liability** will be deemed to be deleted from this **Policy**.
- B. **Administration** means:
 - 1. giving counsel, advice, or notice to participants or beneficiaries with respect to a **Benefit Plan**;
 - 2. interpreting a **Benefit Plan**;
 - 3. handling records in connection with a **Benefit Plan**; or
 - 4. effecting enrollment, termination or cancellation of participants or beneficiaries under a **Benefit Plan**.
- C. **Annual Reinstatement of the Limit of Liability** means, if included in ITEM 10 of the Declarations, the reinstatement of each applicable limit of liability for each **Policy Year** during the **Policy Period**.
- D. **Application** means the application deemed to be attached to and forming a part of this **Policy**, including any materials submitted and statements made in connection with that application. If the **Application** uses terms or phrases that differ from the terms defined in this **Policy**, no inconsistency between any term or phrase used in the **Application** and any term defined in this **Policy** will waive or change any of the terms, conditions and limitations of this **Policy**.
- E. **Benefit Plan** means only those plans or trusts set forth in ITEM 1 of the Declarations or those plans or trusts designated within an endorsement to this **Policy**.
- F. **Benefit Plan Committee** means any committee of the **Benefit Plan**, including any **Benefit Plan** investment or administration committee, that is established by the **Benefit Plan** and that is comprised entirely of **Insured Persons**.

G. **Benefit Plan Official** means a natural person officer, including any executive director or functional equivalent thereof; member of the board of trustees; in-house risk manager; or in-house general counsel of the **Benefit Plan**.

H. **Change of Control** means:

1. the full assumption of fiduciary responsibilities or **Administration**, with respect to a **Benefit Plan** by one or more other persons or entities; or
2. the acquisition of a **Benefit Plan**, or of all or substantially all of its assets, by another entity, or the merger or consolidation of a **Benefit Plan** into or with another entity or employee benefit plan such that the **Benefit Plan** is not the surviving entity.

I. **Claim** means:

1. a written demand for monetary damages or non-monetary relief;
2. a civil proceeding commenced by service of a complaint or similar pleading;
3. a criminal proceeding commenced by filing of charges;
4. a formal administrative or regulatory proceeding commenced by filing of a notice of charges, formal investigative order, service of summons or similar document, including a fact-finding investigation by the Department of Labor or the Pension Benefit Guaranty Corporation;
5. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding,

against an **Insured** for a **Wrongful Act**.

A **Claim** will be deemed to have been made on the earliest date written notice thereof is received by an **Insured**.

J. **Defense Expenses** means reasonable and necessary legal fees and expenses incurred by the Company or the **Insured**, with the Company's consent, in the investigation, defense, settlement and appeal of a **Claim**, including cost of expert consultants and witnesses, premiums for appeal, injunction, attachment or supersedeas bonds (without the obligation to furnish such bonds) regarding such **Claim**; provided that **Defense Expenses** will not include the salaries, wages, benefits or overhead of, or paid to, any **Insured** or any employee of such **Insured**.

K. **HIPAA** means the Health Insurance Portability and Accountability Act of 1996, as amended.

L. **Insurance Representative** means the entity or person so designated by endorsement to this **Policy**.

M. **Insured** means:

1. the **Insured Persons**;
2. any **Benefit Plan**; and
3. any **Benefit Plan Committee** in its capacity as a fiduciary or trustee of a **Benefit Plan**, or in its **Administration** of a **Benefit Plan**.

- N. **Insured Person** means any natural person who was, is now or becomes a trustee; committee member; officer; in-house general counsel; or employee of a **Benefit Plan**, but only while acting in his or her capacity as a fiduciary of a **Benefit Plan** or as a person performing **Administration**.

In the event of the death, incapacity or bankruptcy of an **Insured Person**, any **Claim** against the estate, heirs, legal representatives or assigns of such **Insured Person** for a **Wrongful Act** of such **Insured Person** will be deemed to be a **Claim** against such **Insured Person**.

- O. **Loss** means **Defense Expenses** and money which an **Insured** is legally obligated to pay as a result of a **Claim**, including settlements; judgments; compensatory damages; punitive or exemplary damages or the multiple portion of any multiplied damage award if insurable under the applicable law most favorable to the insurability of punitive, exemplary, or multiplied damages; prejudgment and post judgment interest; and legal fees and expenses awarded pursuant to a court order or judgment; and solely with respect to section I. INSURING AGREEMENTS B. of this **Policy**, **Settlement Fees**. **Loss** does not include:

1. civil or criminal fines (except **Settlement Fees** pursuant to Insuring Agreement B.; **Section 502(c) Penalties**; civil penalties under Sections 502(i) and 502(l) of the Employee Retirement Income Security Act of 1974, as amended; or civil penalties under the privacy provisions of **HIPAA**); sanctions; liquidated damages; payroll or other taxes; or damages or types of relief deemed uninsurable under applicable law;
2. payment of medical benefits, pension benefits, severance, or any other benefit provided under a **Benefit Plan** which are or may become due, except to the extent that such sums are payable as a personal obligation of an **Insured Person**, because of such **Insured Person's Wrongful Act**; provided that this exclusion will not apply to:
 - a. the Company's obligation to defend any **Claim**, if applicable, or to pay, advance or reimburse **Defense Expenses**, regarding a **Claim** seeking such benefits; or
 - b. that portion of any damage, settlement or judgment covered as **Loss** under this **Policy** that represents a loss to any **Benefit Plan**, or loss to any account of a participant in any **Benefit Plan**, by reason of a change in value of any investments held by such **Benefit Plan** or such account, notwithstanding that such portion of any such damage, settlement or judgment has been characterized by plaintiffs, or held by a court of law, to be "benefits"; or
3. any amount allocated to non-covered loss pursuant to section V. CONDITIONS, R. ALLOCATION, of this **Policy**.

- P. **Policy** means, collectively, the Declarations, the **Application**, this Designated Benefit Plan Fiduciary Liability Coverage, and any endorsements attached hereto.

- Q. **Policy Period** means the period from the Inception Date to the Expiration Date set forth in ITEM 3 of the Declarations. In no event will the **Policy Period** continue past the effective date of cancellation or termination of this **Policy**.

- R. **Policy Year** means:

1. the period of one year following the Inception Date set forth in ITEM 3 of the Declarations or any anniversary thereof; and
2. the time between the Inception Date set forth in ITEM 3 of the Declarations or any anniversary thereof and the effective date of cancellation or termination of this **Policy** if such time period is less than one year.

- S. **Pollutant** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- T. **Potential Claim** means any **Wrongful Act** that may subsequently give rise to a **Claim**.
- U. **Related Wrongful Act** means all **Wrongful Acts** that have as a common nexus, or are causally connected by reason of, any fact, circumstance, situation, event or decision.
- V. **Section 502(c) Penalties** means civil penalties imposed on any **Insured** pursuant to Section 502(c) of the Employee Retirement Income Security Act of 1974, as amended.
- W. **Settlement Fees** mean any fees, penalties or sanctions imposed by law under a **Settlement Program** that any **Insured** becomes legally obligated to pay as a result of a **Wrongful Act**. **Settlement Fees** will not include any costs or expenses other than such fees, penalties or sanctions.
- X. **Settlement Program** means any voluntary compliance resolution program or similar voluntary settlement program, administered by the Internal Revenue Service or Department of Labor of the **United States**, including the Employee Plans Compliance Resolution System, the Self Correction Program, the Audit Closing Agreement Plan, the Delinquent Filer Voluntary Compliance program, and the Voluntary Fiduciary Correction program, entered into by a **Benefit Plan**.
- Y. **Settlement Program Notice** means a prior written notice to the Company by the **Insured** of the **Insured's** intent to enter into a **Settlement Program**.
- Z. **Wrongful Act** means:
1. any actual or alleged breach of fiduciary duty by or on behalf of the **Insured** with respect to any **Benefit Plan**, including:
 - a. any actual or alleged breach of duties, obligations and responsibilities imposed by the Employee Retirement Income Security Act of 1974, as amended, COBRA, **HIPAA**, or by any similar or related federal, state, local, or foreign law or regulation, in the discharge of the **Insured's** duties with respect to a **Benefit Plan**; or
 - b. any other matter claimed against an **Insured** solely because of the **Insured's** status as a fiduciary of a **Benefit Plan**; or
 2. any actual or alleged negligent act, error or omission by or on behalf of the **Insured** in the **Administration** of a **Benefit Plan**.

All **Related Wrongful Acts** are a single **Wrongful Act** for purposes of this **Policy**, and all **Related Wrongful Acts** will be deemed to have occurred at the time the first of such **Related Wrongful Acts** occurred whether prior to or during the **Policy Period**.

III. EXCLUSIONS

A. EXCLUSIONS APPLICABLE TO ALL LOSS

1. The Company will not be liable for **Loss** for any **Claim** for any damage to, or destruction of, loss of, or loss of use of, any tangible property including damage to, destruction of, loss of, or loss of use of, tangible property that results from inadequate or insufficient protection from soil or ground water movement, soil subsidence, mold, toxic mold, spores, mildew, fungus, or wet or dry rot.
2. The Company will not be liable for **Loss** for any **Claim** for any bodily injury, sickness, disease, death, loss of consortium, emotional distress, mental anguish, or humiliation.
3. The Company will not be liable for **Loss** for any **Claim**:
 - a. based upon or arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any **Pollutant**;

- b. based upon or arising out of any request, demand, order, or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, any **Pollutant**, or
- c. brought by or on behalf of any governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, any **Pollutant**;

provided this exclusion will not apply to any **Claim** by or on behalf of a beneficiary of, or participant in, any **Benefit Plan** based upon, arising from or in consequence of the diminution in value of any securities owned by the **Benefit Plan** in any organization if such diminution in value is allegedly as a result of a **Pollutant**.

- 4. The Company will not be liable for **Loss** for any **Claim** for any liability of others assumed by an **Insured** under any contract or agreement, whether oral or written, other than a **Benefit Plan**, except to the extent that the **Insured** would have been liable in the absence of such contract or agreement.
- 5. The Company will not be liable for **Loss** for any **Claim** for any violation of responsibilities, duties or obligations under any law concerning Social Security, unemployment insurance, workers' compensation, disability insurance, or any similar or related federal, state or local law or regulation other than COBRA, **HIPAA** or the Employee Retirement Income Security Act of 1974, including amendments thereto and regulations promulgated thereunder or any similar common or statutory law.
- 6. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any fact, circumstance, situation, event or **Wrongful Act** underlying or alleged in any prior or pending civil, criminal, administrative or regulatory proceeding against any **Insured** as of or prior to the applicable Prior and Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Policy**.
- 7. The Company will not be liable for **Loss** for any **Claim** for any fact, circumstance, situation or event that is or reasonably would be regarded as the basis for a claim about which any **Benefit Plan Official** had knowledge prior to the applicable Continuity Date set forth in ITEM 5 of the Declarations for this **Policy**.
- 8. The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any fact, circumstance, situation, event, or **Wrongful Act** which, before the Inception Date set forth in ITEM 3 of the Declarations, was the subject of any notice of claim or potential claim given by or on behalf of any **Insured** under any policy of insurance of which this **Policy** is a direct renewal or replacement or which it succeeds in time.

B. EXCLUSIONS APPLICABLE TO LOSS, OTHER THAN DEFENSE EXPENSES

- 1. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim** based upon or arising out of any **Insured**:
 - a. committing any intentionally dishonest or fraudulent act or omission;
 - b. committing any willful violation of any statute, rule, or law; or
 - c. gaining any profit, remuneration or advantage to which such **Insured** was not legally entitled;

provided that this exclusion will not apply unless a final adjudication establishes that such **Insured** committed such intentionally dishonest or fraudulent act or omission, willful violation of any

statute, rule or law, or gained such profit, remuneration or advantage to which such **Insured** was not legally entitled.

2. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim** seeking costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or that portion of a settlement encompassing injunctive or other equitable relief, including actual or anticipated costs and expenses associated with or arising from an **Insured's** obligation to provide reasonable accommodation under, or otherwise comply with, the Americans With Disabilities Act or the Rehabilitation Act of 1973, including amendments thereto and regulations promulgated thereunder, or any similar or related federal, state or local law or regulation.
3. The Company will not be liable for **Loss**, other than **Defense Expenses**, for any **Claim**:
 - a. based upon or arising out of the failure to collect from employers any contributions owed to a **Benefit Plan**, unless the failure is the result of a negligence by any **Insured**; or
 - b. for the return of any contributions to any employer if such amounts are or could be chargeable to a **Benefit Plan**.

C. EXCLUSIONS APPLICABLE TO INSURING AGREEMENT B

The Company will pay no **Settlement Fees** or **Defense Expenses** with respect to any **Claim** or investigation in connection with a **Settlement Program**, of which any **Insured** first became aware or received notice prior to the applicable Prior and Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Policy**.

IV. SEVERABILITY OF EXCLUSIONS

No conduct of any **Insured** will be imputed to any other **Insured** to determine the application of any of the exclusions set forth in section III. EXCLUSIONS above.

V. CONDITIONS

A. TERRITORY

This **Policy** applies to **Claims** made or **Wrongful Acts** occurring anywhere in the world, where legally permissible.

B. RETENTION

The **Insured** shall bear uninsured at its own risk the amount of any applicable Retention, which amount must be paid in satisfaction of **Loss**.

If any **Claim** gives rise to coverage under this **Policy**, the Company has no obligation to pay **Loss**, including **Defense Expenses**, until the applicable Retention amount set forth in ITEM 5 of the Declarations has been paid by the **Insured**.

If any **Claim** is subject to different Retentions under this **Policy**, the applicable Retentions will be applied separately to each part of such **Claim**, but the sum of such Retentions will not exceed the largest applicable Retention under this **Policy**.

The Company, at its sole discretion, may pay all or part of the Retention amount on behalf of any **Insured**, and in such event, the **Insureds** agree to repay the Company any amounts so paid.

However, none of the Retention amounts set forth in ITEM 5 of the Declarations will apply to:

1. **Settlement Fees** under section I. INSURING AGREEMENTS, B., of this **Policy**;

2. **502(c) Penalties**; or
3. civil penalties under the privacy provisions of **HIPAA**.

C. LIMIT OF LIABILITY

1. Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, and further subject to any applicable **Annual Reinstatement of the Limit of Liability**, the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** under this **Policy** will not exceed the remaining Limit of Liability stated in ITEM 5 of the Declarations.

2. Settlement Program Limit of Liability

The Company's maximum limit of liability for all **Settlement Fees** and **Defense Expenses** in connection with each **Settlement Program Notice** will not exceed the amount set forth in ITEM 5 of the Declarations as the Settlement Program Limit of Liability for each **Settlement Program Notice**, which amount is included within, and not in addition to, any applicable limit of liability. However, if ITEM 5 of the Declarations indicates that Additional Defense Coverage is applicable, **Defense Expenses** incurred in connection with a **Settlement Program Notice** will apply first to and reduce the remaining **Additional Defense Limit of Liability**; provided that the Settlement Program Limit of Liability will be reduced and may be exhausted by payment of such **Defense Expenses** under the **Additional Defense Limit of Liability**.

Furthermore, in the event a **Claim** covered under Insuring Agreement A. and a **Settlement Program Notice** covered under Insuring Agreement B. arise from the same facts, circumstances, situations, or events, the Company's maximum limit of liability under Insuring Agreement B. for the **Settlement Program Notice** will not exceed the amount set forth in ITEM 5 of the Declarations as the Settlement Program Limit of Liability for each **Settlement Program Notice**, but such limit will apply only to all **Settlement Fees** in connection with such **Settlement Program Notice**. In such an event, **Defense Expenses** incurred in connection with the **Claim** and the **Settlement Program Notice** will be subject to the Limit of Liability for each **Claim** stated in ITEM 5 of the Declarations.

3. HIPAA Limit of Liability

The Company's maximum limit of liability for all civil money penalties under the privacy provisions of **HIPAA** will not exceed the amount set forth in ITEM 5 of the Declarations as the HIPAA Limit of Liability, which amount is included within, and not in addition to, any applicable limit of liability.

4. 502(c) Penalties Limit of Liability

The Company's maximum limit of liability for all **Section 502(c) Penalties** will not exceed the amount set forth in ITEM 5 of the Declarations as the Section 502(c) Penalties Limit of Liability, which amount is included within, and not in addition to, any applicable limit of liability.

5. Annual Reinstatement of the Limit of Liability

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 10 of the Declarations includes an **Annual Reinstatement of the Limit of Liability**:

- a. the Company's maximum limit of liability for all **Loss**, including **Defense Expenses**, for all **Claims** made during each **Policy Year** will not exceed the remaining limit of liability stated in ITEM 5 of the Declarations; and

- b. with regard to the Extended Reporting Period or the Run-Off Extended Reporting Period, if applicable, the Company's maximum limit of liability for all **Claims** made during the Extended Reporting Period or the Run-Off Extended Reporting Period will not exceed the remaining limit of liability for the last **Policy Year** in effect at the time of the termination or cancellation of this **Policy** or the **Change of Control**.

6. Other Provisions

Payment of **Defense Expenses** will reduce and may exhaust all applicable limits of liability. In the event the amount of **Loss** exceeds the portion of the applicable limit of liability remaining after prior payments of **Loss**, the Company's liability will not exceed the remaining amount of the applicable limit of liability. In no event will the Company be obligated to make any payment for **Loss**, including **Defense Expenses**, with regard to a **Claim** after the applicable limit of liability has been exhausted by payment or tender of payment of **Loss**.

If the limit of liability is exhausted by the payment of amounts covered under this **Policy**, the premium for this **Policy** will be fully earned, all obligations of the Company under this **Policy** will be completely fulfilled and exhausted, including any duty to defend, and the Company will have no further obligations of any kind or nature whatsoever under this **Policy**.

D. **ADDITIONAL DEFENSE COVERAGE**

Regardless of the number of persons or entities bringing **Claims** or the number of persons or entities who are **Insureds**, and regardless of when payment is made by the Company or when an **Insured's** legal obligation with regard thereto arises or is established, if ITEM 5 of the Declarations indicates that this **Policy** includes Additional Defense Coverage, **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of any **Claim** made during the **Policy Period** under this **Policy** will apply first to and reduce the **Additional Defense Limit of Liability**. The **Additional Defense Limit of Liability** will be in addition to, and not part of, the Limit of Liability. The **Additional Defense Limit of Liability** is applicable to **Defense Expenses** only. If the **Annual Reinstatement of the Limit of Liability** is applicable, the **Additional Defense Limit of Liability** will be reinstated for each **Policy Year**.

Upon exhaustion of the **Additional Defense Limit of Liability**:

1. **Defense Expenses** incurred by the Company or the **Insured**, with the Company's consent, in the defense of a **Claim** are part of and not in addition to any applicable limit of liability; and
2. payment by the Company or the **Insured**, with the Company's consent, of **Defense Expenses** reduces any applicable limit of liability.

