CITY HALL

Chairman Schinder called the meeting to order at 8:33 AM.

1. Roll Call
   Barry Schinder – present
   Bruce Loucks – present
   Kerri Anne Fisher – present
   James Nacknouck – present

   Guests
   Horacio Montes de Oca
   Grant McMurry – ICC Capital
   Gregg Gosch – Sawgrass Asset Management
   John McCann – Thistle Asset Consulting
   J. Scott Baur & Margie Adcock – Pension Resource Center
   Brad Rinsem & Karen Russo – Salem Trust Company
   Michelle Alvarez
   Dean McQuiddy – Sawgrass Asset Management (8:50 A.M.)

2. Welcome New Trustee James Nacknouck
   The Board welcomed Trustee James Nacknouck. It was noted that Mr. Nacknouck replaced Bob King as a City appointed member on the Board.

3. Public Comments
   There were no public comments.

5. Presentations
   A. Salem Trust Company – Brad Rinsem & Karen Russo
      Ms. Russo discussed the fee concession the Board requested. She stated that the Board had requested 1/3% off the June 30, 2013 fee and 100% off the September 30, 2013 fee. Ms. Russo stated that Salem previously provided a 10% discount for the quarters ending June 30, 2013 and September 30, 2013. She stated that no assets were lost; there were no missed trades; and all benefits were paid. She stated that the Fund only experienced a delay in those statements and noted that the annual statements were delivered on time. She stated that at the Board’s request they did look at this Plan again and offered a 15% discount on the quarterly custodial fee starting with the quarter ending June 30, 2013 through December 31, 2014. It was noted that the total discount would be about $4,394.62. The Board had requested a total discount of about $600 more. Mr. McCann stated that he was fine with that concession.

      Mr. Loucks stated that due to the problems with the statements, the City’s Audit was held up. In fact, the City had to file for an extension of time to complete their CAFR. He stated that the whole situation caused extreme aggravation and he wanted a concession equal to what the Board had requested. Mr. Rinsem stated that the year-end statement was timely, which is what most plans use in the audit process. He stated that he thought Salem had been more than fair and has offered a concession that is similar to what other similarly situated plans have received. He stated that they have provided their final offer.
Mr. McCann stated that he needed monthly statements and could not work with annual statements. As such, the Board did not receive their September 30, 2013 investment report until January since they only meet quarterly. Mr. Rinsem stated that they have offered a discount for seven quarters and have gone beyond what they have done for other plans because of the long history they have had with this Plan. He stated that they valued this relationship very much, but could not provide any more of a fee concession.

**Mr. Loucks made the motion to accept the 15% fee concession on the quarterly custodial fee starting with the quarter ending June 30, 2013 through December 31, 2014, but not as final payment and for the Board to discuss custodial services later in the meeting. The motion was seconded by Mr. Nacknouck and approved unanimously by voice vote.**

Brad Rinsem & Karen Russo departed the meeting.

Dean McQuiddy entered the meeting.

The Board discussed custodial services. Mr. McCann stated that he like the custodial statements provided by Salem Trust Company. He noted that it would cost more than $600 to transition to another custodian. The Board decided to take this matter under advisement.

**B. ICC Capital – Grant McMurry – Quarterly Presentation**

Mr. McMurry reported on performance for the quarter ending June 30, 2014. He reviewed the market environment. He stated that it has been 34 months since the market has not dropped over 10%. He noted that the market has gone up steadily. Value did about the same as growth over the past quarter and over the past year. He stated that there has been a broad market movement upward. They are still comfortable with the portfolio. It has been a strong earnings period. They have confidence that there will not be a sell off for a while. They think the equity market is the place to be. He discussed high frequency trading and noted that the IRS is now getting involved in that.

Mr. McMurry reviewed the performance of the portfolio. He stated that the total market value as of June 30, 2014 was $13,031,400. The asset allocation was comprised of 52.0% in value; 29.5% in core fixed; 8.9% in international; and 9.6% in cash. He stated that the market has not provided many opportunities to put the cash to work. The portfolio was up 2.71% net of fees for the quarter while the benchmark was up 3.48%. Value was up 4.29% while the benchmark was up 4.99%. International was up .61% while the EAFE was up 4.09%. Cored Fixed was up 1.26% while the benchmark was up 1.58%.

