

Board of Directors Meeting Minutes
September 29, 2018 at 2:00 pm
Hyatt Coconut Point Resort & Spa, Bonita Springs, FL—Captiva

Approved February 2, 2019

Call to order: 2:04 pm

Roll Call:

Pete Prior, CPPT, Chairperson
Tim Olsen, CPPT, Vice-Chairperson
Ann Thompson, CPPT, Secretary
Steve Aspinall, CPPT, Treasurer
Christopher Spencer, CPPT, Director
Dwight Mattingly, CPPT, Director
Warren West, CPPT, Director
Renee Lipton, CPPT Director Emeritus
Ken Harrison, CPPT Director Emeritus

Other Present:

Kim Prior, CPPT, Chief Executive Officer
MJ Chwalik, Chief Operating Officer
Peter Hapgood, CPPT, Education Consultant
Allison Harrell, Accountant
Ron Cohen, CPPT, Attorney
Brent Chudachek, CPPT, Attorney
Sean McKinstry, CPPT, Director of Research
Stephanie Wehrly, Executive Assistant
Susan Marden, Public Relations
Cindy Berta, Book Keeper
Darrell Presley, Photographer

Approval of Previous Meeting Minutes

Location: Rosen Shingle Creek, Orlando, FL

Date: Saturday, June 23, 2018 - Board of Director's Meeting

Date: Tuesday June 26th, 2018 - Seating of Directors

Date: Tuesday, June 26, 2018- General Membership Meeting

Approval of Minutes motioned by: Mr. Aspinall

Seconded by: Mr. Olsen

Motion passed unanimously.

Consultant Reports

Education Consultant, Peter Hapgood, CPPT

Mr. Hapgood reported this school would consist of three CEU sessions, the Actuarial Certificate Program and the CPPT program. The Actuarial Certificate Program was almost full. There is a 200-page book to go along with the certificate program. Mr. Hapgood believes funding should be a priority of trustee education and has been talking with the League of Cities to see if they would like to offer a version of the Actuarial Certificate Program at their events in an attempt to further cultivate that relationship. Mr. Hapgood noted that the certificate program will be conducted over two half days rather than one full day as it has been in the past citing there are some important afternoon sessions and that there tends to be better turnout if a trustee doesn't have to commit to a full day.

Mr. Hapgood reported there are 101 speakers over 84 workshops. There would be three sessions broadcasted to all CEU rooms in the afternoons. One is a legal panel, The second is Ash Williams, the CEO of State Board of Administration to address trustees (He thanks Debbie McCoy on the education committee for helping coordinate that speaker), and lastly a session reviewing the constitutional referendums on the November ballot -- that discussion will be led by Dr. Nesbitt. Mr. Hapgood highlights that Amendment 6 could impact board decisions. Mr. Cohen offers additional insight about how the amendment could impact court hearings involving pension boards.

Mr. Hapgood reported that Wednesday's session keynote is Diane Oakley, Executive Director of NIRS, which will focus on the Palm Beach case study regarding the switch to DC and back to DB. Ms. Marden will highlight and recognize some of the trustees and players that were instrumental in that scenario before the talk.

Mr. Hapgood reported that the January Trustee School planning is underway. Mr. Hapgood asked for board feedback and suggestions for the next certificate program topic. Mr. Spencer suggested a legal program. Ms. Thompson also suggested equity. Consensus seems to be a legal program.

Dee Lee will also be offering her Individual Retirement Program in January.

Mr. Hapgood reported that the Wall Street program planning is also well underway.

Mr. Hapgood reported that he was meeting with staff and consultants at the Trustee School to discuss the Annual Conference and theme. Leaning towards a financial investment theme from a global perspective.

Mr. Harrison suggested touching upon liability-based investments. He also offered that he knows a sitting state senator who would be willing to speak at an event. Mr. Harrison knows the FPPTA has been hesitant to invite more political dialogue so would like to hear if the board is open to the speaker before he goes any further in coordinating that. Mr. Spencer says he would be in favor and the session would be apolitical like "How to Pass a Bill", for example. Mr. Prior thought it sounded okay, but would like to think about it more. Mr. Hapgood suggested it may be better suited for a break out of certificate program.

