

Destin Fire Control District

Quarterly Meeting

Retirement Trust Fund Board of Trustees

**848 Airport Road
Destin, Florida 32541**

**August 29, 2016
5:00 p.m.**

Destin Fire Control District
Agenda - amended
Quarterly Meeting
Destin Firefighters' Retirement Trust Fund
848 Airport Road
Destin, Florida 32541

August 29, 2016 at 5:00 pm
The meeting is open to the public

- 1. Meeting called to order by the Chairman**
- 2. Public Comments**
- 3. Review of minutes**
 - a. Regular meeting – June 6, 2016
- 4. Review of Financial Statements**
 - a. June 30, 2016
- 5. Reports**
 - a. Mark Rhein with Salem Trust
 - b. Jason Franken with Foster and Foster
 - 1) Actuarial Report for the fiscal year ended 9/30/15
 - c. Tyler Grumbles with The Bogdahn Consulting ,LLC
 - 1) Annual Rate of Return
 - 2) Proposed Fee Contract
 - d. Lee Dehner with Christiansen and Dehner
- 6. Old Business**
 - a. Globe Tax
- 7. New Business**
 - a. Approval of Invoices
 - b. Annual Review of Operating Rules and Procedures
 - c. Letter of No Impact
 - d. Budget for Administrative Expenses for the fiscal year ending 9/30/2017
 - e. Use of consultants by negotiating parties
- 8. Next Meeting - November 28, 2016 at 5:00pm**
- 9. Adjournment**

DESTIN FIRE CONTROL DISTRICT
Regular meeting of the Retirement Board Trustees
Main Station
848 Airport Road
Destin, Florida 32541
June 6, 2016

Minutes

Trustees present: Bill Lindsley, Bob Hensley and Doug Ingram

Trustees absent: Mark Baugh and T.J. Buchanan

Present: Kathryn Wagner, Allison Henderson

The meeting was called to order at 5:01 p.m. by Trustee Bill Lindsley.

Public Comments:

Bob Wagner stated he appreciated the Trustees' time and found it disheartening the two Union representatives did not bother to show up so he wanted to express his gratitude to the ones who did show up. Bill Lindsley thanked Commissioner Wagner for attending the meetings.

Review of Minutes:

The minutes for the Pension Board meeting of February 29, 2016 were presented. Bob Hensley made a motion to approve the minutes of February 29, 2016. Doug Ingram seconded. The motion passed unanimously.

Review of Financial Statements:

The financial statements for the year ended March 31, 2016 were presented. Kathryn Wagner stated the financial statements had been adjusted according to Salem Trust and reconciled to their statement with the exception of real estate. The initial payment to American Realty was made, however, Salem Trust does not classify it as an asset which we hope to have resolved by the next meeting.

Tyler Grumbles stated Salem Trust does not track that statement since it is a quarter behind and recommended using the reports from American Realty Advisors.

Bob Hensley asked if it was different than the other funds. Tyler Grumbles stated yes, it is a comingled fund and it is invested directly into real estate.

Doug Ingram asked about an evaluation of cost. Tyler Grumbles stated property is estimated on a quarterly basis and each property has an annual audit along with using separate pricing services to estimate value.

Bob Hensley asked at what point do they do their cutoff. Tyler Grumbles stated typically a month to a month and a half. Kathryn Wagner stated she was behind and it was possible notification could be there now. She also stated timing should be fine since our meetings

typically happen the second month of the following quarter. Tyler Grumbles stated we should be able to put it in the yearend report.

Doug Ingram made a motion to approve the financial statements of March 31, 2016. Bob Hensley seconded. The motion passed unanimously.

Reports:

1. Tyler Grumbles from The Bogdahn Group presented his report for the quarter ended March 31, 2016. He stated it was a solid 1st quarter with a market value of \$14,544,447 and a return on investment of \$156,621. The fiscal year to date income was \$400,597 and capital gains were \$412,006 bringing the total return on investment to \$812,603.

Tyler Grumbles reviewed page 18 stating the quarter was up 1.05%, net of fees, which was in the 43rd percentile and trailed the benchmark however, the fund is ranked in the 3rd percentile for the fiscal year to date and the index was in the 7th percentile, as both international and domestic indexes did well. He stated the Russell 3000 was up 0.97%, Parnassus did well on a relative basis since the S&P started out the year the worst in their 90 year history. JP Morgan did not quite do as well down 0.64%, International Equity down 2.32%, Domestic Fixed Income up 2.35% along with Global Fixed Income up 0.24%. Tyler Grumbles stated overall, a good quarter with the year to date up 5.82%.

Bob Hensley asked how do you pick the most relevant funds to compare to. Tyler Grumbles stated a lot of times it is by prospectus: JP Morgan and Parnassus are both large cap, S&P 500 is well known long term index, Russell 3000 is good proxy for total stock market; they try to stick with the mainstream indexes. Tyler Grumble stated for the two international funds they invest in both developed and emerging markets so the MSCI AC World ex USA is a good representative of that with 80% developed and 20% emerging markets, the two fixed income funds is Barclays US Aggregate as there is no limitation on duration ratings primarily that is investment grade and above, while Templeton Global Return is a difficult fund to index because they do so much currency and other things. He stated their prospectus is the Global Multiverse which every fixed income product within the whole world. The problem with that index as far as we are concerned is 50% is US Treasury, but there really is not another good one. He stated the American Core Real Estate is the Open End Diversified Core which is what American Core Real Estate is.

Bob Hensley asked if the 1.47 at the top was the weighted average of those based on our policy or the way we are investing. Tyler Grumbles stated it was based on our policy, which needs to be changed so it is closer to what we are investing in. He stated our index right now is still at 45% S&P 500, 40% Barclays Aggregate and 50% MSIEP which is part of the reason why I want to update the policy statement.

Bill Lindsley asked if Tyler Grumbles would like to skip to the Standing Rebalance Letter and the Investment Policy Statement under new business. Tyler Grumbles stated yes.

Tyler Grumbles stated the Standing Rebalance Letter was straightforward, asking Salem Trust to keep \$150,000 on a quarterly basis in order to pay benefit payments and expenses and anything

more is invested and if there is a shortfall it is to be taken from the funds. He stated the letter simply makes it low maintenance for us and you.

Bill Lindsley asked if \$150,000 was enough seeing that we have given out \$171,000. Tyler Grumbles stated yes because of ongoing contributions and he did back test that number.

Doug Ingram asked if the dividends are reinvested. Tyler Grumbles stated yes.

Tyler Grumbles stated we do have a good relationship with Salem Trust so if there was every any issue with not having enough money they would come to us to let us know, worst case scenario we would send you a letter stating we need to raise cash.

Bob Hensley made a motion to approve the Standing Rebalance Letter. Doug Ingram seconded. The motion passed unanimously.

Tyler Grumbles stated the changes to the Investment Policy Statement are in regards to the targets and ranges for each asset class and benchmarks which have been discussed in the past.

Doug Ingram asked on page 4 section c if it was 70% or 75%. Tyler Grumbles stated it should be 75%.

Bob Hensley asked on page 12 of the quarterly report if we out of balance in real estate. Tyler Grumbles stated yes because we only 5% of real estate but when that capital is called we will be in compliance.

Doug Ingram asked if section 7 was something the Board or Kathryn Wagner would track. Tyler Grumbles stated they track it and it appeared on page 50 of the quarterly report.

Bob Hensley asked section 5F if that was something we do through you and not directly through the investment managers. Tyler Grumbles stated it was standard language used in their investment policy statements; they just need some kind of mechanism in place which was what the standing rebalancing letter is.

Bob Hensley stated the rebalancing letter is not specifically referred to in the investment policy. Bob Hensley asked if it acts a function of section 5F.

Doug Ingram stated page 50 listed a lot of criteria. Tyler Grumbles stated much of the criteria were qualitative which is monitored on an ongoing basis, but this was more performance based criteria on this page.

Doug Ingram asked if it was more of a pass/ fails where you get to a certain point and ask us what we want to do. Tyler Grumbles stated yes and is continually monitored but is too much information to put on one page; if something should happen, like an investment manager leaves, we would let you know.

Doug Ingram made a motion to approve the changes to the Investment Policy Statement. Bob Hensley seconded. The motion passed unanimously.

2. Lee Dehner, of Christiansen and Dehner stated the pending bills mentioned in the last meeting did not make it out of committee. He stated a compliance item, the preparation of budget, will need to be put on the agenda for the next meeting. He further stated a reminder to the Trustees to file their Form 1.

Bill Lindsley asked about the ethics box. Lee Dehner stated this is the first year that box was there and it is not applicable to you.

Lee Dehner stated the District was still in negotiations regarding the CBA.

Bob Hensley asked about the completion of the valuation report and if it caused any problems. Kathryn Wagner stated the only problem is it delays the state monies because we cannot file that report without it.

Kathryn Wagner stated Lee Dehner was referring to the actuarial report and he was right there is a 3 year requirement on that, but that report is used to file other reports such as the annual report.

Bob Hensley asked if there was any clarification on how long we have to file the annual report. Lee Dehner stated the statute proves it should be filed by March 15th. Kathryn Wagner stated she had spoken with the State prior to the last meeting and they said there was no penalty for being late and have had some companies file in September and still receive State monies, but beyond that is not known.

Bob Hensley asked when the next scheduled receipt of State monies would be. Kathryn Wagner stated we typically receive them the first or second week of August then the supplemental right after the fiscal year. She stated she believes this will delay it probably until the next fiscal year which will put a strain on the District because the plan must be funded.

Lee Dehner stated Kathryn Wagner should check with Foster and Foster about getting information for the annual report prior to the valuation being completed. Kathryn Wagner stated she would contact them.

Bob Hensley asked if we could file a valid annual report without an actuarial report. Lee Dehner stated yes. Bob Hensley further asked if there was any reason we shouldn't file the report. Lee Dehner stated no, it should be filed.

Bob Hensley asked Kathryn Wagner if there was a particular reason why we had not filed the report. Kathryn Wagner stated it was her understanding that the actuarial report had to accompany the annual report. She stated that she had previously spoken with Lee Dehner and Jason Franken on the matter as well as someone at the State. She also stated that the audit could not be done until the actuarial report was completed.

Kathryn Wagner stated there is an item on the agenda to discuss matter as the District needs to complete its audit and if negotiations are not completed then we don't have an agreed upon pension article. She stated the pension article needs to be changed to conform with the State laws of the minimum contribution and the share plan. She stated the District's auditor has told us that he does not want to make assumptions since we are in negotiations. She further stated that Jason Franken said he could do the report but it might be no good.

Bob Hensley asked if the valuation information included in the audit just this fund or is it included in the larger audit. Kathryn Wagner confirmed there is no separate audit.

Lee Dehner asked if Kathryn Wagner had spoken to Sarah Carr. Kathryn Wagner stated yes, several months ago and the focus was on if we should wait this process out, the problem is the process isn't coming to an end.

Bob Hensley asked Lee Dehner if he would be allowed to work with Kathryn Wagner and the auditor to find out how to get the Districts audit done so we can get the annual report done. Lee Dehner stated yes.

Old Business:

None

New Business:

1. Approval of invoices

Kathryn Wagner presented the invoices for the quarter.

Bob Hensley made a motion to approve the invoices. Doug Ingram seconded. The motion passed unanimously.

2. Standing Rebalance Letter

Discussion and vote took place in Tyler Grumbles' report

3. Investment Policy Statement

Discussion and vote took place in Tyler Grumbles' report.

4. Form 1- Trustees reminder to file no later than July 1, 2016

Bill Lindsley reminded the Board to file their Form 1 by July 1, 2016.

Next meeting:

Bill Lindsley reminded the Board of the next meeting August 29, 2016 at 5:00pm.

Adjournment:

With no additional business to be addressed, the meeting adjourned at 5:54 p.m.

