PENSION BOARD
FIRE DEPARTMENT

Gary Wise: Roll call, we have Gary Wise present, Jason Hersey is present, Dr. Gianas is not present, Sam Patel is not present, Steve Futch is present, really do I have any option? Ricky Thompson is not present, Ron Cohen is present, Tyler Grumble is present, and Larry Wilson is present and I we have Brenda I guess for in for Ricky?

Brenda: yes

Gary Wise: Alright, do we have a motion to adopt the minutes from the last meeting?

Steve Futch: So move

Jason Hersey: second

Gary Wise: all in favor, aye

Board: Aye

Gary Wise: They've changed the warrants from what we've normally seen. I've asked Brenda about it, now on the back of the second page in here. That's coming from Salem now and that's the way they're doing it. She's cross referenced everything and compared our payroll to that and everything is matching pretty good so, those are the warrants for

Jason Hersey: Brenda what are the attorney fees Rice, and Poogda…

Brenda: That's Ron's

Jason Hersey: That's the name of your firm? What you couldn't get Cohen in there anywhere?

Ron Cohen: No, actually the firm's name is changing temporarily. They're dropping the Schiller and we're discussing what the new name will be.

Jason Hersey: We'll just change that to Cohen, how'll that be?

(laughter)

Brenda: Alphabetical order.

Jason Hersey: Sorry, sorry.

Gary Wise: Do I have a vote on the Warrants?

Steve Futch: I move

Jason Hersey: Second.

Gary Wise: All in favor, aye

Board: aye

Jason Hersey: Attorneys got to get complicated with things

Gary Wise: Citizen participations? Anything? No, moving along.

Brenda: I like that. He didn't show up after all.

Gary Wise: Who would that be?

Brenda: One of your retirees wanted the invitation to come and he's not even here.

Gary Wise: Okay

Gary Wise: Tyler Grumble from Bogdahn Consulting.

Tyler Grumble: Let's open up to page 2.

Gary Wise: Pace yourself Tyler, we'll keep here waiting.

Tyler Grumble: This will be a quick report, a good report. You guys did really well. I'm sure you saw what I sent out. Um, but ah, I think the main thing right now I may have talked to you about last quarter, but the main thing that's going on is, the European Central Bank has embarked upon their own quantitative using program, they announced it in the 4th quarter last year and they started it in February of this year and what that's does is a couple of things, so far as our investments go. Number 1, it keeps interest rates artificially low overseas. So what that does, for instance, in Germany you actually get a negative yield, when you look at their treasury bonds, so people are paying them to keep their money. They're not getting their interest rates back, they're paying them to keep their money and it's all speculative, but that's what's happening right now. And what's that's doing for us, that means foreign investors and other investors are looking at the comparables US treasury rate at 1.7% last quarter, now it's about 2%. You can get that or you can pay Germany to keep your money. Well I'll take 2% even though, it's very low, because I'll take that over here. So even as, our interest rates are historically low and people have expected them to rise, they've stayed flat because everybody's going I'll take 2%, so they're going to stay artificially depreciated as the whole world tries to get out of this malaise. The other thing it's doing is it is depreciating their currency. When you start putting your own money into your own country it depreciates the value of your currency. And what's that doing for us again is, it is increasing the value of the dollar. So when you look at your foreign currency returns, you see those red bars up to there? Up 3.6% well that US currency terms and foreign currency terms are up 9.1%, foreign equity did rather well if you were a foreign investor, but as a US investor we are getting less dollars translating back to the US. That's kind of kept international equity depressed. It's been kind of a rough year for international equity. Domestic equity…

Gary: Does that happen with European Banks because they want it to happen

Tyler: Yes

Gary: or because the result of the market?

Tyler: No, the European Central Bank is trying to keep interest rates artificially low. They're trying to pump money into their economy because you saw with our own quantitative using program, as controversial as it was and everything, it worked and it has, we aren't in great economical terms or anything but we're better than everybody else. Part of that is because of the quantitative using program. As much as people complained about it, it worked fairly well. When you look at us versus other countries. So, other countries are saying they probably need to be doing the same thing because they're just very sluggish and you have to try to keep your economy afloat and what you're trying to do is keep yourself out of the deflationary environment. You know, you remember, you can get out of inflation, you get hyperinflation you just pump up the interest rates, put the brakes on and ride it out. Deflationary, there's not a whole lot that can stop it. Once you start getting into a deflationary spiral, it just keeps going down and down and down and you can't really do anything to stop it. So they would much rather have inflation than deflation. So they're going to do everything they can, they're going to pump as much money as they can out into the economy as they can, but like I said, what's that doing is depreciating their currency. Which is good for them, when you think about it, cause what does that do? It makes us as US consumers want to now buy more things overseas because it's cheaper and that helps out their local economies

Gary: Would local people want to, wouldn't they be in the mood to borrow money because the interest rates are so low?

Tyler: Exactly, that's all stimulation. So you're borrowing money, because people are afraid of the economy is so bad, you want to keep the interest rates artificially low so they will be enticed to borrow money and that's what they've been doing over here too. You get the housing market going, so you get the interest rates low for the mortgages, so people will go out and buy a house. Before nobody was going to go out and buy a house with a 6% interest rate cause that's scary when you don't know what's going on with the housing prices. You lower than down and to 3.75% and everybody goes hmm, that's pretty good deal, let me go ahead and get in on this. And that is what keeps the housing market afloat and keeps things from spiraling downward.

Gary: Thanks for that short answer there.

Tyler: I just think it's…

Gary: I'm just kidding with you

Tyler: It's incredible what's going on out there. We've never experience anything like this in our history before so it's pretty interesting what's going on out there. Domestic equity did pretty well for the quarter. You can see the larger companies S&P 500, Star 500 our biggest companies went up 1%, which is good, but you can see the smaller, the Midcap and the Russell 2000, our smaller companies did much better, up 4-4.3%. US fixed income is, as I mentioned kept interest rates artificially down, went down a little bit so remember when interest rates go down bond prices go up so, fixed income was up 1.6% so good in the short term, probably not very good in the long term because we're getting less and less with the interest rate going forward.

Steve Futch: Is one of the indexes…I guess none of these indexes is municipal bonds?

Tyler: Uh, no. We do have munibonds listed and I will show you where a little later, but we do list munis

Steve Futch: That's okay, later

Tyler: If you look at page 4, the other thing that's going on domestically and happened in the last quarter as well, the energy prices have continued to go down. Energy sector down 2.3%, you can see over the last year they've been down 11.9% and then utilities is actually down 5.1% as well and that kind of benefited us relative to the benchmark cause we're underweight in those areas. Energy prices, I think, are going to stay pretty low cause nobody's going to cut production. And that was the surprise to everyone that Saudi Arabia had opted not to cut production. So right now we just have less demand for oil, than we've had for quite some time and if you're not going to cut production, the price is going to go down, because you have an oversupply and not enough demand for it.