Mr. Hapgood addressed the concern about the ratio of speakers from the state of Florida. There has been mainly one person who has a personal vendetta against him making a large deal about the issue. Mr. Hapgood questions that person's motivations. Mr. Hapgood reported that he went back and looked at past agendas. He reported that 56% of the speakers at Trustee Schools are from Florida. 25% of speakers at the conferences are from Florida -- offering that the conference also looks at bigger and sometimes national trends and naturally involves more national industry leaders. He also notes that the FPPTA uses Associate members to speak, many of whom reside in New York or other major cities where the much of the

investment industry tends to locate. He reiterated that he has no political agenda; his focus is informing the membership as best as possible. Mr. Hapgood defended past speakers as reputable and points to their long resumes in the industry. Ms. Thompson appreciated the explanation and agreed with the reasoning.

Mr. Mattingly asked what the Education Committee needs for the next 3-5 years in order to continue effective education. Mr. Hapgood thanked the board for recent increases to the speaker budget and says the more there is for speakers, the more flexibility and resources he has to put together a quality program. Would welcome further budget increases towards that end. Currently the budget is around \$50,000 which can cover the Wednesday keynotes, a larger budget could go a long way. The attendees are expecting to be educated and entertained. Organization has gained a great reputation and Mr. Hapgood wants to continue to meet and surpass expectations.

Mr. Mattingly also asked about restrictions regarding production -- materials or AV, etc. Mentioned he overheard Mr. Hapgood talking with staff about planning and logistics of materials and whether that would be better addressed with more resources. Mr. Hapgood responded that the motto the staff and consultants live by is "make the next one better." That there are a lot of moving pieces but the conversation was more about brainstorming than a need for a larger budget.

Ms. Prior suggested increases the budget for Audio/Visual should be a priority as well. Mr. McKinstry and Ms. Marden also chimed in to point out the need for proper stage lighting and video recording at events capabilities for online and multimedia campaigns.

Mr. Mattingly also asked about exploring the possibility of getting the CPPT program accredited by a university. Mr. Harrison stated this option was previously explored and it was discovered, that universities wanted a large financial contribution and the FPPTA would lose control over curriculum. Ms. Prior mentioned some groups do accept FPPTA attendance for credits to their programs.

Public Relations, Susan Marden

Ms. Marden reported her next focus will be the recruitment of pension boards and associate members to FPPTA membership. She submitted public records request and received contact information for every pension board in the state. Associate member recruitment will be a tougher project. Ms. Marden welcomes any ideas or thoughts about targeting and how to go about recruiting more members.

Mr. Aspinall noted that pension boards need to submit to the state who their service providers are and Ms. Marden should be able to find that out in an annual report.

Ms. Marden reported she is working on more video and infographic projects with Mr. McKinstry. She highlighted some of those projects, messaging, uses various resources and organizations like NIRS to help along those lines.

Mr. Hapgood added that currently the markets and economic atmosphere is good for defined benefit plans, but warned the FPPTA should be preparing should the economic forecast change for the worse. Should be ready to respond to renewed criticism of public pension plans.

Ms. Thompson also suggested the line "You can never outlive your DB" from the Cypen & Cypen newsletter as a potential theme for video or infographic projects. Ms. Marden agreed.

Old and New Business

Old Business

None.

New Business

None.

Officer Reports

Chairman, Peter Prior, CPPT

Mr. Prior reported the CEO's contract has been approved and signed for five years.

Mr. Prior reported the scholarship committee met again. The committee has created a set of guidelines for applicants. Committee still needs to create the application. He's hopeful to have all the details worked out by January and award the first scholarship at the June conference in 2019. Looking into a potential issue with the 501c3 filing and if the scholarship might need additional filings. Ms. Harrell expanded that there may or may not be a need for additional filing per the organizations mission statement, structure, tax exempt status, etc. Scholarships require very specific requirements. May require a separate filing and/or an amendment to current filing language. Mr. Harrison expressed that he thought a scholarship should be covered under the current structure. Ms. Harrell expressed the need to do due diligence and make sure that is the case. She will be working through the technicalities with Mr. Chudachek.

Mr. Prior reported that scholarship would be a \$1,000 per year, per student. The scholarship will be for one year, though recipients will be allowed to reapply. Scholarship money will be given to the school and credited to the recipient.

