Minutes of SPECIAL Meeting of the Firefighters', General Employees'and Police Officers' Retirement Systems, held Thursday, October 3, 2013, at 1:00 P.M., in the Council Chambers, 11 North 3rd Street, Jacksonville Beach, Florida.

JACKSONVILLE BEACH

Call to Order

Brandon Maresma, Chairperson of the General Employees' Pension Board, called the meeting to order at 1:00 p.m.

Roll Call as follows:

Firefighters' Board	General Employees' Board	Police Officers' Board
Bruce Anderson	Nick Currie	Steve Corbitt
Ed Dawson	Randy Greene	Marvin DuPree
Dennis Povloski	Steve Hartkemeyer-*absent*	Alan Grant-*absent*
Jason Sparrow-*absent*	Christine Hoffman	Jackie Thomason
Deborah White	Brandon Maresma	David Young

Also in attendance were City Clerk Judy Bullock, Human Resources Director Karen Nelson, and Finance Officer Harry Royal.

Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees

1. Introduction of New Pension Administrator

   New Pension Administrator, Ann Meuse, was introduced by Human Resources Director Karen Nelson. Ms. Nelson also provided a brief overview of Ms. Meuse's qualifications.

Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees

2. Pension Attorney's Annual Report – Robert Sugarman of Sugarman & Susskind, P.A.

   Pension Attorney Robert Sugarman provided an update on 2013 Legislative changes, which included:

   - Senate Bill No. 534 created Florida Statutes Section 112.664, which imposes new financial reporting requirements for local government pension plans. The law took effect on July 1, 2013.

     This bill also requires local government plans to post certain financial disclosures on the plan's website, if the plan already has a website. However, there is no requirement to create such a website.

- Senate Bill No. 002 amended Florida Statutes Chapter 112, Ethics Rules, creates a method to collect fines for failure to timely file disclosures of financial interests. The methods include wage garnishment, court judgments, or referral to collection agencies.

  Mr. Sugarman advised the trustees to mail their Form 1, Statement of Financial Interests, certified mail - return receipt requested, and provide a copy of the receipt to the Pension Administrator. He added that trustees should ensure that their financial disclosure is filed by July 1, 2013.

- Senate Bill No. 50 relates to public input at meetings. The bill takes effect October 1, 2013, and requires Boards/Commissions to designate a specific time on the agenda for public comment. Mr. Sugarman recommended that the Boards add an item on meeting agendas for public comment and establish an allotment of time for speakers (standard amount of time is three to five minutes).

  Following a brief discussion, trustees from the three Boards concurred to place an item at the beginning of meeting agendas for public comment, allowing speakers five minutes.

Mr. Sugarman also advised that the Retirement Systems do not have a contract with Gabriel Roeder Smith & Company for actuarial services. With the Trustees' consent, Mr. Sugarman advised that he would negotiate a contract for consideration.

Mr. Sugarman also encouraged trustees of the Police Officers' and Firefighters' Boards, to attend the Annual State of Florida Pension School, in October 2013.

Mr. Anderson asked Mr. Sugarman about fund allocations and the risks in the changes (addition of real estate to portfolio) proposed by The Bogdahn Group.

Mr. Sugarman stated that his legal advice to the Trustees is to carefully consider the recommendations of the consultant and have a clear understanding of the reasons for the proposed changes. The Trustees should also consider how the proposed allocation compares to other pension funds and should be concerned if the equity allocation exceeds 70% of the portfolio. Mr. Sugarman advised that he would prepare an ordinance based on proposed changes for the Trustees consideration.

Mr. Sugarman also explained that the three pension funds had received an *IRS Favorable Determination Letter* in 2012. However, the *Letters* will expire on January 31, 2014. Mr. Sugarman recommended that the Boards apply in 2014 for a five-year *Letter*. He added that the filing fees would be reduced by 40% at that time.

Mr. Young requested that the issue be placed on the November 12, 2013, agenda for consideration action.

It was also brought to the Board's attention that the City wishes to hire Gabriel Roeder Smith & Company to review changes to the Pension Plans before adoption by the City Council.

Mr. Sugarman advised that the City can hire the actuary that the Pension Systems use; but there should be an ongoing letter of permission from the retirement systems for the actuary to perform work for the City.

There was a brief discussion regarding the benefits of sharing actuarial studies between the Trustees and the City's Bargaining Unit.

Firefighters'

Motion: It was moved by Mr. Anderson, seconded by Mr. Dawson, to approve an expenditure not to exceed $2,000 for sharing of actuarial data between the Pension System and the City.

