

CITY OF CORAL GABLES, FLORIDA

ORDINANCE NO. 2016-37

AN ORDINANCE AMENDING CHAPTER 50 OF THE “CODE OF THE CITY OF CORAL GABLES,” ENTITLED “PENSIONS”; AMENDING SECTION 50-29, CITY CONTRIBUTIONS; AND PROVIDING FOR A REPEALER PROVISION, SEVERABILITY CLAUSE, CODIFICATION, AND PROVIDING FOR AN EFFECTIVE DATE (THE SOLE PURPOSE OF THIS ORDINANCE IS TO INCORPORATE THE PENSION CHANGES AGREED IN THE 2015-2017 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY AND THE TEAMSTERS).

WHEREAS, the City of Coral Gables (the “City”) and the Teamsters Local Union 769, affiliated with the International Brotherhood of Teamsters (the “Teamsters”) have negotiated a collective bargaining agreement for the period commencing October 1, 2015 and terminating September 30, 2017 (the “Agreement”); and

WHEREAS, included in the Agreement are changes to the Coral Gables Retirement System (“Retirement System”) for the bargaining unit employees represented by the Teamsters; and

WHEREAS, to make the changes to the Retirement System official, it is necessary to incorporate them into the City’s Code of Ordinances;

BE IT ORDAINED BY THE COMMISSION OF THE CITY OF CORAL GABLES:

SECTION 1. Section 50-29 of the “Code of the City of Coral Gables” pertaining to “Pensions” is hereby amended to read as follows:

Sec. 50-29. City contributions.

The city guarantees to make such contributions that are required by state law as determined by the actuary employed for the system in accordance with section 50-124 in his state-accepted actuary report.

* * *

- (e) Notwithstanding the cost-sharing provisions of subsection (a) of this section, participants in the bargaining unit represented by Teamsters Local Union 769 shall contribute 17 percent of compensation effective September 30, 2013 until September 30, 2014, and shall contribute 15 percent of compensation effective September 30, 2014 until September 30, 2016. Effective October 1, 2016,

participants in the bargaining unit represented by Teamsters Local Union 769 shall contribute in accordance with the cost-sharing provisions of subsection (a) of this section and section 50-34, subject to a maximum cap of 15% of compensation. Notwithstanding the cost-sharing provisions of subsection (b) of this section, excluded employees shall contribute 15 percent of compensation to the system effective September 30, 2013 until September 30, 2014. Effective October 1, 2014, excluded employees shall contribute in accordance with the cost-sharing provisions of subsection (b) of this section and section 50-34.

SECTION 2. That all sections or parts of sections of the City Code of the City of Coral Gables, all ordinances or parts of ordinances and all laws of the City of Coral Gables in conflict herewith, shall be and they are hereby repealed insofar as there is a conflict or inconsistency.

SECTION 3. It is the intention of the Commission of the City of Coral Gables, Florida, that the provisions of this Ordinance shall become and be made a part of the City of Coral Gables Code of Ordinances; and that the sections of this ordinance may be renumbered or relettered to accomplish such intention, and the word "ordinance" may be changed to "section", "article", or such other appropriate word or phrase in order to accomplish such intentions.

SECTION 4. This Ordinance shall become effective upon passage and adoption herein.

PASSED AND ADOPTED THIS TWENTY-SIXTH DAY OF AUGUST, A.D., 2016.

