



City of Marco Island Florida

JOINT POLICE AND FIRE PENSION BOARD

MEETING MINUTES

February 6, 2014

Fire Department Training Room

1. CALL TO ORDER

The meeting was called to order at 1:05 P.M.

2. ROLL CALL

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

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

Others present: Attorney Pedro Herrera (arrived at 1:20 PM), Sugarman and Susskind, Charlie Mulfinger, Graystone Consulting, Tim Haugaard, Graystone Consulting, Thel Whitley, Pension Resource Centers, Lynn Musgrave and Gil Polanco, Finance Department

A brief summary of the meeting is as follows:

3. MOTION TO APPROVE MINUTES

MOTION TO APPROVE THE MINUTES FROM THE NOVEMBER 7, 2013 MEETING by Laura Litzan and seconded by Al Schettino. MOTION PASSED UNANIMOUSLY.

4. Transition of Plan Administration to Pension Resource Centers.

Thel Whitley summarized the transition of the administration of the plans and distributed a information package for discussion to send to the plan members regarding the transition; the general consensus was to proceed with the distribution of the information to the active members and retirees. General discussion ensued regarding the transition of data exchange and financial processes.

Mr. Hubley inquired regarding the Plan's unfunded liability. Mr. Whitley stated that the Plans contract with an Actuary and the Actuary produces a Valuation Report of the Plan. There was general discussion regarding the current requirement of plan valuation every three years and the Board's position that starting this year ending September 30, 2014 that a Plan Valuation be conducted annually as this will soon be a requirement. Mr. Polanco requested that the authorization of the Valuation Report take place prior to the November quarterly meeting.

5A. FINANCIAL ADVISORS REPORT- CHARLIE MULFINGER, GRAYSTONE CONSULTING

Fire Summary of Relevant Facts

The total portfolio as of December 31, 2013 was \$9,907,009.31 with a total gain for the quarter of \$482,564.44 (net-of-fees).

Police Summary of Relevant Facts

The total portfolio as of December 31, 2013 was \$6,475,471.94 with a total gain for the quarter of \$315,283.26 (net-of-fees).

Mr. Mulfinger gave an overview of the current market conditions and discussed the covered calls strategy. Ms. Litzan reported that the City Council did not approve the increasing of the equities percentage of the Fire Plan portfolio to 60%. Mr. Mulfinger stated that he can produce an asset allocation study that would cite the impact on risk and return. Ms. Litzan stated that she would speak to the new City Manager regarding the issue and the best way to approach the subject. Mr. Kirstien spoke in favor of this change and noted that the Council's decision could cause the City's contribution to increase. There was additional discussion regarding the diversification of the plans. Mr. Herrera noted that the Board needed to rebalance the Fire Plan equities to reflect 50% of the portfolio, and that this action required a motion.

MOTION TO AMEND THE FIRE PENSION FUND INVESTMENT POLICY TO REBALANCE THE PORTFOLIO TO REFLECT NO MORE THAN 50% EQUITIES IN ACCORDANCE WITH THE CURRENT ORDINANCE by Laura Litzan and seconded by Tom Kirstein. MOTION PASSED UNANIMOUSLY.

Mr. Mulfinger recommended to rebalance the Fire Plan to reflect 10% of large cap equities into fixed income.

MOTION TO REBALANCE THE FIRE FUND BY MOVING 10% FROM LARGE CAP EQUITIES INTO FIXED INCOME by Laura Litzan and seconded by Tom Kirstein. MOTION WAS PASSED UNANIMOUSLY.

Mr. Mulfinger presented an analysis of Fixed Income Managers focusing on Madison (Intermediate), BlackRock (Short-Term) and Sage Advisory (Short-

Term). General discussion ensued regarding the three fixed income managers.

MOTION TO REPLACE DELAWARE INTERMEDIATE FIXED INCOME MANAGER OF THE FIRE FUND WITH BLACKROCK FIXED INCOME MANAGER by Ray Ladurini and seconded by Mary Husted. MOTION PASSED UNANIMOUSLY.

MOTION TO REPLACE DELAWARE INTERMEDIATE FIXED INCOME MANAGER OF THE POLICE FUND WITH BLACKROCK FIXED INCOME MANAGER by Glenn Zirgibel and seconded by Laura Litzan. MOTION PASSED UNANIMOUSLY.

5B. ATTORNEY REPORT – PEDRO HERERRA, SUGARMAN AND SUSSKIND

Mr. Herrera reported that he had reviewed the Connors Investment Management Agreement for both the Fire and Police Funds and recommends execution of those agreements. There was a change to the original agreement, this change represents that the fees will be based on the quarter end market value.

Ray Ladurini inquired about the Power of Attorney for the IRS Determination letter. Mr. Herrera stated that this was a Limited Power of Attorney document exclusively regarding this document.

Mr. Herrera reported that he had reviewed and recommends execution by both Boards the agreement with Pension Resource Centers.

