



# City of Deltona

2345 Providence Blvd.  
Deltona, FL 32725

## Minutes

### Firefighters' Pension Plan Board of Trustees

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**Tuesday, May 17, 2016**

**5:00 PM**

**2nd Floor Conference Room**

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#### 1. CALL TO ORDER:

Chairman Koczan called the meeting to order at 5:00 P.M.

#### 2. ROLL CALL

**Present:** 5 - Chair James Koczan  
Secretary Kurt Vroman  
Member Janet Deyette  
Member Gene Gizzi  
Member John Fleemin III

#### 3. APPROVAL OF MINUTES & AGENDA:

##### A. Adoption of January 19, 2016 and February 9, 2016 Minutes

Approval of minutes from the January 19, 2016 Firefighters' Pension Board of Trustees Meeting.

**Motion by Member Fleemin III, seconded by Member Deyette, to approve the January 19, 2016 Minutes.**

**For:** 4 - Chair Koczan, Secretary Vroman, Member Deyette and Member Fleemin III

Approval of the February 9, 2016 Minutes.

Ms. Spriggs arrived at 5:17 P.M.

**Motion by Member Fleemin, second by Member Vroman to approve the February 9, 2016 Minutes.**

**For:** 4 - Chair Koczan, Secretary Vroman, Member Deyette and Member Fleemin III

#### 4. PRESENTATIONS/AWARDS/REPORTS:

##### C. Investment Performance Review - Dave West, Plan Consultant

Mr. West went over the high points in the Preliminary Report from the 1st Quarter

commenting there was no rhyme or reason for the massive volatility of the up and down movement in the equity markets during the March quarter and it will go down in the history books as one of the sharpest positive fee bounces ranked at number 2 for the most return over the shortest period of time. He spoke about interest rates coming down leading to a mini bond market rally and the dollar was hit hard so the Treasury Inflation Protection Securities (TIPS) had a huge rally benefitting from interest rates coming down and dollars costing less. He stated his final observation is that the active managers were not good, indexes outperformed everything and fortunately our fund has a large amount of our equities invested in the S&P 500 index; the DANA investment strategy maintains an equal sector weight strategy so they were not affected by these negative swings. He stated the total fund composite was up .63, the FYTD is at 4.71, the 3 year number is at 7% so the fund is in pretty good position at the halfway point to make the required rate of return. He stated the peer group ratings are not populated yet and that will be in the final report, the performance relative to the benchmark for total fund policy left 1.04% on the table because of the lack of the active management and the fund is down .58% to the policy fiscal year to date. He gave a summary of the performance of the portfolio's funds. He stated the stabilizing fund is the Real Estate Fund and he believes over the next month and a half the funds will close the gap on the losses once these numbers are included. He stated he does not recommend taking any action at this time concerning the active managers. He went over the cash flow stating there was a beginning balance of \$20,734,699 and an ending balance of \$22,701,396. He stated from a rebalancing portfolio maintenance stand point the fund is pretty close to policy target so no action is required at this time.

Mr. West spoke briefly about the passing of Mr. John Hammond who was with DANA Investment Advisors. Ms. Day stated she had sent a sympathy card to the family on behalf of the Board Members.

Mr. Gizzi arrived at 5:22 p.m.

Mr. West stated once he receives the final numbers he will forward the completed report for distribution.

**A. Consent Approval of Expenditures - Lisa Spriggs, Plan Administrator**

Ms. Spriggs presented a list of expenditures in the amount of \$34,854.57 for approval by the Board. She asked if there were any questions and there were none.

**Motion by Member Vroman, second by Member Fleemin to approve the list of expenditures in the amount of \$34,854.57.**

**For: 5 - Chair Koczan, Secretary Vroman, Member Deyette, Member Gizzi and Member Fleemin III**

**B. Other Submissions - Lisa Spriggs, Plan Administrator**

Ms. Spriggs stated there was one (1) other submission that was a Travel Reimbursement Request from Mr. Fleemin in the amount of \$376.98 which has been executed and sent to Salem for payment.

