

MINUTES

FIREFIGHTERS' PENSION TRUST FUND BOARD OF TRUSTEES

April 30, 2009

The Firefighters' Pension Trust Fund Board of Trustees met on Thursday, April 30, 2009, at City Council Chambers, 201 Howell Avenue, Brooksville, Florida.

PRESENT: Present were Timothy Mossgrove, Chairman; Paul Babcock, Member and Gerry Ward, Vice Chairman. Also present were Dan Johnson of Bogdahn Associates, Jeanine Bettinger and Richard Cristini of Davidson, Jamieson and Cristini, CPA.

ABSENT: Frank Phillips was out of town and therefore unable to attend. Regina Martin was absent.

CALL TO ORDER: Meeting called to Order by Chairman Mossgrove at 6:10 p.m.

DAVIDSON, JAMIESON AND CRISTINI AUDIT OF FUND

Jeanine addressed the Board advising that as of September 30, 2008, this plan did well compared to others, as far as losses. She explained each page of the report. The excise tax rebate increased from \$58,655 to \$62,843. The net investment loss was \$518,150. The actuarial value of assets as compared to the liabilities is 85%. The ratio of the unfunded liability to cover payroll is 102% which is outstanding compared to other funds. However, due to losses in investments, 2007, was a better year.

Richard Cristini then addressed the Board explaining newly required accounting procedures and discussed the Memorandum. He advised that he was not aware of any plans that are 100% funded.

He explained that last year there was a problem with the custodian reporting the security transaction on the trade date rather than the settlement date. This has been corrected and is listed in the Memorandum Internal Control Structure which accompanies the Financial Statements.

He further stated that the Internal Control tests were good, and that the city had no breakdowns in the Finance Department. Jennine stated that she got the utmost cooperation from Autumn and Margaret.

He explained Standard 114 for accounting. Custodial statements are taken and put in the form of the Financial Statements for the Board. He explained that "Market Value" is a large consideration in all new accounting standards. Accounting standards allow the Board to get an opinion from another accounting firm if they do not agree with an opinion rendered by the auditors. However, the firm is required to call them to get all the information on the rendered opinion.

Motion

Motion to accept the audit made by Paul Babcock, seconded by Gerry Ward; voted upon and carried unanimously to approve the report.

ACTUARIAL VALUATION

A representative of Foster and Foster was unable to attend due to scheduling conflict. Patrick Donlan had attended the two previous meetings and submitted the changes mentioned previously. The revised valuation was received and is being reviewed.

Mrs. McCrary stated that Patrick's letter advised of a one time adjustment to the fund of approximately \$161,000 to actuarial assets, which is explained on page 17. She advised that based on the valuation, the employee's contributions will go from 2.9% to 3.1%. This information is being sent to Scott Christiansen to incorporate in the new ordinance revisions.

Chairman Mossgrove stated that on Page 1, it is indicated that the Division of Retirement required a contribution of 37%, as of September, 2010 from the City and State. The current balance from the City is 23.3% of payroll and is expected to go to 25%. Chairman Mossgrove asked Mr. Johnson what amount is required by the State. He advised that the State fiscal year is different from the city fiscal year, adding that valuations are a year in arrears, but currently it is at 23.4%. The state did not account for any of this market decline. Projecting ahead, it is anticipated that the contributions will

... to 26% of payroll, and in 2011 when the full impact is felt it is expected to rise between 4% and 8%.

Chairman asked Johnson, where does the Firefighters' Retirement Plan as a city fall within this projection of 25% of payroll. Where do we fall in the market. He asked that Bogdahn do a report that he can present to the city for budget. Johnson advised he would do this. He added that our funding ratio compared favorably with others and that we are 85% funded. Two thirds of all plans are funded below 80%.

Motion

Motion by Jerry Ward to accept the Actuarial Valuation as presented; seconded by Paul Babcock, voted upon and carried unanimously to approve.

BOGDAHN CONSULTING

Mr. Johnson advised that upon acceptance of the Actuarial Valuation, the Board must declare the annual rate of return in the long term and short term. He stated that in the opinion of his firm and the information presented by the Actuary, the declared rate of return can be held at the 8% . He stated that this year the State wants substantiation on how that rate of return is going to be achieved. He has prepared an attachment of such to go with the letter to the State Actuary.

Motion

Motion made by Gerald Ward to accept the rate of return as presented by Bogdahn consulting, together with the back up material; seconded by Paul Babcock, voted upon and carried unanimously.

Mrs. McCrary stated that she will submit the letter on the Board's letter head.

Paul Babcock asked how the Board explained in the letter any decline in investments. Mr. Johnson stated that he had a letter that states that in any given year the Board recognizes that they may fall short of the required rate of return assumption.

Mr. Babcock asked that the second letter be sent to the State be read into the record.

Johnson read the letter " At our quarterly meeting the Board of Trustees of the COB Firefighters Retirement Fund with input from our consultants discussed the total expected annual rate of return for our fund for the next year, the next several years, and the long term, thereafter. We are comfortable that we shall earn 8%, net of investment related expenses over the next several years and the long term, thereafter. We recognize that the investment returns over the short term in any single fiscal year may fall short of expectations due to the general market conditions. Attachments....."

Mr. Babcock then withdrew his second to the original motion, which died for lack of a second.

Motion

Paul Babcock made a motion to send the alternate letter as read into the record to the State together with the attachments; seconded by Gerry Ward, voted upon and carried.

Performance Monitoring as of March 31, 2009.

Mr. Johnson went over the report. He stated that stocks and bonds have been down in the first two months, but that the month of March has improved. He stated that there are only two times in the last one hundred years that the 10-year rolling stock for equities has been negative; 1938 and the present.

He asked if the Board had any questions. He had no recommendations for change. He felt that the Board should keep within the limits of investments that they currently are doing. Mr. Babcock asked if he felt that the economy was turning around. He stated that the landscape is changing with banks and financial. He advised that it would turn around with more regulation. He also advised that they are constantly looking for alternative investments. He indicated that the Ordinance limits what they can

10. He indicated that if the Board wanted they could address investment issues., but that the Ordinance would have to be amended.

INVOICES

- a- Bogdahn Consulting - \$2625
- b. Office Depot- \$215.87
- c Christiansen and Dehner \$2576.13 (previously paid- delete)
- d. Salem Trust- \$750

Motion

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

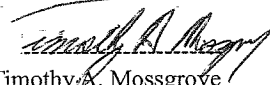
ITEMS TO BE HANDLED BOARD MEMBERS-

Susan indicated that there is a meeting/conference in Tallahassee. Paul indicated he would have to go in the fall. Mossgrove and Ward are up to date on required training.

There being no further business to come to the Board at this time, motion to adjourn.

Motion

Motion to adjourn made by Gerald Ward; seconded by Paul Babcock, voted upon and carried unanimously to adjourned. Adjourned at 7:36 p.m


Timothy A. Mossgrove
Chairman

typed: Susan Mae McCrary