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**CITY OF DELTONA, FLORIDA
FIREFIGHTER'S PENSION BOARD OF TRUSTEES MEETING
TUESDAY, September 16, 2008**

A Regular Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, September 16, 2008 in the City of Deltona's 2nd Floor Conference Room at 2345 Providence Blvd., Deltona, Florida.

1. CALL TO ORDER:

The meeting was called to order at 5:09 p.m. by Chairman Chris Nabicht.

2. ROLL CALL:

| | | |
|------------------------------|--------------------|---------|
| Chairman | Chris Nabicht | Present |
| Secretary | Chris Sievert | Present |
| Board Member | Earl "Mac" Deyette | Present |
| Board Member | John D. Adams | Present |
| Board Member | James Koczan | Present |
| Plan Administrator | Lisa Spriggs | Present |
| Employee Benefits Specialist | Gene Gizzi | Present |

Also present: Doug Feltz, Principal Financial Group, Steve Geadelmann, Principal Financial Group, Mike Welker and The Bogdahn Group.

3. APPROVAL OF MINUTES & AGENDA:

A. ADOPTION OF MINUTES:

Motion was made by Mr. Sievert, seconded by Mr. Deyette to approve the minutes of July 15, 2008 with the correction of Line 47, Page 3. Motion carried with Chairman Nabicht voting no. Motion carried with members voting unanimously to approve the minutes for July 15, 2008 as amended.

B. ADDITION OR DELETIONS TO THE AGENDA: None

Motion was made to approve the agenda as published by Mr. Deyette, seconded by Mr. Sievert. Motion carried with members voting unanimously.

4. MEMBER COMMENTS:

Kurt Vroman, Deltona Professional Firefighters Union said that he had received some comments from some members with concerns about the disability not being tax free or a larger number. He said he realized that that question would need to go to the actuary but hopefully when it is looked at in the future it can be changed so that if a member becomes disabled the member can actually live off of the pension. The Chairman asked Mr. Vroman what kind of number he was looking at stating that the number was set at 66 2/3% at present. Mr. Vroman said that that would be a good number if it was tax free which some places do while other places have 75-80% and the member pays taxes. He said that he felt that the actuary and maybe the Board's financial people should look at it and give options based on tax bracket. The Chairman asked Ms. Spriggs to do some research of what is out there and report back any options to the Board at the October meeting. He asked that a discussion of options of the disability portion of the plan be on the October meeting agenda under new business. Mr. Deyette reminded the Board that the October meeting will be a long meeting. The Chairman said that Ms. Spriggs can just pass out her findings to the Board Members to digest for a future meeting. Mr. Gizzi said that he had just downloaded some IRS data on taxation of disability incomes that he

1 can provide it to her. Mr. Vroman asked whether the Board was still moving forward on the DROP changes.
2 The Chairman said yes that it would come to the Board in ordinance format at the October meeting from the
3 attorney. He said that the Board will review it and make comments on it and if the Board is good with it he
4 will ask the Board at that time to approve it to be forwarded to the City's legal department for consideration
5 for the Commission to adopt. He said that if the Board was not comfortable with it, appropriate changes can
6 be made at that time and either ask to see it again with the changes or approve it with the changes and
7 forward it to legal for City consideration.
8

9 **5. APPROVAL OF EXPENDITURES:**

10
11 **A. ACTUARIAL CONCEPTS**

12
13 A bill from Actuarial Concepts in the amount of \$270.00 for consultation dated 7/21/08 regarding details of
14 valuation, methodology pertaining to planning and plan improvements was submitted for payment. The
15 Chairman asked Ms. Spriggs if she had received a summary from the Actuary. Ms. Spriggs said that she had
16 actually wanted to include it on the next agenda. The Chairman asked Ms. Spriggs to summarize her
17 conversation with the Actuary before the Board approved the bill. Ms. Spriggs said that it was basically in
18 follow-up to his preparation of the costing of the benefits and differing questions that were posed to him so,
19 he followed up in writing and in conversation about what they meant. The Chairman asked Ms. Spriggs about
20 how much time the Actuary spent as there was no time noted on the statement. Ms. Spriggs said that the
21 Actuary sent an email and they had a follow-up conversation taking about twenty minutes. She said that this
22 brings the Board whole except there are a couple more things that the Actuary will need to answer with
23 regard to State interpretation versus his interpretation. She said that she will be following up since she had
24 spoken with the State so there may be something at the next meeting. **Motion was made to approve for**
25 **payment of \$207.00 to Actuarial Concepts by Mr. Sievert, seconded by Mr. Koczan.**
26