**Motion by Member Fleemin, second by Member Deyette to approve the reimbursement in the amount of \$376.98. There was no discussion.**

**For:** 5 - Chair Koczan, Secretary Vroman, Member Deyette, Member Gizzi and Member Fleemin III

## **5. PUBLIC FORUM:**

Chairman Koczan asked Ms. Day to speak about the Volunteer Luncheon. Ms. Day reported that Ms. Deyette was in attendance and she received a plaque, a certificate of appreciation and some gifts for the Members on behalf of the Firefighters' Pension Board of Trustees. Ms. Day presented the plaque and it was determined the plaque would be displayed in her office.

## **6. OLD BUSINESS:**

### **A. Manager Search Process - Dave West, Plan Consultant**

Mr. West asked to table this item to the next meeting. He stated the fund is invested in the index fund as a place marker and there is no urgency as being in the index funds at this time is not a bad place to be.

Mr. Fleemin asked Mr. West if he had any idea of where the fund would be now if the manager had not been fired and the money allocated to the index fund. Mr. Gizzi stated he would refine that a little more and he had some concerns. He asked if the Board should discuss this now or wait until later in the agenda. Chairman Koczan stated if the discussion is relevant to the Manager Search then the discussion can be had at this time. Mr. Gizzi stated what Mr. Fleemin is asking would be very difficult to track as Mr. West would have to go back and look at the valuation date, the share price on that day and go through a whole series of calculations; he agrees with Mr. Fleemin but, he would ask if the fund is at its proper weightings per the investment policy and within those weightings is the Board comfortable being in that particular index fund. Mr. West responded that there was a two (2) part search that was completed and specked out per the Board's request which was brought to a meeting but, was tabled. Mr. Gizzi stated his concern was the Board was going to discuss replacing an under-performing fund with another fund with equal weightings of small, mid-cap and large cap but, the Board decided to just move the money to another fund with him dissenting. He stated in looking back he is less concerned about whether the move was good or bad but, whether it was within the fund's policy statement and yet the Board is tabling this issue another month. He stated the money was moved but was merely parked in something similar and there was no urgency to do this. He stated he is in favor of index funds but, the details of the weightings were never discussed. Mr. Fleemin responded that he had

not wanted to look over our shoulders for the purpose of saying this person wasn't in line with everyone else, he wants to be unified but, it was more to have oversight on ourselves to say to Mr. West it is uncommon for you to come to the Board with this kind of recommendation but, the last time you did it turned out well or did not turn out well. Mr. West responded that the index fund that was chosen is a broad capilization and looking back the Board was actually looking at a mid-cap dedicated index base as an alternative to the structure that is in place now so, we were running two (2) scenarios. He stated to address Mr. Gizzi's question one (1) scenario was to include the mid-cap and the other scenario was to include an equivalent core manager replacement that included the broad capilization. Mr. Gizzi summarized that the Board opted for a hybrid of those capilizations and moved the money into a standing structure that the fund already had. Mr. West responded that was correct, we went into the S&P500. Mr. Gizzi responded that is where he is out of his comfort zone and he is not asking a question but, is making a point that this move was made and we have a different weighting than was had before not by active choice but, for convenience. Mr. West stated at that meeting he had recommended that the Board terminate Manning & Napier and Mr. Fleemin responded as he remembered that was correct and that Mr. West had also recommended moving the money to a "sweet spot" based on an evaluation that he did like a risk/reward act. Mr. Fleemin stated there was some confusion with the packet and how it was presented and not everyone could get on the same page and make a unified decision so, the Board agreed to park the money in the S&P and the Board just has not gotten back to it. Mr. Gizzi responded that he agreed with that and he asked that the Board re-open that door and look at the direction that Mr. West had been aiming for. Mr. Christiansen asked if Mr. West had an update on the manager over the last two (2) months and Mr. West responded he would need to pull that numbers but, he understood the manager was still making changes in personnel so, there were additional concerns about this manager and he believed the fund was better off by the Board's decision. Mr. Christiansen pointed out that over the last two (2) quarters the S&P500 fund where the Board parked the money has been our best performing fund giving an 8.43% return. Mr. Fleemin stated he had one (1) other question that was regarding not where we are but, where would we have been if the Board had followed Mr. West's full recommendation. Mr. West stated his recommendation was to consider allocating all or part of the funds to the mid-cap index fund or the S&P400 equivalent which was a Vanguard Fund that he used and there was confusion with the report however, with this particular time period looking on Page 2, the top left hand chart the Russell Index Fund was up 2.2% and the S&P 500 where we went was up 1.3%. Mr. Christiansen summarized that the fund would have done a little better if the Board had done what Mr. West had recommended pointing out that over the last couple of years the fund would have been better off if it had been in index funds instead of with active managers. Mr. West stated what is missing from the current are the peer groups which will make for a richer discussion after looking at the numbers and by dropping the appropriate index into the active manager universe the index approach has out-performed by far the vast majority of the active managers during this particular quarter. He stated by moving into the S&P500 it ended up being beneficial to the fund. He added if the money had moved into the S&P400 fund for this period the fund would have been better off and his recommendation was based on longer term to bring a balance to the portfolio. Chairman

