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**CITY OF DELTONA, FLORIDA
FIREFIGHTER'S PENSION BOARD OF TRUSTEES MEETING
TUESDAY, DECEMBER 4, 2007**

A Regular Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, December 4, 2007 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 5:15 p.m. by Chairman Chris Nabicht.

2. ROLL CALL:

Chairman	Chris Nabicht	Present
Secretary	Earl "Mac" Deyette	Present
Boardmember	Chris Sievert	Present
Boardmember	John Adams	Present
Boardmember	William Scott Johnson	Absent
Plan Administrator	Lisa Spriggs	Present
Employee Benefits Specialist	Gene Gizzi	Present

Also present: Susan Helberg, Accounting Manager; David West, Bogdahn Consulting, LLC; Doug Feltz, Principal Financial; Lee Dehner, Christiansen and Dehner and Marlene Brown, Administrative Assistant.

3. A. ADOPTION OF MINUTES:

There were no corrections to the Minutes of November 7, 2007.

Motion by Earl Deyette, seconded by Chris Sievert to approve the Minutes of November 7, 2007 as presented. There was no discussion. The motion was unanimously approved.

B. ADDITION OR DELETIONS TO THE AGENDA:

The Chairman advised that he needed to add two items to the Agenda under "Approval of Expenditures". He added a bill from Susan Helberg for providing the food for tonight's meeting and a bill from Christiansen & Dehner for services rendered.

Motion by Chris Sievert, seconded by Earl Deyette to adopt the Agenda as amended. The motion was unanimously approved.

4. MEMBER COMMENTS:

The Chairman pointed out that Kurt Vroman, President of the Firefighters Local 2913 was present along with two other members of the Firefighters Union. They did not wish to speak.

5. APPROVAL OF BILLS:

A bill from Susan Helberg for purchasing the meal for tonight's meeting, in the amount of \$50.53 was presented for approval.

1
2 **Motion by Chris Sievert, seconded by Earl Deyette to approve the bill from Susan Helberg in**
3 **the amount of \$50.53. There was no discussion. The motion was unanimously approved.**

4
5 A bill was submitted by Mr. Deyette in the amount of \$507.14 for attending the 39th Annual Police
6 Officers & Firefighters Pension Trustees' Conference in St. Petersburg, October 22-24, 2007 which was pre-
7 approved by the Board. The expense reflected Mr. Deyette's travel miles, hotel, meals, etc.

8
9 **Motion by John Adams, seconded by Chris Sievert to approve the bill from Earl Deyette in the**
10 **amount of \$507.14. There was no discussion. The motion was unanimously approved.**

11
12 A bill from Christiansen & Dehner for the period 10/16/07 through 10/19/07 in the amount of
13 \$3,262.50 was submitted. This bill covered review of Plan documents, travel time, preparation of IRS
14 Compliance, correspondence to Lisa Spriggs, preparation of operating rules, etc. Another bill in the amount
15 of \$215.98 was also submitted for travel time, food, etc. for a total bill of \$3,478.48.

16
17 **Motion by Earl Deyette, seconded by John Adams to approve the bill from Christiansen &**
18 **Dehner in the amount of \$3,478.48. The motion was unanimously approved.**

19
20 **6. OLD BUSINESS:**

21 **A. None**

22
23
24 **7. NEW BUSINESS:**

25 **A. Principal Financial Report for period ended 9/30/07.**

26
27 Doug Feltz handed out several sets of information on Principal's financial report which he
28 explained to the Board as well as pages from the Investment Advisory Report. He said the basic mix
29 between the various categories would remain the same.

30
31 For the record, the Chairman stated that from looking at the Summary of Accounts it was the
32 lowest return of any month he had seen (1.99% for the month of October 2007) and he said the last time
33 the market did this the Board was not yet diversified. He said some people are nervous because in the
34 time he has been Chairman the Plan has not experienced any losses, it has always been overall gains. It
35 was pointed out to the Chairman that the figure was a reflection of only one month and not an annual or
36 quarterly figure. He said the Board should prepare themselves that this may start to become negative.

37
38 **B. Principal Financial Services Presentation.**

39
40 Mr. Feltz thanked the Board for having Principal Financial do their presentation and explained
41 that the rest of his handouts dealt with the presentation.

