

Wilton Manors Fire Pension Board

Minutes for December 9, 2015

Call to Order

Acting-Chair Keefe called the meeting to order at 2:00 PM.

Roll Call

Archacki	Present
Kalis	Present
Ridout	Present
Keefe	Present
Chair Rothe	Not Present

Others Present

Bob Mays, Finance Director

Comments from the Public

None

Approval of Minutes

Motion to approve minutes
September 1, 2015

1st Archacki
2nd Ridout

Approved Unanimously

Receive and File

Acting Chair Keefe went over the receive and file portion of the agenda and all the items were approved.

1st Ridout
2nd Kalis

Approved Unanimously

Acting Chair Keefe said that he was informed that the March 1, 2016 meeting would have to be changed, because the commission chambers will be occupied for early election. Judy Hoeskstra will be checking on dates available in 2016 to have this meeting and will inform the Board of the new date for the meeting.

Attorney Report

Attorney Levinson handed out a draft of the Ordinance that he prepared for the board to review and discuss. Attorney Levinson said this Ordinance represents a process of following Legislation, and back and forth with the Division of Retirement and discussions with the Actuary. Discussions from the last meeting: the goal was to improve the funding of the Plan, be conservative and to get us to better than 100% funded and with the surplus premium tax money to start putting that money into a Share Plan. Now the Legislation is allowing us the flexibility to do what we just described. Attorney Levinson said we are going to have some good years and some bad years and it was not a good third quarter. The Actuary comes with a way that we maintain that very effective and very high funded ratio which is the goal. We have approximately \$400,000 setting on the side which we have allocated for extra benefits and in the past we weren't allowed to use for extra benefits. What this Ordinance will allow us to do with Senate Bill 172 which was passed this past year, it will allow to deploy that money to ramp up the funded ratio and once we reach 100% funding this is what you will see in the Ordinance. Then once the Actuary certifies that in writing, then we can start deploying money into share accounts, people who are retired will get a check, people who are still active the money will stay in the account. Once over 100% funded you'll see in the Ordinance you split that available money 50/50, 50% you keep as a cushion and the other 50% you put into the Share Plan. Once over 110% funded all the surplus goes into the share plan. That will be re-evaluated every year based upon the performance. The end goal is for the City not to have to make a contribution to this Plan. There is no other City that Attorney Levinson is aware of that does this and this is how it is set up and how it will operate.

The Ordinance was sent to the Actuary, Theora and she is good with it and once the Board goes over the Ordinance it will be sent to the City Attorney and then we will be requesting it be put on the City Agenda.

Attorney Levinson reviewed the "Whereas" in the Ordinance with the Board.

WHEREAS

- ❖ Is funded entirely with premium tax distributions received from the State of Florida.
- ❖ Premium Tax distribution has increased over the past decade.
- ❖ The Actuary has recommended the adoption of more conservative funding methods and actuarial tables, which can be accomplished by utilizing available premium tax revenue to S.B. 172 (Chapter 2015-39). We can now deploy the money which we were holding in reserve.
- ❖ The City & Membership have mutually consented to use available premium tax revenue to improve the funding status and to create a defined contribution "Share Plan". We need a formal vote, we have 10 members, we would need a majority which is at least 5 consenting so we can confirm that we have consent from the membership. The Share Plan is for the allocation of future premium tax revenue once the Retirement System is at least 100% funded. The Share Plan sits behind the defined benefit plan, which pays out this defined contribution; an annual amount for retirees or holds it for who are active.

- ❖ Once the City and membership have mutually consented that the Retirement System is at least 100% funded on a market value basis, 50% of available premium tax revenue would be allocated to the Share Plan.
- ❖ The City and membership have mutually consented that when the Retirement System is over 110% funded on a market value basis, 100% of available future premium taxes would be allocated to the Share Plan.
- ❖ The actuary for the Retirement System has recommended the use of an iterative process to periodically review actuarial assumptions and methods prior to the allocation of future premium taxes into the Share Plan. The recommendation may be a 6% investment return assumption at the moment but over time she may want to ratchet it down or whatever else we may need to do as the Legislature plays around with different mortality tables, etc.

Section 1. on page 2 of the Ordinance

- ❖ The forgoing “WHEREAS” clauses are hereby ratified as being true and correct and are hereby made a specific part of this ordinance. We may want to get something in writing from the City either from the Finance Director or otherwise to tie up any loose ends.

