

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**August 26, 2010**

The meeting was called to order at 9:08 A.M. in the Conference Room at Station 1, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

Jimmy Shook  
Rich Seamon  
Pat Highland  
Mark Lamb

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson and Shaun Melvin, Attorney  
Duane Howison, Actuary  
Steve Carr, Finance Director

**ADDITIONS AND DELETIONS**

There were no additions or deletions to the Agenda.

**ACTUARY REPORT**

Duane Howison appeared before the Board. He reviewed the assumptions and methods of the Fund. He stated that there were two issues. The first issue was the actuarial assumptions, which is independent of the merger with PBC. He stated that they were recommending a more updated mortality table and a reduction of the assumed rate of return, which is currently at 8.5%. He stated that for ongoing pension plans that they work with they are trying to ratchet the rate down to no more than 8%, and some at 7.5%. He stated that they have been making these recommendations across all of their plans, so they would be making these recommendations regardless of the merger. He stated that with a closed plan, usually the asset allocation gets more conservative so there is usually an additional push for a lower assumed rate in the context of a closed plan. The second issue is the funding method. He stated that they currently use an entry age normal funding method. This allows funding in an appropriate manner and matching up funding to the active members lifetime. However, when there is a closed plan, they need to shorten up the time frame.

Mr. Howison stated that the Board needs to make changes, but those changes can be done incrementally. He stated that the other Lake Worth Pension Plans have made the changes to the mortality tables and assumed rates of return, but have phased in those changes over 5 years. He stated that they did not propose any funding method changes on the other Lake Worth Pension Plans as of yet. He stated that they would most likely propose that change soon to the Police Plan as that Plan is closed now as well. With respect to the funding method, he stated that they usually recommend using an entirely different method called aggregate funding. However, in most cases lately they have been advocating staying with the entry age normal but reducing the time horizon from 30 to 15 years. There was discussion on the recommendation on the investment return assumption. It was noted that the Investment Monitor had recommended an investment return assumption between 7% and 7.5%.

Mr. Levinson noted that at a prior meeting there was discussion on the City contributions and the lack of payment since February. The Board had sent a letter to Mr. Carr dated June 15<sup>th</sup> regarding the City contributions. It was noted that the matter has since been

resolved and the Board thanked Mr. Carr for all of his cooperation and effort. The Board had also invited Mr. Carr to this meeting to discuss possible changes to the actuarial methods and assumptions. The Board indicated that it was looking for the City's input on the proposed changes to the actuarial methods and assumptions before any decisions were made. Mr. Howison discussed when the changes would take place if the Board moved forward. Mr. Howison stated that the most aggressive position would be to make changes with a supplemental report effective October 1, 2010 for the fiscal year ending September 30, 2011. However, there is usually a one-year lag from the Valuation date versus the funding requirement. Mr. Carr noted that the City's budget was predicated on the numbers in the Valuation presented to the City in June. It was noted that if changes were made, it would be for the subsequent fiscal year – October 1, 2011 to September 30, 2012. It was noted that the other Lake Worth Pension Plans are doing a phase in over 5 years to get to 7.75%. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to request a fee proposal from the Actuary for the Actuary to perform two forecast with the same methods but phasing to 7.75% over 5 years and phasing to 7% over 10 years.

Duane Howison and Steve Carr departed the meeting.

### **MINUTES**

The Trustees reviewed the minutes of the meetings of February 18, 2010 and June 9, 2010. A motion was made, seconded, and carried 4-0 to accept the minutes of the meetings of February 18, 2010 and June 9, 2010.

### **ADMINISTRATIVE REPORT**

The Board was presented with investment manager disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

The Board reviewed the financial statement for the period ending July 31, 2010.

The Board was presented with a list of applications for disbursements of DROP Account balances. A motion was made, seconded and carried 4-0 to approve the disbursements listed.

The Board was presented with a list of benefit approvals. A motion was made, seconded and carried 4-0 to approve the benefit approvals.

It was noted that there is a vacancy on the Board for a City position. The City Clerk advised that the City is accepting applications through September 20, 2010 with interviews on September 30, 2010.

The Board was presented with the engagement letter from Steve Gordon for the audit for the fiscal year ending September 30, 2010. A motion was made, seconded and carried 4-0 to authorize the Chairman to execute the engagement letter from Steve Gordon for the audit for the fiscal year ending September 30, 2010.

**ATTORNEY REPORT**

Adam Levinson discussed two Public Records Requests sent to the Fund. He also provided a copy of the Complaint for Declaratory and Injunctive Relief filed by the City against the Fund. Mr. Levinson discussed the process. He reviewed the Complaint.

**OTHER BUSINESS**

There being no further business, the Trustees adjourned the meeting.

Respectfully submitted,

Mark Lamb, Secretary