42
43 Mr. West from Bogdahn Consulting said one of their firm's obligations was to bring the 3rd party
44 viewpoint to the Board with the fees being charged. He said two meetings ago the Board had asked
45 Principal Financial to bring a fee schedule on the fixed income which made the ratio very high and the
46 administrative expenses that were presented as \$18,318.00 was on the high side.

47
48 The Chairman said at the last meeting the Board had asked Mr. Feltz to come back to this meeting
49 and to provide some explanations and breakdown of Principal's fees to the Board. He continued that they

1 were putting Principal Financial on notice that if they did not come back with a good explanation he was
2 going to ask the Board to look elsewhere for a proposal.
3

4 Mr. Feltz said in response to the Board's marching orders he would like the opportunity to bring
5 an expert from Principal Financial to the meeting. He said that is an offer they have on the table. He
6 asked the Board what they were paying Principal Financial Advisors to do for their Plan and answered to
7 say that Principal Financial Advisors, not Principal Financial Life Insurance Company, are paid to
8 provide asset allocation services to the Plan. He summarized his handout to say that their job is to
9 maximize return for the Plan by selecting asset class allocation strategies that they believe will provide
10 solid returns over the long period. He said the second item is risk consideration - they take risks while
11 managing the returns. He said they also recognize Plan liabilities and a certain awareness they have to
12 apply when managing liabilities. He said they are also in charge of the Fund Managers that are used to
13 deploy investment strategies and they share fiduciary responsibility with the Plan.
14

15 Mr. Feltz said they include a Due Diligence Program to determine who they choose. He
16 mentioned a couple of companies that Principal had used over time including Alliance Bernstein and UBS
17 Global Asset Management, to see who is going to manage the money. He said they could hire Principal
18 Global Investment to manage all the money but it does not necessarily mean that would be the best
19 Manager.
20

21 Mr. Feltz said the fee for 10/1/07 was \$8,114.00 which is determined by assets, applied by a
22 sliding scale from Principal Financial Advisors. He said one of their service providers is Principal Life
23 Insurance Company and through them the Plan receives the service for the investment contract and other
24 services provided by Principal.
25

26 Mr. Adams asked Mr. Feltz if Principal's fee is going to go up or down and Mr. Feltz responded
27 that it would go down. Mr. Adams asked him when and he responded "right now". Mr. Sievert said the
28 information being provided was good and he liked hearing it but he would like the Board to have a
29 workshop so they can learn more about what Principal does. Mr. Feltz said fees are recalculated every
30 year and October 1st is the Plan's annual date. Mr. Feltz said the fee was originally \$18,319.00
31 (approximately \$1500 per month was being deducted from the Plan's assets) which was reduced to
32 \$9,500.00. Mr. Feltz needed an email from the Board to say that they accepted the new fee.
33

34 Mr. Dehner asked Mr. Feltz if the only change he was proposing at this time was a reduction in
35 the administrative fee and Mr. Feltz responded yes. He said the third component that they pay Principal
36 is investment management fees. He said that was their largest allocation of the Plan's assets. He said on
37 December 3, 2007 he got Principal to reduce the basis point from 71 basis points to 55 basis points to
38 bring it closer to what the Board might hear as the universe.
39

40 In summary, Mr. Feltz said he had brought a reduction in the contract fee and the fixed income
41 fees.
42

43 Mr. Dehner asked for Mr. Feltz to send him a copy of the amendments he was preparing which
44 include reducing the fixed income fee from \$18,000 to \$9,500 and reducing the basis points from 71 to 55
45 basis points.
46

47 Mrs. Spriggs wanted the Board to understand that the fee change was also a part of the quarterly
48 fee.
49

50 The Chairman wanted to get the Board's feelings on where they want to go with Principal.

1
2 Mr. Deyette said he would be happier with lower fees. He said they should wait till the April fees
3 to evaluate Principal again. If the fees could not be reduced then they would look at other options.
4

5 Mr. Adams agreed with Mr. Deyette but said the Board needs documentation. He said they
6 represent the people of Deltona and it is their fiduciary responsibility to the Pension Plan.
7

8 Mr. Sievert wants to revisit this in April.
9

10 The Chairman said he appreciated Mr. Feltz's efforts and agreed with the rest of the Board. He
11 said Principal made a good faith effort and he wants to continue the relationship with them at this time but
12 he wants Mr. Feltz to go back and see if Principal could still give them a further reduction. He said he
13 appreciated the work Mr. Feltz did.
14

