

**SARASOTA FIREFIGHTERS' INSURANCE TRUST FUND  
BOARD OF TRUSTEES MEETING AGENDA  
740 Commerce Dr., Venice, FL  
April 27, 2016**

A quarterly meeting of the Board of Trustees was called to order by Chairman Kennell at the Union Hall - 740 Commerce Drive, Venice, Florida.

**Trustees Present:**

Chairman Mervin Kennell, Dale Everhart, Matt Scarborough, Johnny Rigney, Matt Seiler

**Absent and Excused:**

Marty Ferris, Advisor

**Also Present:**

Pedro Herrera, Esquire; Walt Menzel, CPA; Charles Mulfinger and Scott Owens, Investment Consultants; Brad Armstrong, Actuary; Scott Baur and Amber McNeill, Administrators.

**1. Call to Order**

The meeting was called to order at 11:09 AM.

Mr. Baur informed the Board that Thel Whitley had retired, and that Amber McNeill would be taking over as Administrator for the Plan. Mr. Baur explained that he will continue to attend future meetings to ensure that the transition goes as smoothly as possible.

Trustee Kennel informed the Board that Private Investors, a hedge fund the Plan is involved with is being dissolved, and that everything currently invested in that fund should be returned; Mr. Mulfinger will explain the entire situation later on in the meeting.

**3. Public Comment**

There was no public comment.

**5. a. Actuary Report – Brad Armstrong**

Mr. Armstrong presented the participants that would possibly be eligible for the proposed death benefit using the most current data. David Rickleman and John Roland should be added to the list, and Brimblecom is not eligible because he is still alive. This list consists of individuals who were eligible for the health trust, and have passed either prior to receiving benefits, or while receiving benefits. Don DeMott and Deborah Schuster were not eligible. Once the eligibility is determined for individuals who have already passed away, Mr. Armstrong can determine the impact the individuals will have on the Plan. For every \$100,000 in payments over 10 years, it will impact the Plan by approximately \$1 per month for each individual. Mr. Armstrong proposed that the current retirees in pay status that are within the 10 year limit, individuals currently retiring, and future retirees be given the option of a 10 year certain benefit, to be paid out to their spouse, or their estate for no more than 120 payments. Current actives participants that die in service while eligible for, but not currently receiving benefits, would also be eligible

for the 10 year certain benefit. In order to be eligible, the individual must have participated for 10 years. Trustee Kennel informed Mr. Armstrong that Walter Tarlowski had been in pay status for two months, and Richard Hornberger had possibly been in pay status for one month before his death. The list provided needs to be researched further to insure that all individuals that could possibly be eligible are included and that those who are not eligible can be excluded. Mr. Armstrong stated that the most cost would be incurred by covering the actives going forth, unless an election is made with a modestly reduced benefit. This would have the least impact on the current plan circumstances. If the member elects the 10 year certain benefit, the benefit could possibly be affected the first 10 years, and then revert to the normal benefit thereafter. The Board discussed allowing beneficiaries to pay the remaining years, in order to receive the benefit. Trustee Everhart asked if this benefit could be limited to spouses only. Mr. Armstrong informed the Board that limiting the benefit to spouses only would help to control the cost and help reduce the impact on the Plan.

Mr. Mulfinger and Mr. Owens entered the meeting at 11:37 am.

Trustee Kennel stated that the most significant impact would be from beneficiaries with sudden deaths and that the proposal seems manageable if it can be made cost neutral and beneficial to members. Mr. Armstrong informed the Board that these payments would also be tax free. Also, reducing the benefit lowers the cost and impact on the Plan. The current regular benefit should not be affected, unless the 10 year certain is made automatic, then it would have a greater impact on the Plan, and reduce the current benefit by approximately \$15. The goal is to make this as cost efficient as possible. Mr. Baur reminded the Board that approximately half of self pays usually don't make it to pay status. Trustee Kennel asked Mr. Armstrong to develop a specific scenario using the deceased individuals that would be eligible for the proposed benefit.

Mr. Herrera entered the meeting at 12:05 pm.

The Trustees further discussed the possible benefit options.

**MOTION** Trustee Scarborough made the motion to authorize Mr. Armstrong to calculate elections for the current recipients of benefit for the remainder of the 10 years and Trustee Everhart seconded the motion and the motion passed unanimously.

**MOTION** Trustee Scarborough made the motion to authorize Mr. Armstrong to perform an impact statement for a 10 year certain guaranteed benefit that is reduced for the 10 years, popping up after 120 payments to the regular benefit amount, to be elected upon retirement and Trustee Everhart seconded the motion and the motion passed unanimously.

**MOTION** Trustee Scarborough made the motion to offer beneficiaries of already deceased members the option to continue to make payments into the Plan until eligibility is reached and Trustee Seiler seconded the motion and the motion passed unanimously.

