



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

MATT MEAD
Governor

THOMAS WILLIAMS
Executive Director

HARRY L. WALES
Deputy Director

MEMORANDUM

TO: Volunteer Fire Board Members

FROM: Harry Wales, Deputy Director *HW*

SUBJECT: Board Meeting Notice

DATE: September 4, 2013

This is a reminder of the meeting of the Volunteer Firemen's Pension Board on Friday, September 13, 2013 at 1:30 p.m. at the Fire Hall in Afton, Wyoming.

Enclosed are a tentative agenda and packet for the meeting for you to review. If you would like to include an agenda topic, please let me know prior to the Board meeting.

Please bring your packet with you to the Board meeting.

Thank You.

WYOMING RETIREMENT SYSTEM VOLUNTEER FIREMEN'S PENSION BOARD MEETING

September 13, 2013

AGENDA

1. Review of June 12, 2013 Board Meeting Minutes

2. Review of Financial Reports.
 - May 2013
 - June 2013
 - July 2013

3. Review of Membership Reports
 - Membership Information Summary
 - List of Active Members by Department
 - List of Current Refunds and Retirements
 - List of Buy Backs
 - Retired Member Report

4. Rules – Discussion on Final Draft

5. Other Items

6. Date of next Board Meeting

Volunteer Firemen's Pension Fund Board Meeting - Newcastle, Wyoming June 12, 2013

A meeting of the Volunteer Firemen's Pension Fund Board was held at 1:00 P.M. on Wednesday, June 12, 2013 at the Fire Hall in Newcastle, Wyoming.

Board Members participating were: Mr. Lanny Applegate, Mr. Tracy Brown, Mr. Gene Diedrich, Mr. Kim Lee, Mr. Jerry Munger and Mr. Alan Sessions.

Others in attendance were: Mike Carlson, Deputy Fire Marshall, Department of Fire Prevention, Ray Weidenhaft, Wyoming State Forestry and Todd Kanaster, Actuary with Gabriel, Roeder and Smith.

Harry Wales represented the Wyoming Retirement System.

In order to allow Todd sufficient time to drive back to Rapid City to catch his flight home, it was agreed to change the agenda to allow him to do the 1/1/2013 actuarial valuation report first.

Mr. Kanaster passed out a handout titled "Wyoming Volunteer Firemen's Pension Fund" "January 1, 2013 Actuarial Valuations and Projections." Mr. Kanaster started out by stating that the Volunteer Firemen's Pension Plan continues to be a very well funded Plan, at having a funding ratio on an actuarial basis of 93.5%. Using the market value of assets, the funded ratio actually increased from the previous year to 96.1%, up from 91.4%.

On page 3 of the handout, Mr. Kanaster pointed out that the total annual required contribution (ARC) increased from \$742,745 to \$1,146,605 and went on to say the ARC is divided into two main pieces: (1) the normal cost which includes the administrative expenses and (2) the amortization payment of the unfunded accrued liability.

Mr. Kanaster said the normal cost is relative stable with the total normal cost increase from \$1,028,028 at 1/1/2012 to \$1,106,207 as of 1/1/2013 which resulted in a 7.6% increase. Mr. Kanaster stated on page 5 of the handout that this increase was due primarily to administrative expenses which went from \$168,000 to a projection of over \$220,000 in 2013.

Mr. Kanaster also talked about the second piece of the ARC, the amortization payment. He said the amortization is over a 30 year period and is significantly higher from the previous year, over an 800% increase or by about \$326,000, from \$42,467 to \$368,598. Mr. Kanaster told the Board that the new assumptions the WRS Board adopted which will be effective for the 1/1/2014 valuation should reduce future liability losses and that the generational mortality will project longevity improvements.

Some of the highlights Mr. Kanaster pointed out were the 2012 market value return on assets which exceeded 14%. However, he pointed out this gain will be phased in over the next five years under the smoothing method that is in place. He pointed out that the actuarial yield on assets only yielded 1.9% versus the assumed rate of return of 8%, but did indicate that this loss is due mainly to the final recognition of the 2008 returns. The 2008 downturn has been fully recognized.

Mr. Kanaster reviewed page 8 of the report regarding the actuarial results wherein the unfunded actuarial accrued liability (UAAL) increased from \$.5million to \$4.5 million and the actuarial gains/losses are due to the investment return (\$3.8 million); liabilities (\$.08 million) and contributions more than the ARC \$.08 million.

Looking forward, Mr. Kanaster stated that in the experience study recently conducted and approved by the WRS Board, the discount rate was lowered from 8.0% to 7.75%; there is decreased mortality and other new assumptions that will be used in the 1/1/2014 valuation. He stated that the ongoing liability management will be critical for sustaining funding and benefit levels. Mr. Kanaster indicated that a COLA is not feasible given the current funded ratio of 87.6% which is under the 100% funding that the state legislature requires for granting COLAs. Mr. Kanaster stated it would take an \$8.84 million (plus a margin) injection to the plan to become 100% funded and the margin has yet to be defined.

Mr. Kanaster stated the administrative expenses represent about a quarter of the normal cost and seem to be higher than what he's seen in similar plans and struck him as high. Mr. Applegate asked Mr. Kanaster what he thought the administrative expense should be and Mr. Kanaster replied that they are usually negligible and to be seen as normal and he answered by at least a fourth of what they were, or about \$50,000.