15 **Motion by Chris Sievert, seconded by John Adams that the offer that Principal has put on**
16 **the table be approved, put in writing and forwarded to Mrs. Spriggs for forwarding to the attorney**
17 **for his review and approval and that the effective dates for the two components would be 10/1/07**
18 **and 12/1/07. The motion was unanimously approved.**
19

20 The Board took a ten minute break at 6:50 pm and re-convened at 7:00 pm.
21

22 **C. Bogdahn Consulting Report for the period ended 9/30/07.**
23

24 Mr. West did his presentation and reviewed the quarterly report with the Board members.
25

26 Mr. West said at the end of the year they have to file paperwork with the Division of Retirement
27 and mentioned that the Miami and Orlando Boards have gone in and stacked their payroll which brought
28 their number up. He said the State monies are calculated on that number and suggested it might be to the
29 Board's advantage to stack the payroll. Mrs. Helberg asked how to do that since she includes the entire
30 fire department. Mr. Dehner responded that Miami and other places had started determining what they
31 were going to report as payroll and said that Miami is reporting the value of benefits. He said the
32 Division, as of now, has changed their position and is allowing the City to adopt what they are going to
33 report as payroll and advised that the Board might want to consider it.
34

35 The Board had no questions for Mr. West.
36

37 **D. Plan Administration:**
38

39 **Appointment of Fifth Member to the Board.**
40

41 Mrs. Spriggs said the fifth member's term with the Board was expiring on January 15, 2008. That is
42 also the next meeting date and Mr. Dehner advised that the appointment could be done today. He said if there
43 is a term expiration on a board such as this, they can be re-appointed if they so desire.
44

45 The Chairman passed the gavel to Mr. Deyette and said he appreciates the efforts which Mr. Johnson
46 has made to the Board, but he wanted to consider Jim Koczan as the fifth member of the Board. He said Mr.
47 Koczan is currently a Captain with Volusia County Fire Services, runs the fire protections service for the
48 County and maintains their budget as well as the budget for the training center and said that Mr. Koczan has a
49 Masters Degree, has good common sense and is a person of good character.
50

1 **Motion by Chris Nabicht, seconded by John Adams that Jim Koczan be appointed to the fifth**
2 **seat on the Board.**

3
4 Discussion ensued. Mr. Sievert wanted the Board to consider Mr. Johnson since he did say he
5 wanted to return and he was already a board member. Mr. Sievert wanted to know how the process would be
6 handled. Mr. Dehner responded that it would be done through a motion. Mr. Sievert wanted to know about
7 Mr. Koczan being an actual board member as he is a participant and is vested in the Plan.
8

9 The Chairman said he had read the ordinance and the only one who is specifically disqualified from
10 being a board member is someone who is in the DROP, which he did not understand. Mr. Dehner said over
11 the next year he is going to have a lot of suggestions to the Plan. He said the Attorney General issued an
12 opinion on DROP Plan participants on two things: (1) being able to vote for an elected Plan member and (2)
13 being eligible to be elected. He said the bottom line through the Attorney General's opinion on the Division's
14 position is that is it determined with respect to the DROP participant qualifying to being an elected trustee. He
15 said if the Plan provides for that, and most Plans do, then it is permitted. He said an individual would qualify
16 to be an elected member; however, the person cannot vote for a DROP participant who is running for the seat.
17

18 The Chairman said he had spoken to Mrs. Spriggs to make sure that Mr. Koczan would be eligible.
19 Mr. Dehner said that the reason why it had been an issue is that when you go into the DROP for Plan
20 purposes, you are retired. However, there is a provision in the Statute that says if on January 1, 1997 you
21 were a retiree and permitted to vote for the elected member/trustee, you could continue to be permitted to vote
22 but that was the only circumstance where a retiree could vote. The attorney asked if this is a change he should
23 note for further discussion to make in the ordinance. The Chairman said yes.
24

25 The motion failed with members voting as follows:

26
27 Earl Deyette - No
28 Chris Sievert - No
29 Chris Nabicht - Yes
30 John Adams - Yes
31

32 This item is to be placed on the January 15, 2008 Agenda. The Chairman said this was to go to the
33 Commission in January which now won't happen until the second meeting in January. Mr. Dehner said the
34 Board did not need to advertise the position in the newspaper according to State law.
35

