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

A Regular Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, December 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 4:14 p.m. by Chairman Chris Nabicht.

2. ROLL CALL:

Chairman	Chris Nabicht	Present
Secretary	Chris Sievert	Absent
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: Allen Smith, Principal Financial Group, Beverly Farnell, Principal Financial Group, Joseph Bogdahn, The Bogdahn Group and David Lewellan, Guest.

Mr. Gizzi stated that Mr. Feltz the FFP representative from Principal Financial Group was no longer with the company. He said Mr. Feltz's position with the company had been eliminated. He said he had spoken with Mr. Feltz at length and Mr. Feltz said that he had valued his relationship with the FFP Board Members.

3. APPROVAL OF MINUTES & AGENDA:

A. Adoption of the Minutes:

Motion was made by Mr. Deyette, seconded by Mr. Adams to approve the minutes from the October 21, 2008 meeting as amended. Motion carried with members voting unanimously.

B. Additions or Deletions to the Agenda: There were no additions or deletions.

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

4. MEMBER COMMENTS: None

5. APPROVAL OF EXPENDITURES:

A. Christiansen & Dehner, P.A.

Bill from Christiansen & Dehner was submitted for October, 2008 in the amount of \$1,645.60 for professional services.

Motion was made by Mr. Deyette, seconded by Mr. Koczan to approve the bill as submitted. There was no discussion. Motion carried with members voting unanimously.

Commissioner Janet Deyette arrived and sat in on the meeting.

1 **B. Other:**

2
3 The Chairman said he and Mr. Koczan had attended the 40th Annual Pension Conference in Orlando on
4 December 1st – 3rd and had submitted for meal reimbursement in the amount of \$35.00 for one breakfast and
5 three lunches for each of them. He said there were no other expenses incurred. The Chairman asked if the
6 motions should be made individually. **The Board concurred to make individual motions.**

7
8 **Motion was made by Mr. Deyette, seconded by Mr. Adams to approve the expense for Mr. Koczan**
9 **in the amount of \$35.00 as submitted. There was no discussion. Motion carried with members**
10 **voting unanimously.**

11
12 **Motion was made by Mr. Deyette, seconded by Mr. Koczan to approve the expense for the**
13 **Chairman in the amount of \$35.00 as submitted. There was no discussion. Motion carried with**
14 **members voting unanimously with the Chairman abstaining.**

15
16 **6. OLD BUSINESS:**

17
18 **A. Proposed Ordinance Amendment:**

19
20 **i. Partial Lump Sum Benefit Option:**

21
22 Ms. Spriggs gave an update on the ordinance supplied to the City Manager to bring forward to the
23 Commission for approval possibly in January and said there would be two public hearings required. She
24 said there had been some correspondence through the Mr. Dehner and herself regarding moving the
25 ordinance forward. She said she had supplied an agenda cover explaining the changes to the partial lump
26 sum option and the deferred retirement option plan as well as the modified ordinance that was discussed
27 at the October meeting in regards to a current member in drop; the Board wanted to insure that the
28 language included would give that member the option of going from the three year drop to the proposed
29 eight years if they so chose. She said as far as she understood from the City Manager the ordinance would
30 be going forward in the New Year. She said she had received a letter from the City Human Resource
31 Director on December 24th which she read for the record. The letter stated “please be aware that the City
32 is scheduled to formally begin contract negotiations with the Union on or about January 2009 and as such
33 in pursuant to the current agreement page fifty-one also, see enclosure, the City would be happy to
34 include this proposed ordinance as a subject of collective bargaining negotiations”. She said she
35 forwarded a copy of the letter to Mr. Dehner and had had discussions with him. She said Mr. Dehner said
36 the case that is sighted is absolutely correct that it is a bargaining item but does not have to be bargained.
37 She said Mr. Dehner said as long as the Union is accepting of the changes it would not be required to be a
38 bargaining item. She said she did explain that in an email to the City Manager. She said she had not heard
39 anything back at this point.

