



City of Temple Terrace Fire Department Pension Board

Roger Chewning, Chairman; Gerald Terenzi, Vice-Chairman; Ian Kemp,
Secretary; Joe Affronti, City Mayor; Kim Leinbach, City Manager

MINUTES OF THE MEETING HELD November 10, 2011

1. CALL TO ORDER

The City of Temple Terrace Fire Department Pension Board of Trustees and Pension Resource Center joined the Joint Investment Reports meeting with the Police Department Pension Board at 9:20 AM. The regular meeting of the Board of Trustees of the City of Temple Terrace Fire Department was called to order at 10:00 AM at the City Manager's Conference Room located at 11250 N. 56th Street, Temple Terrace, FL 33617.

Mr. Baur took a roll call of the Trustees present. The Board had a quorum for the quarterly meeting. Those persons present included:

TRUSTEES

Roger Chewning, Chair
Ian Kemp, Secretary
Joe Affronti, City Mayor
Kim Leinbach
Gerald Terenzi

OTHERS

Scott Baur, Pension Resource Center
JC Louissaint, Pension Resource Center
James Loper, Law Office of James B. Loper
Joe Bogdahn, Bogdahn Group
John Brett, Bogdahn Group
Janna Woods, Garcia Hamilton & Associates
Steve Stack, ICC Capital Management
Patrick Donlan, Foster & Foster
Diane Reichard, Finance Director

2. INVESTMENT REPORTS: John Brett, Bogdahn Group

Mr. Joe Bogdahn appeared before the Board and introduced one of his associates, John Brett. Mr. Brett reviewed the market environment as of September 30, 2011 and commented that it was a rough quarter. Even though treasuries were downgraded but U.S. Bonds were still the safe haven of choice for investors. Mr. Brett stated that the market rallied considerably with strong returns for the month of October which proved that the U.S. did not dip back into recession.

Mr. Brett reviewed individual asset classes and stated that U.S. government securities were still the best performing asset class. He noted that the Real Estate allocation also performed well for the plan for the quarter. High occupancy rates and rent growth have boosted performance. He said that the fiscal year so far is off to a good start for returns.

Mr. Brett reported on the performance of the Fund as of September 30, 2011. The total market value of the Fund as of September 30, 2011 was \$13,395,612 and the total portfolio for the quarter ending September 30, 2011 was down 9.33% net of fees compared to -8.15% return for the fund policy benchmark. The fiscal year return was up 0.98% net of fees with a corresponding return of 1.59% for the benchmark.

For the quarter ending September 30, 2011, the total equity portfolio was down 15.96% while the benchmark was down 14.64%. The ICC Value Equity was down 20.16% while the benchmark was down 13.87%. The Sawgrass Growth Equity was down 10.67% while the benchmark was down 13.14%. The ICC International Equity was down 15.24% while the benchmark was down 18.95%. The Total Fixed Income was down 0.20% while the benchmark was up 2.30%. The Garcia Hamilton Fixed Income was down -0.20 While the benchmark was up 2.30%. The International Real Estate was up 3.16% while the benchmark was up 3.58%.

3. INVESTMENT REPORTS: Janna Woods, Garcia Hamilton & Associates

Ms. Janna Woods introduced herself and explained that Garcia Hamilton & Associates is a high quality manager firm. She stated that the last quarter was the worst in market volatility she has seen in history. The European sovereign debt issues, the S&P's U.S. debt downgrade from AAA to AA+ created panic in the U.S. markets. Ms. Woods discussed domestic corporate bonds which had a bad performance and said that the portfolio owns only high grade corporate bonds rated A or better. Ms. Woods contrasted the current situation to 2008 and noted that the Fed is now very vigilant and accommodating. The rates are lower and banks are better capitalized. She stated that Garcia Hamilton does expect to shorten the duration of the portfolio against the possibility of rising interest rates.

