

Board of Directors Meeting
Hyatt Regency Orlando
January 27, 2018

Approved June 23, 2018

Call to Order: 2:02PM

Roll Call:

Pete Prior, CPPT, Chairperson
Dwight Mattingly, CPPT, Vice-Chairperson
Ann Thompson, CPPT, Secretary
Steve Aspinall, CPPT, Treasurer
Christopher Spencer, CPPT, Director
Tim Olsen, CPPT, Director
George Farrell, CPPT, Director
Ken Harrison, CPPT, Director Emeritus

Others Present:

Kim Prior, CPPT, Chief Executive Officer
Peter Hapgood, CPPT, Education Consultant
Allison Harrell, Accountant
Ron Cohen, CPPT, Attorney
Brent Chudachek, CPPT Attorney
Sean McKinstry, CPPT Staff
Stephanie Wehrly, Staff
MJ Chwalik, Chief Operating Officer
Cindy Berta, Staff
Susan Marden, Public Relations Consultant
Darrel Presley, CPPT

Approval of Meeting Minutes:

Mr. Aspinall motioned to approve the meeting minutes from the previous Board of Directors meeting.
Mr. Olsen seconded the motion. Motion passed unanimously.

Consultant Reports

Education Committee - *Peter Hapgood, CPPT*

Mr. Hapgood reported on the Trustee School agenda. He reported there were 109 speakers and in addition to the CPPT and CEU tracks, three special programs: The Leadership Boot Camp, Fixed Income Certificate Program, And the Individual Retirement Program.

Mr. Hapgood reported that any speaker who was bumped from the 2017 Fall Trustee School due to the hurricane will be presenting at this School.

Mr. Hapgood reported there would be over 600 attendees, not including presenters. Such large numbers could present an issue in certain rooms regarding classroom size and seating availability. He mentioned

he would take that into consideration in planning the next School and that the breakout sessions may need to be expanded to accommodate the organization's growth.

Mr. Hapgood reported that he would be meeting with the Wall Street Program sponsors at the School to discuss theme and agenda for the upcoming event. He reported that David West had been a big help in putting the agenda together and suggesting good ideas.

Mr. Hapgood reported that the 34th Annual Conference planning was underway. He expressed a desire to change up the format and move away from the Tuesday Morning Show format of the past two years, involving more paid speakers and new ideas including a health specialist, cyber risk management, and an FPPTA Game Show as well. Mr. Hapgood reported a theme of "back to the future" or something along those lines in order to go back to 2000 just before a market crash and what lessons could be applied to the present.

He also confirmed that David Kay Johnson would be a keynote speaker in June — The speaker was previously featured in a video clip at a past event and his message was very well received by the audience.

Mr. Hapgood referenced an upcoming NIRS report, a case study of the Palm Beach pension reform. NIRS thanked the FPPTA in the report and used some research and interviews conducted by the FPPTA in NIRS's preparation of their report. The report dives into employee retention, training costs, and more. Mr. Hapgood reported that hard copies would be available at the School in September and NIRS Executive Director, Dianne Oakley, will be a keynote speaker at that time. Mr. Hapgood reiterated that the report was good public relations for the FPPTA and that the relationship the organization has with NIRS is a valuable one.

Public Relations - Susan Marden

Ms. Marden reported that she has been creating and preparing materials for social media. She has worked to create the "Priceless" video series -- three sixty second videos that highlight the costs of public employees backed with fact sheets that talk about recruitment, retention, and the value of public worker benefits.

Mr. Spencer complimented the video efforts and that they had been well received by his colleagues that he had shared them with.

Old Business:

None.

New Business:

Mr. Mattingly motioned an assessment of internal procedures and policy controls. Ms. Thompson seconded the motion for discussion.

Mr. Aspinall said they consider a review of internal procedures in the Audit Committee. Mr. Aspinall expressed the Audit Committee's recommendation to change auditors and a new firm will look at those policies and procedures. Mr. Mattingly suggested that he would like to see not just a review of whether policies and procedures are being followed, but would like to see recommendations to improve upon the

current procedures. Ms. Harrell said an internal control assessment will go through and make narrative documents for every process that would include an assessment and recommendations -- a more in-depth and concentrated look than an audit would provide.

Mr. Harrison asked how often that process is recommended and what the cost would be. Ms. Harrell responded many firms do every 5-10 years or so, but once a set of narrative control documents are created, it would be less often. She estimated the cost could be \$3-5,000 depending on the scope of the review. Usually separate from audit.

Mr. Prior mentioned that Mr. Cristini did one when he first signed on with the FPPTA years ago.

