

## MINUTES

### **FIREFIGHTERS' PENSION TRUST FUND BOARD OF TRUSTEES**

**September 27, 2012**

The Firefighters' Pension Trust Fund Board of Trustees met on September 27, 2012, at City Hall, Council Chambers, 201 Howell Avenue, Brooksville, Fl.

**PRESENT:** Present were Regina Martin, Chairman; Captain Bradley W. Sufficool, Secretary; Joseph Pecora, Member/Trustee. Scott Christiansen, Attorney For Board; John Thinnas, Bogdahn Group; John Hamlin, Dana Investments; and Susan Mae McCrary, Adm. Assistant.

**ABSENT:** Captain William Kaplan.

**CALL TO ORDER:** Meeting called to Order by Chairman Martin at 5:49 p.m.

### **MINUTES OF JUNE 26, 2012**

**Motion:** Motion made by Joe Pecora to approve the Minutes as written, seconded by Brad Sufficool; voted upon and carried unanimously.

### **FOSTER AND FOSTER- Funding Requirements.**

Bradley Heinrichs, CEO of Foster, sent a letter to Clients regarding funding requirements. The Division of Retirement released a memorandum allowing pension Boards the latitude to continue funding as a percentage of payroll or to revert back to funding as a dollar amount. Scott Christiansen stated that the dollar funding method provides the city with an exact amount each year and provides less over or under funding. The percentage of payroll method does not allow a foreseeable amount as the figure is not decided until the last payroll period of the fiscal year. The Valuation, which is done every year, provides much information regarding the Plan. It expresses the requirements for the city to make contributions to the Plan. Prior to six years ago, the funding requirement was always a flat dollar amount. The State then changed their position on the flat dollar amount and decided to allow a percentage of payroll requirement. However, after evaluation, the State decided to give Boards the authority to use whatever method they chose.

After discussion it was decided to continue to use the percentage of payroll methodology.

**Motion:** Motion by Regina Martin, based on the information provided by Scott Christiansen, that the Board continue using the percentage of payroll method for determining the City's required contribution to the Plan; seconded by Joe Pecora, voted upon and carried unanimously.

### **INVESTMENTS**

Dana Investments- John Hamlin addressed the Board regarding the quarter ending June 30, 2012. He stated that the market performed well for the quarter, and that the large core portfolio did well. He went over each page of the report which is on file with the Board.

He stated that the economy is still fluctuating some due to tax cuts and election year. The 4<sup>th</sup> quarter looked strong last year, but the market declined. Interest rates have continued to drop. He stated that unemployment and the real estate/ housing market drop is still an issue.

Bogdahn Group- John Thinnas addressed the Board regarding the quarter ending June 30, 2012. He went over the asset allocations. The market value of the fund as of June 30, 2012 is approximately \$4,700,000. He advised that the fiscal year to date has improved during the year and that Dana and Thornburg are doing a great job with the investments. He recommended that the Board stay with the investments they currently have.

He brought the Investment Policy Statement for signature and pointed out the changes which were done on the advice of the Board and investors. The addendums were new to the statement. Scott reviewed the IPS and felt it was in good order. The statement must be forwarded to the State Division of Retirement for their review.

**Motion:** Motion to approve the revised Investment Policy Statement made by Brad Sufficool; seconded by Regina Martin, voted upon and carried. Unanimously.

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**SCOTT CHRISTIANSEN-ATTORNEY FOR BOARD**

Scott explained that the Ordinance revisions amend the definition of "Salary" and "Actuarial Equivalent". The State passed a law that "salary" does not include more than 300 hundred hours in overtime per fiscal year. This does not become effective until a new union contract is signed and this ordinance will be done once the new contract is in effect.

Scott advised that all financial disclosure forms are in compliance.

Mr. Christiansen stated the State money we received this year was about \$52,000. He explained the supplemental trust fund distributed in October. Last year we got more than this year and he felt that perhaps the total payroll was not being reported correctly, which could account for the drop in revenue. Ms. McCrary stated she had discussed this with the finance department, since she was informed total payroll should include FICA and other supplemental amounts. She explained that she left this between Foster and the Finance Department. Scott felt this should be addressed, as we may be losing money because of a low figure reported on the annual report. There is no impact to the City, it is just a reporting tool and a matter of what you include in the total payroll. Ms. McCrary advised she would follow up. Scott will send a copy of the memorandum sent to all their clients several years ago.

Scott advised that no new pension legislation has been adopted this year. However, there was legislation adopted that has an impact on pension plans. He advised that when a person retires there are optional forms of benefits they can choose. One is a "ten year certain and life" benefit, which means that the retiree gets the benefit for life, but if he/she dies prior to getting ten years worth of payments, the beneficiary gets the remainder of those ten years and then it stops. If a retiree starts drawing benefits then gets divorced, continues to draw payments, and then dies, and has not received ten years worth of payments, the ex-wife gets the benefits since she is listed as a beneficiary. The new legislation states that in the same scenario, if the retiree has not confirmed or reconfirmed that I want the exspouse to get the benefit if he dies, she will have been deemed to have died before the retiree, the benefits would go to the second beneficiary and if there is no secondary then the benefit would be paid to the estate.

The constitution states that the legislature cannot pass a law that amends or changes existing contracts, and pensions are contracts or insurance policies which are also effected. It was his belief that this law will be challenged as unconstitutional.

Also, a letter was sent from them regarding overpayments of benefits. He explained that if someone dies benefits can continue to be paid, if the Board is not aware of the death. Salem Trust compares benefits against the Social Security register death list. The Social Security option can also create an overpayment. Ms. McCrary advised that there was one person who chose this option and she will check for compliance.

In 1999 legislation was passed that stipulated state money had to be used for extra benefits for firefighters. If benefits are going to be reduced they never can be reduced below the level of benefits that were in place in 1999. Recently there has been a change in the city of Naples. The city and union entered into an agreement which reduced the benefits in the police pension plan below 1999 level, and actually below the minimum benefits in Chapter 185. The State advised them that there were not in compliance with Chapter 185 and were not entitled to State money. The mayor of Naples sent a letter to the governor, advising him that since the money was collected from the taxpayers of the area, they should be entitled to the money. The governor agreed, and they were allowed to collect the money, based on the fact that the Division of Retirement indicated that they misinterpreted that Statute.

He added that these changes have been occurring around the State, and it is apparently being reviewed on a case by case basis.

Scott explained the waiver of recourse at the request of Mr. Pecora.

**INVOICES**

Christiansen & Dehn \$2040.90- \$373.20-\$170.65 Legal fees  
Bogdahn \$3875 3/31/12 \$3875 6/30/12 fees

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**INVOICES (Continued)**

Foster and Foster- \$3633- \$10284- Actuarial Fees  
Dana Investments- \$4976 fees as of March 31, 12  
Davidson, Jamieson and Cristini, \$3000 and \$2500 audit fees  
Agincourt \$1148.03 quarter ending 12/31/12 and \$1172.82 quarter 6/30/12  
UPS- Shipping \$25.85

**Motion:** Motion to approve made by Joe Pecora, seconded by Brad Sufficool; voted upon and carried unanimously.

**FIDUCIARY INSURANCE RENEWAL**

Gibson and Wirt \$2291


**Motion:** Motion to approve made by Brad Sufficool; seconded by Joe Pecora; voted upon and carried unanimously to approve.

**ITEMS TO BE HANDLED-BOARD MEMBERS**

No one had any items to handle.

**ADJOURNMENT:**

There being no further business to come to the Board meeting adjourned at 7:30 p.m.

  
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Regina Martin, Chairman

Typed: Susan Mae McCrary