Koczan asked Mr. West where we go from here; we still have to get a manager on board and Mr. West stated the Board needs to go over the search that he had prepared that had been tabled. He stated if it is alright with the Board he will just re-submit that work that was done and the Board can discuss it. He stated finally he believes there is no great urgency at this time as the money is invested in a very similar fashion to what the portfolio and the previous manager was set up to be however, he would like to address this because he believes it is a potential enhancement. He stated what he is recommending is a deviation from that strategy going forward which requires a little more thought and consideration on the Board's behalf. Mr. Christiansen reminded the Board that this was originally brought up in October but, was tabled for more information and Mr. West added at the January meeting it was tabled again and he thinks there were quorum issues at that meeting. Mr. Fleemin asked Mr. West if his recommendation had changed from October to now and Mr. West responded "no" as it is a long term perspective. Mr. West stated he will come prepared with the research so the Board can have a discussion. Mr. Christiansen commented that the decision to get out of Manning & Napier was a good decision and our parking place was an excellent place to park the money so, now the Board can just fine tune it. Mr. Vroman asked if Manning & Napier was a mid-cap fund and if that was what the Board was looking for. Mr. West responded it was a core large-cap manager that fished down in capilization to include some mid-cap but they are basically a S&P500 equivalent manager and he can find an equivalent replacement or he can look for a dedicated mid-cap; his recommendation was to do that via the index fund for a permanent place in a mid-cap fund along with Dana Investment Advisors who are primarily a large-cap fund with 10 - 15% dedicated to small-cap that will fluctuate in and around the index rates.

The discussion on this issue concluded and will be discussed more at another meeting.

**B. Discussion of Operating Rules and Procedures - Scott Christiansen, Plan Attorney**

Mr. Christiansen stated he has rewritten the Operating Rules and Procedures and he understood the Board wanted to go through each page and if the Board has notes or potential changes that can be done at this time.

Mr. Vroman stated under Section 1.6 Per Diem and Reimbursement at one time Mr. Maples a past Board Member had submitted some suggestions regarding this issue and he would like to review those recommendations however, he was unable to locate those notes. He stated he did not want to hold this up but, he would like to bring up those suggestions at a later date as a single issue. He stated the only other change he had is a one (1) sentence change regarding 1.9 Education Requirements. He stated his suggested change would be the "Trustees are encouraged to become Certified Public Pension Trustees (CPPT)" certified. Mr. Christiansen asked Mr. Vroman where he wanted to add the sentence and Mr. Vroman responded after "New Trustees are encouraged to attend within the first six (6) months of their term".

Mr. Gizzi asked where to find out how to get certified and Mr. Christiansen responded

Mr. Gizzi go to FPPTA.org and that explains everything that is included in the certification.

Mr. Christiansen stated if there are no other questions the Board can approve this with the changes and then get the change that Mr. Maples recommended to him. It was determined that Mr. Maples had not sent the recommendations to anyone but, Mr. Gizzi stated he recalled the discussion and it was around the City policy and there was some feeling that since it was City policy the City would have something to say about it and he thought that had been clarified at the time and the Board was happy with this document in that it was determined to be reasonable to the Board.

