



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 November 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 9:15 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
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
Patrick Donlan, Foster & Foster

2. PUBLIC COMMENTARY:

No members of the public addressed the Board.

3. INVESTMENT REPORTS

John Thinnies reported that the plan had strong relative performance for the quarter ending September 30, 2014, although weak performance on an absolute basis. He reviewed both the domestic and the global markets. He noted that the foreign markets actually had gains for the quarter, although these gains become losses due to currency fluctuations.

Mr. Thinnies then reviewed the asset allocation for compliance with the Investment Policy. He indicated that the plan did not need to rebalance assets. The Pension Fund had assets of \$19,837,309 as of September 30, 2014, increasing from \$17,542,144 at the beginning of the fiscal year. The investment portfolio for the plan had a net return of 0.12% for the quarter ending September 30 compared to a loss of -0.43% for the benchmark, putting the plan in the top 5th percentile for returns. For the fiscal year, the plan had net returns of 11.06% compared to 10.73% for the benchmark. Mr. Thinnies then reviewed the performance of the individual investment managers. He commented that ICC had a strong quarter, although the portfolio managed by ICC still trailed the benchmark for the fiscal year. The fixed income managers and the real estate managers both had strong gains. Mr. Thinnies noted that the managers retained by the Board tend to be more defensive, capturing much of the upside gains while protecting assets when the market experiences declines.

Mr. Thinnes stated that ICC had significant overall outflows, with about a 60% reduction in assets under management mostly from other strategies than the ADR portfolio managed by ICC on behalf of the plan. Mr. Thinnes indicated that he would consider an index fund as a possible alternative to the portfolio managed by ICC. The Board asked the Consultant to invite ICC to the next quarterly meeting.

4. ACTUARY: ANNUAL VALUATION

Patrick Donlan reported that the required funding increased from 53.85% of payroll in 2014 to 56.49% of payroll for the fiscal year starting October 1, 2015, due primarily to the change to lower the investment return assumption coupled with flat payroll growth. The City portion of the contribution increased from 37.5% of payroll to 40% of payroll for 2015. Mr. Donlan noted that the actual payroll increase of 3.7% for the past 10 years created negative experience for the plan. The smoothed investment returns, on the other hand, contributed gains to offset some of the experience losses. Mr. Donlan stated that the Board of Trustees for the Police Pension Fund decided to send correspondence to the Division of Retirement asking to halt further scheduled decreases in the investment return assumption, since the actual return now far exceed the assumed rate. Patrick Donlan further explained that payments on accrued liabilities increased as payroll failed to grow as quickly as assumed.

Mr. Donlan stated that funded ration increased from 62.45% to 71.38% partly due to GASB changes on the market value of assets recognized for purposes of the valuation. He indicated that the funded ratio will become more variable in the future as a result of the GASB changes.

Jerry Seeber made a motion to make a request to the Division of Retirement to stop the scheduled decrease in the investment return assumption at 7.7%, noting that the FRS uses an investment return assumption of 7.75%. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

The Board deferred approval of the Valuation to the quarterly meeting in February, pending the outcome of the request to the Division of Retirement regarding the investment return assumption.

Patrick Donlan explained the additional reporting requirements mandated by SB 534. Even though the reporting requirements appear to create an unfunded mandate, SB 534 requires the plan to project future performance with no additional contributions and an investment return 2% less than the assumed rate. Mr. Donlan also reviewed the proposal by Foster & Foster to provide the additional notes required by GASB 67 that the City must include in the annual CAFR (Consolidated Annual Financial Report).

Jerry Seeber made a motion to authorize Foster and Foster to produce the required notes to comply with GASB 67 and SB 534. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

5. APPROVAL MINUTES:

The Trustees reviewed the Minutes for the meeting of August 14, 2014.

Jerry Seeber made a motion to approve the Minutes for the meeting of August 14, 2014. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

6. ATTORNEY REPORT

Ms. Jensen provided the Board with the updated Summary Plan Description. She reviewed the format and changes, and she corrected a reference to the Collective Bargaining Agreement as well. She noted that Foster and Foster must provide Exhibit B containing actuarial data to the final Summary Plan Description.

Jerry Seeber made a motion to approve the updated Summary Plan Description. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

7. ADMINISTRATOR REPORT

Mr. Baur provided the Board with the renewal for the Fiduciary Liability Insurance.

Jerry Seeber made a motion to approve the renewal of the Fiduciary Liability Insurance. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

Mr. Baur then provided the Trustees with information regarding upcoming educational conferences. He reported that he completed a detailed review of the member payroll and contribution information received by his office from the City in response to the concerns raised regarding the administration of payroll on behalf of the pension plan.

Mr. Baur then detailed issues with the ultimate approval of the Annual Report by the Division of Retirement. Even though he received confirmation that the Municipal Police and Fire Office distributed the premium tax receipts to the plan on the first round of distributions as expected, the Division discovered on September 30 that their office actually failed to approve the Annual Report. Mr. Baur made certain that the plan complied with all the reporting requirements by the state and subsequently received confirmation again the Division accepted the Annual Report.

8. PLAN FINANCIALS

The Trustees reviewed the Warrant dated November 13, 2014.

Mr. Seeber made a motion to approve the Warrant dated November 13, 2014. Mr. Terenzi seconded the motion, approved by the Trustees 4-0.

The Trustees reviewed the Benefit Approvals for November 13, 2014 and the cost of living adjustment provided by the actuary for eligible members as of October 1, 2014.

Jerry Seeber made a motion to approve the benefits and the cola increases. Jerry Terenzi seconded the motion, approved by the Trustees 4-0.

9. OTHER BUSINESS:

Chris Damico reported the high started the educational sequence to earn the Certified Public Pension Trustee designation. He described the course content offered by the FPPTA for Trustees of public pension plans.

10. MEETING SCHEDULE:

The Trustees previously scheduled their next quarterly meeting for February 12, 2015 at 9 am.

11. ADJOURN:

There being no further business, Jerry Terenzi made a motion to adjourn the meeting at 10:39 AM. Jerry Seeber seconded the motion, approved by the Trustees 4-0.

Respectfully submitted,

Gerald Terenzi, Secretary