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Destin Fire Control District Firefighters' Retirement Fund
Balance Sheet
As of June 30, 2016

	6/30/2016	3/31/2016	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Salem Trust	\$ 225,147.01	\$ 310,727.97	\$ (85,580.96)	-27.54%
Total Checking/Savings	225,147.01	310,727.97	(85,580.96)	-27.54%
Other Current Assets				
Investments	13,624,929.46	14,112,473.16	(487,543.70)	-3.45%
Investments - Cash	11,222.85	11,222.85	-	0.00%
Investments - Real Estate	1,400,000.00	700,000.00	700,000.00	100.00%
Asset appreciation - FMB of Inv	(431,324.82)	(578,755.32)	147,430.50	-25.47%
Transfer account	(8,287.95)	(11,221.42)	2,933.47	-26.14%
Total Other Current Assets	14,596,539.54	14,233,719.27	362,820.27	2.55%
Total Current Assets	14,821,686.55	14,544,447.24	277,239.31	1.91%
TOTAL ASSETS	14,821,686.55	14,544,447.24	277,239.31	1.91%
LIABILITIES				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts payable	6,664.99	5,949.98	715.01	12.02%
Total Accounts Payable	6,664.99	5,949.98	715.01	12.02%
Total Current Liabilities	6,664.99	5,949.98	715.01	12.02%
Total Liabilities	6,664.99	5,949.98	715.01	12.02%
Equity				
Net Assets Available	13,954,548.39	13,954,548.39	-	0.00%
Net Revenue over expenditures	860,473.17	583,948.87	276,524.30	47.35%
Net Assets held in trust	14,815,021.56	14,538,497.26	276,524.30	1.90%
TOTAL LIABILITIES & EQUITY	\$ 14,821,686.55	\$ 14,544,447.24	\$ 277,239.31	1.91%

Unaudited - for management purposes only

Destin Fire Control District Firefighters' Retirement Fund

Statement of Revenue and Expenditures

October 1, 2015 through June 30, 2016

	10/1/15 - 6/30/16	Budget	Budget Remaining (Over)	% Remaining (Over)
REVENUE				
State trust funds	\$ -			
Interest and dividend income	470,826.38			
Gain (Loss) on sale of investments	1,001,654.18			
Unrealized gain (loss)	(447,053.54)			
District contributions	588,059.64			
Employee contributions	80,767.82			
TOTAL REVENUE	\$ 1,694,254.48			

EXPENDITURES

Administrative Expenses - Consultants				
Actuarial consultant	-	15,364.00	15,364.00	100.00%
Financial consultant	4,616.10	81,000.00	76,383.90	94.30%
Financial monitor	11,625.00	15,500.00	3,875.00	25.00%
Bank fee	6,241.48	10,800.00	4,558.52	42.21%
Legal consultant	3,897.38	6,800.00	2,902.62	42.69%
Administrative Expenses - Other				
Dues and subscriptions	600.00	600.00	-	0.00%
Fiduciary insurance	-	3,500.00	3,500.00	100.00%
IME Physician Fees	-	2,000.00	2,000.00	100.00%
Meetings	-	7,500.00	7,500.00	100.00%
Total Administrative Expenses	26,979.96	143,064.00	116,084.04	81.14%
Benefit Expenses				
Retiree benefit	529,096.63			
Retiree benefit - DROP plan	277,704.72			
Total Benefit Expenses	806,801.35			
TOTAL EXPENDITURES	\$ 833,781.31	\$ 143,064.00	\$ 116,084.04	81.14%

NET REVENUE OVER EXPENDITURES \$ 860,473.17

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DESTIN FIRE CONTROL DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2016

July 19, 2016

Board of Trustees
Destin Fire Control District
Firefighters' Retirement Trust Fund
848 Airport Road
Destin, FL 32541

Re: Destin Fire Control District
Firefighters' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Destin Fire Control District Firefighters' Retirement Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, Salem Trust, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Destin Fire Control District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Destin Fire Control District Firefighters' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.



By:

Jason L. Franken
Enrolled Actuary #14-6888

JLF/lke

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Destin Fire Control District Firefighters' Retirement Trust Fund, performed as of October 1, 2015, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The funding requirements, compared with the amounts set forth in the October 1, 2014, actuarial valuation report, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Fiscal Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	75.7%	75.5%
Member Contributions (Est.) % of Total Annual Payroll	6.8%	6.8%
Required District and State Cont. % of Total Annual Payroll	68.9%	68.7%
State Contributions * % of Total Annual Payroll	371,910 23.6%	371,910 23.6%
Balance from District % of Total Annual Payroll	45.4%	45.2%

*Amount received during fiscal 2015, the District may use up to \$569,853 in State Contributions for determining its minimum funding requirements (under the traditional interpretation of Chapter 99-1 Florida Statutes). For budgeting purposes, the required Sponsor Contribution (District and State) is 68.9% of Pensionable Earnings for the fiscal year ending September 30, 2015. The precise District requirement for the year is this amount, less actual allowable State Contributions.

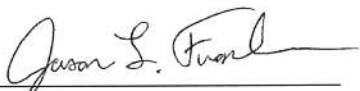
Over the last 12 months the actuarial experience was more favorable than expected on the basis of the actuarial assumptions. The principal source of favorable experience was average increases in pensionable earnings that were less than the assumed rate. Partially offsetting this gain was the effect of a 6.87% investment return (Actuarial Asset basis) that was less than the 8.00% assumption and no inactive or active turnover.

For informational purposes, the District's funding requirements when expressed as a percentage of payroll, including an estimate of the annual pay for the DROP Members, is approximately 7.3% less than the rate shown above. The District should budget based on the information above.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

By: 
Christine M. O'Neal, ASA, EA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	49.5%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	-4.1%
Investment Return (Actuarial Asset Basis)	0.8%
Salary Increases	-2.5%
Payroll Change	5.8%
Payroll Growth Assumption	2.0%
Amortization Base Payoffs	0.0%
New Entrants	0.0%
Active Decrements	0.2%
Inactive Mortality	0.1%
Data Corrections	0.1%
Assumption Change	-6.4%
Other	<u>-0.3%</u>
Total Change in Contribution	-4.3%
(3) Contribution Determined as of October 1, 2015	45.2%

CHANGES SINCE PRIOR VALUATION

Plan Changes - There have been no changes since the prior valuation.

Actuarial Assumption/Method Changes – In conjunction with the August 28, 2015 experience study, the Board adopted the following changes to the assumptions:

- Salary Increases change from 7.5% per year to a table based on service that grades down from 10% to 4% (see the actuarial assumptions page for more details).
- Mortality Rates change from the RP 2000 table with no-projection for healthy lives to the RP-2000 table projected with scale BB through 2015 (disabled lives are set forward 5 years).

Additionally to comply with Florida Statutes, the payroll growth assumption was decreased from 1.6% to 1.0%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	25	25	26
Service Retirees	9	9	7
DROP Retirees	4	4	3
Beneficiaries	0	0	0
Disability Retirees	1	1	1
Terminated Vested	<u>6</u>	<u>6</u>	<u>8</u>
Total	45	45	45
Total Annual Payroll	\$1,579,196	\$1,622,099	\$1,682,767
Payroll Under Assumed Ret. Age	1,579,196	1,622,099	1,682,767
Annual Rate of Payments to:			
Service Retirees	639,905	639,905	559,509
DROP Retirees	215,465	215,465	163,065
Beneficiaries	0	0	0
Disability Retirees	14,297	14,297	14,297
Terminated Vested	142,921	142,921	210,014
B. Assets			
Actuarial Value ¹	14,866,493	14,866,493	13,397,371
Market Value ¹	13,924,319	13,924,319	14,178,116
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	10,243,565	11,254,527	11,411,501
Disability Benefits	44,832	47,619	49,945
Death Benefits	23,199	26,189	26,935
Vested Benefits	582,428	615,322	686,019
Refund of Contributions	8,213	8,091	9,535
Service Retirees	9,040,535	8,820,963	7,978,839
DROP Retirees ¹	3,843,615	3,797,476	2,821,419
Beneficiaries	0	0	0
Disability Retirees	173,239	172,129	172,983
Terminated Vested	1,117,790	1,108,431	1,777,834
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total	25,077,416	25,850,747	24,935,010

C. Liabilities - (Continued)	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	8,041,948	9,082,231	10,144,517
Present Value of Future Member Contributions	546,852	617,592	689,827
Normal Cost (Retirement)	347,967	449,191	463,808
Normal Cost (Disability)	4,478	5,208	5,002
Normal Cost (Death)	1,619	2,057	1,931
Normal Cost (Vesting)	47,022	54,220	56,176
Normal Cost (Refunds)	<u>2,141</u>	<u>2,123</u>	<u>2,019</u>
Total Normal Cost	403,227	512,799	528,936
Present Value of Future Normal Costs	2,006,483	2,753,876	3,082,150
Accrued Liability (Retirement)	8,522,172	8,850,944	8,716,197
Accrued Liability (Disability)	21,560	19,464	19,814
Accrued Liability (Death)	15,501	15,942	15,857
Accrued Liability (Vesting)	334,730	309,732	348,197
Accrued Liability (Refunds)	1,791	1,790	1,720
Accrued Liability (Inactives) ¹	14,175,179	13,898,999	12,751,075
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	23,070,933	23,096,871	21,852,860
Unfunded Actuarial Accrued Liability (UAAL)	8,204,440	8,230,378	8,455,489
Funded Ratio (AVA / AL)	64.4%	64.4%	61.3%

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits			
Inactives ¹	14,175,179	13,898,999	12,751,075
Actives	5,331,035	5,245,737	5,113,011
Member Contributions	<u>1,078,470</u>	<u>1,078,470</u>	<u>1,034,809</u>
Total	20,584,684	20,223,206	18,898,895
Non-vested Accrued Benefits	<u>1,114,783</u>	<u>1,076,643</u>	<u>1,035,881</u>
Total Present Value Accrued Benefits	21,699,467	21,299,849	19,934,776
Funded Ratio (MVA / PVAB)	64.2%	65.4%	71.1%

Increase (Decrease) in Present Value of
Accrued Benefits Attributable to:

Plan Amendments	0	0	
Assumption Changes	399,618	0	
New Accrued Benefits	0	394,328	
Benefits Paid	0	(600,036)	
Interest	0	1,570,781	
Other	<u>0</u>	<u>0</u>	
Total	399,618	1,365,073	

Valuation Date	New Assump	Old Assump	
	10/1/2015	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2016</u>	<u>9/30/2016</u>	<u>9/30/2015</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ²	26.6	32.9	32.7
Administrative Expenses (with interest)			
% of Total Annual Payroll ²	2.2	2.1	0.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2015, with interest)			
% of Total Annual Payroll ²	46.7	43.6	42.1
Total Required Contribution			
% of Total Annual Payroll ²	75.5	78.6	75.7
Expected Member Contributions			
% of Total Annual Payroll ²	6.8	6.8	6.8
Expected City and State Contribution			
% of Total Annual Payroll ²	68.7	71.8	68.9

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	1,164,001
City and State Requirement	1,059,441
Actual Contributions Made:	
Members (excluding buyback)	104,560
City	687,531
State	<u>371,910</u> ³
Total	1,164,001

G. Net Actuarial (Gain)/Loss (268,955)

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$1,579,196.

³ Reflects traditional interpretation of Chapter 99-1, Florida Statutes.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	8,204,440
2016	8,094,818
2017	7,968,770
2023	6,781,212
2029	4,535,956
2034	1,534,686
2040	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	0.70%	7.50%
Year Ended	9/30/2014	0.04%	7.50%
Year Ended	9/30/2013	0.54%	7.50%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

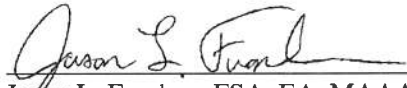
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	6.87%	8.00%
Year Ended	9/30/2014	9.72%	8.00%
Year Ended	9/30/2013	8.84%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$1,579,196
	10/1/2005	1,428,856
(b) Total Increase		10.5%
(c) Number of Years		10.0
(d) Average Annual Rate		1.0%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Combined Healthy table projected with Scale BB through the valuation year (disabled lives are set forward 5 years).																									
	Prior: RP-2000 Table with no projection. (Disabled lives set forward 5 years).																									
<u>Interest Rate</u>	8.0% per year compounded annually, net of investment related expenses.																									
<u>Retirement Age</u>	Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.																									
<u>Early Retirement</u>	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.																									
<u>Disability Rate</u>	See table on following page (1201). It is assumed that 75% of disablements are service related.																									
<u>Termination Rate</u>	See table on following page (1302).																									
<u>Salary Increases</u>	<table><tr><th>Credited Service</th><th>Salary Increase</th></tr><tr><td>0</td><td>10.0%</td></tr><tr><td>1</td><td>9.0%</td></tr><tr><td>2</td><td>8.0%</td></tr><tr><td>3</td><td>7.5%</td></tr><tr><td>4</td><td>7.0%</td></tr><tr><td>5</td><td>6.5%</td></tr><tr><td>6</td><td>6.0%</td></tr><tr><td>7</td><td>5.5%</td></tr><tr><td>8</td><td>5.0%</td></tr><tr><td>9</td><td>4.5%</td></tr><tr><td>10+</td><td>4.0%</td></tr></table>	Credited Service	Salary Increase	0	10.0%	1	9.0%	2	8.0%	3	7.5%	4	7.0%	5	6.5%	6	6.0%	7	5.5%	8	5.0%	9	4.5%	10+	4.0%	<p>Prior: 7.5% per year until the assumed retirement.</p>
Credited Service	Salary Increase																									
0	10.0%																									
1	9.0%																									
2	8.0%																									
3	7.5%																									
4	7.0%																									
5	6.5%																									
6	6.0%																									
7	5.5%																									
8	5.0%																									
9	4.5%																									
10+	4.0%																									
<u>Administrative Expenses</u>	\$32,924 annually.																									
<u>Payroll Increase</u>	1.0% per year (1.6% for 10/1/14).																									
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method																									

Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	0.03%	6.0%
30	0.04%	5.0%
40	0.07%	2.6%
50	0.18%	0.8%

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$8,455,489
(2) Sponsor Normal Cost developed as of October 1, 2014	414,508
(3) Expected administrative expenses for the year ended September 30, 2015	14,883
(4) Expected interest on (1), (2) and (3)	710,195
(5) Sponsor contributions to the System during the year ended September 30, 2015	1,059,441
(6) Expected interest on (5)	36,301
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	8,499,333
(8) Change to UAAL due to Assumption Change	(25,938)
(9) Change to UAAL due to Actuarial (Gain)/Loss	(268,955)
(10) Unfunded Accrued Liability as of October 1, 2015	8,204,440

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
Benefit Improv.	10/1/2002	17	\$516,017	\$49,190
Benefit Improv.	10/1/2005	20	952,135	83,597
Actuarial Loss	10/1/2006	21	1,041,577	89,396
Method Change	10/1/2006	21	541,137	46,444
Actuarial Loss	10/1/2007	22	208,197	17,501
Benefit Improv.	10/1/2007	22	1,870,705	157,253
Benefit Improv.	10/1/2007	22	3,035,110	255,134
Actuarial Loss	10/1/2008	22	2,473,190	207,898
Method Change	10/1/2008	22	(150,319)	(12,636)
Actuarial Gain	10/1/2009	22	(892,855)	(75,054)
Assump Change	10/1/2009	22	312,663	26,283
Actuarial Loss	10/1/2010	22	512,554	43,086
Method Change	10/1/2010	22	(33,299)	(2,799)
Actuarial Gain	10/1/2011	22	(209,034)	(17,572)
Actuarial Gain	10/1/2012	22	(136,030)	(11,435)
Benefit Improv.	10/1/2012	22	665,050	55,905
Actuarial Gain	10/1/2013	23	(376,518)	(31,053)
Actuarial Gain	10/1/2014	24	(1,830,947)	(148,384)
Actuarial Gain	10/1/2015	25	(268,955)	(21,449)
Assump Change	10/1/2015	25	(25,938)	(2,069)
			8,204,440	709,236

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$8,455,489
(2) Expected UAAL as of October 1, 2015	8,499,333
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	154,950
Salary Increases	(470,129)
Active Decrements	43,137
Inactive Mortality	21,970
Other	<u>(18,883)</u>
Increase in UAAL due to (Gain)/Loss	(268,955)
Assumption Changes	<u>(25,938)</u>
(4) Actual UAAL as of October 1, 2015	\$8,204,440

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	717,834.96	717,834.96
Total Cash and Equivalents	717,834.96	717,834.96
Receivables:		
Investment Income	23,847.09	23,847.09
Total Receivable	23,847.09	23,847.09
Investments:		
U. S. Bonds and Bills	195,944.86	207,557.76
Federal Agency Guaranteed Securities	98,623.77	97,549.52
Corporate Bonds	3,056,657.70	3,084,580.75
Municipal Obligations	282,250.00	300,480.00
Certificates of Deposits	150,000.00	150,232.50
Stocks	8,511,585.69	9,342,236.40
Total Investments	12,295,062.02	13,182,636.93
Total Assets	13,036,744.07	13,924,318.98
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	13,036,744.07	13,924,318.98

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	104,560.21
District	687,530.87
State	371,910.26

Total Contributions	1,164,001.34
---------------------	--------------

Investment Income:

Net Realized Gain (Loss)	1,289,146.28
Unrealized Gain (Loss)	(2,209,635.25)
Net Increase in Fair Value of Investments	(920,488.97)
Interest & Dividends	237,537.34
Less Investment Expense ¹	(101,886.43)

Net Investment Income	(784,838.06)
-----------------------	--------------

Total Additions	379,163.28
-----------------	------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	600,036.28
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	0.00

Total Distributions	600,036.28
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Administrative Expense	32,924.36
------------------------	-----------

Total Deductions	632,960.64
------------------	------------

Net Increase in Net Position	(253,797.36)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	14,178,116.34
-----------------------	---------------

End of the Year	13,924,318.98
-----------------	---------------

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2015

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2015	2016	2017	2018	2019
09/30/2011	(915,935)	0	0	0	0	0
09/30/2012	1,006,999	201,400	0	0	0	0
09/30/2013	243,204	97,282	48,641	0	0	0
09/30/2014	519,012	311,407	207,605	103,802	0	0
09/30/2015	(1,940,329)	(1,552,263)	(1,164,197)	(776,132)	(388,066)	0
Total		(942,174)	(907,951)	(672,330)	(388,066)	0

Development of Investment Gain/Loss

Market Value of Assets 09/30/2014	14,178,116
Contributions Less Benefit Payments & Admin Expenses	531,041
Expected Investment Earnings	1,155,491
Actual Net Investment Earnings	(784,838)
2015 Actuarial Investment Gain/(Loss)	<u>(1,940,329)</u>

*Expected Investment Earnings = $0.08 * (14,178,116 + 0.5 * 531,041)$

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2015	13,924,319
(2) Gains/(Losses) Not Yet Recognized	<u>(942,174)</u>
(3) Actuarial Value of Assets, 09/30/2015, (1) - (2)	14,866,493

(A) 09/30/2014 Actuarial Assets: 13,397,371

(I) Net Investment Income:	
1. Interest and Dividends	237,537
2. Realized Gains (Losses)	1,289,146
3. Change in Actuarial Value	(486,716)
4. Investment Expenses	<u>(101,886)</u>
Total	938,081

(B) 09/30/2015 Actuarial Assets: 14,866,493

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 6.87%
Market Value of Assets Rate of Return: -5.49%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (154,950)

10/01/2015 Limited Actuarial Assets: 14,866,493

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2015
Actuarial Asset Basis

REVENUES

Contributions:		
Member	104,560.21	
District	687,530.87	
State	371,910.26	
Total Contributions		1,164,001.34
Earnings from Investments:		
Interest & Dividends	237,537.34	
Net Realized Gain (Loss)	1,289,146.28	
Change in Actuarial Value	(486,716.25)	
Total Earnings and Investment Gains		1,039,967.37

EXPENDITURES

Distributions to Members:		
Benefit Payments	600,036.28	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	0.00	
Total Distributions		600,036.28
Expenses:		
Investment Related ¹	101,886.43	
Administrative	32,924.36	
Total Expenses		134,810.79
Change in Net Assets for the Year		1,469,121.64
Net Assets Beginning of the Year		13,397,371.34
Net Assets End of the Year ²		14,866,492.98

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	391,832.84
Plus Additions	193,440.25
Investment Return Earned	31,858.68
Less Distributions	0.00
End of the Year Balance	617,131.77

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	35	33	26	25
Average Current Age	39.1	39.6	40.4	40.2
Average Age at Employment	26.7	26.9	26.8	27.2
Average Past Service	12.4	12.7	13.6	13.0
Average Annual Salary	\$61,508	\$65,282	\$64,722	\$63,168
<u>Service Retirees</u>				
Number	7	7	7	9
Average Current Age	N/A	N/A	N/A	55.3
Average Annual Benefit	\$73,336	\$78,051	\$79,930	\$71,101
<u>DROP Retirees</u>				
Number	N/A	3	3	4
Average Current Age	N/A	N/A	N/A	49.4
Average Annual Benefit	N/A	\$54,355	\$54,355	\$53,866
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	1	1	1	1
Average Current Age	N/A	N/A	N/A	51.9
Average Annual Benefit	\$14,297	\$14,297	\$14,297	\$14,297
<u>Terminated Vested</u>				
Number	0	0	8	6
Average Current Age	N/A	N/A	N/A	37.7
Average Annual Benefit	N/A	N/A	\$26,252	\$23,820

¹ Prior to 10/1/2015, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	0	0	0	0	0	1	0	0	0	0	0	1
30 - 34	0	0	0	0	0	3	1	0	0	0	0	4
35 - 39	0	0	0	0	0	1	2	0	0	0	0	3
40 - 44	0	0	0	0	0	1	3	4	0	0	0	8
45 - 49	0	1	0	0	0	0	2	3	0	1	0	7
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	0	0	0	6	8	8	0	1	0	25

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	26
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	25
h. New entrants	<u>0</u>
i. Total active life participants in valuation	25

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred	<u>Total</u>
a. Number prior valuation	7	3	0	1	8	19
Retired	2	0	0	0	(2)	0
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	9	4	0	1	6	20

SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the District as a Firefighter.
<u>Salary</u>	Base pay, plus state supplemental education pay, plus EMT and Paramedic educational differential pay.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	6.8% of Salary.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.
Benefit	3.5% of Average Final Compensation <u>times</u> Credited Service (2.5% if hired on or after October 1, 2012)
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Cost-of-Living Adjustment

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living adjustment.

Vesting

Schedule

100% after 7 years of contributing service if hired before 10/1/12, Members hired on and after 10/1/12 are 100% vested after 10 years.

Benefit Amount

Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

Duration

Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested

Refund of accumulated contributions without interest.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the District.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At Member's election: (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 6.5% per annum compounded monthly. Members may elect to change form of return one time.
Form of Distribution	Cash lump sum (options available) at termination of employment.

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July 5, 2016

Board of Trustees
Destin Fire Control District
Firefighters' Retirement Trust Fund
848 Airport Road
Destin, FL 32541

RE: GASB Statement No. 67 and No. 68 – Destin Fire Control District Firefighters' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board a GASB Statement No. 67 and No. 68 measured as of September 30, 2015 for the Destin Fire Control District Firefighters' Retirement Trust Fund.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 and is not applicable for purposes, such as determining the plans' funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30th, 2015 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No. 67 and No.68.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: _____



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-06888

JLF/lke
Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	717,835
Total Cash and Equivalents	717,835
Receivables:	
Investment Income	23,847
Total Receivable	23,847
Investments:	
U. S. Bonds and Bills	207,558
Federal Agency Guaranteed Securities	97,550
Corporate Bonds	3,084,581
Municipal Obligations	300,480
Certificates of Deposits	150,232
Stocks	9,342,236
Total Investments	13,182,637
Total Assets	13,924,319
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	13,924,319

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	104,560
District	687,531
State	371,910

Total Contributions	1,164,001
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Investment Income:

Net Increase in Fair Value of Investments	(920,489)
Interest & Dividends	237,537
Less Investment Expense ¹	(101,886)

Net Investment Income	(784,838)
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Total Additions	379,163
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DEDUCTIONS

Distributions to Members:

Benefit Payments	600,036
Lump Sum DROP Distributions	0
Refunds of Member Contributions	0

Total Distributions	600,036
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Administrative Expense	32,924
------------------------	--------

Total Deductions	632,960
------------------	---------

Net Increase in Net Position	(253,797)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	14,178,116
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End of the Year	13,924,319
-----------------	------------

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the District.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	8
Active Plan Members	26
	45

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.
Benefit: 3.5% of Average Final Compensation times Credited Service (2.5% if hired on or after October 1, 2012).

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Cost-of-Living Adjustment:

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living adjustment.

Vesting (Termination):

Schedule: 100% after 7 years of contributing service if hired before 10/1/12, Members hired on and after 10/1/12 are 100% vested after 10 years.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 6.8% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

GASB 67

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Core Fixed Income	40%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -5.49 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.5% per annum compounded monthly.

The DROP balance as September 30, 2015 is \$590,425.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 23,256,299
Plan Fiduciary Net Position	\$ (13,924,319)
Sponsor's Net Pension Liability	<u>\$ 9,331,980</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	59.87%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	7.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-200 Combined Healthy table projected with Scale BB through the valuation year (disabled lives are set forward 5 years).

The significant assumptions are based upon the most recent actuarial experience study dated August 28th, 2015, for the period 2009-2014.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Core Fixed Income	2.5%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 12,306,555	\$ 9,331,980	\$ 6,883,272

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	540,120	702,391	650,362
Interest	1,893,391	1,756,834	1,616,439
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(1,748,273)	-	-
Changes of assumptions	(256,184)	-	-
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liability	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending (a)	<u>\$ 23,256,299</u>	<u>\$ 23,427,281</u>	<u>\$ 21,548,011</u>
Plan Fiduciary Net Position			
Contributions - Employer	687,531	697,413	882,319
Contributions - State	371,910	326,318	342,803
Contributions - Employee	104,560	126,109	141,681
Net Investment Income	(784,838)	1,510,241	1,092,797
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Administrative Expense	(32,924)	(14,883)	(18,656)
Net Change in Plan Fiduciary Net Position	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,924,319</u>	<u>\$ 14,178,116</u>	<u>\$ 12,112,873</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,331,980</u>	<u>\$ 9,249,165</u>	<u>\$ 9,435,138</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	59.87%	60.52%	56.21%
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Net Pension Liability as a percentage of Covered Employee Payroll	606.90%	498.73%	452.84%

Notes to Schedule:*Changes of assumptions:*

For the 2015 year, amounts reported as changes of assumptions were in conjunction with the August 28, 2015 experience study, the Board adopted the following assumption changes:

- Salary Increases change from 7.5% per year to a table based on service that grades down from 10% to 4%.
- Mortality Rates change from the RP 2000 table with no-projection for healthy lives to the RP-2000 table projected with scale BB through 2015 (disabled lives are set forward 5 years).