E. **CLAIM DEFENSE**

1. If Duty-to-Defend coverage is provided with respect to this **Policy** as indicated in ITEM 7 of the Declarations, the Company will have the right and duty to defend any **Claim** covered by this **Policy**, even if the allegations are groundless, false or fraudulent, including the right to select defense counsel with respect to such **Claim**; provided that the Company will not be obligated to defend or to continue to defend any **Claim** after the applicable limit of liability has been exhausted by payment of **Loss**.
2. If Reimbursement coverage is provided with respect to this **Policy** as indicated in ITEM 7 of the Declarations:
 - a. the Company will have no duty to defend any **Claim** covered by this **Policy**. It will be the duty of the **Insured** to defend such **Claims**; and the Company will have the right to participate with the **Insured** in the investigation, defense and settlement, including the negotiation of a settlement of any **Claim** that appears reasonably likely to be covered in whole or in part by this **Policy** and the selection of appropriate defense counsel; and

- b. upon written request, the Company will advance **Defense Expenses** with respect to such **Claim**. Such advanced payments by the Company will be repaid to the Company by the **Insureds** severally according to their respective interests in the event and to the extent that the **Insureds** are not entitled to payment of such **Defense Expenses** under this **Policy**. As a condition of any payment of **Defense Expenses** under this subsection, the Company may require a written undertaking on terms and conditions satisfactory to the Company guaranteeing the repayment of any **Defense Expenses** paid to or on behalf of any **Insured** if it is finally determined that any such **Claim** or portion of any **Claim** is not covered under this **Policy**.
3. The **Insured** agrees to cooperate with the Company and, upon the Company's request, assist in making settlements and in the defense of **Claims** and in enforcing rights of contribution or indemnity against any person or entity which may be liable to the **Insured** because of an act or omission insured under this **Policy**, will attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

F. **INSURED'S DUTIES IN THE EVENT OF A CLAIM OR SETTLEMENT PROGRAM NOTICE**

The **Insured's** duty to report a **Claim** commences on the earliest date a written notice thereof is received by a **Benefit Plan Official**. If a **Benefit Plan Official** becomes aware that a **Claim** has been made against any **Insured**, the **Insured**, as a condition precedent to any rights under this **Policy**, must give to the Company written notice of the particulars of such **Claim**, including all facts related to any alleged **Wrongful Act**, the identity of each person allegedly involved in or affected by such **Wrongful Act**, and the dates of the alleged events, as soon as practicable. The **Insured** agrees to give the Company such information, assistance and cooperation as it may reasonably require.

All notices of **Claims** and **Settlement Program Notices** must be sent to the Company by email, facsimile, or mail as set forth in ITEM 4 of the Declarations and will be effective upon receipt. The **Insured** agrees not to voluntarily settle any **Claim** or enter into a **Settlement Program**, make any settlement offer, assume or admit any liability or, except at the **Insured's** own cost, voluntarily make any payment, pay or incur any **Defense Expenses** or **Settlement Fees**, or assume any obligation or incur any other expense, without the Company's prior written consent, such consent not to be unreasonably withheld. The Company is not liable for any settlement, **Defense Expenses**, **Settlement Fees**, assumed obligation or admission to which it has not consented.

G. **NOTICE OF POTENTIAL CLAIMS**

If an **Insured** first becomes aware of a **Potential Claim** during the **Policy Period**, and gives the Company written notice of the particulars of such **Potential Claim**, including all facts related to the **Wrongful Act**, the identity of each person allegedly involved in or affected by such **Wrongful Act**, the dates of the alleged events, and the reasons for anticipating a **Claim**, as soon as practicable during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period, any **Claim** subsequently made against any **Insured** arising out of such **Wrongful Act** will be deemed to have been made during the **Policy Period**.

All notices under this subsection must be sent to the Company by email, facsimile, or mail as set forth in ITEM 4 of the Declarations and will be effective upon receipt.

H. **RELATED CLAIMS**

All **Claims** or **Potential Claims** for **Related Wrongful Acts** will be considered as a single **Claim** or **Potential Claim**, whichever is applicable, for purposes of this **Policy**. All **Claims** or **Potential Claims** for **Related Wrongful Acts** will be deemed to have been made at the time the first of such **Claims** or **Potential Claims** for **Related Wrongful Acts** was made whether prior to or during the **Policy Period**, or if exercised, during the Extended Reporting Period or Run-Off Extended Reporting Period.

I. **SETTLEMENT**

The Company may, with the written consent of the **Insured**, make such settlement or compromise of any **Claim** as the Company deems expedient. In the event that the Company recommends an offer of

settlement of any **Claim** which is acceptable to the claimant(s) (a "Settlement Offer"), and if the **Insured** refuses to consent to such Settlement Offer, the **Insured** will be solely responsible for 30% of all **Defense Expenses** incurred or paid by the **Insured** after the date the **Insured** refused to consent to the Settlement Offer, and the **Insured** will also be responsible for 30% of all **Loss**, other than **Defense Expenses**, in excess of the Settlement Offer, provided that the Company's liability under this **Policy** for such **Claim** will not exceed the remaining applicable limit of liability.

J. MERGER OF PLANS

If, during the **Policy Period**, a **Benefit Plan** is merged with another **Benefit Plan**, this **Policy** will continue to provide coverage for both plans, subject to all other terms and conditions of this **Policy** and only for so long as this **Policy** remains in effect as to the **Insureds**.

If, during the **Policy Period**, a **Benefit Plan** ("Covered Plan") is merged with another benefit plan for which coverage is not provided under this **Policy** ("Uncovered Plan"), this **Policy** will continue to provide coverage for only the Covered Plan, subject to all other terms and conditions of this **Policy** and only for so long as this **Policy** remains in effect as to the **Insureds**, but only for **Claims** for **Wrongful Acts** which occurred prior to the date of such merger.

K. CHANGE OF CONTROL

If, during the **Policy Period**, a **Change of Control** occurs, coverage will continue in full force and effect with respect to **Claims** for **Wrongful Acts** committed before such event, but coverage will cease with respect to **Claims** for **Wrongful Acts** committed after such event. No coverage will be available hereunder for **Loss**, including **Defense Expenses**, for any **Claim** based upon, alleging, arising out of, or in any way relating to, directly or indirectly any **Wrongful Act** committed or allegedly committed after such event. After any such event, the **Policy** may not be canceled by or on behalf of any **Insured** and the entire premium for the **Policy** will be deemed fully earned.

Upon the occurrence of any **Change of Control**, the **Insurance Representative** will have the right to give the Company notice that the **Insured** desires to purchase a Run-Off Extended Reporting Period for this **Policy** for the period set forth in ITEM 9 of the Declarations following the effective date of such **Change of Control**, regarding **Claims** made during such Run-Off Extended Reporting Period against persons or entities who at the effective date of the **Change of Control** are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to such **Change of Control** and which otherwise would be covered by this **Policy**, subject to the following provisions:

1. such Run-Off Extended Reporting Period will not provide new, additional or renewed limits of liability;
2. the Company's total liability for all **Claims** made during such Run-Off Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the **Change of Control**; and
3. for purposes of coverage under section I. INSURING AGREEMENTS, B., the Run-Off Extended Reporting Period will apply only to **Settlement Fees** and **Defense Expenses** incurred by the **Insured** in connection with any **Settlement Program Notice** as a result of the **Insured's** participation during the Run-Off Extended Reporting Period in a **Settlement Program**, but only if such participation commences during the Run-Off Extended Reporting Period and involves a **Benefit Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation before the effective date of the **Change of Control**.

The premium due for the Run-Off Extended Reporting Period will equal the percentage set forth in ITEM 9 of the Declarations of the annualized premium of this **Policy**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Period** prior to the **Change of Control**. The entire premium for the Run-Off Extended Reporting Period will be deemed fully earned at the commencement of such Run-Off Extended Reporting Period.

The right to elect the Run-Off Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty

(30) days of the **Change of Control**. In the event the Run-Off Extended Reporting Period is purchased, the option to purchase the Extended Reporting Period in section V. CONDITIONS M. **EXTENDED REPORTING PERIOD** of this **Policy** will terminate. In the event the Run-Off Extended Reporting Period is not purchased, the **Insured** will have the right to purchase the Extended Reporting Period under the terms of section V. CONDITIONS M. **EXTENDED REPORTING PERIOD** of this **Policy**.

L. TERMINATION OF PLAN

If before or during the **Policy Period** any **Benefit Plan** is terminated, this **Policy** will provide coverage for such plan, subject to all other terms, conditions and limitations of this **Policy** for so long as this **Policy** remains in effect as to the **Insureds**.

M. EXTENDED REPORTING PERIOD

At any time prior to or within 60 days after the effective date of termination or cancellation of this **Policy** for any reason other than nonpayment of premium, the **Insurance Representative** may give the Company written notice that the **Insured** desires to purchase an Extended Reporting Period for the period set forth in ITEM 8 of the Declarations following the effective date of such termination or cancellation, regarding **Claims** made during such Extended Reporting Period against persons or entities who at or prior to the effective date of termination or cancellation are **Insureds**, but only for **Wrongful Acts** occurring wholly prior to the effective date of the termination or cancellation and which otherwise would be covered by this **Policy**, subject to the following provisions:

1. such Extended Reporting Period will not provide a new, additional or renewed limit(s) of liability;
2. the Company's maximum limit of liability for all **Claims** made during such Extended Reporting Period will be only the remaining portion of the applicable limit of liability set forth in the Declarations as of the effective date of the termination or cancellation; and
3. for purposes of coverage under section I. INSURING AGREEMENTS, B., the Extended Reporting Period will apply only to **Settlement Fees** and **Defense Expenses** incurred by the **Insured** in connection with any **Settlement Program Notice** as a result of the **Insured's** participation during the Extended Reporting Period in a **Settlement Program**, but only if such participation commences during the Extended Reporting Period and involves a **Benefit Plan's** actual or alleged inadvertent noncompliance with any statute, rule or regulation before the effective date of such termination or nonrenewal.

The premium due for the Extended Reporting Period will equal the percentage set forth in ITEM 8 of the Declarations of the annualized premium of this **Policy**, including the fully annualized amount of any additional premiums charged by the Company during the **Policy Year** prior to such termination or cancellation. The entire premium for the Extended Reporting Period will be deemed to have been fully earned at the commencement of such Extended Reporting Period.

The right to elect the Extended Reporting Period will terminate unless written notice of such election, together with payment of the additional premium due, is received by the Company within 60 days of the effective date of the termination or cancellation.

N. SUBROGATION

In the event of payment under this **Policy**, the Company is subrogated to all of the **Insured's** rights of recovery against any person or organization to the extent of such payment and the **Insured** agrees to execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** will do nothing to prejudice such rights.

O. RECOURSE

Unless such right is waived by an endorsement to this **Policy**, the Company will have the right of recourse pursuant to Section 410(b)(1) of the Employee Retirement Income Security Act of 1974, as amended, against any **Insured** that breaches a fiduciary obligation if this **Policy** is purchased using assets of the **Benefit Plan**.

P. RECOVERIES

All recoveries from third parties for payments made under this **Policy** will be applied, after first deducting the costs and expenses incurred in obtaining such recovery, in the following order of priority:

1. first, to the Company to reimburse the Company for any Retention amount it has paid on behalf of any **Insured**;
2. second, to the **Insured** to reimburse the **Insured** for the amount it has paid which would have been paid hereunder but for the fact that it is in excess of the applicable limits of liability hereunder;
3. third, to the Company to reimburse the Company for the amount paid hereunder; and
4. fourth, to the **Insured** in satisfaction of any applicable Retention;

provided, recoveries do not include any recovery from insurance, suretyship, reinsurance, security or indemnity taken for the Company's benefit.

Q. SPOUSAL AND DOMESTIC PARTNER LIABILITY COVERAGE

This **Policy** will, subject to all of its terms, conditions, and limitations, be extended to apply to **Loss** resulting from a **Claim** made against a person who, at the time the **Claim** is made, is a lawful spouse or a person qualifying as a domestic partner under the provisions of any applicable federal, state or local law (a "Domestic Partner") of an **Insured Person**, but only if and so long as:

1. the **Claim** against such spouse or Domestic Partner results from a **Wrongful Act** actually or allegedly committed by the **Insured Person**, to whom the spouse is married, or who is joined with the Domestic Partner; and
2. such **Insured Person** and his or her spouse or Domestic Partner are represented by the same counsel in connection with such **Claim**.

No spouse or Domestic Partner of an **Insured Person** will, by reason of this subsection have any greater right to coverage under this **Policy** than the **Insured Person** to whom such spouse is married, or to whom such Domestic Partner is joined.

The Company has no obligation to make any payment for **Loss** in connection with any **Claim** against a spouse or Domestic Partner of an **Insured Person** for any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty by such spouse or Domestic Partner.

R. ALLOCATION

1. If Duty-to-Defend coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under this **Policy** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by this **Policy** and also loss that is not covered by this **Policy** because such **Claim** includes both covered and uncovered matters, then such covered **Loss** and uncovered loss will be allocated as follows:
 - a. one hundred percent (100%) of **Defense Expenses** incurred by and on behalf of the **Insureds** who are afforded coverage for such **Claim** will be allocated to covered **Loss**; and
 - b. all loss other than **Defense Expense** will be allocated between covered **Loss** and uncovered loss based upon the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insureds** and others not insured under this **Policy**. In making such a determination, the **Insureds** and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In the event that an allocation cannot be agreed to, then

the Company will be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this **Policy** and applicable law.

2. If Reimbursement coverage is indicated in ITEM 7 of the Declarations and there is a **Claim** under this **Policy** in which the **Insureds** who are afforded coverage for such **Claim** incur an amount consisting of both **Loss** that is covered by this **Policy** and also loss that is not covered by this **Policy** because such **Claim** includes both covered and uncovered matters or covered and uncovered parties, the **Insureds** and the Company agree to use their best efforts to determine a fair and proper allocation of all such amounts. In making such a determination, the parties will take into account the relative legal and financial exposures of, and relative benefits obtained in connection with the defense and settlement of the **Claim** by the **Insureds** and others not insured under this **Policy**. In the event that an allocation cannot be agreed to, then the Company will be obligated to make an interim payment of the amount of **Loss** which the parties agree is not in dispute until a final amount is agreed upon or determined pursuant to the provisions of this **Policy** and applicable law.

S. CANCELLATION

The Company may cancel this **Policy** for failure to pay a premium when due, in which case twenty (20) days written notice will be given to the **Insurance Representative**, unless payment in full is received within twenty (20) days of the **Insurance Representative's** receipt of such notice of cancellation. The Company has the right to the premium amount for the portion of the **Policy Period** during which this **Policy** was in effect.

Subject to the provisions set forth in section III. CONDITIONS, K. CHANGE OF CONTROL, the **Insurance Representative** on behalf of the **Insured** may cancel this **Policy** by mailing the Company written notice stating when thereafter, but not later than the Expiration Date set forth in ITEM 3 of the Declarations, such cancellation will be effective. In the event the **Insurance Representative** cancels, the earned premium will be computed on a pro-rata basis. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

The Company will not be required to renew this **Policy** upon its expiration. If the Company elects not to renew, it will provide to the **Insurance Representative** written notice to that effect at least thirty (30) days before the Expiration Date set forth in ITEM 3 of the Declarations.

T. OTHER INSURANCE

This **Policy** will apply only as excess insurance over, and will not contribute with any other valid and collectible insurance available to the **Insured**, including any insurance under which there is a duty to defend, unless such insurance is written specifically excess of this **Policy** by reference in such other policy to the Policy Number of this **Policy**. This **Policy** will not be subject to the terms of any other insurance.

U. ACTION AGAINST THE COMPANY

No action will lie against the Company unless there has been full compliance with all of the terms of this **Policy**.

No person or organization has any right under this **Policy** to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability, nor may the Company be impleaded by an **Insured** or said **Insured's** legal representative. Bankruptcy or insolvency of any **Insured** or an **Insured's** estate does not relieve the Company of any of its obligations hereunder.

V. CHANGES

Only the **Insurance Representative** is authorized to make changes in the terms of this **Policy** and solely with the Company's prior written consent. This **Policy's** terms can be changed, amended or waived only by endorsement issued by the Company and made a part of this **Policy**. Notice to any representative of the **Insured** or knowledge possessed by any agent or by any other person will not effect a waiver or

change to any part of this **Policy**, or estop the Company from asserting any right under the terms, conditions and limitations of this **Policy**, nor may the terms, conditions and limitations hereunder be waived or changed, except by a written endorsement to this **Policy** issued by the Company.

W. ASSIGNMENT

This **Policy** may not be assigned or transferred, and any such attempted assignment or transfer is void and without effect unless the Company has provided its prior written consent to such assignment or transfer.

X. REPRESENTATIONS

By acceptance of the terms set forth in this **Policy**, each **Insured** represents and agrees that the statements contained in the **Application**, which is deemed to be attached hereto, incorporated herein, and forming a part hereof, are said **Insured's** agreements and representations, that such representations are material to the Company's acceptance of this risk, that this **Policy** is issued in reliance upon the truth of such representations, and embodies all agreements existing between said **Insured** and the Company or any of its agents.

If any statement or representation in the **Application** is untrue, this **Policy** is void and of no effect whatsoever, but only with respect to:

1. any **Insured Person** who knew, as of the Inception Date set forth in ITEM 3 of the Declarations, that the statement or representation was untrue;
2. any **Benefit Plan**, with respect to its indemnification coverage, to the extent it indemnifies any **Insured Person** referenced in 1. above; and
3. any **Benefit Plan**, if the person who signed the **Application** knew that the statement or representation was untrue.

Whether an **Insured Person** had such knowledge will be determined without regard to whether the **Insured Person** actually knew the **Application**, or any other application completed for this **Policy**, contained any such untrue statement or representation.

Y. LIBERALIZATION

If, during the **Policy Period**, the Company is required, by law or by insurance supervisory authorities of the state in which this **Policy** was issued, to make any changes in the form of this **Policy**, by which the insurance afforded by this **Policy** could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance will inure to the benefit of the **Insured** as of the date the revision or change is approved for general use by the applicable department of insurance.

Z. AUTHORIZATION

By acceptance of the terms herein, the **Insurance Representative** agrees to act on behalf of all **Insureds** with respect to the payment of premiums, the receiving of any return premiums that may become due hereunder, and the receiving of notices of cancellation, nonrenewal, or change of coverage, and the **Insureds** each agree that they have, individually and collectively, delegated such authority exclusively to the **Insurance Representative**; provided, that nothing herein will relieve the **Insureds** from giving any notice to the Company that is required under this **Policy**.

AA. ENTIRE AGREEMENT

This **Policy**, including the Declarations, the **Application**, and any endorsements attached hereto, constitutes the entire agreement between the Company and the **Insured**.

BB. HEADINGS

The titles of the various paragraphs of this Policy and its endorsements are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provision to which they relate.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATION OF INSURANCE REPRESENTATIVE ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

For all relevant purposes under the **Policy**, the **Insurance Representative** is William Palmer.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Casualty and Surety Company of America
Policy Number: 105972346

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF RECOURSE ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

In consideration of a separate premium paid to the Company from funds other than from assets of a **Benefit Plan**, the Company waives the right of recourse provided by section **V. CONDITIONS, O. RECOURSE**, of the **Policy**.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Casualty and Surety Company of America
Policy Number: 105972346

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GOVERNMENTAL PLAN ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

1. The following replaces section **II. DEFINITIONS, I. Claim**:

I. Claim means:

1. a written demand for monetary damages or non-monetary relief;
2. a civil proceeding commenced by service of a complaint or similar pleading;
3. a criminal proceeding commenced by filing of charges;
4. a formal administrative or regulatory proceeding commenced by filing of a notice of charges, formal investigative order, service of summons or similar document;
5. an arbitration, mediation or similar alternative dispute resolution proceeding if the **Insured** is obligated to participate in such proceeding or if the **Insured** agrees to participate in such proceeding, with the Company's written consent, such consent not to be unreasonably withheld; or
6. a written request to toll or waive a statute of limitations relating to a potential civil or administrative proceeding;

against an **Insured** for a **Wrongful Act**.

A **Claim** will be deemed to have been made when such **Claim** is first commenced as set forth in this definition or, in the case of a written demand, when such written demand is first received by an **Insured**.

2. The following is added to section **III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS**:

The Company will not be liable for **Loss** for any **Claim** based upon or arising out of:

- a. any investment in debt obligations of the state set forth in ITEM 1 of the Declarations, or in debt obligations of any political or governmental agency in such state; or
- b. the inadequate funding of the **Benefit Plan**.

3. Section **V. CONDITIONS, O. RECOURSE**, is deleted.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Casualty and Surety Company of America
Policy Number: 105972346

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FAILURE TO FUND EXCLUSION ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

The following is added to section *III. EXCLUSIONS, A. EXCLUSIONS APPLICABLE TO ALL LOSS*:

The Company will not be liable for **Loss** for any **Claim** based upon or arising out of any inadequate funding of any **Benefit Plan** set forth in the Specified Benefit Plan Schedule below.