If you flip over to page 8, I'll show you where those munis are listed, you know what? They're not listed on here. I thought we had them on here. We don't have the munis, but it's cause we simply don't have them specifically carved out. I thought we did, but um…

Steve Futch: are they in with the treasuries or what

Tyler: I don't…you don't really follow munis a whole lot because obviously we deal a lot with tax exempt plans, so we really don't take a whole lot of advantage of municipal bonds, because it doesn't make a whole lot of sense with the point behind municipal bonds is getting tax exempt status so…I'm not sure what they've done recently, but I'll check into it for you and let you know.

Steve Futch: What index is that…

Tyler: What?

Steve Futch: What index is that…Oregon State…

Tyler: Oh, Barclay

Steve Futch: Oh Barclay's

Tyler: Yeah, Barclay's is your kind of traditional…Barclay's does the aggregate index and they do all sorts of subsets off of that as well. They kind of break it all down into different maturities and types so you can look at where things lie. It's where we get most of our data from.

Steve Futch: Okay

Tyler: The only other thing I want to point out on page 9 looking where interest rates go, we're at that green bar there, that's where we ended the quarter at. You see where longer term interest rates at 5, 7, 10, 20 and 30 year treasury rates came down and what's that going to is to obviously lower our mortgage rates, as I've mentioned you can get a mortgage rate at about 3.75% right now, but last quarter was extremely low. So it's is kind of interesting to look at for the housing market.

In your plan, page 12. At the quarter end we were at 72.9% equity, 15.6% fixed income, 11.5% cash equivalent.

Page 13, I want to point out we still do have our $103,803, in the Capitol City account, so if everything is working out with Salem so far, you haven't had any bump or anything? So we should probably go ahead and move that out of there and into Salem Trust. Otherwise, we're duplicating, we're putting more cash on hand and we have $103,000 just sitting there in Capitol City and we've got to keep cash on hand at Salem Trust. Remember David said he was going to earmark I think he said $75,000 to put aside for that so, we do need to move that cash out of there otherwise you're going to have a huge cash allocation and that's going depress our interest level. So, I don't know if we can get a motion for that, because I think we've already discussed it.

Gary Wise: I think it should be automatic once it got in.

Steve Futch: We didn't vote to leave it there did we?

Tyler: No

Jason Hersey: So why should we have to vote to take it out?

Tyler: No I don't think so, but I don't know if that is something you want to do so I have to address it. I don't have any control over the Capitol City account.

Gary: We're trying to keep $80,000 in Capitol City to cover

Brenda: No, Ricky will have to do it.

Steve Futch: So we let stay there now, instead with Salem?

Gary: We've got to have cash in the bank to pay the bills, but instead of having $100,000 we'll have $80,000. We'll try to keep the cap at 80. I think that's what it was.

Tyler: No, we were going to do everything out of Salem. All the bills should be paid out of Salem.

Brenda: Yeah, everything is being billed out of Salem.

Steve Futch: so you shouldn't have to keep any cash at Capitol City.

Tyler: I would check to make sure that you don't have some random bill being paid out of there, but that's something. I would just check to make sure you don't need it. I would leave it up to the discretion of Ricky to figure out how much if any cash needed to keep in there, but I would have him move all that cash out into Salem.

Gary: This cash fund, do they earn something?

Tyler: Yeah, mean like they're .1% per year, we had it pulled out.

Brenda: So basically you want to close out that account.

Tyler: Yeah, I would do that unless you need it for something, but over the last 5 years and it's in the first percentile among cash accounts so it's the best to earn .16% over the last 5 years per year. So, it's not like it's nothing.

Gary: The last thing I was looking at said .02% and I was thinking what is that a half of a tenth of a penny? Why report that?

Tyler: They have to. That's about all they can do with it.
(laughter)

Gary: Cheers

Tyler: Page 14, I pointed this out to make sure you guys are aware where the portfolio is positioned. Still overweight equity by quite a bit, over 12.9%, quite underweight fixed income 24.4%. So we are still quite aggressively positioned and I know you guys are aware that and I just want to make sure you are.

Gary: What are we doing about that?

Tyler: That's been Bowen-Haines position and that's something we've gone back and forth with them about.

Gary: Is this with David?

Tyler: Yes with David, and the board decided that that's fine ad I'm okay with that. You guys are aware of the drawbacks of that and the market drawbacks, you're going to underperform what other people do, I think as long as you're aware of that and you can weather the storm, you're going to be fine. What I would hate to see happen is you go, "oh man, we underperformed by a lot, now we're going to switch and become more conservative"

Gary Wise: There's the possibility we're going to over perform for a while

Tyler: That's it. You take the good with the bad. And it's been very good for the last couple years. It's been very, very good, but you know, I just, I want to make sure you…

Gary: So maybe next week we need to tell David to…

Tyler: No, no I'm not saying that, I saying it's more you need to be aware of it and realize that there are positives and minuses and over the long run, you should make more money with this allocation, but it's going to be more volatile. When the ups are up, you're going to be more up than anyone else, but the downs are down you're going to be lower than everyone else.

Gary: Ron we don't get in trouble if we don't stay on our target? Is someone supposed to be monitoring that and say, "hey, you're not doing it?"

Ron: If you go over your maximum you can hear about it from the state, it's possible, and what you do about that is you get in compliance. I don't think a small increase over your maximum would cause you to lose state funding. If they say no you need to cut back and you say no I'm not going to and go as high as we want, then we're going to have a problem. We set bands to watch.

Tyler: We set bands about the domestic equity, international equity, fixed income, and he's within all those bands, so but we've given him a little more leeway and so again so his discretion is to pump it up all the way. Again, my whole thing is, you can be aware of what's going to happen with the drawback and you're comfortable with that that's fine, but you need to be aware of it.

Steve Futch: So if we're not comfortable with it we need to tell David we need to start changing allocations from what the target is

Tyler: Yes, if you're not comfortable.

Steve Futch: But it's going to go down and we are going to take a hit the way it is now.

Tyler: But like I said it's a matter of when and the last few years it's been very beneficial for you.

Steve Futch: Can you tell us when that plan is so we can work it out?

Tyler: I wish I could, but

Several people talking over one another.

Steve Futch: tell us two week before it hits so we can get out.

(laughter)

Tyler: It'll happen at some point, but obviously over the long term we think obviously having more equity than fixed income is going to beneficial for you but you need to be aware of the issues with that, so you can explain it when the market pulls back. And someone comes up to you and says "why'd we lose so much money?" you have to be able to explain this is the position we're taking and our investment manager feels this is the best place to be.

