
FIREFIGHTERS' SUPPLEMENTAL PENSION BOARD MEETING MINUTES

MAY 10, 2006

Chairperson Mike Thomas called the City of Lakeland Firefighters' Supplemental Pension Board to order for a regular meeting, Wednesday, May 10, 2006, 1:00 p.m., at 730 E. Main Street, Lakeland, Florida. Present: Chairperson Mike Thomas, Board Member Rick Beale, Board Member Bob Georges, Board Member Jim Hills, Board Member Tim Spivey, Board Member Lyonel Lindsey, Kim Calhoun, Joe Bogdahn, Gary Clark, Annette Wieck, Dana Blydenburgh and Tracey Downs.

❖ **Approval of Minutes**

- February 8, 2006 Firefighters' Supplemental Pension Board Minutes were approved unanimously.

❖ **Trustee Appointment**

- After discussion, Bob Georges moved that Rick Beale (whose term expired in April 2006) be selected by the Board to fill the vacant 7th position on the board; the position to be elected by the Board of Trustees. Motion passed unanimously. The City Commission will need to fill the vacant position previously occupied by Mr. Beale.

❖ **Manager Report**

- Ms. Kim Calhoun of Westwood Management appeared before the Board. Ms. Calhoun provided the Board with a portfolio review, current market observations and market outlook.
 - ◆ The market environment for the first quarter of 2006 started off in positive territory with a rally following a late 4th quarter falloff. Investors put fear aside and began to believe that domestic economic growth would remain strong despite rising Fed Funds rates. The best performing sectors included Technology, which benefited from a low-quality rally, and Financial Services, which benefited from REITs and securities levered to the equity market. The worst performing sector was the defensive Consumer Staples sector, as investors favored riskier asset classes over the period.
 - ◆ Over the first quarter of 2006, the Treasury yield curve remained relatively flat, as the Fed continued to raise the short end, but there was a parallel shift upward in the curve. Until recently, the long-end of the curve had been below the Federal Funds Rate. Previously, these lower long-term rates were expected to offset some of negative impact of the increase in short-term rates to consumers. Lower rates had allowed US consumers to continue to participate in the economy and continue to buy foreign goods. Long rates will be impacted by foreign purchases, which will help to keep the yield curve flat for some time. This is not viewed as an indication of a recession. While a slowdown is projected in GDP growth by 75-100 basis points from 4% in 2005 to 2.75% in 2006, continued economic expansion is expected nonetheless.
- Portfolio performance fiscal year-to-date (10/1/05-3/31/06) was 7.8% outperforming the total fund benchmark of 5.0%. The portfolio end market value as of 3/31/06 was reported at \$15,278,571.
- Westwood recommends rebalancing the portfolio to 60% equities and 40% bonds. Bogdahn Consultants proposes this move to rebalance. The current fund policy is as follows: 50.00 Russell 3000, 35.00 Lehman Gov/Credit Bond, 10.00 MSCI EAFE, and 5.00 Citigroup Treasury Bill – 3 month.

❖ **Consultant Report**

- Joe Bogdahn of Bogdahn Consulting, Inc. appeared before the Board to provide the quarterly investment review. Inception to date trailing returns through March 31, 2006 was 9.28% versus the policy of 8.10%. The fund earned 6.00% for the first quarter of 2006, placing it in the 2nd percentile. For the 12 months ending March 2006, the fund performed in the 5th percentile.
- As a point of recognition, Joe Bogdahn appeared in the March edition of Money Management newsletter.

❖ **Trustee Requested Items**

- Board reviewed agreements with plan actuary and attorney. Gary Clark reviewed the background of securing legal services in 1996. He discussed the arrangement the board had with Ward Foster in 1995. He described the events surrounding the board appointing him to administer the Firefighters pension plan. As administrator, Gary initiated several actions to secure both legal and actuarial services for the Firefighters supplemental pension plan, the Police Officers' supplemental pension plan and the Employees pension plan. The interrelated characteristics of the three made this a logical action.
 - ◆ During the time period indicated above, an RFP was issued for legal services. Three were interviewed: James Loper, Kalish & Ward, and another Tampa firm. The intent was to utilize an attorney for compliance

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related matters as well as a resource when required. The Pension plan administrator attempts to accomplish most of the administrative details in-house without outsourcing legal administrative costs.

- ◆ Attorney Kelley Bosecker, now with Gray Robinson, works on an as-required basis. Hourly rate is \$290. Board Member Lyonal Lindsey recommended the use of alternate counsel for specific issues if they believe another opinion is desired. Kelley Bosecker provides legal support for all seven City of Lakeland retirement related plans. Board Member Bob Georges indicated his company has contracted in the past with Kelley Bosecker and were pleased with the legal support provided.
- Chairperson Mike Thomas stated that the Union is unsure of incorporating Firefighter minimums in the general pension plan. Research is needed to provide a level of comfort that this avenue should be pursued. Mr. Clark indicated that as time passes the number of Firefighters who become employed with the City of Lakeland after 2003 will increase and the cost to the City to incorporate the minimums will increase. As additional "excess" state money accumulates, insistence from the state to implement the minimums will become an issue of increasing concern.
 - ◆ Extensive discussion by the Board ensued on the issue of incorporating Firefighter minimums in the Employees pension plan. Comments were made about the role of the Board now as compared to the role of the Board before unionization. Gary Clark offered his services and those of the plan actuary, Murray Cohen, to meet with anyone involved to resolve concerns.
 - ◆ The chairman outlined the key concern among plan members regarding implementing the Firefighter minimums as whether or not the City can remove funds from the Firefighters' supplemental plan once those minimums are met in the Employees pension plan. He indicated he would discuss the issue of Ch. 175 minimums with union representatives and suggest that questions they might have be placed in writing and submitted to an attorney of the union's choice for response.
- At the request of the chairman, Gary Clark discussed the issues involved in restructuring the current Civil Service and Pension Board and the responsibilities of each. He outlined the key questions: Should there be a Retirement Board separate from the Civil Service Board that would allow for active employees and retirees to serve? Should the administration of the seven retirement plans be administered in a consolidated fashion as is being done currently? Should those tasked to administer the system be city employees or employees hired by the trustees of the three boards? Board Member Bob Georges asked to be excused and apologized for having to leave. He asked in the future the agenda be reflective of all the issues that may be discussed so that members can allocate the proper time required.
- The Chair asked if there was a need or desire for the board to utilize an attorney other than the current plan attorney. Trustees Hill, Lindsey, Beale and Spivey all indicated they saw no need to do so at this time.
- Joe Bogdahn submitted a request for a fee increase from \$6,000 per year to \$8,000 per year. This fee will be effective through 2008. Trustee Lyonal Lindsey moved to approve. Motion was seconded and passed unanimously.
- Board indicated satisfaction with actuarial services.

❖ **Administrator Report – Gary Clark**

➤ **Retirement Refunds**

NAME	CONTR DATE	CHECK DATE	REASON	AMOUNT
Enriquez, Blake A	9/19/2005	4/15/2006	TER	\$506.13
Total 1				\$506.13

- Board Member Tim Spivey moved to approve the above refund. Motion was seconded and passed.

❖ **Miscellaneous**

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- Upcoming tentative board meeting dates:
 - August 9, 2006
 - November 8, 2006
 - February 14, 2007

❖ **Adjournment**

- Meeting adjourned at 3:40 p.m.