Specified Benefit Plans Schedule

CITY OF ST. PETE BEACH GENERAL EMPLOYEE PENSION PLAN

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: Travelers Casualty and Surety Company of America
Policy Number: 105972346

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GLOBAL COVERAGE COMPLIANCE ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

1. The following is added to section **V. CONDITIONS**:

SANCTIONS

This **Policy** will provide coverage, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose the Company or any of its affiliated or parent companies to any trade or economic sanction under any law or regulation of the United States of America or any other applicable trade or economic sanction, prohibition, or restriction.

2. The following replaces section **V. CONDITIONS, A. TERRITORY**:

A. TERRITORY AND VALUATION

1. This **Policy** applies anywhere in the world; provided, this **Policy** does not apply to **Loss** incurred by an **Insured** residing or domiciled in a country or jurisdiction in which the Company is not licensed to provide this insurance, to the extent that providing this insurance would violate the laws or regulations of such country or jurisdiction.
2. All premiums, Limits of Liability, Retention, **Loss**, and other amounts under this **Policy** are expressed and payable in the currency of the United States. If a judgment is rendered, settlement is denominated, or another element of **Loss** under this **Policy** is stated in a currency other than United States dollars, payment under this **Policy** will be made in United States dollars at the rate of exchange published in *The Wall Street Journal* on the date the final judgment is reached, the amount of the settlement is agreed upon, or any other element of **Loss** is due, respectively.

3. The following is added to section **V. CONDITIONS, E. CLAIM DEFENSE**:

In the event of a **Claim** against an **Insured** that resides or is domiciled in a country or jurisdiction in which the Company is not licensed to provide this insurance and if Duty-to-Defend coverage is provided with respect to this **Policy** as indicated in ITEM 7 of the Declarations, the Company will have the right and duty to defend such **Claim** as set forth in this section V. CONDITIONS, E. CLAIM DEFENSE, 1. to the extent that doing so would not violate the laws or regulations of such country or jurisdiction.

If the Company is prohibited from defending such **Claim** or if Reimbursement coverage is provided with respect to this **Policy** as indicated in ITEM 7 of the Declarations, then this section V. CONDITIONS, E. CLAIM DEFENSE, 2. applies to such **Claim**; provided, any such **Claim** is subject to section V. CONDITIONS, R. ALLOCATION, 2.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, exclusions, or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Issuing Company: **Travelers Casualty and Surety Company of America**

Policy Number: **105972346**

DBP-19083 Ed. 03-15

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FLORIDA CHANGES ENDORSEMENT

This endorsement changes the following:

Designated Benefit Plan Fiduciary Liability Coverage

It is agreed that:

1. The following replaces section **II. DEFINITIONS, O. Loss**:

O. Loss means **Defense Expenses** and money which an **Insured** is legally obligated to pay as a result of a **Claim**, including settlements; judgments; compensatory damages; punitive or exemplary damages or the multiple portion of any multiplied damage award, for which an **Insured** is vicariously liable; prejudgment and post judgment interest; and legal fees and expenses awarded pursuant to a court order or judgment; and solely with respect to section I. INSURING AGREEMENTS B. of this **Policy**, **Settlement Fees**, but only to the extent that this **Policy** is construed by a court of competent jurisdiction, or an arbitration panel, under the laws of any jurisdiction other than Florida and such **Settlement Fees** are insurable under the laws of that jurisdiction. **Loss** does not include:

1. civil or criminal fines (except **Settlement Fees** pursuant to Insuring Agreement B.; **Section 502(c) Penalties**; civil penalties under Sections 502(i) and 502(l) of the Employee Retirement Income Security Act of 1974, as amended; or civil penalties under the privacy provisions of **HIPAA**, but only to the extent that this **Policy** is construed by a court of competent jurisdiction, or an arbitration panel, under the laws of any jurisdiction other than Florida and such **Settlement Fees** or civil penalties are insurable under the laws of that jurisdiction; provided that the funds or assets of the pension scheme will not be used to fund, pay or reimburse the premium for this coverage or any portion thereof); sanctions; liquidated damages; payroll or other taxes; or damages or types of relief deemed uninsurable under applicable law;
2. payment of medical benefits, pension benefits, severance, or any other benefit provided under a **Benefit Plan** which are or may become due, except to the extent that such sums are payable as a personal obligation of an **Insured Person**, because of such **Insured Person's Wrongful Act**; provided that this exclusion will not apply to:
 - a. the Company's obligation to defend any **Claim**, if applicable, or to pay, advance or reimburse **Defense Expenses**, regarding a **Claim** seeking such benefits; or
 - b. that portion of any damage, settlement or judgment covered as **Loss** under this **Policy** that represents a loss to any **Benefit Plan**, or loss to any account of a participant in any **Benefit Plan**, by reason of a change in value of any investments held by such **Benefit Plan** or such account, notwithstanding that such portion of any such damage, settlement or judgment has been characterized by plaintiffs, or held by a court of law, to be "benefits"; or
3. any amount allocated to non-covered loss pursuant to section V. **CONDITIONS, R. ALLOCATION**, of this **Policy**.

To the extent that this **Policy** is construed by a court of competent jurisdiction, or an arbitration panel, under the laws of any jurisdiction other than Florida, **Loss** includes coverage for direct or vicarious

punitive or exemplary damages, or the multiple portion of any multiplied damage award, incurred by the **Insureds**, if such damages are insurable under the laws of that jurisdiction.

2. The following is deleted from the third paragraph of section **V. CONDITIONS, K. CHANGE OF CONTROL**:

The entire premium for the Run-Off Extended Reporting Period will be deemed fully earned at the commencement of such Run-Off Extended Reporting Period.

3. The following is deleted from the second paragraph of section **V. CONDITIONS, M. EXTENDED REPORTING PERIOD**:

The entire premium for the Extended Reporting Period will be deemed to have been fully earned at the commencement of such Extended Reporting Period.

4. The following replaces section **V. CONDITIONS, S. CANCELLATION**:

S. CANCELLATION

The Company may cancel this **Policy** for failure to pay a premium when due, in which case written notice, including the reason for cancellation, will be given to the **Insurance Representative** at least 20 days before the effective date of such cancellation, unless payment in full is received within 20 days of the **Insurance Representative's** receipt of such notice of cancellation. The Company shall have the right to the premium amount for the portion of the **Policy Period** during which this **Policy** was in effect.

Subject to the provisions set forth in section V. CONDITIONS, K. CHANGE OF CONTROL, the **Insurance Representative** on behalf of the **Insureds** may cancel this **Policy** by mailing the Company written notice stating when thereafter, but not later than the Expiration Date set forth in ITEM 3 of the Declarations, such cancellation will be effective. The Company will refund any unearned premium computed on a pro-rata basis if this **Policy** is canceled by the **Insurance Representative** on behalf of the **Insureds**. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation. The Company will mail any unearned premium within 15 working days after the effective date of termination.

The Company will not be required to renew this **Policy** upon its expiration. If the Company elects not to renew, it will provide to the **Insurance Representative** written notice to that effect, including the reason for nonrenewal, at least 45 days before the Expiration Date set forth in ITEM 3 of the Declarations.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, exclusions or limitations of the above-mentioned policy, except as expressly stated herein. This endorsement is part of such policy and incorporated therein.

Law Offices

Christiansen & Dehner, P.A.

63 Sarasota Center Blvd. Suite 107 Sarasota, Florida 34240 • 941-377-2200 • Fax 941-377-4848

MEMORANDUM



TO: BOARD OF TRUSTEES

FROM: CHRISTIANSEN & DEHNER, P.A. 

RE: REVISED ADMINISTRATIVE FORM

DATE: MAY 11, 2018

We are enclosing a revised administrative form PF-5, Application for Disability Retirement. This form has been revised to more clearly identify those individuals who may be eligible to apply for a disability pension in the event that they have resigned or their employment is terminated. This clarification does not change the way in which this provision has been applied or interpreted in the past. Please discontinue use of and discard your current form PF-5 and replace it with this new revised form dated May 11, 2018.

Please feel free to contact us should you have any questions.

CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

APPLICATION FOR DISABILITY RETIREMENT

THE UNDERSIGNED MEMBER OF THE SYSTEM HEREBY APPLIES FOR DISABILITY RETIREMENT FROM THE CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM.

NAME: _____ TEL. NO. _____

ADDRESS: _____

DATE OF BIRTH: _____

DATE OF EMPLOYMENT: _____ JOB TITLE _____

DATE OF INJURY OR ONSET OF ILLNESS: _____

DESCRIPTION OF ACCIDENT, ILLNESS OR INJURY GIVING RISE TO DISABILITY: _____

CURRENT EMPLOYMENT STATUS:

- ☐ Active
- ☐ Leave of Absence
- ☐ Terminated

Date: _____ Reason: _____

WORKERS COMPENSATION: ☐ Yes ☐ No Date: _____

***** A PHYSICIAN'S STATEMENT DESCRIBING YOUR PERMANENT DISABILITY AND SPECIFICALLY INDICATING THAT YOU ARE TOTALLY AND PERMANENTLY DISABLED TO THE EXTENT THAT YOU ARE UNABLE TO RENDER USEFUL AND EFFICIENT SERVICE AS A GENERAL EMPLOYEE MUST BE SUBMITTED WITH THIS APPLICATION.**

ELIGIBILITY FOR DISABILITY BENEFITS

Subject to (4) below, you must be an active member of the plan on the date the Board determines your entitlement to a disability benefit.

- (1) Terminated persons, either vested or non-vested, are not eligible for disability benefits.
- (2) If you voluntarily terminate your employment either before or after filing an application for disability benefits, you are not eligible for disability benefits.
- (3) If you are terminated by the City for any reason other than for medical reasons, either before or after you file an application for disability benefits, you are not eligible for disability benefits.

(4) The only exception to (1) above is:

- (a) If you are terminated by the City for medical reasons and you have already applied for disability benefits before the medical termination, or;
- (b) If you are terminated by the City for medical reasons and you apply within 30 days after your medical termination date.

If either (4)(a), or (4)(b) above applies, your application will be processed and fully considered by the board.

**WAIVER OF RIGHT TO PRIVACY AND AUTHORIZATION
FOR PUBLIC DISCLOSURE OF MEDICAL RECORDS**

By requesting disability benefits from the City of St. Pete Beach General Employees' Retirement System, I understand and acknowledge that my medical, physical, psychological or psychiatric condition must be discussed by the Board of Trustees and the amount of my personal account activities and potential benefit levels within the Fund must also be discussed by the Board.

By applying for the disability benefits and the signing of this waiver and authorization, I hereby waive any right to privacy to all medical records, medical claims records and all other information required to be disclosed to or discussed by the Board of Trustees for the evaluation and determination of my claim and authorize all of such being disclosed as public records.

I, THE UNDERSIGNED APPLICANT FOR DISABILITY BENEFITS FROM THE CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM, HEREBY CERTIFY THAT ALL OF THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Member's Signature

Date

Anchor Capital Advisors LLC
Form ADV Part 2A
Disclosure Brochure
Item 2: Material Changes

Following are the material changes that have been made to our Brochure since our last annual update on March 21, 2018:

In April, 2018 Anchor completed a buy-out from Boston Private Financial Holdings, ("BPFH") to assume majority ownership and management control of the firm. Anchor management owns 70% of the firm and Lincoln Peak Capital, a private investment firm holds 30%. BPFH has an interest that terminates once it has received distributions of an agreed-upon amount from Anchor's gross revenues.

May 2, 2018

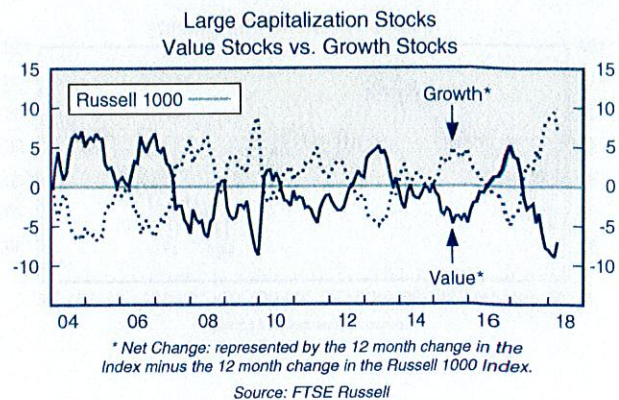
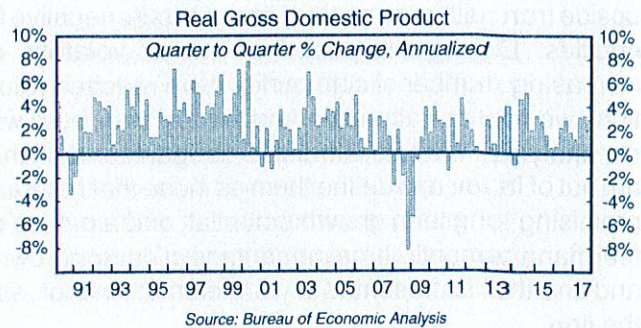


Anchor Capital Advisors LLC
One Post Office Square
Boston, MA 02109-2103
617-338-3800

Investment Policy Outlook

April 2018

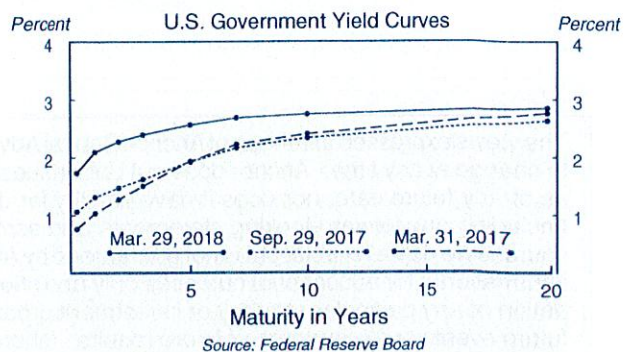
The first quarter of 2018 saw an increase in volatility, with equity markets surging in early January, only to decline in February and March. Over the past decade, we believe that successive rounds of quantitative easing by the US Federal Reserve and sustained low interest rates have caused volatility to decrease and correlations between asset classes to increase. We also credit low interest rates with disproportionately benefitting growth company valuations, and levered companies who benefit from the low cost of borrowing. The Fed has stated that it is unwinding its accommodative policies, laying out a path to higher interest rates and quantitative tightening. It is therefore not surprising to us that market volatility has increased, and that correlations among financial assets have begun to break down. These developments make us optimistic about the prospects for value investing in the coming years. Anchor recently published an opinion paper, available on our website, showing how growth and value investing go through respective periods of outperformance relative to each other.¹ It has been some time since value indices outperformed growth indices, but we believe the current environment argues for a strong value orientation by investors, as growth valuations have become stretched, and capital preservation is of heightened importance.²



Key Economic & Investment Factors:

Interest Rates	Actual 3/29/18
Prime Rate	4.25%
Discount Rate	2.25%
Federal Funds Rate	1.41%
90-day Treasury Bill	1.34%
5-year Treasury Note	2.21%
30-year Treasury Bond	2.41%

Source: Barron's



Valuation Factors	S&P 500 ³
Price (3/29/18)	2,588
Earnings 2018 Estimate	\$152.50
P/E	17.0X
Dividend Yield	1.9%
Market to Book	3.4X

Economic Factors	Projected ⁴ 2018
Real Gross Domestic Product	+2.5-3.0%
Nominal GDP	+3.8-4.2%
Profits	+18-22%
Inflation (Consumer Price Index)	
(ex. Food and Energy)	+2.0%
(All Items)	+2.2%

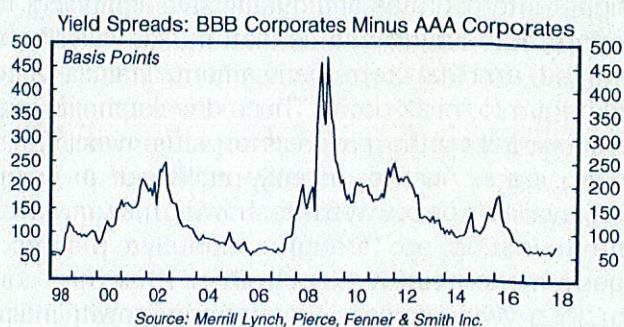
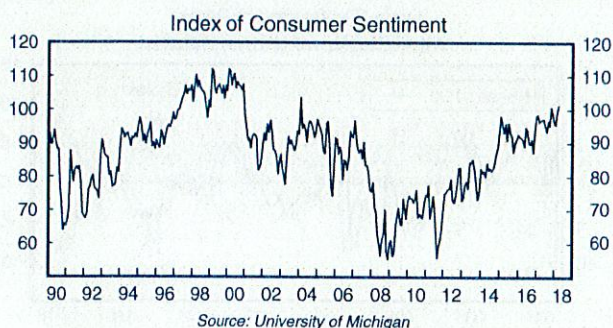
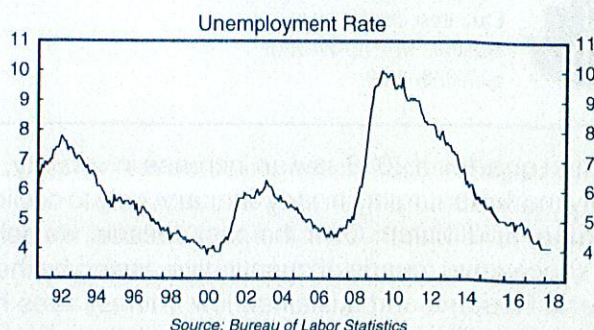
¹ <https://anchorcapital.com/value-vs-growth-still-value-value-investing/>

² Source: Factset Data Systems

³ The S&P 500® is widely regarded as the best single gauge of large cap U.S. equities. There is over USD 4.83 trillion benchmarked to the index, with index assets comprising approximately USD 1.1 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. The benchmark returns include the reinvestment of income.

⁴ Projections are based on Anchor Capital's investment committee's estimates. Sources: S&P500 earnings including ests, gov't yield curve, corporate margins, corporate bond spreads, market value/GDP.

We believe that the economic and earnings outlook remains positive, supported by lower tax rates, continued loosening of regulatory burdens, job creation and high consumer confidence. We continue to keep an eye on inflation and interest rates, with a surprise to the upside from either one being incrementally negative for equities. During this period of market volatility, an increasing number of companies have reached valuations we feel are attractive and we are very busy with our analysis. We seek attractive companies when they are out of favor, and define them as those that have an essential product or service, can price accordingly, have promising long term growth potential, and a proven management team that is aligned with shareholders. We feel management's large percentage of personal ownership of a business is a powerful performance incentive, and one that is present with your team at Anchor, as we recently assumed majority ownership and control of the firm.



Sincerely,

The Investment Committee

The views expressed are those of Anchor Capital Advisors, LLC ("Anchor") as of the date written and are subject to change at any time. Anchor does not undertake any obligation to update the information contained herein as of any future date, nor does it have liability for decisions based on this information. Certain information (including any forward-looking statements and economic and market information) has been obtained from sources we deem reliable, but is not guaranteed by Anchor, nor is it a complete summary of available data. The information is for educational purposes only and should not be considered investment advice or a recommendation of any particular strategy or investment product. These opinions are not intended to be a forecast of future events or a guarantee of future results. Inherent in any investment is the possibility of loss. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of Anchor.

NOTICE TO CLIENTS: In order for Anchor Capital to remain up to date regarding your investment objectives, it is critical that you advise us of any change in your investment objectives, financial circumstances, investment restrictions or other issues which may impact the suitability of your account allocation. Please contact us at any time regarding your account.

Anchor Capital annually files a statement, FORM ADV Part 2A Disclosure Brochure, with the Securities & Exchange Commission containing information about our company. If you would like to receive a copy of our most recent filing, please contact us.

