

**CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT BOARD
QUARTERLY MEETING AGENDA**

City Hall Conference Room
Second Floor
2240 Minton Road
West Melbourne FL 32904
Monday August 7, 2017
9 a.m.

Pat Bentley Trustee	Richard Cordeau Trustee	James Parsons Trustee	Scott Morgan Chairman	Jennifer Bruno Secretary
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Disability Information: In accordance with the Americans with Disabilities Act and F.S.S. 286.26, persons with disabilities needing special accommodation to participate in this meeting should contact the City Clerk's Office, no later than seven days in advance of the proceeding at 321-727-7700 for assistance. If hearing impaired, please call the Florida Relay Service Numbers at 800-955-8771 (TDD) or 800-955-8770 (VOICE) for assistance.

Appeal Notice: If a person decides to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, that person will need to ensure that a verbatim record of the proceedings is made which record includes the testimony and evidence upon which appeal is to be based.

1. CALL TO ORDER

2. DETERMINATION OF A QUORUM

3. APPROVAL OF MINUTES

- A. Approve the minutes of quarterly meeting May 3, 2017

4. OFFICER AND TRUSTEE REPORTS

5. PROCESSED DISBURSEMENTS/DEPOSITS

- A. Approve plan expenditures and acknowledge receipt of contributions for the third fiscal quarter of 2016/2017

6. CONSULTANT REPORTS

- A. Tony Kay – AndCo Consulting (Performance Monitor & Investment Advisory Services)
- Performance Report for quarter ended June 30, 2017
- B. Mindy Johnson – Salem Trust Company (Custodial Services)
- Service Report
- C. Pedro Herrera – Sugarman & Susskind (Attorney) – participating via video conference
- Legislative Update/Amendment to Public Records Act
 - Proposed reduction in monthly retainer due to remote attendance at quarterly meeting

- D. Karan Rounsavall – Plan Administrator
- Educational Opportunities:
 - ✓ Florida Public Pension Trustees' Association (FPPTA) Fall Trustees School in Tampa (October 8-11, 2017)
 - ✓ Florida Division of Retirement Florida Annual Police Officers' & Firefighters' Pension Conference in Orlando (Nov. 15-17, 2017)

7. OLD BUSINESS

8. NEW BUSINESS

- A. Approval of administrative expense budget for Plan Year 2017/2018 in accordance with *Florida Statutes 185.05(8)*
- B. Status of Ordinance No. 2017-10 implementing changes to retirement plan as a result of collective bargaining agreement with Police Benevolent Association, including share plan implementation and DROP eligibility for Tier II members as well as clarification of death benefit payable to beneficiary in the case of pre-retirement death of an active member. (Note: Public hearing scheduled for August 15, 2017.)

9. PUBLIC COMMENT

10. ADJOURNMENT

**CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT BOARD
MAY 3, 2017**

The West Melbourne Police Officers' Retirement Board held its quarterly meeting on Wednesday, May 3, 2017 in the City Hall Conference Room, 2240 Minton Road, West Melbourne, Florida.

MEMBERS PRESENT: Chairman Scott Morgan (resident member)
Secretary Jennifer Bruno (police member)
Pat Bentley (resident member)

MEMBERS ABSENT: Richard Cordeau (fifth member) - excused
James Parsons (police member) - excused

CONSULTANTS: Pedro Herrera, Board Attorney – Sugarman & Susskind
Tony Kay, Investment Consultant – AndCo Consulting
Jennifer Gainfort – AndCo Consulting
Karan Rounsavall, Plan Administrator

Chairman Morgan called the meeting to order at 9:00 a.m. A quorum was in attendance. *Member Bentley moved to excuse the absence of Trustees Cordeau and Parsons due to work commitments. Member Bruno seconded the motion and it carried.*

APPROVAL OF MINUTES

Member Bruno moved to approve the minutes of quarterly meeting February 1, 2017 as submitted. Member Bentley seconded the motion and it carried unanimously.

OFFICER AND TRUSTEE REPORTS – None

PROCESSED DISBURSEMENTS/RECEIPTS

Member Bruno moved to approve plan expenditures for the second quarter of Fiscal Year 2016/2017 (January 1, 2017 through March 31, 2017) in the amount of \$25,342.16 and to acknowledge receipts to the plan for that same fiscal quarter (through March 31, 2017) in the amount of \$175,724.01. (Reference Plan Administrator's memorandum dated April 17, 2017 for detail.) Member Bentley seconded the motion which carried on an all yes vote.

Total disbursements during the quarter were \$152,251.35 which included monthly benefit payments to 14 retirees in the amount of \$122,116.05, a refund of employee contributions totaling \$4,793.14, and expenses noted above.

CONSULTANT REPORTS

- A. Tony Kay – AndCo Consulting (Performance Monitor & Advisory Services)
- Performance Report for quarter ended March 31, 2017

Mr. Kay began by introducing Jennifer Gainfort, a Client Solutions Group Specialist with AndCo, whose responsibilities included comprehensive quarterly reports. She was also a CFA Charterholder.

Ms. Gainfort provided a brief economic overview. She touched on the impact of the new presidency on financial markets which continued to rally on the hopes of pro-business policy initiatives and tax reform. Corporate balance sheets remained strong.

Mr. Kay went on to deliver the portfolio's performance for the second fiscal quarter. International equities, particularly emerging markets, had excellent returns. He commented on the diversity of the fixed income portfolio, pointing out that the inclusion of real estate and the global tactical asset fund bolstered performance over domestic bonds alone. Equity markets continued to run; he would not be surprised if there was a pullback. The West Melbourne Police Retirement Fund had an "all weather portfolio."

Total market value as of March 31, 2017 was \$12,523,366 up from \$11,937,125 for the previous quarter ended December 31, 2016. On a percentage basis, the composite portfolio was up 4.59 percent for the quarter (gross) which ranked in the 39th percentile of public plans. Fiscal year-to-date, the fund was up 6.06 percent (ranking in the 24th percentile). For the trailing 12 months, the fund was up 11.65 percent (ranking in the 29th percentile of public plans).

Quarterly performance results (i.e. quarter ending March 31, 2017) for the various investment styles/managers represented in the portfolio were as follows:

Garcia Hamilton & Associates (domestic fixed income) – positive return of 0.80% (54)*

EuroPacific Growth (international) – positive return of 9.37% (43)*

Vanguard Total Stock Market Index Fund – positive return of 5.79% (42)*

Templeton Global Total Return (global fixed income) – positive return of 4.56% (4)*

BlackRock Multi-Asset Income Fund (other assets) – positive return of 2.94% (71)*

ASB Allegiance Real Estate Fund (real estate) – positive return of 1.33% (66)*

(*Percentile rankings)

All asset classes were within target ranges. There were no action items.

The Board acknowledged receipt of the Investment Performance Report as presented.

B. Pedro Herrera – Sugarman & Susskind (Attorney)

Attorney Herrera advised that the state legislative session was scheduled to adjourn toward the end of the week. No notable legislation regarding public pension had passed to date; only one bill was still pending but was not expected to pass.

He also reminded trustees of the Division of Retirement's Annual Trustee Conference in Tallahassee at the end of the month and to file their financial disclosure forms by July 1, 2017.