Mr. Vroman stated in the policy it says "The Board shall reimburse expenses in accordance with policies of the City of Deltona" and he asked Mrs. Helberg if the City uses GSA per diem rates or a set amount. Mrs. Helberg responded the City uses the Florida State Statutes. Mr. Christiansen stated that is the default provision being used and he stated the Board can deviate from that; he asked if the Board wanted to deviate from that but, if the City's policy is okay and that is what the Board has been using and want to continue to use it, then this language is fine. Chairman Koczan stated the issue is that the City policy costs more out of pocket when traveling to say Atlanta for a pension conference as apposed the cost in the Orlando market. Mr. Vroman stated the City policy regarding the Orlando area does not pay for a room when it is less than 50 miles and does not take into account the amount of time spent in traffic traveling back and forth. Chairman Koczan clarified that he believed the Board had said the Board can authorize the room expense and if the Board wants the Board can change the wording to say "or otherwise authorized by the Board". Mr. Christiansen proposed as a solution that the Board could add "but the Board may authorize deviations to the policy on a case by case basis". Mr. Gizzi offered an alternative wording "the Board shall reimburse expenses in accordance with the policies of the City unless otherwise authorized by the Board" and the Board agreed. Mr. Christiansen stated these reimbursements would have to be approved by the Board and Chairman Koczan added the reimbursements should be "pre-authorized". He reminded the Board that the minimum training does not have to be pre-authorized but, if the member is going to more the member should get pre-authorization. He asked the Board if they wanted "authorized" or "un-authorized". He reminded the Board that we now have a budget and the Board has to make sure those expenditures are towards the requirement of new Trustees getting training and if there is money left over it can be used for certifications and keeping the certifications updated. Mr. Christiansen clarified that the new trustee pre-certification here to meet the minimum is only in the State of Florida and suggested that the Board leave the language "pre-authorized" for other training.

Mr. Christiansen asked if the Board was okay with the two (2) changes and the Board concurred.

Mr. Gizzi asked if there were any other significant changes to the document and Mr. Christiansen responded there were some because the Board now has some new provisions related to the Plan Administrator and Section 10.9 Divestiture where he

added "or compliance with State law" because the State law was amended so foreign investments in Iran, Sudan or Darfur cannot be made which were tweaks for compliance.

There was no other discussion.

**Motion by Member Deyette, seconded by Member Vroman to approve the revised Operating Rules and Procedures to include the two (2) revisions discussed.**

**For:** 5 - Chair Koczan, Secretary Vroman, Member Deyette, Member Gizzi and Member Fleemin III

**7. NEW BUSINESS:**

**8. STAFF COMMENTS:**

**A. Plan Attorney Comments - Scott Christiansen**

Mr. Christiansen reminded everyone that the Financial Disclosure Form 1 is due July 1, 2016 and the form can be found at Myflorida.com - Commission on Ethics. He reported none of the pending legislation he had spoken about passed in the Florida Legislature so, there are no changes to make. He stated the only thing that did pass was in the Public Records area that said there must be a provision in outside vendors' contracts that says that in the event that they have possession of a record that amounts to a public record that the Board does not have, the vendor agrees that in any future contracts they must assist the Board and abide by all the rules that apply to Public Records in the safe guarding of private information. He stated the Internal Revenue Code and the Share Plan Ordinance was adopted by the Commission at last night's meeting which goes to Tallahassee along with the Impact Statement to Keith Brinkman and Sarah Carr. He stated next the Board had interview and hired two (2) portfolio securities monitoring firms and the contracts are in place and they have followed up and gotten the data per Ms. Spriggs. Ms. Spriggs stated there was confusion in that the pension fund went into the market in 2010 and she had thought it was much earlier. She stated what has happened is they have requested data from Salem and Salem has a policy that they only go back and extract seven (7) years of data and there could be a minor charge for Salem to go back farther to get the records prior to 2010. She stated the cost could be \$300 and Mr. Christiansen recommended spending that money because once they get the data if the plan changes custodians these entities will have all that data and that is a good thing. It was determined that the plan was in the market from sometime in 2004.

**It was the consensus of the Board to authorize Ms. Spriggs to spend an amount not to exceed \$500.**

Mr. Christiansen stated at the last meeting the Board approved the Actuarial Valuation and he asked if the Expected Rate of Return letter was sent and Ms. Spriggs responded

"yes".

