



City of Marco Island Florida

JOINT POLICE AND FIRE PENSION BOARD

MEETING MINUTES

May 1, 2014

Fire Department Training Room

1. CALL TO ORDER

The meeting was called to order at 1:03 P.M.

2. ROLL CALL

Firefighter's Board of Trustees members present: Raymond Ladurini, Laura Litzan, Tom Kirstein, Mary Husted and Jim Pope

Police Pension Board of Trustees members present: Al Schettino, Mark Haueter, Laura Litzan, Roger Hubley and Glenn Zirgibel.

Others present: Attorney Pedro Herrera, Sugarman and Susskind; Scott Owens, Graystone Consulting; Scott Baur and Thel Whitley, Pension Resource Centers; Lynn Musgrave and Gil Polanco, Finance Department; and Roger Hernstadt, City Manager.

A brief summary of the meeting is as follows:

3. PUBLIC COMMENT – There was no comments from the Public.

4. MEETING MINUTES FOR THE COMBINED MEETING OF FEBRUARY 6, 2014

The Boards were presented with minutes of the February 6, 2014 meeting.

MOTION TO APPROVE THE MINUTES FROM THE FEBRUARY 6, 2014 MEETING by Ray Ladurini and seconded by Laura Litzan as amended. MOTION PASSED UNANIMOUSLY.

5. Plan Administration – Scott Baur and Thel Whitley, Pension Resource Centers.

Scott Baur spoke regarding the ongoing process of data retrieval with the City and their payroll provider. There was discussion of the process and approval of The Pension Resource Center obtaining the historical files for both the Police and Fire Boards. Pedro Herrera, the Boards Attorney agreed that The Pension Resource Center is now the Records Custodian and should have access to all historical file data. Mr. Baur presented to the Boards the need to open local checking accounts in the name of each Board, to be funded from the R & D accounts of each fund for the purposes of paying plan expenses.

MOTION TO APPROVE THE OPENING OF A CHECKING ACCOUNT AT REGIONS BANK FOR THE FIREFIGHTERS PENSION FUND FOR THE PURPOSES OF PAYING PLAN EXPENSES, WITH EACH ACCOUNT TO HAVE A MAXIMUM BALANCE OF \$20,000 by Ray Ladurini and seconded by Mary Husted. MOTION PASSED UNANIMOUSLY.

MOTION TO APPROVE THE OPENING OF A CHECKING ACCOUNT AT REGIONS BANK FOR THE POLICE OFFICERS PENSION FUND FOR THE PURPOSES OF PAYING PLAN EXPENSES, WITH EACH ACCOUNT TO HAVE A MAXIMUM BALANCE OF \$20,000 by Glenn Zirgibel and seconded by Al Schettino. MOTION PASSED UNANIMOUSLY.

There was discussion regarding the current practice of having the Actuary (for a \$200 fee each) verifying the City's employee contribution data regarding refunds of contributions. The consensus of the Trustees was that this practice was redundant and costly.

MOTION TO APPROVE THAT REFUNDS OF CONTRIBUTIONS FROM THE POLICE PENSION FUND BE COMPLETED WITHOUT ACTUARIAL INVOLVEMENT by Al Schettino and seconded by Laura Litizan. MOTION PASSED UNANIMOUSLY.

MOTION TO APPROVE THAT REFUNDS OF CONTRIBUTIONS FROM THE FIREFIGHTERS PENSION FUND BE COMPLETED WITHOUT ACTUARIAL INVOLVEMENT by Mary Husted and seconded by Laura Litizan. MOTION PASSED UNANIMOUSLY.

There was discussion on the correct date for the November meeting of the Police and Fire Pension Boards; it was the consensus of the Trustees of both Boards that the correct date is November 6, 2014 for the meeting.

6A. FINANCIAL ADVISORS REPORT- Scott Owens, Graystone Consulting.

Fire Summary of Relevant Facts

The total portfolio as of March 31, 2014 was \$10,148,281.47 with a total gain for the quarter of \$79,102.56 (net-of-fees)

Police Summary of Relevant Facts

The total portfolio as of March 31, 2014 was \$6,660,064.83 with a total gain for the quarter of \$86,326.93 (net-of-fees)

Mr. Owens gave an overview of the market conditions of the different market sectors during the quarter citing the overall results were due in large part to GDP growth at 2.7% to 2.8% growth as well as the bad weather with a negative factor in consumables, but positive for utilities. Mr. Owens continued reporting that the housing market was down 6.4% from last year mostly due to higher interest rates; inflation was flat and manufacturing and the service industry is getting better. Most consider the second quarter will be much stronger overall. Mr. Owens discussed the details of the of the individual money managers and their individual sectors. Mr. Owens recommended no rebalancing was needed at this time for the Police Officers Pension Fund. Mr. Hubley inquired on the process of how the current Money Managers were chosen. Mr. Owens spoke in detail as to the Board's decision at the time to limit the downside risk and thus this strategy limits upside performance but would be more than happy to revisit the strategy and the choice of Money Managers. Mr. Owens stated that their primary mission is to beat the assumed rate of return with the lowest amount of risk possible. Mr. Owens said that he would provide the Board with an analysis of Anchor and other competing companies within the Mid Cap Value Equity Portfolio. Mr. Owens discussed the Manager differences within the Firefighters Plan and said that there was no need for rebalancing at this time. Mr. Kirstein inquired about the low cash amount in the account; Mr. Owens spoke about the recent rebalancing that left the account with a lower than normal cash balance in the cash account on March 31st and explained that the amount is higher at this date, and that there should be enough to fund the new local checking account at the \$20,000 level. Mr. Owens continued discussion of the individual Money Managers and their performances. Mr. Hubley inquired about downside protection within this plan. Mr. Owens responded with a description of the three year rolling periods of Down Capture Returns and noted that since 2009 that there has been very limited downside.