Steve Futch: Another question about these allocations is we've got the target zero in cash?

Tyler: Yeah, cause we don't have a long term target for cash

Steve Futch: but don't we have to maintain, I thought we were required to maintain a reserve to pay bills and…

Tyler: we are, but we don't set that out in your investment policy statement. David considers the cash as part of the fixed income and we're fine with that reasoning.
You know so, if you net those two together you're 11.5% over in cash and 4.4% under in fixed income so you're net is about 10% underweight in your fixed income.

Steve Futch: okay, I got ya.

Tyler: Make sense? Alright, uh page 17, dollar terms for the quarter, we started off just over 3 million dollars, we had contributions of $41,357; we had benefits of payments of $19, 473 so we had a net cash flow into the plan of $21,884 we had fees of $7,774…$7, 074. We had expenses of $18,610. We had income of $10,402 and capital gains of $95,840, so we combines those two together to see what our investments did for the quarter, and we get $106,242 in investment gains for the quarter and for the fiscal year to date, you can see where we started off the fiscal year, with just under 3 million dollars, we've had positive cash flow into the plan of approximately $50,000 and we've had income of $21,728 in capital gains, with $147,826 so we have a total return of investments for the fiscal year so far at $169,554.

And if you'll look at page 18, that's in percentage trends. Great quarter ,up 3.49% in the third percentile, so you're in the third percentile among other public pension plans across the country. So, you're obviously doing very relatively well versus other plans. Fiscal year to date you're at 5.69% and I know David's going update where we are , as a couple of days ago we were up over 8% already from a year or so, you're already good to see longer term numbers. Obviously our assumption of 7.75% over 3 and 5 year periods of time give us, 10.43% and 9.81% over those time periods. Looking at the different proportions, equity did extremely well, 4.64%. 5 stocks: Thomas Edison, Kroger, McGraw-Hill, Apple, Disney were all double digits, that's fortunate. When you only have 33 stocks in your portfolio, and 5 of them are in double digits, you're going to have a great quarter for the equity side. Fixed income didn't do so well, 88 basis points versus benchmark was up 1.32% making us in the 98th percentile. This is a continuation of what their bet has been and those interest rates are going to go up, as I mentioned for outside reasons they haven't gone up and so they've been wrong on that so they've been taking a pretty big bet that the interest rates are going to go up and they haven't been right so far. So they've trailed in that fixed income area. That's pretty much it, we've had like I said, a very good quarter and we're off to a good start in the fiscal year so, we're doing well. I'll be happy to answer any questions.

Steve Futch: You manage other pension plans for other places right?

Tyler: Oh yeah.

Steve Futch: Just curious, what's the…how do we fair with other plans as far as our expense?

Tyler: Um

Steve Futch: What we're paying as far as expenses are concerned?

Tyler: Um, I mean you're, I can't give exacts. Our rate is right in line with other plans.

Gary: Weren't we once told our plan was actually more in or favor because we were paid more than plans that had more cash and money in them?

Tyler: I don't know about that. For bigger plans you'd usually pay a lot more.

Gary: but on percentage? You're paying more but the percentage is favorable.

Tyler: yeah, but it depends on the plan.

Ron: part of it is the three meeting are at the same time and that's been very efficient and cuts down on expense reflected.

Tyler: I have to look on that

Gary: I'm not complaining about it. I know we got a good rate. I just wanted to know how we compared to the other places.

Tyler: Our rate might be a little bit better than other comparable plans.

Gary: I think it was at a conference last year in Orlando, a guy on one of the fire boards, and he was telling me what their multiplier was and all that, how are y'all doing? I didn't want to tell him because ours was doing a whole lot better than what he was. We were paid a much better rate because the firefighters supplement that, and additional benefits and we sounded a lot better off, but he was happy about it so…

Gary: I have a motion to, oh go ahead

Ron: No if you go to INF Florida with our administrative expense are, you have it on page 10, he has it as $29, 676 the administrative expenses and it can it higher percentage of payroll.

Gary: and that's for 12 months?

Larry: Yes, sir 9/30/14.

Gary: the last 12 months? Okay

Ron: No, 9/30/13

Larry: 14

Ron: oh 14, I'm sorry. So, that's about

Tyler: so you're paying about 1% total expenses and that's pretty much right in line with this. I mean you're a fairly small plan so as you guys get bigger it'll continue, well, especially our fees, our fees are flat, so our fees are going to stay the same, David's will increase because his are based on percentage.

Gary: You're fee won't go down?

Tyler: No

(laughter)

Tyler: can't do that, wish I could but…

Gary: if it's based on a percentage it'll go down cause…

Tyler: The percent will, like I was saying we have a flat dollar fee so as yours plan increase ours as a flat dollar fee remains the same. So as yours goes up our as a percentage of yours goes down.

Brenda: And actually too, didn't David, remember when the plan did so bad a couple years ago, he reduced his rate, and he never brought that back to where it had been.

Gary: I know we're getting a great rate

Ron: 25 basis points. It's interesting because if you're a $150 million plan you need to do the ascriptions for a $3 million you need someone to do the ascriptions. A $150 million plan you have to do your annual report and actuarial evaluations and if you have a $3 million plan you have to do your annual report and actuarial evaluations.

Gary: expenses

Ron: Yeah some of them are just built in, but when you think about it and expenses are worth watching, don't get me wrong. When you think about it, you imagine $3 million of money, you're making sure that it's where it suppose to be, that people are getting what they are suppose to get, when they are suppose to get it and you properly and you're spending $30,000 or $3 million dollars it's not just a number.

Gary: We got a motion to accept performance report.

Steve Futch: I make the motion

Jason: Second

Gary: All in favor say aye

Board: Aye

Gary: alright we have a motion to approve the name change er, the change of control at the Bogden group

Brenda: No

Jason: Okay, this is a motion to accept what?

Gary: the change of control at Bogden

Tyler: So, you want me to go through that for you?

Gary: Steve Futch, I think we've talked about it.