Vice-Chair, Timothy Olsen, CPPT

No report

Secretary, Ann Thompson, CPPT

Ms. Thompson reported additional \$12,000 in Voice Magazine revenue over what was already part of sponsorship packages. This year's Voice magazine was the largest edition yet, which caused graphics and lay-out work to be slightly over budget. Ms. Thompson reported this is the last year she will be organizing the publication. Reported she enjoyed the work but it's time to pass the torch to Mr. McKinstry and Ms. Marden. The board thanked her for taking the project on.

Treasurer, Steve Aspinall, CPPT

Mr. Aspinall reported bank balances as of 9/24/18 as

Prime Meridian Relief Fund:	\$ 26,878.14
Prime Meridian Money Market Prime:	\$ 154,499.86
Meridian Operating Account:	\$ 343,418.98
Prime Meridian 15- month CD (APY- 2.27%):	\$ 50,000.00

Total: \$ 574,796.98

Mr. Aspinall thanked the staff for implementing the CD account. They will be looking to reinvest another \$50,000 but will wait and stagger the accounts depending on rate offerings.

Chief Executive Officer, Kim Prior, CPPT

Mr. Prior reported that the five year plan is currently in a rough draft form so there's not much to show at this point.

Ms. Prior reported that the membership retention and recruitment initiative is underway. She is working with Ms. Marden, Ms. Edmondson, Ms. Chwalik, and Mr. McKinstry to plan and execute a campaign for both pension boards and associate members. Ms. Prior reported pension boards would be targeted first and then a follow up campaign for associate members. She reviewed some of the ideas such as giving new pension boards a one-time free registration to check out an event, a mentorship project to offer new prospective members help when first joining and give them one-on-one attention and encouragement.

Ms. Prior reported that NIRS would be holding a visionary circle meeting in October. She explained what the visionary membership is and how FPPTA could benefit from being present and offering insight into the challenges and issues Florida pension boards are facing. Ms. Prior reported that Mr. McKinstry and Ms. Marden would be attending and representing the FPPTA at the meeting.

Ms. Prior reported that she is working out hotel contracts for future events. She is trying to plan five to six years in advance. Ms. Prior is working with the attorneys to create contracts that reinforce protections for the FPPTA, such as forgoing all penalties for canceling an event due to storms or other "acts of God" that could impact a scheduled event. Orlando is becoming more and more the only city with venues that can accommodate events due to membership size, and because Orlando is a popular destination for other conferences, planning out five years in advance is crucial to assure accommodations are available. Hilton Bonnet Creek, Hyatt Orlando, Hilton Orlando, Rosen Shingle Creek, Marriot World Center are all hotels Ms. Prior has been negotiating with. Mr. Mattingly suggested Ms. Prior look into hosting an event at the Diplomat Hotel. Ms. Prior responded that because of its location too many members would not be able to get permission from their city to stay overnight at the hotel – too many members live within 50 miles of the location which would result in poor attendance. Ms. Prior noted that Sawgrass Marriot and Tampa Waterside were also in rotation so there would be some events outside of Orlando.

Ms. Prior reported in the budget review that credit card fees are on the high side. Primarily due to more people using credit cards to pay for registrations, etc. There was some discussion of adding a 1-2% fee for anyone who uses a credit card for payment. The consensus was not to implement that fee. Mr. Mattingly suggested raising the registration fee. Ms. Prior mentioned that would be looked at further in the five year

plan. Ms. Prior thanked Ms. Harrell for providing a template for the five year plan and thinks it will be a very beneficial exercise as the organization plans ahead. Ms. Prior stated that during this morning executive session staff shared the basic template for feedback from the board. Ms. Prior wanted to be sure they were moving in the right direction before committing the time to this particular template. Ms. Prior plans to have it ready for the budget meeting in December.

Ms. Prior reported there would be a stand alone meeting for the budget meeting for the first week of December.

Ms. Prior reported that the staff is working on putting together a policy manual that outlines duties, responsibilities, and what each duty entails. It's a work in progress.

Ms. Prior reported that a proposed \$25 fee for guests at events. The board wanted to see more information regarding the guest fee at the budget meeting.