A discussion was held regarding the amount of the fire premium tax. Mr. Applegate asked what the chances might be if the Board were to ask for an increase from the current 50% to a maximum of 60%. Mr. Applegate stated the plan can't get any increase until they ask.

MOTION 06-12-13 (#1): Mr. Diedrich moved to accept the actuarial report. Mr. Sessions seconded. Motion carried unanimously.

With no further discussion, Mr. Kanaster left the meeting to return to Denver.

Board Meeting Minutes: The *Volunteer Firemen's Pension Fund Board Meeting Minutes* for April 5, 2013 were considered.

MOTION 06-12-13 (#2): Mr. Brown moved to accept the minutes as read. Mr. Munger seconded. **Motion carried unanimously.**

Financial Statements: The *Financial Statements* for the months of March and April 2013 were reviewed.

MOTION 06-12-13 (#3): Mr. Diedrich moved that the Financial Statements be approved as presented. Mr. Lee seconded. **Motion carried unanimously.**

Membership Reports: The *Membership Reports* for May 31, 2013 discloses that there were 7,070 total members that have participated in the program with 2,231 active contributing members, 952 retirees and 176 survivor pensions at May 31. The smallest monthly pension paid is \$38.40 and the largest monthly pension paid was shown as \$689.62.

The reports also disclosed that at May 31 there were 104 agencies reporting to the pension plan. Since February 28, 2013, there has been an increase of 2 active volunteers reporting. Mr. Diedrich inquired about Crook Co. with the decrease of 14 volunteers and whether or not it was the result of the attendance audit. Mr. Wales responded he would check it out when he got back to the office and let everyone know. The list of Refunds and list of Current Retirees were then

reviewed. Also noted were 19 additional volunteer firemen that have officially retired and are now receiving pension benefits since the last board meeting. Mr. Wales mentioned that there are 11 members who have paid their contributions within five years of retirement age. Mr. Wales pointed out that under RAIN, these 11 members contributions will be posted to their account. Also, there are 33 people who have been paying on their own who have been contacted to see about paying in their contributions through their retirement age or continue to pay monthly to the retirement office. The list of Retirees was reviewed.

MOTION: Mr. Diedtrich moved that the Membership Reports be approved.
Mr. Applegate seconded. **Motion carried unanimously.**

Next on the agenda was an update of the rules that are in the process of being updated pursuant to the Governor's mandate. Mr. Wales pointed out that Chapter 1, General Provisions has been changed to incorporate language regarding "retirement age". Mr. Wales also indicated that the paragraph on Military service was still being tweaked by staff for minor changes and that paragraph C regarding Termination of Active Service should capture the Board's intent on dealing with volunteers who leave active service as a volunteer fireman.

Mr. Brown inquired about the disability provision and Mr. Wales stated that is in Paragraph D and remains unchanged from the original rule.

Mr. Wales then began the discussion on Section 4(a) Department Meetings and Mr. Lee suggested we use the language in the current rule that states volunteers must attend 50 of the business or training meetings or a minimum of six (6) meetings during a calendar year. The consensus of the board was to agree with Mr. Lee's suggestion. Mr. Wales stated that since this rule is still in the process of being worked on, no motion was needed.

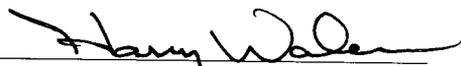
Next, the discussion centered on the inactive volunteers that remain in the plan. Mr. Wales indicated there are 1,159 inactive members that have a total of \$708,039.01 in contributions and interest. Various resolutions were given from charging a fee on these accounts to trying to make contact with these individuals to take a refund. Mr. Wales was asked to provide a copy of the inactive report to the Board so that they could provide the report to individual departments and to be sure the social security numbers were not shown.

Next on the agenda was a discussion by Mr. Diedtrich on the administrative costs. Mr. Diedtrich mentioned that he had contacted Don Richards at the Legislative Service Office to try and get on the agenda of the JACs meeting scheduled for June 27 in Riverton. Mr. Munger offered to attend the meeting with Mr. Diedtrich to offer support. Mr. Diedtrich wanted to just bring to the attention of the JAC the increases in administrative costs but was not going to ask the JAC for any resolution to the situation. Mr. Wales distributed a report that he had prepared on administrative costs and mentioned that when the RAIN goes live that the develop costs should decrease substantively and the System would incur a maintenance agreement which should be much lower. Mr. Applegate discussed his thoughts that the Retirement System has too many staff or has grown too large when other state agencies have not been able to grow as much. Mr. Lee discussed about trying to increase the fire premium tax to get more funding into the plan.

MOTION: Mr. Applegate moved to support Mr. Diedtrich's efforts with discussions with the JAC about the administrative costs. Mr. Munger seconded.
Motion carried unanimously.

The next meeting of the Volunteer Firemen's Pension Board will be on September 13, 2013 at 1:30 p.m. at the Fire Hall in Afton, Wyoming.

Adjournment: With no further business to come before the Board, the meeting was adjourned at 2:50 P.M.

A handwritten signature in black ink, appearing to read "Harry Wales", written over a horizontal line.

Harry Wales, Deputy Director