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,059,441	1,023,707	1,225,122
Contributions in relation to the Actuarially Determined Contributions	1,059,441	1,023,731	1,225,122
Contribution Deficiency (Excess)	\$ -	\$ (24)	\$ -
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Contributions as a percentage of Covered Employee Payroll	68.90%	55.20%	58.80%

Notes to Schedule

Valuation Date: 10/01/2014

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level percentage of pay, closed.
Remaining Amortization Period:	25 Years (as of 10/01/2014 Valuation).
Mortality:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Inflation:	3.0% per year.
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.
Retirement Age:	Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age. (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability Rates:	See Table Below (1201). It is assumed that 75% of disablements are service related.
Termination Rates:	See Table Below (1302).
Salary Increases:	7.5% per year until the assumed retirement age.
Payroll Increase:	1.6% per year (5.0% for 10/01/2013).
Actuarial Asset Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Annual Money-Weighted Rate of Return			
Net of Investment Expense	-5.49%	12.26%	10.08%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the District.

Full-time employees who are classified as full-time certified firefighters participate in the System as a condition of employment.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	8
Active Plan Members	26
	45

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.

Benefit: 3.5% of Average Final Compensation times Credited Service (2.5% if hired on or after October 1, 2012).

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Cost-of-Living Adjustment:

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living adjustment.

Vesting (Termination):

Schedule: 100% after 7 years of contributing service if hired before 10/1/12, Members hired on and after 10/1/12 are 100% vested after 10 years.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 6.8% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	7.50%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-200 Combined Healthy table projected with Scale BB through the valuation year (disabled lives are set forward 5 years).

The significant assumptions are based upon the most recent actuarial experience study dated August 28th, 2015, for the period 2009-2014.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Core Fixed Income	40%	2.50%
Total	100%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan Members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2015	\$ 23,427,281	\$ 14,178,116	\$ 9,249,165
Changes for a Year:			
Service Cost	540,120	-	540,120
Interest	1,893,391	-	1,893,391
Differences between Expected and Actual Experience	(1,748,273)	-	(1,748,273)
Changes of assumptions	(256,184)	-	(256,184)
Changes of benefit terms	-	-	-
Contributions - Employer	-	687,531	(687,531)
Contributions - State	-	371,910	(371,910)
Contributions - Employee	-	104,560	(104,560)
Net Investment Income	-	(784,838)	784,838
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(600,036)	-
Administrative Expense	-	(32,924)	32,924
Net Changes	(170,982)	(253,797)	82,815
Reporting period ending at September 30, 2016	\$ 23,256,299	\$ 13,924,319	\$ 9,331,980

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 12,306,555	\$ 9,331,980	\$ 6,883,272

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$989,531.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	1,311,204
Changes of assumptions	-	192,138
Net difference between Projected and Actual Earnings on Pension Plan investments	1,240,858	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	<u>TBD</u>	<u>\$ 1,503,342</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:

2017	\$ (216,850)
2018	\$ (216,850)
2019	\$ (216,850)
2020	\$ 388,066
2021	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability			
Service Cost	540,120	702,391	650,362
Interest	1,893,391	1,756,834	1,616,439
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(1,748,273)	-	-
Changes of assumptions	(256,184)	-	-
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liability	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending (a)	<u>\$ 23,256,299</u>	<u>\$ 23,427,281</u>	<u>\$ 21,548,011</u>
Plan Fiduciary Net Position			
Contributions - Employer	687,531	697,413	882,319
Contributions - State	371,910	326,318	342,803
Contributions - Employee	104,560	126,109	141,681
Net Investment Income	(784,838)	1,510,241	1,092,797
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Administrative Expense	(32,924)	(14,883)	(18,656)
Net Change in Plan Fiduciary Net Position	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,924,319</u>	<u>\$ 14,178,116</u>	<u>\$ 12,112,873</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,331,980</u>	<u>\$ 9,249,165</u>	<u>\$ 9,435,138</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	59.87%	60.52%	56.21%
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Net Pension Liability as a percentage of Covered Employee Payroll	606.90%	498.73%	452.84%

Notes to Schedule:*Changes of assumptions:*

For the 2015 year, amounts reported as changes of assumptions were in conjunction with the August 28, 2015 experience study, the Board adopted the following assumption changes:

- Salary Increases change from 7.5% per year to a table based on service that grades down from 10% to 4%.
- Mortality Rates change from the RP 2000 table with no-projection for healthy lives to the RP-2000 table projected with scale BB through 2015 (disabled lives are set forward 5 years).

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015	09/30/2014
Measurement Date	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	1,059,441	1,023,707	1,225,122
Contributions in relation to the			
Actuarially Determined Contributions	1,059,441	1,023,731	1,225,122
Contribution Deficiency (Excess)	\$ -	\$ (24)	\$ -
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Contributions as a percentage of			
Covered Employee Payroll	68.90%	55.20%	58.80%

Notes to Schedule

Valuation Date: 10/01/2014

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level percentage of pay, closed.
Remaining Amortization Period:	25 Years (as of 10/01/2014 Valuation).
Mortality:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Inflation:	3.0% per year.
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.
Retirement Age:	Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age. (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability Rates:	See Table Below (1201). It is assumed that 75% of disablements are service related.
Termination Rates:	See Table Below (1302).
Salary Increases:	7.5% per year until the assumed retirement age.
Payroll Increase:	1.6% per year (5.0% for 10/01/2013).
Actuarial Asset Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Termination and Disability Rate Table:	% Becoming Disabled During the Year	% Terminating During the Year
Age		
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 9,435,138	\$ -	\$ 1,023,731	\$ -
Employer and State Contributions made after 09/30/2014	-	-	1,059,441	-
Total Pension Liability Factors:				
Service Cost	702,391	-	-	702,391
Interest	1,756,834	-	-	1,756,834
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(579,955)	-	-	(579,955)
Net change	<u>1,879,270</u>	<u>-</u>	<u>1,059,441</u>	<u>1,879,270</u>
Plan Fiduciary Net Position:				
Contributions - Employer	697,413	-	(697,413)	-
Contributions - State	326,318	-	(326,318)	-
Contributions - Employee	126,109	-	-	(126,109)
Net Investment Income	991,230	-	-	(991,230)
Difference between projected and actual earnings on Pension Plan investments	519,011	519,011	-	-
Current year amortization	-	(103,802)	-	(103,802)
Benefit Payments	(579,955)	-	-	579,955
Administrative Expenses	(14,883)	-	-	14,883
Net change	<u>2,065,243</u>	<u>415,209</u>	<u>(1,023,731)</u>	<u>(626,303)</u>
Ending Balance	<u>\$ 9,249,165</u>	<u>\$ 415,209</u>	<u>\$ 1,059,441</u>	<u>\$ 1,252,967</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 9,249,165	\$ 415,209	\$ 1,059,441	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	540,120	-	-	540,120
Interest	1,893,391	-	-	1,893,391
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(1,748,273)	1,748,273	-	-
Current year amortization of experience difference	-	(437,069)	-	(437,069)
Change in assumptions about future economic or demographic factors or other inputs	(256,184)	256,184	-	-
Current year amortization of change in assumptions	-	(64,046)	-	(64,046)
Benefit Payments	(600,036)	-	-	(600,036)
Net change	<u>(170,982)</u>	<u>1,503,342</u>	<u>-</u>	<u>1,332,360</u>
Plan Fiduciary Net Position:				
Contributions - Employer	687,531	-	(687,531)	-
Contributions - State	371,910	-	(371,910)	-
Contributions - Employee	104,560	-	-	(104,560)
Net Investment Income	1,155,491	-	-	(1,155,491)
Difference between projected and actual earnings on Pension Plan investments	(1,940,329)	-	1,940,329	-
Current year amortization	-	(103,803)	(388,065)	284,262
Benefit Payments	(600,036)	-	-	600,036
Administrative Expenses	(32,924)	-	-	32,924
Net change	<u>(253,797)</u>	<u>(103,803)</u>	<u>492,823</u>	<u>(342,829)</u>
Ending Balance	<u>\$ 9,331,980</u>	<u>\$ 1,814,748</u>	<u>TBD</u>	<u>\$ 989,531</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.

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MEMORANDUM

FROM: The Bogdahn Group;
Kim Spurlin / Tyler Grumbles
TO: Destin Fire Control District Firefighters' Retirement Trust Fund
RE: Summary of Proposed Fee Revisions

Our firm was formed with the mission of providing the highest level of institutional investment consulting at a competitive fee. Today we are a better, stronger and more experienced firm than we were when initially engaged by your Board. The institutional marketplace has changed dramatically over the years, and true independence is now recognized as the prudent approach. We are pleased to have been at the forefront of this movement.

We are aware of the challenges in the current environment that are facing Pension Plans across the state and the nation, and we have always strived to provide the highest level of institutional consulting services at a competitive fee.

We have been pleased to serve the Destin Fire Control District Firefighters' Retirement Trust Fund for the past 16 years. Through our open and on-going communication and reporting we have assisted the Board in prudently reviewing and restructuring the portfolio. We would like to highlight a few of the changes to the investment program below:

- Assisted the Board in diversifying fixed income assets by investing in a **global fixed income** mutual fund.
- Worked with the Board to update the **asset allocation** and revising the investment policy statement for consistency with the investment portfolio objectives and goals.
- Educated and guided the board on investing in **real estate** assets.
- Conducted **ongoing due diligence** of investment managers and proactively made recommendations.

As we have worked to improve our client's investment portfolios, over the past four years we have also worked to improve our firm, adding talented people and increasing our technological capabilities. Our objective is to be able to provide the highest level of service and industry knowledge to each of our clients.

Our firm provides institutional consulting services on a hard dollar, full retainer, flat-fee basis for 100% of our clients. While this request represents an increase to our current hard dollar fee, this new proposal still reflects a significant reduction in the proposed rate for our services with consideration of the asset growth and services provided to the Plan. Our retainer fee would include all components of our consulting services and we would guarantee this proposed fee for 3 years.

Existing Fee Contract

Proposed Fee Contract*

Annual Retainer Total Fee:	\$15,500	Annual Retainer Total Fee:	\$19,000
Total Plan Assets (12/31/2009)	\$7,297,466	Total Plan Assets (5/31/2016)	\$14,766,114
<i>Fee as a Percentage (%):</i>	<i>0.2124%</i> <i>(21.24 bps)</i>	<i>Fee as a Percentage (%):</i>	<i>0.1286%</i> <i>(12.86 bps)</i>

*Proposed fee effective date October 1, 2016

We value the relationship with the Destin Fire Control District Firefighters' Retirement Trust Fund Board of Trustees and look forward to a continued successful relationship.

Approval of Invoices

Date	Payee	Description	Amount
06/30/2016	The Bogdahn Group	Consulting services and performance evaluation through 6/30/2016	\$3,875.00
06/30/2016	Christiansen & Dehner	Legal Services for the month of June 2016	\$779.01
07/15/2016	Salem Trust Company	Fee Invoice for Period April 1, 2016 to June 30, 2016	\$2,010.98
08/01/2016	Florida Municipal Insurance Trust	Fiduciary liability insurance – policy no. U716-52001 (effective 8/1/16 – 8/1/17)	\$3,123.00



JUL 15 2016

Date	Invoice #
6/30/2016	17120

Destin Fire Control District
Firefighters Retirement Trust Fund
848 Airport Road
Destin, FL 32541

[illegible]

62



Christiansen & Dehner, P. A.

JUL 21 2016

63 Sarasota Center Boulevard
Suite 107
Sarasota, FL 34240-

941-377-2200
Phone

941-377-4848
Fax

June 30, 2016

Destin Fire Control District
848 Airport Road
Destin,, FL 32541
ATTN: Chief Sassar

Invoice Number

In Reference To: Fire Pension Fund

9310

28364

Professional Services

	<u>Hours</u>	<u>Amount</u>
6/6/2016 Preparation and attendance at Board Meeting.	1.20	472.80
Travel Time	0.80	157.60
For professional services rendered	2.00	\$630.40

Additional Charges :

	<u>Qty</u>	
6/6/2016 Car Expense	1	3.78
Food Expense	1	8.58
Airport Parking	1	3.96
Airfare	1	44.97
Hotel Charge	1	68.01
Rental Car	1	19.31
Total additional charges		\$148.61

Total amount of this bill

\$779.01

Balance due

\$779.01

** Please note that the "Balance Due" figure at the end of this bill reflects both "Total New Charges - Current Period" and any previous balances due. In most cases, if the previous balance(s) have already been approved for payment but not yet received in our office, you should be paying only the "Total New Charges - for services and/or expenses". Thank you.