(Moved: Keon / Seconded: Lago)

(Yeas: Slesnick, Keon, Lago, Cason)

(Majority: (4-0) Vote)

(Absent: Quesada)

(Agenda Item: E-1)

APPROVED:



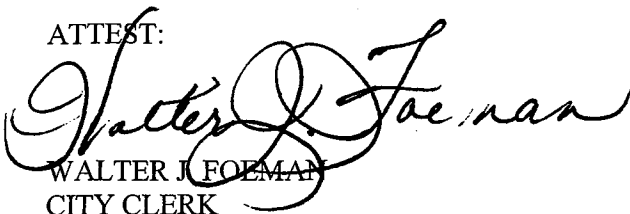
JIM CASON
MAYOR

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:



CRAIG E. LEEN
CITY ATTORNEY

ATTEST:



WALTER J. FOEMAN
CITY CLERK



June 30, 2016

Ms. Kimberly Groome
Coral Gables Retirement System
405 Biltmore Way
Coral Gables, Florida 33134

**Re: City of Coral Gables Retirement System
Actuarial Impact Statement – Proposed Ordinance for General Employees**

Dear Kimberly:

We have prepared the enclosed Actuarial Impact Statement for the City of Coral Gables Retirement System (Plan), which measures the first year financial impact of the proposed Ordinance which would implement the following change in Plan provisions:

- Teamsters Local Union 769 shall contribute 15% in accordance with the cost-sharing provisions of subsection (a) of this section (Section 50-29 of the City Ordinance) and Section 50-34, **subject to a maximum cap of 15% of total earnings.**

While preparing this Actuarial Impact Statement, we made the assumption that what is meant by “total earnings” is Compensation, as defined in Section 50-25 of the City Ordinance, which is the basis for determining Plan benefits and member contributions.

Summary of Findings

- The required employer contribution for the fiscal year ending September 30, 2017 would increase by \$1,080,850, from \$21,864,893 to \$22,945,743.
- As a percentage of covered pay, the required employer contribution for the fiscal year ending September 30, 2017 would increase by 2.82% of covered payroll, from 57.09% to 59.91%.

The Statement must be filed with the Division of Retirement before the final public hearing on the ordinance. Please have a member of the Board of Trustees sign the Statement. Then send the Statement along with a copy of the proposed ordinance to Tallahassee.

Required Disclosures

This report was prepared at the request of the Board, and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with their permission.

This report is intended to describe the financial effect of the proposed plan changes. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. This report should not be relied on for any purpose other than the purpose described above.

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2015 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and

Ms. Kimberly Groome
June 30, 2016
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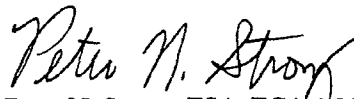
active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

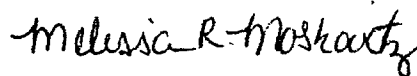
Peter N. Strong and Melissa Moskowitz are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,



Peter N. Strong, FSA, FCA, MAAA
Enrolled Actuary No. 14-06975



Melissa Moskowitz, FCA, MAAA
Enrolled Actuary No. 14-06467

Enclosures

CORAL GABLES RETIREMENT SYSTEM

Actuarial Impact Statement – June 30, 2016

Description of Amendments

This proposed Ordinance would implement the following change in Plan provisions:

- Teamsters Local Union 769 shall contribute 15% in accordance with the cost-sharing provisions of subsection (a) of this section (Section 50-29 of the City Ordinance) and Section 50-34, subject to a maximum cap of 15% of total earnings.

Please note that an assumption has been made that what is meant by “total earnings” is Compensation, as defined in Section 50-25 of the City Ordinance, which is the basis for determining Plan benefits and member contributions.

Funding Implications of Amendment

An actuarial cost estimate is attached.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

For the Board of Trustees
as Plan Administrator

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

Coral Gables Retirement System

Valuation Date

October 1, 2015

Date of Report

June 30, 2016

Report Requested by

Board of Trustees

Prepared by

Peter N. Strong, FSA

Group Valued

All active and inactive members of the Plan.

Plan Changes Being Considered for Change

- Teamsters Local Union 769 shall contribute 15% in accordance with the cost-sharing provisions of subsection (a) of this section (Section 50-29 of the City Ordinance) and Section 50-34, subject to a maximum cap of 15% of total earnings.

Participants Affected

Active members of Teamsters Local Union 769 (General Non-Excludable Employees).

