

**SARASOTA FIREFIGHTERS' INSURANCE TRUST FUND
BOARD OF TRUSTEES MEETING AGENDA
740 Commerce Dr., Venice, FL
July 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, Matt Seiler

Absent and Excused:

Marty Ferris, Advisor

Absent and Unexcused:

Johnny Rigney

Also Present:

Pedro Herrera, Esquire; Walt Menzel, CPA; Charles Mulfinger and Scott Owens, Investment Consultants; Denise McNeill and Amber McNeill, Administrators.

1. Call to Order

The meeting was called to order at 11:12 AM.

3. Public Comment

There was no public comment.

4. Approval of the Minutes: April 27, 2016

The Board was presented with the draft minutes of the April 27, 2016 meeting. Trustee Everhart asked for several amendments to the minutes.

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

5. a. Actuary Report – Brad Armstrong

As Mr. Armstrong was not at the meeting, and the death benefit report is not completed, the Board will have a special meeting to discuss the death benefit options at a later date.

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

The Board discussed the dissolution of the Private Advisory fund and how that will impact the portfolio. There was a lengthy discussion regarding the possibility of reviewing current service providers including the investment consultant and what the process would be if the Board decides to switch consultants.

The IRS issue is ongoing; the Board will continue to monitor the situation.

Mr. Mulfinger and Mr. Owens entered the meeting at 11:55 am.

There was a break in the meeting at 11:55 am.

Mr. Herrera arrived at 12:03 pm.

The meeting resumed at 12:17 pm.

Mr. Mulfinger reminded the Board that Private Advisors is in the process of liquidating the fund; the process is currently about 50% completed. As of June 30th, Private Advisors will not be charging management fees. The Plan will receive the market value of the fund at the time it is being sold. The funds will still be invested and managed until the fund is completely paid out. Private Advisors has been purchased by New York Life, who is overseeing this process. If the fund had continued instead of being liquidated, it would have completely changed the portfolio. Each investor in the fund is being treated the same during this process. Due to the investment policy, Mr. Mulfinger recommended that the Board make a decision regarding the allocation of the funds returned from Private Advisors during this meeting.

The economy continues to show slow 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%. Inflation is not currently a concern. International and emerging markets were negative. The fund made \$148,000 less than the indexes. There is currently no need for rebalancing. As of June 30, 2016 the total fund balance of Trust #1 is \$25,658,026.28 and for Trust #2 is \$3,913,467.85. Mr. Mulfinger reported that the return for the quarter for Trust #1 was 0.58 (net of fees) and for Trust #2 was 0.46 (net of fees). As of July 25, 2016 the total fund balance of Trust #1 is \$26,253,593 and for Trust #2 is \$3,987,266. Mr. Mulfinger spoke briefly about the performance of the individual indexes and money managers.

The Board had a lengthy discussion regarding hedge funds, the Private Advisors liquidation, and Graystone's process for reviewing managers. Mr. Mulfinger explained the different types of strategies used by managers and how the market affects each strategy. There was a brief discussion regarding expected return rates, which the Board had previously chosen to lower from 8% to 7.5%.

There was a break in the meeting at 1:52 pm.

The meeting resumed at 2:03 pm.

Mr. Owens presented several reports regarding alternative investments in hedge funds and real estate. Moving to alternative investments reduces volatility and diversifies equity. Mr. Mulfinger presented an asset allocation analysis which reviewed multiple asset mixes in which the Plan can change the current asset allocation. The current allocation is 5% in hedge funds and 5% in real estate. The Board narrowed down their choice for asset allocation changes to mix 3 which was reducing hedge funds to 0% and increasing real estate to 10%, or mix 4 which was reducing bonds to 20%, leaving hedge funds at 5% and increasing real estate to 10%. Mr. Mulfinger presented three possible new managers, all with liquid funds and low to medium risk. The Board reviewed all three managers, Blackrock, Blackstone, and Goldman Sachs, at length. Mr.

Mulfinger presented the Board with another option which was not in the initial asset allocation presentation, which would be reducing hedge funds to 2.5% and increasing real estate to 7.5%. The Trustees also had a lengthy discussion over which asset allocation mix is the best fit for the Fund, and the positives/negatives of changing the current asset allocation.

Trustee Everhart left the meeting at 3:45 pm and returned at 3:50 pm.

Trustee Scarborough left the meeting at 3:50 pm and returned at 3:53 pm.

MOTION Trustee Everhart made the motion to amend the investment policy statement to change the real estate target to 7.5% and reduce hedge funds to 2.5%, adjusting the ranges accordingly. Trustee Seiler seconded the motion and the motion passed unanimously.

MOTION Trustee Everhart made the motion to subscribe to the Blackrock long/short credit 1 fund in accordance with the recently amended investment policy statement, using funds coming in from the Private Advisors liquidation, after the real estate target allocation has been met. Trustee Seiler seconded the motion and the motion passed unanimously.

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

In response to Scott Baur's inquiry during the previous meeting on whether or not individuals who are self-contributing to the Fund are entitled to a refund of their contributions, Mr. Herrera reported that according to the Plan documents, they are not. The administrator will make sure that every new self-contributing member is aware that they will not be entitled to a refund of their contributions and that a disclaimer is placed on the bottom of all invoices that they receive.

During the previous meeting, the Board discussed whether there needed to be a time limit in which reimbursements must be claimed. Mr. Herrera reported that there is nothing in the tax code that limits the timeframe for reimbursements. There will be no restrictions regarding time limits for eligible reimbursements.

5. d. Administrator Report – Amber McNeill

Ms. McNeill did not have anything else to report.

6. Plan Financials

6. a. Interim Financial Statements

Mr. Menzel presented the plan financials to the Board. Trustee Kennel informed the Board that the Plan should be receiving a retroactive check from the County on July 29th for the corrected contribution amount. Mr. Menzel will ask the County for the calculation they used to determine the corrected contribution amount to confirm the amount is correct.

Mr. Mulfinger and Mr. Owens left the meeting at 4:20 PM.

6. b. Approval of Expenses

Ms. McNeill presented the warrants and invoices to the Board for review and ratification.

MOTION Trustee Everhart made the motion to approve the Warrants dated June 14, 2016 and July 19, 2016. Trustee Seiler seconded the motion and the motion passed unanimously.

The Board has requested a list of new members, including deaths, be provided by the Administrator at every meeting going forward.

New Business

Carson Sanders and Alex Horony will be going into self pay status and will be contacting the Administrator.

Other Business

The Board discussed beginning the Request for Proposal process for the Investment Consultant. The Board instructed Mr. Baur to coordinate with Mr. Herrera to draft the RFP before sending it to the Board for final approval. The deadline for receipt of proposals will be September 16th. Trustee Everhart will Chair a sub-committee to narrow the managers down to 3 candidates that will be invited to present at the Board's next regular meeting, October 26th. Trustee Everhart will schedule a date for the sub-committee meeting and inform the Board.

The Trustees had a lengthy discussion regarding the current asset allocation.

NEXT MEETING – October 26, 2016 at 11:00 AM

ADJOURMENT

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

The meeting was adjourned at 5:02 pm.


Trustee Signature