CITY OF HOLLY HILL, FLORIDA

FIREFIGHTERS PENSION FUND BOARD OF TRUSTEES

AGENDA ● MAY 10, 2018

Large Conference Room	Firefighters Pension Board Meeting	10:00 AM

CITY HALL
1065 RIDGEWOOD AVENUE
HOLLY HILL, FL 32117

City Clerk's office: (386) 248-9441 - Fax: (386) 248-9448

Large Conference Room
City Hall
1065 Ridgewood Avenue
Holly Hill, FL 32117

BOARD MEMBERS

Chairman
Tom Sejnowski

Dave Bridger
Charles Cobb
Debra Snow
Joseph Pirtle

CITY CLERK
Valerie Manning

1. CALL TO ORDER

2. APPROVAL OF MINUTES

1. Minutes - February 8, 2018 - Fire Pension Board Meeting
   (Requested by Valerie Manning, City Clerk)

3. PUBLIC PARTICIPATION

4. OLD BUSINESS

5. NEW BUSINESS

1. Discussion with Fire Pension Board of Trustees Financial Advisor and Attorney
   (Requested by Valerie Manning, City Clerk)

2. Firefighters Retirement System - Audit Report 2018
   (Requested by Valerie Manning, City Clerk)

6. ADJOURNMENT

Website Address – www.hollyhillfl.org (City Clerk)

NOTICE – If any person decides to appeal any decision of the Firefighters Pension Board, he/she will need a record of the proceedings and, for that purpose, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. The City does not prepare or provide such a record.

For special accommodations, please notify the City Clerk's Office at least 72 hours in advance. (386) 248-9441

Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.

In accordance with the Americans with Disabilities Act (ADA), persons needing a special accommodation to participate in the Firefighters Pension Board proceedings should contact the City Clerk's Office no later than three (3) days prior to the proceedings.

STAFF REPORT
CITY OF HOLLY HILL, FLORIDA

Firefighters Pension Board
Agenda Item

MEETING DATE:	**May 10, 2018**
FROM:	**Valerie Manning**
SUBJECT:	**Minutes - February 8, 2018 - Fire Pension Board Meeting**
NUMBER:	**(ID # 2024)**
APPLICANT:	
PLANNER:	

DISCUSSION:

Minutes from the February 8, 2018 Firefighters Retirement Pension Board meeting.

FISCAL ANALYSIS:

N/A

STAFF RECOMMENDATION:

Approve minutes from the February 8, 2018 meeting.

COMMISSION GOAL:

N/A

MOTION:

Approve minutes as submitted by Firefighters Retirement Pension Board.

- Minutes - February 8, 2018 - Fire Pension Board meeting (PDF)

February 8, 2018 Meeting Minutes

Meeting called to order at 10:06

In Attendance: Tom Sejnowski (Chairman), Joe Pirtle (Trustee), Charlie Cobb (Trustee), Frank Wan (Financial Adviser), John McKinney (New Holly Hill Finance director), Sheliza Bhola (Finance department), Debi Gutierrez (Finance department), Dave Bridger (Secretary), David Robinson (Attorney, Sugarman & Susskind)

Approval of minutes from November 9, 2017 meeting. Motion to approve made by Tom Sejnowski and seconded by Joe Pirtle. Unanimous vote to approve.

Public Participation: None

Old Business: Exhibit "B" that Lee Dehner spoke of in November has been received.

City web site has been updated with Time, date, and location, of pension meetings. Written notice also placed on information board inside of city hall.

- Form one (Statement of Financial interests) needs to be completed by July 1, 2018. Mr. McKinney advised this could be completed online in lieu of paper form.

Frank Wan: Frank stated he was here with good news. Everything with the pension plan was working exactly as expected and the portfolio earned 15% which was more than expected. He stated interest rates will become the centerpiece of conversations in the future as the federal government test the waters with rising interest rates. (That was summarized as he explained it MUCH better in person)

Frank also stated that household savings were at a 10 year low and he was overall thrilled with the results and investments in the pension fund.