C. Karan Rounsavall – Plan Administrator

- Acknowledge refund/rollover of member contributions for Kenneth Swainston (non-vested member) in the amount of \$4,467.78

Member Bruno moved to acknowledge rollover of member contributions for Kenneth Swainston as stated above. Member Bentley seconded the motion and it carried unanimously.

- Educational Opportunities: Florida Public Pension Trustees' Association (FPPTA) Annual Conference in Orlando (June 25 – 28, 2017)

Mrs. Rounsavall announced the FPPTA conference. If any trustee wished to attend, they were to contact her at their earliest opportunity.

Member Bentley moved to authorize Plan Administrator Rounsavall to cast the West Melbourne Police Retirement Board's vote for FPPTA Board of Directors at the conference. Member Bruno seconded the motion and it carried on an all yes vote.

- Annual Financial Disclosure Forms due to Brevard County Supervisor of Elections no later than July 1, 2017

Mrs. Rounsavall reminded trustees of the disclosure requirement. At the Board's request, she would email the disclosure form to trustees prior to the Supervisor of Elections doing same.

OLD BUSINESS - None

NEW BUSINESS

A. Periodic review of professional service provider agreements

Board members were in receipt of a listing of professional service providers and the corresponding agreement dates. Pursuant to the Board's Administrative Rules and Procedures, it was to routinely review these agreements to determine appropriateness and timeliness of the terms. Upon review, the Board could elect to continue with that service provider, solicit bids or issue a request for proposal (RFP) for the professional services subject to review.

The Board's agreement with Foster & Foster (plan actuary) was the oldest relationship that had not been reviewed (original agreement executed in October 2012). *Board members expressed satisfaction with work performed by Foster & Foster and agreed to continue with its services. There was no action to solicit bids or issue request for proposal for actuarial services.*

B. Status of ordinance implementing changes to retirement plan pursuant to collective bargaining agreement with Police Benevolent Association, including share plan implementation and DROP eligibility for Tier 2 members. Ordinance to also address clarification of death benefit payable to beneficiary in the case of pre-retirement death of an active member (as interpreted at the August 3, 2016 retirement board meeting)

A new collective bargaining agreement with the Coastal Florida Police Benevolent Association was ratified on April 18, 2017 (and would expire on December 31, 2018). The agreement included improvements to retirement benefits for plan members, specifically the funding of a share plan (effective October 1, 2017) and DROP eligibility for Tier 2 members on the same terms as Tier 1 members.

Chairman Morgan advised that Jim Linn, the City's outside police pension attorney in Tallahassee, would prepare the ordinance implementing the negotiated benefit improvements as well as clarification of the benefit payable to a beneficiary in the event of pre-retirement death of an active member. Board Attorney Herrera would review the proposed ordinance (as prepared by outside counsel) after which it would be sent to the actuary for preparation of an impact statement. Chairman Morgan also stated that the City would assume payment of costs associated with preparation of the ordinance and

impact statement. He also noted that the City would keep track of individual member share account balances (rather than the actuary).

Plan Administrator Rounsavall noted that the Summary Plan Description (SPD) would need to be revised to include share plan provisions. The last biennial update was approved in November 2015; the target date for approval of the revised SPD was November 2017. Mrs. Rounsavall asked that the attorney draft language for the share plan for inclusion in the SPD.

Chairman Morgan mentioned that he would be on vacation on August 2, 2017 (the date of the next quarterly meeting). *Wishing the chairman to be in attendance, the meeting was rescheduled to August 7, 2017 at 9:00 a.m. Consultant Tony Kay (AndCo) and Plan Administrator Rounsavall were available to personally attend the meeting on August 7, 2017. Attorney Herrera would attend the meeting remotely via video teleconference (SKYPE).*

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 10:05 a.m.

Scott Morgan, Chairman

Karan Rounsavall, Plan Administrator

MEMORANDUM

July 20, 2017

TO: West Melbourne Police Officers' Retirement Board

FROM: Karan Rounsavall, Retirement Plan Administrator *Karan Rounsavall*

SUBJECT: Receipts & Administrative Expenses – Third Fiscal Quarter 2016/2017

Administrative Expenses

Date	Payee	Purpose	Amount
4/10/2017	Salem Trust	Quarterly Fee – Based on \$6,000 annual minimum (1/01/2017 – 3/31/2017)	\$1,500.00
4/13/2017	Sugarman & Susskind	Monthly Retainer Fee – April 2017	\$1,250.00
4/20/2017	Garcia Hamilton & Asso.	Investment Management Fee (1/01/2017 - 3/31/2017)	\$1,945.35
5/01/2017	Karan Rounsavall	Plan Administrator – Monthly Fee	\$1,400.00
5/04/2017	ASB Capital Management	Real Estate Management Fee for quarter ending 3/31/2017	\$3,572.46
5/15/2017	Sugarman & Susskind	Monthly Retainer Fee – May 2017	\$1,250.00
5/31/2017	Foster & Foster	2016 Valuation Report; GASB 67; FS 112 compliance disclosure; online calculator; travel	\$13,403.00
6/01/2017	Karan Rounsavall	Plan Administrator – Monthly Fee	\$1,400.00
6/15/2017	Sugarman & Susskind	Monthly Retainer Fee – June 2017	\$1,250.00
6/30/2017	Karan Rounsavall	Plan Administrator – Monthly Fee	\$1,400.00
6/30/2017	AndCo Consulting	Quarterly Fee (1/01/2017 – 3/31/2017)	\$4,375.00
			\$32,745.81

Receipts

Date	Source	Amount
4/03/2017	Employer Contribution (#7 ending 3/23/2017)	\$22,179.90
4/04/2017	Employee Contribution (#7 ending 3/23/2017)	\$6,336.38
4/14/2017	Employer Contribution (#8 ending 4/06/2017)	\$22,190.81
4/17/2017	Employee Contribution (#8 ending 4/06/2017)	\$6,339.35
4/28/2017	Employer Contribution (#9 ending 4/20/2017)	\$22,883.90
5/01/2017	Employee Contribution (#9 ending 4/20/2017)	\$6,156.14
5/12/2017	Employer Contribution (#10 ending 5/04/2017)	\$23,652.31
5/15/2017	Employee Contribution (#10 ending 5/04/2017)	\$6,322.66
5/26/2017	Employer Contribution (#11 ending 5/18/2017)	\$24,506.02
5/30/2017	Employee Contribution (#11 ending 5/18/2017)	\$6,733.52
6/09/2017	Employer Contribution (#12 ending 6/01/2017)	\$23,889.77
6/12/2017	Employee Contribution (#12 ending 6/01/2017)	\$6,600.56
6/23/2017	Employer Contribution (#13 ending 6/15/2017)	\$24,148.01
6/26/2017	Employee Contribution (#13 ending 6/15/2017)	\$6,600.60
		\$208,539.93

Monthly Benefit Payments

April 2017 - \$40,705.35 to 14 retirees and/or beneficiaries

May 2017 - \$40,705.35 to 14 retirees and/or beneficiaries

June 2017 - \$40,705.35 to 14 retirees and/or beneficiaries

Refund of Contributions: None

DROP Distributions: None

Total Disbursements:	<u>\$ 154,861.86</u>
Expenses:	\$ 32,745.81
Benefit Payments:	\$ 122,116.05
DROP Payouts:	\$ 0.00
Refunds:	\$ 0.00

If there are questions or you require additional information, please contact me at 321-537-6007.

