

Okaloosa Island Firefighter's Pension Trust Fund
Board of Trustees Agenda
November 29th, 2017
1:00 p.m.

- I. Call to Order:
Present-
Absent-
- II. Proof of Notice:
 - a. Posted : 10/04/2017
 - b. Updated : 10/10/2017
 - c. Public to be placed on Agenda: Chief Tilley
 - d. Approval of Agenda:
 - e. Approval of Minutes
- III. Investment Reports:
 - a. Actuary (Foster & Foster):
 - b. Performance Monitor (& Co):
 - c. Investor (DANA):
 - d. Financial services (Salem Trust):
- IV. Attorney Report(Dehner/Christiansen):
- V. RMLO Report:
- VI. Old Business:
 - Kent Dunning's Resignation
 - Appointment of new member
 - Summary plan description
 - Form 1's filed
- VII. New Business:
 - 17/18 Budget approval
 - 2018 Pension meeting dates approval
 - New legal representation.
- VIII. Adjournment:

Okaloosa Island Firefighter's Pension Trust Fund
Board of Trustees Minutes
August 30, 2017

- I. Call to Order: 1:01pm
Present- Brown/Fields/Wilson
Absent- Simmons

II. Poof of Notice

- a. **Posted:** 08/03/2017
b. **Updated:** 08/24/2017
c. **Public to be placed on agenda:** Jaime Beihl
d. **Approval of agenda:** **Fields** made a motion to accept the agenda, **Wilson** seconded the motion, none were opposed, all were in favor, motion passed.
e. **Approval of minutes:** **Fields** made a motion to accept the minutes. **Wilson** seconded the motion, none were opposed, all were in favor, motion passed.

III. Investment Reports:

- a. **Actuary (Foster & Foster):** Drew Ballard was present in place of Jason Franken. Drew advised that an Actuarial Study was completed and are usually done every 5 years. The ultimate cost of this plan is the benefits paid and the admin fees used to set the Districts contribution. Drew proceeded to explain the Actuarial Experience Study from August 23, 2017 handout in which p.4 shows the UAAL (Unfunded Actuarial Accrued Liability) fund the liabilities greater than our assets; it creates a quasi-30 year "mortgage" type annual payment fund and the unfunded liabilities shows years left with \$8,347,2320.00 of unfunded liability making the District's annual payment around \$600,000.00. Foster & Foster suggested we do a 20-year payment as to get a "fresh start". Unfunded Liability would be the same while keeping the 8% of payroll. By doing this, the long-term savings would be around \$700,000.00. Going forward we would use 30/20/10 years of gains and losses; in 2019 would be when the change would begin; p.6 shows the economic assumptions with 7.75 per year with investment assumption average of 7.5%, however; the Florida Retirement System (FRS) uses 7.6%; p.7 discusses the middle

investment rate of 4% of payroll which is around \$48,000.00 annually; Tyler Grumbles with &Co. stepped in to discuss the Asset Allocation Study regarding our projected returns and would be coming down due to the all-time highs; Fixed income-bonds much lower historically, but are much lower than before; with 5-10 years it should normalize; p.12 shows 60% of equities and going to 65%, 45% domestic and 15% international and still growing rapidly; Probabilities current with 95%/20 years at 9.45%; p.13 discusses the probability target of return at 7.75% for the 5/10/20 years and 18.9% is projected to hitting your target, if you go to the 7%, over time, there is a 32% chance of hitting your return, lowering forces more cash into the Plan ultimately and you will save money down the road; if we don't start lowering it, the State could come back and say no, if we don't start lowering; salary increase assumption-first day until retirement individual salary expense; State has 7% pay raises until retirement mandated; in 2006/2007/2008 were thrown out with unusual high 3 years of service with 5.4% and 4.0%; FRS made a change to the mortality rate making the District go up 0.9% of payroll; Retirement rates show a 2% change of early retirement; the valuation date assume one more year and we want to get rid of that; withdraw/termination rates are very thin; 33% with the first 3 years in the service base table at 9% then at 10 years and go to 2% which would ultimately decrease a Firefighter leaving early this assumption change 5% to the District; in conclusion-bottom two lines-all changes made District decrease 4% to 3.7% of payroll which equates to approximately \$17,000.00 over the next 20 years; 2019 funding would be when this starts with 7.75% of the District's funding would level, lowering the assumption rates and making it easier on the District in the long run. A motion to keep the 7.50% payment to stay reasonable was made by **Fields**. **Wilson** seconded the motion, none were opposed, all were in favor, motion passed.