Roll call vote: Ayes – Anderson, Dawson, White, and Povloski; motion carried unanimously.

General Employees'

Motion: It was moved by Mr. Currie, seconded by Ms. Hoffman, to approve an expenditure not to exceed $2,000 for sharing of actuarial data between the Pension System and the City.

Roll call vote: Ayes – Currie, Hoffman, and Maresma; motion carried. Ms. Greene had stepped out of the room during this vote.

Police Officers'

Motion: It was moved by Mr. Corbitt, seconded by Mr. DuPree, to approve an expenditure not to exceed $2,000 for sharing of actuarial data between the Pension System and the City.

Roll call vote: Ayes – Corbitt, DuPree, Thomason, and Young; motion carried unanimously.

Mr. Sugarman provided information on terminated employee Linzy Lane who is facing criminal charges. Mr. Sugarman explained, upon termination, Mr. Lane requested and received a refund of his member contributions, without accrued interest. He explained the interest earned on those contributions is a separate issue and the pension system may not be required to pay the accrued interest. Mr. Sugarman recommended that the Pension System wait on the outcome of the criminal case before determining if Mr. Lane is entitled to a payout of the accrued interest.

Motion: It was moved by Mr. Corbitt, seconded by Mr. Anderson, and passed, to accept Mr. Sugarman's report.

Voice vote resulted in all ayes from Board members.

Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees

3. Discussion on Asset Allocations – The Bogdahn Group

Troy Brown and Dan Johnson discussed the portfolio's asset allocation. Mr. Johnson distributed a handout on 10-year Treasury rates of return.

A discussion ensued on the current asset allocation and the unrealizable actuarial return amount of 8%. It was noted that the pension system could not continue to list an 8% return, when the investments are not meeting that target.

Mr. Brown and Mr. Johnson suggested that the Boards consider further diversifying the portfolio by adding real estate. They explained that it would be a co-mingled fund and monies would be moved from the Core Equity Fund.

Mr. Anderson asked if this could be considered at the November 2013 meeting.

Mr. Sugarman advised that he could prepare an ordinance, for Council consideration, that will allow the pension fund to invest in real estate. He added that the language in the ordinance be conservative.

Mr. Johnson recommended that the Pension Boards approve the ordinance before presenting it to the City Council.

Motion: It was moved by Mr. Anderson, seconded by Mr. Povloski, and passed, to authorize Mr. Sugarman to prepare the Ordinances allowing the pension funds to invest in real estate.

Voice vote resulted in all ayes by Board members.

Motion: It was moved by Ms. Hoffman, seconded by Mr. DuPree, and passed, to accept the Bogdahn report.

Voice vote resulted in all ayes by Board members.

Consideration by Firefighters', General Employees' and Police Officers' Boards of Trustees

4. Presentation of Sixty-Second Annual Actuarial Valuation – October 1, 2012

   a) Firefighters' Retirement System
   b) General Employees' Retirement System
   c) Police Officers' Retirement System

Brad Armstrong, Actuary with Gabriel Roeder Smith & Company, presented annual valuations for all three funds. During review of the valuations, it was noted that the three funds' current funded ratio is as follows:

- Firefighters' 76.1%
- General Employees' 78.8%
- Police Officers' 82.1%

Firefighters'

Motion: It was moved by Mr. Dawson, seconded by Ms. White, to accept the October 1, 2012, Firefighters' Actuarial Valuation.

Roll call vote: Ayes – White, Povloski, and Dawson; motion carried unanimously (Mr. Anderson left the meeting at 3:26 p.m.).

General Employees'

Motion: It was moved by Ms. Greene, seconded by Mr. Currie, to accept the October 1, 2012, General Employees' Actuarial Valuation.

Roll call vote: Ayes – Hoffman, Maresma, Currie, and Greene; motion carried unanimously.

Police Officers'

Motion: It was moved by Mr. Corbitt, seconded by Mr. DuPree, to accept the October 1, 2012, Police Officers' Actuarial Valuation.

Roll call vote: Ayes – Thomason, Young, Corbitt, and DuPree; motion carried unanimously.

Acknowledgement of Receipt of the October 1, 2012, Actuarial Valuations

On behalf of the City of Jacksonville Beach, Finance Officer Harry Royal, formally accepted the October 1, 2012, Actuarial Valuations for the Retirement Systems:

- Firefighters' Retirement System
- General Employees' Retirement System
- Police Officers' Retirement System

Adjournment

There being no further business coming before the Board, Mr. Maresma adjourned the meeting at 4:42 P.M.

Submitted by: Judy L. Bullock
City Clerk

Approval:

Date: November 12, 2013