Anchor Capital Advisors LLC
One Post Office Square
Boston, MA 02109



William Schroeder
City of St. Pete Beach General
155 Corey Avenue
St Pete Beach, FL 33706

Anchor Capital Advisors LLC
PORTFOLIO SUMMARY
City of St. Pete Beach General Employees Retirement System
3212
William Schroeder
March 31, 2018

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	<u>Est. Annual Income</u>
Equities					
COMMON STOCK					
Technology					
Computer Services	21,187.11	53,645.94	4.6	1.5	790.56
Software And Systems					
Computer	17,504.49	28,522.60	2.5	1.5	428.40
Technology					
Semiconductors And Components	12,489.60	29,161.60	2.5	2.1	614.40
	<u>51,181.20</u>	<u>111,330.14</u>	<u>9.6</u>	<u>1.6</u>	<u>1,833.36</u>
Health Care					
Biotechnology	14,413.40	24,715.20	2.1	1.0	243.20
Pharmaceuticals	70,959.02	93,168.60	8.1	3.5	3,304.39
Medical Equipment	40,584.76	57,658.62	5.0	0.9	517.04
Medical & Dental Instruments & Supplies	30,221.68	37,941.20	3.3	0.4	134.40
	<u>156,178.86</u>	<u>213,483.62</u>	<u>18.5</u>	<u>2.0</u>	<u>4,199.03</u>
Consumer Discretionary					
Automobiles	12,580.20	10,082.80	0.9	5.4	546.00
Cable Television Services	7,901.30	17,768.40	1.5	3.2	572.00

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PORTFOLIO SUMMARY
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Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
Diversified Media	12,049.37	31,211.40	2.7	1.7	531.30
Entertainment	18,790.56	19,965.10	1.7	3.4	678.40
Consumer Services: Miscellaneous	7,755.00	14,084.00	1.2	0.0	0.00
Diversified Retail	13,052.54	16,839.00	1.5	1.2	208.80
	72,128.97	109,950.70	9.5	2.3	2,536.50
Consumer Staples					
Foods	40,878.29	53,518.30	4.6	1.8	947.27
Personal Care	19,219.50	23,784.00	2.1	3.5	827.52
	60,097.79	77,302.30	6.7	2.3	1,774.79
Energy					
Oil: Crude Producers	93,595.58	68,922.30	6.0	3.9	2,694.60
Materials & Processing					
Chemicals: Diversified	9,849.51	19,750.10	1.7	2.4	471.20
Producer Durables					
Diversified Manufacturing Operations	28,892.60	42,329.05	3.7	2.9	1,217.20
Engineering And Contracting Services	20,702.05	49,212.90	4.3	0.9	460.80
Producer Durables: Miscellaneous	29,127.43	32,433.60	2.8	0.0	0.00
	78,722.08	123,975.55	10.7	1.4	1,678.00

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Financial Services					
Banks: Diversified	100,707.67	128,449.00	11.1	2.5	3,248.80
Financial Data & Systems	10,331.30	24,278.40	2.1	0.0	0.00
Insurance: Multi-Line	30,229.29	31,694.90	2.7	2.9	906.00
Insurance: Property-Casualty	53,255.54	64,628.10	5.6	0.9	596.40
Asset Management & Custodian	19,960.02	24,716.00	2.1	3.0	740.00
Real Estate	54,935.92	49,386.25	4.3	7.2	3,537.00
Investment Trusts (Reit)					
Banks: Savings, Thrift & Mortgage Lending	19,704.11	18,893.50	1.6	5.2	986.00
	<u>289,123.85</u>	<u>342,046.15</u>	<u>29.6</u>	<u>2.9</u>	<u>10,014.20</u>
Utilities					
Utilities: Electrical	30,424.39	23,480.70	2.0	5.8	1,361.20
Utilities: Telecommunications	49,214.65	51,782.02	4.5	5.3	2,723.96
	<u>79,639.04</u>	<u>75,262.72</u>	<u>6.5</u>	<u>5.4</u>	<u>4,085.16</u>
COMMON STOCK	<u>890,516.88</u>	<u>1,142,023.58</u>	<u>98.9</u>	<u>2.6</u>	<u>29,286.83</u>

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<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>	<u>Est. Annual Income</u>
	890,516.88	1,142,023.58	98.9	2.6	29,286.83
Cash & Equivalents					
CASH AND EQUIVALENTS	13,161.69	13,161.69	1.1	1.0	135.53
	13,161.69	13,161.69	1.1	1.0	135.53
TOTAL PORTFOLIO	903,678.57	1,155,185.27	100.0	2.5	29,422.36

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COMMON STOCK									
Technology									
Computer Services Software And Systems									
158	DXC Technology Co Com	54.15	8,555.58	100.53	15,883.74	1.4	0.720	113.76	0.7
800	Hewlett Packard Enterprise Co	4.43	3,540.29	17.54	14,032.00	1.2	0.300	240.00	1.7
260	Microsoft Corp Com	34.97	9,091.24	91.27	23,730.20	2.1	1.680	436.80	1.8
			21,187.11		53,645.94	4.6		790.56	1.5
Computer Technology									
170	Apple Inc	102.97	17,504.49	167.78	28,522.60	2.5	2.520	428.40	1.5
			17,504.49		28,522.60	2.5		428.40	1.5
Semiconductors And Components									
320	Analog Devices Inc Com	39.03	12,489.60	91.13	29,161.60	2.5	1.920	614.40	2.1
			12,489.60		29,161.60	2.5		614.40	2.1
	Technology Total		51,181.20		111,330.14	9.6		1,833.36	1.6

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Health Care									
Biotechnology									
380	Baxter Intl Inc	37.93	14,413.40	65.04	24,715.20	2.1	0.640	243.20	1.0
			14,413.40		24,715.20	2.1		243.20	1.0
Pharmaceuticals									
290	Abbott Labs Com	38.02	11,025.80	59.92	17,376.80	1.5	1.120	324.80	1.9
590	Glaxosmithkline Plc	39.89	23,533.21	39.07	23,051.30	2.0	2.124	1,253.19	5.4
190	Johnson & Johnson Com	65.08	12,364.25	128.15	24,348.50	2.1	3.360	638.40	2.6
800	Pfizer Inc	30.04	24,035.76	35.49	28,392.00	2.5	1.360	1,088.00	3.8
			70,959.02		93,168.60	8.1		3,304.39	3.5
Medical Equipment									
480	Haemonetics Corp	40.58	19,477.44	73.16	35,116.80	3.0	0.000	0.00	0.0
281	Medtronic Plc	75.12	21,107.32	80.22	22,541.82	2.0	1.840	517.04	2.3
			40,584.76		57,658.62	5.0		517.04	0.9
Medical & Dental Instruments & Supplies									
830	Boston Scientific Corp Com	25.83	21,439.48	27.32	22,675.60	2.0	0.000	0.00	0.0
140	Zimmer Biomet Hldgs Inc	62.73	8,782.20	109.04	15,265.60	1.3	0.960	134.40	0.9
			30,221.68		37,941.20	3.3		134.40	0.4
	Health Care Total		156,178.86		213,483.62	18.5		4,199.03	2.0

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<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Unit Income</u>	<u>Annual Income</u>	<u>Yield</u>
Consumer Discretionary									
Automobiles									
910	Ford Motor Co	13.82	12,580.20	11.08	10,082.80	0.9	0.600	546.00	5.4
			12,580.20		10,082.80	0.9		546.00	5.4
Cable Television Services									
520	Comcast Corp New Cl A	15.19	7,901.30	34.17	17,768.40	1.5	1.100	572.00	3.2
			7,901.30		17,768.40	1.5		572.00	3.2
Diversified Media									
330	Time Warner Inc Com New	36.51	12,049.37	94.58	31,211.40	2.7	1.610	531.30	1.7
			12,049.37		31,211.40	2.7		531.30	1.7
Entertainment									
530	Cinemark Holdings	35.45	18,790.56	37.67	19,965.10	1.7	1.280	678.40	3.4
			18,790.56		19,965.10	1.7		678.40	3.4
Consumer Services: Miscellaneous									
350	eBay Inc	22.16	7,755.00	40.24	14,084.00	1.2	0.000	0.00	0.0
			7,755.00		14,084.00	1.2		0.00	0.0

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Diversified Retail									
180	Dollar General Corp	72.51	13,052.54	93.55	16,839.00	1.5	1.160	208.80	1.2
			13,052.54		16,839.00	1.5		208.80	1.2
	Consumer Discretionary Total		72,128.97		109,950.70	9.5		2,536.50	2.3
Consumer Staples									
Foods									
470	Hain Celestial Group Inc Com	39.39	18,514.99	32.07	15,072.90	1.3	0.000	0.00	0.0
265	Sysco Corp Com	30.02	7,955.30	59.96	15,889.40	1.4	1.440	381.60	2.4
400	Unilever N.V.	36.02	14,408.00	56.39	22,556.00	2.0	1.414	565.67	2.5
			40,878.29		53,518.30	4.6		947.27	1.8
Personal Care									
300	Procter & Gamble Co Com	64.07	19,219.50	79.28	23,784.00	2.1	2.758	827.52	3.5
			19,219.50		23,784.00	2.1		827.52	3.5
	Consumer Staples Total		60,097.79		77,302.30	6.7		1,774.79	2.3
Energy									
Oil: Crude Producers									
300	Apache Corp	81.37	24,411.00	38.48	11,544.00	1.0	1.000	300.00	2.6

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500	Devon Energy Corp New Com	55.60	27,798.95	31.79	15,895.00	1.4	0.320	160.00	1.0
225	Occidental Pete Corp Del Com	83.62	18,813.99	64.96	14,616.00	1.3	3.080	693.00	4.7
410	Royal Dutch Shell Plc Cl B	55.05	22,571.64	65.53	26,867.30	2.3	3.760	1,541.60	5.7
			93,595.58		68,922.30	6.0		2,694.60	3.9
	Energy Total		93,595.58		68,922.30	6.0		2,694.60	3.9
Materials & Processing									
Chemicals: Diversified									
310	DowDuPont Inc Com	31.77	9,849.51	63.71	19,750.10	1.7	1.520	471.20	2.4
			9,849.51		19,750.10	1.7		471.20	2.4
	Materials & Processing Total		9,849.51		19,750.10	1.7		471.20	2.4
Producer Durables									
Diversified Manufacturing Operations									
100	3M Co Com	89.45	8,945.00	219.52	21,952.00	1.9	5.440	544.00	2.5
255	Eaton Corp Plc	78.23	19,947.60	79.91	20,377.05	1.8	2.640	673.20	3.3
			28,892.60		42,329.05	3.7		1,217.20	2.9

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Engineering And Contracting Services									
720	BWX Technologies Inc	19.73	14,204.90	63.53	45,741.60	4.0	0.640	460.80	1.0
570	McDermott Intl Inc	11.40	6,497.15	6.09	3,471.30	0.3	0.000	0.00	0.0
			20,702.05		49,212.90	4.3		460.80	0.9
Producer Durables: Miscellaneous									
1,740	Conduent Inc	16.74	29,127.43	18.64	32,433.60	2.8	0.000	0.00	0.0
			29,127.43		32,433.60	2.8		0.00	0.0
	Producer Durables Total		78,722.08		123,975.55	10.7		1,678.00	1.4
Financial Services									
Banks: Diversified									
600	BB&T Corp Com	43.90	26,338.56	52.04	31,224.00	2.7	1.320	792.00	2.5
1,500	Huntington Bancshares Inc	13.47	20,199.45	15.10	22,650.00	2.0	0.440	660.00	2.9
220	M & T Bk Corp Com	87.52	19,254.60	184.36	40,559.20	3.5	3.000	660.00	1.6
400	United Bankshares Wv	35.02	14,007.84	35.25	14,100.00	1.2	1.360	544.00	3.9
380	Wells Fargo & Co New Com	55.02	20,907.22	52.41	19,915.80	1.7	1.560	592.80	3.0
			100,707.67		128,449.00	11.1		3,248.80	2.5

Anchor Capital Advisors LLC
PORTFOLIO APPRAISAL
City of St. Pete Beach General Employees Retirement System
3212
William Schroeder
March 31, 2018

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Unit Income</u>	<u>Annual Income</u>	<u>Yield</u>
Financial Data & Systems									
320	Paypal Holdings Inc Com	32.29	10,331.30	75.87	24,278.40	2.1	0.000	0.00	0.0
			<u>10,331.30</u>		<u>24,278.40</u>	<u>2.1</u>		<u>0.00</u>	<u>0.0</u>
Insurance: Multi-Line									
250	Hartford Financial Services Group	45.11	11,276.83	51.52	12,880.00	1.1	1.000	250.00	1.9
410	Metlife Inc	46.23	18,952.46	45.89	18,814.90	1.6	1.600	656.00	3.5
			<u>30,229.29</u>		<u>31,694.90</u>	<u>2.7</u>		<u>906.00</u>	<u>2.9</u>
Insurance: Property-Casualty									
180	Berkshire Hathaway Class B	166.27	29,928.74	199.48	35,906.40	3.1	0.000	0.00	0.0
210	Chubb Limited	111.08	23,326.80	136.77	28,721.70	2.5	2.840	596.40	2.1
			<u>53,255.54</u>		<u>64,628.10</u>	<u>5.6</u>		<u>596.40</u>	<u>0.9</u>
Asset Management & Custodian									
740	Federated Investors	26.97	19,960.02	33.40	24,716.00	2.1	1.000	740.00	3.0
			<u>19,960.02</u>		<u>24,716.00</u>	<u>2.1</u>		<u>740.00</u>	<u>3.0</u>
Real Estate Investment Trusts (Reit)									
875	Sabra Health Care	21.99	19,241.98	17.65	15,443.75	1.3	1.800	1,575.00	10.2
600	Store Capital Corp	24.47	14,681.94	24.82	14,892.00	1.3	1.240	744.00	5.0
350	Welltower Inc	60.03	21,012.00	54.43	19,050.50	1.6	3.480	1,218.00	6.4
			<u>54,935.92</u>		<u>49,386.25</u>	<u>4.3</u>		<u>3,537.00</u>	<u>7.2</u>

Anchor Capital Advisors LLC
PORTFOLIO APPRAISAL
City of St. Pete Beach General Employees Retirement System
3212
William Schroeder
March 31, 2018

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Unit Income</u>	<u>Annual Income</u>	<u>Yield</u>
Banks: Savings, Thrift & Mortgage Lending									
1,450	New York Cmnty Bancorp Inc	13.59	19,704.11	13.03	18,893.50	1.6	0.680	986.00	5.2
			19,704.11		18,893.50	1.6		986.00	5.2
	Financial Services Total		289,123.85		342,046.15	29.6		10,014.20	2.9
Utilities									
Utilities: Electrical									
830	PPL Corp	36.66	30,424.39	28.29	23,480.70	2.0	1.640	1,361.20	5.8
			30,424.39		23,480.70	2.0		1,361.20	5.8
Utilities: Telecommunications									
700	AT&T Inc Com	32.89	23,025.00	35.65	24,955.00	2.2	2.000	1,400.00	5.6
561	Verizon Communications Inc	46.68	26,189.65	47.82	26,827.02	2.3	2.360	1,323.96	4.9
			49,214.65		51,782.02	4.5		2,723.96	5.3
	Utilities Total		79,639.04		75,262.72	6.5		4,085.16	5.4
	COMMON STOCK Total		890,516.88		1,142,023.58	98.9		29,286.83	2.6

Anchor Capital Advisors LLC
PORTFOLIO APPRAISAL
City of St. Pete Beach General Employees Retirement System
3212
William Schroeder
March 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Yield
CASH AND EQUIVALENTS									
	Dividend Accrual		1,772.74		1,772.74	0.2	0.000	0.00	0.0
	Goldman Sachs Fin Sq Treas Obs Fd #469		11,388.95		11,388.95	1.0	1.190	135.53	1.2
			13,161.69		13,161.69	1.1		135.53	1.0
TOTAL PORTFOLIO			903,678.57		1,155,185.27	100.0		29,422.36	2.5

NOTICE TO CLIENTS: 1.) The information contained in this statement is accurate and complete to the best of our knowledge. We recommend that you review your account statement and compare it to the separate statement which you receive quarterly from your custodian. Should you discover any inaccuracies or discrepancies in your account statement, please notify us immediately. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Anchor. It is delivered on an "as is" basis without warranty. Except for a money market fund, the investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. An investment in a money market fund is not insured nor guaranteed by the US government, and there can be no assurance that a money market fund will be able to maintain a stable net asset value of 1.00 per share. Investments in securities of non-US issuers and foreign currencies involve investment risks different than those of US issuers. Past performance is not an indication of future results. Inherent in any investment is the possibility of loss. 2.) Under the Investment Company Act of 1940 Rule 3a-4, in order for Anchor Capital to remain up to date regarding your investment objectives, it is critical that you advise us of any change in your investment objectives, financial circumstances, investment restrictions or other issues which may impact the suitability of your account allocation. Please contact us at any time regarding your account. 3.) Anchor Capital annually files a statement, FORM ADV Part 2A Disclosure Brochure, with the Securities & Exchange Commission containing information about our company. If you would like to receive a copy of our most recent filing, please contact us.



City of St. Pete Beach
General Employees' Retirement System

Employees' Election Not to Participate in Defined Benefit Plan

To: Board of Trustees

- (1) I hereby acknowledge that I have been given information on the terms and conditions of the City of St. Pete Beach General Employee's Retirement System, and
- (2) Per Section 66-27 (a)(3) of the City Code of Ordinances, this is notification to the Board that I am electing not to participate in the General Employees' Retirement System.

SIGNED THIS 20 DAY OF JUNE, 2018.

KATHLEEN KAPUSTA
Employee Name (printed)

[Signature]
Employee Signature

Collette Groston
Witness

6/20/18
Date

OLD BUSINESS

[Attachment "F"]

OPERATING RULES AND PROCEDURES
For the
CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

Approved by the Board on:

**CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

OPERATING RULES AND PROCEDURES

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RULE 1
BOARD OF TRUSTEES

1.1 DEFINITION OF FUNCTIONS

The Board of Trustees shall act as the named fiduciary of the Fund as defined by Florida law. The Board shall have the exclusive authority to operate, maintain and interpret the provisions of the state laws and local ordinances establishing and executing the investment policy of the Fund. The Trustees shall be solely responsible for the selection and retention of professional advisors to the Fund including but not limited to investment managers, performance monitors, plan administrators, attorneys, accountants, actuaries, and clerical staff.

1.2 DEFINITION OF FIDUCIARY

A fiduciary shall be defined as a person responsible for the discharge of his or her duties with respect to the Pension Plan solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan.

1.3 SUMMARY

Trustees shall be responsible for the investment and reinvestment of the assets of the Fund; for determining all claims for retirement benefits; for exercising the sole and exclusive administration of and the proper operation of the Plan; to perform such actuarial and accounting functions as are required by law; and to fulfill all other such duties as may be required by law; to prepare and distribute a Summary Plan Description as provided in §112.66, Florida Statutes to the Members of the Fund upon employment and every other year thereafter; and to fulfill all other such duties as may be required by law.

1.4 ESTABLISHMENT OF OFFICES

The Board of Trustees shall Elect a Chairman, Vice-Chairman and Secretary every two years. ~~The Mayor shall be the Chairman and shall be responsible for the conduct of all meetings of the Board.~~ The Chairman shall have voting rights the same as any other Trustee of the Board and shall

perform such other duties as the Trustees may assign. The Vice-Chairman shall perform the duties of Chairman in the absence or disability of the Chairman.

The ~~Secretary~~ City Clerk shall be responsible for the keeping of minutes of the transactions of the Board. The Secretary, together with the Chairman, shall execute all official contracts of the Board.

1.5 CONFLICTS OF INTEREST AND GIFTS

A. Conflicts of interest in voting shall be governed by the provisions of Section 112.3143, Florida Statutes, the Code of Ethics for Public Officials. Notwithstanding any other provision of law, no Trustee shall vote or participate in a determination of any matter in which that Trustee shall receive a special private gain except in the case of employee Trustees voting on benefits applicable to all Members of the Plan.

B. No Trustee (or his or her spouse or minor child) shall, at any time, solicit or accept any gift (including but not limited to, food, beverages and transportation), loan, reward, promise of future employment, favor, service, compensation, payment, or thing of value when the Trustee understands, knows or should have known that it was given to influence a vote or other action in which the Trustee was expected to participate in his or her or her official capacity. Gifts provided directly or indirectly by a state, regional or national organization which promotes the exchange of ideas between, or the professional development of, members of that organization or staff of a governmental agency that is a member of that organization, are permitted.