27 The Chairman commented that this bill was made out to Susan Helberg, City of Deltona, and asked Ms.
28 Spriggs when this would be changed on his contract. Ms. Spriggs said that it would be on the agenda for the
29 October meeting, the Attorney is following up with it.
30

31 **Motion carried with the members voting unanimously.**

32
33 **B. THE BOGDAHN GROUP, APRIL-JUNE**

34
35 A bill was submitted by The Bogdahn Group in the amount of \$2,625.00 for performance evaluation and
36 consulting services from 4/01/08 – 6/30/08. **Motion was made to approve for payment of \$2,625.00 to the**
37 **Bogdahn Group by Mr. Sievert, seconded by Mr. Deyette.**
38

39 **Motion carried with the members voting unanimously.**
40

41 **C. CHRISTIANSEN & DEHNER, P.A.**

42
43 A bill was submitted by Christiansen & Dehner including the June invoice #14723 for \$943.20 and the July
44 invoice #13579 for \$1,848.60 for a total of \$2,791.80. **Motion was made to approve for payment of**
45 **\$2,791.80 to Christiansen & Dehner by Mr. Deyette, seconded by Mr. Koczan.**
46

47 **Motion carried with the members voting unanimously.**
48

49 **6. OLD BUSINESS: None**

1 **7. NEW BUSINESS**

2
3 **A. Principal Group Presentation**

4
5 Mr. Gizzi introduced Mr. Steve Geadelmann who has been with the Principal Financial Group for some
6 20 years. He said that Mr. Geadelmann does participate in the due diligence process and he does work and
7 is a representative in the department that does the Board's asset allocation that you contracted outside the
8 service; that is the only outside service that you did contract with Principal. He said Mr. Geadelmann is
9 part of the team that does the fine tuning of the allocations and he will be making a presentation on the
10 team, the decisions they make and the criteria they use in the process in general. Doug Feltz thanked the
11 Board for allowing time for a specialist from Principal's corporate office to give a deeper perspective of
12 the plan. Mr. Adams said that at one time the Board had asked Mr. Feltz to look at the asset allocation
13 being more into a fixed income as opposed to a variable with stocks and getting back with the Board. Mr.
14 Feltz said that that issue was raised at the April meeting and that he had responded via email to the Board
15 Members. He said that he could resend the email if Mr. Adams would like. Mr. Adams said that he did
16 not have email and would like a copy to be mailed or faxed to him.

17
18 Mr. Geadelmann began his presentation stating that he would like to begin with an overview of the
19 process and strategy giving the Board a little more in-depth look at the plan, what Principal is trying to
20 achieve with the plan's asset allocations and also give the Board Members a chance to ask questions or
21 make comments on the performance. He said that the past year had been a rough time period for
22 performance, it has been a struggle and it is not common to see this kind of performance but it is not
23 unexpected. He said that when Principal looked at their forward looking forecast; their worst case
24 scenario in a 60/40 strategy would anticipate a one year performance around 10%. He said that the Board
25 could re-evaluate and move to a more conservative plan but there are tradeoffs. He said that Principal's
26 mission was based on four things that top the list; set a strategic long term asset allocation, not do tactical
27 re-evaluating feeling that the risk outweighs any gains, set a long term strategic strategy based on the
28 Board's goals and objectives, bring diversification element to the plan including investment styles, asset
29 styles and investment managers. He said that Principal tends to be a little on the conservative side. He
30 said that 2008 is shaping up to be a once in a twenty to twenty-five year market in that the first half of the
31 year has been the worst year since 1970 and if the Board is not comfortable with potentially losing 8.2%
32 to 10% in any one given year, that would be an indication that the Board would need to go back in and
33 maybe reassess the risk level. He said that if the Board was comfortable with that type of loss in any one
34 given year then he felt that the Board was pretty well positioned at this point.

