

FIREFIGHTERS' SUPPLEMENTAL PENSION BOARD MEETING MINUTES

MAY 14, 2007

Chairperson Mike Thomas called the City of Lakeland Firefighters' Supplemental Pension Board to order for a regular board meeting, Monday, May 14, 2007, 1:10 p.m., at 730 E. Main Street, Lakeland, Florida. Present: Chairperson Mike Thomas, Board Member Tim Spivey, Board Member Oak Duke, Board Member Lyonal Lindsey, Board Member Rick Beale, Joe Bogdahn of Bogdahn Consulting, Brad Heinrichs of Foster and Foster, Kim Calhoun of Westwood. Retirement Service Staff: Kevin Torres, Annette Wieck, Dana Blydenburgh, Deborah Stefanski.

❖ Approval of Minutes

Tim Spivey made a motion to approve the February 26, 2007 and March 23, 2007 meeting minutes. Lyonal Lindsey seconded the motion. The motion passed unanimously.

❖ Money Manager Report

Ms Kim Calhoun of Westwood Management appeared before the Board and provided the board with the portfolio performance. Ms. Calhoun reported a strong January and a strong first quarter.

- ◆ The market value of the fund through 3/31/2007 is \$16,897.661 with a Current Yield of 3.19% or a gain of \$538,475.
- ◆ The performance update for the 1st quarter and fiscal year to date showed that the returns are ahead of the assumed rate of return. The Westwood Trust EB Common Trust Funds are performing above the benchmarks.
- ◆ Portfolio performance year-to-date was 9.8% out performing the total fund benchmark of 6.7%.

❖ Consultant Report

Joe Bogdahn of Bogdahn Consulting, LLC appeared before the Board to provide the quarterly investment review.

- ◆ The one year trailing return is 11.30% versus the policy of 10.19%. This indicates the fund has exceeded the policy's returns.
- ◆ For the period ending 3/31/2007 the portfolio is valued at \$16,898,000
- ◆ The fund captured 135% of the return in the Up Markets and 86.7% of the returns in the Down Markets over the last three year period.
- ◆ The Fixed Income Fund is valued at \$5,271,000 and the Total Equity of the portfolio is valued at \$11,504,000 as of 3/31/2007

Lyonal Lindsey made a motion to modify the investment policy statement such that the foreign securities 10% limitation would be at cost instead of market value. Tim Spivey seconded the motion. The motion passed unanimously.

❖ Actuarial Report

Brad Heinrichs of Foster & Foster, Inc. presented the summary of the annual actuarial report. During the past year the actuarial experience has been more favorable than expected, relative to the Plan's actuarial assumptions.

- ◆ The contribution requirements for the fiscal year ending 9/30/2007 are \$457,131 thousand compared to last fiscal year ending 2006 was \$620,742 thousand. The percentage of the projected annual payroll has decreased 2.6% from last year.
- ◆ The principal component of gain included a 10.8% investment return that was greater than the 7.5% assumption and a decrease in the average entry age of plan participants.
- ◆ The assets actuarial value is \$14,757,000 and the market value is \$15,799,000 meaning the plan is well funded.

Mike Thomas asked Brad Heinrichs to cost out the price of incorporating the state minimums of the death and disability provisions into the Firefighters' Supplemental Pension Plan. Mr. Heinrichs will report such at the next board meeting.

Tim Spivey made a motion to approve the Actuarial Report. Rick Beale seconded the motion.

❖ Legal Report

Lee Dehner, Christiansen & Dehner, P.A.

- ◆ Tim Spivey addressed Mr. Dehner with the question, if the board did not use the state contributions for the minimum funding requirement in a timely manner; will the State take back the money? Mr. Dehner replied that they would not take back the money but in the future the state division of retirement could withhold additional funding.
- ◆ Mr. Dehner informed the Board that if the Police Officers separate from the Employee Pension Plan that the Firefighters would also have to separate within the year. Once the plan is disturbed in any manner the grandfathering aspect is no longer valid.
- ◆ Mr. Dehner reviewed the 10% early withdrawal penalty applied on the 457 plan reduction in age from age 55 to age 50.
- ◆ The City of Lakeland retirees are not eligible to take advantage of an aspect of the Pension Protection Act involving \$3,000 paid toward insurance premiums to the carrier due to the self insured nature of the City's health plan.
- ◆ The senate bill involving an effort to move the trustee term from 2 years to 4 years and to increase foreign securities allocation to a maximum of 20% did not pass. This may be reintroduced next year.
- ◆ Mr. Dehner reminded the board to file their 2006 financial disclosure forms by July 1.

Board member Rick Beale made a motion that the Board has determined based on recommendations of the consultants the total expected annual rate of return for the fund for next year, the next several years and the long-term thereafter shall earn 7.5% net of investment related expenses for the portfolio. Board member Oak Duke seconded the motion. Motion passed unanimously.

❖ **Director Report**

- ◆ Mr. Torres, Director of Lakeland Retirement Services, reported on his findings concerning the Fiduciary Liability Insurance. Travelers Insurance Company gave a quote of \$3,374.41 for 1 million dollar annual coverage with a 5,000 deductible. Mr. Torres also stated the City of Lakeland has in place a Hold Harmless Indemnification agreement that can be used to protect the trustees. The subject on the Fiduciary Liability Insurance was tabled for future discussion.
- ◆ Mr. Torres reported HB1233/SB2922 affecting Civil Service and Pension Boards. He informed the Board that there will be no separation of Civil Service and the Pension Board in the foreseeable future. There would have to be a City referendum put in place or wait until the next regular legislative session.
- ◆ Pension Refunds and Retirements

Name	Check Date	Reason	Amount
Braddy, Mark K	3/17/2007	TER	\$7,544.65
Lange, Brandon J	4/28/2007	TER	\$5,872.78
McGregor, James J	3/03/2007	TER	\$ 28.99
TOTAL	3		\$13,446.42

Board member Oak Duke moved to accept the refunds report, Lyonal Lindsey seconded the motion. Motion passed.

❖ **Miscellaneous**

Next regular meeting scheduled August 27, 2007

❖ **Adjournment**

Meeting adjourned at 3:28 p. m.