Attachments – various invoices



April 5, 2017

Karan Rounsavall
3695 North Indian River Drive
Cocoa, FL 32926

RECEIVED
4/5/2017

Fee A/C# M04994
West Melbourne Police

Fee Advice for Period January 1, 2017 to March 31, 2017

Detail of Calculation:

	Annual Fee	Quarterly Fee
Flat Fee	\$6,000.00	\$1,500.00
Total Amount Due		\$1,500.00

** Per contract, fees are paid via direct charge to acct.*

These fees will automatically be charged to your account.

If you have any questions, please contact Mindy Johnson at 877-382-5268.

SUGARMAN & SUSSKIND

100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
Telephone: 305-529-2801
Fax: 305-447-8115
www.sugarmansusskind.com

City of West Melbourne Police Officer's Retirement Plan
c/o Karen Rounsavall, Plan
Administrator
3695 Indian River Drive
Cocoa, FL 32926

June 05, 2017
Invoice # 121834

RECEIVED
6/7/2017
r/lj

Client: Matter WMPP

	<u>Hours</u>	<u>Amount</u>
For professional services rendered	0.00	\$1,250.00
Retainer for the month.		
Previous balance		\$1,250.00
5/16/2017 Payment - Thank You Trace #071922779304423		(\$1,250.00)
Total payments and adjustments		(\$1,250.00)
Balance due		<u>\$1,250.00</u>

Client: Matter WMPP:MEET

In Reference To: Meeting

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
5/3/2017 Attend meeting. Prepare for meeting. Travel.	8.00 \$250.00/hr	NO CHARGE
5/25/2017 Prepare for meeting, Telephone conference with TBradford IT @ City on Skype, Review workmemo on same	0.50 \$250.00/hr	NO CHARGE

To be paid via recurring monthly ACH on 6/15/2017
r/lj

SUGARMAN & SUSSKIND

100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
Telephone: 305-529-2801
Fax: 305-447-8115
www.sugarmansusskind.com

City of West Melbourne Police Officer's Retirement Plan
c/o Karen Rounsavall, Plan
Administrator
3695 Indian River Drive
Cocoa, FL 32926

May 04, 2017
Invoice # 121268

RECEIVED
5/8/2017

Client: Matter WMPP

	<u>Hours</u>	<u>Amount</u>
For professional services rendered	0.00	\$1,250.00
Retainer for the month.		
Previous balance		\$1,250.00
5/1/2017 Payment - Thank You Trace #071922779240429		(\$1,250.00)
Total payments and adjustments		<u>(\$1,250.00)</u>
Balance due		<u><u>\$1,250.00</u></u>

*To be paid via recurring monthly ACH on 5/15/2017
-157*

SUGARMAN & SUSSKIND

100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
Telephone: 305-529-2801
Fax: 305-447-8115
www.sugarmansusskind.com

RECEIVED
4/16/17

City of West Melbourne Police Officer's Retirement Plan
c/o Karen Rounsavall, Plan
Administrator
3695 Indian River Drive
Cocoa, FL 32926

April 12, 2017
Invoice # 120550

Client: Matter WMPP

	<u>Hours</u>	<u>Amount</u>
For professional services rendered	0.00	\$1,250.00
Retainer for the month.		
Previous balance		\$1,250.00
3/16/2017 Payment - Thank You Trace#071922779182582		(\$1,250.00)
Total payments and adjustments		(\$1,250.00)
Balance due		<u>\$1,250.00</u>

*To be paid via recurring monthly ACH on 4/15/2017
- 1/31*

INVOICE # 27880

GH&A
GARCIA HAMILTON & ASSOCIATES, L.P.

5 HOUSTON CENTER
1401 MCKINNEY, SUITE 1600
HOUSTON, TX 77010
TEL: (713) 853-2322
FAX: (713) 853-2308
WWW.GARCIAHAMILTONASSOCIATES.COM

April 10, 2017

BOARD OF TRUSTEES - CITY OF WEST MELBOURNE POLICE OFFICERS'
PENSION FUND (3040001716) westmp
Via email: rounsavall@earthlink.net
Karan Rounsavall

*, * *

RECEIVED
4/19/2017
r/sj

GARCIA HAMILTON & ASSOCIATES
STATEMENT OF MANAGEMENT FEES

For The Period January 1, 2017 through March 31, 2017	
Portfolio Valuation with Accrued Interest as of 03-31-17	\$ 2,593,804.93
2,593,805 @ 0.300% per annum	1,945.35
Quarterly Management Fee	\$ 1,945.35
TOTAL DUE AND PAYABLE	\$ 1,945.35

Emailed to Salem Trust for payment - 4/23/2017

ASB CAPITAL MANAGEMENT

Fee Statement

April 17, 2017

RECEIVED
4/24/17

ASB Capital Management
7501 Wisconsin Avenue, 14th Floor West Tower
Bethesda, MD 20814

OK TO PAY TO ASB CAPITAL MGT - \$3,572.46
WEST MELBOURNE POLICE R&D ACCT #3040001707
APRIL 28, 2017

West Melbourne Police Officers' Retirement Plan
Attn: Karen Rounsavall, Plan Administrator
3695 Indian River Drive
Cocoa, FL 32926

Scott Morgan

SCOTT MORGAN, CHAIRMAN

Karen Rounsavall 4-28-2017

KARAN ROUNSAVALL, PLAN ADMINISTRATOR

ACCOUNT CH100458

WEST MELBOURNE POLICE OFFICERS R/P

Fee for Quarter Ending

March 31, 2017

ASB Allegiance Real Estate Fund Units	820.9930		
Market Value:	\$ 1,143,186.20		
1.25% of first \$5,000,000		\$ 3,572.46	
TOTAL FEE			\$ 3,572.46

This bill is due and payable upon receipt. Please return payment with remittance copy.

Inquiries: Keisha Young / Doda Johnson
(240) 497-5045 / (240) 497-5007

PLEASE MAIL PAYMENT TO:
Chevy Chase Trust Company
Attn: Trust Operations
7501 Wisconsin Ave., Suite 1400W
Bethesda, MD 20814

FOR PAYMENT BY WIRE, PLEASE WIRE FUNDS TO:
Capital One Bank - McLean, VA
ABA # 065000090
Credit to DDA: #0014381117
Name of DDA: Chevy Chase Trust Clearing
Additional Information: Mgmt Fee-CH100458

Emailed to Salem Trust for payment via ACH - 4/29/2017



FOSTER & FOSTER

Invoice

Phone: (239) 433-5500
 Fax: (239) 481-0634
 data@foster-foster.com
 www.foster-foster.com

Date	Invoice #
5/24/2017	10484

RECEIVED
5/24/17

Bill To
West Melbourne Police Officers' Retirement Plan 2240 Minton Road West Melbourne, FL 32904

Terms	Due Date
Net 30	6/23/2017

Description	Amount
October 1, 2016 Actuarial Valuation and Report; preparation of member certificates. <i>5% increase each year</i>	7,900.00 ✓
Preparation of GASB 67 Statement with measurement date of 09/30/16.	1,250.00 ✓
Preparation for and attendance at February 1, 2017 Board meeting (Board's share of expenses)	209.00 ✓
Preparation of the 2016 Chapter 112.664 compliance disclosure.	3,500.00 ✓
Annual online benefit calculator fee commencing June 1, 2017 (\$16 * 34 active members).	544.00 ✓
<i>Emailed to Salem Trust for payment - 5/30/2017 - kj</i>	

Balance Due \$13,403.00 ✓

Thank you for your business!

