

A G E N D A

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund to be held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on **Monday, September 14, 2020 at 8:30 a.m.**

BOARD MEMBERS: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
John Tillery
Lee Statham
David Hill, Mayor
Chad Tustison, Finance Director

1. Call to Order
2. **Public Comments:** Persons may address the Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any issues. This is the appropriate time for citizens to address the Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Waxahachie Firemen's Relief and Retirement (FR&R) Fund may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code.
3. Consent Agenda

All matters listed under Item 3, Consent Agenda, are considered to be routine by the Board Members and will be enacted by one motion. Approval of the Consent Agenda authorizes the Chairman to execute all matters necessary to implement each item. Any item may be removed from the Consent Agenda for separate discussion and consideration by any Board Member.

 - a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of August 10, 2020
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of October 2020
4. Consider Retirement Horizons, Inc. Letter of Engagement for an Actuary Study
5. Hear report from Ed Peschke, Frost Bank, and take any necessary action
6. Hear report from Claude Parenteau, Parenteau Analytics, and take any necessary action
7. Consider Glenn Morrill's refund of contributions
8. Consider child benefit for Kaleb Wilson
9. Consider changes to the QDRO Policy and sample QDRO
10. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
11. Adjourn

The Waxahachie Firemen's Relief and Retirement Fund reserves the right to go into Executive Session on any posted item.

This meeting location is wheelchair-accessible. Parking for mobility impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the City Secretary at 469-309-4005 or (TDD) 1-800-RELAY TX

Notice of Potential Quorum
One or more members of the Waxahachie City Council may be present at this meeting.
No action will be taken by the City Council at this meeting.

(BA)

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund was held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on Monday, August 10, 2020 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
John Tillery
Lee Statham
David Hill, Mayor
Chad Tustison, Finance Director

Others Present: Lori Cartwright, City Secretary

1. Call to Order

Chairman Gary Myers called the meeting to order and welcomed Finance Director Chad Tustison.

2. Public Comments

None

3. Consent Agenda

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of March 9, 2020

Action:

Mr. John Tillery moved to approve item a. on the Consent Agenda. Vice Chairman Matt Dorsey seconded, All Ayes.

4. Consider Annuity Checks for FR&R Retirees and other disbursements for the months of May, June, July, August, and September 2020

Action:

Mr. John Tillery moved to approve the Annuity Checks for FR&R Retirees and other disbursements for the months of May, June, July, August, and September 2020 as presented. Mr. Scott Safford seconded, All Ayes.

5. Consider Retirement Horizons, Inc. invoice dated 5/31/20

Chairman Myers presented an invoice from Retirement Horizons, Inc. dated May 31, 2020 in the amount of \$1,000.00 for the valuation fee of the 2019 GASB 67/68 Report.

Action:

Mr. John Tillery moved to approve an invoice from Retirement Horizons, Inc. dated 5/31/20 as presented. Vice Chairman Matt Dorsey seconded, All Ayes.

(2A)

6. Consider Yeldell, Wilson, Wood and Reeve, P.C. invoice dated 4/30/20

Chairman Myers presented an invoice from Yeldell, Wilson, Wood and Reeve, P.C. dated April 30, 2020 in the amount of \$8,025.80 for professional services rendered.

Action:

Mr. Scott Safford moved to approve an invoice from Yeldell, Wilson, Wood and Reeve, P.C. dated 4/30/20 as presented. Mr. Lee Statham seconded, All Ayes.

7. Consider Jon Wilson's retirement benefit

Chairman Myers presented the retirement benefits effective April 1, 2020.

Action:

Mr. John Tillery moved to approve the retirement benefits for Mr. Jon Wilson as presented. Mr. Scott Safford seconded, All Ayes.

8. Consider James Landry's refund of contributions

Chairman Myers presented the refund of contributions effective March 24, 2020.

Action:

Vice Chairman Matt Dorsey moved to approve the refund of contributions for Mr. James Landry as presented. Mr. Lee Statham seconded, All Ayes.

9. Discuss Glenn Morrill's refund of contributions

Chairman Myers announced Mr. Morrill resigned on August 3, 2020 and presented the refund of contributions effective August 3, 2020.

Action:

None

10. Consider the FR&R Retirement Fund financial statements for year ended September 30, 2019

Chairman Myers reviewed the FR&R Retirement Fund financial statements for year ended September 30, 2019.

Action:

Mr. John Tillery moved to accept the FR&R Retirement Fund financial statements for year ended September 30, 2019. Vice Chairman Matt Dorsey seconded, All Ayes.

(3a)

11. Consider report on the transfer of funds to Frost Bank and Claude Parenteau

Mr. Ed Peschke, Frost Bank, spoke on changes made in the FR&R account. He stated he is continuing to work with Morgan Stanley on moving assets and mutual funds and will have a report at the next board meeting.