Please indicate account number(s) with payment.
(Please Deduct any payments not reflected in Balance due)

63
✓



JUL 11 2016

July 15, 2016

Destin Fire Control District
Kathryn Wagner
848 Airport Road
Destin, FL 32541

Fee A/C #
Destin Fire

Fee Invoice for Period **April 1, 2016** to **June 30, 2016**

Total Market Value for Fund: \$13,406,541.31

Detail of Calculation:

Market Value	Basis Point Rate	Annual Fee	Quarterly Fee
\$13,406,541.31	0.0006	\$8,043.92	\$2,010.98
		Minimum Fee	\$0.00

TOTAL **\$2,010.98**

If you have any questions, please contact Mark Rhein at 877-382-5268



**INVOICE
SPECIAL COVERAGES**

8/1/2016 FMIT# 1284

Ms. Kathryn Wagner
Financial Administrator
Destin Fire Control District
848 Airport Road
Destin, FL 32541

MAKE CHECKS PAYABLE TO:

**FLORIDA MUNICIPAL INSURANCE TRUST
POST OFFICE BOX 1757
TALLAHASSEE FL 32302-1757**

**PLEASE RETURN ONE COPY OF THIS INVOICE WITH YOUR CHECK BY 8/16/2016.
IF FULL PREMIUM PAYMENT IS NOT RECEIVED BY 8/16/2016, THE POLICY IS SUBJECT TO CANCELLATION
FOR NON-PAYMENT OF PREMIUM BY THE INSURER.**

DESCRIPTION	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE
A-3 BONDS FIDUCIARY LIABILITY DESTIN FIREFIGHTERS RETIREMENT TRUST FUND TOTAL LIMIT: \$1,000,000	U716-52001	8/1/2016	8/1/2017

PREMIUMS

BASE PREMIUM:	\$3,123.00
ADDITIONAL INSURED(S):	
TERRORISM:	
INSPECTION FEE:	
POLICY FEE:	
FEES:	

TOTAL POLICY PREMIUM: **\$ 3,123.00**

Ancillary insurance coverage includes any insurance coverage not currently available directly from the Florida Municipal Insurance Trust. When the Florida League of Cities, Inc. acts as intermediary or agency in facilitating ancillary insurance coverage for a member with a third party insurer, the Florida League of Cities, Inc. shall not be liable to the member if the third party insurer becomes insolvent at any time after coverage has commenced. The Florida League of Cities, Inc. shall use reasonable skill and judgment in securing any such ancillary insurance coverage. However, it is not a guarantor of the financial condition of any third party insurer and is entitled to reasonably rely upon generally accepted financial, actuarial and/or insurance industry data when facilitating ancillary insurance coverage.

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OPERATING RULES AND PROCEDURES
For The
DESTIN FIRE CONTROL DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

A

For Board Discussion on:

August 29, 2016

Approved by the Board on:

F

T

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT TRUST FUND

OPERATING RULES AND PROCEDURES

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Rule 1 - Board of Trustees

- 1.1 Definition of Functions** – The Board of Trustees shall act as the named fiduciary of the Fund as defined by Florida law. The Board shall have the exclusive authority to operate, maintain and interpret the provisions of the state laws and local resolutions establishing and executing the investment policy of the Fund. The Trustees shall be solely responsible for the selection and retention of professional advisors to the Fund including but not limited to investment managers, performance monitors, plan administrators, attorneys, accountants, actuaries and clerical staff.
- 1.2 Definition of Fiduciary** – A fiduciary shall be defined as a person responsible for the discharge of his duties with respect to the Pension Plan solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan.
- 1.3 Summary** – Trustees shall be responsible for the investment and reinvestment of the assets of the Fund; for determining all claims for retirement benefits; for exercising the sole and exclusive administration of and the proper operation of the Plan; to perform such actuarial and accounting functions as are required by law; to prepare and distribute a Summary Plan Description as provided in §112.66, Florida Statutes to the Members of the Fund upon employment and every other year thereafter; and to fulfill all other such duties as may be required by law.
- 1.4 Establishment of Offices** – The Board of Trustees shall elect a Chairman and Secretary every two years. The Officers shall be Trustees of the Board. The Chairman shall be responsible for the conduct of all meetings of the Board and shall have voting rights the same as any other Trustee of the Board. The Chairman shall perform such other duties as the Trustees may assign. The Trustees shall elect from among their members, every two years, a Plan Administrator who shall be responsible for the keeping of minutes of the transactions of the Board ~~and shall be the official custodian of records of the Board.~~ The Board may delegate to the Plan

Administrator any function which will assist the Board in carrying out its duties and responsibilities. The Secretary Plan Administrator, together with the Chairman, shall execute all official contracts of the Board.

1.5 Conflicts of Interest and Gifts –

- A. Conflicts of interest in voting shall be governed by the provisions of §112.3143, Florida Statutes, the Code of Ethics for Public Officials. Notwithstanding any other provision of law, no Trustee shall vote or participate in a determination of any matter in which that Trustee shall receive a special private gain except in the case of employee Trustees voting on benefits applicable to all Members of the Plan.
- B. No Trustee (or his or her spouse or minor child) shall, at any time, solicit or accept any gift (including but not limited to, food, beverages and transportation), loan, reward, promise of future employment, favor service, compensation, payment or thing of value when the Trustee understands, knows or should have known that it was given to influence a vote or other action in which the Trustee was expected to participate in his official capacity. Gifts provided directly or indirectly by a state, regional or national organization which promotes the exchange of ideas between, or the professional development of, members of that organization or staff of a governmental agency that is a member of that organization, are permitted.

1.6 Per Diem and Reimbursement – All Trustees shall be entitled to receive a per diem allowance and reimbursement for reasonable expenses incurred in conducting the business of the Fund. The Board shall establish reasonable reimbursement rates in accordance with policies of the Destin Fire Control District (“District”).

1.7 Election Procedures – The Board of Trustees shall consist of five persons, two of whom shall be Firefighters, two of whom shall be legal residents of the District appointed by the Board of Commissioners of the District and the fifth Trustee shall

be a person selected by the other four Trustees and appointed as a ministerial act by the Board of Commissioners of the District.

- A. Firefighter Trustees – The Firefighter Trustees shall be elected from among the Members of the Fund in the Fire Department. Elections shall be by a majority vote. If no candidate receives a majority vote, a run-off election between the two top vote recipients shall be held at the earliest practical date. Elections shall be every two years, with one seat elected every two years in November preceding the expiration of the fourth year of the term. Trustees shall take office at the first meeting the following January. Employees shall be permitted to nominate themselves for office and elections may be conducted by mail-in ballot. The election shall be conducted by placement of a ballot box in the Fire Department Headquarters for a period of at least 72 hours beginning on a date to be selected by the Board. Ballots shall be counted by the Board and the winners certified by the Board. As an alternative, the Board may utilize an electronic survey method, with the election conducted by sending a ballot or survey form to each member of the plan, with results to be returned within five (5) days of the date the ballot or survey is sent. Ballots shall be counted by the Board and the winners certified by the Board.
- B. Resident Trustees - The two (2) resident Trustees shall be legal residents of the District and shall be appointed for four (4) year terms, one every two years, by the Board of Commissioners in November or December prior to the expiration of a Trustee's term.
- C. Fifth Trustee – The fifth Trustee of the Board shall be chosen for a four (4) year term every fourth year at the first meeting in January following the selection of the other Trustees. The fifth Trustee may or may not be a legal resident of the Destin Fire Control District and may or may not be an employee of the District. The name of the person selected by a majority of

the other Trustees shall be certified to the Board of Commissioners which shall, in accordance with state law, ratify the appointment of that person as a ministerial act.

1.8 Succession of Persons to Vacant Positions – Vacancies on the Board of Trustees of employee members shall be filled by special election to be conducted in the same manner as any other election. Vacancies among the resident Trustees shall be filled by the Board of Commissioners. The person selected to fill a vacancy shall fulfill only the remaining term of the vacant office. In the event of a vacancy in the fifth Trustee of the Board, the Board shall appoint a successor in the same manner as the initial selection.

1.9 Education Requirements – Each Trustee is required to attend a seminar or conference regarding Trustee duties and responsibilities and matters relating to the investment program of the Plan at least once each term. Trustees are encouraged to attend seminars or conferences more frequently in order to remain informed regarding pension issues. New Trustees are encouraged to attend within the first six months of their term. Additional rules and guidance can be found in the Education Policy adopted September 21, 2015, as amended from time to time.

1.10 Disclosure of Financial Interests – Trustees must file a statement of financial interests (Form 1) with the supervisor of elections of the county in which they permanently reside within 30 days from the date of appointment and no later than July 1 of each year thereafter.

Trustees must file a final statement (Form 1F) within 60 days after leaving their office as Trustee. The final statement shall cover the period between January 1 of the year in which the Trustee leaves office and the last day of office.

If a Trustee has not filed by July 1, the supervisor of elections is required to notify such Trustee of a grace period to file by September 1. If a statement is not filed by September 1, a fine of \$25.00 per day will be imposed up to a maximum of \$1,500.

Fines cannot be paid from the pension plan. The Trustee may also be subject to additional penalties provided for in §112.317, Florida Statutes.

Rule 2 – Meetings

2.1 Attendance at Board Meetings – The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of Trustees. The Board shall meet at least once each quarter.

In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected of all Trustees. Trustees shall only be permitted to attend meetings of the Board by teleconferencing or telephone if extraordinary circumstances exist for the Trustee's absence, as determined by the Board, and only if a quorum (3) of the Trustees is physically present at the meeting. Trustees who are permitted to remotely attend meetings shall be permitted to participate and vote at such meetings. Any Trustee who fails to attend two consecutive meetings of the Board without an excuse acceptable to the other Trustees shall be deemed to have resigned from the Board. Employee Members of the Fund who are called into the active service of the District at the time of a Board meeting shall automatically be deemed excused.

2.2 Agendas and Other Meeting Materials – A published Notice of Meeting and Agenda shall be prepared for each regular and special meeting of the Board. The Notice of Meeting and Agenda shall set forth those items upon which the Board anticipates taking action or discussing. Each agenda item shall have attached to it backup material necessary for discussion or action by the Board. Each Notice of Meeting and Agenda shall inform members of the public that should they wish to appeal any decision made by the Board that they will need a record of the proceedings and that they may need to ensure a verbatim record is taken, which includes testimony and evidence upon which the appeal is based. In addition, the Notice of Meeting and Agenda shall also include a notice to members of the public

offering to provide assistance to those who are disabled, should they need assistance in order to attend the meeting. A copy of the Notice of Meeting and Agenda shall be posted in a location in the Destin Fire Station where notices of public meetings are customarily posted. The Board must provide and post reasonable notice of all meetings. All agendas and meeting materials are public records as defined in Chapter 119, Florida Statutes.

2.3 Rules of Order – In recognition of the importance of accomplishing the objectives of the Board in a most orderly fashion, the Board may establish rules of order for the conduct of its meetings. The Board shall not, however, be bound by strict observance of the rules of parliamentary procedure unless the Board deems it in its best interest to do so.

2.4 Appearance Before the Board – As a public body, the Board has a responsibility to accommodate members of the public and Members of the Fund who wish to appear before the Board. All appearances before the Board shall be scheduled through the Secretary Plan Administrator and time limits for presentations shall not exceed fifteen minutes, unless otherwise permitted by the Board. Appearances before the Board may be in person or through a representative. All communications with the Board shall either be in writing or by personal appearance at a Board meeting.

2.5 Public Records –

A. The records of the Fund are public records as set forth in Chapter 119, Florida Statutes, except for medical records of the Fund. The Board shall maintain the confidentiality of medical records as required by law. All medical records of Members of the Fund shall be maintained separately from other records of the Board so as to ensure security of the privileged information to which the Board is privy.

B. The Board shall appoint a Records Management Liaison Officer (RMLO) in accordance with Section 257.35, Florida Statutes. The RMLO shall be the

official custodian of the records of the Board. The Board shall adopt the Florida General Records Schedule GS1-SL, as amended from time to time, and shall maintain an active and continuing program for the economical and efficient management of Board records.

2.6 Government in the Sunshine – All meetings of the Board shall be conducted in accordance with the provisions of §286.011, Florida Statutes, the Government in the Sunshine Act. No Trustee shall engage in communications with another Trustee outside of a public meeting on any matter which shall ultimately be the subject of Board action. All meetings of Trustees at which official business of the Board shall be discussed shall be publicly noticed and open to the public in accordance with the law. All meetings of the Board shall be held in a location where public access is reasonably available. Regular meetings of the Board shall be held in Okaloosa County, Florida.

2.7 Committee Meetings – The Board, in the conduct of its business, may choose to establish committees consisting of a lesser number of Trustees. Committees shall be appointed by the Chairman. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. Committees consisting of one Trustee shall maintain records in accordance with the Public Records Act but need not conduct its business pursuant to a publicly noticed meeting. All reports of committees shall be reduced to writing and made a part of the official records of the Board.