Actuarial Assumptions and Methods

Same as October 1, 2015 Actuarial Valuation Report.

Some of the key assumptions/methods are:

Investment Return	7.75%
Mortality Table	RP-2000 Combined Healthy projected to 2015 using Scale AA
Cost Method	Entry Age Normal

It has been assumed that what is meant by "total earnings" is Compensation, as defined in Section 50-25 of the City Ordinance, which is the basis for determining Plan benefits and member contributions.

Amortization Period for Any Change in Actuarial Accrued Liability

25 years

Summary of Data Used in Report

See attached page. Same as data used in the October 1, 2015 Actuarial Valuation Report.

Actuarial Impact of Proposal(s)

See attached page(s).

Special Risks Involved with the Proposal That the Plan Has Not Been Exposed to Previously

None

Other Cost Considerations

As of October 1, 2015 the Market Value of Assets exceeds the Actuarial Value of Assets by \$1,409,100. This difference will be gradually recognized in the absence of offsetting losses. In turn, the computed employer contribution rate is expected to gradually decrease by approximately 0.3% of covered payroll.

A change in the mortality assumption to use the same mortality rates used in the actuarial valuation of the Florida Retirement System (FRS) will be required in next year's (October 1, 2016) actuarial valuation report. This change is expected to result in an increase in the required employer contribution of approximately \$1 million.

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

A. Valuation Date	October 1, 2015					
	<i>Total</i>	<i>Elected</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>	<i>Police Officers</i>	<i>Firefighters</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2017	9/30/2017	9/30/2017	9/30/2017	9/30/2017	9/30/2017
C. Assumed City Contribution Date	10/1/2015	10/1/2015	10/1/2015	10/1/2015	10/1/2015	10/1/2015
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 20,914,553	\$ 28,714	\$ 3,047,097	\$ 6,777,242	\$ 5,928,759	\$ 5,132,741
E. Total Normal Cost	6,200,674	296	1,199,085	1,467,096	2,083,400	1,450,797
F. Increase in Normal Cost due to Expected Payroll Growth	<u>232,526</u>	<u>11</u>	<u>44,966</u>	<u>55,016</u>	<u>78,128</u>	<u>54,405</u>
G. Total Contribution Requirement	27,347,753	29,021	4,291,148	8,299,354	8,090,287	6,637,943
H. State Contributions	145,830	0	0	0	93,559	52,271
I. State Contributions Discounted to BOY	<u>136,610</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,644</u>	<u>48,966</u>
J. City and Members Combined = G. - I.	27,211,143	29,021	4,291,148	8,299,354	8,002,643	6,588,977
K. Expected Member Contributions	3,830,183	0	871,717	1,194,836	1,108,879	654,751
L. Expected Member Contributions Discounted to BOY	3,689,868	0	839,783	1,151,064	1,068,256	630,765
M. Member Cost Sharing	597,418	0	0	597,418	0	0
N. Member Cost Sharing Discounted to BOY	<u>575,532</u>	<u>0</u>	<u>0</u>	<u>575,532</u>	<u>0</u>	<u>0</u>
O. Net City Contribution* = J. - L. - N.	22,945,743	29,021	3,451,365	6,572,758	6,934,387	5,958,212
P. Net City Contribution as % of Covered Payroll	59.91 %	N/A	39.59 %	55.01 %	62.54 %	91.00 %

* Interest at the 7.75% annual rate must be added from October 1 to the date(s) of deposit.

