

MINUTES

FIREFIIGHTERS' PENSION TRUST FUND BOARD OF TRUSTEES

March 26, 2009

The Firefighters' Pension Trust Fund Board of Trustees held a meeting on Thursday, March 26, 2009, at City Hall Council Chambers, 201 Howell Avenue, Brooksville, Florida 34601.

PRESENT: Timothy A. Mossgrove, Chairman; Gerald E. Ward, Vice-Chairman; Paul Babcock, Member; Scott Christiansen, Attorney; Patrick Donlan, Foster and Foster; Mike Dana, Dana Investments; Brad Coates, Agincourt; Dave Johnson, Bogdahn Group; and Susan Mae McCrary, Secretary for the Board.

ABSENT: Frank Phillips was working out of town and Regina Martin's term expired on February 28, 2009. She is awaiting reappointment by City Council.

CALL TO ORDER: Meeting called to order by Chairman Mossgrove at 6:05 p.m.

ELECTION OF OFFICERS:

First position was Chairman. Gerald Ward nominated Tim Mossgrove. Tim accepted. Nomination seconded by Paul Babcock, voted upon and carried unanimously.

Second position was Vice-Chairman. Paul Babcock nominated Gerry Ward who accepted the nomination. Nomination seconded by Tim Mossgrove; voted upon and carried unanimously.

Third position was Secretary. Gerald Ward nominated Paul Babcock for secretary who accepted the nomination.; seconded by Tim Mossgrove; voted upon and carried unanimously.

MINUTES OF MEETING OF DECEMBER 4, 2008

Motion: Motion made by Gerald Ward; seconded by Paul Babcock; voted upon and carried unanimously to approve Minutes as written.

DANA INVESTMENTS-

Mike Dana addressed the report as of December 31, 2008. He explained the current market and investments. He gave the Board an itemized list of investment targets which must be achieved and explained the status of each. Returns as of date of this meeting were- Core + 9.38%, ADR 13.03% and combined 10.51% which was a definite difference and upswing since the returns of December 31, 2008. He advised that March, 2009 has been the best month since 1974. He stated that the portfolio is evenly weighted.

AGINCOURT-

Brad Coates addressed the Board regarding the bond funds. He went over the report page by page explaining that the downward trend started in the summer of 2007 and continues. He explained how all types of bonds performed. He stated that the price of corporate bonds compared to treasury bonds is low. Treasury bonds are one third of the bond market, corporate bonds are one quarter and mortgages are 45%. He was not pleased with the performance in 2009. However, he felt that they will be able to do better, and that they will be able to get the under-performance back, plus. He continued that the bonds are weighted where they should be.

Chairman advised that there is an emergency and Ward may have to leave as he is on duty. Scott Christiansen advised the Board to go through the Agenda and vote on the issues that required a vote.

RETURN OF CONTRIBUTIONS

Gabe Dalrymple- \$1322.15

Motion: Motion made by Paul Babcock, seconded by Gerald Ward to return contributions. Voted upon and carried unanimously.

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INVOICES

a. Annual COLA

- Adkins-\$86.00-increase- new payment \$2952.64
- Cubernot-\$47.98-increase- new payment \$1647.22
- Daugherty-\$83.44-increase-new payment \$2864.72
- Phillips- increase \$68.28-new payment \$2344.14
- Dana Investments- \$1348.85- \$2321.47, \$901.90 and \$1864.54
- c.Bogdahn Group \$2625 and \$2625
- d Agincourt -\$1019.86
- e.Christiansen and Dehner- \$2756.13
- f. UPS-\$8.97
- g Foster and Foster \$2700
- h.Aldo Nunez (approved at last meeting) information

Motion: Motion to approve Invoices made by Gerald Ward; seconded by Paul Babcock; voted upon and carried unanimously.

BOGDAHN CONSULTING-

Dan Johnson addressed the Board. Regarding the rate of return, he is comfortable advising that they will earn an 8% rate of return.

He also went over the performance report. He stated that November and December, 2008 have been a difficult periods. He stated the government has made it official that we are in a recession. As of December 31, 2008, the Plan has 3.3 million dollars and he explained the allocations. The total fund for the quarter was down -11.15%. However, the investments are in the top 24 percentile. He explained the investments of Dana and Agincourt. Total portfolio is down approximately 5% as of today (March 20, 2009), which has been quite an improvement since January and February, 2009. Compared to many other pension plans around the state we are doing well.

Chairman thanked the investment personnel for attending and they left the meeting at this point.

FOSTER AND FOSTER-

Patrick Dolan addressed the Board. He stated that the issue of imputing service has come up. He advised that the early retirement and vesting section of the ordinance states that if you leave funds in the plan a benefit can be drawn at your otherwise early or normal retirement date. In 2000 a new ordinance restated the Plan and a provision was put in that indicates the early or normal retirement date is based on actual years of credited service. At the present, the retirement is age 55 and ten years of service or 20 years of service. The ordinance is written that if someone terminated after ten years of service, then they would have to wait until age 55 to draw the benefit. He stated that the way the valuation program has always worked, if you are actively employed it determines a normal retirement date. There are two choices, one is revise the Ordinance to clarify imputed service so that if someone terminates after ten years, they can wait ten years and draw the retirement benefit. The other choice is to redo the valuation and there would be a savings of about 2% of payroll.