35
36 Mr. Geadelmann talked about Principal's due diligence program when deciding what managers they use
37 within their strategy. He said that Principal has gone outside of their own internal manager, Principal
38 Global Investors and hired who they believe are some of the best investment managers in the industry.
39 Mr. Adams asked what the time line was once a manager is put on the watch list. Mr. Geadelmann said
40 that the time period would be no longer than twelve months unless it is a qualitative issue then they would
41 take action sooner. He said that if it is an underperformance issue then they would allow the full twelve
42 months because those managers try to make changes to improve. Mr. Welker asked Mr. Geadelmann to
43 differentiate between qualitative and quantitative. Mr. Geadelmann said that qualitative means what is
44 their investment process and strategy, what resources and support that process and strategy and how does
45 that organization back that up and quantitative gets into more of the numbers, what's their performance,
46 their fees, things that can be put in a spread sheet and be analyzed. He said what Principal emphasizes the
47 qualitative in their review; they feel that performance should follow process so, if they hire a manager
48 with a good strategy and process that has shown an ability to provide consistent return over an extended
49 period of time, and has the resources and organization to execute that strategy they will have a winner and
50 then the quantitative side of the puzzle tells if they are executing that strategy or not. He said that they

1 have regular face to face meetings and quarterly conference calls with their investment managers trying to
2 stay in touch with them to keep their finger on the pulse for them.
3

4 Mr. Welker asked Mr. Geadelmann to give the Board an example of when Principal would actually
5 terminate a relationship with an investment manager. Mr. Geadelmann said that they have had their due
6 diligence program in place for a little over seven years and they have terminated some ten different
7 managers, six of the ten were due to qualitative reasons, either a manager change or as in a case of day
8 trading activities, one of which was Putnam. He said that Principal went in and was originally happy with
9 Putnam holding their CEO accountable, they replaced their leadership and said they were going to make a
10 lot of changes, bringing some people with strong compliance credentials. Principal went out and made an
11 onsite visit and what they were told in their face to face meeting did not match with Putnam's settlement
12 several weeks later with the SEC. He said also they found that assets and talent were leaving Putnam so
13 Principal made a decision to replace them with a different manager. Mr. Welker asked approximately how
14 much money was taken from Putnam. Mr. Geadelmann said he believed it was somewhere between \$500
15 million and \$1 billion was their mandate with Principal until they hired someone else to step in. He said
16 the other four managers who were terminated were performance driven choosing for an example one of
17 Principal Global Investor's managers who had underperformed in the late 1990's and early 2000's. He
18 said they had changed managers internally but it just didn't work out so Principal made the decision to go
19 outside to hire a better large blend manager. He said that in essence in this case Principal actually
20 terminated itself and hired a manager from the outside and he said that he felt that it showed that Principal
21 has a fiduciary responsibility to their retirement plan clients to bring in who they think will be the best
22 managers and that is the process and design of their due diligence program. Mr. Welker asked if there
23 wasn't a situation where an investment management firm was replaced simply because of personnel
24 changes within the firm. Mr. Geadelmann answered yes that that had been another qualitative issue where
25 the firm had had a couple of mid-value managers that were doing very well for Principal and they decided
26 to leave to run a hedge fund and Principal ended up putting that manager on a watch list later taking half
27 the firm's assets away and moving them to another firm because they did not believe they were receiving
28 the style consistency they expected out of the portfolio. Mr. Deyette asked about Alliance Bernstein. Mr.
29 Geadelmann said that Principal hired them back in 2000 because they were probably one of the best value
30 managers in the marketplace however they have significantly underperformed over the last twelve to
31 eighteen months and he believes that they have fallen into a classic value trap. He said that Principal has
32 taken some steps against Alliance Bernstein and he said that they still feel comfortable with them on a
33 long term basis as they always seem to be able to come back. He said that they are underperforming at
34 this time and Principal doesn't feel that their clients can deal with the volatility that they bring at this time
35 so, Principal has pulled 20% of the assets away, moved it to UBS Principal's other large value manager
36 and have hired Westwood Asset Management which is more of a relative value firm to pair up with
37 Alliance Bernstein and over time it will be a 50/50 mix. He said that Principal will be hiring another fixed
38 income manager and will be integrating that into the portfolio in the fourth quarter. He said that one
39 finalist in the process is Pimco which is the largest fixed income manager in the industry and the other
40 finalist is Loomis Sales. He said that they recognize that they have had some underperformance in their
41 fixed income area and they felt they need to add more diversification; they are taking steps to do that
42 which you will see that integrated into the portfolio in the fourth quarter of this year. Mr. Welker asked
43 about Pimco and Loomis Sales and their underperformance. Mr. Geadelmann answered by stating that the
44 preferred market is about 80% financial so they have gone down with the financial area of the market but
45 long term Principal likes what they bring to the table. He said that there is only about 2% allocation in the
46 plan. He said that in looking at fixed income managers Principal was not necessarily looking for quality
47 but for a return pattern that was different from the primary fixed income strategy that they have today
48 which is the bond and mortgage account; Principal was looking for fixed income intermediate term bond
49 category with different risk and return characteristics and Pimco and Loomis Sales were the one that stuck
50 out.

