St. Pete Beach Police Pension Board

155 Corey Avenue, St. Pete Beach, FL 33706

Agenda for the special meeting at 10:30 AM on Thursday, January 16, 2013

1. Call To Order and Roll Call

2. Approval of December 4, 2013 Minutes (Attachment "A")

3. Public Comment

4. Authorization of payments

   - Bogdahn Group Invoice December 16, 2013 in the amount of $3,800 (Attachment "B")
   - Salem Trust Acknowledgement of deducted fee of $2,182.50 for the period 1Jul-30Sep13 (Attachment "C")

5. Open Board Position.

   Keith Jacobus has resigned from the board due to a potential regulatory concern raised by his employer. His letter is Attachment "D".

6. Foster and Foster

   - Actuarial Valuation Report as of October 1, 2013 (Revised January 7, 2014)
   - Proposal for a Plan Census at a cost of $300 (Attachment "E")

7. Review of Bogdahn First Quarter Report.

8. Review of vendors, starting with legal services. (Chairman Rogers)

9. Correspondence and actions since the last meeting

   - December 10, 2013 letter from Chainman Rogers to Mayor McFarlin and the city commission concerning progress made by the plan, as reflected in the October 1, 2013 Actuarial Valuation Report. (Attachment "F")
   - December 16, 2013 letter from Florida Division of Retirement Actuary Joseph Edmunds addressed to "Steven E. Stewart", Chairman, City of St. Pete Beach, Police Officers Retirement Plan, accepting the plan's 10/1/2012, 10/1/2011 and 10/1/2010 Actuarial Valuations. The letter mentions the 7.75% interest assumption and the 5.0% salary assumption. (Attachment "G")
   - US Department of Commerce request for plan to participate in their "Annual Survey of Public Pensions."
   - Secretary Lange signed the authorization for distribution of "Share" money to Jason Jackson.

10. Old Business.

11. New Business or Discussion

Adjourn

(Continues on following page.)

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VERBATIM RECORD:

PLEASE NOTE: IN ACCORDANCE WITH FLORIDA STATUTE 286.0105: ANY PERSON WHO DESIRES TO APPEAL ANY DECISION AT THIS MEETING WILL NEED A RECORD OF THE PROCEEDINGS AND FOR THIS PURPOSE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE WHICH INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS BASED.

ADA COMPLIANCE:

IN ACCORDANCE WITH FLORIDA STATUTE 286.26: PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE OFFICE OF THE CITY CLERK, **(PUT ADDRESS AND PHONE NUMBER)**, 48 HOURS IN ADVANCE OF THE MEETING.

POLICE PENSION BOARD MINUTES

DECEMBER 4, 2013

SPECIAL MEETING

8:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Bob Rogers, Chairman
Tom Lange, Member
Keith Jacobus, Member
Jerry Gorup, Member
James Baugher, Member

ALSO PRESENT:

Mary Jo Murphy, Recording Secretary
Patrick Donlan, Foster & Foster, Inc.

1. **Call to Order and Roll Call**

5. **Foster & Foster**

Chairman Rogers explained that the purpose of the meeting was to review the annual report from the Actuary, Patrick Donlan. The actuary report informs the Board the funding position they are in and reflects the ability to pay the benefits to the people covered by the plan.

Patrick Donlan presented the Actuarial Valuation Report as of October 1, 2013 to the Board and reported that the past year had been favorable. The primary components of Mr. Donlan's summary included the following: larger than expected retiree mortality, lower than expected Salary Increases and a 10.2 % investment return that exceeded the 7.75% assumed rate.

There was Board discussion with reference to the clerical mistake of overpaid contributions for the Member refund calculations. Chairman Rogers recommended the Board abstain from collecting the money in the amount of $2,328.36.

Member Jacobus made a motion that the overpaid contributions referenced in the memo dated November 12, 2013 to Carl Carnes from Sara Baumer

not be subject to any clawback by the City. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

2. **Approval of October 17, 2013 Minutes (Attachment "A")**

Member Gorup made a motion to approve the minutes of October 17, 2013 as written. The motion was seconded by Member Lange and unanimously approved by a voice vote.

3. **Public Comment**

There were no public comments.

4. **Authorization of Payments**

Member Lange explained the invoices to the Board and suggested paying all of the outstanding amounts that are due under item No. 4.

