

**CITY DAYTONA BEACH POLICE AND FIRE PENSION FUND
PENSION BOARD OF TRUSTEES SPECIAL MEETING
City Hall, Council Chambers
301 S. Ridgewood Ave, Daytona Beach, FL 32115**

Tuesday, September 25, 2018, 10:00AM

TRUSTEES PRESENT: Mark Eisner
Michael Rowley
Terence Henry

TRUSTEES ABSENT: Erin Masters

OTHERS PRESENT: Mindy Johnson, Salem Trust
Amed Avila, Fiduciary Trust
John Dowd, Fiduciary Trust
David Lederer, Fiduciary Trust
Ferrell Jenne, Foster & Foster
Pedro Herrera, Sugarman & Susskind (via phone)

- I. **Call to Order/Roll Call/Determination of a Quorum** Mark Eisner called the meeting to order at 10:05AM.
- II. **Public Comment** - None
- III. **Chairman's Comments** – None
- IV. **New Business**
 - A. Fiduciary Trust
 - i. John Dowd gave a brief overview of the assets under custody.
 - ii. John Dowd reviewed the firm's philosophy, outlining the four cornerstones of their firm. David Lederer commented that the number one goal was the safekeeping of the plan's assets.
 - iii. John Dowd outlined the ways they stand out from their competitors. John advised all assets would be held separate in the nominee's name. The plan assets would not be included in the firm's corporate capital and could not be borrowed or loaned by the firm, nor were they subject to the firm's creditors. John advised that Amed Avila and his team would be the contacts.
 - iv. John Dowd reviewed the fees, commenting that it would be a 5 BPS fee based on the market value of assets, plus a flat fee for each retiree benefit payment. Amed Avila confirmed that the approximate all-in fee would be \$111,000. Amed commented the fees would be guaranteed for at least 5 years.
 - v. Amed Avila reviewed the MSCI platform and advised that they were already set up.
 - vi. Amed Avila commented they had been providing custody services for over 85 years. Amed reviewed how they interact with the plan's professional consultants. Amed commented they were a subsidiary of Franklin Resources and were backed by the strength of a global asset management institution. Amed reviewed their natural disaster recovery plan and advised that all operations could be run from their offices that are located around the country. John Dowd commented their disaster recovery plan is reviewed on an annual basis.
 - vii. Mark Eisner asked about sweep accounts. Amed Avila commented there were no additional fees for money market sweep accounts.

- viii. Amed Avila advised the plan would have a single point of contact. David Lederer commented that Amed wasn't a salesperson, and that his sole responsibility was to manage plan relationships.
- ix. Mark Eisner asked about turnaround time for the payment of warrants. Amed Avila commented that the typical turnaround time was 24-48 hours.
- x. Amed Avila reviewed the pension payments and commented they would be made on the 1st of the month. If the 1st was a holiday, the payment would go out the day before. Amed commented they would partner with the board and the plan administrator to ensure that the best service was provided to the plan and its members.
- xi. Amed Avila commented there would be no additional fee for checks cut to pay vendor invoices.
- xii. Amed Avila commented monthly advices would go out to the retirees, and that they would be able to include a memo on the advices if the plan would like to remind the retirees of an upcoming event.
- xiii. Amed Avila reviewed the death audit search run on all retirees' social security numbers through the database. The plan administrator would be advised if a hit comes up on any retiree in payment status.
- xiv. Amed Avila reviewed the accounting and reporting system used. Amed commented they could provide monthly, quarterly and annual statements.
- xv. Amed Avila commented he was familiar with Davidson, Jamieson, & Cristini as they share approximately 12 clients with them. Amed advised they already have reports set up to provide to the auditor.
- xvi. Amed Avila reviewed the transition process and advised they would have a dedicated conversion team. Amed commented they would work on the transition in two phases: the retiree benefit payments and deductions and then the securities. Amed confirmed they would be able to set up future changes.
- xvii. John Dowd reviewed their cyber-liability policy and the training and testing that goes on within the firm.
- xviii. Mark Eisner asked about the timeline of the transition. Amed Avila confirmed they could do a January 1, 2019 conversion date. Amed commented that the typical transition would take 45-60 days. Amed advised they have worked through a transition with BNY Mellon.
- xix. Amed Avila confirmed they would inform the retirees of the custodian change and letters would also go to the City making the introduction. Amed commented they would work with the manger if a trade needs to occur during the transition.
- xx. Amed Avila confirmed they have worked with Sugarman & Susskind on contracts in the past, and that they would accept fiduciary responsibility.

