



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 August 14, 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 9:15 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

OTHERS

Scott Baur, Plan Administrator
Bonni Jensen, Attorney
Jon Breth, The Bogdahn Group
John Thinnies, The Bogdahn Group
Angela Atkinson, City Finance Director
Greg Gosch, Sawgrass Asset Management
Lynn Skinner, Salem Trust

2. PUBLIC COMMENTARY:

No members of the public addressed the Board.

3. INVESTMENT REPORTS:

Greg Gosch, Sawgrass

Greg Gosch explained that Sawgrass has served as the large cap growth portfolio manager for the plan since 2009. He stated that his firm has increasing concerns about a possible market pullback later this year as the market becomes further extended. Sawgrass, started 17 years ago, is 100% employee owned with about \$3.3 Billion in assets under management. The firm still has the same management team in place. Mr. Gosch noted that, as a quality growth manager, Sawgrass tends not to capture all of the market upside during a strong bull market but protects the portfolio when the market declines. Sawgrass performed slightly under their benchmark for the quarter, but delivered excess performance overall for the last 6 quarters. As companies without strong earnings lead the market, Sawgrass tends to lag the market. Mr. Gosch reviewed a chart that correlated the Fed balance sheet to the market performance in recent years. The gradual end to the Quantitative Easing has not yet impacted the market.

Mr. Gosch then reviewed specific holdings in the portfolio.

John Thinnies, Bogdahn

John Thinnies reviewed the markets for the quarter ending June 30. The international and the emerging markets outperformed the domestic market for the quarter, and large companies

outperformed smaller companies. Fixed income also had strong returns for the quarter, with TIPS and investment grade bonds showing the best results, also helping the fixed income portfolio managed by Garcia Hamilton for the plan. Mr. Thinnes reviewed the asset allocation, noting that the current allocation came very close to the target allocation for the plan. Finally, Mr. Thinnes reported the plan completed funding of the new global fixed income portfolio during the quarter.

The investment portfolio returned 2.44% for the quarter net of investment expenses compared to 3.55% for the benchmark. For the fiscal year to date, the portfolio gained 10.93% net compared to 11.22% for the benchmark. The plan had strong relative performance to the market with average gains of 10.64% for the trailing 3 years.

Mr. Thinnes noted that Eagle positioned the portfolio for the plan more conservatively since funding by the plan. The manager has still produced strong absolute returns since inception of the portfolio. The international diversification consisting of ICC and RBC, on the other hand, lagged the international benchmarks. Mr. Thinnes explained that a 5% allocation to Chicago Bridge & Iron hurt performance by, and the portfolio also suffered from poor stock selection. Garcia Hamilton had strong performance for the quarter, and the plan funded the Templeton Global Bond Fund during the quarter as well. Mr. Thinnes noted that the S&P has now had 6 consecutive quarters of gains, while the Russell 2000 had a positive quarters in a row. As a result, the investment consultant indicated that a market pullback may occur in the near term.

4. APPROVAL MINUTES:

The Trustees reviewed the Minutes for the meeting of May 8, 2014.

Mayor Chillura made a motion to approve the Minutes for the meeting of May 8, 2014. Chris Damico seconded the motion, approved by the Trustees 5-0.

5. ATTORNEY REPORT

Ms. Jensen provided an update to the Agreement with Eagle Capital Management.

Jerry Terenzi made a motion to approve the updated Agreement for execution. Jerry Seeber seconded the motion, approved by the Trustees 5-0.

6. ADMINISTRATOR REPORT

Mr. Baur reported that the plan would receive \$162, 927.52 for the primary distribution amount, but nothing for the supplemental distribution. The amount increased slightly from 2012.

The plan should receive the distribution in the first round of checks issued by the Division.

7. PLAN FINANCIALS

- a. Accounts Payable: The Trustees reviewed the Warrant dated August 14, 2014.

Mr. Seeber made a motion to approve the Warrant dated August 14, 2014. Mr. Terenzi seconded the motion, approved by the Trustees 5-0.

- b. Benefit Approvals: The Trustees reviewed the Benefit Approvals for August 14, 2014

Jerry Terenzi made a motion to approve the exit from the DROP for Mark Baldwin. Jerry Seeber seconded the motion, approved by the Trustees 5-0.

8. OTHER BUSINESS:

Jerry Seeber inquired regarding the checks and balances in place from the plan to review the accuracy of the payroll and contributions received and reported by the City. Mr. Baur explained in detail the format of information received by the plan, as well as the checks and balance in place to reconcile reporting of payroll and contributions to deposits made by the City. His office, however, does not receive a detailed breakdown of the pay codes by the City. He also explained that his office received the snapshot of the vacation pay frozen amounts.

The Board then discussed the policies in place requiring the Trustees to have continuing education, an issue raised in the last audit for the City. While the Board does not have a specific policy, Florida Statute has general requirements for Trustee Education. The Investment Policy also requires the Trustees to obtain continuing education as well.

Mr. Damico stated that he planned to attend the FPPTA Fall Trustee School.

9. MEETING SCHEDULE:

The Trustees previously scheduled their next quarterly meeting for November 13, 2014 at 9 am.

10. ADJOURN:

There being no further business, Jerry Seeber made a motion to adjourn the meeting at 10:20 AM. Jerry Terenzi seconded the motion, approved by the Trustees 5-0.

Respectfully submitted,

Gerald Terenzi, Secretary