- Anchor Capital Management Invoice October 1, 2013 in the amount of $2,201.02 (Attachment "B")
- Cutwater Asset Management Invoice # 473-ISC-TRSA in the amount of $2,447.80 (Attachment "C")
- Christiansen & Dehner Invoice # 23972 in the amount of $753.39 (Attachment "D")

Chairman Rogers voiced an opinion in opposition to the payment of expenses for the Board's attorney. There was Board discussion in reference to reviewing all vendors.

Member Gorup made a motion to pay the following outstanding bills: Attachments B, C, and D. The motion was seconded by Member Baugher and unanimously approved by a voice vote.

Chairman Rogers suggested to begin the review of vendors with legal counsel and to have this topic as an agenda item at the next meeting. Mr. Lange stated he would post current contracts on the website and any desired RFP form should be brought forward for discussion.

6. **Correspondence and actions since the last meeting**

- City Of St. Pete Beach Ordinance 2013-24 amending Chapter 66, Pensions and Retirement, to comply with changes to the Internal Revenue Code and reflect mortality table and interest rate currently used by the plan's actuary; along with correspondence by the city and the actuary that relate to the ordinance's submission to the State Division of Retirement. (Attachment "E")

Member Lange stated that Attorney Dehner prepared Ordinance 2013-24 and sent it to the City for review. The City passed Ordinance 2013-24. Mr. Lange informed the Board that he attached this document for information purposes and it requires no action from the Board.

Mr. Lange stated he would include on the next regular meeting's agenda copies of letters explaining how to distribute new contributions into investment accounts.

7. Old Business

There was Board discussion in reference to having Tyler Grumbles from Bogdahn rebalance the Board's portfolio. The Board was in agreement of informing Bogdahn about the positive review by the Board about Mr. Grumbles' presentation.

8. New Business or Discussion

In an effort to cut expenses, Member Lange suggested having Bogdahn produce an executive summary as opposed to the cost for a personal presentation at the regular meetings.

Member Lange mentioned the previous difficulty of renewing the liability insurance. Therefore, Member Lange posed a question as to whether there may be a mechanism in which the City could add the Board's liability to their own liability policy and charge the Board a fee. Member Lange suggested seeking legal counsel in regard to the suggestion. After Board discussion it was suggested to have all three boards look into this issue together and possibly have one carrier cover all three plans. Chairman Rogers directed Member Lange to put this issue on the agenda for the next meeting.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at 9:50 a.m.

Attest:

____________________________ ____________________________

Rebecca C. Haynes, City Clerk — Bob Rogers, Chairman

Minutes approved on: ________________

THE BOGDAHN GROUP

4901 Vineland Rd Suite 600 Orlando, FL 32811

Invoice

Date	Invoice #
12/16/2013	9849

Bill To
City of St Pete Beach Police Department Police Officers' Retirement Sytem Email: Tom Lange, Secretary Bob Rogers, Chairman

Description	Amount
Performance Evaluation and Consulting Services 10/1/13 - 12/31/13 Happy Holidays from The Bogdahn Group!	3,800.00
Balance Due	$3,800.00

[Attachment "B"]

SALEM TRUST
COMPANY

November 20, 2013

Thomas Lange
Police Pension Board Secretary
City of St Pete Beach
155 Corey Avenue
St. Pete Beach, FL 33706

St. Pete Beach Police

Fee Advice for Period **July 1, 2013** to **September 30, 2013**

Detail of Calculation:

			Annual Fee	Quarterly Fee
Flat Fee	$		9,700.00	$2,425.00
	Fee Discount			($242.50)
	TOTAL DUE			**$2,182.50**

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

DEERFIELD BEACH TAMPA
1715 N. WESTSHORE BLVD., SUITE 750 TAMPA, FL 33607 TEL (877) 382-5268 FAX (813)301-1295
www.salemtrust.com

SALEM TRUST
COMPANY

November 26, 2013

RE: Fee invoice for third quarter, 2013

As we did previously for the second quarter, Salem Trust is invoking the SALEM TRUST SERVICE PLEDGE in response to third quarter statements being delayed. We have discounted your quarterly invoice for services ending on September 30, by 10% of the total cost. Our commitment to you is to serve your needs with the degree of excellence clients have learned to expect from us over the last ten years, and to always be accountable if we do not.

Our new system is operating well. Our processing volume in October, 2013, consisted of approximately 16,500 security trades, requiring substantially less manual intervention to correct trades that used incorrect instructions. October's trade volume and level of manual intervention approximate our normal historic monthly levels.

When a company experiences unexpected issues that have an adverse impact on clients, the character of the company is revealed by how they respond to correct the problem and make amends. We will continue to work hard to prove that Salem Trust is the best choice for reliable, accurate and personalized care.