1.6 PER DIEM AND REIMBURSEMENT

All Trustees shall be entitled to receive a per diem allowance and reimbursement for reasonable expenses incurred in conducting the business of the Fund. The Board shall establish reasonable reimbursement rates in accordance with policies of the City of St. Pete Beach attached as Exhibit A.

1.7 ELECTION PROCEDURES

The Board of Trustees shall consist of five persons, two of whom shall be General Employees, two of whom shall be legal residents of the City who are appointed by the City

Commission and the fifth Trustee shall be a person nominated by the other four Trustees and appointed as a ministerial act by the City Commission.

A. General Employee Trustees. The General Employee Trustees shall be elected from among the Members of the Fund. Elections shall be by plurality vote with the two candidates receiving the highest number of votes declared elected. All Members shall be notified of an election in person or in writing ten days prior to the election. Elections shall be every other year, with seats elected in October preceding the expiration of the second year of the term. Trustees shall take office on December 1. Employees shall be permitted to nominate themselves for office and elections may be conducted by mail-in ballot. The election shall be conducted by placement of at least one ballot box in City Hall by the City Clerk for a period of 8 hours on a date to be selected by the Board. Ballots shall be counted by the Board and the winners certified by the Board. As an alternative, the Board may utilize an electronic survey method, with the election conducted by sending a ballot or survey form to each member of the plan, with results to be returned within five (5) days of the date the ballot or survey is sent. Ballots shall be counted by the Board and the winners certified by the Board.

B. Resident Trustees. The two resident Trustees shall be legal residents of the City and shall be appointed for two (2) year terms in alternating years by the City Commission in March or April. Resident Trustees shall take office on May 1st.

C. Fifth Trustee. The fifth Trustee of the Board shall be chosen for a two (2) year term every other year at the first meeting in January following the selection of the other Trustees. The fifth Trustee may or may not be a legal resident of St. Petersburg Beach and may or may not be an employee of the City. The name of the person selected by a majority of the other Trustees shall be certified to the City Commission which shall ratify the appointment of that person as a ministerial act.

1.8 OATH OF OFFICE

Each Trustee shall, within ten (10) days after his or her or her appointment or election, take an oath of office before the City Clerk of the City, that they will diligently and honestly administer the affairs of the Board, and that he or she will not knowingly violate or willingly permit to be

violated any of the provisions of the law applicable to the System. Such oath shall be subscribed to by Trustees making it and shall be certified by the clerk and filed in the office of the City Clerk.

1.9 SUCCESSION OF PERSONS TO VACANT POSITIONS

Vacancies on the Board of Trustees of employee members shall be filled by special election to be conducted in the same manner as any other election. Vacancies among the resident Trustees shall be filled by the City Commission. The person selected to fill a vacancy shall fulfill only the remaining term of the vacant office. In the event of a vacancy in the fifth Trustee of the Board, the Board shall appoint a successor in the same manner as the initial selection.

1.10 EDUCATION REQUIREMENTS

Each Trustee is required to attend a seminar or conference regarding Trustee duties and responsibilities and matters relating to the investment program of the Plan at least once each term. Trustees are encouraged to attend seminars or conferences more frequently in order to remain informed regarding pension issues. New Trustees are encouraged to attend within the first six months of their term. Trustees shall be permitted to attend conferences or schools within the State of Florida to satisfy the above minimum requirements, without prior Board approval. The Board Secretary will maintain a current record of all Trustee training.

1.11 DISCLOSURE OF FINANCIAL INTERESTS

Trustees must file a statement of financial interests (Form 1) with the supervisor of elections of the county in which they permanently reside within 30 days from the date of appointment and no later than July 1 of each year thereafter.

Trustees must file a final statement (Form 1F) within 60 days after leaving their office as Trustee. The final statement shall cover the period between January 1 of the year in which the Trustee leaves office and the last day of office.

If a Trustee has not filed by July 1, the supervisor of elections is required to notify such Trustee of a grace period to file by September 1. If a statement is not filed by September 1, a fine of \$25.00 per day will be imposed up to a maximum of \$1500.00. Fines cannot be paid from the pension plan. The Trustee may also be subject to additional penalties provided for in §112.317, Florida Statutes.

RULE 2
MEETINGS

2.1 ATTENDANCE AT BOARD MEETINGS

The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of Trustees. The Board shall meet at least once each quarter.

In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected of all Trustees. Physical attendance of a quorum is required at meetings in order for the Board to conduct business. Once the physical presence of a quorum is established, Trustees not physically present may participate telephonically if so noted on the meeting agenda. Trustees shall only be permitted to attend meetings of the Board by teleconferencing or telephone if extraordinary circumstances exist for the Trustee's absence, as determined by the Board, and only if a quorum (3) of the Trustees is physically present at the meeting. Trustees who are permitted to remotely attend meetings shall be permitted to participate and vote at such meetings. Any Trustee who fails to attend two consecutive meetings of the Board without an excuse acceptable to the other Trustees shall be deemed to have resigned from the Board. Employee Members of the Fund who are called into the active service of the City at the time of a Board meeting shall automatically be deemed excused.

2.2 AGENDAS AND OTHER MEETING MATERIALS

A published Notice of Meeting and Agenda shall be prepared for each regular and special meeting of the Board. The Notice of Meeting and Agenda shall set forth those items upon which the Board anticipates taking action or discussing. Each agenda item shall have attached to it backup material necessary for discussion or action by the Board. Each Notice of Meeting and Agenda shall also inform members of the public that should they wish to appeal any decision made by the Board that they will need a record of the proceedings and that they may need to insure a verbatim record is taken, which includes testimony and evidence upon which the appeal is based. In addition, the Notice of Meeting and Agenda shall also include a notice to members of the public offering to provide assistance to those who are disabled, should they need assistance in order to attend the meeting. A copy of the Notice of Meeting and Agenda shall be posted in a location in the St. Pete

Beach City Hall where notices of public meetings are customarily posted. The Board must provide and post reasonable notice of all meetings. All agendas and meeting materials are public records as defined in Chapter 119, Florida Statutes.

2.3 RULES OF ORDER

In recognition of the importance of accomplishing the objectives of the Board in a most orderly fashion, the Board may establish rules of order for the conduct of its meetings. The Board shall not, however, be bound by strict observance of the rules of parliamentary procedure unless the Board deems it in its best interest to do so.

2.4 APPEARANCE BEFORE THE BOARD

As a public body, the Board has a responsibility to accommodate members of the public and Members of the Fund who wish to appear before the Board. All appearances before the Board shall be scheduled through the Secretary and time limits for presentations may be limited by the Board. Appearances before the Board may be in person or through a representative. All communications with the Board shall either be in writing or by personal appearance at a Board meeting.

2.5 PUBLIC RECORDS

A. The records of the Fund are public records as set forth in Chapter 119, Florida Statutes, except for medical records of the Fund. The Board shall maintain the confidentiality of medical records as required by law. All medical records of Members of the Fund shall be maintained separately from other records of the Board so as to ensure security of the privileged information to which the Board is privy.

B. The Board shall appoint a Records Management Liaison Officer (RMLO) in accordance with Section 257.36, Florida Statutes. The RMLO shall be the official custodian of the records of the Board. The Board shall adopt the Florida General Records Schedule GS1-SL, as amended from time to time, and shall maintain an active and continuing program for the economical and efficient management of Board records.

2.6 GOVERNMENT IN THE SUNSHINE

All meetings of the Board shall be conducted in accordance with the provisions of Section 286.011, Florida Statutes, the Government in the Sunshine Act. No Trustee shall engage in

communications with another Trustee outside of a public meeting on any matter which shall ultimately be the subject of a Board action. All meetings of Trustees at which official business of the Board shall be discussed shall be publicly noticed and open to the public in accordance with the law. All meetings of the Board shall be held in a location where public access is reasonably available. Regular meetings of the Board shall be held in Pinellas County, Florida.

2.7 COMMITTEE MEETINGS

The Board, in the conduct of its business, may choose to appoint committees consisting of a lesser number of Trustees. Committees shall be appointed by the Chairman. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. Committees consisting of one Trustee shall maintain records in accordance with the Public Records Act but need not conduct its business pursuant to a publicly noticed meeting. All reports of committees shall be reduced to writing and made a part of the official records of the Board.

2.8 WORKSHOPS

The Board may from time-to-time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the Board. Workshops shall be conducted in a public forum the same as any other meeting and shall have a published agenda in advance of the workshop.

2.9 MINUTES

Complete minutes of all meetings of the Board or a Committee shall be promptly prepared following the meeting and all minutes shall be submitted to the Board for approval following their preparation. All minutes shall be open for public inspection.

RULE 3

RULES OF PROCEDURE

3.1 LEGAL EFFECT

The Board of Trustees is authorized by law to establish rules of procedure for the operation of the Fund. No rule or regulation of the Fund may conflict with any lawful ordinance, charter provision or state law.

3.2 ADOPTION PROCEDURES

All rules to be adopted by the Fund shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules and regulations on a periodic basis. The rules and regulations of the Fund shall be made available to any member of the Fund requesting a copy from the Plan Administrator.

RULE 4

PLAN ADMINISTRATOR/OFFICE PERSONNEL

4.1 BOARD EMPLOYEES CONSULTANTS/INDEPENDENT CONTRACTORS

The Board shall establish specific job descriptions for each classification of service provided to the Board. New ~~employees~~ consultants and independent contractors of the Board shall not, by virtue of their employment by the Board, be civil servants of the City of St. Pete Beach and shall serve at the pleasure of the Board.

4.2 SELECTION STANDARDS

The Board shall establish for each classification of service, standards of education, experience and skills necessary for the execution of the duties of the position. The Board may delegate the initial screening process for applicants to a committee of the Board. The final decision for the employment of any person as an employee or independent contractor shall be determined by the Board of Trustees acting as a whole.

4.3 EVALUATION AND COMPENSATION

All ~~employees and~~ consultants and independent contractors of the Board shall be evaluated ~~periodically~~ every three (3) to ten (10) years. Compensation shall be established by the Board of Trustees.

4.4 DECISION MAKING AUTHORITY

No ~~employee~~ consultant and independent contractor of the Board shall have the authority to bind the Board of Trustees in any contract or endeavor without the express authority of the Board.

RULE 5

INTERNAL PROCEDURES AND CONTROLS

5.1 MAIL AND E-MAIL

A designee of the Board shall be responsible for opening, dating and transmitting mail and e-mail. All mail and e-mail received by the Board shall be dated, stamped and reviewed for any time limitations or response dates. The mail or e-mail shall be placed in folders bearing the names of the recipient of the mail or e-mail. Mail and e-mail addressed to the Board in general and to no specific person shall be directed to a person designated by the Board. All official decisions of the Board shall be sent by mail. A "reading file" of all correspondence coming into and emanating from the Board shall be maintained on a monthly basis together with copies in any specific files as may be established. In all respects, the provisions of Chapter 119, Florida Statutes, the Public Records Act, shall be observed.

5.2 EXPENSE PAYMENTS FROM THE FUND

A. Payments to professionals performing services previously authorized by the Board or for other expenses authorized by the Board shall routinely be made prior to Board approval as follows:

- (1) Statements received for services or expenses which are not pursuant to a written agreement shall be paid, but only if such statements do not exceed \$250.00.
- (2) Statements received for services or expenses which are rendered pursuant to a written agreement shall be paid if deemed to be in accordance with the agreement.

All payments made pursuant to paragraphs (1) and (2) above shall be considered by the Board at the first meeting following such payment and approved and ratified, if appropriate.

B. Any other payments from the Fund not described in subsection A. above shall be approved by the Board prior to such payment.

C. Authorization for payments from the Fund shall be in writing and signed by at least two trustees of the Board.

5.3 PROCESSING OF PAYMENTS FOR EARLY OR NORMAL RETIREMENT AND RETURN OF CONTRIBUTIONS

A. Upon receipt of an application for early or normal retirement, the Board's Plan Administrator or other Board designee shall process the application as follows:

- (1) The application shall be reviewed for accuracy and completeness and for eligibility for benefits.
- (2) A copy of the application and any necessary records from the City shall be forwarded to the actuary for calculation of the benefit amounts payable for the normal form and all optional forms of benefits.
- (3) Upon receipt of the actuary's calculations, the calculations shall be presented to the Retiree and the Retiree shall make his or her election.
- (4) The application shall be approved by any Trustee and shall then be provided to the Custodian along with any necessary supporting documents in order to begin payments.
- (5) Copies of the Retiree's election form and the actuary's calculations shall be provided to the Board of Trustees prior to the commencement of payments or at the next meeting immediately following the commencement of payments, and the Board shall review and approve the retirement benefits.

B. Upon the termination of employment of a Member prior to his or her early or normal retirement date, the Board's Plan Administrator or other Board designee shall:

- (1) Determine whether the Member is vested or not vested and determine the amount of the Member's contributions.
- (2) Inform the Member of his or her right to leave his or her contributions in the plan or withdraw his or her contributions. If the Member desires to withdraw his or her contributions, provide the Member with the necessary forms, including the appropriate Return of Contributions form, the Special Tax Notice Regarding Plan Payments and the Certification of Receipt of the Special Tax Notice and the Lump Sum Distribution Election Form;

- (3) Recommend that the Member study and complete the appropriate forms and seek tax and/or legal advice regarding his or her choice.
- (4) Direct the Member to return the completed forms to the Plan Administrator or Board designee;
- (5) Upon receipt of the properly completed forms, prepare and submit a payment request signed by any Trustee and copies of any necessary documents to the Custodian to authorize the requested payment or rollover;
- (6) Provide copies of all documents to the Board of Trustees prior to payment or at the next meeting immediately following the payment, for the Board to approve the payment.

C. Pension payments should only be made as provided above. 1099-R reporting forms to Retirees must contain the proper information and codes to ensure that Retirees report the proper amounts on their personal income tax returns. In-line-of duty disability benefits shall be reported as "taxability undetermined" on 1099-R forms.

5.4 REVIEW OF CUSTODIAL STATEMENTS

A. Custodial reports should be monitored by the Board or its designee for disclosure of all asset inflows such as City and Member contributions, state excise tax payments, if applicable, miscellaneous citizen donations, and investment income. All errors, including those involving the misclassifications of Plan revenues, e.g., recording Member contributions as City contributions, must be corrected.

B. Custodial reports should also be monitored for all asset outflows. Asset outflows must be properly approved and verified on audit. Expenses shall be approved as provided in Rule 5.2 and Retirements and Returns of Contributions in accordance with Rule 5.3. Letters of authorization for the expenditure of funds must be issued by the Board and copies must be maintained in orderly files.

5.5 ROLLOVERS TO AND FROM THE FUND

The Fund will accept and transfer eligible cash rollover distributions to and from the Fund as permitted by local, State and Federal law. The Board may adopt appropriate forms to facilitate such rollovers.

5.6 DEFERRED RETIREMENT OPTION PLAN RULES AND PROCESSING

A. The Board of Trustees shall establish the procedure to begin participation for Members who are eligible to participate in the Deferred Retirement Option Plan (DROP), including the adoption of an Application/Agreement to be completed and executed by the Member prior to DROP participation. The Application/Agreement shall inform the Member of the ramifications of DROP participation and shall require the Member to acknowledge such ramifications and also acknowledge that the Member has had the opportunity to seek independent legal/financial advice prior to DROP participation.

B. The Board of Trustees will have annual reports prepared and distributed as of each September 30th to provide each DROP member with all necessary information regarding his or her DROP account, for those members electing the net plan return investment option.

RULE 6

INSURANCE

6.1 FIDUCIARY INSURANCE

The Trustees are authorized by law to purchase fiduciary insurance to insure members of the Board for breaches of fiduciary duty at the expense of the Fund, but the Fund shall not pay to waive recourse against Trustees. A rider waiving recourse may be purchased and paid for by the City or by a Trustee.

6.2 TRAVEL COVERAGE

The Fund may purchase, at its expense, life and accidental death and dismemberment insurance for each Trustee who shall travel outside of Pinellas County for the purpose of Board related business.

RULE 7

RELATIONS WITH THE CITY

7.1 AUTHORITY OF THE BOARD

The Board of Trustees is an independent entity established by state law, city charter and local ordinance. The Board of Trustees shall not be considered a component part of nor subordinate to the City of St. Pete Beach government. The Board shall have exclusive control of the operation of the Fund; however, no change to the retirement ordinance may be made except by action of the State Legislature or the City Commission.

7.2 CONTRACTUAL SERVICES

In the selection of contractual services, the Board shall pay particular attention to the existence of conflicts of interest when contractors are to be employed by the Board for services similar to services which the contractor also provides to the City of St. Pete Beach.

7.3 USE OF THE CITY FINANCE DEPARTMENT

The Board shall be authorized to utilize the services of the City for the performance of banking functions of the Board. The City shall have no discretionary authority with regard to the utilization or direction of funds of the Board. If duties pursuant to this paragraph are utilized, they shall be reduced to writing the same as any other contract for services entered into by the Board.

7.4 USE OF INDEPENDENT CUSTODIANS

The Board shall be authorized to use the services of any duly qualified custodian in lieu of the City Finance Department for the performance of banking functions of the Board. The custodian shall be duly licensed, insured and bonded and shall meet all of the depository requirements of Chapter 280, Florida Statutes.

RULE 8

ORDINANCE CHANGES

8.1 FORM OF ORDINANCE

No ordinance change affecting the Pension Fund shall be presented for a vote to the City Commission unless first reviewed and approved by a majority of the Trustees in accordance with the existing law governing the Fund. All proposed ordinances shall be reviewed by the General Counsel

to the Fund who shall pass on the form and correctness of the ordinance. All proposed ordinance changes carrying an economic ~~benefit~~ impact shall be reviewed by the actuary to determine the cost as required by law.

8.2 COLLECTIVE BARGAINING

The Board of Trustees acknowledges that it is neither an employee organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore, the Board shall not engage in collective bargaining on behalf of the City of St. Pete Beach or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the City for all matters relating to pension and retirement.

8.3 APPEARANCE AT CITY COMMISSION MEETINGS

The Board of Trustees shall, through one of its members, its designee or its General Counsel, be present at all City Commission meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meeting, designate an official spokesperson on behalf of the Fund.

8.4 ACTUARIAL IMPACT STUDIES

No benefit change shall occur without an actuarial impact study as required by state law. Actuarial impact studies initiated by the Board of Trustees shall be at the expense of the Fund. Actuarial studies requested by the City or the Union, if any, and authorized by the Board shall be paid for by the City or the Union, respectively.

RULE 9

JUDICIAL PROCEEDINGS

9.1 PROCESS

All process issued by federal or state courts to the City of St. Pete Beach concerning the Pension Fund or to the City of St. Pete Beach General Employees' Retirement System shall immediately upon receipt, be forwarded to the General Counsel for the Fund who shall respond thereto.

9.2 DISSOLUTION OF MARRIAGE

Upon entering into a Dissolution of Marriage, a Plan Member shall notify a Trustee of the Member's attorney's name, address and telephone number. The Trustee shall then promptly provide that information to the General Counsel to the Fund.

RULE 10

INVESTMENTS

10.1 HIRING INVESTMENT MANAGERS

In recognition of the importance of professional guidance in the investment of the assets of the Fund, all investments shall be performed by qualified, professional investment managers. The investment managers shall be selected at a regular or special meeting of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of investment managers to a committee of the Board but no final decision shall be made except at a regular meeting of the Board. All proposals for investment manager services shall be presented in writing to the Board and shall be made a part of the records of the Board.

10.2 HIRING PERFORMANCE MONITORS

The Board shall engage at all times, at least one performance monitor who shall be responsible for reviewing the performance of the various investment managers of the Fund. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than annually. The performance monitor shall advise the Board as to the relative performance of each investment manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of investment managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for investment managers and such other services as the Board shall request be performed.