4. INVESTMENT REPORTS: Steve Stack, ICC Capital Management

Mr. Stack commented on market environment during the last quarter. He reported that the portfolio performed under benchmark due to underweightings in certain sectors. The firm had very strong returns as the markets swing back during the month of October. Mr. Stack provided a chart of sector ETF performance for 6 months from March 29, 2011 through September 30, 2011. He stated that the swing in the market has already turned to be a short term anomaly where financial holdings, in particular, detracted from overall performance.

5. OLD BUSINESS

Mr. Roger Chewning deviated from the agenda as Mr. Leinbach had to leave in 15 minutes. Mr. Chewning explained some discrepancies found in the Summary of Plan Description that needed corrections. The COLA and DROP did not change in this plan with eligibility. What council approved did not get completely implemented in the ordinance change. Mr. Donlan confirmed that the ordinance was prepared assuming CPLA and DROP would follow eligibility for normal retirement. There would be no fiscal impact to changing or correcting the ordinance that passed. It was discussed that DROP is fine but only the COLA needs correcting.

Mr. Leinbach departed at 10:15 AM. After further discussion, Mr. Affronti suggested that the Board does what is necessary to proceed with the correction.

Mr. Ian Kemp made a motion to redraft the ordinance to mention "Separates from service after reaching Normal Retirement". Mr. Joe Affronti seconded the motion, passed by the Trustees 4-0.

6. Board Trustee Elections

The Board congratulated Mr. Roger Chewning on being reelected as Trustees of the Board for another two-year term which expires on September 9, 2013.

- Fifth Trustee Election: Mr. Baur reported that the fifth trustee term currently held by Mr. Terenzi expired on September 9, 2011. Mr. Terenzi indicated to Mr. Baur that he is willing to continue to serve so Mr. Baur asked the Board to go ahead and do the fifth

trustee election to either reappoint Mr. Terenzi to the Board or choose someone else. Mr. Chewning asked Mr. Terenzi if he wants to stay on the Board as a trustee and he answered in the affirmative.

Mr. Ian Kemp made a motion for Mr. Terenzi to stay on the Board as the fifth Trustee. Mr. Joe Affronti seconded the motion, passed by the Trustees 4-0.

- Chair, Vice-Chair and Secretary Elections:

Mr. Joe Affronti made a motion for Mr. Roger Chewning to stay as Chairman of the Board of Trustees. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

Mr. Ian Kemp made a motion for Mr. Terenzi to stay as Vice-Chair of the Board of trustees. Mr. Affronti seconded the motion, passed by the Trustees 4-0.

Mr. Joe Affronti made a motion for Mr. Ian Kemp to stay as Secretary of the Board of trustees. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

7. APPROVAL MINUTES

Mr. Joe Affronti made a motion to approve the minutes for the meetings held on May 12, 2011 and August 15, 2011. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

8. ACTUARY REPORT: Patrick Donlan, Foster & Foster

2010 ANNUAL ACTUARIAL VALUATION: Mr. Patrick Donlan presented the October 1, 2011 Actuarial valuation report to the Board of Trustees. He reported that the 4 year smoothing was - 0.86% compared to an expected return of 8%, which does not look pleasant.

Ms. Diane Reichard suggested to the cola be eliminated until the plan is funded since cola is the most expensive part of the plan. Mr. Donlan stated that cola amounts to 6% of payroll and also discussed the funding requirements and stated that the City might use the excess now available in the plan to offset the required contributions.

Mr. Joe Affronti made a motion for the Board of Trustees to discuss with the membership the possibility of eliminating the cola and if the plan gets back to 80% funding ratio then the benefit can be restored. Mr. Donlan will analyze and report back with the cost saving result. Mr. Ian Kemp seconded the motion, passed by the trustees 4-0.

Mr. Roger Chewning will go back to membership once Mr. Donlon brings his analysis back to the Board.

FEE AGREEMENT: Mr. Donlon stated that the fee charged for 2010 was the same as 2009. There was a 5% fee increase in 2010 but he had agreed to leave the rate as 2009 and there was a difference of about \$300.00 which was credited on the enclosed invoice. The new contract now reflects a 5% annual fee increase and Mr. Donlan asked the Board to approve this Agreement if it is acceptable to them.