Please make all checks payable to:
 Foster & Foster, Inc.
 13420 Parker Commons Blvd, Suite 104
 Fort Myers, FL 33912

*ok to pay
 Karan Reunswall
 Plan Administrator
 5/30/2017*

SUGARMAN & SUSSKIND

PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

Robert A. Sugarman♦
Howard S. Susskind
Kenneth R. Harrison, Sr.
D. Marcus Braswell, Jr.
Pedro A. Herrera
Ivelisse Berio LeBeau
Dustin L. Watkins

♦Board Certified Labor
& Employment Lawyer

100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
(305) 529-2801
Broward (954) 327-2878
Toll Free 1-800-329-2122
Facsimile (305) 447-8115

RECEIVED
6/7/2017

LEGISLATIVE UPDATE And ACTION PLAN

June 2017

SENATE BILL 80 – AMENDMENTS TO THE PUBLIC RECORDS ACT

On May 23, 2017, Governor Rick Scott signed into law Senate Bill 80, a bill intended to curb what some consider abuses of Florida's broad public records law. This law responds to the practice of filing so-called "gotcha" lawsuits in which members of the public file frivolous public records requests intended primarily to cause a violation of the law and result in an attorney fee award. This law applies to all public records requests made on or after May 23, 2017.

The public records law states that when a member of the public sues a public agency to obtain public records because those records were not produced accordingly, the person suing the agency is entitled to an award of attorney fees and costs associated with the lawsuit. Senate Bill 80 creates a new requirement that a member of the public who seeks an award of attorney fees and costs must provide written notice to the agency's custodian of public records no less than five business days before filing the lawsuit. The five-day notice is not required if the agency does not prominently post contact information for the agency's custodian of public records in the agency's primary administrative building and on the agency's website. The new law also permits a court to award attorney fees and costs to the public agency if the court determines that a public records lawsuit was initiated for an "improper purpose." An improper purpose is defined as a frivolous request to inspect or copy a public record or a public record request initiated for the purpose of causing a violation of the public records law.

As noted above, the new law provides a means of reducing the risk of an adverse attorney fee award by prominently posting contact information for the custodian of public records. This notice must be prominently posted both in the agency's primary administrative building and on the agency's website, if the agency has a website. "Primary administrative building" is defined as the place where public records are routinely created, sent, received, maintained, and requested. For a local law retirement system, this will be

wherever most retirement system business is conducted, such as a pension fund office, a municipal building, a special district office, or the offices of a third party administrator.

Action Plan

To take advantage of the five-day notice requirement, we recommend all clients take the following actions:

1. Identify who will serve as the custodian of public records. This should be the person who routinely deals with public records and regularly interfaces with plan participants and the public, such as an administrator or a trustee.
2. Identify the “primary administrative building.” This may be the retirement system’s own offices, if it has any. Otherwise, this will be wherever the retirement system conducts most of its business, whether it be a municipal building, a special district office, or the offices of a third party administrator.
3. Prepare a notice. The notice must describe how to contact the custodian of public records. A sample notice is enclosed with this legislative update.
4. Post the notice. This notice should be posted in the primary administrative building in a prominent place, such as a bulletin board. If the agency has a website, the notice must be posted on the website as well. Some third party administrators maintain websites for their clients. We recommend that the notice be posted on those websites as well.

SENATE BILL 7022 – REVISIONS TO FLORIDA RETIREMENT SYSTEM

This legislative session also included several changes to FRS. Senate Bill 7022, which passed on May 8, 2017, provides that new workers who join FRS will automatically enter the FRS Investment Plan (i.e., the defined contribution plan) rather than the FRS Pension Plan (i.e., the defined benefit plan). Although new workers automatically enroll in the FRS Investment Plan, they may, within eight months of initial hire, make a one-time irrevocable election to enter the FRS Pension Plan. New workers who are considered “Special Risk Class members” will continue to automatically enroll in the FRS Pension Plan. The new law also allows retirees of the FRS Investment Plan who are reemployed in covered service to become renewed members of the FRS Investment Plan. Renewed membership is not permitted, however, for a retiree of the FRS Pension Plan. The new law also provides that a line-of-duty death survivor benefit is payable to the surviving child of a Special Risk Class member who died in the line of duty on or after July 1, 2002. These changes do not affect local law retirement systems.

[INSERT: NAME OF RETIREMENT SYSTEM]

ALL NOTICES AND REQUESTS UNDER THE
PUBLIC RECORDS LAW, CH. 119, FLA. STAT.,
SHOULD BE DIRECTED TO THE CUSTODIAN OF
PUBLIC RECORDS AS FOLLOWS.

BY MAIL:

Custodian of Public Records
[INSERT: NAME OF RETIREMENT SYSTEM]
[INSERT: ADDRESS]
[INSERT: CITY, STATE, ZIP]

BY EMAIL:

[INSERT: EMAIL ADDRESS]

FOR INQUIRIES, PLEASE CALL:

[INSERT: PHONE NUMBER]

Subject: West Melbourne Police

From: Pedro Herrera <PHerrera@sugarmansusskind.com>

Date: 8/2/2017 9:58 AM

To: "rounsavall@earthlink.net" <rounsavall@earthlink.net>

CC: Jessica De la Torre Vila <jess@sugarmansusskind.com>

Karan,

My apologies for not getting back to you yesterday afternoon when you called, but I had a client meeting.

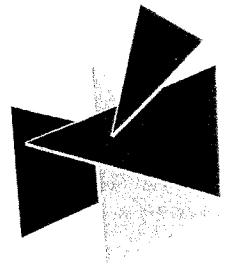
As we will be attending the quarterly meetings via Skype we can offer to reduce our monthly retainer by a little more than 20% (i.e. \$1,000 per month). Please relay this to the Board and we can discuss at the meeting next week.

Let me know if you need anything further or have any questions.

