



CITY OF ORLANDO FIREFIGHTERS' PENSION BOARD NEWSLETTER



Volume 1, Issue 1 MAY 2007

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Dear Members:

Welcome to the Firefighters' Pension Newsletter.

We have initiated this quarterly newsletter to improve communications to all members of the plan.

Our goal is to build a better understanding for all members about your board, your pension benefits, investments and open up more effective lines of communication. This issue will answer questions regarding who make up your board? How do we get to

be trustees? What do the trustees do? How are disability hearings done?

We have recently met with Labor Relations, the Union, and the Board's attorney to enact the 99-1 Minimum Benefits under Florida Statute 175 to the Plan. We have been receiving State funds annually and now have enough funds to meet the minimum benefits of 99-1 for our members and future retirees. As soon as the Union and Labor Relations meet and have all our members vote

on the changes, we will submit the ordinance to City Council for enactment by probably October 1, 2007.

Future newsletters will include: How we select a money manager and the expectations we have of each money manager; What does a Master Custodian do; and more. If there is a subject you would like to see included in a future issue, please contact any trustee or our Pension Coordinator/Editor, Shelly Burlon.

In your service,

Ron Glass, Chairman

FIREFIGHTERS' PENSION BOARD TRUSTEES

10/1/2006-9/30/2008

Ronald A. Glass
Chairman elected by members
407-448-1027

John M. Miller
Vice-Chair, appointed by 4 trustees
321-436-3216

F. Michel Droege
Secretary, elected by members
407-277-8180

Mario A. Garcia
Trustee, City resident, appointed by City Council
407-929-8270

Rebecca W. Sutton
Trustee, City resident appointed by City Council
407-246-2341

DID YOU KNOW?

ORLANDO CITY CODE CHAPTER 12, SECTION 2

A board of trustees of said fund is hereby created which board shall be known as the City of Orlando Firefighters' Pension Board of Trustees.

The Board shall consist of five members, two of whom, if otherwise required by law, shall be legal residents of the City of Orlando, who shall be appointed by, and serve at the pleasure of the City Council; two of who shall be full time Firefighters as defined in Florida Statutes 175.02, who shall be elected by a majority of the firefighters' who are members of the plan. The fifth Member shall be chosen by a majority of the previous four members, and such

person's name shall be submitted to the City Council which shall, as a ministerial duty, appoint such person to the board.

Each trustee shall serve for a period of 2 years and may succeed him/herself in office provided a vacancy shall be filled in the same manner as hereinabove provided for the appointment or election of trustees. The board of trustees shall meet at least quarterly each year.

The board of trustees shall be a legal entity with all powers and responsibilities conferred upon it by law including the power to bring and defend lawsuits of every kind, nature and description. The trustees shall, by ma-

majority vote, elect from their members a chairman, a vice chairman and a secretary.

HOW IS THE PLAN FUNDED?

1. Members Contributions are 7.49% of salary per paycheck. District Chiefs contribute 6.99%.
2. Employer's Contribution is determined through annual actuarial studies prepared by the Board's actuary.
3. State Funds under Chapter 175 Florida Statutes. In August 2006 we received \$2,005,715.24 and in September we received an additional \$131,207.79 in surplus monies; totaling \$2,136, 923.03.

WHAT ARE THE RESPONSIBILITIES OF THE TRUSTEES?

The trustees must be educated in several areas of pension fund management. Our Pension Board oversees more than \$228 million. That piece of information alone tends to have a tremendous effect on a trustee. Many professionals guide the pension board trustees. Some of these professionals are within the City of Orlando: Rebecca W. Sutton, Chief Financial Officer and Trustee of the Pension Board; Donnie R. Jones, Treasurer and Executive Director; Katrina Laudeman, Financial Analyst and Deputy Executive Director; and Shelly Burlon, Pension Coordinator. Outside of the City we have a team of money managers who manage our pension investments and provide us with the diversification that is required to protect the fund from the ever changing market. Quarterly reports from each manager are reviewed at a quarterly performance evaluation meeting held with all three pension boards (police, firefighters' and general employees), the Board's Pension Consultant, Grant Kalson and/or Joe DeRosa of Kalson & Associates and our Master Custodian, Bernie Schoenfeld from the Bank of New York.

In addition to the money management matters, we have other dimensions to the pension board that many of you are more familiar with: medical disability retirements. There is a lot of stress involved in reviewing medical disability retirement applications and making decisions based on the medical evidence as to whether or not to grant a line of duty or non-line of duty medical disability retirement. The five board members must review the evidence provided by the applicant in the medical disability notebook, listen to the evidence presented to the board by the applicant and his or her attorney, and review other supplemental documentation as provided or requested. The Office of Legal Affairs assigns a Department Advocate to review the Fire Department's criteria for disability and gives their opinion to the Board. Although it may sound easy, the medical world does not always agree on all matters, which leaves the board to decide the outcome of an officer's disability application. Fortunately, we can rely on some expert legal advice from our outside legal counsel, James B. Loper whose office is in Tampa, Florida. In all medical disability retirements, the Board takes a neutral position, and it is incumbent on the applicant to prove the disability.