5B. FUND ATTORNEY REPORT – Pedro Herrera, Sugarman and Susskind, PA

Mr. Herrera reported that this is the last day of the 2014 legislative session and it appears that there will not be any legislation effecting the Plans.

Mr. Herrera spoke about the topic of Fiduciary Liability Insurance and the Waiver of Recourse. Ms. Litizan reported that the Police Plan currently has a \$500,000 limit on it's Fiduciary Liability insurance. There was general discussion on the amount of coverage needed and what is the industry standard amount of coverage. Ms. Litizan continued in saying that the carrier would not offer to write coverage over 1 million dollars. Mr. Herrera stated he felt comfortable with the 1 million dollar amount.

MOTION TO APPROVE TO INCREASE THE POLICE OFFICERS PENSION TRUST FIDUCIARY LIABILITY POLICY TO 1 MILLION DOLLARS by Laura Litizan and seconded by Glenn Zirgibil. MOTION PASSED UNANIMOUSLY.

Mr. Herrera briefed the Board on the status of the E. Stamm disability retirement process; the medical records are still in the process of being obtained and the next step is the scheduling of the Independent Medical Exam (IME).

MOTION TO APPROVE THE PAYMENT OF THE FEES FOR THE IME FOR E. STAMM'S DISABILITY APPLICATION WITH APPROVAL OF THE CHAIRPERSON by Laura Litizan and seconded by Glenn Zirgibil. MOTION PASSED UNANIMOUSLY.

Mr. Herrera spoke about a topic from the last Board Meeting, that topic was the video of N. Berger and the desire of the Board to have the video reviewed by the original physician that performed his IME. Mr. Herrera reported that this physician stated that he would not make a medical judgment by viewing a video. Mr. Herrera suggested that if this is the desire of Board to have the Participant re-evaluated that he be scheduled for another IME at the Board's expense. This IME will take into consideration all the previous and new medical records for the Participant. Mr. Herrera stated that his office would make the arrangements for the IME.

MOTION TO DIRECT N. BERGER FOR A SECOND IME WITH THE COST OF THE IME TO BE PAID BY THE BOARD by Ray Ladurini and seconded by Tom Kirstein. MOTION PASSED UNANIMOUSLY.

Mr. Herrera reminded all of the Trustees that the Form 1 is required to be filed no later than July 1st with the Elections Supervisor's Office in their county of residence.

7. FINANCIAL MATTERS

There was discussion that the City will be completing the Annual Report for the Firefighters Pension Fund and Foster and Foster, Inc. will be completing the Annual Report for the Police Officer's Pension Fund. Scott Baur stated that Pension Resource Center will be completing the Firefighter's Pension Fund's Annual report next year.

There was general discussion regarding Plan Valuations and the cost of such. The Boards directed Pension Resource Centers to obtain price quotations for Plan Valuations for the next year.

Warrant

The Boards were presented with the Warrants (Invoices) for payment.

MOTION TO PAY THE WARRANT FOR THE FIREFIGHTER'S PENSION FUND AS AMENDED by Jim Pope and seconded by Laura Litizen. MOTION PASSED UNANIMOUSLY.

MOTION TO PAY THE WARRANT FOR THE POLICE OFFICER'S PENSION FUND AS AMENDED by Glenn Zirgibel and seconded by Laura Litizen. MOTION PASSED UNANIMOUSLY.

Benefit Approvals

The Police Officer's Pension Fund was presented with the Benefit Approvals.

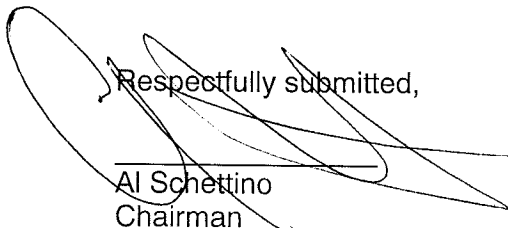
MOTION TO APPROVE THE BENEFIT APPROVAL AS PRESENTED by Laura Litizen and seconded by Al Schettino. MOTION PASSED UNANIMOUSLY.

Scott Baur reported that there were previous invoices that the City paid for the Firefighter's Pension Trust Fund that total \$19,279.64. Mr. Baur requested that with this amount to be paid along with funding the new checking account with \$5,000 an amount of \$30,000 would be sufficient.

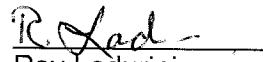
MOTION TO FUND THE NEW CHECKING ACCOUNT AND PAY THE PREVIOUSLY DUE INVOICES TO THE CITY WITH A TOTAL TRANSFER OF \$30,000 FROM THE FIREFIGHTER'S PENSION FUND TO THE NEW CHECKING ACCOUNT by Ray Ladurini and seconded by Laura Litizen. MOTION PASSED UNANIMOUSLY.

13. Meeting Adjourned

Respectfully submitted,



Al Schettino
Chairman
Police Pension Board



Ray Ladurini
Chairman
Fire Pension Board

Mary L. Husted
Secretary
Fire Pension Board