Ms. Thompson suggested the review be conducted by a firm separate from the auditor.

Ms. Harrell also suggested that while on the topic of reviews, a cyber security assessment might be worthwhile as well.

Board discussed the pros and cons of having the accounting firm take up the review process or hiring another firm to avoid any conflicts.

Mr. Spencer asked if there is a review of the firm's work. Ms. Harrell explained her firm employs 85 people. Those tasked with the review and assessment would be wholly independent than anyone currently working with the FPPTA in an accounting role. Ms. Harrell explained the several layers of reviews within her firm to check for accuracy and that as a CPA she bears risk and has a vested interest to avoid any conflicts. The FPPTA's auditor would also be reviewing her firm's work. As a shareholder, Ms. Harrell would assign another shareholder the responsibility in order to keep the accounting work and the internal control assessment separate and independent. Her firm is also audited by another firm and those peer review letters are available.

Mr. Farrell asked to amend the motion to retain the accounting firm for the quoted cost of \$3,000-\$5,000. Mr. Mattingly accepted the amendment. Mr. Olsen seconded the amendment.

Motion for amendment to retain accounting firm for the quoted cost of \$3,000-\$5,000 passes. Motion to conduct an assessment of internal procedures and policy controls passes.

Officer Reports

Chairperson – Pete Prior, CPPT

Mr. Prior complimented the new accounting firm on their professionalism.

Mr. Prior reported that he had asked the committee for ideas and proposals for honoring Mr. Edmondson. Mr. Prior provided a scholarship application for review based on an existing scholarship application. The rules or qualifications can be modified for the FPPTA's purposes. It's an informal rough draft proposal.

The Board brainstormed language regarding who is eligible for the scholarship and what the scholarship can be used for. Whether it be US citizens only, spouses, child of parent vs. guardian, etc.

Mr. Spencer views the parameters as a way to temper too many applicants. Should be inclusive, but still set a specific standard for applications. Mr. Prior described the process for picking scholarship winners had been done elsewhere.

Mr. Harrison listed the criteria for what he recommend be required of the applicant including letters of recommendation, transcripts, personal statement, letter of acceptance, etc. that are listed on the draft application. If the Board agrees with those criteria, the committee can advance on further recommendations.

Mr. Farrell brainstormed scholarship payments and the need to budget for a potential four scholarship recipients at once. Mr. Prior also mentioned that a one-time payment is an option as well.

Mr. Olsen motioned to instruct the committee to come back with recommendations for creating a scholarship. Mr. Spencer seconded the motion.

Mr. Prior asked Mr. Cohen what the liability is if the FPPTA cannot or does not deliver on the scholarship for funding issues or any other reason. Mr. Cohen responded that the FPPTA should make a commitment to meeting the funding demands, but could include a disclaimer making the payments contingent on available funds.

Ms. Prior suggested a requirement to prove and ensure scholarship funds are used for education purposes. Ms. Marden noted there are ways to guarantee it is used in that way – sometimes, giving money to the school in the form of student credit.

Mr. Mattingly mentioned that some public employees who belong to a board with FPPTA membership may not be US citizens and that should be taken into account in drafting the eligibility requirements.

Motion to instruct the committee to come back with recommendations passed unanimously.

Mr. Olsen asked the scholarship committee to provide the Board of its recommendations before the next Board meeting.

Mr. Prior reported that the Board met to discuss the budget. Mr. Prior reported a \$149,000 surplus, \$25,000 of which will be allocated to the reserve fund. CEO salary, scholarship seed money, and funding for internal review assessment still need to be addressed.

Mr. Olsen motioned a 3% raise for the CEO. Mr. Aspinall seconded the motion. The Board discussed duties and expectations of the CEO. Mr. Prior recused himself from the vote. The motion failed 4 – 2.

Ms. Thompson motioned 2.2% raise based on the CPI. Mr. Olsen seconded the motion.

Mr. Prior recused himself from the vote. Motion passes 6-0.

Mr. Aspinall motioned that any future discussion regarding salary raises be done in executive session. Ms. Thompson seconded the motion.

Mr. Mattingly noted that the CEO and COO are present in the executive meeting. Mr. Prior responded that the CEO and COO can be asked to leave. Mr. Mattingly made the point that the Chairman can call a closed door meeting at any time so a motion isn't necessary.

Mr. Farrell noted that salary is part of the budget and should not be excluded from the open Board meetings. The money should be talked about in the regular meeting; any underlying issues with performance should be discussed in the closed door meeting. Mr. Harrison agreed stating that the Chair has the ability to call a special meeting at any time so a motion isn't needed.

Mr. Prior recused himself from the vote. Motion failed in a tie (3-3).

