

STATE OF TEXAS }
COUNTIES OF POTTER }
AND RANDALL }
CITY OF AMARILLO }

On this the 1st day of August 2012, members of the Firemen's Relief and Retirement Fund Board of Trustees of Amarillo, Texas met in special session at City Hall, 509 East Seventh Avenue, Amarillo, Texas, with the following members and guests present:

<u>MEMBERS</u>	<u>PRESENT</u>	<u>HELD SINCE APPOINTMENT</u>	<u>ATTENDED SINCE APPOINTMENT</u>
PAUL HARPOLE, MAYOR	NO	14	0
JOE NEELY, CHAIRMAN	YES	195	167
JEFF GREENLEE, VICE CHAIRMAN	NO	129	123
DEAN FRIGO, SECRETARY	NO	263	242
DAVID PRESTON, CIV. MEM.	YES	210	161
JOE HOWELL, CIV. MEM.	YES	179	143
TONY ROBINSON, FIREMAN	YES	104	96

Also present: John M. Crider, Jr., Consulting Actuary, Bobby Martinez, Amarillo National Bank, Rick Blandford, Interim Fire Chief, Michelle Bonner, Finance Director, and Andrea Rains, Recording Secretary.

ITEM 1. Mr. Neely presented the minutes from the last regular monthly meeting held on July 18, 2012. There were no questions or comments. Motion to approve the minutes as written was made by Mr. Robinson, seconded by Mr. Howell and carried unanimously.

ITEM 2. Discussion of and Possible Action on Firefighter Overtime as it Affects the Retirement Fund. Mr. Neely reviewed that at the Board's request, Mr. Crider had mailed a letter in May 2012 to the Board addressing how overtime pay effects the retirement plan. Mr. Crider reviewed that when a firefighter works overtime, he/she continues to contribute to the Fund; however, when the costs and benefits are calculated under a defined benefit pension plan, the plan is assuming a certain amount of payroll growth each year. Mr. Crider reviewed that if payroll grows at a greater rate, firefighters may leave with pension benefits greater than anticipated. He explained that the 'greater than' amounts have to be paid off on top of the regular benefits that are being earned and stated that the overtime issue is a system-wide issue. One possible solution, he noted, would be to adjust the way the Fire Department manages its "call backs." Mr. Crider stated that another solution would be to lengthen the period of time over which a firefighter's average is being calculated from 3 years to 5 years, which has limited success and would require a membership vote; and a third solution would be to define a firefighter's compensation excluding all or a portion of overtime from the calculation of average salary at retirement. He explained that the best solution would be to solve it administratively and distribute overtime across the Department between all firefighters. This solution, he added, would not require Plan amendments or a vote from the membership. Chief Blandford stated that he would like to pass down to new firefighters the same wonderful pension plan that was given to him by his forefathers. He added that the Department is currently working on a way to solve the overtime concern which causes the salary spikes.

ITEM 3. Discussion of and Possible Action on 1/01/2012 Actuarial Valuation. Mr. Crider stated that he is in the process of beginning to start the 2012 Valuation, which would cover the two-year period following 1/01/2012. He advised that it would most likely be the worst valuation the Fund would receive to-date because it will contain the 2008 downturn. However, he added that this would be the last Valuation to include the 2008 year and future Valuations should rebound. Mr. Crider explained that as of the last Valuation date, the amortization period was 35.9 years. He reminded the Board that should the Fund go over a 40 year amortization period a notice will have to go to the State and to the membership. He also stated that an increase in the amortization period would take away the flexibility of the Fund to add any benefits.

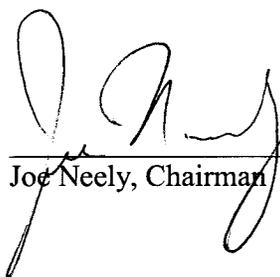
Mr. Crider proposed a change in the actuarial cost method, which would probably increase the amortization period by one to two years. The method used to determine the entry age of a fireman will change from aggregate entry age normal to individual entry age normal. Mr. Crider reported that the Actuarial Standards Board is now requiring the use of mortality with some improvement beyond the Valuation date. He stated that he had been valuing the Plan under the Uninsured Pension, or the UP, 1994 table and announced that he would begin using the RP 2000 mortality table, projected to 2015. He added that he would continue to use a rate of return of 8.25% for the Valuation. Mr. Neely stated that the rate of return may be something the Fund would need to address in the future. Mr. Neely questioned if Mr. Crider had looked into what effect an increase in firefighter contribution rate would have on the Plan. Mr. Crider replied that it would be a study that he could do if the Board requested one. The Board agreed that it was a study they would like performed, valued at 12%. Mr. Crider reviewed that during the last Valuation, the salary scheme, or the projected benefit at retirement, was lowered on the benefit statements by a quarter of a percent, down to 1.75% (salary growth) and if that pattern is followed with the current Valuation, the salary scheme would be lowered to 1.5%. He noted that this change is basically trying to give the potential retiree an idea of their "purchasing power" at their retirement. The Board agreed that for the next Valuation, the salary scheme should be lowered to 1.5%. He clarified that this change in the salary scale would only affect the member statements. Mr. Crider

reminded the Board that the upcoming Valuation would be subject to an actuarial audit because the Plan is over \$100 million in value.

ITEM 4. Discussion of New GASB Statements No. 67 and No. 68. The Board discussed how the new Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 would affect the Fund and the City of Amarillo. Mr. Crider explained that the amortization period means the amortization of the Plan's "unfunded actuarial accrued liability" and that per the new Statements, the accountants will be required to report the Fund's unfunded actuarial accrued liability on the financial statements. He added that since about 1998, the Fund had been reported as a credit on the City's financial statements. Mr. Crider stated that nothing has changed other than the way the liability is going to be reported. On a relative scale, he noted, the Fund is going to improve, not worsen. Mr. Crider announced that GASB No. 67, which is Plan Reporting, would first affect the Fund for 12/31/2014 and the City for 9/30/2015. He explained that the upcoming Valuation would not produce GASB 67 and 68 disclosures.

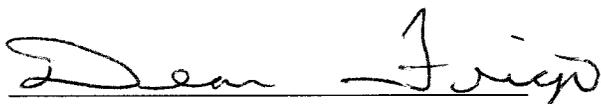
ITEM 5. Public Comments. There were no public comments.

THERE being no further business, the meeting adjourned at 11:02 a.m.



Joe Neely, Chairman

ATTEST:



Dean Frigo, Secretary