1 Mr. Geadelmann asked to skip the economy and market unless any of the members had any questions
2 about what has happened in the last couple of weeks. He said that Principal has done some analysis of the
3 portfolio that is in the FFP Plan and their exposure to Lehman Brothers and Freddie and Fannie from an
4 equity side are pretty minimal saying they are all under less than 1% of the portfolio. He said that
5 diversification has helped. He said the Alliance Bernstein does have a 1% allocation to AIG and he said
6 that he was not sure where the Russell 1000 benchmark has AIG in it. He said none of these stocks are
7 going to cause a significant hit to the FFP's overall portfolio.
8

9 Mr. Geadelmann said that the second quarter was a fairly positive quarter but the third quarter has
10 reversed some of those gains. He said that the international portfolios have not performed as well as the
11 overall market saw the economy was not going to come back in the second half of 2008; that slow down
12 was going to spread to the global economy, the international stocks performed accordingly. He asked if
13 there were any questions regarding performance. The Chairman said he understood the market and the
14 performance and that there are certain things that are not under the Board's control but what he is looking
15 for is what is Principal's plan is to try and minimize from here forward taking any more of a loss. Mr.
16 Geadelmann said that the biggest change would be probably introducing the additional fixed income
17 manager into the asset allocation strategy. He said that they felt that their fixed income manager Principal
18 Bond and Mortgage has a long term great track record, saying that it has outperformed the index 21 out of
19 the last 24 years. He said to minimize losses looking at the plan's 60/40 aggressive strategy, 60%
20 equity/40% fixed, tells him that the Board is willing to accept some volatility within its returns from year
21 to year shooting for a longer higher expected returns in the long term. He said he would not recommend
22 the Board to move more conservative at this time as they may lock in their losses and miss the bounce
23 back. He said that if the Board decides they can't live with the volatility at this time due to budget
24 constraints, then he would sit down with the Board and re-evaluate the asset allocations for the plan. He
25 said that with the addition of the fixed income and hopefully you will see some bounce back by the
26 second half of 2009. Mr. Gizzi said that the current allocation being at 60/40 has fallen a little bit below
27 the investment policy statement that was created through the consultant with the approval of the trustees
28 and the notion has come up that the plan should be more fully invested and should be more at the 65/35.
29 He said that if the Board should move to be more in line with the policy statement that would put the plan
30 a little more aggressive then it is now. The Chairman asked when the Board should do this. Mr.
31 Geadelmann said that the plan could be tweaked to be 65/35 and if that is the direction the Board wants to
32 go; it can be done any time. He said that ideally this is a long term plan and you would want to reevaluate
33 possibly every three to five years, if your long term strategy says 65/35 then we might as well get there.
34 Mr. Welker said that this is the worst time to take money from equities and go into fixed income
35 suggesting staying the course for now. He said that in the long term though you want to have more
36 exposure to equities, so he concurred with Mr. Gizzi and Mr. Geadelmann. He said that looking at
37 Principal's due diligence of some of the managers there could be some refinement but he did not advocate
38 any wholesale changes in the plan. Mr. Geadelmann said that he feels that the plan will have some
39 opportunities to earn back some of the losses but the Board will have to have some patience. He said that
40 Principal is going to add some diversification back into the plan. Mr. Welker asked Mr. Geadelmann
41 about any defaults in the portfolio. Mr. Geadelmann said there had not been any up until now but he is not
42 sure what will happen to Leiman. He said that the plan's portfolio had about a .85% to Leiman backed
43 paper and there is a chance that may go into default. He said that in re-evaluating the bond and mortgage
44 portion of the portfolio the manager will go on Principal's watch list on September 30th which will begin
45 the twelve month clock but, because it is a performance driven issue and it has been a pretty extreme
46 market the manager will probably be given the full twelve months to address performance issues. Mr.
47 Welker suggested indexing the large cap piece in the bond portfolio and then adding some of the
48 additional asset classes, saying that lower costs and returns may be a little better. Mr. Geadelmann said
49 that up until the last year they felt pretty good about their manager selection and one thing that he had
50 been spoken with Mr. Gizzi and Mr. Feltz about were the fees; they looked at management fees for the
51 plan which is in the mid eighties and they were looking at getting the fees down to 75 basis points. He

