

City of Temple Terrace Fire Department Pension Board

Ian Kemp, Chairman; Chris Damico, Vice-Chairman; Gerald Terenzi;
Secretary; Frank Chillura, City Mayor; Jerry Seeber, City Manager

MINUTES OF THE MEETING HELD February 13, 2014

1. CALL TO ORDER

Chairman Ian Kemp called a Meeting of the City of Temple Terrace Fire Department Pension Board of Trustees to order at 9:50 AM at the City Manager's Conference Room located at 11250 N. 56th Street, Temple Terrace, FL 33617.

The Board had a quorum for the quarterly meeting. Those persons present included:

TRUSTEES

Ian Kemp, Chair
Chris Damico, Vice-Chair
Gerald Terenzi, Secretary
Frank Chillura, City Mayor
Jerry Seeber, City Manager (9:55 AM)

OTHERS

Pam Nolan, Resource Centers, LLC
Bonni Jensen, Attorney
Jon Breth, The Bogdahn Group
John Thinnes, The Bogdahn Group
Angela Atkinson, City Finance Director

2. PUBLIC COMMENTARY:

No members of the public addressed the Board.

3. BOARD COMPOSITION:

- a. Chairman Kemp introduced Chris Damico to the Board. Mr. Damico was elected to fill the vacancy left by the resignation of Roger Chewning. The Trustees welcomed Mr. Damico to the Board.
- b. Selection of Board Chair, Vice Chair and Secretary

After some discussion, the following motions were made:

Frank Chillura made a motion to appoint Ian Kemp to the position of Board Chairman. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

Frank Chillura made a motion to appoint Chris Damico to the position of Board Vice Chairman. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

Frank Chillura made a motion to appoint Jerry Terenzi to the position of Board Secretary. Chris Damico seconded the motion, approved by the Trustees 4-0.

4. INVESTMENT PERFORMANCE REPORT:

Jon Breth of The Bogdahn Group introduced John Thinnes, also of The Bogdahn Group. Mr. Thinnes is on the service team for Temple Terrace Firefighters. He has been with the firm for

five years, initially in a research capacity, but he has moved into a role working with client boards in the past two years. He will work with Mr. Breth to monitor the investments and serve the plan.

Mr. Breth reviewed the overall market performance in the last quarter of 2013. The good performance in the third quarter continued in the fourth. Equities drove performance during the quarter, with domestic stock indices in the 8-10% range and international equities posting gains in the 2-5% range. The fixed market struggled with a loss of 1-2% for the quarter. Year 2014, meanwhile, looks to be having a volatile start. Interest rates have dropped about a quarter of a percent, and market volatility has increased.

The plan assets increased from \$17.5M on October 1, 2013 to \$18.8M on December 31, 2013. The returns place the plan in the top 9th percentile for performance, with a 6.83% gain for the quarter. The return exceeded the benchmark by 1.2%. Mr. Breth attributed the strong performance to the equity managers; each returned over 30% for the calendar year. The new international investment, RBC, funded December 1, 2013, outperformed its benchmark for the month as well. ICC also showed a strong performance with a return of 7.27%, well ahead of the benchmark at 5.71% for the quarter. The fixed income portfolio returned 1.37% for the quarter, exceeding the benchmark return of -0.14% for the quarter.

The allocation of the plan's investments is about 4.5% overweight in equities and underweight to the fixed income investments. Mr. Breth proposed a new allocation to global bonds or alternatively, updating the Investment Policy Statement from 30% to 25% fixed income, increasing allocation to non-core (global) fixed assets. He reviewed the Global Fixed Income Manager Evaluation with the Board, to examine some options for the Board's consideration. A general discussion of the five options in the report ensued, with emphasis on the Brandywine and two Franklin Templeton options. The Board will take the recommendations under advisement. The Trustees requested that the revised allocation be added to the agenda for the next quarterly meeting.

5. APPROVAL MINUTES:

The Trustees reviewed the Minutes for the meeting of December 12, 2013.