Tyler: I can go through it. Joe Bogden who started our company

Steve Futch: he came to one of our meetings and spoke to us

Tyler: He was talking about when he was talking about changing Bowen Haines or something like that. Joe came and talked y'all through it, so kind of got an understand of where he was coming from, but anyways, he started the company 15 yrs ago, working extremely hard building it up and you know he just got to a point is his lifetime where he wants take some of that and enjoy it, instead of plowing that back into the company. Because everything we makes goes right back into the company. The company reinvests every single penny that we earn back into the company, so we're trying to grow. So there was a need there, cause we're all as younger employees are l very excited about the direction. We're becoming a national firm and so there was a need there to help Joe out, so, to keep us growing at the same pace. So what Mike, our president, Mike Welker, had decided last year to do was to have Joe sell a majority of his shares, he still owns a little bit, he owns 5 units out of 92.5 of the company now and he was going to sell the rest of those to Mike, over the next year is going to figure out how to sell shares back to the employees of the company. So whether that is through profit sharing or direct sell of the shares, we haven't figured that out yet. But that's supposed to happen over the next year. So right now, Mike owns most of the company, but the plan is to sell it back to the employees. So we're going from family owned company, it's Joe and his wife and Mike and his wife basically owned the 99% of the company to an employee owned company.

Steve Futch: So, is the name changing?

Tyler: The name is not changing

Gary: So if that's something y'all are doing internally, why do we need to vote on it?

Tyler: Cause it does represent a change in ownership, so you have to be made aware SCC regulations require it and all. So I have to make you aware.

Gary: Okay

Tyler: Nothing internally is changing, we're still, nobody form the outside is coming in and purchasing shares or something like that. It's staying internal, I think it's beneficial, quite frankly to have it be employee owned because now we grow older there's no conflict there of Joe wants to take money out and we want to keep growing and then there's a power struggle because of that kind of stuff. That's when firms go wrong, but we addressed it early and…

Steve Futch: I make a motion to approve

Jason: second

Gary: All in favor, aye

Board: Aye

Tyler: Thank you.

Gary: Motion carries. Attorney's report.

Ron: First, I'd like to talk about, and I think Tyler mentioned it about failing profits. Y'all should be aware of that, you know, sometime in either 2013 or 2014 Chandler trust changed their support software, and had all that trouble with the conversion, that you know about. Then I guess it was in January, I think it was January, their auditor, when somebody like us has an audit done, we rely on quite heavily on White Hail trust, to tell us that we have everything that suppose to be there and they have and auditor who issues a report and used to be called a fast70 and now it's called FSAE16 and they didn't get a favorable FSAE16, it didn't say the money wasn't there, but it was a complicated document for me with auditor talk FSAE16, so what I did when I received it, I was concerned about that and I felt certain that the city's board and auditors should know about it. By the way, so I called Brenda and sent it to Brenda and Ricky. A number of times we'll use the city's auditors so long as it's independent, so I sent that on to them to send on to the auditors and the auditors said that they didn't see, I don't want to say they didn't see a problem with it, but it was going to change our audit. So I was willing to think they were willing to give a clean opinion in spite of the fact that they didn't get this clean FSAE16, but I do think it's important that you at least know about it and those are things that there was this issue. You know, those are things that, I know people were very concern that they weren't going get their end of the year report. So, you have to get to September 30th report, we take a snapshot and that's the moment in time that means everything. You lose a lot of money on October 1st and it doesn't matter as much because you may go out of money but it doesn't happen until the next year until that snapshot of September 30th, so everybody was concerned about not getting their reports, and I hadn't heard about anybody who didn't so, I don't customarily go through those reports, but I am assuming that we got them. I think I'd have heard from her if we hadn't. Some of the consultants did some checking and does some evaluating so it's not like we don't have somebody who's independent coming in and checking on it. But I did want to let you know that that did happen

Gary: We were expecting that, weren't we? I mean them…I thought that…

Jason: When he came and talked to us, he said, look he's doing all this and there's a possibility—

Steve Futch: that there may be some costs issues that may affect us and we may have to straighten out some issues and.

Tyler: Yeah, the audit itself was a little bit surprising, we didn't realize that was going to come back as a negative opinion but basically it boiled down to was documentation. When they were going through the conversion, they had major problems. Quite frankly they didn't handle it very well and so through all that process they were basically scrambling at the time to get thing done to get trades and what they were doing was not documenting it correctly. It doesn't mean that what they did was wrong. We haven't found any instances of where money was put in the wrong place or something like that. But when the auditors said, "hey, show me your cash reconciliation for August 16th," they said. "we don't have it." And you know, not a red flag for an auditor, but we haven't found any instances of were stuff was missing or anything like that, but they're expecting to get a clean audit sometime in September so they're hopeful to get that out fairly quickly. There are some plans that are very concerning and others that say hey, let's wait and see what happens.

Gary: so you and Ron aren't suggesting for us to make a move?

Ron: No, I am not

Tyler: just be aware of it.

Ron: I just want you to be aware of it, and I'm sorry I didn't mean to cut Tyler off, but I'm not making that recommendation, but I do want you to be aware of it. I want you to watch it. I want you to, when I say I want you to be aware of it, it's just to not to do my part and give you information because I feel it's my responsibility, I want you to keep it in mind and follow it and see when we get this next audit how it turns out to be a good audit and maybe have them in at some point. And we're aware of the conversion problems. But we weren't aware the audit was going to say something bad in it and I understand that is a significant event for them in August. I think as a whole, we only have 33 sheets so we don't do a lot of trading so, compared to some of the other ones so, and that's something you get the statements in and you look at them.

Tyler: Yeah, the way we compare them is, we honestly don't have a third party system where we are tracking all the trading and stuff like that, but what we do is when we get the statements in we put it into our system and generate a return and go to Bowen Haines and say, what to you guys think. Because they are independently, because Bowen Haines is executing the trades so they're tracking everything on a daily basis. So today, what did you guys get and then our returns versus Bowen Haines returns , if there's any differences we say okay why is there a difference there? Maybe it's a market value difference there, that happens but maybe it's something else, so we look at all those things and we make sure that the returns are correct. And we're reasonably confident that the reports Salem Trust is, you know, correct as well, because it has Bowen Haines verifying versus just them.

Ron: and I will say I haven't had any plans with the audit, it has not yet been approved because of this problem. I had one plan in particular when they said here's the audit. The problem is I can't ask for you to approve it yet because I didn't get in Salem Trust audit yet. This unfavorable one, if that's the right word, hadn't come out. So when that came out I said is there anything else you need to do or ask that you approve it now and he was talking to some of the other auditors that said we are doing some additional testing or some additional procedures to insure themselves because they're the ones that ultimately sign it off. They're not signing off on Salem, but they're signing off on the information you're getting from Salem sufficient for us to approve your audit. Some auditors, when they learn about Salem Trust issue, they institute independent procedures, some analytical procedures before they will sign off on it. I don't know if ours did or not but it is important that you know that. I sent it on to the auditors, and the city got a response from the auditors. I think Brenda sent it to me saying we're okay with this.

Tyler: It's been it the email

Ron: yeah, you got it too. But it did come out and what I was concerned with was not getting our annual audit because our March 15th annual report had included our audit and that's a state requirement you know.