10.3 PERFORMANCE GOALS AND OBJECTIVES

The Board shall establish performance goals and objectives for each investment manager in each class of investment and shall establish expected rates of return. The investment policy shall

comply with the minimum requirements set forth in Section 112.661, Florida Statutes. The performance goals and objectives shall be reduced to writing in an Investment Policy Statement and shall be referred to in the contract between the Board and the manager. The performance goals and objectives shall be reviewed on not less than an annual basis and shall be compared to the actual performance of an investment manager to determine compliance with the goals and objectives set by the Board. All Investment Policy Statements and amendments thereto shall immediately be provided to the City, the Department of Management Services and to the Board's actuary.

10.4 INVESTMENT STANDARDS

The Board shall establish written investment goals and objectives. The goals and objectives shall set forth the distribution of the Fund between equities, fixed income, cash and cash equivalents, real estate and other forms of lawful investment. The goals shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish expected rates of return and risk factors. Each investment manager shall subscribe to the written goals and objectives of the Fund and said goals and objectives shall be incorporated into each investment manager contract by reference.

10.5 DECISION MAKING AUTHORITY

The Board of Trustees shall determine the retention or discharge of any investment manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any investment manager and shall determine when funds shall be withdrawn and investments terminated. The Trustees shall not, however, participate in the selection of individual stocks, bonds or cash funds as that shall be the responsibility of the investment manager within the context of the performance goals and objectives and investment standards established by the Board.

10.6 WRITTEN CONTRACTS

Each investment manager shall enter into a written contract with the Board. Each contract shall include an acknowledgment by the investment manager that it is familiar with the ordinances of the City of St. Pete Beach and the provisions of Chapters 112, Florida Statutes. The contracts shall also provide that the investment manager shall make no purchases which are prohibited by law and in the event such purchase is made, shall make the Fund whole for any loss incurred in the

divestiture of said investment. Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an investment advisor and is otherwise qualified by law to engage in the management of the assets which are the subject of the contract.

10.7 REPORTING

All investment managers and performance monitors of the Fund shall report on not less than an annual basis. The investment managers and advisors may, however, be directed by the Trustees to report on a more frequent basis. All such consultant reports shall be in writing and shall be presented in person by a representative of the investment manager or performance monitor who has authority to make discretionary decisions with regard to the Trust's account and to settle claims and disputes arising from the contract. All such investment managers and performance monitors shall make these presentations in person at a regular meeting of the Board and shall bear their own costs and expenses in traveling to Board meetings. The performance monitors shall attend at least an annual meeting of the Board and shall report, in writing, the progress of each investment manager. The performance monitor shall also make written recommendations regarding retention of investment managers and recommended changes in investment policy.

10.8 PRESENTATIONS BY PROSPECTIVE CONSULTANTS AND PROFESSIONALS

In recognition of the limited time resources of the Board, presentations of prospective investment managers, performance monitors, custodians or other prospective professional advisors shall only be by written invitation of the Board. The Board shall maintain records of such prospective managers, monitors, custodians and other professionals to be reviewed by the Board in the event the Board wishes to consider adding or making a change in its current manager, monitor, custodian or other professional.

In the event the Board elects to consider retaining a new manager, monitor, custodian or other professional, prospective applicants, including those applicants who had previously provided information to the Board, may be contacted and provided with a Request for Proposal. The Board or a committee appointed by the Board may conduct the initial screening of applicants by reviewing

the proposals received in response to the Requests for Proposals. The Board may then schedule personal presentations by a "short-list" of qualified applicants.

The Board may also decide to retain managers, monitors, custodians and other professionals by utilizing any other method which the Board deems to be prudent under the circumstances.

10.9 DIVESTITURE

No divestiture of any asset of the Fund shall be made for any reason other than fulfillment of the fiduciary obligations of the Fund, or compliance with State Law.

10.10 PROXY VOTING

The Trustees shall be responsible for exercising all proxies on equities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all investment managers proxy voting responsibility and the Trustees shall monitor the voting of the managers.

The Trustees (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility:

- A. Declining to vote proxies;
- B. Voting proxies exclusively for management without analysis of the underlying issues;
- C. Permitting negligent or inaccurate record-keeping regarding proxy voting;
- D. Accepting directions from other parties;
- E. Permitting the absence of policies or procedures to assure the proper exercise of this fiduciary responsibility.

Any significant proxy items and the vote by an investment manager shall be reported in writing to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Act.

It shall be the primary responsibility of investment managers acting on behalf of the Board to vote all proxies to enhance the value of the Fund assets. All tender offers shall be treated in the same manner with regard to record-keeping and asset enhancement.

10.11 DECLARATION OF EXPECTED ANNUAL RATE OF RETURN

For each actuarial valuation, the Board shall seek the advice of its investment professionals and the actuary and then the Board shall determine the total expected annual rate of investment return for the current year, for each of the next several years and for the long term thereafter. This determination must be filed promptly with the Department of Management Services, with the City and with the Board's actuary.

10.12 INVESTMENT REPORTS TO THE CITY

The Board shall prepare annual fiscal year end reports for submission to the City Commission, which shall include the investments in the portfolio by class or type, book value, income earned and market value as of the end of the fiscal year.

RULE 11

ACTUARIAL SERVICES

11.1 SELECTION

The Board of Trustees shall retain at all times the services of an enrolled actuary. An enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employment Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

11.2 CONFLICTS OF INTEREST

In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain actuaries who are employed by the City of St. Pete Beach, unless the Board is determined to be the client by a separate engagement letter or contract.

11.3 REPORTING

The actuary shall report to the Board on not less than an annual basis so that the Board may establish the adequacy of employer and employee contribution rates. Valuations shall be done at

least every three years. No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of the change. All actuarial reports shall be in accordance with the provisions of Section 112.63, Florida Statutes.

11.4 SETTING CONTRIBUTION RATES

Pursuant to the ordinances of the City of St. Pete Beach, the Board is solely responsible for establishing the contribution rates of the City. The City contribution rate shall be established following an analysis of the adequacy of employee contributions and investment earnings of the Fund. The amount of the City contribution shall be certified in writing to the City Commission in accordance with the provisions of local ordinance.

11.5 ACTUARIAL STUDIES FOR INDIVIDUAL PLAN MEMBERS

Each vested Plan Member shall be entitled, at the Fund's expense, to receive two actuarial studies to estimate his or her retirement benefits. Any additional studies shall be provided only at the Member's expense.

RULE 12

ACCOUNTING SERVICES

12.1 AUDITS

The Fund shall cause to be made not less than on an annual basis an independent audit of the assets and liabilities of the Fund. The audit shall be performed in accordance with generally accepted accounting standards.

A. All postings from the custodial statements to the Plan's working trial balance should be in accordance with the Board's general and/or specific authorizations.

B. All transactions recorded in the custodial statements should be analyzed, summarized and accurately posted to the correct trial balance accounts in the correct time period.

C. All adjustments, deductions or write-offs of account balances should be calculated, summarized and recorded in the correct period.

D. All postings to the working trial balance should be supported by and reference to adequate, authorized documentation.

12.2 CONFLICTS OF INTEREST

In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the City of St. Pete Beach unless the Board shall be determined to be the client by separate engagement letter or contract.

12.3 REVIEW OF INTERNAL CONTROLS

The policies and procedures provided for in these Operating Rules and Procedures shall be reviewed by the independent certified public accountant as part of the financial audit to determine the effectiveness of such controls to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Board or employees of the City.

RULE 13

LEGAL SERVICES

13.1 SELECTION

The Board shall select and appoint a General Counsel who shall be licensed to practice law in the State of Florida. The General Counsel shall have demonstrated competence in the area of public employee retirement systems in the State of Florida and shall have been practicing law for not less than ten years. Competitive bidding is not required in the selection of legal services.

13.2 CONFLICTS OF INTEREST

In recognition of the requirement that attorneys be independent in their judgment as set forth in the Code of Professional Responsibility, no attorney may serve as General Counsel who is also performing legal services on the part of the City of St. Pete Beach or who otherwise engages in any legal services which the Board deems to be in conflict with its interests.

13.3 CITY OF ST. PETE BEACH CITY ATTORNEY

In recognition of the responsibilities of the City Attorney to the City of St. Pete Beach and the potential for representing competing interests, the office of the City Attorney may not serve in any legal capacity on the part of the Trust.

13.4 PRIVILEGED COMMUNICATIONS

In all dealings between its General Counsel and the Board, the Board shall be deemed the client rather than any individual Trustee of the Board. All communications between the Board and

its General Counsel shall be privileged communications except where otherwise governed by the Government in the Sunshine Law.

13.5 AUTHORITY TO DIRECT

The General Counsel shall take direction from the Board of Trustees as may be given at the various meetings of the Board. In between meetings of the Board, direction to the General Counsel shall be given by the Chairman or other person directed by the Board. All files of the General Counsel to the Fund shall be open for inspection by any Trustee.

13.6 CONTRACTS

If possible, all contracts shall provide that the laws of Florida shall govern and that venue for any legal action shall be in Pinellas County, Florida. In no event shall any contract be terminable by the service provider with less than 45 days' written notice, unless otherwise agreed to by the Board. All written contracts shall be reviewed by the General Counsel to the Fund who shall approve the form and correctness of each such contract. All written contracts shall be executed by the Chairman and Secretary of the Board.

RULE 14

CLAIMS PROCEDURES

14.1 CLAIMS OF AFFECTED PERSONS

A. The Board of Trustees shall grant an initial hearing upon receipt of a written request ("Claim"), on matters which affect the substantial rights of any person ("Claimant"), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board of Trustees.

B. The Board shall review the Claim at an initial hearing and enter an order within ~~sixty~~ 60 180 days from the date of receipt of the Claim and, in the case of disability claims, receipt by the Board of a written medical release authorization in a form approved by the General Counsel and a completed set of interrogatories prepared by the General Counsel and provided to the Claimant. The Board may extend the time for entering the order at an initial hearing for an additional ~~forty-five~~ 45 90 days if it determines such time is necessary for full discovery and adequate review. The General Counsel and the Claimant may stipulate to further extensions of time.

C. It shall be the function of the General Counsel, throughout the claims procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision.

D. The Claimant shall have the right to be represented by counsel at any or all times throughout the claims procedure.

14.2 INITIAL HEARING

A. At the initial hearing, the only evidence to be considered by the Board shall be documentary evidence contained in the pension file, including but not limited to, correspondence, medical records and reports of treating physicians and/or examining physicians and evidence received pursuant to paragraph B.

B. Other than questions from the Trustees, there will be no taking of additional evidence at the initial hearing, except that the Claimant will be afforded fifteen (15) minutes to make a presentation, which shall be limited to comments and/or arguments as to the evidence or information already contained in the pension file, including the report of the examining physician.

C. Upon completion of the review of the Claim at the initial hearing, the Board shall enter an order setting forth its findings and conclusions on the Claim. The written order shall be provided to the Claimant. The order shall include:

(1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the System on which such conclusions are based;

(2) A description of any additional material or information that the Board may deem necessary for the Claimant to perfect his or her Claim, together with the reasons why such material or information is necessary; and

(3) An explanation of the right to a full hearing on the Claim and the time limit in which a full hearing must be requested in writing.

D. The decision of the Board at the initial hearing shall not be final until after the time has expired to request a full hearing or, if a full hearing is requested, until the Board makes a decision at the conclusion of the full hearing.

14.3 FULL HEARING

A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an order as provided in subsection 2.C. above.

B. A full hearing must be requested by the Claimant within ninety (90) days of the receipt of the Board's order. The order will be deemed received three (3) days following the date it is mailed to Claimant at the address provided to the Board by Claimant.

C. Upon receipt of the request for a full hearing and considering the amount of discovery which might be conducted, the Board shall establish a date for the full hearing and cause notice to be given to the Claimant. The full hearing shall be held within ninety (90) days from the receipt of the request from the Claimant. The full hearing may be postponed, if necessary and with the consent of the Claimant, to permit full discovery of the facts.

D. Copies of all documents to be offered into evidence at the full hearing, including depositions, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board by the Claimant and the General Counsel at least twenty (20) days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing if a reasonable explanation is not provided for the delay in providing the documents.

E. A Claimant or the General Counsel may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be given to the General Counsel and the Claimant.

F. The costs of any discovery, except discovery requested by the Board or the General Counsel, the appearance of witnesses at the hearing, and the making of a verbatim record of the proceedings shall be the responsibility of the Claimant.

G. The Claimant shall be responsible for the appearance of any witnesses at the hearing. The Board shall, however, have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at the proceedings provided for herein. The Claimant may request in writing the issuance of subpoenas by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.

H. Testimony at the full hearing may be submitted in the form of a deposition. Depositions timely submitted will be part of the record before the Board at the full hearing and will not be read in totality at the full hearing; provided however, that this does not preclude the Claimant or the General Counsel from reading parts of depositions in an opening or closing statement.

I. Irrelevant and unduly repetitious evidence shall be excluded.

J. Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Section 775.082 or 775.083, Florida Statutes.

K. The file maintained by the Board, including but not limited to various medical reports therein, is part of the record before the Board at the full hearing.

L. All proceedings of the Board shall be conducted in public.

M. In cases concerning an application for pension benefits, including applications for disability retirement benefits, the burden of proof, except as otherwise provided by law, shall be on the Claimant seeking to show entitlement to such benefits.

N. In cases concerning termination of pension benefits including re-examination of Members receiving disability retirement benefits, the burden of proof shall be on the Board.

O. Except as to those records which are exempted from the provisions of Chapter 119, Florida Statutes, Florida's Public Record Law, records maintained by the Board are open for inspection and/or copying during normal business hours at a reasonable cost for the copying.

P. Should a Claimant requesting an initial or full hearing decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the Claimant requesting an initial or full hearing will need a record of the proceedings and may need to assure that a verbatim record of the proceeding is made. The Claimant requesting an initial or full hearing will be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.

Q. The decisions of the Board after the requested full hearing shall be final and binding.

R. Within fifteen (15) days after making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions and a copy of the order shall be provided to the Claimant.

S. Judicial review of decisions of the Board shall be sought by the filing of a timely petition for writ of certiorari with the Clerk of the Circuit Court, in the appropriate county.

14.4 CONDUCT OF THE FULL HEARING

A. The Chairman shall preside over the hearing and shall rule on all evidentiary, procedural, and other legal questions that arise during the hearing. The Chairman's rulings shall stand unless overruled by a majority of the other Trustees present. The Chairman shall open the full hearing by explaining the procedures to be followed.

B. The Claimant shall have the right to be represented by counsel or be self-represented. The General Counsel shall advise the Board.

C. The Claimant shall be allowed to make an opening statement not to exceed ten (10) minutes.

D. Testimony of witnesses shall be under oath or affirmation. Depositions or affidavits shall be admissible.

E. The Chairman, any Trustee, the General Counsel, the Claimant or the Claimant's counsel, upon recognition by the Chairman, may direct questions to any witness during the proceedings.

F. Either the Claimant or the General Counsel shall have the right to present evidence relevant to the issues, to cross-examine witnesses, to impeach witnesses and to respond to the evidence presented.

G. The Claimant shall be permitted a closing argument not to exceed fifteen (15) minutes.

H. The Board shall deliberate and make a decision following closing argument and thereafter enter an order as provided herein.

14.5 DISABILITY CLAIMS - ADDITIONAL PROCEDURES

A. All applications for disability pensions shall be in writing. Forms for such applications may be provided by the Board.

B. Upon receipt of the application for disability, the General Counsel will provide the Claimant with a set of interrogatories or questions to be answered under oath and a medical release

authorization. Both documents will be completed by the Claimant and returned to the General Counsel.

C. Upon receipt of the properly completed interrogatories and medical release authorization, the General Counsel will request medical records from all relevant treating physicians; personnel records from the employer, copies of relevant workers' compensation records, and copies of other records deemed to be relevant to the Claim. The Board shall pay, from the Fund, the cost of any medical examinations required by the Board and for copies of medical records.

D. The General Counsel will, if authorized by the Board, upon receipt of the medical records from the treating physicians, schedule an independent medical examination (I.E.) or examinations with an appropriate independent examining physician or physicians who will be asked to render an opinion about Claimant's physical condition as it relates to the claimed disability.

E. Upon receipt of the I.E. from the examining physician or physicians, the General Counsel will provide all records of treating physicians, relevant workers' compensation claims records, the independent medical evaluation, and all other relevant documents to the Board for inclusion in the pension file and the Board shall then schedule the initial hearing.

RULE 15

CONFIDENTIALITY

15.1 EXTENT OF CONFIDENTIALITY PERMITTED

§§119.071(4)(a) and 119.071(4)(d)2.f. and g, Florida Statutes, provide that the social security numbers of all current and former City employees, and the home addresses, telephone numbers, dates of birth and photographs of current or former code enforcement officers, human resource employees, employee relations directors, assistant directors, managers or assistant managers of the City whose duties include hiring and firing employees, labor contract negotiations, administration or other personnel-related duties; and the names, home addresses, telephone numbers, dates of birth and places of employment of the spouses and children of such personnel are exempt from the public records provisions of Section 119.07(1), Florida Statutes and §24(a), Article 1, of the State Constitution.

15.2 REQUIREMENT FOR MAINTENANCE OF CONFIDENTIALITY

The Board will maintain the information specified in 15.1 as confidential, if it receives from a Member or the City of St. Pete Beach a written request to maintain confidentiality.

15.3 CONFIDENTIALITY OF MEDICAL RECORDS

A. §112.08(7), Florida Statutes is an exemption of medical records and medical claims records from the public records requirements of §119.07(1), Florida Statutes and such records are thus confidential.

B. This exemption provides that the Board shall not furnish such records to any person except the employee or his or her legal representative without written authorization from the employee or, unless otherwise prohibited by law, it receives a subpoena issued in a civil or criminal action from a court of competent jurisdiction where the party seeking the records gave proper notice to the employee or his or her legal representative.

C. Since, under Government in the Sunshine, trustees can only discuss issues involving medical records of an employee in a public meeting, such an authorization should be signed by an employee prior to discussion by the Board. Upon consideration of the medical records at a public Board meeting, such records then become subject to disclosure in the same manner as any other public record.

RULE 16

RETIREE REVIEW PROCEDURE

16.1 DISABILITY REVIEW PROCEDURE

The Board shall periodically review the status of Disability Retirees who may be eligible to return to employment with the City of St. Pete Beach as a General Employee in accordance with the following:

A. An affidavit of Disability Benefit Recipient (PF-6) shall be filed with the Board at least once every other year. Failure to file the affidavit shall result in a suspension of disability benefits.

B. Upon receipt of the affidavit, the Board shall determine whether the Disability Retiree continues to be entitled to receive disability benefits pursuant to the terms of the pension plan.

C. If the Board determines that the Disability Retiree is still disabled, then disability benefits shall continue to be paid.

D. If, after review of the affidavit, the Board is unable to determine whether the Disability Retiree continues to be disabled, the Board shall make further inquiry as necessary.

E. Such inquiry may include job availability and medical ability to perform duty. If the Board determines that a General Employee position appropriate for assignment may be available, and the Disability Retiree may be able to perform duty in such position, an independent medical examination or examinations shall be performed at the Board's expense by a physician or physicians selected by the Board. A job description and physical or psychological requirements necessary to perform the position shall be provided to the independent medical examiner(s).

F. After receipt of the report or reports of the independent medical examiner(s), other medical evidence and determination of job availability, the Board shall determine whether disability benefits shall continue. A hearing, pursuant to the Claims Procedures (Rule 14), shall be set to determine whether or not the disability retiree continues to be eligible for disability benefits.

16.2 SERVICE RETIREE REVIEW PROCEDURE

A. The Board of Trustees has a fiduciary responsibility to be certain that only those persons who are eligible to receive benefits from the pension plan are receiving payments.

B. The Confirmation of Receipt of Retirement Benefits form (PF-11) shall be sent to all service retiree recipients, every year by the Plan Administrator, if the status of the retirees is not otherwise being verified, such as by the Custodian.

C. By requiring that PF-11 be executed by the benefit recipient in the presence of a Notary Public, the Board can confirm that the retiree is still alive and that eligibility for benefits continues.