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2015					
	<i>Total</i>	<i>Elected</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>	<i>Police Officers</i>	<i>Firefighters</i>
B. Normal Cost for						
1. Service Retirement Benefits	\$ 4,575,338	\$ -	\$ 875,244	\$ 818,532	\$ 1,716,845	\$ 1,164,717
2. Vesting Benefits	359,616	-	78,566	159,345	58,805	62,900
3. Disability Benefits	138,468	-	31,724	27,715	49,358	29,671
4. Preretirement Death Benefits	195,066	-	44,444	25,804	76,328	48,490
5. Return of Member Contributions	489,686	-	111,805	319,908	50,062	7,911
6. Total for Future Benefits	5,758,174	-	1,141,783	1,351,304	1,951,398	1,313,689
7. Assumed Amount for Administrative Expenses	442,500	296	57,302	115,792	132,002	137,108
8. Total Normal Cost	6,200,674	296	1,199,085	1,467,096	2,083,400	1,450,797
C. Expected Member Contribution	3,830,183	0	871,717	1,194,836	1,108,879	654,751
D. Employer Normal Cost: B8-C	2,370,491	296	327,368	272,260	974,521	796,046
E. Employer Normal Cost as a % of Covered Payroll	6.19%	N/A	3.76%	2.28%	8.79%	12.16%

**Increased Contribution Allocations for
General Excludable and Non-Excludable Members**

A. Valuation Date	October 1, 2015 (For Fiscal Year Ending September 30, 2017) Reflecting Proposed Ordinance		
	<i>Total</i>	<i>General Excludable</i>	<i>General Non- Excludable</i>
B. City Contribution (Before Cost Sharing)		39.59 %	59.83 %
C. City Contribution 10/1/2009 Baseline		40.31	31.04
D. Increase, Not Less Than Zero		0.00	28.79
E. 50% of Percentage Increase (50% x C.)		0.00 %	14.39 %
F. Total Member Contribution Rate		10.00 %	24.39 %
G. Adjusted Contribution Rate Per Ordinance		10.00 %	15.00 %
H. Active Payroll as of 10/1/2015		\$ 8,717,169	\$ 11,948,358
I. Adjusted Cost Sharing Contribution ((G. - 10%) x H.)	\$ 597,418	\$ -	\$ 597,418

PARTICIPANT DATA						
	October 1, 2015					
	Total	Elected	General Excludable	General Non-Excludable	Police Officers	Firefighters
ACTIVE MEMBERS						
Number	572	0	104	247	147	74
Covered Annual Payroll (expected)	\$ 38,301,821	\$ 0	\$ 8,717,169	\$ 11,948,358	\$ 11,088,785	\$ 6,547,509
Average Annual Salary	\$ 66,961	\$ 0	\$ 83,819	\$ 48,374	\$ 75,434	\$ 88,480
Average Age	41.9	0.0	46.2	42.9	38.9	38.8
Average Past Service	10.1	0.0	7.4	10.4	11.0	11.0
Average Age at Hire	31.8	0.0	38.8	32.5	27.9	27.8
RETIREES, BENEFICIARIES & DROP						
Number	867	5	139	405	167	151
Annual Benefits	\$ 38,873,970	\$ 57,960	\$ 6,269,123	\$ 11,959,934	\$ 10,477,907	\$ 10,109,046
Average Annual Benefit	\$ 44,837	\$ 11,592	\$ 45,102	\$ 29,531	\$ 62,742	\$ 66,947
Average Age	65.0	72.3	66.5	66.6	63.1	61.4
DISABILITY RETIREES						
Number	57	0	2	22	23	10
Annual Benefits	\$ 1,914,995	\$ 0	\$ 90,644	\$ 484,085	\$ 890,163	\$ 450,103
Average Annual Benefit	\$ 33,596	\$ 0	\$ 45,322	\$ 22,004	\$ 38,703	\$ 45,010
Average Age	62.5	0.0	72.7	60.9	62.6	63.9
TERMINATED VESTED MEMBERS						
Number	41	0	4	25	10	2
Annual Benefits	\$ 911,441	\$ 0	\$ 79,350	\$ 492,980	\$ 286,707	\$ 52,404
Average Annual Benefit	\$ 22,230	\$ 0	\$ 19,838	\$ 19,719	\$ 28,671	\$ 26,202
Average Age	46.5	0.0	46.8	47.3	44.6	45.9