There are three people who have an odd situation since they have both full and part time service. Foster did a terminated vested calculation on Mark Flood in 1996, when he left full time and gave him the date he could draw a benefit. He then came back part time after a break. Mrs. McCrary advised that when he left full time employment he wanted clarification when he could draw a benefit.

Reserve/part time and full time are computed as two different services. Also, the multipliers are different for years of service, depending on the Ordinance and employment times.

Patrick stated that when Flood terminated his full time service, he was under the imputing service, and at his benefit calculation was done correctly. Richard Tincher is the under the same situation.

Scott asked what exactly could or would fix the problem. Patrick advised that benefits could be calculated and drawn at different times, depending upon when the time was earned.

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Joseph Keefer however, is a different situation. Keefer started as a reserve, went to full time terminated, hired as a reserve and now is full time. So the calculations are different.

Mrs. McCrary advised that after these are calculated, there should be no more since the city no longer "re-hires".

Mossgrove felt the intent on the Ordinance is clear, if you leave before 20 years, you have to wait to draw your retirement. Scott felt that when the ordinance was changed, it may have been to take care of this very situation, Mrs. McCrary felt that this was the reason, but that she would investigate. Mossgrove felt that we must comply with the Ordinance as written

Scott advised that if we change the Ordinance to impute, then there would be no impact on what we are doing now, as the actuary is imputing. Scott will take the situation under advisement and he will come back to the Board with a solution.

Patrick brought the discussion back to the Valuation. He stated that the cost balance due from the city of projected payroll only increased a little. The fire department had a larger than expected turnover, which is good for the valuation, which is part of the reason the cost did not increase much. The Valuation must be sent to the state and the figures are for the next year. Charles Slavin the head actuary in Tallahassee for a long time has retired April 1, 2009. Therefore, all communications will be addressed to someone else as soon as he is replaced. There is an interim actuary.

The member contribution rate was also re-evaluated and may increase from 2.91% to 3.19%, but this may change depending on the changes in the Actuarial Valuation. Patrick advised that he will re-do the Valuation.

SCOTT CHRISTIANSEN

Scott asked if the end of year report and Social Security letters were sent. Mrs. McCrary advised they were. Also, following up on the Annual Report, corrections, additions, etc. Patrick advised he will follow up with this firm

Scott reminded the Board of the financial disclosures due in July. Mrs. McCrary advised she will monitor.

Proposed piece of legislation HB# 5. Provides that we can go up to 25% in international securities rather than the 10%. and would allow changes to the trustee terms from 2 years to 4 years. If retirees retire and stay in the cities insurance program, the money is pre-taxed, but if a retiree has his own insurance, the money is not pre-taxed, this bill if passed would solve the problem.

Summary Plan Description-

Must be reviewed and revised every two years and distribute to the members as described in F.S.112.

He explained that the member's beneficiary form should be updated in case of divorce or death of beneficiary.

Normal and early retirement section-Page 2 Section D.

Early retirement- "Based on actual years" to be added and also "Age 55" added to both sections. This will make it clearer.

Partial Lump Sum Option- Page 3D- This has been added.

IRS Code- Page 5

Preretirement Death Benefit. If you have a preretirement death benefit paid to the spouse, the benefit may be deferred, payable at the otherwise early retirement date, at the option of the spouse. If you have a non-spouse beneficiary, that benefit must start one year after death, but it is actuarially reduced. It does not cost the plan any more to do this, but the IRS makes taxes the benefit immediately.

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Maximum benefits- Section 415 of IRC, \$185,000.

Motion

Motion to approve revised Summary Plan Description with the changes discussion to Paragraph 3D, made by Paul Babcock; seconded by Gerald Ward; voted upon and carried. 3-0.

Ordinance Revision-

Most of these changes in the Ordinance pertain to the Pension Protection Act . These changes will bring the Plan up to date as far as the IRS requirements.

FS 112 was changed as to reasons for forfeiture of Pensions-Provision added that if you commit felony which involves a minor, within the course of your employment, you will forfeit pension benefit.

Foreign investments change- Currently stated Board is limited to 10% , will change to 25% .

No Impact Letter from Foster received regarding the Ordinance.

Scott advised that they work very closely with a tax attorney who specializes in tax issues for government Pension Plans to ensure compliance with the IRS Code. He stated that the IRS will provide service to governmental pension plans in the near future.

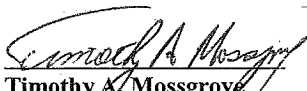
Motion

Motion by Gerald Ward to accept the Ordinance with the changes indicated by Mr. Christiansen and to allow him to move forward with the document; seconded by Paul Babcock, voted upon and carried.

ITEMS TO BE HANDLED-BOARD MEMBERS

No members had an input or questions,

ADJOURNMENT: Motion to adjourn made by Gerald Ward, seconded by Paul Babcock, meeting adjourned at 8:15 p.m.


Timothy A. Mossgrove
Chairman

typed: Susan Mae McCrary