Mr. McMurry stated that they had three additions to their quantitative strategies group. He also noted that they recently hired a new CEO, Scott Popaditch.
C. Sawgrass Asset – Greg Gosch & Dean McQuiddy – Quarterly Presentation

Mr. Gosch stated that he was the client service contact and Mr. McQuiddy was the Director of Equities. He advised that they have added two members to his team – a sales person and an operational staff person. He reported on performance for the quarter ending June 30, 2014. He stated that the total market value as of June 30, 2014 was $14,027,430. The asset allocation was comprised of 62% in equities; 36% in fixed income; and 3% in cash. The portfolio was up 2.6% net of fees for the quarter while the benchmark was up 3.5%. The Diversified Large Cap Growth portfolio was up 4.0% while the Russell 1000 Growth was up 5.1%. The Diversified Small Cap Growth portfolio was up 3.1% while the Russell 2000 Growth was up 1.8%. The Fixed Income portfolio was up 1.3% while the benchmark was up 1.2%.

Mr. Gosch reviewed the Diversified Large Cap Growth portfolio. He stated that they feel that the larger companies in the Index and universe have been somewhat ignored. They feel the valuations are in play and they are seeing good value. They have more of a bias towards larger valuation companies in the Index than the small or mid cap companies. They feel larger cap growth is the better place to be right now. He reviewed the portfolio changes during the quarter, noting that they added Expeditors and Southwest Energy and eliminated Petsmart and Exxon.

Mr. McQuiddy reviewed the Diversified Small Cap Growth portfolio. He stated that they use a risk adjusted approach and are seeing companies growing faster than expected. He stated that this portfolio is the risk reducer. He reviewed the portfolio characteristics. He reviewed the sector breakdown and contributions to return. He noted that they stick to their sell discipline. They are overweight in technology and industrials and underweight in healthcare and financials. He stated that they have aggressively positioned the portfolio and are not defensive at all. They do not expect to see a correction any time soon.

Mr. Gosch reviewed the fixed income portfolio. He stated that they see positive indicators in the market. The economy is improving and employment is improving. The Fed has started to tighten the slack and is reducing purchases. They think long term they will see interest rates rise so they are defensively positioned. They think it is dangerous to make huge strategic plans to try and get short term results.

D. Thistle Asset Consulting – John McCann – Quarterly Presentation

Mr. McCann reported on performance for the quarter ending June 30, 2014. He discussed the market environment and noted that the equity markets are doing well. He stated that the total market value as of June 30, 2014 was $29,564,000. The asset allocation of the Plan was 44.1% with ICC; 47.4% with Sawgrass; and 8.5% with American Realty.

Mr. McCann reviewed the Fund’s performance for the quarter ending June 30, 2014. The Fund was up 2.58% net of fees for the quarter while the benchmark was up 3.56%. Total equities were up 3.88% for the quarter while the benchmark was up 4.92%. Total fixed income was up 1.42% for the quarter while the benchmark was up 1.23%. The total ICC portfolio was up 2.62% for the
quarter while their benchmark was up 3.78%. The total Sawgrass portfolio was up 2.56% for the quarter while their benchmark was up 3.47%. With respect to equities, ICC was up 4.02% while their benchmark was up 5.12% and Sawgrass was up 3.76% while their benchmark was up 4.66%. With respect to fixed income, ICC was up 1.63% and Sawgrass was up 1.27% while their benchmarks were up 1.23%. American Realty was up 2.53% for the quarter while the NCREIF was up 2.93%.

Grant McMurry, Gregg Gosch, Dean McQuiddy and John McCann departed the meeting.

4. Approval of Minutes Summary for Meeting of April 30, 2014.
The minutes of the meeting of April 30, 2014 were reviewed.
Mr. Loucks made the motion to approve the minutes of the meeting of April 30, 2014. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

5. Report on Fund Activity for the Months ended April 30, 2014; May 31, 2014; and June 30, 2014 - Horacio Montes de Oca
Mr. Montes de Oca provided the Board with three reports for the months ended April 30, 2014 through June 30, 2014.

Mr. Montes de Oca reported on the performance for the month of April 2014.

Portfolio Composition
- Cash and equivalents 7.50%
- Equities 55.06%
- Fixed income 29.32%
- Real Estate 8.11%
Carrying value $25.98 million
Market value $28.87 million
Unrealized GAIN/(LOSS) $(54,655.00)
Total Income $24,246.00
  Realized GAIN/(LOSS) $(14,538.00)
  Investment Income $38,784.00
Contributions $59,412.00
  Employer contributions $9,970.00
  Employee contributions $49,442.00

Mr. Montes de Oca reported on the performance for the month of May 2014.

Portfolio Composition
- Cash and equivalents 6.59%
- Equities 55.24%
- Fixed income 30.17%
- Real Estate 8.00%
Carrying value $26.08 million
Market value $29.29 million
Unrealized GAIN/(LOSS) $420,319.00
Total Income $(13,001.00)
   Realized GAIN/(LOSS) $(49,958.00)
   Investment Income $36,957.00
Contributions $50,088.00
   Employer contributions $13,460.00
   Employee contributions $36,628.00

Mr. Montes de Oca reported on the performance for the month of June 2014.