Gary: Normally, have you seen, if a fund changes, like if we moved out of Salem Trust, what would they use to justify that? The audit to do that, or performance or what? What do you use to say, "hey we don't like this company anymore." Because the audit, depending who writes it can be favorable or not. It can be swayed either way. I mean a lot of it is cut and dry. Documentation , I mean Salem can say, "hey, we're going to do better next year," but is that enough for us to be concerned about?

Tyler: Are you saying why people move on from Salem, if they have? I think the biggest concern people have right now is just if they don't get a favorable audit. Have you talked about the fraud and stuff?

Ron: I think we have mentioned it, but it's worth mentioning it again.

Tyler: I think we did talk about it, but the concern with Salem Trust is not that your assets are in any danger. They are in your name and that's by law, you know, you're protected. Concern with them is maybe if they're sold or something like that because if clients leave because of issues they had because of the conversion and now the audit and the fraud they had through one of their sister companies. Again it's not about you assets, your assets are fully protected , it's more about their financial viability. What's going to happen to them, if they're going to be sold to another company or something like that. Are you going to get a delay in benefit payments or something like that?

Steve Futch: What kind of fraud was it? They turned an account or something like that?

Tyler: So what happened was, Salem Trust is owned by a parent company, so it's not Salem Trust in itself, it's one of their sister companies that was also owned by the parent company. One investment manager, they bought some fictions paper that was backed by the USDA. The USDA signed off on the broker located in Orlando and the broker had forged documents saying they had money in the bank and they had these loans were real and everything like that, but they weren't. He was taking the money and pocketing it and buying all these other assets that were like hotels and all this other stuff. So, Salem Trust was the one that actually uncovered all this fraud and what're doing now is they've arrest the guy and now they're trying to recover the assets. Again, nothing to do with really your particular account. Your assets are your assets and there's nothing there. You weren't investing with this company or anything else like that. The concern is with the parent company, is the parent company going to have to make up all these loses for all these investors that were invested in that company and are they going to have to do it and what's going to happen to Salem Trust as a result of that if they have to declare bankruptcy?

Gary: Are these assets where they can recover their money?

Tyler: They're hopeful.

Gary: Did he buy an island?

Tyler: No, he bought a bunch of hotels and I heard he was buying Bennigans over in India and he was watching a project where he was going to open like 40 Bennigans, so he had all these things under construction, the hotels, one of the hotels was finished and up and running but two of them were very close to completion, they're not finished products. So they're hoping to recover all the assets, but right now it's not something, we've been asked by attorneys, "well, were you monitoring the situation? We're talking with Salem Trust and we're aware of what's going on, but we're not looking their financial statements." I can't attach to their financial liability, so I'm saying that's the concern with other pension plans is to why they may have gone and started looking at others. It's not that they're concern with Salem Trust's service or anything else like that; they're concerned about what happens if they have to be sold or something.

Steve Futch: Is there any assurance from the parent company whatever their liability or issues are won't affect Salem?

Tyler: Well, they could be sold but as far as your custody account, you're fully protected.

Steve Futch: Sometimes these losses are, you know a parent company will spread out the losses out over everybody

Tyler: That's not how it works though. Because the account is in your name, they can't take them out of your assets.

Steve Futch: Okay

Tyler: to cover other people's losses. Either the parent company has to declare bankruptcy or they have to make up the losses whatever, but that's on them it's not on your account.

Steve Futch: Good, okay.

Tyler: We don't have to worry with them, with some boards and again not everybody is worried about it. Some boards have said let's just wait and see what happens while other boards are instead are like “I don’t want to wait and see what happens, let’s go out and look.”And a lot of that has stemmed back from if there are other issues on the side with them, beyond this with maybe servicing issues or whatever like that, but you guys have had pretty good experiences so. Anyway, I’m trying not to be long winded here, but that’s the concern here.

Ron: I actually think it’s good he was long winded because when I said I want you to be aware of it I meant it. This is the sort of discussion you should hear from Tyler again and I’m not recommending it, and I’m not even urging it, based upon the information I have. I hear they appear to be safe and I want you to be aware. I want you to talk about it again. If they get another audit and I don’t know if I explained the properly, that isn’t as clean as we’d like or there’s service problems. I think Tyler said it very well, some plans have prior servicing problems, Salem Trust has, as a whole, and deservedly so built up some good will over the years by giving good honorable service to people and I believe that has paid off for them in the number of funds. And you know, I didn’t hear here as I have from some of my other plans where the custodial…the managers and the consultants would be talking about it a lot, so it was good. David was doing what he needed to do, Tyler was doing what he needed to do and the reporting comes off completely different as a custodial thing, we would have heard about it, so some plans were more concerned about it earlier unlike later on like you were.

Gary: Define to me what and you don’t have to be long winded what Salem’s position is? They accept the money from us, and deposits from the city and they’re going to hold the cash? Do they send it to David? Or what?

Tyler: David has

Gary: When they make their trade, how does the money get there?

Tyler: David has authority to trade on behalf of you with them. So, when David makes a trade he sends the instructions to broker to send assets to your account. So, David says, I want to buy Disney stock, 50 shares buy it then send it to Salem Trust. Okay, and use the cash from that account to buy the stocks.

Gary: So, who’s holding the shares?

Tyler: Salem Trust.

Gary: Okay.

Tyler: Salem Trust is the holding company

Gary: I gotcha.

Tyler: They hold the assets, that's why it's set up like this. That is why you have us as independents overseeing David and Salem Trust. Salem Trust independently holds the assts so you don't have to worry about David going you've got $20 million dollars in the bank when you've actually got 3. You've got an independent verifier , kind of a three-way circle and everybody is verifying each other and you don't have a Bernie Madoff situation where he's the custodian , he's the investment manager and he's the performance monitor and he's telling you everything you want to hear when he's actually pocketing the money. You can't have that situating when it's in a custody account like this. It's 100% protected FCC insured and all that kind of stuff.

Ron: And the other thing I wanted to report to is you, is that it appears there's the new statute, is a new law has made it through the legislature and may in fact be signed by the Governor. I'm not sure, it might have some effect on how you operate, but we're going to have to look at it very, very carefully. It's complex so, one of the things that might enter into it just might be what percentage funded you are at this point. We're going to learn that when we get Larry's report, but we've been following it went through, but we haven't analyzed it as of what effect it'll have on any one particular fund yet, but we'll have to look at the carefully and we'll let you know if that's going change the way we operate, it might. You know, there's been a desire for pension reform for years and as we've been reporting it didn't pass usually because the Senate wanted to do our type of pension reform, local pensions. Municipal pensions and the House wanted to reform State pensions, FRS and that never went that far through. Larry's going to report one aspect of it where we're going to have to use FRS mortality table, which will have an effect on us. I haven't reviewed carefully the final language, but that passed a few days ago, so we've been following and are aware of it. I'll report to you on that. Hopefully, it won't affect us too much.