**B. Plan Administrator Comments - Lisa Spriggs**

Ms. Spriggs stated she received the Member Statements so she will be providing those to Mrs. Helberg for distribution to the plan members. She stated we had one (1) review of the State Report and she has submitted the plan's comments. She stated we received a second review letter that reflects a footing error on one (1) of the pages and going back it is just a transposition of a number in the State's PDF Form and she will make that change and re-submit for approval pending the audit which is being held up by the Florida Retirement Service (FRS) disclosure. She stated those are the only two (2) items. She stated she had heard from the portfolio monitor Kessler Topaz but, had not heard from the other company, the letters have been provided to Salem so, she is not sure where they stand. Mr. Christiansen stated maybe he should follow up with them to make sure they have received the data. Ms. Spriggs stated that is all she has except she has been working with a couple of plan members on preliminary or tentative retirement paperwork. Mr. Christiansen stated it looks like the asset allocation will be the biggest thing going which is a good thing.

**9. BOARD/COMMITTEE MEMBERS COMMENTS:**

Chairman Koczan suggested not at tonight's meeting but, at the June Meeting the Board should discuss the calendar for the rest of the year because the Board is pretty much on a routine now meaning there are no huge issues. Mr. West stated he has the next meeting to be scheduled for July 19th and Mr. Christiansen added the next meeting after would be October 18th. After discussion the Board decided not to hold a June Meeting. Mr. West stated he could get everything done including the Quarterly Report and the Manager Search at a July Meeting and he already has the July 19th meeting on his calendar. Mr. Vroman stated he will be on vacation but could attend via conference call. Chairman Koczan asked Mr. West to try to get the information to Mr. Vroman so he can have time to review it and will be able to forward any concerns or questions for discussion at the meeting. Mr. West stated he could do another date if needed and Mr. Vroman responded if you change the date for him it may not work for anyone else. Mr. Gizzi stated even though the Board could have the discussion at the July meeting the Board could hold off until the following meeting to make a decision if needed as there will be a lot to digest. It was determined that Mr. West would get the Manager Search files to the Board prior to the July 19th meeting so, Mr. Vroman can review and be able to comment either by email to Ms. Day or by conference call or both. Mr. Christiansen stated to be clear due to Sunshine Laws Mr. Vroman would need to respond via email to Ms. Day and Ms. Day would bring his comments to the meeting or he can call in or both. Chairman Koczan stated the next meeting will be held on July 19, 2016 at 3:00 p.m. and Mr. West will present the Manager Search and the Quarterly Report; there will not be a meeting in June and skip August and September unless something comes up which can be addressed at the July meeting; the Board agreed.

Mrs. Deyette and Mr. Fleemin had no comments.

