

POLICE PENSION BOARD

MINUTES

APRIL 16, 2015

8:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Bob Rogers, Chairman
Tom Lange, Secretary
Jerry Gorup, Member
Alan Slakis, Member
Joe Cornish, Member

ALSO PRESENT:

Lee Dehner, Christiansen & Dehner (entered meeting at 9:03 a.m.)
Tyler Grumbles, Bogdahn Consulting
Mark Rhein, Salem Trust
Lynn Skinner, Salem Trust
Mary Jo Murphy, Deputy City Clerk

1. Changes to the Agenda

Member Lange informed the Board of the following:

- No. 9 was not included on the agenda.
- During No. 10, "Other Business," Member Lange would be discussing the insurance policy.

2. Audience Comments

There were no audience comments.

3. Expiration of Term for Beneficiary Representative Board Member Thomas Lange. Election of Board Chairman and Secretary.

Chairman Rogers informed the Board that no one had chosen to run against Member Lange. Therefore, by acclamation, Member Lange would continue as

the member's representative on the Board and would continue to serve for another two years.

Member Lange asked the Board to consider electing a new Secretary and suggested Member Cornish. Member Cornish accepted.

Member Lange made a motion to nominate Joe Cornish to serve as Secretary. The motion was seconded by Member Slakis and unanimously approved by a voice vote.

4. Approval of Minutes

Member Slakis made a motion to approve the minutes of January 15, 2015 as written. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

Chairman Rogers updated the Board in regard to speaking with the Fire and General Pension Boards about conducting the pension board meetings at the same time each quarter. Chairman Rogers informed the Board that he had spoken with the Fire Pension Board, but there was not a strong response in agreement. At the time of the meeting Chairman Rogers had not spoken with the General Pension Board.

5. Authorization of Payments

Member Lange read the following payments to the Board:

- (Attachment "A") Anchor Capital Invoice, dated January 1, 2015 for services through 12/31/14 in the amount of \$1,959.13.
- (Attachment "B") Christiansen & Dehner Invoice 26299 for services through 2/27/15 in the amount of \$1,463.85.
- (Attachment "C") Cutwater Asset Management Invoice dated February 2, 2015 for services October through December 2014 in the amount of \$3,651.35.
- (Attachment "D") Bogdahn Group invoice 11917 dated March 16, 2015 for services through 3/31/15 in the amount of \$3,800.00.

Member Slakis made a motion to pay the following invoices stated by Member Lange: A, Anchor Capital; B, Christiansen & Dehner; C, Cutwater Asset Management; and D, Bogdahn Group. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

6. Presentations by Service Providers

Salem Trust

Lynn Skinner, Salem Trust, advised the Board that the signature authorization form needed to include Joe Cornish's signature. Also, Ms. Skinner advised Member Cornish that he could receive online statements, and Member Cornish agreed to receive the online statements.

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

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

- No employee of the holding company, Pennant Management or Salem Trust was part of the fraud.
- The amount of the fraud was approximately 180 million dollars.
- The assets that were discovered total 135 million dollars.
- The USDA did guarantee this loan, and there is a suit filed against the USDA.

At this time, Attorney Dehner entered the Police Pension Board meeting.

Attorney Dehner commented that he had been monitoring the situation with the fraud, and the concern for the Board is a disruption of service. Attorney Dehner commented that Salem Trust has provided good service for many years and has shown good will. Attorney Dehner also commented on the past conversion which has resulted in a negative opinion on Salem Trust's SSAE 16 Report. Attorney Dehner suggested the Board should discuss monitoring the situation or direct Attorney Dehner to prepare an RFP for a custodian, understanding there's no termination of Salem Trust at this time.

Mr. Rhein gave Salem Trust's prospective to the Board in regard to the fraud.

There was Board discussion about preparing an RFP for a custodian.

Member Lange made a motion if either the Fire Pension Board or the General Pension Board decides to prepare an RFP for a new service provider, that the Police Pension Board join in that effort and have Attorney Dehner begin the process to prepare an RFP. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

Mr. Rhein informed the Board the result received from the SSAE 16 Report (Statement on Standards for Attestation Engagements), a review of operating standards and controls, was an adverse opinion. In summary, in the report there

was an inability to attest to the controls because the source documents were not retained. As a result, there are reviews every week and updates are in place. Mr. Rhein stated Salem Trust is aware of the deficiencies and is confident that the adverse opinion will not be duplicated.

Mr. Rhein offered to answer questions of the Board, and there was discussion between Mr. Rhein and the members of the Board. Mr. Rhein stated he would be present for the next Police Pension Board meeting to update the board with the progress of the fraud involved with Pennant Management and the result received from the SSAE 16 Report.

Bogdahn Group

Tyler Grumbles, Bogdahn Consultant, reviewed with the Board the report entitled "City of St. Pete Beach Police Officers' Retirement System, Investment Performance Review, March 31, 2015."