Mr. Herrera reported that the State Division of Retirement no longer requires the employees/retirees date of birth in the annual report. There was a general discussion of how currently the annual reports are completed; the Police Plan is current being done by Foster and Foster and Fire Plan has been done in house by Lynn Musgrave. There was discussion of PRC completing the report, Mr. Whitley said that he would discuss the topic with Scott Baur and report back to the Boards. Mr. Polanco said that the Fire annual report will be completed in-house this year. Mr. Herrera reported that the annual reports are due by March 15th.

Mr. Herrera spoke about the recent Supreme Court decision regarding DOMA (Defense of Marriage Act) and how it may impact the Plans.

Mr. Herrera reported that there were two bills in the Florida Legislature (SB26/HB117) that are currently in committee that could impact the utilization of Chapter 175/185 funding. As well as SB388/HB509 for 185 Funds regarding entering inter-local agreements for services provided with neighboring entities that have retirement plans, that a portion of their 185 funds would have to be apportioned to the other plan.

6. **REVIEW OF NICK BERGER SURVEILLANCE VIDEO**

Hr. Herrera reported that he has spoken to the IME Physician and that he would review the video tape for cost not to exceed \$500.

MOTION TO SEND WORKMAN'S COMPENSATION SURVEILLANCE VIDEO OF NICK BERGER TO THE IME PHYSICIAN TO REVIEW FOR A COST NOT TO EXCEED \$500 by Laura Litzan and seconded by Mary Husted. MOTION PASSED UNANIMOUSLY.

Mr. Mulfinger brought up the topic of the change in the Investment Policy for the Police Plan; the change allows for the use of other types of investments. Mr. Mulfinger explained that this change is not addressed in the Ordinance; it is this Board's Investment Policy. Mr. Mulfinger requested that the revised investment policy be signed at this meeting and that he would bring the revised Fire Plan Investment Policy to the next quarterly meeting for approval. Ms. Litzan stated that by that time, a revised ordinance may be approved related to the Fire Plan's portfolio allocation mix.

7. **DISABILITY APPLICATION OF ED STAMM**

Al Schettino reported that he has received Mr. Stamm's Disability Retirement Application and that the application will be forwarded to Mr. Herrera. Mr. Herrera outlined the process and approximately timeline.

MOTION TO APPROVE PAYMENT OF MEDICAL RECORDS RETRIVAL AND PROCESSING OF THE ED STAMM DISABILITY APPLICATION by Al Schettinio and seconded by Glenn Zirgibel. MOTION PASSED UNANIMOUSLY.

8. **POLICE PERSONNEL RESIGNATIONS: JEFFERY SMITH, PETER SANDOR AND MATT GORDON.**

Al Schettino reported the resignations of Police Officers: Jeffery Smith, Peter Sandor and Matt Gordon; none of which were vested.

9. **RETIREMENT APPROVAL FOR STEPHEN MARIANI**

Al Schettino presented information and requested approval of the retirement of Stephen Mariani effective October 1, 2013.

MOTION TO APPROVE THE RETIREMENT OF STEPHEN MARIANI EFFECTIVE OCTOBER 1, 2013 SUBJECT TO VERIFICATION OF ELIGIABILITY by Al Schettinio and seconded by Glenn Zirgibel. MOTION PASSED UNANIMOUSLY.

10. **POLICE EMAIL EXCHANGES**

There was a general discussion of the legality of a Trustee being able to

communicate with a member of the City Council. Mr. Herrera reported that the only prohibition against Trustee communication would be if a Trustee communicated with another Trustee regarding pension plan business.

11. FINANCIAL MATTERS – LYNN MUSGRAVE, ACCOUNTANT CITY FINANCE DEPARTMENT.

There was general discussion regarding the Audit, payment of expenses and the annual reports and which entity is currently completing these tasks and what will be the process going forward.

Invoices for professional services were presented to the Boards for approval.

MOTION TO APPROVE THE PAYMENT OF THE INVOICES PRESENTED by Laura Litzan and seconded by Mary Husted. MOTION PASSED UNANIMOUSLY.

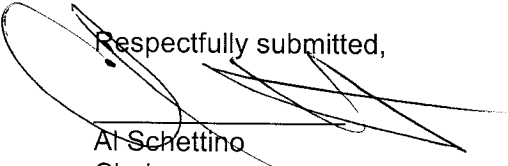
Mr. Kirstein inquired as to the status of the list of expenses paid by the Plan. Ms. Musgrave and Mr. Polanco reported that they will email the list to each Trustee.

12. Public Comment

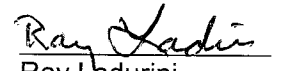
None.

13. Meeting Adjourned

Respectfully submitted,


Al Schettino
Chairman
Police Pension Board


Mary L. Husted
Secretary
Fire Pension Board


Ray Ladurini
Chairman
Fire Pension Board