Mr. Gizzi commented the plan still is moving along with an 8% assumed rate of return and looking at FRS who is using a 7.75%; it was determined that FRS rate is 7.65% and he stated he believes the Board has been resistant to lowering the rate to 7.75% to not cost the City will have to fund more money however, the Board carries liabilities for this. He stated he remembers discussing this back in last October and then in January or February the Board was going to consider a change in the assumed rate of return and yet the plan is still at 8%. He stated for the benefit of the members and a look at the future with a more realistic approach he is not comfortable being 35 basis points higher than FRS. Mr. Vroman stated he agrees with Mr. Gizzi but, he remembers that the Board discussed this and decided to wait to let the City see the fruits of that \$250,000 extra money put in by the City by not messing with the rate. He stated he believes the Board needs to start coming up with a plan to lower the rate but, whatever that plan is the City needs to be involved in it because, there could be a big liability for the City. Chairman Koczan stated there needs to be a timeline because the rate can be changed at any time by the Board. Mr. Christiansen responded the rate is used in the valuation and the actuary only does the valuation once per year so, the city will know what the cost is. He stated most of the Boards he works with are below 8% at this time and one (1) way that can be accomplished is to put in a program where the rate is reduced 1/10th of a percent each year for five (5) years which will get the rate to 7.5% and will not cause a big impact. Mr. Gizzi stated he would like to see the rate reduced to 7.75% initially. Mr. Vroman responded would the funding level need to be changed because, the plan is at 75% funded now but could go to 70% funded with the change and now the Board is dealing with the public who sees the plan at 70% funded like Port Orange was years ago. Mr. Christiansen stated the Board needs to focus on what needs to be focused on and not what the additional cost is to the City or what the public thinks; what the Board should be looking at is that the assumptions need to be as close to reality as can be and if that means lowering the assumed rate of return then the rate needs to be lowered and the actuary will tell you that. He stated the funding may go from 75% to 70% but, bottom line is if the plan is using an assumption that is not realistic and is not what the plan is getting then the plan is not using the right number; that is the Board's responsibility and the City does not have to approve it. Chairman Koczan stated the debate should be how the plan gets from where it is now to where it should be. Mr. Gizzi stated he believed a workshop is in order and Mr. Vroman responded that he believed a study should be done by the actuary at that 7.75% rate to show the pros and cons to the Board and showing the cost to the City as well the members and a window of time. Mr. Gizzi asked if the Board could direct Ms. Spriggs to get a study of the cost for an actuarial assumption of 7.75% along with the regular rate before the report comes out. Ms. Spriggs stated the actuary already does that for the State report but it is a little different. Ms. Helberg stated that is done for GASB at 7.9%. Mr. West suggested asking the actuary to do a cost based on 25 basis points using two (2) factors such as moving five (5) or 10 basis points then you would know the cost. Mr. Christiansen stated if the Board is going to make a change the Board needs to do it before the end of the fiscal year otherwise the actuarial valuation will still be using the 8%. Mr. Vroman stated he believed the method used by the City to make payments to the plan was changed from every two (2) weeks to a lump sum at the beginning of the year and he asked if Mrs.

Helberg was making a reduced amount per the actuary or is she making the same amount as you would every two (2) weeks. Mrs. Helberg responded she takes what is projected for everyone's salary and multiplies it by what the actuary tells her to put in; it was determined there was no reduction but, there is a positive. Mrs. Helberg stated the City put in an extra \$250,000 last year and she had already put in for the whole year not knowing some members would be going into DROP so, the amount was about \$300,000 or more so, there was an overage contributed. She added the City authorized an extra \$180,000 this year. Mr. Christiansen summarized that if the Board reduces the rate of return that the voluntary money that the City is putting in may just become required money. Mr. West stated by the City making the contribution at the beginning of the year the actuary is making the contribution requirement based on that contribution date which means that he is factoring in the 4% interest cost savings which is reducing the City contribution cost by 1/2 of that 8% annual cost.

Ms. Spriggs stated when Mr. Donlan was here and presented the actuarial study he mentioned that he could do an experience study that did not just talk about the rate of return it talked about all the assumptions that are used and that way the Board could really zero in on each assumption and the cost was about \$6,000. She stated an experience study lasts for about five (5) years so, it would be like spending \$1,200 per year to keep the assumptions current. Mr. Christiansen stated there are a lot of assumptions used in the actuarial study assumed rate of return such as the turnover, salary increases, disability, when people are going to retire and what an experience study does is it goes back to see what has actually happened with this plan and compares it to the assumptions that are being used which is what the Board is talking about with regards to the investment return assumption. He stated the study goes back and sees things like who has taken advantage of early retirement, have people really been retiring at a normal retirement or are they working an addition year or two (2) and has salary actually gone up by 6% - 7% or the amount that was assumed so, if the experience study is done the actuary will not advise the Board what the assumed rate should be but, will recommend the Board talk to the investment advisor for that rate. He stated however the actuary will give opinions on the other assumptions and make recommendations on those assumptions and each change will have an effect that will cause an increase or decrease in the required contribution by the City. He added if there are changes made to the other assumptions and it ends up being a net gain for the City it may offset the reduction in the assumed rate of return and may end up being a wash and there probably has not been a study done on the plan. Mr. Vroman asked what the cost would be for doing a study of one (1) issue such as lowering the assumed rate by 1/10% and Ms. Spriggs responded the actuary could probably just tell the Board that amount based on today's study.