Vice Chairperson – Dwight Mattingly, CPPT

Mr. Mattingly had no report but stated his thanks to the CEO and staff for preparing the School. He is impressed with the direction of the organization and the hires the CEO has made. Mr. Mattingly would like to see the FPPTA stay vigilant of attacks on DB plans and any legislation that could affect plans.

Secretary - Ann Thompson, CPPT

No report. Ms. Thompson echoed Mr. Mattingly's comments regarding staff and changes in the right direction.

Treasurer – Steven Aspinall, CPPT

Mr. Aspinall reported that the BB&T account was closed. Mr. Aspinall reported the following account balances:

PM Relief Fund:	\$ 29,699.61
PM MM:	\$ 153,794.31
PM Operating:	\$ 524,023.79
Total:	\$ 707,517.71

This report does not include the January Trustee School.

Chief Executive Officer - Kim Prior, CPPT

Ms. Prior reported 632 people registered for the January School (not including speakers and the board of directors), which is a record high. She also reported 50 pre-registered guests.

Ms. Prior reported that Ms. Harrell has been a great addition as the new accountant and complimented Ms. Berta's work as well in that capacity. Ms. Prior complimented all of her staff for their hard work. She expressed disappointment in the way the salary was discussed.

Mr. Prior noted that the budget had not yet been voted on. Mr. Prior noted there had been a few amendments to the budget proposed by the CEO. Mr. Olsen motioned to approve the budget. Mr. Aspinall seconded the motion. Mr. Aspinall suggested amending the budget to include the 2.2% raise for the CEO. Mr. Olsen accepted the amendment to his motion.

Motion passed unanimously.

Ms. Prior reported the office would be going forward with the creation of a new custom website. She would work with Mr. Cohen and Mr. Chudachek to create a contract.

Ms. Prior reported that office operations were going well. The YourMembership website has been a trouble spot, but working to correct it. Ms. Prior reported that staff had been kept busy fielding IT calls regarding the website.

Ms. Prior reported 2018 membership numbers as 242 pension boards and 127 associate memberships. She expected membership renewals to continue to come in given the time of year. Ms. Prior reported that all insurance policies were updated. Event cancellation insurance did go up slightly due to the situation in October with the hurricane even though there was no insurance claim. Cost is also based on the organization's revenue which has gone up for each event. Hosting an event at coastal properties also influences cost.

Ms. Prior also reported that the FPPTA is a visionary circle member of the NIRS and that the FPPTA received a 1/2 price discount for the membership. Staff can attend the NIRS conference, FPPTA has a first glance at NIRS research and Ms. Oakley speaks at FPPTA events without a speaker fee. She was pleased to see the FPPTA mentioned in their report.

Mr. Harrison asked if the FPPTA was looking at cyber security. Ms. Prior said she had talked about it with the insurance agent. Ms. Thompson mentioned an FPPTA associate firm that does cyber security insurance.

Mr. Aspinall suggested CEU class attendees be asked to provide the service providers their Boards work with to see if the FPPTA can reach out to recruit more associate members. Ms. Prior responded that she worked with Mr. McKinstry to create a survey that was sent to all administrators for that information. Reported good feedback on that effort.

Mr. Farrell suggested taking a look at the FRS website; they need to list their investment managers.

Chief Operating Officer - MJ Chwalik

Ms. Chwalik reported the profit/loss statement from the Fall Trustee School. Total income: \$286,760. They had budgeted for more, but the income was affected by the hurricane. Ms. Chwalik reported on some other key line items to explain any discrepancies. After expenses, Ms. Chwalik reported a net income: \$92,653.

Staff Reports

CPPT Records Manager - Stephanie Wehrly

Ms. Wehrly reported as of January 19, 2018 registrations for the CPPT program were

Basic:35

Intermediate: 76

Advanced: 33

Total CPPT: 234

Executive Assistant - Sean McKinstry, CPPT

Mr. McKinstry reported he has been working closely with Ms. Marden on the communications efforts on social media and with the video series. He reported he was also coordinating bulk email communications to the membership.

Mr. McKinstry reported that the remodeling of Public Pension Institute was still on track to be ready this summer. He's in the process of organizing materials and the next step will be to transfer those to the new website platform.

Mr. McKinstry discussed his preparations for the Trustee School including working with Mr. Hapgood in the agenda's creation, putting together the study guides for the CPPT program, and working with Mr. Spencer regarding CPPT testing.

Mr. Prior asked about the process for weeding out questions that pose a problem in the testing. Mr. McKinstry responded that if a question raises a red flag in that an uncharacteristic number of students get it wrong, Mr. Spencer takes a look to determine if the question is too vague or it may be an issue with the presentation. Mr. Spencer has had conversations with speakers when that problem arises.