1 said that he would be fine working with Mr. Gizzi to lower the costs and would take it into consideration.
2 Mr. Welker suggested looking at the large cap space in the portfolio and indexing about half of it, with
3 indexing some bonds and lowering some costs, he felt they may pick up some return. He said that the
4 things that can be controlled from the consultant and trustee level which would be to lower fees would be
5 a win win situation. Mr. Geadelmann said that he was open to that. Mr. Welker asked Mr. Geadelmann to
6 run some hypothetical's and see what the returns might be. Mr. Geadelmann said that he would do that.
7 Mr. Gizzi said that he had sent Principal some models to look at. Mr. Geadelmann concluded his
8 presentation. The Chairman thanked him for his time and said that he would like to look at the fees to see
9 if they can be lowered. He said that he feels that the Board may want to move to the 65/35 and asked Mr.
10 Geadelmann to try to run a model to see where they may be versus the 60/40 split. Mr. Welker said that
11 he felt that it would make sense to at this time to move to the 65/35 and based on this being an infant plan
12 there is time to weather the ups and downs. He said that this step would be beneficial to show some
13 change. He said also adding some value and that the Board is doing something would be to show risk and
14 return profiles of what the 65/35 allocation would look like versus the plan's current 60/40 allocation is.
15 He said that fees could be reduced and with historically three, five and ten year period varying market
16 cycles look at what this index active management approach has done and maybe we would have increased
17 returns a little and lowered costs. Mr. Geadelmann said that if the Board decided to make a move toward
18 an index strategy at this time he would suggest focusing on the equities and not necessarily on the fixed
19 income because he did not feel the plan should be over waited to treasuries over the next twelve to
20 eighteen months so, long term we could look at indexing fixed income focusing on equities. The
21 Chairman said that he believed that that is what Mr. Gizzi and Mr. Welker had been advocating. The
22 Chairman asked if everyone was in agreement that the Board should look at moving the plan towards the
23 65/35; the Board Members nodded in agreement. He asked if this was anything the Board would need to
24 alert the Plan's Actuary Mike Tierney about. Ms. Spriggs said no because Mr. Tierney is looking at the
25 long term.