Shelly Burlon, Pension Coordinator

INVESTMENT/PENSION CONSULTANT

Kalson & Associates (K&A) serves as the investment consultant for the City of Orlando Firefighters', Police and General Employees' Pension Funds. The consulting team of Grant Kalson and Joe DeRosa provides multiple services for the Plans. We work very closely with the City's Treasury staff which has the job of implementing the Pension Boards' decisions.

Among our services are quarterly performance calculations and comparing investment manager returns against both the manager's peer group and index. K&A also performs ongoing due diligence with current managers. When appropriate, the firm's consulting team makes recommendations to retain or replace the Plans' investment managers. One example is a recent visit to the offices of one of our managers in order to assess the pros/cons of retaining the manager. Sometimes, we are encouraged by what we learn and no action is taken. At other times, the Board (s) decide to put a manager on "watch", which is a notification that performance must improve within a certain period of time or the manager will be terminated. When a decision is made for termination, we usually start a search for a replacement manager. This includes pre-screening and research of manager databases, in-depth manager interviews and candidate comparisons. We then enter into negotiations with the selected firm and assist in the portfolio transition process.

Asset Allocation is another important aspect of our services. In which asset classes should the funds be invested? How much money should be allocated to each investment style? Ultimately, will this asset allocation hit the desired actuarial rate of return? In fact, all credible studies show that asset allocation explains a majority of the Plans' overall returns. Our allocation work is constrained in the case of the Police and Fire Plans, which must conform to the restrictions mandated by State Regulations 175 and 185. One such constraint is that Police and Fire Plans can have no more than 10% invested in international securities.

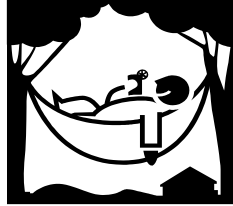
Educating the Plans' Trustees is another important part of what we do. We are living in a technological age and, like everything else, investments are becoming increasingly sophisticated. Your Trustees have fiduciary responsibilities and must understand investment concepts in order to make informed decisions. Therefore, with the help of the Treasury staff and input from the Trustees themselves, K&A is responsible for generating a list of educational topics for the annual Pension Education Retreat. Once the topic list is finalized, finding engaging speakers is the final piece of the puzzle.

While we utilize sophisticated software programs, at the end of the day, investing is also an art form and judgment is critical.

Grant Kalson, Kalson & Associates.

RECENT RETIREMENTS (NORMAL/DISABILITY) OCTOBER 2006— APRIL 2007

Rob Cullity,
(Disability)
Samuel May
Mike Riley
John Alexander
Kathy Johnston-Miller
John Williams



PENSION BOARD MEETINGS IN 2007

All regular monthly meetings are scheduled for the 3rd Thursday of the month at 8:15 a.m. in the agenda conference room, 2nd floor of City Hall. However, sometimes they have to be rescheduled. Please check the weekly list of public meetings in the rotunda or check the City Intranet for Meetings & Events of the week.

WHAT ARE THE PLAN'S INVESTMENTS IN?

The Plan has investments in fixed income bonds; fixed income mortgage back securities; mid and large cap value stocks; small and large cap growth stocks; international growth and equity stocks; and real estate investment trusts. We have ten money managers at the present time. For the quarter ending September 30, 2006 the Pension Fund earned 3.0%; fiscal year to date 9.7% and calendar year to date 7.3%. The Plan is currently 94% funded and there is \$228,191,371 in assets under Management.

FOR ACTIVE FIREFIGHTERS: REMINDER REGARDING YOUR BENEFICIARIES.

Have you recently gotten married or divorced? It is very important that you have an up-to-date beneficiary form on file with Employee Benefits in City Hall. It was recently in the news how a firefighter remarried then less than a year later he died. He changed all his medical forms, but never changed his beneficiary. His first wife got his pension not his present wife. Present wife appealed in court but lost.



**FIREFIGHTERS'
PENSION BOARD**

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Rochelle (Shelly) L. Burlon
Pension Coordinator/Editor

LOST TIME

At the beginning of each year the City of Orlando employee benefits division conducts an audit of the hours each member has obtained towards retirement. Once this is completed all members who have lost pension time during the previous fiscal year will be notified.

Members who were on Workmen's' Compensation, Active Military Duty, or No Pay Status may have lost pension time.

If you have been notified that you lost pension time towards retirement during the 2006 fiscal year, you have until **May 31, 2007** to elect to purchase the lost time.

Simply contact Katie Zuccarini, Employee Benefits and advise her you wish to purchase the lost time. She will have your lost time calculated and advise you of the cost to purchase the time. If you chose to purchase the time, you will have the ability to schedule a bi-weekly deduction from your paycheck.

If you chose not to purchase your time, you will be given an adjusted date of hire.

If you should have any questions, please feel free to contact Katie Zuccarini at 407-246-3487 or by e mail at Katie.Zuccarini@cityoforlando.net

**IMPORTANT MESSAGE FOR OUR
RETIREES:**

We would like to send the newsletter out by e mail since the postage rates have just gone up. If you have an e mail address, please email :
[shelly.burlon @cityoforlando.net](mailto:shelly.burlon@cityoforlando.net) with your address.

Thanks, Ron



We're on the Web: [www.
cityoforlando.net-
Pensions](http://www.cityoforlando.net-Pensions)