2.8 Workshops – The Board may from time to time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the Board. Workshops shall be conducted in a public forum the same as any other meeting and shall have a published agenda in advance of the workshop.

2.9 Minutes – Complete minutes of all meetings of the Board or a Committee shall be promptly prepared following the meeting and all minutes shall be submitted to the

Board for approval following their preparation. All minutes shall be open for public inspection.

Rule 3 – Rules of Procedures

- 3.1 Legal Effect** – The Board of Trustees is authorized by law to establish rules or procedure for the operation of the Fund. No rule or regulation of the Fund may conflict with any lawful resolution, charter provision or state law.
- 3.2 Adoption Procedures** – All rules to be adopted by the Fund shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules and regulations on a periodic basis but not less than once a year. The rules and regulations of the Fund shall be reproduced and made available to each member of the Fund. A copy of said rules shall also be maintained at the offices of the Pension Fund and at each Fire Department station maintained by the District.

Rule 4 – Plan Administrator/Office Personnel

- 4.1 Board Employees/Independent Contractors** – The Board shall establish specific job descriptions for each classification of employee of service provided to the Board. New employees and independent contractors of the Board shall not, by virtue of their employment by the Board, be civil servants of the Destin Fire Control District and shall serve at the pleasure of the Board.
- 4.2 Selection Standards** – The Board shall establish for each classification of employee service, standards of education, experience and skills necessary for the execution of the duties of the position. The Board may delegate the initial screening process for applicants to a committee of the Board. The final decision for the employment of any person as an employee or Independent Contractor shall be determined by the Board of Trustees acting as a whole.

4.3 Evaluation and Compensation – All employees and Independent Contractors of the Board shall be evaluated periodically. Compensation shall be established by the Board of Trustees.

4.4 Decision Making Authority – No employee or Independent Contractor of the Board shall have the authority to bind the Board of Trustees in any contract or endeavor without the express authority of the Board.

Rule 5 – Internal Procedures and Controls

5.1 Mail – A designee of the Board shall be responsible for opening, dating and transmitting mail. All mail received by the Board shall be dated, stamped and reviewed for any time limitations or response dates. The mail shall be placed in folders bearing the names of the recipient of the mail. Mail addressed to the Board in general and to no specific person shall be directed to a person designated by the Board. All official decisions of the Board shall be sent by mail. A “reading file” of all correspondence coming into and emanating from the Board shall be maintained on a monthly basis together with copies in any specific files as may be established. In all respects, the provisions of Chapter 119, Florida Statutes, the Public Records Act, shall be observed.

5.2 Expense Payments from the Fund –

A. Payments to professionals performing services previously by the Board or for other expenses authorized by the Board shall routinely be made prior to Board approval as follows:

- 1) Statements received for services or expenses which are not pursuant to a written agreement shall be paid, but only if such statements do not exceed \$250.00.
- 2) Statements received for services or expenses which are rendered pursuant to a written agreement shall be paid if deemed to be in accordance with the agreement.

All payments made pursuant to paragraphs (1) and (2) above shall be considered by the Board at the first meeting following such payment and approved and ratified, if appropriate.

B. Any other payments from the Fund not described in subsection A. above shall be approved by the Board prior to such payment.

C. Authorization for payments from the Fund shall be in writing and signed by at least two trustees of the Board or by one Trustee and the Plan Administrator.

5.3 Processing of Payments for Early or Normal Retirement and Return of Contributions —

A. Upon receipt of an application for early or normal retirement, the Board's Plan Administrator or other Board designee shall process the application as follows:

- 1) The application shall be reviewed for accuracy and completeness and for eligibility for benefits.
- 2) A copy of the application and any necessary records from the District shall be forwarded to the actuary for calculation of the benefit amounts payable for the normal form and all optional forms of benefits.
- 3) Upon receipt of the actuary's calculations, the calculations shall be presented to the Retiree and the Retiree shall make his election.
- 4) The application shall be approved by any Trustee and shall then be provided to the Custodian along with any necessary supporting documents in order to being payments.
- 5) Copies of the Retiree's election form and the actuary's calculations shall be provided to the Board of Trustees prior to the commencement of payments or at the next meeting immediately

following the commencement of payments and the Board shall review and approve the retirement benefits.

B. Upon the termination of employment of a Member prior to his early or normal retirement date, the Board's Plan Administrator or other Board designee shall:

- 1) Determine whether the Member is vested or not vested and determine the amount of the Member's contributions.
- 2) Inform the Member of his right to leave his contributions in the plan or withdraw his contributions. If the Member desires to withdraw his contributions, provide the Member with the necessary forms, including the appropriate Return of contributions form, the Special Tax Notice Regarding Plan Payments and the Certification of Receipt of the Special Tax Notice and the Lump Sum Distribution Election Form;
- 3) Recommend that the Member study and complete the appropriate forms and seek tax and/or legal advice regarding his choice.
- 4) Direct the Member to return the completed forms to the Plan Administrator or Board designee;
- 5) Upon receipt of the properly completed forms, prepare and submit a payment request signed by any Trustee or the Plan Administrator and copies of any necessary documents to the Custodian to authorize the requested payment or rollover;
- 6) Provide copies of all documents to the Board of Trustees prior to payment or at the next meeting immediately following the payment, for the Board to approve the payment.

C. Pension payments should only be made as provided above. 1099-R reporting forms to Retirees must contain the proper information and codes to ensure the Retirees report the proper amounts on their personal income tax returns.

In-line-of duty disability benefits shall be reported as “taxability undetermined” on 1099-R forms.

5.4 Review of Custodial Statements —

D A. Custodial reports should be monitored by the Board or its designee for disclosure of all asset inflows such as District and Member contributions, state excise tax payments, if applicable, miscellaneous citizen donations and investment income. All errors, including those involving the misclassifications of Plan revenues, e.g., recording Member contributions as District contributions, must be corrected.

R B. Custodial reports should also be monitored for all asset outflows. Asset outflows must be properly approved and verified on audit. Expenses shall be approved as provided in Rule 5.2 and Retirements and Returns of Contributions in accordance with Rule 5.3. Letters of authorization for the expenditure of funds must be issued by the Board and copies must be maintained in orderly files.

5.5 Rollovers To and From the Fund – The Fund will accept and transfer eligible cash rollover distributions to and from the Fund as permitted by local, State and Federal law. The Board may adopt appropriate forms to facilitate such rollovers.

5.6 Deferred Retirement Option Plan Rules and Processing –

A. The Board of Trustees shall establish the procedure to begin participation for Members who are eligible to participate in the Deferred Retirement Option Plan (DROP), including the adoption of an Application/Agreement to be completed and executed by the Member prior to DROP participation. The Application/Agreement shall inform the Member of the ramifications of DROP participation and shall require the Member to acknowledge such ramifications and also acknowledge that the Member has had the opportunity to seek independent legal/financial advice prior to DROP participation.

B. The Board of Trustees will have annual reports prepared and distributed as of each September 30th to provide each DROP member with all necessary information regarding his or her DROP account for those members electing the net plan return investment option.

Rule 6 – Insurance

- 6.1 Fiduciary Insurance** – The Trustees are authorized by law to purchase fiduciary insurance to insure members of the Board for errors and omissions at the expense of the Fund, but the Fund shall not pay to waive recourse against Trustees. A rider waiving recourse may be purchased and paid for by the District or by a Trustee.
- 6.2 Travel Coverage** – The Fund may purchase, at its expense, life and accidental death and dismemberment insurance for each Trustee who shall travel outside of Okaloosa County for the purpose of Board related business.

Rule 7 – Relations with District

- 7.1 Authority of the Board** – The Board of Trustees is an independent entity established by state law and district resolution. The Board of Trustees shall not be considered a component part of or subordinate to the Destin Fire Control District. The Board shall have exclusive control of the operation of the Fund; however, no change to the pension plan resolution may be made except by action of the State Legislature or the Board of Commissioners.
- 7.2 Contractual Services** – In the selection of contractual services, the Board shall pay particular attention to the existence of conflicts of interest when contractors are to be employed by the Board for services similar to services which the contractor also provides to the District.
- 7.3 Use of the District Finance Department** – The Board shall be authorized to utilize the services of the District for the performance of banking functions of the Board. The District shall have not discretionary authority with regard to the utilization or

direction of funds of the Board. The precise duties of the District shall be reduced to writing the same as any other contract for services entered into the Board.

- 7.4 Use of Independent Custodians** – The Board shall be authorized to use the services of any duly qualified custodian in lieu of the District Finance Department for the performance of banking functions of the Board. The custodian shall be duly licensed, insured and bonded and shall meet all of the depository requirements of Chapter 280, Florida Statutes.

Rule 8 – Resolution Changes

- 8.1 Form of Resolution** – No resolution change affecting the Pension Fund shall be presented for a vote to the Board of Commissioners unless first reviewed and approved by a majority of the Trustees in accordance with the existing law governing the Fund. All proposed resolutions shall be reviewed by the General Counsel who shall pass on the form and correctness of the resolution. All proposed resolution changes carrying an economic benefit shall be reviewed by the actuary to determine the cost as required by law.
- 8.2 Collective Bargaining** – The Board of Trustees acknowledges that it is neither an employee organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore, the Board shall not engage in collective bargaining on behalf of the District or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the District for all matters relating to pension and retirement, if any.
- 8.3 Appearance at Board of Commissioners Meetings** – The Board of Trustees shall, through one of its members, its designee or its General Counsel, be present at all Board of Commissioners meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meeting, designate an official spokesperson on behalf of the Fund.

- 8.4 Actuarial Impact Studies** – No benefit change shall occur without an actuarial impact study as required by state law. ~~All such~~ Actuarial impact studies initiated by the Board of Trustees shall be at the expense of the Fund. Actuarial studies requested by the District or the Union, if any, and authorized by the Board shall be paid for by the District or the Union, respectively.

Rule 9 – Judicial Proceedings

- 9.1 Process** – All process issued by federal or state courts to the District concerning the Pension Fund or to the Destin Fire Control District Retirement Trust Fund shall immediately upon receipt, be forwarded to the General Counsel for the Fund who shall respond thereto.
- 9.2 Dissolution of Marriage** – Upon entering into a Dissolution of Marriage, a Plan Member shall notify ~~a Trustee~~ the Plan Administrator of the Member's attorney's name, address and telephone number. The ~~Trustee~~ Plan Administrator shall then promptly provide that information to the General Counsel to the Fund.

Rule 10 – Investments

- 10.1 Hiring Investment Managers** – In recognition of the importance of professional guidance in the investment of the assets of the Fund, all investments shall be performed by qualified, professional investment managers. The investment managers shall be selected at a regular or special meeting of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of investment managers to a committee of the Board but no final decision shall be made except at a meeting of the Board. All proposals for investment manager services shall be presented in writing to the Board and shall be made a part of the records of the Board.
- 10.2 Hiring Performance Monitors** – The Board shall engage at least one performance monitor who shall be responsible for reviewing the performance of the various

investment managers of the Fund. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than annually. The performance monitor shall advise the Board as to the relative performance of each investment manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of investment managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for investment managers and such other services as the Board shall request be performed.

10.3 Performance Goals and Objectives – The Board shall establish performance goals and objectives for each investment manager in each class of investment and shall establish expected rates of return. The investment policy shall comply with the minimum requirements set forth in Section 112.661, Florida Statutes. The performance goals and objectives shall be reduced to writing in an Investment Policy Statement and shall be referred to in the contract between the Board and the manager. The performance goals and objectives shall be reviewed on not less than an annual basis and shall be compared to the actual performance of an investment manager to determine compliance with the goals and objectives set by the Board. All Investment Policy Statements and amendments thereto shall immediately be provided to the District, the Department of Management Services and to the Board's actuary

10.4 Investment Standards – The Board shall establish written investment standards in the Investment Policy Statement. The standards shall set forth the distribution of the Fund between equities, fixed income, cash and cash equivalents, real estate and other forms of lawful investment. The standards shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish permissible risk factors. Each investment manager shall subscribe to the Investment Policy

Statement setting forth the written investment standards and performance goals and objectives of the Fund and the Investment Policy Statement shall be incorporated into each investment manager contract by reference.

10.5 Decision Making Authority – The Board of Trustees shall determine the retention or discharge of any investment manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any investment manager and shall determine when funds shall be withdrawn and investments terminated. The Trustees shall not, however, participate in the selection of individual stocks, bonds or cash funds as that shall be the responsibility of the investment manager within the context of the performance goals and objectives and investment standards established by the Board.