Ms. Prior reported the June conference would celebrate the 35th anniversary of the FPPTA's inception at June conference. She is working on recruiting sponsorships for entertainment at the welcome gathering.

Mr. Spencer asked about the membership decline. Was it due to any reason based on program? Whether it was too intimidating or if CPPT folks maxed out their education, etc. Ms. Prior noted there was no decline in registration. Those numbers remain strong. The pension board decline is a relatively small one, the associate membership decline is larger and she speculated a lack of patience for new associates in building relationships and networking. Most associates need to commit to a few years before they see a large benefit for their business. Mr. Spencer also voiced support for the mentorship program Ms. Prior had previously discussed. Ms. Prior added she would discuss it more with the consultants and staff.

Mr. Mattingly suggested directors attend the orientation program on Sunday for new members so they see some familiar faces they can feel comfortable approaching with questions.

Mr. Harrison is concerned the scheduling of the budget meeting should be done by a formal motion, not just direction of the board to the CEO. Mr. Prior deferred to Mr. Cohen as the board attorney. Mr. Cohen views the meeting as a workshop and so that formal motion is not necessary. Concerned of a scenario where they make a formal recommendation for a specific day and if there's a need to cancel the meeting, that would require a special meeting by the board to cancel and to reschedule. Mr. Cohen suggested that the staff can still list the meeting on the website and make the membership aware. There is no secret, it's a matter of scheduling a time when everyone is available. Mr. Aspinall reiterated the need for a separate meeting due to the lack time and focus directors can afford at a school or conference.

Mr. Prior gives direction to Ms. Prior to post the meeting date and location on the FPPTA website.

Chief Operating Officer, MJ Chwalik

Ms. Chwalik reported as of Friday there were 628 registered for the trustee school. 161 associates and 467 trustees. There were 37 signing up for the CPPT basic program for the first time. There were 56 guests registered. She expects those numbers to grow when the registration desk opens.

Ms. Chwalik reported there were two gold and three silver sponsors for this trustee school.

Ms. Chwalik reported the website and app are not completed. The programmers did not understand the scope of the project. For about five months there was only one programmer working on the website. The

project manager has also assisted for the last two months. The programmers have been working without pay in order to deliver the product the FPPTA was promised. The app is not up to par with what was expected. It should be working well enough for attendees to check in and out. MJ reviews the basic features of the app. Once the project is complete, there will be an annual maintenance fee should there be any need to additional work.

Mr. Spencer questioned if the programmers were up to the task sensing frustration in Ms. Chwalik's report. Ms. Prior believes they can deliver but woefully underestimated the time line and man power needed. Ms. Chwalik does compliment that the reporting and data features are much improved in how it interacts with financial reporting, etc.

Book Keeper, Cindy Berta

Ms. Berta reviewed the June and July financial reports in the agenda.

Ms. Berta notes a couple spots where they were over budget. Noting \$2,700 over for capital equipment, which was to pay for two new computer servers for the new website. She also noted they were about \$5,000 over in speaker fees. Also noted credit card processing fees were over budget. Those are the largest expense variances. Also, \$34,000 under in overall membership.

Ms. Berta reviewed the Annual Conference statement. The conference took in \$516,000 in revenue. That was 5% less than 2017. Active registration is down approximately \$17,000. The associate registration is higher due to a change in reporting sponsorship revenue. In the past a sponsorship was included one or two registrations, but that was reflected only in the sponsorship reporting. Now those registrations hve been shifted over under registration revenue. Main expense variances were due to audio visual costs. \$4,900 over budget in food and beverages, but overall it was \$40,000 less in food and beverage from the previous year with a new format for the welcome gathering. Overall, the FPPTA was about \$2,000 under the total budget and about \$8,000 more in revenue than the 2017 conference.

Auditor, Allison Harrell

Ms. Harrell reported there were no big changes in expenses from July to August. The biggest change being registration for the school opened in August resulting in \$154,000 collected in registration fees. Net income overall through August is \$322,198, though expenses from the trustee school had not yet been accounted for. October expense report will include the bulk of expenses for this school. There will also be additional revenue for registrations paid for in September. She expects to have a report through November for the January meeting with some numbers for December at that time too. She also voiced approval for the improved reporting features on the new website.