Mr. Claude Parenteau, Parenteau Analytics, stated he is working closely with Mr. Peschke with Frost Bank. He stated it was a good move from Chairman Myers delaying moving money around at this time. He stated he will contact Morgan Stanley to find out more about one investment that is not making money and will make a report at the next board meeting.

Action:

None

12. Discuss the State Pension Review Board compliance letter dated 7/13/20

Chairman Myers reviewed the State Pension Review Board compliance letter dated 7/13/20 and reported the Pension Review Board accepted it.

Action:

None

13. Set next meeting date and time of Firemen's Relief and Retirement Fund Board

The Firemen's Relief and Retirement Board set their next meeting for September 14, 2020 at 8:30 a.m.

14. Adjourn

There being no further business, the meeting adjourned at 9:16 a.m.

Respectfully submitted,

Lori Cartwright
City Secretary

(3b)

MEMORANDUM

TO: FR&R Board Members
FROM: Lori Cartwright, City Secretary
DATE: September 14, 2020
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the month of October for the following retirees/beneficiari

Alexander Donald
Alexander Jeffery
Bennett Don
Bratcher Billy
Carrington Paul
Chenault John
Cobb Sharon
Crececius Dennis
Creed Lori
Crow Len
Evans Larry
Fuller Donald
Gilley Dorothy
Hamilton Denise
Hamilton Steven
Irvin James
Johnston Randy
Junkin Loyd Wayne
Kuykendal Terry
Lewis Sammy
Morgan Alan
Muirhead Randal
Nunn Carol
Ogletree Billy
Skipper Terry
Slay Mike
Sport Jeffery
Sykes Jerry
Tillery John
Turner Sharon
Turner John Olin
Warren Lisa
Williams Sidney
Wilson Caleb
Wilson Darla

TOTAL \$83,555.74



(4)

August 17, 2020

Mr. Gary Myers, Chairman
Waxahachie Firemen's Relief & Retirement Fund
407 Water Street, Box 1045
Waxahachie, Texas 75168

Re: ***Actuarial Valuation as of October 1, 2020***

Dear Gary:

Thank you for the opportunity to continue providing actuarial valuation and related consulting services to the Waxahachie Firemen's Relief & Retirement Fund. This letter summarizes our understanding of project scope and expected timing to perform the biennial valuation as of October 1, 2020. The basic fee structure for the biennial valuation remains the same as the 2018 valuation, but we request a fee increase of \$1,000 for the off cycle GASB 68 work the City needs for its financial statements. Please confirm this meets with your approval, and we will send our standard data request to begin work immediately.

Project Overview

The previous valuation indicated the expected UAAL amortization period for the Fund was 18.9 years, that was well within the PRB's preferred range of 25 years. Since then, the Board approved the enhancements to the benefit formula described in amendment 6. In addition, the markets have been extremely volatile, and the Fund's rate of return has probably not achieved the long-term 7% assumption. As a result, we anticipate there will be some actuarial losses from the recent investment returns.

Additionally, the City contribution to the Waxahachie Firemen's Fund is set equal to the contribution rate for employees covered by TMRS. We note the City's contribution rate for 2021 of 15.79% is higher than the 15.16% assumed in the prior valuation. For the October 1, 2020 valuation, we will assume the City contribution will remain at 15.79% of payroll in the future. This increase in City contributions would at least partially offset any unfavorable investment experience.

Other than the amendment and change in the City contribution rate, we are not aware of any other changes to the plan provisions.

In our presentation of the 2018 valuation report, we commented on several of the actuarial assumptions and recommended adoption of the Society of Actuaries (SOA)'s new public safety mortality along with a current mortality projection scale like MP-2019. Please confirm the Board will adopt this new mortality assumption.

(4)

Biennial Actuarial Valuation

Sponsoring a defined benefit pension plan is a long-term financial commitment, with the ultimate funding cost dependent on a number of financial and demographic variables. In the actuarial valuation process, we use a mathematical model and apply actuarial assumptions to predict these future events. Regular updates of the actuarial valuation process are necessary to ensure the funding policy is financially sound. RHI will perform the biennial actuarial valuation of the Fund as of October 1, 2020:

- Review and summarize employee census data and asset information provided by the Fund.
- Develop the baseline actuarial accrued liability, actuarial value of plan assets and expected amortization period based on actuarial assumptions and methods selected by the Fund.
- Measure aggregate gain/loss comparing actual plan experience to expectations under the actuarial valuation basis and identify significant variations and trends that may require special studies.
- Compare current contribution rates to the Texas Pension Review Board's funding guidelines.
- Prepare financial accounting disclosures required under GASB Nos. 67 and 68 as discussed below.
- Summarize results in a comprehensive actuarial report and present to the Board in conference.

Under the PRB funding policy guidelines, no benefit improvements are permitted that would increase the expected UAAL amortization period above 25 years. If the 2020 expected UAAL amortization period is less than 25 years, then we can discuss doing a special study with the Board.