This will be a new Section to the Plan:

Chapter 13.5-89 Volunteer Firefighters Retirement System Share Plan

Effective upon adoption, the Wilton Manors Volunteer Firefighters Retirement System Share Plan shall be created. The Share Plan shall be administered by the Board of Trustees of the Volunteer Firefighters Retirement System. The Share Plan shall be funded solely by “available” premium tax revenues received pursuant to Section 175, Florida Statutes, and will not result in any additional cost to the City. If you don’t use your premium taxes, you lose your premium taxes.

1. Allocation of accumulated premium tax revenue. All the existing money that we have accumulated so far that \$400,000 we have sitting on the side on the date of adoption shall be used to improve the funded ratio of the Retirement System.
2. Allocation of annual premium tax revenue: Future premium tax revenue shall continue to be used to fund the Retirement System until the System is 100% funded pursuant to the procedures identified below. The Retirement System shall be funded using conservative actuarial assumptions and methods, including but not limited to a 6% investment return assumption, along with the implementation of the aggregate funding method and smoothed value of assets. The Board shall have the continuing authority to revise assumptions and methods with the goal of maintaining full funding, consistent with actuarial standards.

Attorney Levinson asked the Board if there were any questions about paragraphs 1 or 2 above. Trustee Ridout asked if we have any idea of our level of funded ratio with the addition of the \$400,000 in surplus. Attorney Levinson said that is a question for Theora (actuary), but he thinks we are going to be pretty close to the 100% from what she said with the money that came in this year, but said not to quote him on this. Anything over 100% we can start deploying into the Share Plan. What else that is going to mix into the equation is the Investment return as of September 30th.

3. Certification by actuary: When the Retirement System is at least 100% funded on a market value basis, 50% of unallocated future premium tax revenue shall be allocated to the Share Plan. Available premium tax revenue shall only be payable into the Share Plan after the actuary certifies for the fiscal year that the Retirement System is at least 100% funded. If the actuary certifies for the fiscal year that the Retirement System is at least 110% funded, 100% of available premium tax revenue shall be allocated to the Share Plan.
4. Share Plan allocation: How the Share Plan works once the money makes it into the Share Plan, which gets created by this ordinance. There is no magic way to do this, whatever the policy maker is including the Board telling the Attorney what to do. Available premium tax revenue shall be allocated to all active, deferred vested and retired participants of the Volunteer Firefighters Retirement System, with each participant receiving one share for each year of service. Share account distributions shall be allocated on March 15 of each year, provided that the allocation calculations have been certified in writing by the Board's actuary. Share allocations shall be paid to retirees annually. Share accounts shall be established for all active and deferred vested participants. Share account balances shall be credited or debited with earnings or losses at a rate equal to the Pension Plan's actual net rate of investment return. The Board of Trustees shall be authorized to adopt administrative rules to implement the Share Plan.

Section 3. Inclusion in Code. States that the provisions of this Ordinance shall become and be made a part of the City of Wilton Manors' Code of Ordinances.

Section 4. If any clause, section or other part of this Ordinance shall be held by any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part shall be construed as eliminated and shall in no way affect the validity of the remaining portions of this Ordinance.

Section 5. All Ordinances or Resolutions or parts of Ordinances or Resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This Ordinance shall take effect upon its passage and adoption: when the following conditions have occurred:

- (1) the City Commission has received a required actuarial impact statement; and
- (2) the amendment has been transmitted to the State Division of Retirement.

Attorney Levinson asked if there were any questions on page 3 or 4 of the Ordinance.

Trustee Archacki said that when we originally discussed this we talked about an even disbursement not basing it on years of service. Trustee Archacki said that is what was discussed, dividing evenly amongst the 10 people rather than try to work out a formula for years of service. Attorney Levinson said that on page 2 of the September minutes it states "The Share Plan would be divided into 10 equal amounts".

Trustee Archacki asked for this to be changed in the Ordinance. Attorney Levinson said he would revise the Ordinance to reflect this change that the Share Plan would be divided into 10 equal amounts. Trustee Archacki wanted to make this change in form of a motion, but Attorney Levinson said since it was agreed on and in the September minutes on page 2 there was no need for a motion and that he would make the change to the Ordinance and send a revised copy to Judy.

There was a brief discussion on the voting process by the Board and members and Trustee Archacki said he had spoken to 4 of the local members and they would arrange to attend the meeting when they vote on the Ordinance, the only one that probably would not be in attendance is Joe Roma because he lives out of State. Attorney Levinson said all members will be invited to the February board meeting and the voting on the Ordinance would take place before the February pension board meeting and he would like a total of at least 6 or 7 for the voting process. Attorney Levinson will prepare the ballot and bring a ballot box. Attorney Levinson is sending the Ordinance to Julie Klahr, Pension Specialist at the City Attorney's office after the meeting and then he said he would help prepare the Agenda package to place the Ordinance on the City's Agenda for their first meeting in March. The actuary will prepare the impact statement and that will be given to the City as part of the package.