Director of Research, Sean McKinstry, CPPT

Mr. McKinstry reviewed preparation for the trustee school. He reported that he worked with Mr. Michael Spencer to create the CPPT exams. He explained that at the Fall school, a new exam is created from scratch and then adjusted if need be for the January school to account for questions that either students had trouble with or were deemed otherwise problematic. Mr. McKinstry reported that they implemented new procedures with the Audio/Visual team to improve display and process for the presentations

including a green room for presenters to review their materials as they will appear in the session rooms. He also created the study guides for the CPPT program.

Mr. McKinstry reported that the new Public Pension Institute website had been launched and is live. He will continue to make improvements and add content, but welcomes feedback from the board and members.

Mr. McKinstry also reported his continued work with Ms. Marden on social media and communications projects.

Ms. Thompson asked about the CPPT exam adjustments for January. Mr. McKinstry explained that if a question was deemed problematic, meaning a majority of the class got it wrong, Mr. Spencer would review the question to determine if it's worded badly, was not covered in the presentation correctly, or if it just needs to be replaced with a new question. Mr. Spencer consults with the presenters where necessary to make those determinations.

Attorney, Ron Cohen, CPPT

No report

Audit Committee, Steve Aspinall, CPPT

Mr. Aspinall reported that the committee met and will recommend the board sign a 5-year contract with the auditing firm with the understanding they can cancel the contract without any penalty. Mr. Aspinall motioned to approve the 5-year contract. Mr. Olsen seconded the motion. Motion carried unanimously.

Mr. Aspinall reported that they reviewed the internal controls. For example, when a check comes in, how is it handled and processed. He reported that the audit committee has asked for a flow-chart outlining those steps.

Mr. Aspinall stated the committee requested more information for software for depositing checks electronically. It would further streamline the process.

Mr. Aspinall noted the staff's policy and procedures manual was a work in progress as Ms. Prior had expressed earlier.

By-laws Committee, Tim Olsen, CPPT

No report at this time.

Executive Oversight, Warren West, CPPT

No report

Exposition Hall, Ken Harrison, CPPT

Mr. Harrison asked Ms. Prior for clarification on the final financial numbers for the expo hall. Ms. Prior explained the financial reporting was conducted a little differently – where the expo booth complimentary registrations were shifted out of the expo hall reporting and into the registration reporting.

Mr. Harrison reported the Expo Hall went well.

Election Committee, Ken Harrison, CPPT

Mr. Harrison reported that the election went well enough. There was some confusion as a candidate dropped out of the race Monday morning and still received several votes, but otherwise went well.

Golf Committee, Steve Aspinall, CPPT

Mr. Aspinall reported the golf tournament made \$6,700 after expenses. The Shingle Creek course was a little tougher to negotiate with regarding prices. Mr. Aspinall noted that he has discussed using proceeds from the Golf Tournament to give seed money to the scholarship fund. Mr. Aspinall reported the committee was supportive of that. Mr. Aspinall will talk with associate members so they understand that change.

Relief Fund, Steve Aspinall, CPPT

Mr. Aspinall reported that the fund started out the year with approximately \$29,000 and has paid out \$3,000 worth of donations to applicants in need. The committee will meet at this school to review current applications. Mr. Aspinall reported the committee still needed to work out what will be reallocated to the scholarship fund from the golf tournament.

Ms. Prior asked the board to state who the signers on the bank account are so it would be reflected in the meeting minutes. Mr. Aspinall explained that a bank would like to see who the signers are on any given account. Should something happen, there are no minutes that reflect who those signers are. Mr. Olsen motioned to accept the treasurer, CEO, and COO; Mr. Aspinall, Ms. Prior, and Ms. Chwalik respectively as signers to FPPTA bank accounts. Ms. Thompson seconded the motion. Motion passed unanimously.

Mr. Spencer suggested for future meetings that a projector be available for financial reports as it would be easier for everyone to follow along. Mr. Olsen compliments the atmosphere of today's meeting as non-contentious and hopes for more like it.

Ms. Thompson motioned to adjourn. Mr. Aspinall seconded the motion. Motion carried.

Meeting adjourned at 5:06 pm.

Respectfully submitted by FPPTA Staff.