

Destin Fire Control District

Quarterly Meeting

Retirement Trust Fund Board of Trustees

**848 Airport Road
Destin, Florida 32541**

**August 27, 2018
5:00 p.m.**

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

August 27, 2018 at 5:00 pm
The meeting is open to the public

- 1. Meeting called to order by the Chairman**
- 2. Public Comments**
- 3. Reports**
 - a. Attorney Paul A. Daragjati with Klausner, Kaufman, Jensen & Levinson
 - 1) Legislative updates
 - 2) Other
 - b. Tyler Grumbles with AndCo Consulting
 - 1) 06/30/2018 Investment Performance Review
 - c. Drew Ballard with Foster & Foster
 - 1) Actuarial earnings assumption rate analysis
- 4. Review of minutes**
 - a. Regular meeting – June 4, 2018
- 5. Review of Financial Statements**
 - a. June 30, 2018
- 6. Old Business**
 - a. Actuarial earnings assumption (see above under Reports)
- 7. New Business**
 - a. Approval of invoices
 - b. Budget for Administrative Expenses for the fiscal year ending 9/30/2019
- 8. Next Meeting** - December 3, 2018 at 5:00pm
- 9. Adjournment**

July 19, 2018

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

Re: *Impact of Lowering the Investment Return Assumption to 7.40%*

Dear Board:

As requested, we have performed a special actuarial analysis to determine the impact on the Plan's funding requirements if the assumed rate of investment return was lowered from 7.50% to 7.40% per year, net of investment related expenses.

The impact on the Plan's unfunded actuarial accrued liability (UAAL), funded ratio and the District's minimum contribution requirements, determined as of October 1, 2017 (applicable to the fiscal year ending September 30, 2018), are illustrated below.

| | Current (7.50%) | Proposed (7.40%) |
|---|------------------------|-------------------------|
| (1) Actuarial Accrued Liability | \$27,104,952 | \$27,431,606 |
| (2) Actuarial Value of Assets | \$18,308,131 | \$18,308,131 |
| (3) Unfunded Actuarial Accrued Liability, (1) – (2) | \$8,796,821 | \$9,123,475 |
| (4) Funded Ratio, (2) ÷ (1) | 67.5% | 66.7% |
| (5) Impact on District Contribution (as % of Payroll) | | |
| Total Required Contribution | 79.3% | 81.2% |
| Member Contributions | 6.8% | 6.8% |
| District and State Required Contribution | 72.5% | 74.4% |
| State Contribution ¹ | 15.5% | 15.5% |
| Balance from District | 57.0% | 58.9% |

¹ Represents actual State contributions received in calendar 2017 of \$265,392.

Please note the contents of this analysis and the October 1, 2017 actuarial valuation report are considered an integral part of the actuarial opinions. 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.

If you have any questions, concerns, or would like to discuss the results in greater detail, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Drew D. Ballard', written in a cursive style.

Drew D. Ballard, EA, MAAA

DESTIN FIRE CONTROL DISTRICT
Regular Meeting of the Retirement Board of Trustees
Main Station
848 Airport Road
Destin, Florida 32541

June 4, 2018

Minutes

Trustees present: T.J. Buchanan, Trey Ward, Patrick McDowell, Mark Dutram, and John Harvey

Present: Division Chief Kathryn Wagner, Marie Wilbur

The meeting was called to order by Chairman McDowell at 5:00 p.m.

Chairman McDowell extended welcome to newly appointed Trustee John Harvey.

Public Comments:

None.

Reports:

a. Attorney Kaufman of Klausner, Kaufman, Jensen, & Levinson – Mr. Kaufman stated there were no legislative updates to report however, there is a bill of interest to note regarding post-traumatic stress disorder in first responders and their workers' compensation benefits, which he briefly explained.

Attorney Kaufman distributed a memo regarding Sunshine Law issues for the trustees to review; reminded the trustees that pension business is not to be discussed in any format outside of meetings; and reminded them that financial disclosure reports are to be filed by July 1st.

b. Tyler Grumbles of AndCo Consulting – Mr. Grumbles presented the Investment Performance Review for the period ending March 31, 2018, noting this was the first negative quarter. He distributed and reviewed a handout on Active vs. Passive plans for the trustees' information.

c. Mark Rhein of Salem Trust Company – Mr. Rhein presented Salem Trust's Annual Service Report Summary, giving an overview of Salem Trust's function on behalf of the board as custodian of the trust and briefly explained the Certificate of Liability which is renewed every year. He reviewed Class Action lawsuit processing, referencing the Directions for Processing Class Actions handout. He also noted there will be no increase in their fee for the coming year.