D. In the event that a benefit recipient fails to complete and return the form after the Board provides the form and follows-up with two additional requests for the return of the form (PL-4 and PL-6), the Board shall set a hearing pursuant to the Claims Procedures (Rule 14), to determine whether or not the benefit recipient continues to be eligible for pension benefits.

RULE 17
SURVEILLANCE

17.1 SURVEILLANCE

Any Trustee who has reason to believe that a Disability Retiree may be recovered from his or her disability and again able to perform useful and efficient service as a General Employee and who further reasonably believes that surveillance of the Retiree, including the production of video tapes of the Retiree, will help to establish the fact of the recovery, may authorize the Board's General Counsel to arrange for such surveillance. Surveillance of Disability Applicants may also be authorized by any Trustee who reasonably believes that such surveillance will assist the Board in determining an applicant's ability to perform useful and efficient service as a General Employee. The cost of any surveillance authorized by any Trustee shall not exceed three thousand dollars (\$3,000.00).

DRAFT

**CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

PENSION PLAN ADMINISTRATOR

REQUEST FOR PROPOSAL

**REQUEST FOR PROPOSALS
FOR PLAN ADMINISTRATOR**

DRAFT

I. DESCRIPTION AND DECLARATIONS

The Board of Trustees of the City of St. Pete Beach General Employees' Retirement System is seeking professional plan administration services from proposers who are experienced in the administration of public retirement plans.

The Board of Trustees of the City of St. Pete Beach General Employees' Retirement System (Board), hereby gives notice that proposals will be accepted from all individuals or firms interested in providing pension plan administration services in accordance with all applicable local, state and federal rules, codes, regulations and/or laws.

The Board will select the successful offeror on the basis of the written proposal submittal and an oral presentation to the Board, if requested by the Board. Presentations shall only be scheduled with those individuals or firms whom the Board feels are best qualified to perform the required services. The Board reserves the right to withdraw this Request For Proposal at any time to protect its best interest and the right to reject any non-conforming or non-responsive proposals.

The request and submittal of your proposal shall in no way be construed as an obligation on the part of the Board to provide you with compensation for your efforts or to contract with your firm. However, all proposals shall be considered a binding and irrefutable offer for a period of sixty (60) days after the proposal due date.

II. EXISTING PLAN

The City of St. Pete Beach has in effect a defined benefit retirement plan which covers all permanent full-time employees. The Board holds regularly scheduled quarterly meetings, which dates are as follows: January 18, 2018, April 19, 2018, July 19, 2018 and October 18, 2018. The plan's Actuary is Foster & Foster, Inc., the Custodian is Salem Trust Company, their Investment Consultant is Morgan Stanley Smith Barney, and they currently have four Investment Managers. A copy of the most recent Comparative Summary of Principal Valuation Results is attached.

III. SCOPE OF SERVICES

The Pension Board is relying on the fact that the Consultant is an expert in public pension plan administration. Services to be provided by the administrator shall include, but not be limited to, the following:

1. Schedule and attend all Board meetings
2. Prepare agendas for all meetings and post notices and agendas of meetings
3. Prepare and transcribe minutes, record all meetings. Process minutes promptly and distribute
4. Post all minutes as directed
5. Maintain necessary communication with any business entities associated with the Board. Distribute correspondence for the plan to Board members and attorneys
6. Respond to inquiries by trustees, general employees (active, retired and terminated), money managers, custodians, and other contract professionals
7. Maintain a liaison between the Board and the City
8. Set up and maintain files. File all necessary documents and preserve them in an orderly fashion as required by Public Records law
9. Order and maintain supplies and equipment as needed
10. Make copies as needed
11. Assure that the Pension Plan is administered in accordance with the Operating Rules and Procedures and the Pension Ordinance
12. Review all statements and documents received from:
 - Money Managers
 - Performance Monitors
 - Attorneys
 - Actuaries
 - Accountants
 - Others
13. Review invoices and pay plan expenses as authorized
14. Review and reconcile bank statements

15. Process all claims as directed
16. Maintain current roster of members and retirees, including status and addresses
17. Obtain all necessary information and process retirement applications for members for forwarding to actuarial firm for calculations of benefits
18. Process pension benefits payments monthly and maintain a record of all payments for reconciliation for year-end reporting. Monitor disbursement of payments for retirees and disability recipients (to ensure proper payment is being made). Process of deposits of withholding for pension retirees
19. Calculate refunds on termination payments and required rollover documents
20. Collect necessary data for the City's audit report
21. Maintain current, up to date beneficiary designations as required
22. Maintain inventory of Board property
23. Maintain a liaison with the City to obtain new employee data in a timely manner
24. Maintain a liaison with the State of Florida Division of Retirement
25. Maintain a liaison with other pension plans and organizations as needed in the best interest of the Board
26. Prepare the annual information of contributions for the Board's actuary to assist in preparation of the annual actuarial valuation report
27. Process all paperwork regarding disability cases as required by the Board attorney.
28. Perform projects as directed by the Board
29. Offer information pertinent to the Board as directed
30. Assure compliance with the Government in the Sunshine Law and the Public Records Act
31. Prepare Annual Administrative Budget
32. Prepare Annual Detailed Accounting Report of Actual Plan Expenses

IV. CONTRACT PERIOD

The Pension Board anticipates this relationship to continue at the pleasure of both parties.

V. INFORMATION REQUIRED OF THE PROPOSER

1. Title page
2. Table of Contents
3. Profile of Proposer:
 - Where incorporated
 - Office of primary contact
 - Corporate status
4. Summary of qualifications
 - Biographies of staff to be assigned (not to be substituted except by prior approval of the Pension Board)
5. Client list of public retirement plans
6. List of Florida clients
7. Fees, costs and expenses – **Please specifically indicate what costs and expenses are proposed to be charged in addition to any flat fee amount.**
8. Services offered
9. Types of insurance you carry and limits of liability
10. **FOR YOUR INFORMATION**, Section 287.133, Florida Statutes, provides that a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

VI. EVALUATION OF PROPOSALS

Proposals will be evaluated using any method which best meets the needs of the City of St. Pete Beach General Employees' Retirement System which reserves the right to reject any or all proposals in its sole discretion. Evaluation criteria will include:

1. Responsiveness of the proposal
2. Technical experience of the firm
3. Experience and professional training
4. Fees
5. References

VII. ADDITIONAL INFORMATION

1. The Board will not be liable for any cost incurred in the preparation of proposals.
2. The submission of a proposal shall be prima facie evidence that the proposer has full knowledge of the scope, nature, quantity and quality of work to be performed, the detailed requirements of the specifications, and the conditions under which the work is to be performed.
3. The proposer shall furnish the Board such additional information as it may reasonably require.
4. The Board will not be liable for any costs which are not in the proposal or subsequently contracted for.
5. The Board reserves the right to conduct personal interviews with any or all proposers prior to selection. The Board will not be liable for any costs incurred by the Proposer in connection with such interview (including travel, accommodations, etc.)
6. The Board reserves the right to conduct precontract negotiations with any or all potential proposers.
7. The Board reserves the right to waive minor irregularities in the procedures.
8. To ensure fair consideration for all proposers, the Board prohibits communication to or with any City employee or Pension Board member during the submission process. Any questions relative to interpretation of specifications or the proposal process shall be addressed to the Attorney for the Pension Board, in writing, in

time before the period set for the receipt and opening of proposals. No inquiries, if received within five days of the date set for the opening of proposals, will be given any consideration. Any interpretation made to prospective proposers will be expressed in the form of a written addendum to the specifications which, if issued, will be sent to all prospective proposers no later than three days before the date set for receipt of proposals.

9. The Board reserves the right to reject any and all bids and has the right to waive any irregularities or informalities in a bid at anytime during the bidding process until a contract has been executed.
10. The award of the bid will be to the bidder whose bid, in the opinion of the Board, is the best bid, taking into consideration all aspects of the bidder's response, including the total net cost to the Board.
11. In the event that the bidder to whom the bid is tentatively awarded does not execute a contract within fifteen (15) days after notification of selection, the Board may give notice to such bidder of intent to award to the next most qualified bidder or to call for new bids, and may proceed to act accordingly.
12. **The Board of Trustees of the City of St. Pete Beach Police Officers' Retirement System and the City of St. Pete Beach Firefighters' Retirement System may also be seeking the services of an Administrator. The Boards normally meet on the same day, consecutively. Please provide any available fee concessions should both Boards elect to retain your services.**

VIII. MISCELLANEOUS

1. Please state whether you are willing to acknowledge that you are a fiduciary of the plan pursuant to Section 112.656, Florida Statutes.
2. Please state whether you agree that the agreement shall be construed under the laws of the state of Florida and federal law where applicable.
3. Please state whether you agree to venue for any judicial proceeding to be in the county in which the Board sits.

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IX. CONTACT PERSON FOR PENSION BOARD

Time is of the Essence! Submit Nine Copies of Your Proposal in Writing on or Before July 6, 2018; The Board **may** reject late proposals. Mail in a Sealed Envelope as Follows:

Proposal for Professional Plan Administration Services
City of St. Pete Beach General Employees' Retirement System
Ms. Rebecca Haynes, City Clerk
155 Corey Ave.
St. Pete Beach, Florida 33706

Any proposals received after that date shall be recorded as "late".

An electronic copy of this Request for Proposal can be requested by calling 941-377-2200.

Law Offices

Christiansen & Dehner, P.A.

63 Sarasota Center Blvd. Suite 107 Sarasota, Florida 34240 • 941-377-2200 • Fax 941-377-4848

July 10, 2017

Mr. Bill Palmer
St. Pete Beach General Employees' Retirement System
155 Corey Ave
St. Pete Beach, Florida 33706

Re: City of St. Pete Beach General Employees' Retirement System - Proposed Ordinance

Dear Mr. Palmer:

Enclosed please find a proposed ordinance amending the City of St. Pete Beach General Employees' Retirement System. With changes to the Internal Revenue Code (IRC) and its associated Regulations, as well as guidance from the Internal Revenue Service (IRS), the following amendments to the pension plan are proposed:

1. Section 66-26, Definitions, is being amended for IRC changes and requirements, to amend the definitions of:
 - a. Actuarial Equivalent - to amend the definition to incorporate the Mortality Table and interest rate currently being used by the plan's actuary
 - b. Credited Service - to clarify IRC regulations on leave conversions
 - c. Spouse - To clarify the definition in accordance with a recent US Supreme Court ruling
2. Section 66-27, Membership, has been amended to limit those individuals eligible to opt-out of the system, to comply with recent IRC Treasury Regulation requirements.
3. Section 66-101, Benefit amounts and eligibility, is being amended to change the Normal Retirement Date to include IRC required language regarding Normal Retirement Age and Normal Retirement Date.
4. Section 66-103, Disability, is being amended to more clearly identify those individuals who may be eligible to apply for a disability pension who have been terminated by the City due to medical reasons.

5. Section 66-108, Maximum Pension, has had several subsections amended to comply with IRC changes.
6. Section 66-113, Deferred Retirement Option Plan, is being amended in accordance with recent direction from the IRS in connection with the issuance of several recent Favorable Determination Letters to clarify investment returns on DROP accounts and add several sections clarifying the DROP provisions as required by the IRS.

We have also amended the provisions regarding when interest is calculated and paid, which will avoid a participant's forfeiture of interest accrued during the first or second month of the quarter should the member terminate DROP participation at the end of the first or second month of the quarter.

7. Section 66-114, Prior Government Service, subsection (5), is being amended to correct a reference.
8. Section 66-116, Benefits effective October 1, 2012, is being amended to change the Normal Retirement Date to include IRC required language regarding Normal Retirement Age and Normal Retirement Date.

By copy of this letter to the Board's actuary, Foster & Foster, Inc., I am requesting that they provide you with a letter indicating the cost, if any, associated with the adoption of this ordinance. Please provide a copy of the document to the members of the Board for review at the next meeting. If you have any questions with regard to this ordinance, please feel free to give me a call.

Yours very truly,



Scott R. Christiansen

SRC/ksh
enclosure

cc: Patrick Donlan, with enclosure

CITY OF ST. PETE BEACH, FLORIDA
Ordinance No. 2017-

AN ORDINANCE OF THE CITY OF ST. PETE BEACH, FLORIDA, AMENDING CHAPTER 66, PENSIONS AND RETIREMENT, ARTICLE II GENERAL EMPLOYEES' RETIREMENT SYSTEM, DIVISION 1, GENERALLY AND DIVISION 3, BENEFITS, OF THE CODE OF ORDINANCES OF THE CITY OF ST. PETE BEACH; AMENDING SECTION 66-26 DEFINITIONS, BY AMENDING THE DEFINITIONS OF "ACTUARIAL EQUIVALENT", "CREDITED SERVICE" AND "SPOUSE"; AMENDING SECTION 66-27, MEMBERSHIP; AMENDING SECTION 66-101, BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING SECTION 66-103, DISABILITY; AMENDING SECTION 66-108 MAXIMUM PENSION; AMENDING SECTION 66-113, DEFERRED RETIREMENT OPTION PLAN; AMENDING SECTION 66-114, PRIOR GOVERNMENT SERVICE; AMENDING SECTION 66-116, BENEFITS EFFECTIVE OCTOBER 1, 2012; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT HEREWITH, TO THE EXTENT OF SUCH CONFLICT; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF ST. PETE BEACH, FLORIDA:

SECTION 1: That Chapter 66, Article II General Employees' Retirement System, Division 1 Generally, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-26 Definitions, by amending the definitions of *Actuarial Equivalent*, *Credited Service* and *Spouse*, to read as follows:

* * *

Actuarial equivalent means a benefit or amount of equal value, based upon the RP 2000 Combined Healthy Unisex Mortality Table and an interest rate of ~~seven and three quarters percent per annum~~ equal to the investment return assumption set forth in the last actuarial valuation report approved by the board. This definition may only be amended by the city pursuant to the recommendation of the board using the assumptions adopted by the board with the advice of the plan's actuary, such that actuarial assumptions are not subject to city discretion.

* * *

Credited service means the total number of years and fractional parts of years of service as a general employee and member contributions to the plan from the date when contributions were first required, omitting intervening years or completed months when such member was not employed by the city as a general employee. A member may voluntarily leave his accumulated contributions in the fund for a period of five years after leaving the employ of the city pending the possibility of being reemployed as a general employee, without losing credit for the time that he was a member of the system. If a non-vested member is not reemployed as a general employee with the City of St. Pete Beach within five years, his accumulated contributions, if \$1,000.00 or less, will be returned. If a member who is not vested is not reemployed within five years, his accumulated contributions, if more than \$1,000.00, will be returned only upon the written request of the member and upon completion of a written election to receive a cash lump sum or to rollover the lump sum amount on forms designated by the board. If a vested member does not remain employed for a period of three

years after reemployment within five years, his accumulated contributions will be returned only upon his written request. However, the credited service shall not be deemed to be interrupted by and a member shall receive credited service for periods during which the member is on an authorized leave of absence for a period not to exceed one year, but only if the member deposits into the fund, within 90 days after his return, the same sum that he would have contributed if he had been a general employee during his absence, plus an amount of interest equal to the actuarial valuation interest rate assumption in effect on the date of redeposit, plus payment of costs for all professional services rendered to the board in connection with the purchase of the periods of credited service for authorized leave time.

Beginning January 1, 2009, to the extent required by section 414(u)(12) of the code, an individual receiving differential wage payments (as defined under section 3401(h)(2) of the code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

Leave conversions of unused accrued paid time off shall not be permitted to be applied toward the accrual of credited service either during each plan year of a member's employment with the city or in the plan year in which the member terminates employment.

* * *

Spouse means the lawful wife or husband of a member's or retiree's spouse under applicable law at the time benefits become payable.

* * *

SECTION 2: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-27 Membership, to read as follows:

(a) *Conditions of eligibility.* Conditions of eligibility of members in the general employees' retirement system shall be as follows:

- (1) All members of the system on September 2, 1992 shall continue participating under this article. Beginning October 1, 1992, all current and future new general employees shall become members of this system as a condition of employment unless they are employed as the city manager or as "department directors," as defined in the City St. Pete Beach Personnel Rules and Regulations Manual, and they elect not to participate, pursuant to subsection (2) below.
- (2) Notwithstanding paragraph (1) above, employees in positions characterized as "department directors" may, ~~by the later of April 15, 2005 or the end of the first payroll period following their date of hire upon employment,~~ notify the board and the city, in writing, of their election to not be a member of the system. This election is an irrevocable, one-time election. Current employees of the City are not eligible for the opt-out provided for herein. In the event of any such election, (i) they shall be barred from future membership in the system, (ii) and they shall become eligible for the city's deferred compensation plan under Internal Revenue Code Section 457(b). Contributions to the plan in accordance with section 66-69 shall not be required, they shall not be eligible to be elected as a member trustee on the board or vote for a member trustee, and they shall not be eligible for any other benefits from the plan. ~~and (iii) any accumulated employee and employer contributions (for which it shall be assumed that there was an employer contribution equal to 12 percent of each~~

~~participant's compensation for each year of participation, prorated based on the number of months of actual participation, and on which no earnings, gains or losses shall be applied) made after employment and prior to opting out shall be transferred to that deferred compensation plan upon completion by the employee of the necessary administrative forms. In no event will the total amounts transferred for any member opting out of the system be in excess of the actuarially determined amount that would result in any additional costs to the system. Deferred compensation plan participants shall be 100 percent vested in all such transferred amounts unless otherwise provided in the recipient plan, and notwithstanding anything in this plan to the contrary.~~

- (3) Notwithstanding paragraph (1) above, employees in positions classified in the St. Pete Beach Personnel Rules and Regulations Manual as "Managerial," "Administrative," "professional," or "supervisory" (commonly referred to as "MAPS employees") may, by the later of March 30, 2007 or the end of the first month following their date of hire upon employment, notify the board and the city, in writing of their election to ~~cease or elect~~ opt out of participation in this plan. Current employees of the City are not eligible for the opt-out provided for herein. In the event of any such election, he shall be barred from future membership in the system. Contributions to the plan in accordance with section 66-69 shall not be required, he shall not be eligible to be elected as a member trustee on the board or vote for a member trustee, and he shall not be eligible for any other benefits from the plan.

~~a. MAPS employees who are active participants in this plan and who elect to opt out of this plan shall have the opportunity to make an irrevocable, one-time election to transfer assets into the city's money purchase plan. Such an election will result in any accumulated employee and employer contributions (for which it shall be assumed that there was an employer contribution equal to ten percent of each participant's compensation for each year of participation, prorated based on the number of months of actual participation, and on which no earnings, gains or losses shall be applied) made after employment and prior to opting out being transferred to that money purchase plan upon completion by the employee of the necessary administrative forms. In no event will the total amount transferred for any member opting out of the system be in excess of the actuarially determined amount that would result in any additional cost to the system. Money purchase plan participants shall be 100 percent vested in all such transferred amounts unless otherwise provided in the recipient plan, and notwithstanding anything in the system to the contrary, such participants shall have no further rights to any benefits under this plan.~~

~~b. Any and all elections under this section shall be effective on the first of the month following the date of the election.~~

~~c. Failure to make an election shall be treated as a deemed election to continue participating in the system and to keep such assets in the system. Any MAPS employees who elect to transfer into the money purchase plan, but who do not elect to transfer plan assets into the money purchase plan shall continue to earn service credit under the system for vesting purposes, but shall not earn additional service credit for benefit accrual purposes.~~

~~d. Former MAPS employees who are retired are not eligible to make this election. MAPS employees who are participating in the DROP as of the effective date of this section are treated as retirees under this plan, which~~

~~means that such individuals are not entitled to elect to transfer funds into the money purchase pension plan.~~

* * *

SECTION 3: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-101 Benefit amounts and eligibility, subsection (a) *Normal retirement date*, to read as follows:

~~(a) *Normal retirement date.* Under this article, a member's normal retirement date for members who retired, entered the DROP or terminated employment with the right to a deferred vested benefit prior to October 1, 2012; and members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be the first day of the month coincident with or next following the earlier of the attainment of age 55 years, regardless of years of credited service, or the completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100 percent vested in his accrued benefit on the member's normal retirement date.~~

(a) *Normal retirement age and date.* Under this article, a member's normal retirement date for members who retired, entered the DROP or terminated employment with the right to a deferred vested benefit prior to October 1, 2012; and members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be the earlier of the attainment of age 55 years, regardless of years of credited service, or the completion of 25 years of credited service, regardless of age. Each member shall become one hundred percent (100%) vested in his accrued benefit at normal retirement age. A member's normal retirement date shall be the first day of the month coincident with or next following the date the member retires from the city after attaining normal retirement age.

