

Firefighters' Retirement Plan Minutes

110 SE Watula Avenue
Ocala, FL 34471
www.ocalafl.org



Monday, May 16, 2016

Regular Meeting

Alicia Gaither
(352) 629-8372

Public Notice

9:00 AM Meeting called to order on May 16, 2016, at CMO Conference Room, 110 SE Watula Avenue (2nd Floor), Ocala, FL.

1. Call to Order

The Ocala Firefighters' Retirement Plan held a meeting at the CMO Conference Room, 110 SE Watula Avenue (2nd Floor), on Monday, May 16, 2016, at 9:00 AM.

Attendee Name	Title	Status	Arrived
John Dozier		Present	
Larry Fagan		Present	
Randy Griffin		Present	
Justin Hardy		Present	
James Williams		Present	
Jessica Pellerin		Present	

2. Public Comments:

No public comments

3. Valuation Report - NYHART

Mr. Harris presented the annual valuation report for 2015. Summary for the year the liability had gone up over this last year. Overall the plan's liability went from just less than 13 million last year to 11.9 million this year. A large component of the decrease was due to the negotiation to allow 1 million dollars of the built up cola fund to be used to offset some of the unfunded liability. This also helped the funding ratio going from 75% to 78%. The plan also uses the 5-year smoothing methodology that helps the plan average out their gains and losses.

The Contribution requirement last year was slightly more than 2 million dollars about 33.7% of payroll and this year's (2016-17) expected required contribution has dropped to about 1.5 million, which is about 27% of payroll. The major impact again was the 1 million that was used to reduce the unfunded liability. Going forward the City must use their share of the State money that is in excess of the 240,000, which is about 115,000 to pay down the unfunded liability. It cannot be used for the normal cost. Mr. Harris responded that he would need to adjust some numbers in the report. Mr. Harris stated that the Normal Cost for the plan was about 17% of payroll.

Mr. Harris reviewed the history of the funding requirements and the plan's experience for 2014-15 was 12.9 million with a contribution of 2 million; the funding dropped 400,000

through normal contributions however the demographics moved negative adding \$136,000 of unfunded and the asset experience not performing the 7.5% added 600,000. There were, however, some amendments to the plan that resulted in about a 500,000 decrease in liabilities going forward.

Mr. Harris touched on the demographic changes for the plan stating that there were more than expected retirements and turnovers. Salaries were as expected. In years past they have been flat. Asset return was flat this year, but the actuarial value of the asset is used.

Mr. Harris stated that historical rates of returns for the plan over the last three and five years have been at expectations, but if you look out to the ten-year mark, the plan is only at about 5% so the Board may want to consider lowering the assumed rate of return for future years.

Mr. Harris reviewed the benefit payments, stating that the benefit payments normally increase, and that is expected. What should be reviewed is the distribution as a percentage of assets. On average the plan is paying out 7 to 8% of the plans assets each year. If the plan were frozen, the benefit payouts would be larger than the assets coming in.

Mr. Griffin read the letter to the State regarding the investment return rate for the current, intermediate, and future 7.75% rate. Mr. West supports and recommends the Board continue using the 7.75% rate of investment return.

Motion to accept the letter as presented with the actuarial and consultant input.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mr. Williams
SECONDER:	Mr. Dozier
AYES:	Dozier, Fagan, Griffin, Hardy, Williams

Motion to accept the actuarial report as presented.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	LARRY FAGAN
SECONDER:	JAMES WILLIAMS
AYES:	Dozier, Fagan, Griffin, Hardy, Williams

4. Consultant's Presentation

I. Quarterly Report

Mr. West presented the March 30, 2016, quarterly report. Mr. West stated that this quarter was the most volatile on record, correcting over 10%, with the sharpest rebound in history. The dollar lost a lot of value and interest rate came down. The plan slightly underperformed the index with a return of 1.67 vs. 1.98 for the quarter. For the one year

return, the plan had -0.17 vs. 0.92 and the three and five-year return was 6.69 vs. 7.05 and 6.60 vs. 7.61.

Mr. West continued with the review of each manager: Dalton had a very good quarter, but long-term three and five-year number are in violation of the target policy. Wells Fargo Large Cap and Small Cap outperformed their index for the quarter. International, American Funds underperformed for the quarter but long term still in line with the index. Vanguard slightly outperformed this quarter, but Integrity, Pimco, and Templeton underperformed. Real Estate, American Core outperformed, and UBS slightly underperformed the benchmark for the quarter.

5. Minutes Approval

1. Motion to approve the minutes as presented from 2/16/2016

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mr. Hardy
SECONDER:	Mr. Fagan
AYES:	Dozier, Fagan, Griffin, Hardy, Williams

6. Other matters to come before the Board

Motion to accept Accounts Payable as presented.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mr. Hardy
SECONDER:	Mr. Williams
AYES:	Dozier, Fagan, Griffin, Hardy, Williams

A. Administrative Agreement

There was some discussion regarding the pension cost. The Board would like to find out what the actual normal cost of the pension liability is for Alicia. Mr. Griffin will get with Mr. Harris to find out what the actuary cost is. Mr. Griffin asked if Mr. Harris would help him draft a letter. Mr. Harris responded in the affirmative.

Mr. Griffin requested to see how much it would cost to increase the liability coverage.

Motion to approve pay raise for Ms. Pellerin that will start immediately.

RESULT:	Item Tabled
MOVER:	Mr. Fagan
SECONDER:	Mr. Hardy

B. Budget Approval FY 17-18

I. Approved FY 17-18 Budget for Fire Fighters' Retirement System

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mr. Hardy
SECONDER:	Mr. Dozier
AYES:	Dozier, Fagan, Griffin, Hardy, Williams

C. Monitoring Agreement

Mr. Griffin stated the company would monitor trades and take legal action if needed. The custodial bank should take care of that.

There will only be a cost if there is an event where this company would need to take action.

RESULT:	Discussed
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D. Additional Investments

After some discussion, Mr. West recommended that the Board direct to liquidate those shares. Mr. West will write up a recommendation and send to Mr. Griffin.

7. Adjournment at 11:41 a.m.

Minutes

A motion to approve the minutes as printed on this 14th day of November, 2016 was made by Harry Fagan, seconded by Jim Williams, votes for 5, votes against 0.

Secretary

Chairman