

A G E N D A

REGULAR MEETING OF THE CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

DATE: Thursday, January 23, 2020
TIME: 8:30 a.m.
LOCATION: 1895 SW 3rd Avenue, Miami, Florida 33129

The items on this agenda are for discussion and any recommendations for action to be taken by the Board. Please be advised one or more City of Miami Commissioners may be in attendance.

If a person decides to appeal any decision made by the Board with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings and for such purpose he/she may need to insure that a verbatim record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be made. Source: Section 286.0105 Florida Statutes 1980.

This meeting may be conducted by means of or in conjunction with communications media technology, specifically a telephone conference call. The above location, which is ordinarily open to the public, shall service as an access point. Persons wishing to attend should appear at the access point, where telephonic access to the meeting will be provided.

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation to participate in this proceeding should contact the Fire and Police Pension Office no later than seven (7) days prior to the proceeding for assistance (Telephone 305/ 858-6006); if hearing impaired, telephone the Florida Relay Service for assistance (Telephone 800/955-8771/TDD or 800/955-8770/Voice)

1. INPUT FROM RETIRED/ACTIVE MEMBERS

2. ELECTION OF CHAIRMAN

3. ELECTION OF VICE-CHAIRMAN

4. FOR DISCUSSION / APPROVAL

(Pg. 4 - 6)

a. Minutes Regular Meeting – 12/11/2019

(Pg. 7)

b. Retirements For The Period

(Appendix)

c. Payments for the Period

(Pg. 8 – 9)

d. Updated FRS Mortality Tables

5. INVESTMENT ISSUES

(Attachment)

a. Investment Policy Draft

(Attachment)

b. Transition Manager

6. COMMITTEE REPORTS

a. Audit Review
(Last met 01/15/2019)
M. Fernandez, O. Cotera

b. COLA Committee
(Last met 12/11/2019)
O. Cotera

c. Personnel
(Last met 06/19/2019)
O.Cotera,M.Fernandez,T.Gabriel,T.Roell,R.Suarez

7. ATTORNEY'S REPORT

8. ADMINISTRATOR'S REPORT

9. CONFERENCES

a. New Conferences

b. Report(s) on Conferences Attended

**MINUTES OF THE REGULAR MEETING OF
THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

December 11, 2019

Members Present

O. Cotera	-	Appointed by the City Commission
N. Enriquez	-	Elected by the Fire Fighters
M. Fernandez	-	Appointed by the City Commission
S. MacDonald	-	Elected by the Police Officers
T. Roell	-	Appointed by the City Commission
R. Suarez	-	Elected by the Fire Fighters

Also Present

R. Klausner	-	Legal Advisor
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Members Absent

M. Fernandez	-	Appointed by the City Manager
T. Gabriel	-	Appointed by the City Commission
A. Valdivia	-	Elected by the Police Officers

Chairman O. Cotera called the meeting to order at 9:00 a.m. with a quorum being present.

VALUATION INPUTS

The Board's Actuary, Nyhart, was represented by H. Merlak and D. Winegardner. They reviewed with the Board a report prepared that reviewed historical unfunded accrued liability, an analysis of discount rate and expected return, a review of the asset smoothing methodology and a review of the cost method and funding progress. A question and answer period followed the presentation. It was the Board's consensus to defer the adopting of any of the recommendations pending further review and an exploration of additional asset recognition methods.

H. Merlak reported that Nyhart had become a part of FuturePlan by Ascensus, a firm that shares Nyhart's commitment to employee benefits consulting. The joining will better position Nyhart to meet their clients needs. The Board was assured that the organizational structure remains the same and the team with whom the Board works will remain the same.

2019 COLA TABLE

COLA Committee Chairman, O. Cotera reported that the COLA Committee had met earlier and reviewed the COLA report prepared by the Actuary. The Committee approved the recommendation of the Actuary to maintain the \$1670 Table. A motion was made by S. MacDonald and seconded by R. Suarez to accept the Committee's report. The motion was approved unanimously.

**MINUTES OF THE REGULAR MEETING OF THE CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST**

December 11, 2019

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APPROVAL OF MINUTES

The minutes of the Regular meeting of June 19 2019, were reviewed. The minutes were approved by a motion from T. Roell, a second from M. Fernandez and a unanimous vote.

The minutes of the Investment Review meeting of August 8, 2019, were reviewed. A motion was made by T. Roell and seconded by M. Fernandez to approve the minutes. The motion passed unanimously.

The minutes of the Special meeting of August 8, 2019, were reviewed. The minutes were approved by a motion from M. Fernandez, a second from T. Roell and a unanimous vote.

The minutes of the Investment Review meeting of November 7, 2019, were reviewed. A motion was made by R. Suarez and seconded by S. MacDonald to approve the minutes. The motion passed unanimously.

APPROVAL OF RETIREMENTS

The Board reviewed the retirement listing presented. A motion was made by S. MacDonald and seconded by M. Fernandez to ratified all retirements presented. The motion was approved unanimously.

RATIFICATION OF PAYMENT

Payments for the period were reviewed. A motion was made by T. Roell and seconded by S. MacDonald to ratify payments presented. The motion was approved unanimously.

TAXABILITY INQUIRY

The Board reviewed a request from retired member R. Alexander to have his 1099R coded as a disability pension due to him receiving a disability assignation by the City's Workers' Compensation. Discussion ensued. The Board's Legal Counsel explained to the Board that the member's 1099R was coded correctly because the member retired with FIPO under a Service Retirement. The Board instructed Legal Counsel to prepare a response to Mr. Alexander's request informing him that the 1099 was properly coded and the Board was could therefore not honor his request.