Mr. Prior believes the program should eventually be accredited. Mr. Prior mentioned a class he attended in which the speaker skewed some of the information and asked who is responsible for making sure the content of these sessions is accurate. Mr. McKinstry responded that the education committee reviews evaluations and if something is being misrepresented, proper action can be taken there. Ms. Prior added that Mr. Spencer reviews the presentation before Mr. McKinstry creates the study guides and may have missed the specific sessions Mr. Prior referred to. Ms. Thompson added that there are times the speaker doesn't stick to what is on the slide or may extrapolate beyond the bullet points.

Professional Reports

Accountant - Allison Herrell

She finished reconciling September and the organization is in good financial health. There are some event expenses that are still being processed. The firm is currently reconciling the last months of the year to get more accurate numbers. As of the end of September the organization has \$483,000 of net income, but that number will change when the rest of the expenses are accounted for.

Attorney

Rob Cohen, CPPT

Brent Chudachek, CPPT

Mr. Cohen apologized for not having a conflict of interest policy ready for the Board's review. The direction was brought up at the last meeting to acknowledge the marriage of the CEO and Chairman and a conflict of interest policy can easily address concerns. Once Mr. Cohen got into the weeds of it, there are some other conflicts of interests that should be considered. Mr. Cohen would like to address some of the other issues that have come up and will bring a simple policy in June to address at least some of the conflicts that may arise.

Mr. Chudachek, CPPT, revised the FPPTA travel policy to address the Wall Street Program. He revised the policy to make it clear any request for reimbursement will be for non-FPPTA events.

Mr. Farrell motioned to accept the travel policy changes. Mr. Olsen seconded the motion. Motion passed unanimously.

Committee Reports

Audit Committee - Steve Aspinall, CPPT

Mr. Aspinall reported that the Committee met at the School and talked about the auditor to discuss the loss of faith in the current auditing firm. Committee recommends finding a new auditor for the Board. Mr. Aspinall recommended the motion that the Audit Committee and the Chairman review recommended candidates to fill the position and to determine to hire an auditor. Mr. Aspinall noted the 2017 audit should be considered with a new firm.

Mr. Mattingly asked about terminating the contract with the current auditor. Mr. Prior responded there's a 30 day notification.

Ms. Thompson asked Mr. Cohen if there was anything in the by-laws that required a financial report be given at the June conference. Mr. Cohen says it may be in the policy, but he doesn't believe the by-laws are that specific. Mr. Cohen reviewed the authority of the Audit Committee to hire an auditor and the process can be expedited by calling a special meeting to get the Board's approval of the new auditor.

Mr. Farrell motioned to terminate the services of the current auditor. Mr. Olsen seconded the motion. Ms. Herrell suggested that if an RFP is sent in the next 30-45 days, most firms will be available after April 15th. Would be wise to stipulate the time frames in the RFP. Motion passed unanimously.

Mr. Farrell motioned to instruct the Audit Committee to send out an RFP and have auditor in place as soon as possible. Ms. Thompson seconded the motion. Mr. Prior mentioned that it can be ratified in a special meeting by phone. Motion passed unanimously.

By-Laws Committee - Tim Olsen, CPPT

Mr. Olsen reported all by laws are up to date.

Executive Oversight Committee - George Farrell, CPPT

No report

Exhibit Hall Committee - Ken Harrison, CPPT

No report

Golf Committee - Steve Aspinall, CPPT

Mr. Aspinall reported they made an initial offer at Shingle Creek. Committee will be doing a site visit and will continue to negotiate better pricing.

Relief Fund Committee - Steve Aspinall, CPPT

Mr. Aspinall reported there were 5 new applications for the Relief Fund. They will be meeting at the School to review the applications.

Mr. Harrison asked if any of the applications were repeat applicants and Ms. Thompson asked if any applications were the result of the hurricane. Mr. Aspinall answered yes to both questions.

Mr. Aspinall also noted that a person sitting on a pension board asked if it would be a conflict to receive relief aid. Mr. Aspinall said he would ask the speaker from the state ethics office.

Mr. Prior asked for a motion regarding guest fees. Mr. Olsen motioned that the first adult guest is free, any additional adult guests are \$10 per guest and there is no charge for children 12 and under. Mr. Aspinall seconded the motion. Motion passed unanimously.

Mr. Aspinall motioned to adjourn. Mr. Olsen seconded the motion. Motion passed.
Meeting adjourned at 5:55PM.

Respectfully submitted by:
FPPTA Staff