The tax reform has propelled stock prices further upward and 2018 is off to a strong start. However, the spotlight will likely shift toward the Federal Reserve and the bond market, as traders look for clues on the forecasted balance sheet reductions.

- For the quarter, the System earned $155K or +3.5% net, ahead of the strategic model return (+3.3%). The top three performing asset classes were: large-cap (+6.8%), mid-cap (+6.1%), and international (4.2%).
- For the 12-month period, the System earned $589K or +15.1% (+14.9% net), ahead of the strategic model return (+13.6%). The top three performing asset classes were: international (+30.0%), large-cap +21.8%) and mid-cap (+18.4%).
- For the three and five-year periods, the System earned +7.6% (+7.4% net) and +9.0% (+8.8% net), respectively.

David Robinson:

- Spoke of legislative updates, specifically Cancer presumption: If a firefighter is diagnosed with cancer, the fund must consider it in the line of duty. The employer also has responsibility.
- A bill was talked about that affects auxiliary assumptions to pay down the unfunded liability. A reduction from 10 years to 3 years was mentioned.
- David stated that there was some specific language need in the plan that relate to the IRS and he will have the required language available by the next meeting, which is May 10, 2018.

No other business was discussed and a Motion to adjourn was made by Tom Sejnowski and seconded by Charlie Cobb @ 10:39

Meeting adjourned @ 10:39

William D Bridger.

STAFF REPORT
CITY OF HOLLY HILL, FLORIDA

Firefighters Pension Board
Agenda Item

MEETING DATE: **May 10, 2018**
FROM: **Valerie Manning**
SUBJECT: **Discussion with Fire Pension Board of Trustees Financial Advisor and Attorney**
NUMBER: **(ID # 2026)**
APPLICANT:
PLANNER:

DISCUSSION:

1. Frank Wan, Financial Adviser from Burgess Chambers: Quarterly Review to Fire Pension Board members.

2. David Robinson, Attorney from Sugarman & Susskind: Updated on any Legislative issues, etc.

3. Debi Gutierrez: Discussion and vote needed to pay 50% of the cost to send Mrs. Gutierrez to the 39th Annual Police and Firefighters' Pension Trustees School from June 4 - 6, 2018.

FISCAL ANALYSIS:

N/A

STAFF RECOMMENDATION:

N/A

COMMISSION GOAL:

N/A

MOTION:

As determined by the Firefighters' Pension Board.

STAFF REPORT
CITY OF HOLLY HILL, FLORIDA

Firefighters Pension Board
Agenda Item

MEETING DATE:	**May 10, 2018**
FROM:	**Valerie Manning**
SUBJECT:	**Firefighters Retirement System - Audit Report 2018**
NUMBER:	**(ID # 2025)**
APPLICANT:	
PLANNER:	

DISCUSSION:

Alex H. Kish, CPA from BMC, the city's auditor, has provided the Firefighters Retirement Trust Fund Pension board members his audit report for 2018. This audit report provides the financial statements and supplemental schedules of the City of Holly Hill Firefighters' Retirement System, which comprise the statements of net position as of September 30, 2017 and 2016, and the related statement of changes in net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and whether the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

FISCAL ANALYSIS:

N/A

STAFF RECOMMENDATION:

Accept the 2018 audit report as submitted by Alex H. Kish, CPA, city's auditor.

COMMISSION GOAL:

N/A

MOTION:

Approve as submitted by staff.

- HH Firefighters' Retirement System - Letter from Auditor (PDF)

HOLLY HILL
FLORIDA

Firefighters' Retirement System

April 11, 2018

BMC CPAs, Inc.
205 Magnolia Street
New Smyrna Beach, FL 32168

This representation letter is provided in connection with your audit of the financial statements and supplemental schedules of City of Holly Hill Firefighters' Retirement System ("Fire System"), which comprise the statements of net position as of September 30, 2017 and 2016, and the related statement of changes in net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and whether the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 11, 2018, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 12, 2016, and acknowledged on May 12, 2016, including our responsibility for the preparation and fair presentation of the financial statements and note disclosures.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and the notes include all disclosures required by laws and regulations to which the plan is subject.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related-party relationships and transactions and relationships and transactions with parties-in-interest, as defined in ERISA Section 3(14) and regulations thereunder, have been appropriately accounted for and disclosed in accordance with U.S. GAAP and ERISA Section 3(14) and regulations thereunder.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. No uncorrected misstatements existed at year end.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, events reportable to the PBGC, or events that may jeopardize the tax status) that legal counsel have advised us that must be disclosed have been properly disclosed.