There was a discussion about when a member dies, will it then decrease by one or will their beneficiary receive their share plan benefit. Attorney Levinson said this is something the Board needs to decide what to do and add it in the Ordinance now. After a brief discussion it was decided to revise paragraph 4 as follows:

4. Share Plan allocation: Available premium tax revenue shall be allocated to all active, deferred vested and retired participants of the Volunteer Firefighters Retirement System, with each Share Plan Participant receiving an equal pro-rata share. Upon death of a Share Plan Participant, the Share Plan Participant's designated beneficiary (ies) shall receive the Share Plan Participant's annual share for a period of ten (10) years.

Acting Chair Keefe asked for the Board secretary to bring members defined benefit forms to the next meeting so the members receiving a benefit can make sure everything is up to date as far as beneficiary (ies).

The motion was made by Trustee Archacki to revise paragraph 4 as stated above, seconded by Trustee Ridout. Vote: Ayes: Trustee Ridout, Trustee Kalis, Trustee Archacki and Acting Chair Keefe
Nays: None

Unanimously Approved

Attorney Levinson said that would be a very good time for everyone to review their defined benefit beneficiary and to designate a beneficiary for the Share Plan so that beneficiary will receive the Share Plan benefit for ten (10) years after the death of the member. The beneficiary for the Share Plan does not have to be the same as the Defined Benefit beneficiary. For members not receiving a benefit will be provided a survivorship form to update. These forms will be mailed to the other five (5) members of the Firefighter's Pension Plan.

Acting Chair Keefe asked Bob Mays, Finance Director for the City if he was comfortable with what was presented and Bob Mays said yes.

Bob Mays said he was at a meeting with the outgoing City Manager, the incoming City Manager, the City Attorney Kerry Ezrol, & Julie Klahr, Pension Specialist from the City Attorney's office. They all went over the proposal/draft and everyone in the room was in agreement to move forward.

Acting Chair Keefe thanked Bob Mays on behalf of the Board for all his time and effort he has put into the Fire Pension Plan.

Attorney Levinson said he is volunteering the Trustees to do a draft cover memo for the City Commissioners.

Bob Mays said to make sure during the presentation:

- to educate the Commissioner's about the Fire Pension Plan
- about the State Law who is making this change
- history on the Firefighter Pension Board why it is unique
- stress that the City does not make any contributions and that is the intention to keep it that way
- to fully educate the commission that you are a very active, responsible Board and they should have the confidence they are making the right vote

Trustee Archacki said all members should be at both City Commission meetings in March when the Ordinance is placed on the City Agenda, because this is a good benefit for all the members.

Attorney Levinson wanted it noted that Bob Mays did a great job putting the compliance items on the City web-site and our Actuary and Investment Consultant had to put together disclosure items and he is complementing him again that the City has done a fine job of loading that information so that we are complying with the requisite disclosure. Thank you to the Bob Mays, Finance Director.

Attorney Levinson went over the December 5, 2015 memorandum re: Insurance Premium Tax (IPT) Database Reminder.

- Our money comes from premium taxes on homeowner's insurance
- Premium taxes collected in the City are paid up to Tallahassee and then they rebate them to us in the August time frame and October time frame we get the second check.
- It is based on where the addresses are situated because that is how the insurance company pays them
- If the database isn't in good shape and not getting updated we are leaving money on the side
- It's the same database that is used for communication services tax (CST) as opposed to (IPT) it is to the mutual aid and mutual benefit of the City and the Firefighter's to make sure that web site gets updated
- Recently the Division of Retirement put on their web site an updated contact list
- Bob May, Finance Director is the City's contact person
- Bob Mays said he is working on the database for the City of Wilton Manors to make sure all the addresses are accounted for in the database
- **Pointmatch.state.fl.us** is the website to independently verify that the city addresses are included in the database
- The database gets updated twice a year by Tallahassee
- Attorney Levinson said thankfully we have a Finance Director that takes this seriously and is familiar with the process

Reports from Board Members

Trustee Ridout asked if there is a resolution to his early disbursement penalties in reference to his payments he is receiving from the City. Attorney Levinson he has not yet, but will reach out to the contact person at Regions Bank and make sure they are aware of the issue. It has to do with coding of the pension benefits. Trustee Ridout said he has been paying penalties for early disbursements on both receiverships.

Adjournment

Trustee Ridout made a motion to adjourn the meeting, seconded by Trustee Kalis.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Judith A. Hoekstra". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Judith A. Hoekstra
Recording Secretary