**MOTION** Trustee Scarborough made the motion to offer a spouse or dependent the opportunity to continue to pay into the Trust until full eligibility is reached and Trustee Everhart seconded the motion and the motion passed unanimously.

There was a break in the meeting at 12:45 pm. The meeting restarted at 12:50 pm.

## **5. b. Graystone Consulting/Morgan Stanley – Charlie Mulfinger and Scott Owens**

Mr. Mulfinger informed the Board that Private Advisors is liquidating their fund, which leaves the Board several options in which the funds can be reinvested. The economy is showing slow growth 1.4% GDP growth. Morgan Stanley believes over the next year that US growth will be 1.6 – 1.7% and international growth will be 3 – 3.5%. January 2016 was the worst January in history, but February and March were the strongest recovery since 1933, which is quite volatile. US and International markets were barely up with fairly low rates. Stocks are currently very volatile. Mr. Mulfinger reported that as of March 31, 2016 the total fund balance of Trust #1 is \$25,366,237.04 and for Trust #2 is \$3,891,533.93. Mr. Mulfinger reported that the return for the quarter for Trust #1 was 0.94 (net of fees) and for Trust #2 was 1.02 (net of fees). Mr. Mulfinger spoke briefly about the performance of the individual indexes and money managers.

Private Advisors, the Plan's hedge fund of funds manager, is liquidating their entire fund, because they received redemptions for about 40% of their fund. Due to this, they chose to liquidate the entire fund, and return everyone's money. This is due partially to the performance and because several large pension plans have pulled out of hedge funds. Mr. Mulfinger presented an Asset Allocation Study, which led to a Board discussion on the current asset allocation. Mr. Mulfinger presented the possibility of liquid hedge funds to the Board, including Blackrock and Blackstone as possible managers. Private Advisors will return 48% of the funds by June 30<sup>th</sup>, and the 52% remaining will be returned by the end of 2018. The Board discussed how to re-invest these funds. Mr. Mulfinger suggested that the Board continue this discussion at the July meeting.

Mr. Mulfinger, Mr. Owens, and Mr. Armstrong left the meeting at 1:58 pm.

A lengthy discussion ensued regarding asset allocation.

## **4. Approval of the Minutes: January 27, 2016**

The Board was presented with the draft minutes of the January 27, 2016 meeting.

**MOTION** Trustee Everhart made the motion to approve the minutes and Trustee Seiler seconded the motion and the motion passed unanimously.

## **5. c. Attorney Report – Mr. Pedro Herrera, Esquire – Sugarman & Susskind P.A.**

Mr. Herrera informed the Board that he had nothing to report.

## **5. d. Administrator Report – Scott Baur**

Mr. Baur reported to the Board that a Power of Attorney is needed for Richard Christini in order for Mr. Christini to work with the IRS on behalf of the Plan. There was Board consensus to authorize Chair to sign the Power of Attorney.

Mr. Baur reported that the Fiduciary Liability Insurance has been renewed, but the broker of record was changed to remove the appearance of a possible conflict.

## **7. New Business**

The Board discussed possibly staggering President and DVP terms.

Mr. Baur has found member contracts in old records and he believes that they might be the correct contracts with the right language. These records will be stored as hard and electronic copies in multiple locations to ensure that they are not misplaced.

The Board is waiting on the correct contribution from the County; Mr. Baur will send a letter if there continues to be no response.

## **6. Plan Financials**

### **6. b. Approval of Expenses**

The warrant and copies of invoices were presented to the Board for review and ratification.

**MOTION** Trustee Everhart made the motion to approve the Warrant dated February 18, 2016 and Trustee Seiler seconded the motion and the motion passed unanimously.

**MOTION** Trustee Rigney made the motion to approve the Warrant dated March 17, 2016 and Trustee Seiler seconded the motion and the motion passed unanimously.

Trustee Seiler left the meeting at 2:46 pm.

**MOTION** Trustee Scarborough made the motion to approve the Warrant dated April 20, 2016 and Trustee Everhart seconded the motion and the motion passed unanimously.

Trustee Seiler returned to the meeting at 2:50 pm.

### **6. a. Interim Financial Statements**

Mr. Menzel presented the plan financials to the Board. Mr. Menzel will send what records he has concerning member contributions to Mr. Baur. Mr. Baur will contact Michelle Green to ask for the contribution report directly.

**NEXT MEETING** – July 27, 2016 at 11:00 AM

## **ADJOURNMENT**

**MOTION** - Trustee Everhart made the motion to adjourn the meeting, Trustee Seiler seconded the motion and the motion passed unanimously.

The meeting was adjourned at 3:20 pm.

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Trustee Signature