26
27 Mr. Sievert had to leave to answer a fire emergency call as he was on duty at 6:20 PM.
28

29 Mr. Geadelmann said that it falls within the Board's policy statement and Mr. Welker said that it would
30 be no cost to the plan for the actuary to adjust the allocations. Mr. Geadelmann said that the Actuary may
31 want to look at the long rate of return but he could probably do that with his annual valuation. Mr. Welker
32 agreed and said that the assumption of 8% was not being changed. The Chairman reminded that Members
33 that the Actuary was going to begin the smoothing. Mr. Geadelmann said that the one thing that the plan
34 has going for it is that looking at the present value of the plan's liability and the higher interest rate you
35 use the lower the liability and interest rates that actuaries have been using for their liability calculations
36 are going up so, you have some offset; there is an asset loss but the liabilities, because higher discount
37 rates are being used, are going down and reducing the plan's long term liability. The Chairman asked Mr.
38 Feltz when he would be able to get back with the Board with the information requested. Mr. Feltz said
39 that he could have the information by the November Meeting. The Chairman said that he believed that it
40 would require some discussion and explanation from Mr. Feltz. Mr. Feltz said that in listening to the
41 discussions he had planned to get back with Principal's Corporate Office with the discussion items of
42 moving to 65/35 reallocation and moving allocations within the plan and then give the Board a written
43 synopsis like he has done for past meetings prior to the November Meeting; then the Board could discuss
44 the synopsis at the November Meeting. He asked that Board to give him about two weeks to work on
45 these two items. Mr. Welker said that for the Board Members to have a better understanding the change of
46 going from 60/40 to 65/35, if Principal could furnish data streams to Bogdahn and then Bogdahn could
47 put that data into the allocations they are looking for in their system and run returns, risk and up/down
48 market capture. Mr. Feltz said that he could work on that. Mr. Welker said that with that data he could
49 show the Board what would happen if you move to 65/35 versus 60/40, keep as is and look back to see
50 what has happened. The Chairman said that he would like to see some models with that information at the
51 November meeting. Mr. Koczan asked that the information be given to the Board in October for

1 discussion at the November Meeting. Mr. Gizzi agreed and said that this leaves as a matter of record that
2 this is neither a tactical nor a market timing kind of issue that the Trustees are taking up but a calculated
3 effort to get back to the investment policy statement a little more accurately. Mr. Welker gave a quick
4 calculation going with the five year smooth, breaking down that fiscal year numbers showing excesses
5 built in of 11.74% FY 2004, 12.66% FY 2005, 9% FY 2006 and then 12.7% FY 2007 all of which are
6 above 8%. He said that Mr. Tierney the Plan Actuary will drop the 11.74% and pick up a negative 8%
7 making the five year smooth 7.6%, this will be of minimal cost to the City. The Chairman asked Ms.
8 Spriggs to explain the five year smoothing to the Commission on her next report explaining how the good
9 years offset the bad. The Chairman asked if the Members were in agreement that Mr. Feltz is going to try
10 to tweak the plan to get the fees down in some areas and present some models of what the 65/35 will do.
11 **The Board Members agreed.**

12
13 Mr. Sievert arrived back to the meeting at 6:40 PM. The Chairman and Mr. Welker recapped the
14 discussion for Mr. Sievert.

15
16 The Chairman asked if there were any other questions of Mr. Geadelmann and there were none.