Mr. Joe Affronti made a motion to approve the new Foster & Foster contract. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

Mr. Joe Affronti made a motion to approve the Actuarial Valuation report. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

9. ATTORNEY REPORT: James Loper

2011 ANNUAL PLAN REVIEW: Mr. Lopez explained the four items reported on his 2011 Annual Plan Review letter.

1. 2011 Florida Legislative Session
2. State Premium Tax Monies
3. Calculation of Pension Benefits
4. Summary Plan Description

The Calculation of Pension Benefits policy was designed to reduce errors on benefit calculation. It requires the timely calculation of certain amounts and a greater transparency. Mr. Baur agreed with all the recommendations proposed by Mr. Loper and stated that Resource Center's policy is to do a calculation for vested deferred members at the point when they separate rather than wait. Resource Center always does an initial calculation and send it to Foster & Foster to review and the actuary will review and do the final calculation. Ms. Diane commented that it would be a good idea for her department to review their records especially if payroll had coded a member incorrectly,

Mr. Loper asked the Board for authorization to draft a policy on timely calculation of pension benefits.

Mr. Joe Affronti made a motion for the Board to authorize Mr. Loper to draft a policy on timely calculation of benefit. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

There has been discussion about the Beneficiary Designation form where everyone agreed that the form needs to be updated to avoid confusion.

Mr. Joe Affronti made a motion for the Board to accept updates on the Designation of Beneficiary. Mr. Terenzi seconded the motion, passed by the Trustees 4-0.

10. ADMINISTRATOR REPORT: Scott Baur

Mr. Baur discussed the Fiduciary Liability Insurance and reported Travelers Insurance did not renew the Liability Insurance due to the plan's funding ratio. The policy was supposed to be renewed on September 30, 2011 but they gave a 30-60 day extension. Mr. Baur stated that he has not paid the premium yet as he wanted to have some direction from the Board first and at the time he has an alternate proposal from Ullico which offers to cover the plan with the same parameter as before for \$4,222.90 which is about 600.00 more than Travelers. Mr. Baur asked the Board to discuss whether they would want to accept the offer by Ullico which would take effect on January 1st and by accepting Ullico's offer it means that you also approve the Travelers extension which ends on September 30, 2011. Mr. Baur will also look at Ullico's rating.

Mr. Joe Affronti made a motion for the Board to authorize Mr. Scott Baur to take a look at policy options and deductibles and for him to make a decision. Mr. Terenzi seconded the motion, passed by the Trustees 4-0

Mr. Affronti departed the meeting at 11:34 AM.

11. PLAN FINANCIALS

Ian Kemp made a motion to approve the Warrants dated November 10, 2011 for payment of invoices. Mr. Terenzi seconded the motion, passed by the Trustees 3-0

Ian Kemp made a motion to approve the Benefit Approvals with the exception of Marshia Hall. Mr. Terenzi seconded the motion, passed by the Trustees 3-0

Ian Kemp made a motion to approve the 2011 COLA Benefit Increases. Mr. Terenzi seconded the motion, passed by the Trustees 3-0

12. NEW BUSINESS

Mr. Chewning reported that Securities Monitoring contacted him and asked if the Board would want to be part of a class action lawsuit against KB Homes for underpaying or not paying contractors building their houses. Mr. Chewning declined to involve the plan as a plaintiff.

13. OLD BUSINESS

The Board had no old business for consideration.

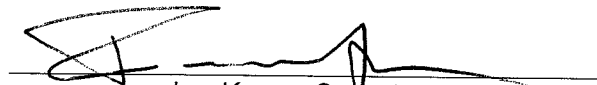
14. NEXT MEETING DATE

The Board agreed to the 2012 Meeting Schedule. The Trustees previously scheduled their next quarterly meeting for February 9, 2012 at 9:00 AM for Joint Investment Reports and 9:30 AM for the Regular Meeting.

15. ADJOURNMENT

There being no further business, a motion was made to adjourn the meeting at 11:49 AM.

Respectfully submitted,



Ian Kemp, Secretary