

CITY OF ORANGE
FIREMEN'S RELIEF AND RETIREMENT FUND
BOARD OF TRUSTEE'S MEETING

July 20, 2017

The Board of Trustees and Officers of the City of Orange Firemen's Relief and Retirement Fund convened for a board meeting on July 20, 2017, at the City of Orange Neighborhood Building Facility, Orange, Texas with the following members present:

Jody Cowart,	Chairman
Cheryl Zeto,	Secretary/Treasurer
Sherry Jackson,	Citizen Member Trustee
Kenneth Parsons,	Citizen Member Trustee

Jay Trahan,	City of Orange
Brad Heinrichs,	Foster & Foster

The meeting was called to order at 10:03 am.

Standing items:

A motion was made by Kenny Parsons to approve the minutes of the meeting held on June 15, 2017. The motion was seconded by Sherry Jackson. All present are in favor. No one opposed. Motion passed unanimously.

Discussion item: After a quick review of the June statements for MorganStanley, it was noted that there were no issues discovered during the balancing process and the ending balance has increased slightly. The June statement has been reconciled.

New Business:

Discussion & Action item: The GASB statement No. 67 for the period ending December 31, 2016 has been completed by John Crider. Copies have been provided to the board for approval. A motion was made by Sherry Jackson to acknowledge the receipt of the December 31, 2016 GASB statement No. 67 and to approve payment to John Crider for services rendered. The motion was seconded by Kenney Parsons. All present are in favor. No one opposed. Motion passed unanimously.

Discussion item: A special call meeting will be scheduled for August 10, 2017 at 10:00 a.m. for presentation of the December 31, 2016 annual Financial Audit by Charles Reed & Associates and for presentation of the January 1, 2017 actuarial valuation by Foster & Foster.

Discussion & Action item: Brad Heinrichs of Foster & Foster Actuarial Consultants was present to go over the assumptions and methods that will be used for the valuation.

The first assumption is the current rate of return which stands at 7.75%. If the board elects to stay at the current rate of return, the Fund will need to either increase the contributions or lower the benefits.

The second assumption is the percentage of DROP option participants. The valuation needs a more accurate count of retirees who elected the DROP option.

The third assumption is to increase the adjustment percentage after 25 years to match the inflation percentage being used, which is 3 percent.

The fourth assumption, asset smoothing, will no longer be used on the GASB statements and is not necessary on TLFFRA funds according to Mr. Heinrichs. Asset smoothing serves to dampen the volatility of amortization. The market value method paints a more accurate picture of the Fund's health.

A motion was made by Sherry Jackson to use 7.75% for the rate of return, to modify the percentage of DROP participants to a percentage based on historical information, to change the salary adjustment percentage after 25 years to match the inflation rate assumption of three percent and to use the market method for asset the valuation as opposed to the asset smoothing method used in previous valuations. The motion was seconded by Kenney Parsons. All present are in favor. No one opposed. Motion passed unanimously.

Mr. Heinrichs will meet with the fire fighter members after the special call meeting on August 10, 2017.

Announcements: None to record.

A motion was made by Jody Cowart to adjourn the meeting at 11:05. The motion was seconded by Kenny Parsons. All present are in favor. No one opposed. Motion passed unanimously.