17
18 **B. The Bogdahn Group – June 31, 2008 Report**

19
20 Mr. Welker began his report by saying that when the Board Members look back at this meeting in a
21 couple of years he thinks it will show that it was smart to move the plan to 65/35 because in the face of
22 some significant selling now is a good time to reallocate the portfolio; going more conservative would be
23 a bad thing to do. Jumping ahead to performance he said that performance has been down so, if costs can
24 be lowered and they index the large cap and bond areas he feels that performance can be increased. He
25 said that the large cap values are where the concern is with under-performance and suggested to look for
26 some alternatives in the plan. He said the next concern is the Principal Large Growth and the last concern
27 is the Goldman Sacks piece also underperforming. He said the plan needs to be modified in these three
28 areas. He said that he did think that Principal did offer some good diversification and there is a good fee
29 of 80 basis points but there are areas that need to be looked at and modified. He said that Principal had
30 just demonstrated that they are flexible; the fact that they are willing to take some funds, maybe some
31 bonds and go to indexing and couple that with some active management in areas is good for the plan. He
32 said that if the plan was to go out and get mutual funds it would be more costly. He said that moving in
33 this direction he feels that there should be some increase in performance and definitely some reduction in
34 fees. He said that next he wanted to talk about performance and some risk. He said that looking at
35 Principal International, this was a good selection and the fact that Principal is willing to modify and work
36 with the board on large cap fees is good. Next he spoke about the fixed income area where he differed
37 with Mr. Geadelmann and said he did not think this was a good time to be moving money because the
38 markets are liquid. He said that with a plan this size it makes a lot of sense to index. He suggested taking
39 a strong look at the Aggregate Index which is high quality. He said that he was going to run some models
40 so the Board could see that it would be beneficial to go to indexing on that bond side. He said that the
41 Principal real estate area has offered good diversification. The next area he discussed was the risk. He
42 said that as the plan's consultant he had some concerns with the plan's standard deviation which is the
43 plan's measure of risk, you want a lower standard deviation and looking at the report it shows a higher
44 one than the policy and the median giving the policy less of a return. He said that that goes back to what
45 he talked about earlier stating that it was because of the underperformance of the large cap managers and
46 that is why he questioned Principal about the process or is management not doing their job. The Chairman
47 asked Mr. Welker if going to the 65/35 would improve that deviation. Mr. Welker said that what he was
48 trying to do was get rid of those managers that have caused that standard deviation to be higher and do
49 what the market does and have those other areas which have demonstrated better added value over time to
50 get the standard deviation down and return above the policy. He said that looking at the five year, there is
51 a little better deviation, returns are still below the policy but the standard deviation is in line, so the goal is

1 to get the policy return higher than the index and the standard deviation down. He said that he would
2 show some models at the next meeting.

3
4 **8. PLAN ADMINISTRATOR**
5

6 Ms. Spriggs said that the Plan Attorney will be in attendance at the October meeting with some draft
7 policies on partial lump sum, prior service buy back and also the drop ordinance. She said in all three
8 cases the Plan Actuary has confirmed that they were cost neutral. She said that the plan attorney was also
9 bringing back to the October meeting the temporary plan administration procedure, amending the Board's
10 procedures.

11
12 Ms. Spriggs said that she did receive the premium tax distribution on August 21st and it was deposited
13 from the City to the FFP fund on August 27th and it has been confirmed with the state. The Chairman
14 asked who actually is in possession of the warrant, is it addressed to the Mayor. Ms. Spriggs said that it
15 came directly to the City, probably to the Mayor. She said that the distribution was \$359, 537 which was
16 the highest distribution to date and the supplemental had not been received as of yet; it should be
17 determined and distributed within the next month which means that the Board will have more money to
18 work with going forward. She said that the reason that distribution is higher is because salaries have
19 grown. The Chairman asked if it was based on the benefits and the salary. She said that she is working
20 through the actuary's interpretation versus what the state law says. She said what they were trying to work
21 through what the State Division of Retirement says can and can't happen with the money and how the
22 actuary is reflecting that. She said that we wanted full use of the premium tax money and she just wanted
23 to be clear that if the State will allow full benefits to be calculated that way then we want to calculate it
24 that way. She said that she will be giving a full report at the October on the enhancements that is being
25 looked at and what can be used as far as the premium tax money. The Chairman asked if Mr. Dehner was
26 going to work all the ordinances into one ordinance change. Ms. Spriggs said that it was her
27 understanding that Mr. Dehner was not bringing the IRS stuff to the October meeting but she said the
28 Board can decide whether to submit all of the changes in one ordinance. The chairman said he preferred
29 everything to be submitted to the Commission in one ordinance. Ms. Spriggs said she would follow-up
30 and let him know.

31
32 Ms. Spriggs said that the Fiduciary Policy has been underwritten and she is asking the City to pay the
33 waiver of recourse costs. She said she will bill the City beginning October 1st for \$25.00 for each of the
34 board Members. She said that the policy was locked in for three years.

35
36 Ms. Spriggs said that at the October meeting she was going to talk about the additional impacts and what
37 the Board wanted to do and she said that she had tentatively set a schedule of November 7, 8 and 9 to
38 speak with the union members. The Chairman asked that Ms. Spriggs forward an e-mail with the
39 information so that he can post it for the members.

40
41 Ms. Spriggs said that the conference they had planned to attend was rescheduled for December. The
42 Chairman said that he and Mr. Deyette plan to attend. Ms. Spriggs will send information to Mr. Vroman.