Gary: Have they backed off of bugging the fire benefit plans? You know the state ?

Ron: Yes, they back off this year and they've backed off trying to do away with FRS as a defined benefit plan and turn it into a defined contribution plan and they could not get that through. They got it through the House, but could not get it through the Senate and actually there's been in past years the Senate had pretty much been divide down party lines, with Republicans in favor of it and Democrats against it but there were certain Republican state senators that who were very much against that. Just very much against with doing away with the defined benefit plan. I remember reading something by somebody who was very high up in the Senate who said, year after year we do this, I have a lot of teachers in mind today. Almost every year we are scaring them and it's time to stop." And the new house speaker did not make it a priority and neither did Governor Scott, and that's the news on that. This bill, in the Senate, was able to be passed because it was not tied together. So that's what's been going on and that's dead for this year, unless they have a special session to do their budget and , it could come up again, the last I read they haven't done a budget yet.

Steve Futch: the session ends, what, tomorrow?

Ron: I think it's Friday. I might be Thursday, but I think it's Friday.

Tyler: I think they're reporting the left though, they got angry about something and left.

Brenda: The Senators did, I think, but the House is still there, yeah I heard that on the news.

Ron: But they may have to come for the budget.

Tyler: They have to come back and do a budget

Brenda: How nice would that be to say I don't want to work today, I'm going home.

(laughter)

Ron: I had a freshman law professor who late on became a very well-known judge down there. I mean when I was a freshman he was my law professor he became the chief administrative judge and was very celebrated and was a scholar and all that. I remember him telling me in my freshman law class, "the worst thing that ever happened to the State of Florida legislative started meeting once a year instead of every other year." And that stuck with me and I think it's true. They only have to do one thing. That's what the paper said, they only have one constitutional responsibility and that's to pass a budget.

Steve Futch: meet every 5 years.

Ron: I guess the fighting is I think over healthcare. Anyway, we'll report to you on that and if we think we're going need a special meeting, and I don't think we will, then we'll report carefully. We may need to see what percent funded you are, it's a very complex form that may enter into it, and that concludes my report.

Gary: Are we going to need a motion on that?

Ron: No

Steve Futch: alright, Mr. Wilson

Larry: We have an evaluation report and have some good news, as I said at the last meeting, we're not responsible for the good news, as we're not responsible for the bad news, we kind of record what happens, but I guess part of the good news is contributions is down. This evaluation determines the contribution for the 15/16, October, 1, 2015 to September 30, 2016 and lines it down. We had actuarial gains including asset portion that outperformed our 7.75% assumption which on a smooth basis and in fact in the market but we're just measuring the smooth basis. Liability gains and also the city put in more than the minimum required contribution. So all those served to help reduce the contribution this year, gets us better funded and different things. We have also included in out report the GASB-67 the government accounting standards board and the 67-TRUA and we've included the GASB-68 which is government accounting standards board 68 which affects the city's capper including an expense calculation and liability. Having that said, if we turn to the page with the letterhead. In the middle is the retirement plan system costs. This year the total cost, and we know we get that from members, from the state and then the city picks up the difference. The total cost from the three sources is 47.7% of pay and based on payroll we're projecting that to be $185,863. Last year that number was 50.5% , and we're projecting that to be $192,000, so total contribution is down. If you look toward the bottom you see the base city contribution is 30.5% about $118,861 we're projecting. Last year those numbers were 33.4% , $130, 000, so again good news that it's down.

Comparing the last evaluation report, there's no changes in benefit provisions, there's no changes in assumption or methods and I mentioned that we have the accounting information and the share plan assets and liabilities are included is system assets and liabilities consistent with GADB 67 and 68.

If you turn to page 7, there's a comparison of last year's information to this year's information, the number of participants increased 3%, page 7. I think that was 1 person. The covered payroll increased by 1%. The system membership in total, counting the inactives increase about of 3%. The normal costs, the cost for benefits accruing this year increase as a percent of pay in a dollar amount. The unfunded accrued liability decreased as a percent of pay in a dollar amount. And as I said earlier the city's minimum required decreased as a percent of pay in a dollar amount. We do a measure, that Ron mentioned, that we do a measure to cover the market value of assets to the value of all vested benefits. It's the ratio of those two so, it's based on funding assumptions we're using. On that basis we are now at 100.4% funded to the extent on a settlement basis if we had to settle up and close the plan and pay everybody the money based on their vested benefits. We have that 100% covered.

Ron: On that basis and that's not going to be the basis for the long haul. And I think there's been decisions that you can't just cover the vested benefits, you'd have to include the non-vested , but that's not usually a big number You know, this is just the vested benefits.

Larry: Last year that number was 88.1% so it kind of gives you some kind of indication of some improvement as we've gone forward.

If you turn to page 12, it's our development of an actuarial gain or loss, if we have an actuarial gain or loss when plan. experience differ from our assumptions and this year we had an actuarial gain of $204,453, kind of break that down between investments seed investment performance is about $24,000 of that gain, and then a liability gain of about $180,000.

If you turn to page 38, there's a table there with some of the source of that actual gain. And it shows that the pay increases this year averaged 1.2% , We were assuming 5.7% of pay so generally when pay doesn't go up as much as we are assuming, we have a general actuarial gain from that because obviously our benefits are a function of our pay. There was no turnover this year among the full time fire fighters and we would say we expected a minor amount of turnover. That was an offsetting source of actuarial loss that means if nobody left, that means we have to pay the full benefits for everybody where we expect a small portion to leave but nobody did. The smooth value investment return was 8.86%, I'm still a little leery on that table, that was in excess of the 7.75% return, so definitely you know we said that was a $24, 000 investment gain. That effect was all from that, from that portion. The market value return was 11.83% , again we are using of 4 year smoothing so we took some of that excess earning and put it away for the future.

If you turn to page 10, item B-1e shows that the receipts that came in are irrespective of the investment performance, we're up $252, 674. If you look at item C-6 the disbursements are $116,256. And just to point out, we talked earlier, C-5 is the administrative expense for the year and you can see we're at a point here with positive cash flow. So it's good we don't have to keep using as much liquid because we've got more money coming in than is going out. The share plan started the year at $58, 560 and has grown to $78,403. The drop account balances started the year at $150, 784 and has grown to $174,857.