Trustee Buchanan made a motion, seconded by Trustee McDowell, to select Option A under Salem Trust Company's form "Directions for Processing Class Actions". With no further discussion, the motion passed unanimously.

Review of Minutes:

The minutes of the regular meeting of March 5, 2018 were presented. Trustee Dutram made a motion, seconded by Trustee Buchanan, to approve the minutes as presented. With no discussion, the motion passed unanimously.

Review of Financial Statements:

Division Chief Wagner presented the Financial Statements for March 31, 2018, noting that they reconciled with Salem Trust's accounting. Trustee Ward made a motion, seconded by Trustee McDowell, to approve the Financial Statements for March 31, 2018 as presented. With no discussion, the motion passed unanimously.

Old Business:

Actuarial Earnings Assumption – There was a lengthy discussion in regard to lowering the expected annual rate of return. It was determined that an actuarial analysis was needed to move forward with this decision. It is estimated that the analysis would cost between \$2,000-3,000.

Trustee Ward made a motion, seconded by Trustee Harvey, to request that Foster and Foster prepare an actuarial analysis to determine the estimated cost to the District at incremental levels of the annual rate of return. The motion passed unanimously.

New Business:

Approval of Invoices – Division Chief Wagner presented invoices for approval. A motion was made by Trustee Dutram, seconded by Trustee McDowell, to approve invoices as presented. With no discussion, the motion passed unanimously.

Next Meeting:

Chairman McDowell announced that the next regular quarterly meeting is scheduled for Monday, August 27, 2018 at 5:00 p.m.

Adjournment:

With no additional business to be discussed, Trustee Buchanan made a motion to adjourn, seconded by Trustee McDowell. The motion passed unanimously and the meeting adjourned at 6:13 p.m.

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Destin Fire Control District Firefighters' Retirement Fund

Balance Sheet

As of June 30, 2018

| | 6/30/2018 | 3/31/2018 | \$ Change | % Change |
|---------------------------------------|-------------------------|-------------------------|-----------------------|----------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Checking/Savings | | | | |
| Salem Trust | \$ 276,333.79 | \$ 583,451.97 | \$ (307,118.18) | -52.64% |
| Total Checking/Savings | 276,333.79 | 583,451.97 | (307,118.18) | -52.64% |
| Accounts Receivable | | | | |
| Accounts Receivable | - | - | - | 0.00% |
| Total Accounts Receivable | - | - | - | 0.00% |
| Other Current Assets | | | | |
| Investments | 15,410,967.94 | 15,304,686.55 | 106,281.39 | 0.69% |
| Investments - Cash | 11,686.42 | 15,120.44 | (3,434.02) | -22.71% |
| Investments - Real Estate | 1,400,000.00 | 1,400,000.00 | - | 0.00% |
| Asset appreciation - FMB of Inv. | 1,848,132.38 | 1,704,398.20 | 143,734.18 | 8.43% |
| Transfer account | (11,422.20) | (14,888.33) | 3,466.13 | -23.28% |
| Total Other Current Assets | 18,659,364.54 | 18,409,316.86 | 250,047.68 | 1.36% |
| Total Current Assets | 18,935,698.33 | 18,992,768.83 | (57,070.50) | -0.30% |
| TOTAL ASSETS | 18,935,698.33 | 18,992,768.83 | (57,070.50) | -0.30% |
| LIABILITIES | | | | |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | | | | |
| Accounts payable | 8,813.85 | 15,376.08 | (6,562.23) | -42.68% |
| Total Accounts Payable | 8,813.85 | 15,376.08 | (6,562.23) | -42.68% |
| Total Current Liabilities | 8,813.85 | 15,376.08 | (6,562.23) | -42.68% |
| Total Liabilities | 8,813.85 | 15,376.08 | (6,562.23) | -42.68% |
| Equity | | | | |
| Net Assets Available | 18,381,701.38 | 18,381,701.38 | - | 0.00% |
| Net Revenue over expenditures | 545,183.10 | 595,691.37 | (50,508.27) | -8.48% |
| Net Assets held in trust | 18,926,884.48 | 18,977,392.75 | (50,508.27) | -0.27% |
| TOTAL LIABILITIES & EQUITY | \$ 18,935,698.33 | \$ 18,992,768.83 | \$ (57,070.50) | -0.30% |