40
41 The Chairman said he had a conversation with the City Attorney after receiving a copy of this letter and
42 he concurred that it could be a subject of collective bargaining but it is not required to be and the
43 Chairman said he advised the City Attorney to go back and review the previous Union negotiations that it
44 was the intent of the Union during that collective bargaining session that the pension and these
45 enhancements, the State insurance premium tax dollar money not be bargained or bogged down in the
46 process. He said that the Union thought the Pension Board could sort that out and provide the
47 enhancements with no additional expense incurred by their members or by the City. He said Mr. Vroman
48 was aware that the Union would need to clean up the language in the contract during the next negotiations
49 making it clearer that the use of the State insurance premium tax dollars would not be subject to the
50 collective bargaining process, they would however want input. He said that he learned from the
51 conference which he and Mr. Koczan had attended that it was imperative that the City use the insurance

1 premium tax dollars in very short order or the State will not disburse any more funds to the FFP in the
2 future. He said the intent of the statute was that this money be used for enhancements over and above the
3 frozen amount. He said if the City fails to do that then the State could withhold all of those dollars. He
4 said that is the purpose of the statute to collect those dollars and make sure they are used. He said he
5 understood Mr. Clinger's question of what if those funds dry up but there is no history for that ever
6 occurring. He said he will bring that forward after the Union has voted which enhancements they would
7 like to see added to the plan. He said he had not had time to meet with the non-union members yet but
8 will after January 1st and will bring back to the Board to look at the numbers before moving forward to
9 the Actuary. Ms. Spriggs said she had received the list of enhancements from the Union.

10
11 The Chairman asked Ms. Spriggs if there was any other discussion needed on the partial lump sum
12 benefit option. Ms. Spriggs said that if she didn't hear anything else from the City Manager and she will
13 follow-up with the City Manager and it was her understanding is that it will go for first or second reading
14 the second meeting in January. She said in the draft that she sent of the proposed language for the agenda
15 she included the IAFF and did recommend it along with the FFP Board.

16
17 **B. Trustee Elections/Appointments:**

18
19 Ms. Spriggs said she wanted to update the Board on the elections that were held stating that Chris Nabicht
20 was re-elected to the board and Kurt Vroman was elected to sit on the Board, terms to begin January 15,
21 2009. She said it was her understanding that Chris Sievert did not wish to be part of the election.

22
23 The Chairman said he wanted to entertain a motion that the board does an appreciation plaque as was
24 done for Scott Johnson with a dollar cap.

25
26 **Motion was made to authorize Ms. Spriggs to purchase a plaque to cost no more than \$75.00 in**
27 **appreciation for Mr. Sievert's service on the FFP Board by Mr. Koczan, seconded by Mr. Deyette.**
28 **There was no discussion. Motion carried with members voting unanimously.**

29
30 Ms. Spriggs said there were five citizens who had applied for appointment to fill the two seats open on the
31 FFP Board including Mr. Adams and Mr. Deyette who had asked to be reappointed to the Board. The
32 appointments will be made by the City Commission at the January 5, 2009 Regular Commission Meeting.
33 Ms. Spriggs said she would be in attendance at that meeting.

34
35 **7. NEW BUSINESS**

36
37 **A. Principal Financial Group Presentation:**

38
39 Ms. Farnell of Principal Financial Group introduced herself as the FFP Board's account executive going forward.
40 She said she is open for guidance from the Board. She said she had spoken with Mr. Feltz extensively and he
41 provided her with some follow-up items the Board had requested him to work on from the previous meetings. She
42 said the first item was if Principal would agree to move the account allocation to something a little more aggressive
43 and she said Principal was agreeable to changing allocation and was proposing to move to 65% equity and 35%
44 fixed income. She said they were also proposing that any new money will begin to filter into Pimco Core Plus One
45 Bond Fund and no longer go to US Properties. She passed out a repositioning statement that Mr. Feltz had prepared
46 for the Board.

47
48 Mr. Gizzi questioned if Pimco would be in lieu of US Properties. Mr. Allen said yes that there was a restriction on
49 the US Property account now which he will discuss later. He said this would not affect any existing money only new
50 money.

1 Ms. Farnell asked the Board Members to look at the total cost summary she provided and pointed out that this
2 summary will show the board how Principal proposes to reallocate some of the funds to drive down some costs in
3 weighted management fees. She said the contract fees were currently 85 basis points and she said that by the time
4 the proposed reallocations are done the fees will be at 75 basis points. Mr. Adams said the Board had suggested
5 trying to lower the fees to 70 basis points. Ms. Farnell said Mr. Feltz was able to cut the fees from \$18,000 to
6 \$9,500. She said in addition to substituting some of the asset managers they could shift some allocations to passive
7 indexes that tend to be less expensive than the active managers.
8