Turn to page 11, item E-1 this is how the smoothing policy works, if you look under the 2014 account, the market value return was $306,638, if we had earned our expected 7.75% of market we would have had investment return of $196,450. So the difference between those two was the excess and an investment return above our assumption of $110,188 we take 25% , one fourth of that, recognized this year as $27, 547. If you see that following the triangular math matrix it's going to show you how we're going to recognize the remainder over the next 3 years. Also, if you look under the 2014 column, item F-4 that negative $49,000 that was from the underperforming year of 9/30/11 and that has been fully recognized in this report. So we don't have any after effects of that going forward, it's not going to affect us in the future. So to get our actuarial value we take item A last year, the actuarial value of assets and we recognize the noninvestment cash flow, we take into account our expected return and we take in these phased in recognitions to give us a total, that's how we get the $2, 827,628. Going into the year item H-1 we had deferred investment gains of $58,260, now we're up to $140,324, we're going to recognize $77, 971, under the 2015, F5 category, plus there's going to be a number based upon how the performance is for year 9/30/15. We're starting from a very good point next year. So, hopefully will be able to provide so of the additional good news next year.

If we go to page 15, it's some accounting which I'm going to go through this quick because I'm not sure if this will affect the city's books. 2014 actual column and a 2014 projected and they total pension liability is like the actuarial accrued liability, so it's brought forward on a projected basis from 13 to 14 and trued up with what's actually occurred and then the planned fiduciary position is market value of assets. The difference between those two is the net pension liability $672,697 and from an accounting perspective our funded ratio is 81.52%. Now Ron had mention in the legislation there are some things to key into funded percentage and they may define that differently. This is how the government accounting standards board defines it but I'm not sure how Florida is going to define that term. Under prior accounting, it was defined differently though, The law was probably looking more at prior accounting.

Next page, just to point out, under the 2014 category that the city contributed more than what was required, if you look at that column, they contributed about $43,000 more than the minimum this year. See a contributions deficiency excess, and that again helped to put us in a better funded position and reduce future contributions.

I think I'm going to skip, just to point out if you turn to page 21, we were funding over a 30 year period the ammonization periods, under accounting for purposes of experience gains and losses, plan amendments', changes in assumptions, it's based upon average life expectancy, working life expectancy and so for active members it's their expected working life for the inactives it's zero. You add the two together and then you divide by the total number of people, actives and inactives and we come up with 12.6 we would just divide straight line, $90, 269 by the 12.6 and you get the $7,164 which is part of the pension expense. And then for assets on the next page rather than looking at that just go ahead and divide by 5 which is the rule by accounting, so that is how the pension expense is recognized.

On page 43, this shows all the bases that the initially established in 89, and you see we have some pretty minor ones coming up. But again we are getting close to the end there. Um, we said we had an actuarial gain this year of $204,453, the 30 year amortization of that is $13,519 so that is how the portion of this affected the city's contribution. What we're saying here is that our report aligns with state statute. Every benefit that is provided in the ordinance we have a liability for and we're certifying that the report in compliance with the state requirements. Any questions or anything?

Jason: Can you say that again?

(laughter)

Gary: Any questions?

Larry: Mr. Chair, there's a couple more things that Ron had pointed out. There were several pieces of legislation initially and it was combined, a couple of them, sometimes they're combined to stick in one that might nor have gone through with something everybody wants to go through. Anyway, the one that will definitely affect us is that if it gets signed by the Governor, it's passed the House and the Senate, and it is that we would be required to use the FRS mortality assumptions. And when we compare that to the assumptions we're using, we believe that this will increase city contributions. Theirs is more conservative than ours. So, I wanted to point that out and we are recommending that we do an experience study to make sure that the assumptions are aligned with the experience. The GFOA, the Government Financial Office Association, recommends that they be done every 5 years, but there hasn't been one since I've been involved. We have kind of threw a patchwork modified assumptions, we reduced the 8% down to 7.75%, we similarly had a 25 basis point reduction in the salary increases. But you know I turn over some of the other assumptions, we think they should be looked at and aligned with experience. Also, if we do nothing, costs are going to go up because of the mortality, there may be some assumptions that, payroll increase, the pay increase assumption, we haven't really kept up with that. It's been much lower, so we might want to recognize some of that reduction that would help offset the increase of costs for the mortality. So we are recommend to all 3 of the Starke plans that we do a study.

Steve Futch: Mr. Wilson why is it that they are basing this on the assumption of FRS? Why not some index or something? Consumer price or whatever? Why

FRS? Because they've been complaining about that for a long time, so why are they looking at that to be the standard to work from?

Larry: I don't think I have a good answer.

Ron: well, this is a mortality table, somebody had to choose a mortality table and there's not like a CPI that the Bureau of Labor statistics puts out, but this is actually very disturbing to me. And the reason that is, is, and I think it should be disturbing to you too as well is a matter of government and the fiduciary responsibility, you are the fiduciaries for this board, nobody else, just the board members are. One of the higher standard that the law places on somebody. You have to put the interest into the members and the beneficiaries before everybody else, you can't have any undivided loyalty, you have to be careful, skillful, prudent, diligent, do your work, get ready for meetings, go to meetings, try to get some outside education, and listen and learn your subject. It's a complicated subject. And then they say to you, oh yeah, but by the way, you're responsible for making sure that it gets funded and you're responsible. Oh by the way, part of this we're giving you no discretion in, we're going to tell you what to do and who's there telling you what to do it? The Governor, the Chief Financial Officer and the Attorney General, who are the fiduciaries of FRS, but they're not involved in it. It's not a big area of their concern, they turn it over to this huge bureaucracy to invest and run it and so forth, so you all make the assumptions about you're your assumed rate of returns will be. You do that. You make your assumptions about much disabilities you're going to get. You make the assumptions about if your salary is going to go up over time. All of a sudden they just say a bunch of legislators and we're still going to hold you to those same standards and responsibilities, but we're going to you follow some other people's guidelines. And to me it's very disturbing and Larry can talk to you about the differences in the mortality table, what I thought I heard people saying is that the life expectancy is improving in the future and I think the state is trying to make us think about how they expect life expectancy to improve over the future. Take into account future improvements and we don't. The next one could be that you have to use FRS assumed rate of return, the next one could be that you have to use FRS salary assumptions. It's just disturbing.

Gary Wise: We just need to be FRS.

