



City of Marco Island Florida

JOINT POLICE AND FIRE PENSION BOARD

MEETING MINUTES

May 4, 2017

Fire Department Training Room

1. CALL TO ORDER

The meeting was called to order at 1:00 PM.

2. ROLL CALL

Fire Trustees Present

Raymond Ladurini, Chairman
Laura Litzan, Secretary
Jim Pope
Mary Husted

Not Present: Tom Kirstein

Police Trustees Present

Al Schettino, Chairman
Laura Litzan, Secretary
Glenn Zirgibel
Mark Haueter

Others Present

Pedro Herrera, Sugarman & Susskind, P.A.
Scott Owens, Graystone Consulting
Amber McNeill, The Resource Centers, LLC
Richard Manzo, The Resource Centers, LLC
Jeffrey Ambrose, Gabriel, Roeder, Smith & Company
Douglas Lozen, Foster & Foster, Inc.
Guillermo Polanco, City of Marco Island
Lynn Musgrave, City of Marco Island
Edward D'Alessandro, Police Plan Member

A brief summary of the meeting is as follows:

3. PUBLIC COMMENT

Mr. D'Alessandro brought an issue involving pensionable compensation before the Board. Mr. D'Alessandro discussed the 10% benefit allowance that is given to police officers by the City, and if it should be considered part of total compensation.

Mr. Herrera entered the meeting at 1:02 PM.

Mr. Haueter and Mr. Zirgibel discussed previous meetings where this topic was brought before the Board and then before the City Attorney. Mr. Haueter and Mr. Herrera confirmed that on January 7th, 2011 the Board had decided that the 10% benefit allowance was pensionable, but the City Attorney had stated otherwise.

Mr. Polanco and Ms. Musgrave entered the meeting at 1:04 PM.

Ms. Litzan stated that the City Attorney and the Plan's Attorney will need to discuss the

matter in order to come to a resolution. Mr. Herrera will contact the City Attorney and report his findings to the Board. The Board discussed the matter at length.

Mr. D'Alessandro left the meeting at 1:34 PM.

Mr. Schettino entered the meeting at 1:36 PM.

4. APPROVAL OF MEETING MINUTES

MOTION TO APPROVE THE JOINT FIREFIGHTERS' AND POLICE OFFICERS' BOARD MEETING MINUTES FROM FEBRUARY 2, 2017 BY MS. LITZAN AND SECONDED BY MR. POPE. MOTION PASSED UNANIMOUSLY.

5. REPORTS

a. i. Firefighters' Plan Actuarial Valuation – Jeff Ambrose, GRS Consulting

Mr. Ambrose reported the Plan was 107% funded as of the October 2016. Mr. Ambrose reviewed the effects of the new, state-mandated mortality table with the Board. Mr. Ambrose stated that there was a net loss to the Plan of \$197,498 due to various factors.

Mr. Polanco left the meeting at 1:48 PM.

Mr. Ambrose suggested performing the Actuarial Valuation annually, rather than biannually, to continuously report on the Share Plan calculations and allocations. Mr. Ambrose reported that the City had paid the entirety of the Plan's unfunded actuarial accrued liability, or UAAL, as agreed upon during Collective Bargaining. Mr. Ambrose stated that the City's contribution, after the mortality table, was 39.22% of payroll. Mr. Ambrose noted that the market value of all Plan assets was \$15,184,532.

Mr. Polanco returned to the meeting at 1:52 PM.

MOTION TO ACCEPT THE ACTUARIAL VALUATION, AS PRESENTED, BY MR. POPE AND SECONDED BY MS. LITZAN. MOTION PASSED UNANIMOUSLY.

Mr. Ambrose will send an updated copy of the Plan's Investment Rate of Return to the City. The Board discussed the possibility of performing an annual Actuarial Valuation.

MOTION TO DIRECT THE ACTUARY TO PERFORM AN ANNUAL ACTUARIAL VALUATION BY MS. LITZAN AND SECONDED BY MR. POPE MOTION PASSED UNANIMOUSLY.

a. ii. Police Officers' Plan Actuarial Valuation – Douglas Lozen, Foster & Foster

Mr. Lozen reported that the City's new contribution requirement is 26.58% of payroll. Mr. Lozen explained that the actuarial losses this fiscal year were due to the new mortality table and an increased number of retirees. Mr. Lozen stated that the City had contributed approximately 100% of payroll towards the UAAL, as agreed upon during Collective Bargaining. Mr. Lozen reported that the Plan's UAAL was currently \$912,300, which was approximately half of much as fiscal year 2015. Mr. Lozen explained that majority of the UAAL was due to the initial startup costs incurred during the Plan's inception in 2005. Mr.