Regards,

Brad Rinsem

Bradley K. Rinsem, President & Chief Executive Officer

DEERFIELD BEACH TAMPA

455 FAIRWAY DRIVE, SUITE 103 • DEERFIELD BEACH, FL 33441 • TEL (877) 382-5268 • FAX (954) 725-4493

www.salemtrust.com

January 3, 2013

Mr. Robert Rogers
Chair, St. Pete Beach Police Pension Board
6467 First Palm Point
St. Pete Beach, FL 33706

Dear Bob,

Due to regulatory concerns by my employer, Merrill Lynch, I must regretfully resign my position on the St. Pete Beach Police Pension Board effective immediately.

Working with you and each of the Board members has been a most enjoyable experience and I am saddened to have to leave. I am pleased and proud, however, to depart from this Board with the Pension Plan in a much better financial position and with brighter prospects for the future.

If I can be of any assistance during the time it will take to fill the position, please do not hesitate to call or contact me.

Best Regards,

Keith L. "Jake" Jacobus
6411 4th Palm Point
St. Pete Beach, FL 33706

[Attachment "D"]

				Retirees						
		Date of	Name of		10/1/2013	Optional Form	Eligible for	Date of		
Name	Date of Birth	Retirement	Beneficiary	Date of Birth	Monthly Benefit	of Payment	COLA	first COLA		
[redacted]	6/30/1959	10/1/2004	Karen Cioce	11/6/1957	2,541.97	10 Year Certain & Life	Yes	10/1/2014		
				DROP Members						
									Projected	Projected
		Date of	Name of		10/1/2013	Optional Form	Eligible for	Date of	DROP	DROP
Name	Date of Birth	Retirement	Beneficiary	Date of Birth	Monthly Benefit	of Payment	COLA	first COLA	End Date	Distribution
[redacted]	8/25/1956	9/1/2011	Lauara Vaughan	12/3/1963	4,512.12	10 Year Certain & Life	Yes	10/1/2018	8/31/2016	323,241
				Terminated Vested						
		Date of	Normal	Projected						
Name	Date of Birth	Termination	Retirement Date	Monthly Benefit						
[redacted]	9/1/1969	10/1/2004	9/1/2016	1,249.32						
				Refunds Yet to be Paid						
		Date of	Amount							
Name	Date of Birth	Termination	Due							
Hapworth, Vanessa	1/17/1984	10/25/2006	1,049.59							
				Active Members						
			Normal	Projected	Normal	Projected				
			Retirement Date	Monthly Benefit	Retirement Date	Monthly Benefit				
Name	Date of Birth	Date of Hire	Frozen Piece	Frozen Piece	Future Piece	Future Piece				
[redacted]	9/19/1971	4/11/1994	5/1/2019	4,127.00	5/1/2019	561.00				

[Attachment "E"]

Mayor Steve McFarlin, City Commission, City Manager
155 Corey Ave.
St. Pete Beach, FL 33706

Dear Mayor McFarlin and City Commission,

The Police Pension Board is pleased to report the findings of the Actuary's annual report and to provide an understanding of recent actions taken by the board. You are well aware of the under performance of the plan over a multiple year period. The 15 year period ending in 9/30/2011 had an average investment return of 5.7% which was substantially below the expected return of 8.5%. The result was a plan which was 55% funded and was in the bottom quartile of performance compared to other city pension plans in Florida. A pension plan under 80% funded is considered problematic; our fund at 55% was dangerously underfunded and was a threat to the fiscal health of our City. The board had begun to take action in late 2010 and in 2011 a significant restructuring of the portfolio was undertaken. The growth assumption was reduced to 7.75% which is in line with the Florida Retirement System accepted assumption. The reexamination of the portfolio resulted in changes to our investment managers including moving 50% of our equities to a very low cost Vanguard institutional fund and a rebalancing of the fixed income to equity investments. The Board's objectives have been to reduce expenses and to select the best fund managers to achieve prudent and sustainable performance.

The Commission's confidence in the Police Pension Board's management as embodied in the decision to provide greater funding than required has compounded into a very strong performance. The very favorable equity market conditions over the last two years along with careful expense management has improved our current funded ratio from the previously mentioned 55% to 71%. In absolute dollars we have reduced our unfunded Liability from $7,544,406 in 2011 to $4,294,975 current year. This is an improvement of $3,249,431 in funding for the police officers' earned pensions. It is projected that by year end 2014 all the remaining four police officers will have either retired or will be terminated and vested for retirement. At that time there will be no officers accruing additional benefits and the City's police pension liability will be frozen. The net actuarial assets available to pay benefits are $10,679,904. Because of relentlessly challenging market conditions, it is realistic to expect it will take more than twenty years for the plan to be fully funded. The timeframe for a fully funded plan probably will be reduced if in the future the city is able to contribute more than that required by the annual actuarial computations.

