Vice-Chairman Stuart Merrick called the meeting to order at 6:02 P.M.

A motion was made by Stuart Merrick and seconded by Mike Clifford to accept the minutes of the meeting dated 7 May 2015 and Quarterly Financial Report April-May-June 2015. All were in favor.

No public input.

Larry Cole gave Investment Summary Report:

For the quarter, the Plan had an investment based loss of $274K or -0.4% (-0.5% net), ahead of the strategic model (-0.7%). The difference was due to the relative performance of Westwood’s large-cap value and MLPs. The top three categories were international (+1.2%), Westwood large-cap (+1.0%), and passive small-cap (+0.4%).

Fiscal year to date, the Plan earned $1.8 million or +4.2% (+3.9% net), ahead of the strategic model (+3.1%). The top three categories were passive small-cap (+15.0%), passive mid-cap growth (+13.0%), and passive mid-cap (+10.8%).

For the one year period, the Plan earned $1.1 million or +2.8% (+2.5% net), ahead of the strategic model (+1.8%). The top three categories were passive Westwood large-cap (+8.3%), passive large-cap (+7.4%), and passive small-cap (+6.5%).

For the three-year period, the Plan earned $12.1 million, averaging +10.6% (+10.3% net), per year.
For the five-year period, the Plan earned $17.5 million, averaging +10.2% (+9.9% net), per year - ahead of the actuarial assumed rate of return (+7.75%).

Manager Reviews

1) Westwood’s large-cap product beat its benchmark for the three and five-year periods, and ranked in the top 43rd and 42nd percentiles, respectively.

2) SSI convertibles slightly trailed it benchmark for the three-year period, but ranked in the top 26th percentile. Advent trailed the benchmark for the three-year period and ranked in the top 38th percentile. Both products avoid the lower quality and less liquid names found in the benchmark.

3) American Funds EuroPacific International beat its benchmark for the three and five year periods and ranked in the top 25th and 36th percentiles, respectively.

Not recommending any reallocations at this time.

Scott Christiansen, attorney, gave his report:

Financial disclosure forms have been filed and verified except for new member Mike Hlavek, who just received forms. Hlavek advised he will get forms completed and submitted as soon as possible.

Summary Plan description:
- Definition of Salary has been updated with an Ordinance and has been submitted to City Management for approval.
- Plan Summary should be available for approval at the next pension meeting.

Rate of Return Declaration was completed last meeting

Senate Bill 534 – Requiring a defined benefit plan to report annual financial statements with an assumed rate of return on investments to the Department of Management Services along with other guidelines and to make certain information available on certain websites.

Senate Bill 172 – Substantially changes how insurance premium tax revenues must be used in the funding of local pension plans.
- Must be used to fund minimum benefits
- Additional revenues, must fund benefits not included in minimum benefits
  - 50 percent of any excess must be used to fund minimum benefits or other retirement benefits
  - 50 percent must be placed in a defined contribution plan
• Additional tax revenues that have not been applied to fund benefits in excess of minimum benefits:
  • 50 percent of the accumulation must be used to fund special benefits
  • 50 percent must be used to fund any unfunded actuarial liabilities of the plan, provided that any amount of accumulations in excess of amount required to fund unfunded actuarial liabilities must be used to fund special benefits.

In reference to Bill 172 a Proposed Ordinance for amending the plan to address changes to the Internal Revenue Code and to define share accounts.
• Definitions for the IRC changes and requirements are being amended
  o Accumulated contributions – to enter the effective date of the changes made to this definition
  o Actuarial equivalent – to amend the definition to incorporate the board’s current actuarially assumed rate of return on investments
  o Credited service – to clarify IRC regulations on leave conversions
  o Firefighter – to update a reference in Florida Statutes
  o Spouse – to clarify the definition in accordance with a recent US Supreme Court ruling

• This Share Plan provides for a share account for each member of the plan. The Share Plan is to be funded solely and entirely by Chapter 175 premium tax monies for each plan year that funding is made available to it in accordance with governing Florida Statutes and/or mutual agreement between the City and the plan members. This supplemental benefit, therefore, may or may not be funded.

• If the share plan is funded, at retirement, termination (vested), disability or death, there is an additional lump sum benefit paid to the eligible member. Available share plan funding is allocated to the members’ accounts based on a formula which provides an allocation based on years of credited service. Each share account receives its proportionate share of the income or loss on the assets in the plan.

A motion was made by Stuart Merrick and seconded by Tony Gray to allow the proposed ordinance regarding the changes set forth by Senate Bill 172 be released to the City and Union for review. All were in favor.

Jeff Templeton, Administrator

Division of State Retirement advises they are working on releasing the State money, but cannot provide a date.

172 also requires the pension administration to develop an operating budget. Budget was produced, reviewed by the board and approved.
Cash accounts with Fiduciary Trust are adequate at this time.

Board approved pre-meeting packets can be distributed electronic and have hard copies available at the meeting. Jeff will determine what documents need to be sent prior to meeting.

Tony Gray, Trustee
- Discussed Hedge Funds and returns with assumptions of 7.5 – 8%
- Discussed assumption rates from a previous actuarial reports that were unrealistic

A motion was made by Stuart Merrick and seconded by Mike Clifford to adjourn. All in favor. 7:13.

Respectfully submitted,

[Signature]

Engineer Stuart Merrick, Secretary