Lozen predicted that the City's contributions in fiscal year 2017 would be enough to completely fund the UAAL. Mr. Lozen suggested performing an Experience Study to protect the UAAL when it is zeroed out.

Mr. Haueter inquired if it were possible to track the exact amounts the City has contributed, as during Collective Bargaining, they agreed to fund the new mortality table in its entirety, contribute 43.72% of payroll, and contribute \$3,000,000 towards funding the Plan's UAAL. Mr. Lozen stated that there were methods to doing so, but he would need further details regarding the contributions.

Ms. Litzan noted that, due to there being a new Ordinance soon, there is a need for an Impact Statement. Mr. Lozen will complete the statement, and also requested a copy of the current contract to complete the Annual Report. The Board discussed the pricing of an Experience Study with Mr. Lozen.

MOTION TO ACCEPT THE ACTUARIAL VALUATION, AS PRESENTED, BY MR. ZIRGIBEL AND SECONDED BY MR. HAUETER. MOTION PASSED UNANIMOUSLY.

MOTION TO AUTHORIZE AL SCHETTINO TO DIRECT FOSTER & FOSTER TO PERFORM AN EXPERIENCE STUDY, PENDING A FINALIZED PRICE, BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

Mr. Lozen left the meeting at 2:37 PM.

b. Investment Consultant Report – Scott Owens, Graystone Consulting

Mr. Owens reviewed the economy and the last fiscal year in detail. Mr. Owens noted that the Russell 2000 Value Index was down .13%, but the remaining markets were all up.

Police Summary of Relevant Facts

Mr. Owens informed the Board that the current Portfolio totaled \$12,360,754.23. Mr. Owens reviewed the Plan's managers and remarked that the Plan's design allows it to be protected during a lower economy but to make less during upward trends. Mr. Owens reviewed the compliance checklist with the Board. Mr. Owens reported that the Plan was up 7.7% since October 1, 2016.

Fire Summary of Relevant Facts

Mr. Owens informed the Board that the current Portfolio totaled \$16,506,975.18. Mr. Owens reviewed the Plan's manager Wedgewood, which usually outperforms in lower markets, and stated that it had been underperforming lately. Mr. Owens advised the Board to do due diligence and research more into managers that could provide a better performance.

Mr. Schettino left the meeting at 3:04 PM.

Mr. Owens reviewed the Portfolios "lower risk & lower return" strategy. Mr. Owens went over the compliance checklist with the Board. Mr. Owens reported that both Plan's should be expecting a capital call for their respective real estate funds in June or July.

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

Mr. Herrera reported that there was a Senate Bill that would force Pension Plan's to lower their Investment Rate of Return annually if they failed to meet their assumption. Mr. Herrera explained that this Bill was in multiple committees and would most likely fail to pass. Mr. Herrera explained that an amendment was attached to a budget bill and was consequently approved that changed the Florida Retirement System's default interest options.

c. Administrator Report – Amber McNeill, The Resource Centers

Ms. McNeill presented the Police Officers' Board with five options for Fiduciary Liability Insurance. These options contained a clause allowing the Board to choose their own attorney in the event of litigation. The Board discussed their options at length.

MOTION TO UTILIZE OPTION THREE OF THE FIDUCIARY LIABILITY INSURANCE QUOTES (Euclid Specialty/Hudson Insurance Company), PENDING APPROVAL FROM PEDRO HERRERA, BY MR. HAUETER AND SECONDED BY MR. ZIRGIBEL. MOTION PASSED UNANIMOUSLY.

Ms. McNeill informed the Board that she had notified Foster & Foster of the pending due dates for the COLA calculations.

6. PLAN FINANCIALS – Amber McNeill, Resource Centers

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

Ms. McNeill presented the Warrants for the Boards' review.

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

MOTION TO APPROVE THE FIRE WARRANTS, AS PRESENTED, BY MR. LADURINI AND SECONDED BY MS. LITZAN. MOTION PASSED UNANIMOUSLY.

10. Next Regular Meeting is scheduled for August 3, 2017 at 1:00 PM

11. ADJOURNMENT

Chairman Ladurini adjourned the meeting at 3:51 PM.

Respectfully submitted,

Al Schettino
Chairman
Police Pension Board

Raymond Ladurini
Chairman
Fire Pension Board