9 Mr. Bogdahn asked when looking at the weighted average investment expense on the list which ones are the indexed
10 funds. Ms. Farnell listed several that were on the list provided. She said that in January Principal will begin to
11 slowly transition some of the money that is in the bond and mortgage account to the Pimco account which will
12 equate to approximately 3% and then in quarters two and three they want to have the exposure to bond and mortgage
13 account reduced to where the fixed income will be approximately one half in bond and mortgage and one half
14 Pimco.
15

16 Ms. Farnell went over the repositioning statement she had provided.
17

18 Mr. Gizzi passed out the fund summary that the Board had requested stating the last two quarters had been the
19 worst.
20 He said he would have liked to give a positive overview but we are in new territory at this time.
21

22 Mr. Smith said there were no easy answers right now. Ms. Farnell pointed out that the market was actually up today.
23

24 Mr. Gizzi asked Ms. Farnell if she could include with the quarterly reports the summary that Mr. Feltz had been
25 providing.
26

27 The Chairman asked Ms. Spriggs when the actuary would be attending. Ms. Spriggs said the actuary is working on
28 the evaluations currently and will probably have it done in February and attend in April. The Chairman said he
29 wanted to have some conversation about the actuary. Ms. Spriggs asked if the Chairman wanted to have the actuary
30 hold up on the evaluations. The Chairman said he would like to discuss with the Board getting a new actuary.
31

32 The Chairman said what he was concerned about was there is no place to hide and he wanted to know how much the
33 fund can absorb before the Commission will have to increase the City's contribution to maintain. He suggested that
34 the Board may have to drop the assumption. Ms. Spriggs said the Board had talked about dropping the assumption
35 and looking at the five year average. The Chairman said the Board had talked about the smoothing and at this point
36 we are still ahead if you look at the five year smoothing. Mr. Gizzi said the fund was down about 30% from eighteen
37 months ago and looking forward an 8% assumption would be a good bet.
38

39 Mr. Bogdahn said going forward reducing the actuarial assumption would cost the City more. He said that some of
40 the plans that are not struggling as much had established a funding floor several years ago working with the
41 municipality to establish at what level they could continue to fund the plan. The Chairman said that when Ms.
42 Spriggs was Finance Director for the City that is what was done and because of her foresight the plan is not under
43 water today adding that the plan had pretty much gone through the reserve at this point. He said that last year was
44 the second year the City had dropped the contribution and of course the City's funds are limited also.
45

46 Mr. Gizzi suggested that it might not be a bad idea to hold a workshop with the Commission so they may better
47 understand the whole process. Mr. Bogdahn suggested that the Board should have a workshop with the actuary first
48 to prepare to meet with the Commission.
49

50 The Chairman said that currently the plan only has a couple of members who have retired and fortunately this is a
51 long term plan before we have any significant payouts giving the plan more time to recover. He said his only
52 concern is where the bottom is.
53

54 Mr. Bogdahn said he had attended a meeting and with the state of the market some plans are structuring to look
55 more like equities because he feels the equities have to take off.
56

1 Mr. Gizzi said there are two questions before the Board right now and the first question that demands discussion is
2 active versus passive management; number 1 is Principal's proposal to lower management fees by ten basis points by
3 going to more passive management which mirrors the S & P; number two being whether the Board wants to move
4 the plan to a 65/35.

5
6 The Chairman asked if the plan moved to more passive model will we not react to changes in the market. Mr.
7 Bogdahn said the plan should react the same as the market but there wouldn't be the opportunity to out-perform the
8 market. Mr. Smith said that what they are suggesting is just moving from one fund manager with a higher expense to
9 a similar manager in asset capital who has a lower expense adding that the plan will still have active management in
10 a lot of those categories because there are still some index funds. He said it was entirely up to the Board to decide
11 what to do. Ms. Farnell asked the board to look at the list of funds she had provided with the proposed funds to be
12 removed and the funds to be added with the comparisons of costs.

13
14 The Chairman asked if the Board elects to make this move how long would the plan be committed before the Board
15 would have the option to change back. Mr. Smith said there was no time limit. The Chairman asked Mr. Bogdahn
16 how long the Board would want to track this to see how well the plan is performing. Mr. Bogdahn asked the Board
17 to look at the third quarter report. He said looking at the report the plan was down 17.66% , the index was down
18 14.41 so, if the plan had been in a passive management the plan would have lost 3 ¼% less in the same period of
19 time. He said if you look at the more efficient areas of the market and index those funds the costs would be less and
20 the performance would at least that of the index rather than trailing it.

