



City of Marco Island Florida

JOINT POLICE AND FIRE PENSION BOARD

MEETING MINUTES

August 3, 2017

Fire Department Training Room

1. CALL TO ORDER

The Police Pension Board meeting was called to order at 1:12 PM. The Firefighter's Pension workshop began at 1:12 PM (quorum not present).

2. ROLL CALL

Fire Trustees Present

Jim Pope
Mary Husted
Tom Kirstein

Not Present:

Raymond Ladurini, Chairman
Laura Litzan, Secretary

Police Trustees Present

Al Schettino, Chairman
Glenn Zirgibel
Mark Haueter

Not Present:

Laura Litzan, Secretary

Others Present

Pedro Herrera, Sugarman & Susskind, P.A.
Charles Mulfinger, Graystone Consulting
Scott Owens, Graystone Consulting
Amber McNeill, The Resource Centers, LLC
Douglas Lozen, Foster & Foster, Inc.
Guillermo Polanco, City of Marco Island
Ed Strnza, City of Marco Island
Councilor Charlette Roman

A brief summary of the meeting is as follows:

3. PUBLIC COMMENT

There were no members of the public present.

5. REPORTS

a. Police Plan Experience Study – Douglas Lozen, Foster & Foster

Mr. Herrera entered the meeting at 1:15 PM.

Mr. Lozen explained the importance of conducting an experience study every 5 years. Mr. Lozen explained all of his recommendations for assumption changes including leaving the

investment rate at 7.5%, implementing a scaled salary rate, and increasing the assumption for early retirement at age 54 to ¼. The only assumption the Board must adopt is the new mortality table. The Board discussed the current assumptions and recommended assumptions at length.

MOTION TO APPROVE THE RECOMMENDED ASSUMPTION CHANGES MADE BY FOSTER & FOSTER AND TO LOWER THE ASSUMED RATE OF RETURN ON INVESTMENTS TO 7.0% WAS MADE BY MR. ZIRGIBEL AND SECONDED BY MR. HAUETER. MOTION PASSED UNANIMOUSLY.

Mr. Lozen left the meeting at 1:37 PM.

b. Investment Consultant Report – Charles Mulfinger and Scott Owens, Graystone Consulting

Mr. Mulfinger informed the Board that he does not currently recommend a manager change. Mr. Owens reviewed the economy in detail. Mr. Owens noted that the quarter was very similar to the previous quarter.

Ms. Husted entered the meeting at 1:43 PM.

The Firefighter's Pension Board was called to order at 1:43 PM.

Police Summary of Relevant Facts

Mr. Owens informed the Board that the portfolio as of June 30th, 2017 totaled \$13,978,888.69, with a gain of \$253,485.40 net of fees. Mr. Owens informed the Board that the Plan is in the queue for Intercontinental Realty, and is two quarters away from investing. There is currently \$1 million in cash that Mr. Owens recommends be placed in bonds until the funds are called.

MOTION TO MOVE EXCESS CASH INTO BONDS UNTIL CALLED TO BE INVESTED WITH INTERCONTINENTAL REALTY WAS MADE BY MR. ZIRGIBEL AND SECONDED BY MR. HAUETER. MOTION PASSED UNANIMOUSLY.

The Plan's net return for the quarter was 1.79% net of fees. Apex's status has been lowered to 'approved' as the management has changed; no change is recommended at this time. Mr. Owens reviewed the Plan's individual managers, current asset allocation, and the compliance checklist with the Board. Mr. Owens reported that the Plan's rate of return was 10.2%, fiscal year to date.

Fire Summary of Relevant Facts

Mr. Owens informed the Board that the portfolio as of June 30th, 2017 totaled \$17,061,726.68, with a gain of \$318,887.13 net of fees.

Mr. Polanco and Councilor Roman entered the meeting at 2:04 PM.

Mr. Mulfinger informed the Board that American Realty had called \$300,000 in July. Mr. Owens reviewed the Plan's individual managers. Graystone recommends that the Board

replace Wedgewood as it is still underperforming due to its overweight in energy and healthcare. Mr. Owens reviewed the candidates for replacing Wedgewood.