43
44 Mr. Vroman asked the Board to look at the Orlando's disability plan. Ms. Spriggs said that she could
45 obtain the information from the State's website.

46
47 Mr. Deyette asked about the disability in the plan and whether someone who was totally disabled could
48 draw Social Security Disability and the FFP plan's disability retirement. Ms. Spriggs said yes and that it
49 is taxable. Mr. Gizzi said that there are some favorable offsetting tax laws with regard to that. Ms. Spriggs
50 said that she would look into it more and report back.

1
2 **9. BOARD MEMBERS' COMMENTS:**
3

4 Mr. Koczan commented that the two presentations were very good.
5

6 Mr. Sievert thanked Mr. Welker for his presentation.
7

8 Mr. Adams said that he was glad he was back and thanked Mr. Welker for a good presentation.
9

10 Mr. Deyette welcomed Mr. Adams back to the meetings and thanked Mr. Welker and Mr. Geadelmann
11 for their presentations. He said that he got some good answers.
12

13 The Chairman said hats off to Gene for bringing Mr. Geadelmann in for the meeting. He said he also had
14 one bit of business that was concerning the tapes from the July 15th Meeting. He said that he learned that
15 an e-mail had been sent by Ms. Helberg to the City Attorney and the City Manager which said that they
16 may want to listen to the tapes from the FFP meeting. He said that he had not received an answer as to
17 why she had done that. He said that shortly after that e-mail was sent; Ms. Day found that the tapes were
18 missing from her desk. He said that Ms. Day had looked through the trash, asked her coworkers if they
19 had seen them or removed them for any purpose, she inquired of the City Manager's Office, of the
20 Clerk's office and of the City Attorney's Office if anyone had seen them or removed them; no one had
21 any knowledge of them disappearing. He said that because of Ms. Day's note taking and her memory she
22 was able to do the minutes for the meeting. He said that the question still remains as to why Ms. Helberg
23 felt that the City Manager and the City Attorney needed to listen to the tapes. He said that he did not
24 recollect anything that was out of the ordinary at that meeting. Mr. Deyette said that he had asked her
25 about talking to other people in other departments as to what we were doing here in our meetings and she
26 made a couple of remarks. Ms. Spriggs said that she was looking at her notes and wondered if it could
27 have possibly been the discussion of the payment coupled with the short term disability and that we had
28 talked a lot with Mr. Dehner about there not being a clear policy how they are coordinated. Mr. Koczan
29 asked if there was a policy on action that should be taken. The Chairman said that he did not think there
30 was a policy. Ms. Day said that she was hoping that the tapes would be returned once they were listened
31 to. She said that she was instructed to ask if anyone had been seen coming in and removing the tapes
32 which she did. Mr. Koczan asked if a police report had been made. Ms. Day said that she had not been
33 instructed to make a police report. Mr. Koczan asked if there was an internal investigation policy to
34 protect us, the pension and the members. The Chairman said that with the Board's permission he would
35 proceed and asked Ms. Spriggs to let Mr. Dehner know what had occurred. The Chairman said that
36 beginning with this meeting he and Ms. Day will be going to her office after the meeting and make a copy
37 of the meeting tapes for a backup. The Chairman said that he will keep the tape copies at least until the
38 minutes from the meeting are approved by the Board. Mr. Adams asked if the minutes are an official
39 record before they are approved. Ms. Day said that she believed they were public record but not official
40 records until they are approved by the Board, the tapes are then stored.
41

42 There were no other comments.
43

44 **10. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**
45

46 The next meeting will be held on October 21, 2008 at 3:00 p.m. 2nd Floor Conference Room.
47

48 **Motion by Mr. Sievert, seconded by Mr. Deyette to adjourn the meeting.**
49

50 **Motion carried with members voting unanimously.**

51 There being no further business, the meeting adjourned at 7:35 p.m.

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2 Approved this 21st day of October 2008.

3
4

Chris Nabicht, Chairman

5
6 **ATTEST:**

7
8
9

10 **Janet Day, Admin. Assistant II**

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