

**CITY OF OKEECHOBEE GENERAL EMPLOYEES/POLICE/FIRE PENSION BOARDS  
SPECIAL MEETING MINUTES, May 31, 2017  
CITY HALL, 55 SE THIRD AVENUE  
OKEECHOBEE, FL 34974**

**1. CALL TO ORDER**

Nathan Pippin called a meeting of the Board of Trustees for the City of Okeechobee General Employees/Police/Fire Pension Boards to order at 4:09 PM in the Council Chambers at City Hall.

**TRUSTEES**

**OKEECHOBEE GENERAL**

Nathan Pippin - Chairman  
Jackie Dunham – Secretary  
Melissa Henry  
Daryl Roehm  
Jeanna Lanier

**OTHERS**

Scott Baur & Kyle Tintle, Administrators  
Scott Christiansen, Attorney  
Jay McBee, Auditor  
Melissa Moskovitz, Actuary  
India Riedel, Finance Director

**POLICE**

Jack Boon - Chairman  
Bettye Taylor – Secretary  
Ray Worley  
Bill Barlett  
Ryan Holroyd

**Fire**

Herby Smith – Chairman  
Michael Skipper – Secretary  
Adam Crum  
John Koepke  
Glen Hodges

**2. PUBLIC COMMENT**

There were no additional comments from the public.

**3. REPORTS**

**Auditor Report (Jay McBee)**

Mr. McBee presented the audited financial reports for the fiscal year ending (FYE) September 30, 2016. He discussed the audit process and explained the required disclosures for the plans.

Mr. McBee began with the combined report for the City of Okeechobee and Okeechobee Utility Authority Employees' Retirement System. The two plans split as of the close of the fiscal year end, September 30, 2016. Mr. McBee provided a clean, unqualified opinion for the financial statement. He stated that the Plan had a total net asset of \$11,291,263. The assets had a net increase of \$1,052,467 from the previous year. Mr. McBee addressed the footnotes and the changes to the net fiduciary position. The auditor reviewed the employer and the employee contributions for the fiscal year 2016. He discussed the investments and the administrative expenses. Mr. McBee reviewed changes to the Plan for the past year, ending with the GASB67 footnotes.

Mr. Mc Bee presented the City of Okeechobee, Municipal Firefighters' Pension Trust Fund. He reported a clean opinion, free of material misstatements and fairly presented in the GASB format. Mr. McBee reviewed the balance sheet indicating that the total assets for the plan were \$3,536,458 at fiscal year end. The changes in the total assets were up \$279,045 from the 2015 FYE. He continued discussing contributions, benefit payments, and expenses, and the impact they had on the plan.

Mr. McBee provided a clean, unqualified opinion for the Okeechobee Police Officers Retirement System. He reported the total assets for the Plan were \$8,035,729 which is up \$344,391 from the prior year. Mr. McBee reviewed the balance sheet and addressed the notes which covered contributions, benefits, and investments.

**Ms. Dunham made a motion to approve the Audit for the City of Okeechobee General Employees. The motion received a second by Ms. Henry, approved by the Trustees 3-0.**

**Mr. Koepke made a motion to approve the Audit for the Okeechobee Firefighters Retirement System. The motion received a second by Mr. Skipper, approved by the Trustees 4-0.**

**Mr. Bartlett made a motion to approve the Audit for the Okeechobee Police Officers Retirement System. The motion received a second by Mr. Worley, approved by the Trustees 5-0.**

Actuarial Valuation (Melissa Moskovitz)

Ms. Moskovitz began by reviewing the Plan provisions and assumptions. The only assumption change was made to the Mortality table put forth from a recent legislative session. The Okeechobee General Employees Retirement System has approximately an \$18,000 contribution increase due to the mortality assumptions. The City's contribution requirement, with interest, increased from 4.55% to 7.54%, which translates to \$71,639, for the fiscal year ending September 30, 2018. The increase resulted from a combination of changes to the mortality table and investment losses. The loss was offset by a gain from lower than expected salary increases of 2.4% versus the assumed rate of 6%. The City has a prepaid contribution of \$72,018 as of October 1, 2016 which can be used to offset their required contribution. Ms. Moskovitz explained that the average expected working life of active participants is approximately 9.7114 years, up from 9.1700 the previous valuation. She reviewed the market return 8.1% for the prior fiscal year but a smoothed return of 6.5% compared to the 7% assumed rate. The funded ratio, the determination of the liabilities at a given date, decreased from 114.5% to 111.6%. Ms. Moskovitz stated that the funded ration decrease is due to the new mortality assumptions. She discussed how the funded ratio marked the health of a plan, but a funded ratio of 111.6% is considered good by most any measure with reasonable assumptions. The Plan had additional losses to recognize over the next few years since the actuarial value of assets exceeds the market value. Actuaries must now submit valuations electronically, once they are approved, to the Division of Retirement. The recommendation was to monitor the investment earnings assumption to keep it at a level that the investment consultant thinks can be achieved annually over the next ten years.