Normal retirement under the system is retirement from employment with the city on or after the normal retirement date. The normal retirement date for members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date, and members hired on or after October 1, 2012, shall be as provided in section 66-116; provided, members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date shall be eligible to receive their frozen accrued benefit through September 30, 2012 upon attaining age 55 or 25 years of credited service, and terminating city employment.

* * *

SECTION 4: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-103 Disability, subsection (a) *Generally*, to read as follows:

(a) *Generally.* Any member with ten years or more credited service who shall become totally and permanently disabled to the extent that he is unable, because of a medically determinable physical or mental impairment, to render useful and efficient service as a general employee shall, upon establishing the same to the satisfaction of the board, be entitled to a monthly pension equal to two and one-quarter percent of his average final compensation multiplied by his total years of credited service. Terminated persons, either vested or nonvested, are not eligible for disability benefits, ~~except that those terminated by the city for medical reasons may apply for a disability within 30 days after termination.~~ Notwithstanding the previous sentence, if a member is terminated by the city for medical reasons, the terminated person may apply for a disability benefit if the application is filed with the board within thirty (30) days from the date of termination. If a timely application is received, it shall be processed and the terminated person shall be eligible to receive

a disability benefit if the board otherwise determines that he is totally and permanently disabled as provided for above.

* * *

SECTION 5: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-108 Maximum Pension, to read as follows:

* * *

(f) ~~Less than Ten (10) Years of Participation or Service.~~ The maximum retirement benefits payable under this section to any member who has completed less than ten (10) years of ~~credited service with the City participation~~ shall be the amount determined under subsection (a) of this section multiplied by a fraction, the numerator of which is the number of the member's years of ~~credited service participation~~ and the denominator of which is ten (10). The reduction provided by this subsection cannot reduce the maximum benefit below 10% of the limit determined without regard to this subsection. The reduction provided for in this subsection shall not be applicable to pre-retirement disability benefits paid pursuant to Sec. 66-103 or pre-retirement death benefits paid pursuant to Sec. 66-102.

* * *

(l) *Additional Limitation on Pension Benefits.* Notwithstanding anything herein to the contrary:

- (2) No member of the system shall be allowed to receive a retirement benefit or pension which is in part or in whole based upon any service with respect to which the member is already receiving, or will receive in the future, a retirement benefit or pension from a different employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter ~~67~~ 1223, Title 10, U.S. Code.

(m) Effect of direct rollover on 415(b) limit. If the plan accepts a direct rollover of an employee's or former employee's benefit from a defined contribution plan qualified under Code Section 401(a) which is maintained by the employer, any annuity resulting from the rollover amount that is determined using a more favorable actuarial basis than required under Code Section 417(e) shall be included in the annual benefit for purposes of the limit under Code Section 415(b).

SECTION 6: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-113 Deferred retirement option plan, to read as follows:

Sec. 66-113. Deferred retirement option plan.

- (a) *Definitions.* As used in this section 66-113, the following definitions apply:¹¹
- (1) *DROP* means the City of St. Pete Beach General Employees' Deferred Retirement Option Plan.
- (2) *DROP account* means the account established for each DROP participant under subsection (c).
- (3) "Total return of the assets" -- For purposes of calculating earnings on a member's DROP account pursuant to subsection (c)(2)b.2., for each fiscal year quarter, the

percentage increase (or decrease) in the interest and dividends earned on investments, including realized and unrealized gains (or losses), of the total Plan assets.

- (b) *Participation.*
 - (1) *Eligibility to participate.* In lieu of terminating his employment as a general employee, any member who is eligible for normal retirement under section 66-101(a), of the system may, prior to October 1, 2012, elect to defer receipt of such service retirement pension and to participate in the DROP. Notwithstanding any other provision of this section, the DROP shall be closed to new participants effective October 1, 2012, and no member may enter the DROP on or after that date; provided, a member who is employed on September 30, 2012 and has attained age 55 or 25 years of credited service on that date may enter and participate in the DROP on or after October 1, 2012 in accordance with the provisions of this section.
 - (2) *Election to participate.* A member's election to participate in the DROP must be made in writing in a time and manner determined by the board and shall be effective on the first day of the first calendar month which is at least 15 business days after it is received by the board.
 - (3) *Period of participation.* A member who elects to participate in the DROP under subsection (b)(2), shall participate in the DROP for a period not to exceed 60 months beginning at the time his election to participate in the DROP first becomes effective. An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the city not later than the date provided for in the previous sentence. A member may participate only once.
 - (4) *Termination of participation.*
 - a. A member's participation in the DROP shall cease at the earlier of:
 - 1. The end of his permissible period of participation in the DROP as determined under subsection (b)(3); or
 - 2. Termination of his employment as a general employee.
 - b. Upon the member's termination of participation in the DROP, pursuant to subsection 1. above, all amounts provided for in this subsection (c)(2), including monthly benefits and investment earnings or losses or interest, as applicable, shall cease to be transferred from the system to his DROP account. Any amounts remaining in his DROP account shall be paid to him in accordance with the provisions of subsection (d) when he terminates his employment as a general employee.
 - c. A member who terminates his participation in the DROP under subsection (b)(4) shall not be permitted to again become a participant in the DROP.
 - (5) *Effect of DROP participation on the system.*
 - a. A member's credited service and his accrued benefit under the system shall be determined on the date his election to participate in the DROP first becomes effective. The member shall not accrue any additional credited service or any additional benefits under the system (except for any additional benefits provided under any cost-of-living adjustment in the system) while he is a participant in the DROP. After a member commences participation,

he shall not be permitted to again contribute to the system, nor shall he be eligible for disability, nor shall his estate or beneficiary be eligible for pre-retirement death benefits.

- b. No amounts shall be paid to a member from the system while the member is a participant in the DROP. Unless otherwise specified in the system, if a member's participation in the DROP is terminated other than by terminating his employment as a general employee, no amounts shall be paid to him from the system until he terminates his employment as a general employee. Unless otherwise specified in the system, amounts transferred from the system to the member's DROP account shall be paid directly to the member only on the termination of his employment as a general employee.

(c) *Funding.*

- (1) *Establishment of DROP account.* A DROP account shall be established for each member participating in the DROP. A member's DROP account shall consist of amounts transferred to the DROP under subsection (c)(2), and earnings or interest on those amounts.

(2) *Transfers from retirement system.*

- a. As of the first day of each month of a member's period of participation in the DROP, the monthly retirement benefit he would have received under the system had he terminated his employment as a general employee and elected to receive monthly benefit payments thereunder shall be transferred to his DROP account, except as otherwise provided for in subsection (b)(4)b. A member's period of participation in the DROP shall be determined in accordance with the provisions of subsections (b)(3) and (b)(4), but in no event shall it continue past the date he terminates his employment as a general employee.

- b. Except as otherwise provided in subsection (b)(4)b., a member's DROP account under this subsection (c)(2) shall be debited or credited ~~after each fiscal year quarter~~ with either:

- 1. Interest at an effective rate of seven and one-half percent per annum compounded monthly determined on the last business day of the prior month's ending balance and credited to the member's DROP account as of such date (to be applicable to all current and future DROP participants); or
- 2. Earnings, to be credited or debited to the member's DROP account, determined as of the last business day of each fiscal year quarter and debited or credited as of such date, determined as follows:

The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the actual net rate of investment return realized by the system for that quarter. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the member's DROP account is invested by the board net of brokerage commissions, transaction costs and management fees.

For purposes of calculating earnings on a member's DROP account pursuant to this subsection (c)(2)b.2., brokerage commissions, transaction costs, and management fees shall be

determined for each quarter by the investment consultant pursuant to contracts with fund managers as reported in the custodial statement. The investment consultant shall report these quarterly contractual fees to the board. The investment consultant shall also report the net investment return for each manager and the net investment return for the total plan assets.

Upon electing participation in the DROP, the member shall elect to receive either interest or earnings on his account to be determined as provided above. The member may, in writing, elect to change his election only once during his DROP participation. An election to change must be made prior to the end of a quarter and shall be effective beginning the following quarter.

- c. A member's DROP account shall only be credited or debited with earnings or interest and monthly benefits while the member is a participant in the DROP. A member's final DROP account value for distribution to the member upon termination of participation in the DROP shall be the value of the account at the end of the quarter immediately preceding termination of participation for participants electing the net plan return and at the end of the month immediately preceding termination of participation for participants electing the flat interest rate return, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter or month, as applicable, and prior to distribution. If a member is employed by the city as a general employee after participating in the DROP for the permissible period of DROP participation, then beginning with the member's first month of employment following the last month of the permissible period of DROP participation, the member's DROP account will no longer be credited or debited with earnings or interest, nor will monthly benefits be transferred to the DROP account. All such non-transferred amounts shall be forfeited and continue to be forfeited while the member is employed by the city as a general employee. A member employed by the city as a general employee after the permissible period of DROP participation will still not be eligible for disability benefits, nor shall his estate or beneficiary be eligible for pre-retirement death benefits, nor will he accrue additional credited service.

(d) *Distribution of DROP accounts on termination of employment.*

- (1) *Eligibility for benefits.* A member shall receive the balance in his DROP account in accordance with the provisions of this subsection (d) upon his termination of employment as a general employee. Except as provided in subsection (d)(5), no amounts shall be paid to a member from the DROP prior to his termination of employment as a general employee.

(2) *Form of distribution.*

- a. Unless the member elects otherwise, distribution of his DROP account shall be made in a cash lump sum. A member may elect, in such time and manner as the board shall prescribe, to receive ~~an~~ the optional form of benefit described below.
 - 1. Until the value of the member's DROP account is completely depleted, payments in approximately equal quarterly or annual installments over a period, designated by the member, not to exceed the life expectancy of the last survivor of the member and his beneficiary. In the event that the member dies before all installments

have been paid, the remaining balance in his DROP account shall be paid in an immediate cash lump sum to his beneficiary, or if none is designated, then to the member's estate.

2. The purchase of a nonforfeitable fixed annuity payable in such form as the member may elect. Elections under this clause 2. shall be in writing and shall be made in such time or manner as the board shall determine.
- b. Notwithstanding the preceding, if a member dies before his benefits commence, his DROP account shall be paid to his beneficiary in such optional form as his beneficiary may select. If no beneficiary designation is made, the DROP account shall be distributed to the member's estate.
- (3) *Date of payment of distribution.* Except as otherwise provided in this subsection (d), distribution of a member's DROP account shall begin as soon as administratively practicable following the member's termination of employment. Distribution of the amount in a member's DROP account will not be made unless the member completes a written request for distribution and a written election, on forms designated by the board, to either receive a cash lump sum or a rollover of the lump sum amount.
- (4) *Proof of death and right of beneficiary or other person.* The board may require and rely upon such proof of death and such evidence of the right of any beneficiary or other person to receive the value of a deceased member's DROP account as the board may deem proper and its determination of the right of that beneficiary or other person to receive payment shall be conclusive.
- (5) *Distribution limitation.* Notwithstanding any other provision of subsection (d), all distributions from the DROP shall conform to the "minimum distribution of benefits" provisions as provided for herein.
- (6) *Direct rollover of certain distributions.* This subsection applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the DROP to the contrary, a distributee may elect to have any portion of an eligible rollover distribution paid in a direct rollover as otherwise provided under the system in section 66-110.
- (e) *Administration of DROP.*
 - (1) *Board administers the DROP.* The general administration of the DROP, the responsibility for carrying out the provisions of the DROP and the responsibility of overseeing the investment of the DROP's assets shall be placed in the board. The members of the board may appoint from their number such subcommittees with such powers as they shall determine; may adopt such administrative procedures and regulations as they deem desirable for the conduct of their affairs; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, actuarial and consulting services as they may require in carrying out the provisions of the DROP; and may allocate among themselves or delegate to other persons all or such portion of their duties under the DROP, other than those granted to them as trustee under any trust agreement adopted for use in implementing the DROP, as they, in their sole discretion, shall decide. A trustee shall not vote on any question relating exclusively to himself.

- (2) *Individual accounts, records and reports.* The board shall maintain, or cause to be maintained, records showing the operation and condition of the DROP, including records showing the individual balances in each member's DROP account, and the board shall keep, or cause to be kept, in convenient form such data as may be necessary for the valuation of the assets and liabilities of the DROP. The board shall prepare or cause to be prepared and distributed to members participating in the DROP and other individuals or filed with the appropriate governmental agencies, as the case may be, all necessary descriptions, reports, information returns, and data required to be distributed or filed for the DROP pursuant to the Code, the applicable portions of the Act and any other applicable laws.
- (3) *Establishment of rules.* Subject to the limitations of the DROP, the board from time to time shall establish rules for the administration of the DROP and the transaction of its business. The board shall have discretionary authority to construe and interpret the DROP (including but not limited to determination of an individual's eligibility for DROP participation, the right and amount of any benefit payable under the DROP and the date on which any individual ceases to be a participant in the DROP). The determination of the board as to the interpretation of the DROP or its determination of any disputed questions shall be conclusive and final to the extent permitted by applicable law. The board shall also oversee the investment of the DROP'S assets.
- (4) *Limitation of liability.*
- a. The trustees shall not incur any liability individually or on behalf of any other individuals for any act or failure to act, made in good faith in relation to the DROP or the funds of the DROP.
 - b. Neither the board nor any trustee of the board shall be responsible for any reports furnished by any expert retained or employed by the board, but they shall be entitled to rely thereon as well as on certificates furnished by an accountant or an actuary, and on all opinions of counsel. The board shall be fully protected with respect to any action taken or suffered by it in good faith in reliance upon such expert, accountant, actuary or counsel, and all actions taken or suffered in such reliance shall be conclusive upon any person with any interest in the DROP.
- (f) *General provisions.*
- (1) The DROP is not a separate retirement plan. Instead, it is a program under which a member who is eligible for normal retirement under the system may elect to accrue future retirement benefits in the manner provided in this section 66-108 for the remainder of his employment, rather than in the normal manner provided under the plan. Upon termination of employment, a member is entitled to a lump sum distribution of his or her DROP account balance or may elect a rollover. The DROP account distribution is in addition to the member's monthly benefit.
- (2) Notional account. The DROP account established for such a member is a notional account, used only for the purpose of calculation of the DROP distribution amount. It is not a separate account in the system. There is no change in the system's assets, and there is no distribution available to the member until the member's termination from the DROP. The member has no control over the investment of the DROP account.
- (3) No employer discretion. The DROP benefit is determined pursuant to a specific formula which does not involve employer discretion.

- (4) IRC limit. The DROP account distribution, along with other benefits payable from the system, is subject to limitation under Internal Revenue Code Section 415(b).
- (+ 5) *Amendment of DROP.* The DROP may be amended by an ordinance of the city at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the DROP. However, except as otherwise provided by law, no amendment shall make it possible for any part of the DROP's funds to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the DROP. No amendment shall be made which has the effect of decreasing the balance of the DROP account of any member.
- (2 6) *Facility of payment.* If the board shall find that a member or other person entitled to a benefit under the DROP is unable to care for his affairs because of illness or accident or is a minor, the board may direct that any benefit due him, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides. Any payment so made shall be a complete discharge of the liabilities of the DROP for that benefit.
- (3 7) *Information.* Each member, beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the DROP, shall file with the board the information that it shall require to establish his rights and benefits under the DROP.
- (4 8) *Prevention of escheat.* If the board cannot ascertain the whereabouts of any person to whom a payment is due under the DROP, the board may, no earlier than three years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person, as shown on the records of the board or the city. If such person has not made written claim therefor within three months of the date of the mailing, the board may, if it so elects and upon receiving advice from counsel to the DROP, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the DROP. Upon such cancellation, the DROP shall have no further liability therefor except that, in the event such person or his beneficiary later notifies the board of his whereabouts and requests the payment or payments due to him under the DROP, the amount so applied shall be paid to him in accordance with the provisions of the DROP.
- (5 9) *Written elections, notification.*
- a. Any elections, notifications or designations made by a member pursuant to the provisions of the DROP shall be made in writing and filed with the board in a time and manner determined by the board under rules uniformly applicable to all employees similarly situated. The board reserves the right to change from time to time and manner for making notifications, elections or designations by members under the DROP if it determines after due deliberation that such action is justified in that it improves the administration of the DROP. In the event of a conflict between the provisions for making an election, notification or designation set forth in the DROP and such new administrative procedures, those new administrative procedures shall prevail.
 - b. Each member or retiree who has a DROP account shall be responsible for furnishing the board with his current address and any subsequent changes in his address. Any notice required to be given to a member or retiree hereunder shall be deemed given if directed to him at the last such address given to the board and mailed by registered or certified United States mail. If any check

mailed by registered or certified United States mail to such address is returned, mailing of checks will be suspended until such time as the member or retiree notifies the board of his address.

(6 10) *Benefits not guaranteed.* All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the city nor the board shall have any duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law.

(7 11) *Construction.*

a. The DROP shall be construed, regulated and administered under the laws of Florida, except where other applicable law controls.

b. The titles and headings of the subsections in this section 66-113 are for convenience only. In the case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

(8 12) *Forfeiture of retirement benefits.* Nothing in this section shall be construed to remove DROP participants from the application of any forfeiture provisions applicable to the system. DROP participants shall be subject to forfeiture of all retirement benefits, including DROP benefits.

(9 13) *Effect of DROP participation on employment.* Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.

SECTION 7: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-114 Prior government service, subsection (5), to read as follows:

(5) In no event, however, may credited service be purchased pursuant to this section for prior service with any other governmental agency, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in section 66-108, subsection (1)(2).

SECTION 8: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-116 Benefits Effective October 1, 2012, subsection (b) *Benefit amounts and eligibility*, (1) *Normal retirement date*, to read as follows:

(b) (1) *Normal retirement date.* A member's normal retirement date shall be the first day of the month coincident with or next following the earlier of the attainment of age 60 and completion of 10 years of credited service, or 30 years of credited service regardless of age. Provided, a member with 10 or more years of credited service on September 30, 2012 shall be eligible for normal retirement at age 55 or upon completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100 percent vested in his accrued benefit on the member's normal retirement date. Normal retirement under the system is retirement from employment with the city on or after the normal retirement date.

Normal retirement age and date. A member's normal retirement age is the earlier of the attainment of age 60 and completion of 10 years of credited service, or 30 years of credited service regardless of age. Provided, a member with 10 or more years of credited service on September 30, 2012 shall be eligible for normal retirement at age 55 or upon completion of 25 years of credited service, regardless of age. Each member shall become one hundred percent (100%) vested in his accrued benefit at normal retirement age. A member's normal retirement date shall be the first day of the month coincident with or next following the date the member retires from the city after attaining normal retirement age.

* * *

SECTION 9: Codification.

This Ordinance shall be codified in the Code of Ordinances of the City of St. Pete Beach.

SECTION 10: Severability.

If any portion, part or section of this ordinance is declared invalid, the valid remainder hereof shall remain in full force and effect.

SECTION 11: Repeal of Ordinances in Conflict.

All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 12: Effective Date.

This ordinance shall become effective immediately upon final passage as provided by law.

Alan Johnson, Mayor

FIRST READING : _____

PUBLISHED : _____

SECOND READING : _____

PUBLIC HEARING : _____

I, Rebecca Haynes, City Clerk of the City of St. Pete Beach, Florida, do hereby certify that the foregoing Ordinance was duly adopted in accordance with the provisions of applicable law this _____ day of _____, 2017.

Rebecca Haynes, City Clerk

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PUBLISHED : _____

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PUBLIC HEARING : _____

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Rebecca Haynes, City Clerk

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