- b. **Performance Monitor (& Co)**: Tyler Grumbles discussed p.2 shows strong returns and have increased in the last couple of days; 1.4% increase on returns; p.10 shows asset allocation with a target of 45% and we are at that target; 45% of domestic to 50% domestic equality-take short term risk to work out long term. **Fields** made a motion to increase our target percentage from 45% to 50%. **Wilson** seconded, none were opposed, all were in favor, motion passed. P.16 shows a solid quarter return of \$215,000.00 gain; p.17 shows \$600,000.00 so far of gains throughout the year; p.18 shows we are just above average on the Fiscal Year (FY) and a solid FY well ahead of the 7.75% rate; p.19 shows DANA up 4% for the quarter and up 18% on the FY,

Euro Pac back up to average while Templeton decreased based on the Euro decreasing based on the dollar.

c. **Investor (DANA)**: No report.

d. **Financial Services (Salem Trust)**: No report.

IV. **Attorney Report (Dehner)**: At 2:08 PM, **Fields** made a motion for a 5-minute recess before continuing with the remainder of the Pension agenda. **Wilson** seconded the motion, none were opposed, all were in favor, motion for a 5-minute recess passed. At 2:13 PM, the Pension agenda began with Attorney Report. Senate Bill (SB) 80, Section 119 was amended regarding public records lawsuit in which the requestor cannot get their fees. Information regarding the RMLO should be displayed in a public area stating the location, RMLO Officer contact and their information and this MUST be posted on the website as well. 17/18 budget will need Board approval and budget should end with 09/30/2018 and needs to be filed with the District by 10/01/2017. The report of actual expenses ending 09/30/2017 need to be filed with the District. Chapter 119 amendment regarding confidentiality of Firefighters only encompassed current Firefighters and it was amended to now include former Firefighters. Summary Plan Description discussed disability and changes regarding divorce. Disability changes more specifically terminated when not an active employee. Effective 07/01/2012, divorce with the spouse benefit: divorce automatically that benefit is null and void. Re-designation after divorce if you want your ex-spouse to benefit. Trustee Class: host one and get with Dehner to schedule all trustees for attendance.

V. **RMLO Report**: Nothing discussed.

VI. **Old Business**: a) **John Brinkerhoff**: Mr. Brinkerhoff's paperwork has been submitted.

VII. **New Business**

a) **Kent Dunning's Resignation**: Dunning submitted resignation letter from the Pension Board. Letter dated 06/07/2017 was read into the Minutes.

b) **Appointment of New Member (District Appointee)**: The District would like to nominate Mr. Dave Berssette as the new District Appointee. **Fields** made a motion to appoint Mr. Dave Berssette as the new District Appointee. **Wilson** seconded the motion, all were in favor, none opposed, motion passed.

c) **Summary Plan Benefit**: Exhibit B from the Summary Plan Benefit was distributed to the membership. Changes needed are: Adding Mr. Dave Berssette to the list; City should read District. Once these changes made,

Fields made a motion to accept the Summary Plan Benefit. **Wilson** seconded the motion, all were in favor, none were opposed, motion passed. In addition, **Fields** made a motion dating the investment changes effective 08/30/2017. **Wilson** seconded the motion, none were opposed, all were in favor, motion carries.

Adjournment: @ 2:32 pm Motion made by **Wilson**, seconded by **Fields**.

DRAFT