Ms. Moskovitz reviewed the summary of the Okeechobee Firefighters Retirement System's provisions and assumptions. The City's required net contribution fell from 21.95% to 21.43% which translates to \$121,238 for the fiscal year ending September 30, 2018. The City has a prepaid contribution of \$42,773 as of October 1, 2016. which can be used to offset the required City contribution. The prepaid investment earnings, with a smoothed return of 6.1% compared to the 7% assumption. The plan had an offsetting gain from lower than expected salary increase. The funded ratio improved to 101.5% from

100.4%. The plan expects to recognize losses over the next few years, since the actuarial value of assets exceeds the market value of assets. The recommendation was to monitor the investment earnings assumption to keep it at a level that the investment consultant thinks can be achieved annually over the next ten years.

Ms. Moskovitz reviewed the summary of the Okeechobee Police Officers Retirement System's provisions and assumptions for the Board. The most updated State contribution information shows a total of \$73,960 which is the same amount as the prior year. The funded ratio was 102.5% versus the previous year's funded ratio that was 101.6%. The required City contribution is \$39,020 less than the previous year. Ms. Moskovitz reviewed the funded ratio which increased from 101.6% to 102.5%. She explained that the actuarial value of assets exceeded the market value as of October 1, 2016 by \$211,654. The total gain of \$110,053 was primarily due to the -0.7% salary increases versus the assumed rate of 6%. The City has a prepaid contribution of \$25,431 as of October 1, 2016 which can be used to offset the required City contribution. Ms. Moskovitz and Mr. Baur addressed the use of State money explaining that the City of Okeechobee Firefighters has a bargaining unit but without a new contract since 2015, the issue does not get addressed. The City of Okeechobee Police Officers' do not have a bargaining unit hence no mutual consent. The Police Officers' will need to examine the issue and survey the members to achieve mutual consent if that is the desire of the members. The recommendation was to monitor the investment earnings assumption to keep it at a level that the investment consultant thinks can be achieved annually over the next ten years.

A discussion of mutual consent ensued and Mr. Christiansen explained the need for mutual consent for the State money. He stated that the Police Officers' already have a Share Plan in place. Further action is required between the City and a bargaining unit or member group. Ms. Moskovitz added that the members have the funds now to allocate to a Share Plan. Mr. Christiansen said that excess money accumulated has to be part of mutual consent and money going forward needs to be discussed. He stated that the majority of the Police members must ratify the proposal to reach mutual consent. Mr. Christiansen can draft a mutual consent agreement if the City requests. He explained the need for a default, if both parties cannot agree on the division of the money, then as an example, the default would allocate 50% would go into the Share Plan and 50% would go to the City towards funding the City's contribution. If approved, the mutual consent agreement must get noted on the Annual Report for Police to the State.

Ms. Dunham made a motion to approve the Actuarial Valuation Report as presented for the City of Okeechobee General Employees. The motion received a second by Mr. Roehm, approved by the Trustees 3-0.

Mr. Koepke made a motion to approve the Actuarial Valuation for the Okeechobee Firefighters Retirement System. The motion received a second by Mr. Skipper, approved by the Trustees 4-0.

Mr. Bartlett made a motion to approve the Actuarial Valuation for the Okeechobee Police Officers Retirement System. The motion received a second by Mr. Worley, approved by the Trustees 5-0.

Attorney Report (Scott Christiansen)

Scott Christiansen reminded the Trustees that their financial F1 forms were due by July 1<sup>st</sup>. The Board reviewed the fiduciary roles and responsibilities of the Trustees.

The Boards adjourned at 5:32 pm.