

**FIREFIGHTERS' PENSION BOARD
MEETING
NOVEMBER 29, 2018**

MEMBERS PRESENT: Bill Albers, Chairman
Holden Gibbs, David Baird,
John Briggs, Justin Gerow

OTHERS PRESENT: Mindy Johnson, Salem Trust
Board Attorney Ken Harrison
Patrick Donlan, Foster & Foster
Kerry Richardville, AndCo Consulting

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
- 1. To Be Determined

CITIZEN COMMENTS ON AGENDA ITEMS ONLY

- There were none.

APPROVAL OF MINUTES

- A. September 20, 2018
- Mr. Baird MOVED, Mr. Gibbs SECONDED approval of the September 20, 2018 minutes.
MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. Salem Trust – Mindy Johnson
- Ms. Mindy Johnson, Salem Trust, drew members' attention to the Quarterly Service Report, noting Salem Trust had increased their cyber security training and insurance.
- Board Attorney Ken Harrison recommended the Board obtain cyber security insurance.
- Discussion ensued with regard to cyber security insurance and other protective measures available to the Board.
- Mr. Albers confirmed Mr. Briggs was the only member in regular communication with Salem Trust.
- B. Foster & Foster, Patrick Donlan
- Mr. Patrick Donlan, Foster & Foster, presented the Actuarial Valuation Report as of October 1, 2018, as delineated in the agenda material, stating the total required contribution decreased to \$462,429. He commented on the use of a smoothing technique to stabilize the City's contribution, explaining same in detail. He spoke regarding the Share Plan's performance, noting a balance of \$383,255 at year end. He reported a net pension liability of \$760,301 as of October 1, 2018. He pointed out the assumptions used to create the report had not been updated for eight years, recommending an experience study be performed.

- Discussion ensued with regard to the benefits, costs and impacts of an experience study.
 - Mr. Donlan indicated he would research previous discussion of an experience study and report to members regarding same.
 - Mr. Baird MOVED, Mr. Gerow SECONDED approval of the report as presented. MOTION CARRIED UNANIMOUSLY.
- C. AndCo Consulting, Jack Evatt
- Ms. Kerry Richardville, AndCo Consulting (ACC), drew members' attention to ACC's Investment Performance Review/Period Ending September 30, 2018, as delineated in the agenda material, commenting on market performance in general. She reviewed Total Fund Performance, as delineated on page 15, as follows: quarter, 3.97% (14th percentile); 1 year, 11.44% (6th percentile); 3 year, 11.96% (6th percentile). She then reviewed performance of individual investment managers as compared to the benchmark, as denoted on pages 15-16. She next drew attention to the Investment Performance Review/Period Ending October 31, 2018, as delineated in the agenda material, noting the portfolio was down 5.75% and market volatility had returned. She and members reviewed exposure to European markets in international equity, progress toward investing in an infrastructure fund and Dana Large Cap Value's (Dana's) performance going back five years.
 - Board Attorney Harrison confirmed the Plan did not require rebalancing at this time.
 - Board members confirmed the following: roughly 30% to 40% of the Plan's international equity was based in Europe; a representative from Dana would be requested to attend the March 21, 2019 meeting; global fixed income alternatives would be presented at the March 21, 2019 meeting.

NEW BUSINESS

- Mr. Albers stated members needed to confirm meeting dates for 2019.
- Recording Secretary Welch informed members the Police Officers' Pension Board scheduled meetings for March 21, 2019, June 20, 2019, September 19, 2019, and December 19, 2019.
- Discussion ensued with consensus to meet next on March 21, 2019, and approach the Police Officers' Pension Board regarding a change in their schedule.

UNFINISHED BUSINESS

- A. Approval of Administrative Expense Budget
- Mr. Briggs advised the State required an administrative expense budget, explaining he had reviewed actual expenses for previous years to determine same. He presented budgets for Fiscal Year (FY) 2016/2017, FY 2017/2018, and FY 2018/2019 for members' approval.
 - Board Attorney Harrison advised a budget was required by the first of the fiscal year, explaining same would be compared to actual expenses at the end of the fiscal year.
 - Mr. Gibbs MOVED, Mr. Baird SECONDED to approve the FY 2016/2017 budget. MOTION CARRIED UNANIMOUSLY.
 - Mr. Gibbs MOVED, Mr. Baird SECONDED to approve the FY 2017/2018 budget. MOTION CARRIED UNANIMOUSLY.
 - Board Attorney Harrison commented favorably on the inclusion of funds for schooling, noting many Funds added a "Miscellaneous" line item for unexpected expenses. He recommended the Board review budgets in September of each year going forward.
 - Mr. Baird questioned if a miscellaneous line item could be added to the FY 2018/2019 budget, questioning the amount for same.
 - Mr. Gibbs suggested \$6,500.
 - Mr. Baird MOVED, Mr. Albers SECONDED to approve the FY 2018/2019 budget with the addition of a miscellaneous line item of \$6,500. MOTION CARRIED UNANIMOUSLY.
 - Consensus of the Board was to approve budgets in September of each year going forward.

STAFF COMMENTS

- A. Pension Attorney Ken Harrison from Sugarman and Susskind
- Board Attorney Harrison voiced concern regarding a constitutional amendment impacting judicial review, reviewing same in detail. He noted provisions regarding benefits paid for public safety officers killed in the line of duty had been moved from State Statute to the State Constitution, adding the beneficiary range for same had been broadened. He then announced a recent change in tax law regarding alimony which would necessitate an administrative change for the Plan.
 - Mr. Briggs confirmed the State required a letter regarding the Plan's assumption.
 - Mr. Briggs MOVED, Mr. Albers SECONDED to establish a 7.75% expected rate of return for the current year, the next several years and the long term thereafter. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

- Meeting Adjourned: 9:11 a.m.

Bill Albers, Chairman

Sara Welch, Recording Secretary