Pedro

Pedro Herrera
Partner
Sugarman Susskind
100 Miracle Mile
Suite 300
Coral Gables, FL 33134
(305) 529-2801 - O
(305) 447-8115 - F

Upcoming Events



<u>Event</u>	<u>Dates</u>	<u>Location</u>
Fall Trustee School	October 8—11, 2017	Tampa Marriott Waterside Hotel & Marina Tampa
Winter Trustee School	January 28—31, 2018	Hyatt Regency Orlando International Drive
18 th Annual Wall Street Program	March 25—31, 2018	Intercontinental The Barclay New York, NY
34 th Annual Conference	June 24—27, 2018	Rosen Shingle Creek Orlando
Fall Trustee School	September 30—October 3, 2018	Hyatt Regency Coconut Point Bonita Springs

For more information on upcoming or recent events, please visit our website at www.fppta.org/Events



FPPTA
2946 Wellington Circle East
Tallahassee, FL 32309
Phone: 800-842-4064
Fax: 850-668-8514
www.fppta.org

MEMORANDUM

July 27, 2017

TO: West Melbourne Police Officers' Retirement Board

FROM: Karan Rounsavall, Retirement Plan Administrator *K Rounsavall*

SUBJECT: Administrative Expense Budget for Fiscal Year 2017/2018

Effective July 1, 2015, *Florida Statutes* §185.05(8) requires that the West Melbourne Police Officers' Retirement Board adopt and operate pursuant to an administrative expense budget each plan/fiscal year. This budget must be provided to the plan sponsor (i.e. City of West Melbourne) and made available to retirement plan members before the beginning of the plan's fiscal year (prior to October 1, 2016 and each year thereafter). Additionally, if the Board amends the administrative expense budget, a copy of the amended budget must be sent to the plan sponsor and a copy made available to plan members.

In accordance with the referenced statute, attached is a proposed budget for Fiscal Year 2017/2018 for your review and consideration. It includes the current fiscal year's (2016/2017) actual/estimated administrative expenses. Also attached is the adopted budget for Fiscal Year 2016/2017 for comparative purposes. The Retirement Plan is currently under budget for Fiscal Year 2016/2017.

Please note that the proposed budget does not include investment management fees (e.g. Garcia Hamilton and ASB Real Estate) although these are included on the budget worksheet for informational purposes. Mutual funds are reported net of fees.

In accordance with the Board's input and action, I will prepare the final budget for submittal (by October 1, 2017) to the plan sponsor as well as active plan members.

If there are any questions or if additional information is required, please do not hesitate to contact me.

Attachments

**West Melbourne Police Officers' Retirement Plan
Fiscal Year 2017-18 Budget**

Account Description	Fiscal Year 2016/2017 Estimated Expenses	Fiscal Year 2017/2018 Proposed Budget
Plan Expense:		
Service Providers:		
Actuary	14,403.00	21,900.00
Administrator	16,200.00	16,800.00
Auditor/ Accounting	0.00	0.00
Attorney/ Legal	15,000.00	12,000.00
Investment Consultant	17,500.00	17,500.00
Custodial Services	6,000.00	6,000.00
Subtotal:	\$69,103.00	\$74,200.00
Other Plan Expenses:		
Dues and Subscriptions	600.00	600.00
Insurance	2,740.00	3,000.00
Miscellaneous Expenses	0.00	200.00
Travel & Education	0.00	2,000.00
Subtotal:	\$3,340.00	\$5,800.00
TOTAL:	\$72,443.00	\$80,000.00

WEST MELBOURNE POLICE OFFICERS' RETIREMENT PLAN
ADMINISTRATIVE EXPENSE BUDGET
PLAN YEAR 2017/2018

FLORIDA STATUTES 185.05(8)

The Board shall operate under an administrative expense budget each fiscal year. A copy of the budget shall be provided to the plan sponsor and made available to plan members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the Board must provide a copy of the amended budget to the plan sponsor and make available a copy of the amended budget to plan members. The administrative expense budget must be prepared and made available prior to October 1, 2017.

	Line Item Description	Estimated FY 2016/2017	Proposed FY 2017/2018
1	Legal Expenses* (Sugarman & Susskind – \$1,250 monthly retainer for FY 2016/2017) *Includes office work connected with informal and formal disability proceedings. Monthly retainer reduced to \$1,000 for FY 2017/2018 in anticipation of attorney's remote attendance at quarterly meetings	\$15,000	\$12,000
2	Actuarial Expenses (Foster & Foster)	\$0	\$0
	Annual Valuation & Member Statements - \$7,524 (Note: increases by 5% each year per agreement)	\$7,900	\$8,295
	Annual fee for online benefit calculator - (\$16 x 34 active members in FY 2016/2017) Project 37 active members in FY 2017/2018	\$544	\$605
	F.S. 112.664 Compliance Disclosures - \$3,500 (Project 10% increase)	\$3,500	\$3,675
	State Monies Determination Calculation (Last year for this expense due to mutual consent)	\$1,000	\$0
	Impact Statements/Statements of No Impact (Note: City paid for impact statement for share plan). Project one ordinance in 2017/2018.	\$0	\$1,000
	Benefit Calculations & DROP statements – Project two calculations	\$0	\$500
	Other (e.g. travel, special studies, etc.) – Possible experience study in FY 2017/2018. Share plan reporting to Division of Retirement if necessary	\$209	\$6,500
	GASB 67 Disclosures (Project 10% increase) (Note: City pays for GASB 68 - \$2,000)	\$1,250	\$1,325
3	Plan Administrator (Rounsavall - \$1,400 monthly retainer) Fee guaranteed through January 2020	\$16,200	\$16,800
4	Investment Consultant & Performance Monitor (AndCo Consulting - \$4,375 quarterly fee) Fee guaranteed through 2018.	\$17,500	\$17,500
5	Custodial Services (Salem Trust Company - \$6,000 all-inclusive flat fee guaranteed for three years through August 1, 2019)	\$6,000	\$6,000
6	Investment Managers - Garcia Hamilton & Associates – domestic fixed income (30 basis points) Allegiance Real Estate Fund (1.25 basis points) Mutual funds reported net of fees.	\$24,000	\$27,000
7	Fiduciary Insurance (Florida Municipal Insurance Trust)	\$2,740	\$3,000
8	Memberships (Florida Public Pension Trustees Association – annual dues for Board)	\$600	\$600
9	Travel & Training	\$0	\$2,000
10	Miscellaneous (plaques, court reporter, independent medical exams, donations, etc.)	\$0	\$200
	TOTAL	\$96,443.00	\$107,000.00

**West Melbourne Police Officers' Retirement Plan
Fiscal Year 2016-17 Budget**

Account Description	Prior Year Actual Expense	Next Fiscal Year Budget
Plan Expense:		
Service Providers:		
Actuary	14,325.00	18,092.00
Administrator	14,400.00	16,200.00
Auditor/ Accounting	0.00	0.00
Attorney/ Legal	15,000.00	15,000.00
Investment Consultant	17,500.00	17,500.00
Custodial Services	5,500.00	6,000.00
Subtotal:	66,725.00	72,792.00
Other Plan Expenses:		
Dues and Subscriptions	600.00	600.00
Insurance	2,740.00	3,000.00
Miscellaneous Expenses	0.00	200.00
Travel & Education	34.00	2,000.00
Subtotal:	3,374.00	5,800.00
TOTAL:	70,099.00	78,592.00

ORDINANCE NO. 2017-10

AN ORDINANCE OF THE CITY OF WEST MELBOURNE, BREVARD COUNTY, FLORIDA, AMENDING ARTICLE IV, POLICE OFFICERS RETIREMENT, OF THE WEST MELBOURNE CODE OF ORDINANCES; AMENDING SECTION 34-75, CONTRIBUTIONS; AMENDING SECTION 34-77, PRE-RETIREMENT DEATH; AMENDING SECTION 34-96, DEFERRED RETIREMENT OPTION PLAN; AMENDING SECTION 34-98, SPECIAL BENEFITS; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR INCORPORATION INTO THE CODE OF ORDINANCES; AND, PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED by the City Council of the City of West Melbourne, Brevard County, Florida, that:

Section 1. That Article IV, Police Officers Retirement, of the Code of Ordinances of the City Code of West Melbourne, Florida, is hereby amended to amend Section 34-75, Contributions, to read as follows:

Sec. 34-75. - Contributions.