Thank you for your continuing confidence and patience. The Police Pension Board is working diligently to achieve the goal of a fully funded police pension plan.

Yours very truly,

R M Rogers

Robert M. Rogers Chair, Police Pension Board

December 10, 2013

[Attachment "F"]

FLORIDA DEPARTMENT OF MANAGEMENT SERVICES
retirement
We serve those who serve Florida

Bureau of Local Retirement Systems
Local Retirement Section
P.O. Box 9000
Tallahassee, Florida 32315-9000
Tel: 850.488.2784 | Fax: 850.921.2161 | Toll-Free: 877.738.5622

Rick Scott, Governor

Craig J. Nichols, Agency Secretary

December 16, 2013

Mr. Steven E. Stewart, Chairman
City of St. Pete Beach
Police Officers' Retirement Plan
200 76th Avenue
St. Pete Beach, FL 33706

RE: City of St. Pete Beach Police Officers' Retirement Plan
10/1/2012, 10/1/2011 and 10/1/2010 Actuarial Valuations

Dear Mr. Stewart:

This is to notify you that we have reviewed the above referenced actuarial reports for compliance with Part VII of Chapter 112, F.S. and Chapter 60T, F.A.C. Based upon the results of our review of these reports we have determined the **Plan** to be **state accepted**. By this letter, **all reports and actuarial impact statements effective prior to the above valuation date and received** by the Division of Retirement may likewise be considered to be **state accepted.**

Please note the following items regarding our review:

(1) The Plan currently uses a 7.75% valuation interest assumption to discount Plan liabilities. Plan annualized investment returns were **3.48%, 3.25% and 4.87%** per annum over the last **three, five and thirteen plan year periods respectively**. These results produce substantial and consistent experience losses when compared to the **7.75%** valuation interest assumption. As a result, 7.75% is not a reasonable actuarial assumption under Section 60T-1.003(6), FAC.

(2) Participant salaries are assumed to increase 5.0% per annum. Actual plan salary increase experience has been **3.73%, 4.77% and 6.14%** per annum when compounded over the last **three, five and thirteen plan year periods respectively**.

Our review relied upon the actuarial costs and asset amounts as determined by the Plan actuary in the above referenced actuarial reports. Although we reviewed the reports for compliance, consistency and reasonableness, we did not audit the asset or employee data information for accuracy. Accordingly, we express no opinion on the reasonableness of the estimates of the financial status of the Plan. An audit may or may not uncover material issues in the actuarial work performed.

Sincerely,

Joe Edmonds

Joseph M. Edmonds, FSA, EA, FCA
Actuary
Florida Division of Retirement

Cc: Patrick Donlan, Plan Actuary
Theresa McMaster, City Clerk
Sara Carr, Division of Retirement
Timothy Driscoll, City Attorney ✓

[Attachment "G"]

AP-DL2
(08-2013)

UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. Census Bureau
Washington, DC 20233-0001
OFFICE OF THE DIRECTOR

A message from the Director, U.S. Census Bureau...

If you have already submitted your 2013 Annual Survey of Public Pensions, thank you for your response and please disregard this notice.

The U.S. Census Bureau is requesting your help with the 2013 Annual Survey of Public Pensions. This survey, authorized by Title 13, United States Code, Section 182, provides measures of revenue, expenditures, investments, and membership for state and local government employee retirement systems in the United States.

This survey is the only comprehensive source of information on public employee retirement system finances in the United States. The information collected serves as an integral part of the foundation for developing national economic and public policy by measuring public activity.

You may respond to this survey online at the following address: **respond.census.gov/aspp**. To log in and complete the questionnaire online, use the User ID and password on the paper questionnaire. If you prefer to respond by mail, answer the questions on the questionnaire and return the questionnaire in the enclosed envelope. Respond either by mail or online – but not both.

If you need assistance with your response, please contact us by phone at 1-800-832-2839 weekdays between 7 AM and 5 PM ET, or by email at govs.pensions@census.gov.

Please retain a copy of your response for your records.

Thank you for participating in the 2013 Annual Survey of Public Pensions. The Census Bureau appreciates your help.

Enclosures