Mr. Grumbles offered to answer questions posed by the Board. Hearing no questions from the Board, the meeting proceeded with the Christiansen & Dehner report.

Christiansen & Dehner

Attorney Dehner gave the following legislative update to the Board:

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

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

Attorney Dehner informed the Board there are new IRS requirements for language that needs to be in the plan. Attorney Dehner is working on an amendment to comply with the requirements, and it will be an amendment to the plan by ordinance.

7. Approval of the Summary Plan Description

Attorney Dehner informed the Board that he had made all the changes to the Operating Rules and Procedures that were discussed at the previous Police Pension Board meeting. The one additional item that Attorney Dehner will add is

Attachment E, "Draft, Operating Rules and Procedures, Section 5.1. Mail" if approved by the Board at today's meeting.

Member Slakis made a motion to approve Section 5.1. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

Attorney Dehner informed the Board the Summary Plan Description is set for approval and distribution. The trustees should review the Summary Plan Description and submit it for approval. Once approved, it should be distributed to the membership.

8. Correspondence or Actions Since Last Meeting

Member Lange suggested discussing Attachments "I" and "J" at this time.

- [Attachment "I"] Memorandum from Christiansen & Dehner dated January 26, 2015 presenting an included "Forms Distribution Table."

In regard to Attachment "I," Attorney Dehner explained that the Forms Distribution Table is a tool to be utilized.

- [Attachment "J"] Memorandum from Christiansen & Dehner dated February 27, 2015 the included forms for "Written Request for Confidentiality" and "Authorization for Payment from Fund."

In regard to Attachment "J," Written Request for Confidentiality, the following motion was made:

Member Slakis made a motion to approve the Written Request for Confidentiality and request the City Manager to sign it. The motion was seconded by Member Cornish and unanimously approved by a voice vote.

In regard to Attachment "J," Authorization for Payment from Fund, Attorney Dehner advised the Board that the form needed to be provided to the Human Resources Administrator. Member Lange stated he would provide the form to Colette Graston after the meeting.

- [Attachment "F"] Body of letter sent by Chairman Rogers concerning election of a beneficiary representative for the term expiring April 2015

In regard to Attachment "F," Member Lange explained Attachment F was a letter sent to the beneficiaries from Chairman Rogers concerning two beneficiary seats on the Police Pension Board.

- [Attachment "G"] A check in the amount of \$231.52 from Sun Trust Bank made payable to "St. Pete Beach City Of Pol Eq Im of Police" that was not accompanied by any further correspondence or attachment drawn on their Class Action Clearing Account concerning "AIG SEC LITIG".

In regard to Attachment "G," Member Lange stated he would give the check to Ms. Skinner to deposit and confirmed this action with Attorney Dehner. Attorney Dehner advised Member Lange to proceed with giving the check to Ms. Skinner.

- [Attachment "H"] A letter from Sun Trust referring to an "unclaimed check" in the amount of \$394.85 in which the pension fund may have an interest.

In regard to Attachment "H," Member Lange asked for guidance from Attorney Dehner and Ms. Skinner.

Member Lange made a motion for Salem Trust to contact SunTrust, and if the money is due to the Police Pension Board, to sign the form and deposit the money in the Police Pension Board account. The motion was seconded by Member Cornish.

Ms. Skinner suggested she would call and obtain a clarification before deciding how to proceed.

Member Lange amended his motion to request Ms. Skinner to research the unclaimed check. If the funds are due to the Police Pension Board, to contact Secretary Cornish if he needs to execute a form to collect the funds to be deposited into the Police Pension Board's account. The motion was seconded by Member Slakis and unanimously approved by a voice vote.

9. Other Business

Ms. Skinner informed the Board that Cutwater Asset Management needs a letter signed to authorize Salem Trust to work with Northern Trust. Ms. Skinner proceeded to read the letter to the Board.

Member Lange made a motion to authorize Chairman Rogers to sign the form. The motion was seconded by Member Slakis and unanimously approved by a voice vote.

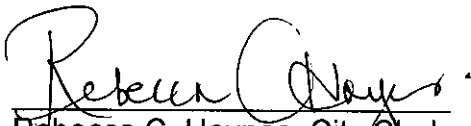
Member Lange gave Ms. Skinner a check from the AIG settlement and the original letter from SunTrust Bank.

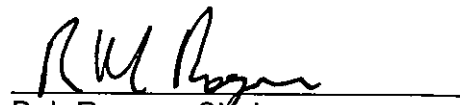
Member Lange informed the Board that the "2014 Annual Report for the City of St. Pete Beach, Municipal Police Officers' Fund" was signed by Member Lange and Chairman Rogers. The report will be given to the Clerk to send to the State, and Member Lange will make a copy of the report and send it to each board member.

10. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 10:10 a.m.

Attest:


Rebecca C. Haynes, City Clerk


Bob Rogers, Chairman

Minutes approved on: 10/15/2015