* * *

(b) State contributions. Any monies received or receivable by reason of laws of the State of Florida, for the express purpose of funding and paying for retirement benefits for police officers of the city shall be deposited in the fund comprising part of this system immediately and under no circumstances more than five days after receipt by the city. By mutual agreement of the city and union representing city police officers, effective September 30, 2017 premium tax revenues received pursuant to Chapter 185, Florida Statutes, shall be applied as follows:

- (1) Any premium tax revenues remaining in the Excess State Monies Reserve after the one-time allocation is made to the share plan in accordance with section 34-98(9) shall be applied to reduce the unfunded liability of the plan.
- (2) Any annual premium tax revenues received by the plan that are not used to fund an annual allocation to the share plan as provided in section 34-98(10) shall be applied to reduce the city's annual contribution to the plan.

* * *

Section 2. That Article IV, Police Officers Retirement, of the Code of Ordinances of the City Code of West Melbourne, Florida, is hereby amended to amend Section 34-77, Pre-retirement death, to read as follows:

Sec. 34-77. - Pre-retirement death.

- (a) *Benefit payable in the event of death prior to ten years of service.* If the service of a member is terminated by reason of his death prior to his tenth year of service in the plan, there shall be payable to the member's designated beneficiary the member's accumulated contributions.
- (b) *Benefit payable in event of death while in service on or after ten years of service.* If the service of a member is terminated by reason of his death on or after ten years of service, there shall be payable to the member's designated beneficiary the monthly retirement income, beginning on the first date of the month coincident with or next following the date of his death, equal to 50 percent of the retirement income to which the member would have been entitled had he retired immediately prior to the date of his death and chose a 50 percent joint and survivor annuity form of benefit. This benefit shall be reduced for early retirement in accordance with section 34-76(d) based on the member's age at time of death; however, the early retirement reduction shall in no event exceed fifteen percent. This benefit shall be payable for the life of the beneficiary. In no event shall the benefit be less than the benefit provided for in F.S. § 185.21.

* * *

Section 3. That Article IV, Police Officers Retirement, of the Code of Ordinances of the City Code of West Melbourne, Florida, is hereby amended to amend Section 34-96, Deferred retirement option plan, to read as follows:

Sec. 34-96. - Deferred retirement option plan.

- (a) *Definitions.* As used in this article, the following definitions apply:
- (1) *DROP.* The City of West Melbourne Police Officers' Deferred Retirement Option Plan.
 - (2) *DROP account.* The account established for each DROP participant under subsection (e).
- (b) *Participation.*
- (1) *Eligibility to participate.* In lieu of terminating his employment as a police officer, any member ~~hired prior to January 1, 2011,~~ who is eligible for normal retirement under the system may elect to defer receipt of such service retirement pension and to participate in the DROP. ~~Members hired on or after January 1, 2011 shall not be eligible to participate in DROP.~~

* * *

Section 4. That Article IV, Police Officers Retirement, of the Code of Ordinances of the City Code of West Melbourne, Florida, is hereby amended to amend Section 34-98, Special benefits, to read as follows:

Sec. 34-98. - Special benefits.

Establishment of share plan. Pursuant to F.S. § 185.35, a defined contribution plan component ("share plan") is hereby established as a component of this plan, but will not be activated until October 1, 2017 as provided below. ~~unless and until a portion of F.S. ch. 185, premium tax revenues, have been assigned to fund the share plan. The funding provisions of this share plan, when and if it is activated, shall be negotiated between the city and the certified collective bargaining agent for the represented police employees through collective bargaining. Assignment of chapter premium tax revenues may result either from mutual consent between the city and the certified collective bargaining agent for the represented police employees, or by application of the provisions of Chapter 2015-39, Laws of Florida.~~ Notwithstanding the establishment of the share plan, nothing herein shall be construed to require funding of, or guarantee any benefit under this section. Effective October 1, 2015, a share plan shall be established within this plan as follows:

- (1) For accounting purposes, an individual share account shall be established for each active member (including DROP participants) of the pension plan. The plan shall account for each member's share account balance as provided herein.
- (2) Each active plan member who has at least one full year of credited service on the last day of any fiscal year in which premium tax revenues are allocated towards the share plan (available funds) shall receive an equal share of the available funds, less administrative expenses, deposited into his/her share account.
- (3) On January 1 each year, if there are available funds, share accounts shall be credited with interest at an annual rate equal to the market rate of return on pension fund investments for the preceding plan year, with a maximum of three percent and a minimum of zero percent.
- (4) Available funds and share account balances shall be commingled with pension fund assets for investment purposes, and invested by the board of trustees with other pension fund assets.
- (5) If there are available funds, the plan administrator shall provide an annual statement to the board of trustees and each share plan member on or before April 1 each year, showing each member's individual share account balance and the interest credited to the member's account that year.
- (6) The expense of administering the share plan for the preceding plan year shall be determined by the board of trustees and charged against the available funds received for that year, before allocations are made to member share accounts.

- (7) A member's share account shall be distributed to the member within 60 days following retirement. A member's share account distribution may be paid directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the code. If a member dies before retirement, the member's share account balance on the date of death shall be distributed to the member's designated beneficiary or beneficiaries. In the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the code.
- (8) If a share plan member separates from employment prior to attaining vested status or separates from employment after attaining vested status but elects to receive a refund of member contributions in lieu of any benefit from the plan, the member shall forfeit his/her share account balance, and the account balance shall be added to the available funds for that year, and reallocated to other share plan member accounts as provided herein.
- (9) One-time Allocation. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP, shall be credited with a one-time allocation based on the number of completed years of credited service as a member of the plan, in an amount determined as follows:

<u>Completed years of Credited Service as of September 30, 2017</u>	<u>Amount Credited to share account</u>
<u>One</u>	<u>\$1,200</u>
<u>Two</u>	<u>\$1,600</u>
<u>Three</u>	<u>\$2,000</u>
<u>Four</u>	<u>\$2,400</u>
<u>Five</u>	<u>\$2,800</u>
<u>Six</u>	<u>\$3,200</u>
<u>Seven</u>	<u>\$3,600</u>
<u>Eight</u>	<u>\$4,000</u>
<u>Nine</u>	<u>\$4,400</u>
<u>Ten</u>	<u>\$4,800</u>
<u>Eleven or more</u>	<u>\$5,200</u>