21
22 Mr. Gizzi recommended the Board go with recommendation or look at indexing more. Ms. Farley said she would be
23 happy to go back and look at indexing more.

24
25 The Chairman asked if moving forward with what Principal has proposed today would that start the plan on the way
26 to achieving that; should the Board decide today or wait until next month. Mr. Bogdahn said it would help and
27 would be a step in the right direction.

28
29 Mr. Koczan asked if the Board made the decision today and then did not like the direction good or bad could they
30 change it. The Chairman said they would stay in it at least a quarter. Mr. Gizzi suggested moving to the 65/35. Mr.
31 Bogdahn said the plan policy is 65 so the policy won't have to be changed. The Chairman said that the Board has
32 known for some time that the plan needed to be more aggressive and what he is hearing from Mr. Bogdahn is that
33 now is the time to make that move. Principal is presenting an option to go ahead and do that at this time and they
34 plan to come back in January with more indexing proposals. **The Board concurred to move forward with this**
35 **course of action and gave direction to move forward and come back with more.**

36
37 The Chairman asked when Principal would implement the proposal of going to the 65/35 that was put before the
38 Board today. Mr. Smith said it is coming up to year end and will need to verify exactly when and added that he did
39 not believe it would be a problem; it usually only takes a couple of days. Mr. Gizzi suggested waiting to implement
40 after the end of this quarter. The Chairman asked Mr. Smith and Ms. Farley if they could have interaction with Ms.
41 Spriggs and let her know when this will actually take affect so that Mr. Bogdahn and Mr. Gizzi can be notified that
42 it has taken place. The Chairman asked that Principal attend the January 20, 2009 meeting ad bring back more
43 indexing information.

44
45 Mr. Koczan asked if there was a way to compare fees because of the disparity in costs from other plans. Mr. Gizzi
46 said he would like to clarify on the fees saying that Principal is a manager of managers as opposed to going a la carte
47 with managers and paying each one \$3,000 - \$4,000; Principal does it on an ongoing basis such as their evaluations,
48 putting managers on watch and pulling money from their account managers for quantitative and qualitative issues.
49 He said because of this the plan will have higher fees because they include all these things. He said the fees are not a
50 totally apples to apples comparison. Mr. Koczan asked if there could be a three to five minute training session by
51 Principal at future meetings.

52
53 **B. The Bogdahn Group:**

54
55 Mr. Bogdahn said he felt everything had been covered during today's discussions.
56

1 **8. Plan Administrator Report:**

2
3 Ms. Spriggs said she wanted to update the Board on the Member meetings that took place in November
4 saying they went very well. She said there were some good discussions on the order of priority of the
5 enhancements they would like which were in order; the COLA every other year as number one; \$10.00
6 Retirement Subsidy being moved up to thirty years of service was second and third would be to increase
7 the multiplier. She said she planned to summarize some of the questions raised and bring them to the
8 January meeting so that the Plan Attorney could answer them if need be. The Chairman said when the
9 non-bargaining unit people looked at the matrix with the proposed enhancements they saw the
10 opportunity to provide quite a few combinations of things rather than one enhancement and asked if the
11 Union Members had proposed any combinations. Ms. Spriggs said their priority was to focus on the
12 COLA and the \$10.00 Retirement Subsidy together as a package. She said some of the questions were
13 how the COLA would be applied, how the enhancements would apply to the ones already retired asking
14 for language to the ordinance; in the case of the multiplier, once it is figured it is done. The Chairman
15 said that they may take on a case by case basis as enhancements come up. Ms. Spriggs said another
16 question was whether benefits could be taken away once a person has retired. The Chairman said no that
17 benefits could not be taken away from a member who has already retired and suggested to verify with the
18 Plan Attorney. Mr. Bogdahn said if a member contributes to the fund, it cannot take it away.
19

20 Ms. Spriggs said that the way she left it with the members was that she would list their questions, submit
21 them to the Plan Attorney, get a written response and have the Board discuss it and then provide them
22 with the answers for distribution. The Chairman asked Ms. Spriggs to send a copy of the draft she sends
23 to the attorney to Ms. Day to distribute to the Board Members so that the Board would have an idea of
24 what the questions were and be looking for answers from the attorney in January.
25