10.6 Written Contracts – Each investment manager shall enter into a written contract with the Board. Each contract shall include an acknowledgment by the investment manager that it is familiar with the resolutions of the District and the provisions of Chapters 112 and 175, Florida Statutes. The contracts shall also provide that the investment manager shall make no purchases which are prohibited by law and in the event such purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. The contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Okaloosa County, Florida. All written contracts shall set forth a specific duration, but in no event shall any contract be terminable on less than 30 days written notice. Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an investment advisor (if such registration is legally required) and is otherwise qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be reviewed by the General Counsel to the Fund who shall approve the form and correctness of each such

contract. All written contracts shall be executed by the Chairman and Secretary of the Board.

- 10.7 Reporting** – All investment managers and performance monitors of the Fund shall report on not less than an annual basis. The investment managers and monitors may, however, be directed by the Trustees to report on a more frequent basis. All such reports shall be in writing and shall be presented in person by a representative of the investment manager or performance monitor who has authority to make discretionary decisions with regard to the Trust's account and to settle claims and disputes arising from the contract. All such investment managers and performance monitors shall make these presentations in person at a regular meeting of the Board and shall bear their own costs and expenses in traveling to Board meetings. The performance monitors shall attend at least an annual meeting of the Board when requested and shall report, in writing, the progress of each investment manager. The performance monitor shall also make written recommendations regarding retention of or change in investment managers or recommended changes in investment policy.

- 10.8 Presentations by Prospective Consultants and Professionals** – In recognition of the limited time resources of the Board, presentations of prospective investment managers, performance monitors, custodians or other prospective professional advisors shall only be by written invitation of the Board. The Board shall maintain records of such prospective managers, monitors, custodians and other professionals to be reviewed by the Board in the event the Board wishes to consider adding or making a change in its current manager, monitor, custodian or other professional. In the event the Board elects to consider retaining a new manager, monitor, custodian or other professional, prospective applicants, including those applicants who had previously provided information to the Board, may be contacted and provided with a Request for Proposal. The Board or a committee appointed by the Board may conduct the initial screening of applicants by reviewing the proposals received in

response to the Requests for Proposals. The Board may then schedule personal presentations by a “short-list” of qualified applicants.

The Board may also decide to retain managers, monitors, custodians and other professionals by utilizing any other method which the Board deems to be prudent under the circumstances.

10.9 Divestiture – No divestiture of any asset of the Fund shall be made for any reason other than fulfillment of the fiduciary obligations of the Fund, or Compliance with State Law.

10.10 Proxy Voting – The Trustees shall be responsible for exercising all proxies on equities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all investment managers proxy voting responsibility and the Trustees shall monitor the voting of the managers.

The Trustees (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility:

- A. Declining to vote proxies;
- B. Voting proxies exclusively for management without analysis of the underlying issues;
- C. Permitting negligent or inaccurate record-keeping regarding proxy voting;
- D. Accepting directions from other parties;
- E. Permitting the absence of policies or procedures to assure the proper exercise of this fiduciary responsibility.

Any significant proxy items and the vote by an investment manager shall be reported in writing to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Act.

It shall be the primary responsibility of investment managers acting on behalf of the Board to vote all proxies to enhance the value of the Fund assets. All tender offers shall be treated in the same manner with regard to record-keeping and asset enhancement.

D 10.11 Declaration of Expected Annual Rate of Return – For each actuarial valuation, the Board shall seek the advice of its investment professionals and the actuary and then the Board shall determine the total expected annual rate of investment return for the current year, for each of the next several years and for the long term thereafter. This determination must be filed promptly with the Department of Management Services, with the District and with the Board's actuary.

10.12 Investment Reports to the District – The Board shall prepare annual fiscal year end reports for submission to the District, District Board of Fire Commissioners, which shall include the investments in the portfolio by class or type, book value, income earned and market value as of the end of the fiscal year.

Rule 11 – Actuarial Services

11.1 Selection – The Board of Trustees shall retain at all times the services of an enrolled actuary. An enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employment Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

11.2 Conflicts of Interest – In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain actuaries who are employed by the District, unless the Board is determined to be the client by a separate engagement letter or contract.

11.3 Reporting – The actuary shall report to the Board on not less than a bi-annual basis so that the Board may establish the adequacy of employer and employee contribution rates. Valuations shall be done at least every three years. No proposed change in

retirement benefits shall be made without an actuarial determination of the cost impact of the change. All actuarial reports shall be in accordance with the provisions of Section 112.63, Florida Statutes.

11.4 Setting Contribution Rates – Pursuant to the resolutions of the District, the Board is solely responsible for establishing the contribution rates of the District. The District contribution rate shall be established following an analysis of the adequacy of employee contributions, contribution from the State of Florida Insurance Rebate Program and investment earnings of the Fund. The amount of the District contribution shall be certified in writing to the Board of Commissioners in accordance with the provisions of the District resolution.

11.5 Credited Service – For purposes of actuarial calculations involving credited service, fractional parts of years shall be defined as completed months.

11.6 Actuarial Studies for Individual Plan Members – Each vested Plan Member shall be entitled, at the Fund's expense, to receive two actuarial studies to estimate his or her retirement benefits. Any additional studies shall be provided only at the Member's expense. Benefit calculations for terminated vested persons shall be performed by the actuary immediately upon termination.

Rule 12 – Accounting Services/Administrative Budget

12.1 Audits – The Fund shall cause to be made not less than on an annual basis an independent audit of the assets and liabilities of the Fund. Financial reporting should be made in accordance with generally accepted accounting standards. If the Fund has less than \$100,000 in assets, the Board may substitute a certified statement of accounting for the independent audit.

A. All postings from the custodial statements to the Plan's working trial balance should be in accordance with the Board's general and/or specific authorizations.

- B. All transactions recorded in the custodial statements should be analyzed, summarized and accurately posted to the correct trial balance accounts in the correct time period.
- C. All adjustments, deductions or write-offs of account balances should be calculated, summarized and recorded in the correct period.
- D. All postings to the working trial balance should be supported by and reference to adequate, authorized documentation.

12.2 Conflicts of Interest – In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the District unless the Board shall be determined to be the client by separate engagement letter or contract.

12.3 Review of Internal Controls – The policies and procedures provided for in these Operating Rules and Procedures shall be reviewed by the independent certified public accountant as part of the financial audit to determine the effectiveness of such controls to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Board or employees of the District.

12.4 Detailed Accounting Report – The Board of Trustees shall provide a detailed accounting report of its expenses for each fiscal year to the District and the Department of Management Services and make the report available to each member of the plan, and post the report on the Board's website, if the Board has a website. The report must include all administrative expenses that, for purposes of this subsection, are expenses relating to any legal counsel, actuary, plan administrator, and all other consultants, and all travel and other expenses paid to or on behalf of the members of the Board of Trustees, or anyone else on behalf of the plan.

12.5 Administrative Budget – The Board of Trustees shall adopt and operate under an administrative expense budget for each fiscal year, provide a copy of the budget to the District, and make available a copy of the budget to plan members before the beginning the fiscal year. If the Board of Trustees amends the administrative

expense budget, the Board must provide a copy of the amended budget to the District and make available a copy of the amended budget to plan members.

Rule 13 – Legal Services

- D 13.1 Selection** – The Board shall select and appoint a General Counsel who shall be licensed to practice law in the State of Florida. The General Counsel shall have demonstrated competence in the area of public employee retirement systems in the State of Florida and shall have been practicing law for not less than ten years. Competitive bidding is not required in the selection of legal services.
- R 13.2 Conflicts of Interest** – In recognition of the requirement that attorneys be independent in their judgment as set forth in the Code of Professional Responsibility, no attorney may serve as General Counsel who is also performing legal services on the part of the District or who otherwise engages in any legal services which the Board deems to be in conflict with its interests.
- A 13.3 Privileged Communications** – In all dealings between its General Counsel and the Board, the Board shall be deemed the client rather than any individual Trustee of the Board. All communications between the Board and its General Counsel shall be privileged communications except where otherwise governed by the Government in the Sunshine Law.
- T 13.4 Authority to Direct** – The attorney shall take direction from the Board of Trustees as may be given at the various meetings of the Fund. In between meetings of the Board, direction to the attorneys shall be given by the Chairman or other person directed by the Board. All files of the General Counsel to the Fund shall be open for inspection by any Trustee.

Rule 14 – Claims Procedures

- 14.1 Claims of Affected Persons** –

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- A. The Board of Trustees shall grant an initial hearing upon receipt of a written request ("Claim"), on matters which affect the substantial rights of any person ("Claimant"), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board of Trustees.
 - B. The Board shall review the Claim at an initial hearing and enter an order within ~~ninety (90)~~ one hundred eighty (180) days from the date of receipt of the Claim and, in the case of disability claims, receipt by the Board of a written medical release authorization in a form approved by the General Counsel and a completed set of interrogatories prepared by the General Counsel and provided to the Claimant. The Board may extend the time for entering the order at an initial hearing for an additional ninety (90) days if it determines such time is necessary for full discovery and adequate review. The General Counsel and the Claimant may stipulate to further extensions of time.
 - C. It shall be the function of the General Counsel, throughout the claims procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision.
 - D. The Claimant shall have the right to be represented by counsel at any or all times throughout the claims procedure.
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14.2 Initial Hearing –

- A. At the initial hearing, the only evidence to be considered by the Board shall be documentary evidence contained in the pension file, including, but not limited to, correspondence, medical records and reports of treating physicians and/or examining physicians and evidence received pursuant to paragraph B.
 - B. Other than questions from the Trustees, there will be no taking of additional evidence at the initial hearing, except that the Claimant will be afforded fifteen (15) minutes to make a presentation, which shall be limited to
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comments and/or arguments as to the evidence or information already contained in the pension file, including the report of the examining physician.

- C. Upon completion of the review of the Claim at the initial hearing, the Board shall enter an order setting forth its findings and conclusions on the Claim.

The written order shall be provided to the Claimant. The order shall include:

- 1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the System on which such conclusions are based;
- 2) A description of any additional material or information that the Board may deem necessary for the Claimant to perfect his Claim, together with the reasons why such material or information is necessary; and
- 3) An explanation of the right to a full hearing on the Claim and the time limit in which a full hearing must be requested in writing.

- D. The decision of the Board at the initial hearing shall not be final until after the time has expired to request a full hearing or, if a full hearing is requested, until the Board makes a decision at the conclusion of the full hearing.

14.3 Full Hearing –

- A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an order as provided in subsection 2.C. above.
- B. A full hearing must be requested by the Claimant within ninety (90) days of the receipt of the Board's order. The order will be deemed received three (3) days following the date it is mailed to Claimant at the address provided to the Board by Claimant.
- C. Upon receipt of the request for a full hearing and considering the amount of discovery which might be conducted, the Board shall establish a date for the full hearing and cause notice to be given to the Claimant. The full hearing shall be held within ninety (90) days from the receipt of the request from the

Claimant. The full hearing may be postponed, if necessary and with the consent of the Claimant, to permit full discovery of the facts.

- D. Copies of all documents to be offered into evidence at the full hearing, including depositions, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board and the General Counsel by the Claimant at least twenty (20) days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing if a reasonable explanation is not provided for the delay in providing the documents.
- E. A Claimant or the General Counsel may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be given to the General Counsel and the Claimant.
- F. The costs of any discovery, except discovery requested by the Board or the General Counsel, the appearance of witnesses at the hearing, and the making of a verbatim record of the proceedings shall be the responsibility of the Claimant.
- G. The Claimant shall be responsible for the appearance of any witnesses which he wishes to have testify at the hearing. The Board shall, however, have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at the proceedings provided for herein. The Claimant may request in writing the issuance of subpoenas by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.
- H. Testimony at the full hearing may be submitted in the form of a deposition. Since it will give the Board more time for review and consideration, the Board prefers that testimony be submitted by deposition. Depositions timely submitted will be part of the record before the Board at the full hearing and

will not be read in totality at the full hearing; provided however, that this does not preclude the Claimant or the General Counsel from reading parts of depositions in an opening or closing statement.

- I. Irrelevant and unduly repetitious evidence shall be excluded.
- J. Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Sections 775.082 or 775.083, Florida Statutes.
- K. The file maintained by the Board, including but not limited to various medical reports therein, is part of the record before the Board at the full hearing.
- L. All proceedings of the Board shall be conducted in public.
- M. In cases concerning an application for pension benefits, including applications for disability retirement benefits, the burden of proof, except as otherwise provided by law, shall be on the Claimant seeking to show entitlement to such benefits.
- N. In cases concerning termination of pension benefits including re-examination of Retirees receiving disability retirement benefits, the burden of proof shall be on the Board.
- O. Except as to those records which are exempted from the provisions of Chapter 119, Florida Statutes, Florida's Public Record Law, records maintained by the Board are open for inspection and/or copying during normal business hours at a reasonable cost for the copying.
- P. Should a Claimant requesting an initial or full hearing decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the Claimant requesting an initial or full hearing will need a record of the proceedings and may need to assure that a verbatim record of the proceeding is made. The Claimant requesting an initial or full hearing will

be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.

