

**WEST MANATEE FIRE & RESCUE DISTRICT
FIREFIGHTERS' RETIREMENT PLAN BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
Administrative Building
6417 3rd Avenue West, Bradenton, FL 34209**

Wednesday, November 28, 2018, at 9:00AM

TRUSTEES PRESENT: Jim Davis
Dan Tackett
Stewart Moon
Burdette (Bud) Parent

TRUSTEES ABSENT: Scott Ricci

OTHERS PRESENT: Lee Dehner, Christiansen & Dehner
Ferrell Jenne, Foster & Foster
Kerry Richardville, AndCo Consulting
Tom Sousa, Fire Chief
Patrick Donlan, Foster & Foster
Members of the Public

1. **Call to Order** – The meeting was called to order at 9:09am by Dan Tackett.
2. **Roll Call** – As reflected above.
3. **Public Comments**
 - a. Introduction of new trustee
 - i. Chief Tom Sousa introduced the new Commission appointed trustee, Burdette Parent.
4. **Approval of Minutes**

The minutes from the September 13, 2018, quarterly meeting were approved upon motion by Stewart Moon and second by Jim Davis, motion carried 4-0.

5. **New Business**
 - a. Proposed 2019 meeting dates
 - i. By consensus, the board approved the 2019 meeting dates.
 - b. Actual plan expenses as of September 30, 2018
 - i. Ferrell Jenne reviewed the SB172 budget requirement and the different expenditure types.

The board voted to approve the September 30, 2018 actual expenses as presented upon motion by Jim Davis and second by Stewart Moon, motion carried 4-0.

- c. Upcoming trustee terms
 - i. Ferrell Jenne reviewed the upcoming term expirations. Stewart Moon confirmed he was interested in serving another term.
6. **Old Business** – None
7. **Reports**
 - a. AndCo, Kerry Richardville, Investment Consultant
 - i. Quarterly report as of September 30, 2018
 1. Kerry Richardville reviewed the market environment during the quarter. Kerry commented the economic growth was slowing and the interest rates were rising.

2. The market value of assets as of September 30, 2018, were \$16,935,746.
3. Kerry Richardville reviewed the asset allocations and reminded the board that Dana Large Core Equity had the largest allocation in the portfolio. Kerry confirmed all allocations were within the IPS guidelines, no rebalancing was needed.
4. Total fund gross returns were 3.16%, underperforming the policy index of 3.37%. Total fund gross trailing returns for the 1, 3, and 5-year periods were 7.85%, 9.43% and 7.41% respectively.
5. Kerry Richardville reviewed the performance of each manager.
6. Kerry Richardville commented she would like to look at possible growth managers at the next meeting but would review the value managers at the current meeting.
7. Kerry Richardville reviewed the Large Cap Value Equity Manager analysis. Kerry gave an overview of each manager option and highlighted each firm's strategy information, team information, and portfolio construction. Kerry commented each manager uses the Russell 1000 benchmark.
8. Kerry Richardville reviewed the performance of each manager. Kerry commented each manager outperformed the benchmark on a 5-year basis.
9. Kerry Richardville reviewed the risk and reward of each manager. Kerry commented she liked Dodge & Cox for the plan's portfolio, as they were the most active. The board discussed the risk/reward and peer rankings for Dodge & Cox. Kerry confirmed Dodge & Cox's strategy would be riskier compared to the current Dana Large Core Equity piece. Kerry stated she liked the active and passive compliment that Dodge & Cox would provide for the portfolio. The board briefly discussed the fees of each manager.

Note: Kerry Richardville left at 9:50am

- b. Foster & Foster, Patrick Donlan, Board Actuary
 - i. October 1, 2018 valuation report
 1. Patrick Donlan reminded the board that the contribution amounts set forth in the valuation were applicable for FYE September 30, 2020.
 2. The minimum required contribution as a percentage of projected annual payroll increased slightly from 38.8% to 39.9%. The balance due from the District as a percentage of total projected annual payroll increased from 26.9% to 28.0%.
 3. The District has access to a prepaid contribution of \$194,748.06 that was available to offset a portion of the above stated requirements for the FYE September 30, 2019. The minimum District contribution amount is 16.0% of payroll, per Ordinance 2016-11. The contribution increase is largely attributable to the decrease in the interest rate used to measure plan liabilities.
 4. Overall plan experience was as expected from the plan's actuarial assumptions. The primary source of favorable experience was an average salary increase of 4.86% which fell short of the 6.0% assumption. This gain was offset by losses with less turnover than expected and investment return of 6.46% (actuarial asset basis) which fell short of the 7.75% assumption.
 5. Patrick Donlan reviewed the four-year smoothing technique. Patrick stated the 8.69% return dropped off in conjunction with the October 1, 2018 valuation.