Councilor Roman left the meeting at 2:39 PM.

The Board discussed the proposed managers at length, deciding to invite Clearbridge, Renaissance, and Sawgrass to present at the next meeting.

b. Attorney Report – Pedro Herrera, Sugarman and Susskind, PA

Mr. Herrera reminded the Board that their financial disclosures (Form 1) were due by July.

Mr. Herrera informed the Board that the public records law was amended. A public agency must be given 5 day notice before a law suit is filed, in order to give the agency time to comply with the request. The Board must now assign a records liaison.

MOTION TO APPOINT THE RESOURCE CENTERS AS THE RECORDS LIASON FOR THE POLICE OFFICERS' PENSION PLAN WAS MADE BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

MOTION TO APPOINT THE RESOURCE CENTERS AS THE RECORDS LIASON FOR THE FIREFIGHTERS' PENSION PLAN WAS MADE BY MR. POPE AND SECONDED BY MS. HUSTED. MOTION PASSED UNANIMOUSLY.

Scott Owens and Charles Mulfinger left the meeting at 3:19 PM.

Mr. Herrera informed the Board that his firm's opinion regarding total compensation for the Police Officers' Pension Plan remains the same. If the 'fringe benefit' is taxable as income, than it is part of total compensation, which makes it pensionable. The Board discussed the definition of total compensation at length.

4. APPROVAL OF FIRE BOARD MEETING MINUTES

MOTION TO APPROVE THE JOINT FIREFIGHTERS' AND POLICE OFFICERS' BOARD MEETING MINUTES FROM MAY 4, 2017 WAS MADE BY MS. HUSTED AND SECONDED BY MR. POPE. MOTION PASSED UNANIMOUSLY.

6. PLAN FINANCIALS – Amber McNeill, Resource Centers

Ms. McNeill presented the Interim Financial Statements for the Boards' review. The Boards accepted the Financial Statements as presented.

Ms. McNeill presented the Fire warrant dated August 3, 2017 for the Board's review.

MOTION TO APPROVE THE FIRE WARRANT, AS PRESENTED, BY MS. HUSTED AND SECONDED BY MR. POPE. MOTION PASSED UNANIMOUSLY.

c. Administrator Report – Amber McNeill, The Resource Centers

Ms. McNeill presented the Firefighters' Board with the FY2018 Budget for approval.

MOTION TO APPROVE THE FY2018 BUDGET, AS PRESENTED, BY MR. POPE AND SECONDED BY MS. HUSTED. MOTION PASSED UNANIMOUSLY.

Ms. Husted and Mr. Kirstein left the meeting at 3:45 PM.

The Firefighters' Pension Board meeting adjourned at 3:45 PM.

The total compensation discussion resumed.

MOTION TO ACCEPT THE LEGAL OPINION THAT THE 10% FRINGE BENEFIT IS PENSIONABLE, PROVIDED THAT IT IS NOT BEING USED BY THE MEMBER FOR NONTAXABLE ITEMS, WAS MADE BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

Ms. McNeill provided the Trustees with a list of upcoming educational opportunities.

Ms. McNeill presented the compliance report for the Police Plan to the Trustees.

Ms. McNeill presented the Police Officers' Board with the FY2018 Budget for approval.

MOTION TO APPROVE THE FY2018 BUDGET, AS AMENDED, BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

Ms. McNeill presented the Police Warrant dated August 3, 2017 for approval.

MOTION TO APPROVE THE POLICE WARRANT AS PRESENTED BY MR. ZIRGIBEL AND SECONDED BY MR. HAUETER. MOTION PASSED UNANIMOUSLY.

4. APPROVAL OF FIRE BOARD MEETING MINUTES (CONTINUED)

MOTION TO APPROVE THE JOINT FIREFIGHTERS' AND POLICE OFFICERS' BOARD MEETING MINUTES FROM MAY 4, 2017 WAS MADE BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

10. Next Regular Meeting is scheduled for November 2, 2017 at 1:00 PM

11. ADJOURNMENT

MOTION TO ADJOURN THE MEETING WAS MADE BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Al Schettino
Chairman
Police Pension Board

Raymond Ladurini
Chairman
Fire Pension Board