Unaudited - for management purposes only

Destin Fire Control District Firefighters' Retirement Fund
Statement of Revenue and Expenditures
October 1, 2017 through June 30, 2018

| | 10/01/2017 - 6/30/2018 | Budget | Budget Remaining (Over) | % Remaining (Over) |
|--|------------------------|------------------|-------------------------------|-----------------------|
| REVENUE | | | | |
| Interest and dividend income | 460,482.23 | | | |
| Net income on investments | 32,617.17 | | | |
| Reclaim of Foreign Tax Withheld | 240.52 | | | |
| Gain (Loss) on sale of investments | (9,107.91) | | | |
| Unrealized gain (loss) | 379,746.25 | | | |
| District contributions | 987,778.60 | | | |
| Employee contributions | 86,923.82 | | | |
| TOTAL REVENUE | \$ 1,938,680.68 | | | |
| EXPENDITURES | | | | |
| Administrative Expenses - Consultants | | | | |
| Actuarial consultant | 15,919.00 | 20,000.00 | 4,081.00 | 20.41% |
| Financial monitor | 14,250.00 | 19,000.00 | 4,750.00 | 25.00% |
| Bank fee | 7,847.22 | 10,800.00 | 2,952.78 | 27.34% |
| Legal consultant | 6,927.17 | 10,000.00 | 3,072.83 | 30.73% |
| 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 | 45,543.39 | 73,400.00 | 27,856.61 | 37.95% |
| Benefit Expenses | | | | |
| Retiree benefit | 642,832.31 | | | |
| Retiree benefit - DROP plan | 701,367.10 | | | |
| Refund of employee contributions | 3,754.78 | | | |
| Total Benefit Expenses | 1,347,954.19 | | | |
| TOTAL EXPENDITURES | \$ 1,393,497.58 | | | |
| NET REVENUE OVER EXPENDITURES | \$ 545,183.10 | | | |

Unaudited - for management purposes only

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Approval of Invoices

| Date | Payee | Description | Amount |
|------------|--------------------------------------|--|------------|
| 05/31/2018 | Klausner, Kaufman, Jensen & Levinson | Legal services for the month of May 2018 | \$425.00 |
| 06/29/2018 | AndCo Consulting, LLC | Consulting services and performance evaluation for April, May, and June 2018 | \$4,750.00 |
| 06/30/2018 | Klausner, Kaufman, Jensen & Levinson | Legal Services for the month of June 2018 | \$1,040.21 |
| 07/05/2018 | Salem Trust Company | Fee Invoice for Period of 4/1/2018 to 6/30/2018 | \$2,598.64 |
| 07/18/2018 | Florida Municipal Insurance Trust | Fiduciary Liability Policy 8/1/2018 to 8/1/2019 | \$3,123.00 |
| 07/31/2018 | Klausner, Kaufman, Jensen & Levinson | Legal Services for the month of July 2018 | \$212.50 |
| 08/08/2018 | Foster & Foster | Various services – see attached bill | \$1,523.00 |

Klausner, Kaufman, Jensen & Levinson

JUN 8 2018

A Partnership of Professional Associations
Attorneys At Law
7080 N.W. 4th Street
Plantation, Florida 33317

Tel. (954) 916-1202
Fax (954) 916-1232

www.klausnerkaufman.com
Tax I.D.: 45-4083636

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT
TRUST FUND
Attn: KATHRYN WAGNER
848 AIRPORT ROAD
DESTIN, FL 32541

May 31, 2018
Bill # 21791

CLIENT: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM : 170025
MATTER: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' : 170025
RETIREMENT TRUST

