



# City of Deltona

2345 Providence Blvd.  
Deltona, FL 32725

## Minutes

### Firefighters' Pension Plan Board of Trustees

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**Tuesday, July 19, 2016**

**3:00 PM**

**2nd Floor Conference Room**

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#### 1. CALL TO ORDER:

Meeting was called to order at 3:13 p.m. and it was determined there was not a quorum. It was decided by the members present that reports could be given but no items requiring action could be discussed.

#### 2. ROLL CALL

**Present:** 2 - Member Janet Deyette  
Member John Fleemin III

**Excused:** 3 - Chair James Koczan  
Secretary Kurt Vroman  
Member Gene Gizzi

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

##### A. Adoption of the minutes from the May 17, 2016 Firefighters' Pension Board of Trustees Meeting.

No action was taken on this item.

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

Ms. Spriggs introduced Mindy Johnson, Salem Trust who will introduce herself and give a little background under Item 4A and Greg Peters, Dana Investment Advisors who will introduce himself and give a summary of Dana's portfolio report as of Jun 30, 2016 under Item 4B. Neither item requires action. Then Mr. West can follow with his Investment Performance Review.

##### A. Introduction of Salem Assistant Vice President, Relationship Manager Mindy Johnson.

Mindy Johnson, Assistant Vice President, Relationship Manager with Salem Trust introduced herself stating she had joined Salem in June of 2015 and she had just not gotten out to introduce herself and to say hello. She stated when she took over the relationship she did a thorough review of that relationship and she noticed the Manning & Napier account had been closed which reduced the number of accounts. She stated

the current fee schedule that the plan is on charges extra for the fourth account because the current schedule includes three (3) accounts so Salem should have stopped charging for that extra account in January and Salem owes the Plan \$250.00. She stated that will be refunded on the fees next quarter. She stated she will continue the thorough review and she will come back during the fourth quarter to talk to the Board about some other options as far as fees go.

**B. Dana Investment Advisors Portfolio and Economic Update - Greg Peters, CFA, Vice President Client Services and Portfolio Specialist.**

Greg Peters introduced himself and stated he had taken over Deltona's account in May 2016 after Mr. Hammond passed and he spoke about his background with SunTrust Bank in the Investment Office. He went over Dana's Portfolio and Economic Update showing the Quarter to Date at .56% which is pretty much in line with the index, Fiscal YTD at 5.17% and 12.14% since inception. He stated index returns in the quarter were generally positive. He stated Dana's strategy profile is sector neutral and tends to look for the best stocks in each sector. He went over the Contributors and Detractors as well as Select Additions and Deletions to the portfolio for the quarter. He went over some characteristics of the portfolio that Dana believes are positive for the strategy. Mr. West stated referencing Page 18 of the Bogdahn Report the last couple of quarters were a little tough and he asked Mr. Peters to touch on some of the challenges. Mr. Peters responded some of Dana's risk controls that are in place like sector neutral and equal weighting hurt the portfolio lately and he went over some of the headwinds facing Dana's strategies. He stated Dana has consistently provided quarterly earnings at a greater rate than the benchmark. He went over shareholder yields, macroeconomic background, Brexit, the Consensus GDP Forecast, the GDP breakdown and he spoke briefly about retail sales continuing to gain share, crude oil prices and Equity Market Earnings and Valuations. He concluded by speaking about trends and risk controls working against Dana recently however, Dana sees those things changing in the market and earnings will be better going forward. Mr. Fleemin asked Mr. Peters if he had determined which one of the risk measures caused this and Mr. Peters responded he believed it was the equal weighting but over the long term Dana feels the track record of equal weighting definitely out-performs and Dana will stick with that measure. Mr. Fleemin asked if there was any international exposure and Mr. Peters responded possibly some of the companies could however most of the companies are domestic.

**E. Investment Performance Review - Dave West, Plan Consultant**

Mr. West briefly went over the Preliminary Report for the 2nd Quarter 2016; the only things missing are the peer group rankings and the total fund. He pointed out the Total Fund Composite return is up 1.54% for the quarter with the past policy benchmark at 1.9% so a little return was left on the table so the good news is despite Brexit and the correction afterwards with the full impact reflected the FYTD as of June 30, 2016 the return is at 6.41% and he would estimate seeing new highs in July and we are looking at possibly adding .75% which will put the fund at just under 7.5% adding that achieving the Actuarial Required Rate of Return of 8% is definitely on the radar. He went over the