**MINUTES OF THE REGULAR MEETING OF THE CITY OF MIAMI
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ASSET ALLOCATION REVIEW

The Investment Consultant was represented by G. Bikkesbakker, A. Ally, and S. Bowen. They reviewed with the Board a preliminary Asset Allocation report which evaluated the current asset allocation and provided possible alternative asset allocation options. A question and answer period followed the presentation. The report will be updated to include some additional alternatives suggested by the Board. A workshop is scheduled for January 7, 2020 for a more in-depth review.

ATTORNEY'S REPORT

The Attorney reported on the Castro, et al case. A final judgement from the Third District Court on the last count pending was received. The judgement was in favor of FIPO. The Castro case has now come to an end. Discussion ensued. A motion was made by M. Fernandez and seconded by R. Suarez to direct Legal Counsel to pursue attorney's fees. Discussion resumed. The motion was approved unanimously.

ADMINISTRATOR'S REPORT

The Administrator reviewed with the Board a request from Dodge & Cox to allow them to hold Xerox, a below grade security. A motion was made by R. Suarez and seconded by T. Roell to approve the request. The motion was approved unanimously.

CONFERENCES DURING THE PERIOD

S. MacDonald made a motion and it was seconded by T. Roell to approve the attendance of any member interested in attending conferences for the period. The motion was approved unanimously.

Being no further business, the meeting was adjourned at 10:45 a.m. by a motion by M. Fernandez a second by S. MacDonald and a unanimous vote.

Ornel Cotera, Chairman

Attest:

Dania Orta, Administrator

<u>DEPT</u>	<u>NAME</u>	<u>RETIREMENT TYPE</u>	<u>DATE OF RETIREMENT</u>	<u>OPTION</u>	<u>BENEFIT AMOUNT</u>	<u>BACK DROP LUMP SUM</u>
Police	PASTOR, Jose	Fwd DROP	12/8/2019	4 - 45%	8,149.32	0.00
Police	SIMRIL, Brian	Fwd DROP	12/8/2019	6C	6,176.42	0.00
Fire	CARROLL, Ignatius	Fwd DROP	12/22/2019	4-45%	13,312.43	0.00
Police	AMAYA, Joseph	Fwd DROP	1/5/2020	6B	7,808.33	0.00
Police	ARMENTEROS, Magdiel	Fwd DROP	1/5/2020	6B	9,205.65	0.00
Police	BUTRON, Jair	Fwd DROP	1/5/2020	2	6,766.42	0.00
Police	CASTELL, Steven	Fwd DROP	1/5/2020	6B	9,522.78	0.00
Police	MARANA, Robert	Fwd DROP	1/5/2020	6B	8,517.11	0.00
Fire	UGARTE, Carlos	7 Back DROP	1/5/2020	4 - 45%	9,293.43	880,162.47
Fire	VELEZ, Edgardo	Fwd DROP	1/5/2020	6B	7,456.43	0.00

January 17, 2020

Dania Orta
Plan Administrator
City of Miami Fire Fighters' and Police Officers' Retirement Trust
1895 SW 3rd Avenue
Miami, FL 33129

RE: Updated Florida Retirement System Mortality Tables and October 1, 2019 Valuation

Dania,

We recently learned that the July 1, 2019 Florida Retirement System (FRS) Valuation Report has been published, with an issuance date of December 3, 2019. In that report, the mortality tables utilized by the FRS actuary have changed relative to the 2018 valuation. Under state law (112.63(1)(f) for funding and 112.664(1)(a) for reporting), the plan's valuations must utilize mortality tables used in either of the two most recently published actuarial valuation reports of FRS. We are writing this letter to help shed some light on the differences between FRS' new mortality tables and their predecessors, with the goal of educating the Board as they decide whether to adopt the new tables for use in the October 1, 2019 valuation.

On a somewhat technical level, the prior mortality assumption (utilized prior to 2019) was based on what actuaries call the *RP-2000* mortality tables, with future mortality improvements reflected using mortality improvement scale *BB*. The *RP-2000* table was based on private pension plan data collected for plan years 1990-1994.

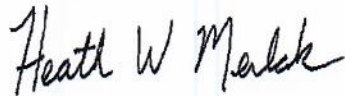
The Society of Actuaries recently released a new set of mortality tables based specifically on public plan experience data. These are called the *Pub-2010* tables, and they are based on public plan data collected from calendar years 2008-2013. The tables have distinct mortality rates projected for teachers, public safety employees, and general public employees, with each group showing different mortality experience under the data. In general, the data suggested that teachers live longer than general employees, who, in turn, live longer than public safety employees. FRS utilizes a number of different mortality tables for different subgroups within the System, but relevant to Miami FIPO are the Special Risk mortality assumptions for both healthy and disabled participants. In the 2019 FRS report, these assumptions are generally based on the public safety mortality tables under *Pub-2010* using mortality improvement scale *MP-2018*.

Before any adjustments are applied, the new mortality tables would typically project employees to live slightly longer under *Pub-2010* than under *RP-2000*. However, FRS does not use the base tables for their valuation report – they make several adjustments to better match the experience of FRS and participants within the state of Florida. In general, we believe FRS' calculated Special Risk liabilities actually decrease as a result of the mortality update. Our preliminary analysis suggest that for a typical 175/185 plan we expect roughly

a 2% decrease in liabilities by moving to the new tables. We should note that a plan's demographic profile, other actuarial assumptions, and benefit levels will all impact the calculated liabilities; without further analysis, we cannot attest to the ultimate impact on Miami FIPO's numbers, but we believe the change would tend to reduce liabilities, and, thus, the recommended contribution amount.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Heath W. Merlak". The signature is written in a cursive style with a large initial 'H'.

Heath W. Merlak
FSA, EA, MAAA