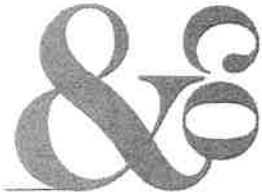
Professional Fees

| Date | Attorney | Description | Hours | Amount |
|---------------------------|----------|---|-------------|-----------------|
| 05/01/18 | PAD | RECEIPT AND REVIEW OF EMAILS FROM TRUSTEE HARVEY; DISCUSSION WITH ATTORNEY FOR DISTRICT BOARD | 0.50 | 212.50 |
| 05/31/18 | SAK | REVIEW OF MEETING PACKET, PREPARATION FOR MEETING | 0.50 | 212.50 |
| Total for Services | | | 1.00 | \$425.00 |

CURRENT BILL TOTAL AMOUNT DUE \$ **425.00**

Past Due Balance 212.50

AMOUNT DUE **\$637.50**



AndCo
4901 Vineland Road, Ste 600
Orlando, FL 32811

| Date | Invoice # |
|-----------|-----------|
| 6/29/2018 | 25416 |

| Bill To: |
|--|
| Destin Fire Control District Firefighters' Retirement Trust Fund 848 Airport Road Destin, FL 32541 |

| Description | Amount |
|--|-------------------|
| Consulting services and performance evaluation billed quarterly (April, 2018) | 1,583.33 |
| Consulting services and performance evaluation billed quarterly (May, 2018) | 1,583.33 |
| Consulting services and performance evaluation billed quarterly (June, 2018) | 1,583.34 |
| It is our pleasure to provide 100% independent consulting advice ALWAYS putting clients first! | |
| Balance Due | \$4,750.00 |

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JUL 9 2018

Klausner, Kaufman, Jensen & Levinson

A Partnership of Professional Associations
Attorneys At Law
7080 N.W. 4th Street
Plantation, Florida 33317

Tel. (954) 916-1202
Fax (954) 916-1232

www.klausnerkaufman.com
Tax I.D.: 45-4083636

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT
TRUST FUND
Attn: KATHRYN WAGNER
848 AIRPORT ROAD
DESTIN, FL 32541

June 30, 2018
Bill # 21960

CLIENT: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM :170025
MATTER: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' :170025
RETIREMENT TRUST

Professional Fees

| Date | Attorney | Description | Hours | Amount |
|---------------------------|----------|------------------|-------------|-----------------|
| 06/04/18 | SAK | TRAVEL TIME | 1.20 | 255.00 |
| 06/04/18 | SAK | PREP FOR MEETING | 0.30 | 127.50 |
| 06/04/18 | SAK | ATTEND MEETING | 1.20 | 510.00 |
| Total for Services | | | 2.70 | \$892.50 |

Costs

| Date | Description | Amount |
|--------------------|---|-----------------|
| 06/04/18 | TRAVEL EXPENSES AIRFARE | 39.31 |
| 06/04/18 | TRAVEL EXPENSES HOTEL | 51.49 |
| 06/04/18 | TRAVEL EXPENSES MEALS | 22.15 |
| 06/04/18 | TRAVEL EXPENSES CAR RENTAL | 22.66 |
| 06/04/18 | TRAVEL EXPENSES GROUND TRANSPORTATION TO AND FROM AIRPORT | 12.10 |
| Total Costs | | \$147.71 |

PAYMENT OK _____
 HOLD PAYMENT _____
 CODE _____
 APPROVED BY _____
 DATE _____

Continued ...

Client: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM June 30, 2018
Matter: 170025 - DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' Page 2

| | |
|--------------------------------------|---------------------------|
| CURRENT BILL TOTAL AMOUNT DUE | \$ <u>1,040.21</u> |
| Past Due Balance | 637.50 |
| AMOUNT DUE | <u>\$1,677.71</u> |

ST
SALEM TRUST
COMPANY

July 5, 2018

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

Fee A/C #3040001495
Destin Fire

Fee Invoice for Period April 1, 2018 to June 30, 2018

Total Market Value for Fund: \$17,324,252.92

Detail of Calculation:

| Market Value | Basis Point Rate | Annual Fee | Quarterly Fee |
|-----------------|------------------|-------------|---------------|
| \$17,324,252.92 | 0.0006 | \$10,394.55 | \$2,598.64 |
| | | Minimum Fee | \$0.00 |