Portfolio Composition
   Cash and equivalents 5.87%
   Equities 56.36%
   Fixed income 29.80%
   Real Estate 7.96%
Carrying value $26.00 million
Market value $29.40 million
Unrealized GAIN/(LOSS) $260,095.00
Total Income $52,655.00
   Realized GAIN/(LOSS) $6,433.00
   Investment Income $46,222.00
Contributions $36,113.00
   Employer contributions $4,570.00
   Employee contributions $31,543.00

6A. Bills and Warrants
   A. GRS – For actuarial services for period ending 6/30/14 - $2,830.00
   B. Pension Resource Center – For administrative services for May, June and July 2014 - $4,950.00
   C. Klausner, Kaufman – For legal services for May and June 2014 - $570.00
   D. Thistle Asset Consulting – Quarterly Fee for period ending 6/30/14 - $6,422.00
   E. ICC Capital Management – Quarterly Fee for period ending 6/30/14 - $16,292.52
   F. Sawgrass Asset Management – Quarterly Fee for period ending 6/30/14 - $19,288.00
   G. Robert King – Reimbursement for Travel - $283.76

Mr. Loucks made the motion to approve items A-G. Ms. Fisher seconded the motion, which passed unanimously by voice vote.

6B. Benefit Approvals
   A. DROP Distributions – Jerome Mannellino partial distributions ($1,000.00 and $1,500.00); stop monthly recurring distribution of $275.00
   B. Applications to Retire – Christine Smith (Normal Retirement) and Harold Berke (Normal Retirement)

Mr. Nacknouck made the motion to approve items A-B. Mr. Loucks seconded the motion, which passed unanimously by voice vote.
8. Plan Administrator – Scott Baur and Margie Adcock
   A. Transition Update
       Mr. Baur stated that the transition was largely complete. He stated that they still needed the final transition of data and then would be able to do final calculations.
   B. Member Workshop
       Mr. Baur stated that they would be conducting two Member Workshops today.

9. Old Business
   A. Don Long
       It was noted that Mr. Long elected the 100% Joint and Last Survivor Annuity with a retirement date of March 1, 2008, listing his wife as his joint survivor. He advised that his wife passed away on September 30, 2013 and inquired as to whether the Plan’s Pop-Up provision had any impact on his current retirement benefit. This question was submitted to the Attorney. The Attorney advised that the Ordinance implementing the Pop-Up provision specifically provides in Section 6 that it “shall only apply prospectively for joint and last survivor elections made after the date of adoption.” The date of adoption of the Pop-Up Ordinance was April 27, 2010. Since Mr. Long’s benefit election took place before April 27, 2010, the Pop-Up Ordinance does not apply to him and the Board has no authority under the Plan to allow any change to his benefit option. Additionally, it was noted that the cost of providing a Pop-Up option is included in the option. It is not a large adjustment, but there is an adjustment. The Board asked the Administrator to respond to Mr. Long advising of the decision.

10. New Business
    A. Jerome Mannellino
        It was noted that Mr. Mannellino has requested distribution of his entire DROP Account. There was discussion on the process for distribution and how to credit earnings during the quarter where the distribution is requested. Mr. Baur stated that other similar plans hold back a percentage of the DROP Account, normally 10%, to account for any possible negative fluctuation in the market before final investment earnings are posted for the quarter in which the distribution is to be made. There was a lengthy discussion.
        **Mr. Loucks made the motion to pay Mr. Mannellino 90% of his June 30, 2014 DROP Account balance and hold back 10% until his September 30, 2014 DROP Account balance is determined. Nacknouck seconded the motion, which passed unanimously by voice vote.**
        The Board decided to have a policy discussion at a future meeting so as to set forth a structure for the distribution of DROP Accounts.
    B. Scott Wiesel
        It was noted that Mr. Wiesel was a full time employee that went to part time status. The issue was whether he is eligible to receive a benefit under the Plan if he is employed by the City part time. This question was submitted to the Attorney; however, the Attorney had not yet provided any response.
C. Attorney Attendance
   There was discussion about if and when the Attorney attends Board meetings. It was determined that the Board did not need the Attorney to attend all of the meetings. It was noted that if any issues come up that require the opinion of the Attorney, the Attorney is made aware of the issues and provide any necessary legal opinions to the Board.

11. Board Members Concerns
   There were no Board Member Concerns.

12. Adjournment

   There being no further business before the Board, motion was made and seconded, and the meeting was adjourned.