

**CITY OF DAYTONA BEACH POLICE AND FIRE PENSION FUND
MINUTES OF SPECIAL MEETING HELD
JANUARY 4, 2011**

A special meeting of the Board of Trustees was called to order at 8:30 A.M. in the Council Chambers located at Daytona Beach City Hall. Those persons present were:

TRUSTEES PRESENT

Mark Eisner
Jeff Rossi
Terence Henry
Lyle McCormick

OTHERS PRESENT

Lee Dehner, Christiansen & Dehner P.A.
Nick Schiess, Pension Resource Center
Robert Cleary, Disability Claimant
Randall Stanley, Stanley Holcombe & Associates
Mike Tyrell & Len Taft, IAFF Local 1162
Sally McCarroll, City of Daytona Beach
David Kornreich, Fisher & Phillips, Counsel for the City

CALL TO ORDER

The meeting was called to order at 8:30 A.M. Nick Schiess provided the roll call.

PUBLIC COMMENTS

Chairman Mark Eisner invited those present to address the Board with public comments. There was no public comment.

APPLICATION FOR DISABILITY BENEFITS: ROBERT CLEARY

Lee Dehner reviewed in great detail the procedures for the disability hearing proceedings, the Plan provisions, and substantive law for the Trustees. He explained the definition of total and permanent disability, as well as the provisions of the Ordinance containing the substantive provisions in the Plan pertaining to disability pensions. He noted that the disability must be determined to have occurred in the line of duty for the Board to grant a service related disability pension.

Robert Cleary appeared before the Board and discussed his injury that occurred in the line of duty and his medical condition and treatments.

The Trustees, having reviewed the medical evidence individually prior to the meeting, discussed in great detail Robert Cleary's medical condition, physicians evaluations, independent medical evaluation, and other factors regarding the Application for Disability Benefits for Robert Cleary. The Board confirmed that the physician performing the independent medical evaluation had issued an opinion that Mr. Cleary was totally and permanently disabled and unable to render

useful and efficient service as a police officer. After a lengthy and careful discussion, Terence Henry made a motion to determine that Mr. Cleary was totally and permanently disabled and unable to render useful and efficient service as a police officer. Lyle McCormick seconded the motion, approved by the Trustees 4-0. Terence Henry made a motion to determine that Robert Cleary's disability was service related. Lyle McCormick seconded the motion, approved by the Trustees 4-0.

ACTUARIAL EXPERIENCE STUDY

Randall Stanley appeared before the Board on behalf of Stanley Holcombe & Associates to present an experience study for fiscal years 2004 through 2009. He explained that the experience study was an analysis of the actual experience of the Plan versus the Plan assumptions. Mr. Stanley advised that the assumptions do not affect the actual cost of the Plan, which is determined by the cost of benefits offset by investment income. But instead the assumptions affect the timing of the contributions to the Plan with the desired outcome of stable funding requirements for the City. He further explained that the object of the experience study was to refine the assumptions to approximate as closely as possible the future long-term experience of the Plan.

Mr. Stanley reviewed the Plan assumptions and experience in great detail. He reported that the assumed composite rate for salary increases was approximately 6.0% and while the actual experience for salary increases averaged 7.7% over the scope of the study, he noted that the most recent salary increases were lower than the average. Mr. Stanley recommended the retention of the current assumption for salary increases. He was questioned regarding the validity of the assumption given that the actual experience was higher during the course of the study and he responded that with assumptions a long-term perspective was important and he believed the assumption was valid over the long-term.

Mr. Stanley reviewed the investment return experience noting that the assumed rate of return was 7.5%. The average was 7.7% for the past five years, 5.0% for the last ten years and 8.9% for the past fifteen years. He discussed the actuarial smoothing method, which blended the investment returns over a rolling five year period, and is the maximum duration permitted by the State. A very lengthy discussion arose regarding the expected investment returns for the Plan. It was noted that the 7.5% assumed rate of return was the same rate utilized by the Florida Retirement System.

Mr. Stanley reviewed the Plan experience for retirements of the separate police and firefighter memberships noting that more firefighters and less police officers had actually retired than expected. He provided proposed changes to the retirement assumption.

Mr. Stanley reviewed the actual experience for terminations and recommended no changes to the respective assumption.

Mr. Stanley reported that the current mortality table is the 1994 GAM Table and recommended revising the table to the more current RP 2000 Table. He advised the group was not of sufficient size to devise a separate mortality table just for the Plan.

Mr. Staley reviewed the experience for disability retirements and recommended no changes to the respective assumption.

A lengthy discussion arose regarding the unfunded liability of the Plan. Mr. Stanley was questioned regarding the origin of the unfunded liability and whether it would decrease if the Plan assumptions were met. He explained that the unfunded liability is a result of benefit improvements that are funded over time and the actual experience versus the Plan assumptions. Mr. Stanley explained the development of the costing of the Plan and advised that the unfunded liability is already being amortized and represents a portion of the annual funding requirements by the City and therefore should continuously decrease provided that the assumptions are met.

Lyle McCormick made a motion to accept the experience study and adopt the revised assumptions proposed by the Actuary. Terence Henry seconded the motion, approved by the Trustees 4-0.

OTHER BUSINESS

The Board reviewed Resolution 10-340 adopted by the City wherein the city requested separate accounting of the police officer and firefighter memberships. Lyle McCormick made a motion to direct the Plan's Actuary to prepare separate accounting of the police officer and firefighter memberships pursuant to the City's request. Terence Henry seconded the motion, approved by the Trustees 3-1 with Jeff Rossi dissenting.

Jeff Rossi expressed concerns for the record that splitting the Plan into separate police officer and firefighter pension plans might weaken the resulting separate funds.

Len Taft, on behalf of the IAFF Local 1162, expressed concerns over the proper accounting and identification of the police and fire memberships to ensure accuracy in the assigning of the respective liabilities for the respective groups.

ADJOURNMENT

The meeting adjourned at 10:15 A.M.

Respectfully submitted,

Secretary