individual numbers pointing out the S&P500 Index Fund earned a full 2.45% so FYTD that index has given the plan a little over 11%, the Dana strategy is a style specific Growth Manager Large to Mid-Cap fund and those stocks did not do very well this period but FYTD Growth Stocks were up 8.75% but were less than the returns for the S&P Index Fund. He stated the Euro-Pacific Fund contributed about .25% and FYTD ended up at .27% but the long term numbers look promising. He stated there was a bond rally and Sawgrass had a 2.16% return with FYTD at 5.05%, Vanguard FYTD was 5.55%, Templeton Global Fund underperformed so Bogdahn will be re-examining this fund and if any changes need to be made he will come back to the Board, PIMCO made up their losses and were up 5.03% with FYTD at 8.44%. He stated finally he is not able to give the ASB Real Estate returns for the quarter because there is a 45 day delay after closing but estimates from the manager say the fund will get a 2-2.25% return so not including that the FYTD is 7.29% and with that could possibly be a 9-10% FYTD. Mr. Fleemin asked what the niche was for ASB and Mr. West responded each manager will have a focus but ASB is in all the property types like office, industrial, apartments and are diversified across the country with the majority of their properties instead of being in the middle of metropolitan areas like New York City with large buildings they concentrate on the peripheral with smaller building types; they are pretty evenly disbursed geographically and across the major property types. He stated that concluded his summary and he asked if there were any other questions and there were none.

Mr. West asked if he could leave the two (2) reports so they could be handed out at the next meeting and Ms. Day responded she would hold them for redistribution at the next meeting. He stated if you recall when Manning & Napier came up for replacement he did a lot of research combined it and put it all in one (1) book which created confusion but basically he wanted the Board to take one (1) of two (2) steps. He stated the first one (1) which was his recommendation was to place the funds in an index fund and that index fund would be the S&P400 which is primarily in mid-cap stocks. He stated he had written that out as a mini education piece with the reasons supporting that recommendation with bullet points and data and is the most efficient space in the equity markets. He stated the second way would be to do a standard manager search, bring in three (3) active managers and compare them to Manning & Napier if the Board decides to do that. He stated that the fund at this time is in the S&P500 as a place marker and his recommendation is that the Board hone that down a little more precisely and efficiently and move that money into the S&P400 Index Fund. He stated the fund will then have Dana managing a pretty broad Large Cap Growth Portfolio actively and the S&P400 would be managed passively to be complimenting/contrasting portfolios. Mr. West stated also from a rebalancing standpoint there is no need to make any changes, just ride it out and hope for a good close of the fiscal year. He concluded his report.

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

Ms. Spriggs stated no action can be taken on this item so she will take some notes and get with Chairman Koczan to move forward on the quarterly invoices to execute them; she is still waiting for the ASB invoice. She stated also that Mr. Vroman had submitted a request to register for the FPPTA Certified Public Pension Course in the amount of

\$900.00 and she knew the Board had discussed it previously and were supportive of Mr. Vroman doing that; she will get with Chairman Koczan so she can execute that request and get Mr. Vroman signed up before the September deadline.

Ms. Spriggs stated the Board will also need to adopt the budget for 2016/17 by September 30th; the budget is very similar to last year's budget so the Board will need to schedule a meeting before September 30th. She asked if the Board does not adopt a budget will it become the same as previous one and Mr. Christiansen responded the Statute does not say that and he asked if the Board has another meeting scheduled. Ms. Spriggs responded the Board was trying to go to just having quarterly meetings. Mr. Christiansen stated the Board has to have at least one (1) official meeting per quarter and Ms. Spriggs responded we will schedule this issue at a meeting in August or September.

Ms. Spriggs stated there were another couple of follow-up questions from the State and she has responded per a letter with an explanation that is included with the packet so the plan should be receiving its distribution in August or September. She stated also there is a report from Hagens Berman per the monitoring contract in the packet with a couple of items listed that the Board may want to consider however the report says that the custodial records do not go back far enough to be able to calculate a settlement. Mr. Christiansen stated the plan is contracted with two (2) firms and the Board does not have to take action because the other firm Kessler Topaz will actually file the claim so, if there is a claim to be filed Kessler Topaz will file it without being told.

#### **D. Other Submissions**

Ms. Spriggs stated there were two (2) retirements in the past quarter; one (1) is a DROP and it had been discussed at the last meeting. She stated that was Daniel Bowen and his DROP was effective June 1, 2016. She stated there was also a terminated vested member, Rick Dougal who filed paperwork and began collection however there is an issue and Mr. Dougal has written a letter. She explained that Mr. Dougal was terminated vested with 14.6 years and was waiting until he was age 52 which would be like early retirement. She stated when she gathered the information and submitted it to the actuary the actuary responded Mr. Dougal did not have to take early retirement; he actually gets full retirement because in the ordinance it actually says in the Terminated Section it would be payable at the participant's otherwise normal or early retirement date determined as if he or she had remained employed. She stated this had not happened before so this was a learning experience and basically the way the ordinance is written is that the terminated vested is your end date of the pension, usually your hire date to the date he would collect. She stated the member would have had 25 years if he had been here. Mr. Christiansen added also that before the member reached age 52 so the member could have collected a couple of years earlier but never came and asked to do so. Ms. Spriggs stated she had consulted with the actuary when that came in to ask if the plan could do anything retro and she asked Mr. Christiansen his thoughts. Mr. Christiansen responded that his feeling is that someone is not eligible to receive a benefit until they apply for the benefit and since the member did not apply for the benefit