11. Material concentrations have been properly disclosed in accordance with U.S. GAAP.

12. Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the date of the statement of net position and have been reduced to their estimated net realizable value.

14. Guarantees, whether written or oral, under which the Plan is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

15. As part of your audit, you assisted with preparation of the financial statements and related notes. We have assumed all management responsibilities and designated an individual within senior management with suitable skill, knowledge, or experience to oversee your services, have evaluated the adequacy and results of those services, and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

16. We have obtained the service auditor's report from our service organization. We have reviewed such report, including the complementary user controls. We have implemented the relevant user controls, and they were in operation for the year ended September 30, 2017.

17. We acknowledge that there are no other administrative expenses paid by the Plan sponsor on behalf of the Plan that will be reimbursed by the Plan.

18. We acknowledge that we have complied with all provisions contained in the Plan's approved Investment Policy Statement, including investment concentrations, limitations, and restrictions.

Information Provided

19. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence.

    d. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

    e. Actuarial reports prepared for the Plan and the Plan's sponsor during the year.

20. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

21. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

22. We have no knowledge of any fraud or suspected fraud that affects the Plan and involves:

    a. Management,

    b. Employees who have significant roles in internal control, or

    c. Others where the fraud could have a material effect on the financial statements.

23. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

24. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

25. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations (including ERISA, DOL, and IRS regulations) whose effects should be considered when preparing financial statements.

26. We have disclosed to you the identity of the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.

27. The Plan has satisfactory title to all owned assets, which are recorded at fair value, and all liens, encumbrances, or security interests requiring disclosure in the financial statements have been properly disclosed.

28. We have no—

    a. Plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

    b. Intentions to terminate the Plan. Furthermore, no reportable events have occurred that could result in the Pension Benefit Guaranty Corporation having the authority to initiate proceedings to terminate the Plan.

29. Amendments to the Plan instrument, if any, have been properly recorded or disclosed in the financial statements.

30. We have no knowledge of any omissions from the participants' data provided to the Plan's actuary for the purpose of determining the actuarial present value of accumulated Plan benefits and other actuarially determined amounts in the financial statements.

31. The Plan administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the Plan's accumulated plan benefits and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any to be given, to the Plan's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the plan's actuary.

32. The following have been properly recorded or disclosed in the financial statements:

    a. The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.

    b. Plan provisions between the actuarial valuation date and the date of this letter.

33. The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

34. The methods and significant assumptions used to estimate fair values of financial instruments, including nonreadily marketable securities, are identified in the notes to the financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

35. All required amendments to and filings of plan documents with the appropriate agencies have been made.

36. The Plan has not received a determination letter from the Internal Revenue Service stating that the plan is in compliance with the applicable requirements of the Internal Revenue Code. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the plan was qualified and the related trust was tax-exempt as of the financial statement date.

37. The plan (and the trust established under the plan) is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified plan (and trust). The plan sponsor has operated the Plan (and trust) in a manner that did not jeopardize this tax status.

38. The plan has complied with the Department of Labor's regulations concerning the timely remittance of participant contributions to trusts containing assets for the plan.

39. The plan has complied with the fidelity bonding requirements of ERISA.

40. We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the plan.

41. We have obtained appropriate fee disclosures from covered service providers and have concluded the fees are reasonable.

42. We acknowledge our responsibility for presenting the required supplementary information and management's discussion and analysis in accordance with U.S. GAAP and we believe the required supplementary information, including its form and content, are fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the required supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the required supplementary information.

Signature: ______________________
Thomas Sejnowski

Title: Chairman, Board of Trustees

Signature: ______________________
Joe Forte

Title: City Manager (Plan Sponsor)