26 Ms. Spriggs said she had received the insurance policy and it had been included in the packets. She said
27 that it was guaranteed for three years annual renewal at that price.
28

29 **9. Board Member Comments:**

30 Mr. Deyette said he was glad to see that the Chairman and Mr. Koczan had attended the conference.
31
32

33 Mr. Adams said he hoped that he would be reappointed but if not it was a real pleasure serving on the
34 Board.
35

36 Mr. Koczan said the conference was good and very informative. He said he did learn from the conference
37 that the Board did need to deal with the Plan Actuary contract. He said with the Actuary working for the
38 City and the Board is apparently a conflict and he thought the Actuary had demonstrated that this year. He
39 said whatever the Board needed to do to move forward with a new actuary or have the current actuary
40 contract solely with the Board it should be done as the Board cannot continue to operate that way. He
41 asked if there was any way to ad a punch list of action items or requests made by the Board in an effort to
42 point out highlights of the previous meeting. Ms. Day said she could draft a summary page of the
43 highlights and include in the packets for the January meeting for the Board's comments or suggestions.
44

45 The Chairman said the conference was very well attended and very informative. He said hats off to Ms.
46 Spriggs because the plan is so far ahead of other plans with organization, having things put in place
47 reduced to writing and having processes. He said he was amazed that our plan was in so much better
48 shape. He asked that at the January meeting there be discussion on a search for a new actuary as there is a
49 conflict with the contract. Mr. Bogdahn said he would let Mr. Weldon and the Plan Attorney know of the
50 situation. Mr. Koczan asked if the actuary was working on the evaluation at this time. Ms. Spriggs said
51 that the Actuarial Evaluation that the Board has is what the State uses as the valid evaluation; what can

1 happen is sometimes the municipality can contract with their own actuary during union negotiations to
2 argue what a union has hired. She said there was no reason to have two actuaries. The Chairman said that
3 it could be the Board's decision tonight to put the work on hold and that the Board is not going to pay the
4 bill for his conversations with Mr. Clinger. He said the actuary needs to know that. Mr. Koczan asked if
5 there is time to change actuaries. Mr. Bogdahn listed several actuaries and said they could be asked to
6 come and give them thirty minutes to explain what they do, they could give the Board a fee quote just by
7 looking at last year's actuarial evaluation. He said if the Board got the data to them by the end of January,
8 they would be able to get a report to the Board in a timely basis.

9
10 **Motion was made to have The Bogdahn Group solicit at least three actuaries to make presentations**
11 **and submit quotes at the January 20, 2009 meeting by Mr. Deyette, seconded by Mr. Koczan.**

12
13 The Chairman asked if there was any discussion. Mr. Adams asked if the actuary knew of these
14 discussions. Mr. Koczan pointed out that the discussions are public record and the actuary would
15 probably be made aware. Ms. Spriggs asked if the Board would consider including him. The Chairman
16 said his feeling was that he wanted to sever ties with him. Mr. Koczan said that he should be afforded the
17 opportunity to go head to head with the other actuaries and the current actuary would need to make a
18 decision on whether he wanted to be contracted with the City or the Board. The Chairman said he wanted
19 to clarify that the Board has no problem with having an actuary working for the Board and the Board
20 authorizing the actuary to work for or share any work product with the City; he needs to be under contract
21 with the Board and not the City. He said he wanted to see three new people and did not care if the current
22 actuary was included or not. Mr. Bogdahn asked if there was any particular firm that the Board would like
23 to see. The Chairman named Foster & Foster. The Chairman asked that The Bogdahn Group coordinate.
24 The Chairman asked for a vote on the motion that was on the table.

25
26 **Motion carried with members voting unanimously.**

27
28 The Chairman wished everyone a happy holiday season.

29
30 Mr. Deyette introduced his wife Commissioner Janet Deyette.

31
32 **10. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**

33
34 The next meeting date will be Tuesday, January 20, 2009 at 3:00 P.M. in the 2nd Floor Conference Room.

35
36 **11. ADJOURNMENT:**

37
38 There being no further business, the meeting adjourned at 6:16 p.m.

39
40 **Motion was made by Mr. Koczan, seconded by Mr. Deyette to adjourn the meeting. Motion carried**
41 **with members voting unanimously.**

42
43 Approved this 20th day of January, 2009.

44
45
46 _____
47 **Chris Nabicht, Chairman**

48 **ATTEST:**

49
50 _____
51 **Janet Day, Admin. Assistant II**