Mr. Vroman stated he would like to make a motion to spend the \$6,000 on the experience study and would also ask the actuary to give the Board give the amount for an assumed rate of return reduction of 1/10% and 1/4%. Chairman Koczan stated the numbers won't matter unless the Board knows what it is trying to achieve and he asked if the Board is striving to achieve 7.75%, 7.65% or 7.5%.

Mr. Gizzi stated he would be for moving to 7.5% without seeing anything if FRS is at 7.65% and Chairman Koczan stated this plan cannot be compared to the FRS plan that is more than 15-20 years old, has about 300 members and has some 300,000 people collecting pensions. Mr. Vroman stated by using the numbers he is asking for, the Board should be able figure out some rough numbers that are safe to lean on and his goal is to lower the rate of return with the least impact on the City. Mr. Christiansen stated in the experience study that the actuary will have a line item for each one (1) of the changes that will show what the experience has been with each of them and then a recommendation will be made on which assumptions such as the salary increase assumption that is 7% per year and maybe change that to 5% per year which will be a gain, a line item for just going to 7.75% or to 7.9% and then at the bottom it will show if all of the above changes that are made and the assumed rate of return is 7.75% what the impact will be or if you use a rate of 7.9% what the impact will be and that is what you will get. The Board agreed that is what it wants. Mr. Vroman added the study will give the Board data instead of just coming to a meeting and making a motion to lower the rate of return.

The Board directed Ms. Spriggs to contact the actuary to request the experience study be done. Ms. Spriggs asked if that could be scheduled for the October meeting and the Board asked her to find out the turnaround time and maybe a special meeting can be called to discuss the study.

**Motion was made by Member Vroman, seconded by Member Gizzi to spend the \$6,000 on the experience study and would also ask the actuary to give the Board give the amount for an assumed rate of return at 1/10% and 1/4%.**

**For: 5 - Chair Koczan, Secretary Vroman, Member Deyette, Member Gizzi and Member Fleemin III**

Member comments resumed.

Mr. Vroman commented that Danny Bowen is looking at going into DROP and needed the forms and the timeline and Ms. Spriggs stated she believed the forms had already been sent. He asked that the information about the process and the forms be put on the website. Mr. Fleemin commented that members need to take ownership but the membership needs to be educated on what they need to do. Mr. Vroman stated another question is if a member is vested can that member cash out if they are not at retirement age and it was determined there is no lump sum distribution but they can get their contributions back but, at that time they give up their right to any benefits. He stated the member's request is in regards to a divorce and Mr. Christiansen responded he needed the information on who the person is, contact information, the wife's contact information, the name of the person's and the person's wife's attorneys' names. Mr. Christiansen stated that this is in the Summary Plan Description and the Operating Rules that the Plan Attorney be notified of that because, there are rules for what can and cannot be

done with a pension benefit in a divorce and he will need to provide that information. Mr. Fleemin stated as a Board Member is he obligated to tell the Plan Attorney if he hears about something like a divorce and Mr. Christiansen responded he would advise if it is a rumor then you should go to the person tell that person that he needs to contact the Plan Attorney before the final order is filed. Mr. Vroman stated next he would like to start the process to be certified and he would like to discuss the process at the July 19th meeting and to get the Board's approval so he will not incur any cost. He asked Mr. West if he could look into LNCG Investments, a mid-cap fund, and give an opinion and Mr. West responded he will have to speak with the research department but, his inclination was to go passive with that space. He stated he also attended a real estate conference in Miami and he learned a lot of good information and he went over a few topics.

Chairman Koczan stated members do not know where to go and what to do regarding the plan and the City has a couple of platforms for this information. He asked Mr. Christiansen what other plans do and Mr. Christiansen responded that information is in the Summary Plan Description and it is distributed to the members every two (2) years. Ms. Spriggs stated the forms have been sent to Mrs. Santiago at the Fire Department and she has posted them on FireNet. Chairman Koczan asked if someone could ask the City Clerk about adding forms to the City Webpage maybe under the Fire Department.

There were no other comments.

## 10. ADJOURNMENT:

The meeting adjourned at 7:24 P.M.

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Jim Koczan, Chairman

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Janet Day, Board Liaison