GASB Disclosure Requirements

As part of the biennial funding valuation, RHI will prepare Fund accounting disclosures as required under GASB No. 67 for plan year ended October 1, 2020. In addition, the City has been requesting GASB No. 68 financial accounting disclosures. We will include the September 30, 2021 GASB No. 68 information in our biennial valuation report, but additional fees will apply for the off-cycle September 30, 2022 measurement.

Under GASB Nos. 67 & 68 accounting guidelines, the long-term interest rate assumption is generally used to discount plan benefit payments, at least for years in which cash flow projections indicate plan assets are sufficient to pay expected benefits. However, for years in which the projected assets are not sufficient to cover the expected benefit payments, the shortfall years must be discounted using a high quality municipal bond index rate. This can result in a required re-measurement of plan liabilities and costs at a significantly lower weighted average discount rate for GASB disclosure purposes. While we do not believe this provision will impact the Fund, we will assess its applicability as part of the valuation.

In addition to the GASB disclosures performed in conjunction with the regular biennial valuation for plan year ended October 1, 2020, RHI will also prepare the interim GASB disclosures for the "off cycle" plan year ended October 1, 2021. Assuming there have been no significant changes in plan provisions or membership data, RHI can prepare these disclosures based on a "roll forward" of plan liabilities and updated plan asset information as provided by the Fund. We expect this "off-cycle" analysis will be prepared in March of 2022, but please contact us when the asset information is available.

(4)

Deterministic Valuation Forecast

In conjunction with the biennial valuation, RHI will prepare a deterministic forecast of plan liabilities and costs assuming plan experience follows the actuarial assumptions over the next 10 years, based on the current contribution rates.

Individual Benefit Statements

In conjunction with the biennial valuation, RHI will also prepare individual benefit statements for review and distribution by the Fund as requested by the Board. These benefit statements will summarize Member projected retirement benefits and personnel data used in developing the calculations, based on the same underlying assumptions used in the 2020 valuation.

Professional Fees

Based on the actuarial valuation process and related recurring services as described above, RHI will perform the biennial valuation as of October 1, 2020, for a base fee of \$10,750. This includes related computer expenses as well as reasonable and customary costs associated with production of the actuarial reports. Other actuarial consulting work or special projects will be performed on a time and expense basis:

Biennial Valuation Services	RHI Professional Fees
Comprehensive Actuarial Valuation and Report	\$10,750
Aggregate Actuarial Gain/Loss Analysis	Included
Baseline Deterministic Valuation Forecast	Included
Revised Actuarial Assumption Set	Included
GASB Nos. 67 & 68 Disclosures	Included
Board Meeting to Present Report	Included
Individual Benefit Statements	Included
GASB Nos. 67 & 68 Disclosure, off-cycle updates	\$2,000

Staff Hourly Rates

RHI professional fees for other actuarial consulting services are generally based on hourly rates and the time spent by each staff member on the project. Before commencing work on any special project, we will provide an estimate expected fees for client review and approval:

Staff Position	RHI Hourly Rates
Consulting Actuary	\$300
Support Actuary	\$250
Actuarial Manager	\$200
Actuarial Analyst	\$150

(4)

Mr. Gary Myers
August 17, 2020
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Other Actuarial Consulting Services

In addition to the biennial valuation and related service described above, RHI will provide any other actuarial consulting services as requested by the Board of Trustees. We understand the importance of timely response to these proposals, and RHI has the professional staff and valuation system resources to turn this work around quickly. Consultation on special projects may include but is not limited to:

- Review of qualified domestic relations orders and development of actuarial tables and factors.
- Detailed experience gain/loss analysis and study of alternative actuarial assumptions and methods.
- Study of proposed changes in plan design, legislation, or analysis of alternative funding policies.
- Forecast valuations under additional alternative economic scenarios requested by client.
- Data editing and consolidation of information not supplied according to RHI requested format.
- Preparation of benefit change plan amendment drafts for review by legal counsel.
- Consulting related to plan audits and regulatory inquiries and information requests.

Out-of-Pocket Expenses

In addition to professional fees, RHI bills any out-of-pocket expenses incurred on behalf of the client, passed through without mark-up. We do not expect to bill any out-of-pocket costs for this engagement other than our actual out-of-pocket travel expenses related to attending client meetings and overnight shipping if applicable.

Expected Timing

We recommend a conference call to confirm project scope as well as timing. We expect to complete the 2020 valuation and present the actuarial report in conference with the Board of Trustees within 12 weeks of the date we receive complete and accurate input information. Assuming we receive all input data by December 15, 2020, we should be able to present the actuarial report to the Board shortly after March 15, 2021.

Conclusion

We appreciate the opportunity to continue working with the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund, to perform the biennial actuarial valuation as of October 1, 2020. Please call me direct at 281-296-1107 if you have any questions about this engagement letter, or let us know if it meets with your approval.

Sincerely,



David A. Sawyer, FSA EA MAAA
Senior Consulting Actuary