Q. The decisions of the Board after the requested full hearing shall be final and finding.

R. Within fifteen (15) days after making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions and a copy of the order shall be provided to the Claimant.

S. Judicial review of decisions of the Board shall be sought by the filing of a timely petition for writ of certiorari with the Clerk of the Circuit, in the appropriate county.

14.4 Conduct of the Full Hearing –

A. The Chairman shall preside over the hearing and shall rule on all evidentiary, procedural, and other legal questions that arise during the hearing. The Chairman's rulings shall stand unless overruled by a majority of the Trustees present. The Chairman shall open the full hearing by explaining the procedures to be following.

B. The Claimant shall have the right to be represented by counsel or be self-represented. The General Counsel shall advise the Board.

C. The Claimant shall be allowed to make an opening statement not to exceed ten (10) minutes.

D. Testimony of witnesses shall be under oath or affirmation. Depositions or affidavits shall be admissible.

E. The Chairman, any Trustee, the General Counsel, the Claimant or the Claimant's counsel, upon recognition by the Chairman, may direct questions to any witness during the proceedings.

F. Either the claimant or the General Counsel shall have the right to present evidence relevant to the issues, to cross examine witnesses, to impeach witnesses and to respond to the evidence presented.

- G. The Claimant shall be permitted a closing argument not to exceed fifteen (15) minutes.
- H. The Board shall deliberate and make a decision following closing argument and thereafter enter an order as provided herein.

D 14.5 Disability Claims – Additional Procedures –

- A. All applications for disability pensions shall be in writing. Forms for such applications may be provided by the Board.
- B. Upon receipt of the application for disability, the General Counsel will provide the Claimant with a set of interrogatories or questions to be answered under oath and a medical release authorization. Both documents will be completed by the Claimant and returned to the General Counsel.
- C. Upon receipt of the properly completed interrogatories and medical release authorization, the General Counsel will request medical records from all relevant treating physicians; personnel records from the employer, copies of relevant workers' compensation records, and copies of other records deemed to be relevant to the Claim. The Board shall pay, from the Fund, the cost of any medical examinations required by the Board and for copies of medical records.
- D. The General Counsel will, if authorized by the Board, upon receipt of the medical records from the treating physicians, schedule an independent medical examination (IME) or examinations with an appropriate independent examining physician or physicians who will be asked to render an opinion about Claimant's physical condition as it relates to the claimed disability.
- E. Upon receipt of the IME report or reports from the examining physician or physicians, the General Counsel will provide all records of treating physicians, relevant workers' compensation claims records, the independent medical evaluation, and all other relevant documents to the Board for

inclusion in the pension file and the Board shall then schedule the initial hearing.

Rule 15 – Confidentiality

D 15.1 **Extent of Confidentiality Permitted** – ~~§119.071(4)(d)2.(b), Florida Statutes;~~ provides that the home addresses, telephone numbers, dates of birth and photographs of Firefighters certified in compliance with §633.35, Florida Statutes; the home addresses, telephone numbers, photographs, dates of birth and places of employment of the spouses and children of such Firefighters and the names and locations of schools and day care facilities attended by the children of such Firefighters are exempt from the public records provisions of Section 119.07(1), Florida Statutes. ~~§§119.071(4)(d)2.b. and 119.071(4)(a), Florida Statutes,~~ provide that the social security numbers, home addresses, telephone numbers, dates of birth and photographs of Firefighters certified in compliance with §633.408, Florida Statutes; the home addresses, telephone numbers, photographs, dates of birth and places of employment of the spouses and children of such Firefighters and the names and locations of schools and day care facilities attended by the children of such Firefighters are exempt from the public records provisions of Section 119.07(1), Florida Statutes.

A 15.2 **Requirement for Maintenance of Confidentiality** – The Board will maintain the information specified in 15.1 as confidential if it receives from a Member or the District, a written request to maintain confidentiality.

15.3 Confidentiality of Medical Records –

A. §112.08(7), Florida Statutes is an exemption of medical records and medical claims records from the public records requirements of §119.07(1), Florida Statutes and such records are thus confidential.

T B. This exemption provides that the Board shall not furnish such records to any person except the employee or his legal representative without written authorization from the employee or, unless otherwise prohibited by law, it

receives a subpoena issued in a civil or criminal action from a court of competent jurisdiction where the party seeking the records gave proper notice to the employee or his legal representative.

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- C. Since, under Government in the Sunshine, trustees can only discuss issues involving medical records of an employee in a public meeting, such an authorization should be signed by an employee prior to discussion by the Board. Upon consideration of the medical records at a public Board meeting, such records then become subject to disclosure in the same manner as any other public record.

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Rule 16 – Interest Calculations

- 16.1 **Interest Calculation** – To the extent permitted by law, the interest calculation for the purchase of Credited Service, if not otherwise provided for in the resolution, shall be the greater of the actual interest earned on plan investments or the actuarially assumed rate of investment return.
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Rule 17 – Disability Review Procedure

- 17.1 **Procedure** – The Board shall periodically review the status of disability Retirees who may be eligible to return to employment with the Destin Fire Control District as a firefighter in accordance with the following:

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- A. A disability affidavit on a form adopted by the Board shall be filed with the Board at least once each year. Failure to file the affidavit shall result in a suspension of disability benefits.
- B. Upon receipt of the affidavit, the Board shall determine whether the disability Retiree continues to be entitled to receive disability benefits pursuant to the terms of the pension plan.
- T
- C. If the Board determines that the disability Retiree is still disabled, the disability benefits shall continue to be paid.

- D. If, after review of the affidavit, the Board is unable to determine whether the disability Retiree continues to be disabled, the Board shall make further inquiry as necessary.
- E. Such inquiry may include job availability and medical ability to perform duty. If the Board determines that a firefighter position appropriate for assignment may be available, and the disability Retiree may be able to perform duty in such position, an independent medical examination or examinations shall be performed at the Board's expense by a physician or physicians selected by the Board. A job description and physical or psychological requirements necessary to perform the position shall be provided to the independent medical examiner(s).
- F. After receipt of the report or reports of the independent medical examiner(s), other medical evidence and determination of job availability, the Board shall determine whether disability benefits shall continue.

Rule 18 – Surveillance

18.1 Surveillance – Any Trustee who has reason to believe that a disability Retiree may be recovered from his disability and again able to perform useful and efficient service as a Firefighter and who further reasonably believes that surveillance of the Retiree, including the production of video tapes of the Retiree, will help to establish the fact of the recovery, may authorize the Board's General Counsel to arrange for such surveillance. Surveillance of disability applicants may also be authorized by any Trustee who reasonably believes that such surveillance will assist the Board in determining an applicant's ability to perform useful and efficient service as a firefighter. The cost of any surveillance by any Trustee shall not exceed \$3,000.00.

Rule 19 – Insurance Premium Deductions

19.1 Insurance Premium Deduction Authorization

- A. As permitted by Florida Statute 175.061(7), upon the retiree's written request, the Board of Trustees hereby authorizes the plan administrator or Board designee to withhold from a retiree's monthly retirement payment those funds that are necessary to pay premiums for certain insurance policies.
- B. Any retiree requesting such deduction under this policy shall be required, as a pre-requisite, to be receiving the payment of his monthly retirement benefits via direct deposit.
- C. In order to participate in premium payments under this policy, the retiree shall be required to complete and submit all such forms as may be required to effectuate this benefit by the Board of Trustees, pension office, plan administrator, plan custodian, and insurance carriers.
- D. Requests to begin such deductions shall be effective as soon as reasonably possible. Once elected, benefits deductions shall continue until such time as the retiree deceases or submits a termination request form to the plan administrator or Board designee. Request for termination of deductions under this policy must be on a form obtained from the plan administrator or Board designee and shall be effective as soon as reasonably possible.
- E. A retiree requesting a deduction under this policy shall be required to have such deduction be made in an amount to cover the total premium for all eligible insurance benefits. Partial premium payments may not be made through the use of pension funds and individual premiums may not be paid by separate means.
- F. Any insurance premiums paid in accordance with this policy shall be paid on a regularly recurring schedule.

- G. Premium payments made under this policy may only be made in equal monthly installments for each benefit year or the remainder of any benefit year as the case may be.

D

19.2 Tax-free Payment of Insurance Premiums – While participating in premium deductions under this policy, retired firefighters, as defined in Rule 19.3 below, may designate that a portion of their premiums for eligible health insurance or other qualified health insurance premiums as specified by the Pension Protection Act of 2006 (PPA) be paid on a tax free basis up to \$3,000.00 annually (or the then current IRS allowable limits).

- A. The pension plan custodian must make the premium payment payable directly to the provider of the qualified health insurance.
- B. Retirees cannot receive any such tax free amounts as reimbursements.
- C. This eligibility does not extend to joint annuitants, survivor annuitants, or beneficiaries.
- D. Tax free payments may not be made on a lump sum basis but rather must be paid in level monthly installments during the benefit year or remainder thereof.
- E. All qualified insurance premiums will accumulate as they are paid during the taxable year until the maximum tax free benefit is achieved. After that, monthly group insurance benefit premiums will continue to be deducted on an after tax basis.
- F. Participants shall be required to sign an agreement and certify that they are eligible retired firefighters and that they are not having tax free deductions for qualified health insurance premiums taken from any other retirement benefit plan.
- G. Once a retiree requests to participate in the tax free provisions of this policy, such election shall remain in effect continuously until revoked in writing and in compliance with all requirements of this policy.

H. A retiree may only use the tax free provisions of this policy to defray the actual costs of purchasing qualified insurance products. Tax free pension annuity deductions for qualified health insurance premiums may not be made in excess of the actual monthly insurance premiums due.

D 19.3 Retirees Who Are Eligible for the Tax-free Payment of Qualified Insurance Premiums – In order to be eligible for coverage under the pre-tax policy, the retiree must be a retired "public safety officer" as defined by 42U.S.C. 3796b(9)(A) and must meet all of the following conditions:

- A. Must have been a Firefighter at the time of separation from employment.
- B. Must have retired from District service as a Normal Retirement or Disability Retirement. Persons receiving terminated vested benefits are not eligible.
- C. Must be receiving a monthly retirement benefit from the Pension Fund.

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August 17, 2016

VIA EMAIL

Board of Trustees
Destin Fire Control District
Firefighters' Retirement Trust Fund
848 Airport Road
Destin, FL 32541

Re: Destin Fire Control District
Firefighters' Retirement Trust Fund

Dear Board:

In response to Lee Dehner's letter dated July 15, 2016, we have reviewed the proposed Resolution (identified on page 18 as ksh\destin\05-31-16.res) amending the Plan to incorporate recent changes to the Internal Revenue Code, to create a share plan, and to implement miscellaneous other changes. We have determined that the adoption of the proposed changes will have no impact on the assumptions used in determining the funding requirements of the program.

Additionally, the definition of Actuarial Equivalent is being amended to match the current valuation assumptions for mortality and interest. While adoption of these assumptions may result in a de minimis impact (either positive or negative) over the life of the Plan, it is not currently measureable, and therefore does not result in an immediate change to the Plan's funding requirements.

Because the changes do not result in a change in the valuation results, it is our opinion that a formal Actuarial Impact Statement is not required in support of its adoption. However, since the Division of Retirement must be aware of the current provisions of all public pension programs, it is recommended that you send a copy of this letter and a copy of the fully executed Ordinance to each of the following offices:

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
P. O. Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
P.O. Box 3010
Tallahassee, FL 32315-3010

If you have any questions, please let me know.

Sincerely,



Jason L. Franken

cc: H. Lee Dehner, Board Attorney

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DESTIN FIRE CONTROL DISTRICT
Destin Firefighters' Retirement Trust Fund
Budget for Administrative Expenses
For Fiscal Year Ending September 30, 2017

	2013-2014 Actual	2014-2015 Actual	2015-2016 Budget	2015-2016 Estimated Actual	2016-2017 Budget
Administrative Expenses - Consultants					
Actuarial Consultant	\$ 7,849	\$ 19,803	\$ 15,364	\$ 15,957	\$ 20,000
Custodial Fees	\$ 8,200	\$ 8,776	\$ 10,800	\$ 8,741	\$ 10,800
Financial Advisor	\$ 68,333	\$ 71,368	\$ 81,000	\$ 4,616	\$ -
Investment Monitor	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 19,000
Legal Consultant	\$ 3,176	\$ 7,205	\$ 6,800	\$ 5,897	\$ 7,500
Administrative Expenses - Other					
Dues and Subscriptions	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Fiduciary Insurance	\$ 3,071	\$ 3,123	\$ 3,500	\$ 3,123	\$ 3,500
IME Physician Fees	\$ -	\$ -	\$ 2,000	\$ -	\$ 2,000
Meetings, Travel and Per Diem	\$ 901	\$ 5,282	\$ 7,500	\$ -	\$ 7,500
TOTAL ADMINISTRATIVE EXPENSES	\$ 107,630	\$ 131,657	\$ 143,064	\$ 54,435	\$ 70,900

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