This one-time allocation shall be funded entirely with Chapter 185 premium tax revenues in the Excess State Monies Reserve, as reported in the most recent actuarial valuation. Any Chapter 185 premium tax revenues remaining in the Excess State Monies Reserve after the one-time allocation is made to all eligible members in accordance with this subsection shall be applied to reduce the unfunded liability of the plan. A member shall be vested in the one-time allocation upon completion of six years of credited service and retirement immediately following separation from city employment. A member whose individual share account is credited with the one-time allocation who does not

complete six years of credited service, or separates from city employment prior to retirement, shall forfeit the one-time allocation and all interest thereon. However, a member who dies while employed as a police officer with the city or who dies while performing qualified military service, regardless of years of service and regardless of whether or not such death was in the line of duty, shall be considered vested for the purposes of the share plan. For the purposes of the share plan, neither pre-retirement death pursuant to section 34-77 hereof, nor disability retirement as provided in section 34-78 hereof, nor participation in the DROP as provided in section 34-96 hereof, shall constitute separation from city employment prior to retirement. All funds forfeited under this subsection shall be reallocated in equal amounts to the accounts of remaining share plan members who have at least one complete year of credited service under the plan on September 30 of the plan year in which the forfeited funds are reallocated, or as otherwise required by the Internal Revenue Code.

- (10)Annual Allocation. Effective September 30, 2017 and each September 30 thereafter, the sum of \$600.00 shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one complete year of credited service under the plan on the date of allocation; provided, the annual allocation shall be funded entirely by Chapter 185 premium tax revenues, and shall be made only if the amount of premium tax revenues received by the plan during the year of the allocation is sufficient to fund the entire allocation. Any premium tax revenues received by the plan during the year of the allocation that are not used to fund the annual allocation provided in this subsection shall be applied to reduce the city's annual contribution to the plan. A member shall be vested in his individual share account balance upon completion of six years of credited service and retirement immediately following separation from city employment. A member whose individual share account is credited with an annual allocation who does not complete six years of credited service, or separates from city employment prior to retirement, shall forfeit the balance of his share account. However, a member who dies while employed as a police officer with the city or who dies while performing qualified military service, regardless of years of service and regardless of whether or not such death was in the line of duty, shall be considered vested for the purposes of the share plan. For the purposes of the share plan, neither pre-retirement death pursuant to section 34-77 hereof, nor disability retirement as provided in section 34-78 hereof, nor participation in the DROP as provided in section 34-96 hereof, shall constitute separation from city employment prior to retirement. All funds forfeited under this subsection shall be reallocated in equal amounts to the accounts of remaining share plan members who have at least one complete year of credited service under the plan on September 30 of the plan year in which the forfeited funds are reallocated, or as otherwise required by the Internal Revenue Code.

Section 5. Severability. That it is hereby declared to be the intention of the Council that the section, paragraphs, sentences, clauses and phrases of this Code are severable, and if any phrase, clauses sentence, paragraph or section of this Code shall be declared unconstitutional by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Code.

In interpreting this ordinance, underlined words indicate additions to existing text and stricken words indicate deletions from existing text. (***) indicate a deletion from the ordinance of text existing in the Code of Ordinances. It is intended that the text in the Code of Ordinances denoted by the asterisks and not set forth in this ordinance shall remain unchanged from the language existing prior to adoption of this ordinance.

Section 6. Conflict. That all ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 7. Effective Date. That this Ordinance shall become effective immediately upon adoption in accordance with the Charter of the City of West Melbourne, except as otherwise specified above.

Section 8. Inclusion in the Code. It is the intention of the City Council of the City of West Melbourne that the provisions of this Ordinance shall be made a part of the City of West Melbourne Code of Ordinances and the sections be renumbered to accomplish such intention.

PASSED AND ADOPTED on the second/final reading at a regular meeting of the City Council on the _____ day of _____, 2017.

By: _____
Hal J. Rose, Mayor

ATTEST:

Sue Frank, City Clerk

Reviewed as to legal form and sufficiency:

Morris Richardson, City Attorney

1ST READING: June 6, 2017
2ND READING: _____

CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT PLAN
ACTUARIAL IMPACT STATEMENT

July 12, 2017

Attached hereto is a comparison of the impact on the Total Required Contribution (per Chapter 112, Florida Statutes), and the Required City Contributions, resulting from implementation of the following changes:

- 1.) Clarify that the pre-retirement death benefit shall be reduced by 3.0% for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.
- 2.) Provide that the Excess State Monies Reserve will be utilized on September 30, 2017 in the following manner. Police Officers actively employed on September 30, 2017 will get an allocation to their Share Account of \$800 plus \$400 for each complete year of Credited Service as of September 30, 2017, with a maximum benefit of \$5,200. Police Officers must have had one complete year of service to be eligible. The remainder of the Excess State Monies Reserve will be utilized to help pay down the Unfunded Actuarial Accrued Liability (UAAL). Please note that because this will take effect in the future, it is not reflected in this Impact Statement. However, if the same Police Officers are employed on September 30, 2017 as were employed on October 1, 2016, then the total Share distribution would be \$111,600, which would leave \$102,582 to reduce the UAAL. This reduction in UAAL would reduce the City's funding requirements by approximately 0.41% of Total Annual Payroll.
- 3.) Provide that Members hired on or after January 1, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).
- 4.) Provide that effective September 30, 2017 and each September 30 thereafter, \$600 shall be allocated to the individual share account of each Member hired on or after January 1, 2011 who has at least one complete year of Credited Service on the date of allocation. This benefit shall be funded with State Monies. If there are not enough State Monies in a particular year, then this benefit will be reduced.

The cost impact, determined as of October 1, 2016, (as applicable to the fiscal year ending September 30, 2018), is as follows:

	<u>Current</u>	<u>Proposed</u>
City and State Required Contribution % of Total Annual Payroll	20.74%	20.68%
State Contribution (est.) ¹ % of Total Annual Payroll	138,223 7.10%	126,223 6.48%
Balance from City % of Total Annual Payroll	13.64%	14.20%

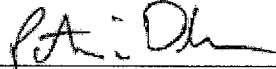
¹ \$138,223 represents the amount received in fiscal 2016. Under the proposal, each year the City will allocate the first portion of State Monies received in the amount of \$600 for each Tier 2 Member. As of October 1, 2016, there were 20 Tier 2 Members, which would reduce the City's portion of State Monies by \$12,000. The actual State Monies allowed to be used by the City for fiscal 2018 will be dependent upon the amount of State Monies received and the number of Tier 2 Members employed at that time.

CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL IMPACT STATEMENT

July 12, 2017
(Page 2)

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The liabilities were computed based on the data used for the October 1, 2016 actuarial valuation utilizing the assumptions and methods stated in the October 1, 2016 actuarial valuation report. This impact statement and the October 1, 2016 valuation report are considered an integral part of the actuarial opinions. The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.



Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #17-6595

STATEMENT OF PLAN ADMINISTRATOR

The prepared information presented herein reflects the estimated cost of the proposed improvement.