B. Salem Trust

- i. Mindy Johnson reviewed their firm and commented they were the largest independent asset custodian in the State of Florida. Mindy commented they have over \$8 billion in assets under custody.
- ii. Mindy Johnson commented she would be the relationship manager and Debbie Kocsis would be the dedicated trust officer for the plan. Mindy commented that Mark Rhein, CEO, would also be available for questions or concerns. Mindy commented the three of them represent approximately 70 years of experience.
- iii. Mindy Johnson reviewed the fees, commenting they proposed an annual fee of 2.5 BPS and a fee of \$2.00 per benefit payment, investment trade and invoice payment. Alternatively, the plan could pay 3.25 BPS as an all-inclusive fee.
- iv. Mindy Johnson commented they serviced approximately 210 plans across the State and pay approximate 80,000 retirees. Mindy advised they made payments on the first business day of the month.
- v. Mindy Johnson advised they used US Bank, as they were a trust company only.

- vi. Mindy Johnson reviewed their quarterly service report and the pension payment features. Mindy confirmed that they could set up future stop and change dates.
- vii. Mindy Johnson reviewed their cyber liability policy and commented the limit was \$1 million. Mindy reviewed their internal procedures and the training that takes place to prevent cyber-crime and phishing. Mindy reviewed the foreign tax reclamation services they provide.
- viii. Mindy Johnson reviewed their process for first-time wires and call backs.
- ix. Mindy Johnson reviewed their disaster recovery process. Mindy commented that data would be backed up to three servers located in Deerfield, Tampa, and Chicago.
- x. Based on \$175 million in assets, the all-inclusive fee would be approximately \$57,000. The fees are guaranteed for 2 years.
- xi. Mindy Johnson reviewed a conference call with MSCI. Mindy advised they sent a number of sample reports to MSCI and MSCI confirmed they could work with the reports to extract the data.
- xii. Mindy Johnson reviewed the transition process and commented they could work with a January 1, 2019 conversion date. Mindy advised she had worked through a few conversions with BNY Mellon.
- xiii. Pedro Herrera commented that they had no contract issues with Salem Trust and had many mutual plans with them.
- xiv. Pedro Herrera asked Mindy Johnson to review the class action filing process. Mindy advised that they used Chicago Clearing Corporation (CCC). CCC is compensated when the litigation results in a monetary settlement. The fee was 12%.
- xv. Mindy Johnson confirmed they would agree to be a fiduciary to the plan.

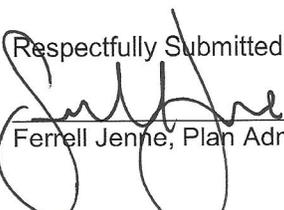
C. The board discussed both firms and the associated fees. Pedro Herrera and Ferrell Jenne commented that they had worked with both firms and have had no issues with either.

The board voted to hire Salem Trust as their custodian with an effective date of January 1, 2019, upon motion by Michael Rowley and second by Terrance Henry; motion carried 3-0.

- D. Mark Eisner commented that if the transition didn't go through with Milliman and the MSCI didn't interface properly, the board would go with Fiduciary Trust.
- E. Pedro Herrera commented that he would work with Salem trust on the contract. Pedro reviewed the MSCI interface fee and confirmed the board had authorized the fee to be paid by the board, if this was an essential set-up for Milliman.
- F. Pedro Herrera commented he would send BNY a termination letter and inform Salem Trust and Fiduciary Trust of the board's decision.

V. **Trustee Reports, Discussion, and Action** – None.

VI. **Adjournment** - The meeting adjourned at 12:20 pm

Respectfully Submitted By:


 Ferrell Jenne, Plan Administrator

Approved By:


 Mark Eisner, Chairman

Date Approved by the Pension Board: NOVEMBER 5, 2018