6. Patrick Donlan reviewed GASB 67 and commented the net pension liability as of September 30, 2018 was \$426,807. The funded ratio under GASB 67 was 97.54%.
7. Patrick Donlan reviewed the plan liabilities and stated they grew by approximately 10% due to the change in the investment return assumption, new hires, and low turnover.
8. The board discussed DROP members getting a COLA. Patrick Donlan confirmed DROP members would earn a COLA while participating in the DROP. The board briefly discussed the BAC-DROP.
9. Patrick Donlan reviewed how the normal cost and funding requirements were calculated.
10. The board discussed the current disability benefit and possibly lowering it to the statutory minimum. Patrick Donlan reviewed the disability assumption currently being used and how the funding would occur if the plan had a disability retiree.
11. Chief Tom Sousa asked about the inflation rate being reduced. Patrick Donlan confirmed it had no funding impact on the plan.

The board approved the October 1, 2018, valuation as presented, upon motion by Stewart Moon and second by Burdette Parent, motion carried 4-0.

The board voted the declaration of returns for the plan shall be 7.70% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Jim Davis and second by Stewart Moon, motion carried 4-0.

12. Lee Dehner reminded the board about the SB534 calculation requirement. Lee commented that it must be done within 60 days of the valuation approval.

- c. Christiansen & Dehner, Lee Dehner, plan attorney
 - i. Lee Dehner reminded Burdette (Bud) Parent to file his financial disclosure form. Bud confirmed he had filed his disclosure form.
 - ii. Updated Operating Rules and Procedures
 1. Lee Dehner stated he was working on amending the Ordinance and the Operating Rules & Procedures to include new IRS regulations and guidelines.
 - iii. Lee Dehner commented the first week of the legislative session would be the beginning of March. Lee advised he would provide an update at the next meeting of any pre-filed bills.

8. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #45 and #46
 - b. New invoices for payment
 - i. Warrant #47
 - c. Fund activity report for September 7, 2018 – November 21, 2018

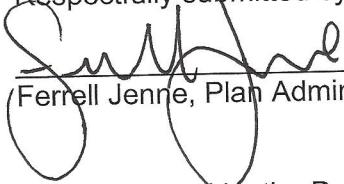
The board voted to approve the consent agenda as presented, upon motion by Burdette Parent and second by Jim Davis, motion carried 4-0.

9. **Staff Reports, Discussion, and Action**
 - a. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Proposed administrative fees
 1. Ferrell Jenne reviewed the proposed fee increase for administrative services. Ferrell advised they had not increased fees since being hired in 2014. The new fee arrangement has a three-year fee guarantee from the effective date of January 1, 2019.

The board voted to approve the new administrative fees as outlined in the memo from Foster & Foster, effective January 1, 2019, upon motion by Stewart Moon and second by Burdette Parent, motion carried 4-0.

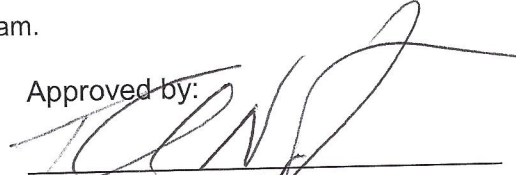
10. Trustees' Reports, Discussion, and Action – None
11. Adjournment – The meeting adjourned at 10:18am.
12. Next Meeting – January 24, 2019, at 9:00am.

Respectfully submitted by:



Ferrell Jenne, Plan Administrator

Approved by:



Dan Tackett, Chairman

Date Approved by the Pension Board:

JANUARY 24, 2019