Frank Chillura made a motion to approve the Minutes for the meeting of December 12, 2013 as submitted. Jerry Terenzi seconded the motion, approved by the Trustees 5-0.

6. ATTORNEY REPORT

Ms. Jensen presented the Public Participation Policy to the Board and had the Policy signed by the Chairman.

Ms. Jensen reported that her firm prepared an index of the plan's Forms and Policies and requested the Resource Centers to supply all forms and policies. She has all the forms compiled for the plan, and she is working with the administrator to assemble all of the policies previously adopted by the Board.

Ms. Jensen noted that the City auditor questions the continuing education requirement for the Trustees. She cited the differences between Florida Statute 215 which covers public investment education requirements (8 hours of investment education annually) and the Florida Statute 112, which encourages Trustee education without a specific requirement. Ms. Jensen noted that she had not been contacted again by the Auditors, although the City audit is in progress for 2013. She will keep the Board advised of any new developments.

Ms. Jensen's firm hosts an annual conference that has multiple educational opportunities for Trustees. The Board approved Chris Damico to attend the Klausner this year. Additional educational opportunities were discussed, including the NCPERS and the FPPTA conferences and Trustee schools.

Ms. Jensen advised the Board that the IRS has reduced the mileage reimbursement rate from 0.565 to 0.56 cents per mile.

Ms. Jensen reported on pending legislation that would affect Chapter 175 plans. Proposed bills would allow municipalities to move to the Florida Retirement System. The bills might possibly require plans to have a defined contribution component as well, although the Temple Terrace Ordinance already provides for Share Accounts when funding becomes available. She will send a memo prior to the next meeting with details.

7. ADMINISTRATOR REPORT

a. Fiduciary Liability Insurance Renewal

Ms. Nolan reported that the premium for this year's renewal was \$20 less than the prior year premium. Ms. Jensen noted that the Waiver of Recourse coverage was included in the policy as well as voluntary compliance coverage. The Trustees approved the renewal by motion at the previous meeting already.

b. Salem Trust Reporting: RBC

Ms. Nolan reported the new RBC mandate was funded on December 1, 2013.

c. Board Continuing Education Requirements – see Attorney Report

d. Annual Report

Chairman Kemp and Secretary Terenzi executed the signature page in advance so the report can be submitted to the State by Resource Centers prior to the deadline. Scott Baur will work with the City to ensure submission with proper documentation from the City's CAFR, once the CAFR becomes available.

8. PLAN FINANCIALS

a. Accounts Payable: Warrant Dated 02/14/14.

Jerry Terenzi made a motion to approve the Warrant dated February 12, 2014 as submitted. Frank Chillura seconded the motion, approved by the Trustees 5-0.

b. Benefit Approvals: None.

9. OTHER BUSINESS:

Jon Breth noted that the Salem Trust completed their system transition without any negative financial impact on the plan's assets. The reporting delays were extensive, but the process now seems complete. Ms. Nolan noted that Salem Trust gave a 10% service credit on the service charges for November and December.

Ian Kemp asked Mr. Breth if he would recommend any changes with ICC at this time. Mr. Breth noted that the position has been reduced by half, so he would not recommend any further changes at this time.

Chairman Kemp initiated a discussion to move the meeting time to 9:30 am. He noted Ms. Jensen's hourly charge was applicable from her arrival for the meeting start time at 9am this morning. Mayor Chillura suggested checking with the Police Board, which meets in the room just prior, to coordinate a certain ending time for their meeting in order to set the schedule for this meeting's attendees.

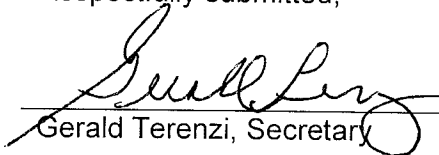
10. MEETING SCHEDULE:

The Trustees previously scheduled their next quarterly meeting for May 8, 2014 at 9 AM.

11. ADJOURN:

Frank Chillura made a motion to adjourn the meeting at 11:04 AM. Jerry Terenzi seconded the motion, approved by the Trustees 5-0.

Respectfully submitted,



Gerald Terenzi, Secretary