Chairman, Board of Trustees

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits <u>10/1/2016</u>	Old Benefits <u>10/1/2016</u>
A. Participant Data		
Actives	34	34
Service Retirees	12	12
DROP Retirees	1	1
Beneficiaries	1	1
Disability Retirees	1	1
Terminated Vested	<u>4</u>	<u>4</u>
Total	53	53
Total Annual Payroll	\$1,947,746	\$1,947,746
Payroll Under Assumed Ret. Age	1,947,746	1,947,746
Annual Rate of Payments to:		
Service Retirees	433,095	433,095
DROP Retirees	47,325	47,325
Beneficiaries	14,949	14,949
Disability Retirees	40,421	40,421
Terminated Vested	33,042	33,042
B. Assets		
Actuarial Value (AVA) ¹	11,813,156	11,813,156
Market Value (MVA) ¹	11,738,917	11,738,917
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	6,447,797	6,447,797
Disability Benefits	523,036	523,036
Death Benefits	123,859	134,735
Vested Benefits	1,187,454	1,187,454
Refund of Contributions	51,901	51,901
Service Retirees	6,219,675	6,219,675
DROP Retirees ¹	904,175	904,175
Beneficiaries	129,178	129,178
Disability Retirees	594,890	594,890
Terminated Vested	216,254	216,254
Excess State Monies Reserve	<u>214,182</u>	<u>214,182</u>
Total	16,612,401	16,623,277

C. Liabilities - (Continued)	New Benefits <u>10/1/2016</u>	Old Benefits <u>10/1/2016</u>
Present Value of Future Salaries	17,279,017	17,279,017
Present Value of Future Member Contributions	1,466,055	1,466,055
Sponsor Normal Cost	218,959	219,553
Present Value of Future Normal Costs (FIL Method)	1,942,449	1,947,719
Total Actuarial Accrued Liability (AL)	13,203,897	13,209,503
Unfunded Actuarial Accrued Liability (UAAL)	1,390,741	1,396,347
Funded Ratio (AVA / AL)	89.5%	89.4%

D. Actuarial Present Value of Accrued Benefits	New Benefits <u>10/1/2016</u>	Old Benefits <u>10/1/2016</u>
Vested Accrued Benefits		
Inactives ¹	8,064,172	8,064,172
Actives	1,499,284	1,504,416
Member Contributions	<u>962,605</u>	<u>962,605</u>
Total	10,526,061	10,531,193
Non-vested Accrued Benefits	<u>639,907</u>	<u>639,806</u>
Total Present Value Accrued Benefits (PVAB)	11,165,968	11,170,999
Funded Ratio (MVA / PVAB)	105.1%	105.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	(5,031)	
New Accrued Benefits	0	
Benefits Paid	0	
Interest	0	
Other	<u>0</u>	
Total	(5,031)	

	New Benefits	Old Benefits
Valuation Date	10/1/2016	10/1/2016
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>
E. Pension Cost		
Sponsor Normal Cost (with interest)		
% of Total Annual Payroll ²	11.64	11.67
Administrative Expenses (with interest)		
% of Total Annual Payroll ²	2.57	2.57
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2016, with interest)		
% of Total Annual Payroll ²	6.47	6.50
City & State Required Contribution		
% of Total Annual Payroll ²	20.68	20.74

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

² Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$1,947,746.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Previously, the RP-2000 Table, fully generational using scale AA with disabled lives set forward 5 years was utilized.

Interest Rate

7.10% (previously 7.20%) per year, compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Normal Retirement Rates

<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>% Retiring During the Year</u>
0	60%
1	40%
2	40%
3	40%
4	40%
5 or more	100%

The assumed rates of Normal Retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

Early Retirement Rate

Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. The assumed rates of Early Retirement were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations and based upon plan provisions.

Salary Increases

6.00% per year until the assumed retirement age. The assumed salary increases were utilized and carried over from the prior actuary.

Payroll Growth

None assumed for amortization of the Unfunded Actuarial Accrued Liability.

Administrative Expenses

\$48,299 annually, based on prior year's actual expenses.

Asset Smoothing Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Funding Method

Frozen Entry Age Actuarial Cost Method

Termination Rates

<u>Age</u>	<u>% Terminating During the Year</u>
20	12.4%
25	11.7%
30	10.5%
35	8.3%
40	5.7%
45	3.5%
50	1.5%
55	0.6%
60	0.5%

The assumed rates of termination were utilized and carried over from the prior actuary. We feel these rates are reasonable based on long-term expectations.

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2015-22)

<u>Eligibility</u>	All full-time Police Officers, except those who as of October 1, 1997 were not in the Plan and elected not to enter the Plan, participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Salary means fixed amount of pay for services rendered to the City, including overtime payments up to 300 hours, incentive pay, and differential wages for members deployed to active military duty, but excluding bonuses or other special compensation. After July 1, 2011, sick leave and vacation leave buybacks are excluded.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination, not including lump sum payment of unused leave.
<u>Member Contributions</u>	8.44% of Salary if hired on or after January 1, 2011. 8.54% of Salary if hired before January 1, 2011.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Retirement</u>	
Date	Earlier of 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Monthly Benefit	3.0% of Average Final Compensation for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Disability Rates

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

It is assumed that 75% of disablements and active Member deaths are service related.

The assumed rates of disablement were utilized and carried over from the prior actuary. We feel these rates are consistent with those utilized for plans containing other Florida municipal Police Officers.

Early Retirement

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year from the otherwise Normal Retirement Date.

Vesting

Schedule	20% after 6 years of Credited Service plus 20% per year thereafter up to 100% after 10 years.
Benefit Amount	Member will receive an unreduced benefit payable at the later of age 55 or when the Member would have attained 10 years of service. Reduced benefits are payable at the later of age 50 or when the Member would have attained 10 years of service.

Disability

Eligibility	
Service Incurred	Covered from date of employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred	Accrued benefit but not less than 42% of Average Final Compensation.
Non-Service Incurred	Accrued benefit but not less than 25% of Average Final Compensation.
Duration	Payable for life with 10 years certain, or until recovery (as determined by the Board). Options are available.

Death Benefits

Pre-Retirement

Eligibility

10 years of Credited Service

Benefit

Accrued benefit paid as 50% of the actuarially equivalent 50% Joint and Survivor form of benefit.

Post-Retirement

Benefits payable to Beneficiary in accordance with option selected at retirement.

Cost-of-Living Adjustments

For Members hired before January 1, 2011, the base benefit is increased annually by a pro-rated portion of 2.0% each October 1 beginning 5 years after retirement. The pro-ration will be years of service prior to February 19, 2013 over total years of service at retirement. Minimum COLA for those hired before January 1, 2011 will be 1.0%.

Supplemental Benefit

Members hired before January 1, 2011 receive a monthly supplemental benefit equal to \$10 for each year of Credited Service. This supplemental benefit is not subject to cost-of-living adjustments, and is not provided to vested terminated Members.

Deferred Retirement Option Plan

Eligibility

Members hired before January 1, 2011 who are eligible for Normal Retirement.

Participation

Earlier of a) 60 months in the DROP program, or b) 31 years of employment with the City as a Police Officer.

Rate of Return

6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

Board of Trustees

- a. Two Council appointees,
- b. Two Members of the Department elected by the Membership, and
- c. Fifth Member elected by other 4 and appointed by Council.