there is no provision and if that were the case and the plan started doing retro someone could wait indefinitely and amass a big retro amount and say they are ready to receive it. He stated that is not the way the program is set up and his recommendation is that the member is not eligible to receive the retro. Ms. Spriggs suggested this is an issue the Board should talk about. She stated she had not given the member wrong information as we were both operating on the same information and she had gone all the way back on the ordinance. She stated in the "original" ordinance in about 1998 when the pension was put in place it did not address it that way. She stated the change came when the plan went to the 25 year retirement and dropped the age in 2000 when that new section was added regarding terminated vested people. She stated we made the ordinance clearer but we added some language that had not been there before. Mr. Christiansen stated what applies is the language that was there when he left the plan and the language that Ms. Spriggs read was in the plan when the member left so it would apply to the member. Mr. Fleemin asked if Mr. Christiansen foresees a law suit against the pension and Mr. Christiansen responded the member would have to file a claim first stating he has a right to retro payment to ask the Pension Board to take formal action just like a disability claim administrative proceeding. Mr. Christiansen asked to confirm the member is receiving a benefit at this time and Ms. Spriggs responded "yes" and the good news is that the member got more than he thought he was going to get. Ms. Spriggs stated in addition there was one (1) termination payment in the amount of \$1,588.28 to Danielle Brousseau and she will have all of these approved at the next meeting.

**5. PUBLIC FORUM:**

**6. OLD BUSINESS:**

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

This item was tabled until the next meeting.

**7. NEW BUSINESS:**

**A. Discussion of Experience Study - Patrick Donlan, Foster & Foster**

Ms. Spriggs stated she had arranged to have Mr. Donlan, Foster & Foster on conference call to go over the experience report that is included in your packet. She stated there is a lot of information in the report about the different elements in the actuarial study, what happens when you change any of the elements and what effects it has on the City's contribution. Mr. Christiansen suggested the Board could just line Mr. Donlan up for the next meeting. Ms. Spriggs agreed and stated maybe she can schedule Mr. Donlan to attend the next meeting to go over the report.

This item was tabled until the next meeting.

## **8. STAFF COMMENTS:**

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

Mr. Christiansen stated he only had a couple of things to update everyone on; he checked online to see if everyone had filed their Form 1, Financial Disclosure Form and everyone on this Board had filed. He stated they did have Mr. Maples listed as not having filed. Ms. Day stated she had contacted him about this and he is aware there is a fine for not filing. Mr. Christiansen stated the other thing is at the last meeting the Board approved the Operating Rules with a couple of changes; he made the changes so it is finalized and done and there is no need to look at them unless the Board has something come up like the issue Mr. Fleemin brought up about some information he passed out regarding real estate investments. He stated what the operating rules say is with regard to investment people who want to come before the Board can provide written information to the Board and the Board would decide whether it would have the Board's Consultant look at the information; the Board does not routinely put investment people on an agenda. He stated if you think about it if we allowed one (1) then the next one (1) would expect to be put on the agenda and the Board would find that all it would be doing is listening to presentations and not doing the plan's business. Mr. Fleemin asked if the Board has an obligation if someone asks to come before the Board and Mr. Christiansen responded "no". Mr. Fleemin stated the reason he asked to do this was he had attended a "Due Diligence" meeting and he felt like it was warranted to ask permission of the Chair to devote a few minutes to a conference call and to ask Mr. West do his due diligence. Mr. Christiansen responded that the Board has to allow the public to be heard but that is not a 20 minute presentation but is 2-3 minutes that the Board would typically allow the public to speak about issues that are coming before the Board. He stated if the Board wants to hear from these people he can't tell the Board they can't but the Operating Rules say that the standard operating procedure (SOP) is that the Board will receive written information and if there is a need for a manager that does what the investment person does, they would be considered. Mr. West added that is why the plan has an investment consultant whose responsibility it is to take investment ideas, vet them and then give an opinion. Mr. Christiansen stated we still have to look to the Operating Rules and if you want to change the rules the Board can revisit them; he has no problem with that. It was decided that Mr. West would vet the information and give an opinion at the next meeting.

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

Ms. Spriggs had no other comments.

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

Mr. Fleemin commented that he was still waiting for a travel reimbursement and he asked if Ms. Spriggs had been notified that there was a check due for \$200-300 to him for attending a conference that still had not been received; it had been 7-8 months. Ms.

Spriggs stated she would have to go back to see what happened, if it was on her end, if there was a signature or it was submitted and did not get paid but she believed it had been re-submitted and should have been paid. She stated she will go back and look at it again.

Mr. Christiansen stated a meeting is needed this quarter and it was decided that Ms. Day would email the Board Members to try to schedule a meeting, possibly September 20th at 5:00 p.m. She will schedule the meeting after input from the other three (3) Board Members.

**10. ADJOURNMENT:**

The meeting adjourned at 4:00 p.m.

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Jim Koczan, Chairman

ATTEST:

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Janet Day, Board Liaison