36 **Ordinance Revision.**

37
38 Mrs. Spriggs said the proposed revisions that had been presented to the Trustees at the last meeting
39 had been approved and forwarded to the City Manager. She advised the City Manager that if he had any
40 questions he could call Christiansen and Dehner since the City Attorney was leaving. She said she would
41 follow up with the City Clerk's Office. Mrs. Brown advised that the City Clerk had received the ordinance
42 but in a format that could not be opened. She requested that the attorney send it to her. The Chairman advised
43 that once it was received then it should be forwarded to Mrs. Helberg so she has it for the Actuary.
44

45 **Actuarial Contract.**

46 Mrs. Spriggs said that at the October meeting, Mr. Scott Christiansen had pointed out that the
47 Actuarial Contract reported directly to the City and he had suggested that the Board look to contract directly
48 with the Actuary. The Board had directed Mrs. Spriggs to speak with the City Manager as the Board wanted
49 to continue the relationship with Mr. Tierney. Mrs. Spriggs said she had spoken to Mr. Thompson and his
50 position is that he feels the relationship has worked very well so he felt he needed an independent actuary who

1 reports to him. He felt that since the current relationship is working well he did not particularly want to take
2 that away from the City and give the Actuary directly to the Board. Mr. Thompson wants the Actuary to
3 report to the City to determine what the contribution rate is. She said the City Manager was not in favor of
4 having the City terminate the contract with Mike Tierney and then having Mr. Tierney contract with the
5 Board. Mrs. Spriggs said everything is full disclosure so the Board does see the assumptions that are in the
6 Actuarial Evaluation and the Board has never had an adversarial relationship with Mr. Tierney.

7
8 Mr. Dehner said his recommendation is that the contract be between the Board and the Actuary. He
9 said the Board needs an Actuary that is fiduciary. Mr. Dehner said the Board has the authority to enter into a
10 contract with someone else. He said this might be a subject that needs further discussion. Mr. Dehner said
11 under the Statute, if the Board did contract with an Actuary, then it would be the Board's decisions with
12 respect to assumptions methodology, based on the Actuary's recommendation of what to adopt. He said the
13 Board is paying the Actuary, so legally the Board needs the ability to deal directly with the person they are
14 paying and in this situation the Board is the third party. Mrs. Spriggs suggested that Mr. Dehner speak with
15 the City Manager. The Chairman said if the City Manager does not want to terminate the contract with the
16 Actuary then the Board might have to engage another Actuary under contract with the Board.

17
18 The Board agreed to have Mr. Dehner contact the City Manager to see if he can get this ironed out
19 and report back to the Board on January 15, 2008.

20
21 The Chairman asked that the Actuarial Contract update be placed on the January agenda.

22
23 **Operating Rules and Procedures.**

24
25 Mrs. Spriggs said the draft was provided by the attorney and she wanted that placed on the agenda for
26 discussion at the January 15, 2008 meeting. Mr. Dehner said he wanted the Board to go through this and to
27 note their comments and questions and he would focus on it at the next meeting.

28
29 **E. Coordinating the 2008 Calendar.**

30
31 The meeting dates for 2008 were discussed. Mrs. Spriggs advised that a calendar had been received
32 previously from Christiansen and Dehner and the schedule was coordinated with other Plans so that this Board
33 could take advantage of reduced cost with regard to travel. Four meetings would be at 3:00 p.m. Those are:
34 January 15, 2008, April 15, 2008, July 15, 2008 and October 21, 2008. The only issue for Mrs. Spriggs would
35 be the timing and she did not know if Bogdahn and Principal would be able to coordinate their quarterly
36 reports in time for these meetings. She said those report dates could be moved so that the December 2007
37 report would be due on April 15th, the March 31, 2008 would be due on July 15th, etc. She said the reports
38 would just be a little less timely than before which was not an issue.

39
40 Mr. Deyette wondered if Principal Financial's representative who has to travel from Jacksonville
41 would be able to make the 3:00 p.m. meeting. The Chairman said it had been discussed and all had agreed to
42 the time.

43
44 **8. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**

45
46 The next meeting will be on January 15, 2008 at 3:00 pm.

47
48 **9. BOARD MEMBERS' COMMENTS:**

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