(laughter)

Ron: Maybe they would like that

Larry: let me add quickly to that, we for a long time, worked for one of the agencies, state agencies, that had some oversight on FRS. We were the actuaries for an a company that was called Obaga, it still exists. We reviewed the actual evaluating for that agency of FRS every year. And we reviewed their experience study, which is done every 5 years. When we review the experience study 5 years ago that was done by the actuary, we had problems with their mortality rate. They missed a lot of deaths. They blamed the state didn't report them to us. And when you look at the social security deaths register, and they were extremely conservative mortality previously versus their experience and would report each year that we disagreed with that. They just did a recent experience study6/30/14 we did not work on that one, but contract with the state, but Obaga thought it was a appearance of lack of independence by GRS because we had that other contract. We did do work for the Attorney General this year on their GASB work which includes the experience study, so actuary for the state use to be pretty much housed in Washington DC area, they've moved it out to the west coast, Seattle, I believe is where they are. It's a new actuary. Their experience study this year was more like a executive summary, it had very little detail to support their recommendations. So again I don't think holding them to as a standard is very good. What they say for mortality for special risks, which we are, is that for the males is 90%, you know we use RP2000, they use RP2000, for the males assume 90% and after the blue collar adjustment we have 100% for males. Blue collar adjustments for the females assume none, but it seemed pretty arbitrary to us, but anyway. That's what we would have to use. Ron mentioned the projection scale. We are using a projections scale, we're using scale AA and FRS is using scale BB. BB was recently released and it does show a higher mortality improvement so it is more conservative. The society sided actuaries have issued RP2014 table, with an MP2014 projection scale but again whether we were going to go to that or not was questionable. How soon we'd get to that is unknown, but it is strongly urged that to go to that though. This would preclude us from using the latest information and I'm sorry, I know these are long winded responses.

Gary: That's alright. We need to hear it sometime.

Larry: I guess, so anyway, we have that so we will send an engagement later to the board for that to determine whether or not they want us to do it. There is legislation that has passed and the board has approved and it's being finalized now and they're doing all the administrative things so they can administer this 2013-100 state statute that requires us to report erroneous information. We have to report accounting information, contribution information, run out information, under various assumptions. One being our assumptions, the second being our assumptions being the 7.75% interest rate with prescribe mortality table, the third is not our table, it's not FRS table, it's a statutory table and then we have to do, we have to report to the state the 7.75% minus 2% in their prescribed mortality table, so you've got to do all that. And they clarified that you've got to do the run out to be that you can assume the investment return money, but at two different rates the 7.75 and the 5.75, you are to project total benefits so you got to look at future service and future salary in those projections, but you still cannot count future contributions. And if you've looked at our accounting we have done the tests and we're not going to run out of money, but that includes that we are going to get future contributions. When we don't count contributions, we will run out of money, so I don't know what the number's going to be will say 8 years from now we're not going to be able to pay benefits. Because we're not going to be able to get contributions. I don't know what the number is, I'm just making that up. So, anyway, we need to do that. They've released enough information now, that we need to do it. So, the report that goes to the state is a computer file, and we need to do a human file report that needs to be put on the city's website and if the plan had a website, it would have to go on there. I don't know if Ron's going to make the recommendation or myself, but we were talking about enhancing that report and working with Ron to come up with a way to keep it simple. To put in information so that it could be more easily understood. We've talked about and the board's already approved that we have to show it at minus 2%, but we're going to go ahead and show it at minus 2 and plus 2 to give balance to the information . We talked about that we have to show a run off base and have a statement there that will say that under current accounting standards the contributions are required under state statute, so there won't be a run off. That the plan will be able to pay for all future benefits. So those sorts of things would be best incorporated. If the board would approve us working with Ron on coming up with one with plain language.

Ron: We discussed this, this morning. You're going to put this chart out that are going to have all these numbers on it, that Larry was talking about. Some of this stuff is hard if you have some knowledge of it and if you don't have any knowledge you won't necessarily see what's there. You will see this chart that may alert people. Because the press could pick it up and say, "Starke Fire Plan to run out of money in 9 years." That's not accurate because that is if the city continually violated the law and failed to make any further contributions into the plan. Which can't happen under state law, it's not allowed and it's not allowed under the Florida constitution so, what I was thinking is some short, plain language explanation of how the board views the financial health of the plan. One of the things it should say is that we are over 80% funded and under another thing we are over 100% funded and money will be coming in. We're reporting using 5.75% assumed rate of return because they are requiring us to, but we've picked 7.75% because historically that's what the market has shown we'll get in America over time. We're long term investors, we're not looking at the short term. Trying to give people some idea of what we're doing. I know that some plans in some places are talking to me about making it very complex, but I just think when you see all the stuff, you don't want it to be complex. You just want it in plain language and an explanation because we don't believe we're ever going to run out of money. If we were going to run out of money, if Larry were to come in here today and say we're going to run out of money. We'd be having a completely different conversation and we would have to change assumptions and look at the benefits and see if someone's not making contributions, something like that. But that's not going to happen. The city overpays. The city got ahead of the game this year, so we just need your approval on this, so we can start to work on it.

Gary: Okay, I'll make the motion on this, but then we've got to go back and approve the actuary report.

Jason: Second

Gary: All in favor say aye.

Board: Aye

Ron: Have Larry and I

Gary: have where you talked about it on the General Board where you work together to come up with an explanation?

Ron: have a way to justify our7.75% and we'll bring you something in drafts to look at and have some idea. Because this is going to get posted for 60 days after, but we'll get working on it.

Gary: I make the motion that we approve that recommendation

Steve Futch: I second it

Jason: I second it

Gary: all in favor say aye

Board: Aye

Speaker: so the city expects a set at 7.75% rate of return several years long term after?

Ron: the state requires you to do that. And you have to send in a letter. What your assumed rate of return is for this year, the next several years and you need a motion. I think Tyler is recommending 7.75% and Larry is recommending 7.75% and …

Jason: I make that motion

Steve Futch: second

Gary: all in favor?

Board: aye

Ron: Thank you

Gary: New business, approval for new conference for myself and Steve Futch.

Steve Futch: I really make that motion. I don't know is that a conflict? I don't know.

Jason: I second

Ron: I think it should be for any board member who chooses to go be allowed.

Gary: approved 3-0.

Brenda: yes

Gary: approval for Brenda to go and pay one third the cost for her to attend.
Brenda: and I'm not sure if it's actually going to be me. Ricky has said he might go, just depends.

Steve Futch: I approve who ever goes

Jason; Second

Gary: all in favor

Board: aye

Jason: when's the next meeting Brenda?

Brenda: the 29th of July

Steve Futch: It's the last Wednesday of the month

Brenda: Same time, 10:30?

Speakers: Yeah that'll work.

Gary: Make motion to adjorn.

Steve Futch: second

Gary: all in favor

Board: Aye

___________________________.
Gary Wise, Board Member
Steve Futch Futch, Board Chairman
Jason Hersey, Board Member
Dr. Pete Gianas, Board Member
Sam Patel, Board Member

Attest:_____________________________
Ricky Thompson, City Clerk