TOTAL \$2,598.64

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

INVOICE
SPECIAL COVERAGES

7/18/2018 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 8/2/2018.
IF FULL PREMIUM PAYMENT IS NOT RECEIVED BY 8/2/2018, 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 | U718-52395 | 8/1/2018 | 8/1/2019 |

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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AUG 6 2018

Klausner, Kaufman, Jensen & Levinson

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www.klausnerkaufman.com
Tax I.D.: 45-4083636

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT TRUST FUND
Attn: KATHRYN WAGNER
848 AIRPORT ROAD
DESTIN, FL 32541

July 31, 2018
Bill # 22119

CLIENT: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM : 170025
MATTER: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' : 170025
RETIREMENT TRUST

Professional Fees

| Date | Attorney | Description | Hours | Amount |
|---------------------------|----------|--|-------------|-----------------|
| 07/17/18 | PAD | RECEIPT AND REVIEW OF EMAIL FROM ADMSTR AND ATTACHMENT RE: ASSUMPTION RATE | 0.50 | 212.50 |
| Total for Services | | | 0.50 | \$212.50 |

CURRENT BILL TOTAL AMOUNT DUE \$ 212.50



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

Invoice

Phone: (239) 433-5500
Fax: (239) 481-0634
data@foster-foster.com
www.foster-foster.com

| Date | Invoice # |
|----------|-----------|
| 8/8/2018 | 12957 |

Bill To
Destin Fire Control District
Firefighters' Retirement Fund
848 Airport Road
Destin, FL 32541

| Terms | Due Date |
|--------|-----------------|
| Net 30 | 9/7/2018 |

| Description | Amount |
|--|----------|
| 2017 Actuarial Confirmation of the Use of State Moneys for the 2017 Annual Report. | 75.00 |
| Preparation of DROP account balance schedules: HARRISON | 60.00 |
| Benefit Calculations: MYERS | 200.00 |
| Participation in phone call on June 1, 2018 to answer questions regarding the actuarial valuation and assumptions. | 188.00 |
| Special actuarial analysis and letter report dated July 19, 2018 to determine the impact on the Plan's funding requirements if the assumed rate of investment return was lowered from 7.50% to 7.40% per year, net of investment related expenses. | 1,000.00 |

Balance Due \$1,523.00

Thank you for your business!

Please make all checks payable to:
Foster & Foster, Inc.
13420 Parker Commons Blvd, Suite 104
Fort Myers, FL 33912

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DESTIN FIRE CONTROL DISTRICT
Destin Firefighters' Retirement Trust Fund
Budget for Administrative Expenses
For Fiscal Year Ending September 30, 2019

| | 2015-2016 Actual | 2016-2017 Actual | 2017-2018 Budget | 2017-2018 Estimated Actual | 2017-2018 Proposed Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|---------------------------------|
| Administrative Expenses - Consultants | | | | | |
| Actuarial Consultant | \$ 10,650 | \$ 20,380 | \$ 20,000 | \$ 17,942 | \$ 20,000 |
| Custodial Fees | \$ 8,376 | \$ 9,423 | \$ 10,800 | \$ 10,597 | \$ 12,000 |
| Financial Advisor | \$ 4,616 | \$ - | \$ - | \$ - | \$ - |
| Investment Monitor | \$ 15,500 | \$ 19,000 | \$ 19,000 | \$ 19,000 | \$ 19,000 |
| Legal Consultant | \$ 7,135 | \$ 8,035 | \$ 10,000 | \$ 9,427 | \$ 12,000 |
| Administrative Expenses - Other | | | | | |
| Dues and Subscriptions | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 |
| Fiduciary Insurance | \$ 3,123 | \$ 3,123 | \$ 3,500 | \$ 3,123 | \$ 3,500 |
| IME Physician Fees | \$ - | \$ - | \$ 2,000 | \$ - | \$ 2,000 |
| Meetings, Travel and Per Diem | \$ - | \$ - | \$ 7,500 | \$ - | \$ 7,500 |
| TOTAL ADMINISTRATIVE EXPENSES | \$ 50,000 | \$ 60,562 | \$ 73,400 | \$ 60,689 | \$ 76,600 |

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