



September 16, 2015

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

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

Dear Kimberly:

We have prepared the enclosed Actuarial Impact Statement 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% of total earnings effective September 30, 2014 until September 30, 2016 (extended from September 30, 2015).

Summary of Findings

- The required employer contribution for the fiscal year ending September 30, 2016 would increase by \$1,296,460, from \$22,405,154 to \$23,701,614.
- As a percentage of covered pay, the required employer contribution for the fiscal year ending September 30, 2016 would increase by 3.51% of covered payroll, from 60.53% to 64.04%.

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.

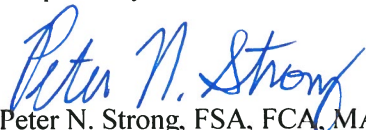
The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2014 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information 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.

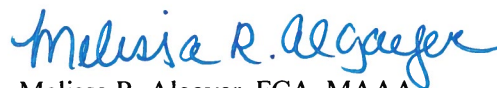
The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

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 R. Algayer, FCA, MAAA
Enrolled Actuary No. 14-06467

Enclosures

CORAL GABLES RETIREMENT SYSTEM

Actuarial Impact Statement – September 16, 2015

Description of Amendments

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

- Teamsters Local Union 769 shall contribute 15% of total earnings effective September 30, 2014 until September 30, 2016 (extended from September 30, 2015).

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, 2014

Date of Report

September 16, 2015

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% of total earnings effective September 30, 2014 until September 30, 2016 (extended from September 30, 2015).

Participants Affected

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

Actuarial Assumptions and Methods

Same as October 1, 2014 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

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, 2014 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, 2014 the Market Value of Assets exceeds the Actuarial Value of Assets by \$22,801,288. 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 4.4% of covered payroll.

ANNUAL REQUIRED CONTRIBUTION (ARC) - REFLECTING PROPOSED ORDINANCE

A. Valuation Date	October 1, 2014					
	<i>Total</i>	<i>Elected</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>	<i>Police Officers</i>	<i>Firefighters</i>
B. ARC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016	9/30/2016	9/30/2016
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	\$ 21,807,434	\$ 26,016	\$ 3,225,603	\$ 7,136,949	\$ 6,069,190	\$ 5,349,676
E. Total Normal Cost	6,007,692	4,876	1,167,678	1,470,821	1,999,182	1,365,135
F. Increase in Normal Cost due to Expected Payroll Growth	<u>225,288</u>	<u>183</u>	<u>43,788</u>	<u>55,156</u>	<u>74,969</u>	<u>51,192</u>
G. Total Contribution Requirement	28,040,414	31,075	4,437,069	8,662,926	8,143,341	6,766,003
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.	27,903,804	31,075	4,437,069	8,662,926	8,055,697	6,717,037
K. Expected Member Contributions	3,699,739	1,573	859,249	1,178,425	1,022,051	638,441
L. Expected Member Contributions Discounted to BOY	3,564,203	1,515	827,771	1,135,255	984,609	615,053
M. Member Cost Sharing	662,248	0	73,036	589,212	0	0
N. Member Cost Sharing Discounted to BOY	<u>637,987</u>	<u>0</u>	<u>70,360</u>	<u>567,627</u>	<u>0</u>	<u>0</u>
O. Net City Contribution* = J. - L. - N.	23,701,614	29,560	3,538,938	6,960,044	7,071,088	6,101,984
P. Net City Contribution as % of Covered Payroll	64.04 %	93.98 %	41.19 %	59.06 %	69.19 %	95.58 %

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

CALCULATION OF EMPLOYER NORMAL COST - REFLECTING PROPOSED ORDINANCE

A. Valuation Date	October 1, 2014					
	<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	\$ 4,540,914	\$ 3,930	\$ 871,677	\$ 857,077	\$ 1,679,796	\$ 1,128,434
2. Vesting Benefits	365,691	405	74,674	172,143	58,829	59,640
3. Disability Benefits	134,062	82	30,950	28,141	46,946	27,943
4. Preretirement Death Benefits	189,944	95	43,471	26,393	74,049	45,936
5. Return of Member Contributions	434,452	59	99,740	287,918	39,959	6,776
6. Total for Future Benefits	<u>5,665,063</u>	<u>4,571</u>	<u>1,120,512</u>	<u>1,371,672</u>	<u>1,899,579</u>	<u>1,268,729</u>
7. Assumed Amount for Administrative Expenses	342,629	305	47,166	99,149	99,603	96,406
8. Total Normal Cost	<u>6,007,692</u>	<u>4,876</u>	<u>1,167,678</u>	<u>1,470,821</u>	<u>1,999,182</u>	<u>1,365,135</u>
C. Expected Member Contribution	3,699,739	1,573	859,249	1,178,425	1,022,051	638,441
D. Employer Normal Cost: B8-C	2,307,953	3,303	308,429	292,396	977,131	726,694
E. Employer Normal Cost as a % of Covered Payroll	6.24%	10.50%	3.59%	2.48%	9.56%	11.38%

A. Valuation Date	October 1, 2014 (For Fiscal Year Ending September 30, 2016) Relecting Proposed Ordinance		
	<i>Total</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>
B. City Contribution (Before Cost Sharing)		42.01 %	63.88 %
C. City Contribution 10/1/2009 Baseline		40.31	31.04
D. Increase		1.70	32.84
E. 50% of Percentage Increase (50% x C.)		0.85 %	16.42 %
F. Total Member Contribution Rate		10.85 %	26.42 %
G. Adjusted Contribution Rate Per Ordinance		10.85 %	15.00 %
H. Active Payroll as of 10/1/2014		\$ 8,592,491	\$ 11,784,245
I. Adjusted Cost Sharing Contribution ((G - 10%) x H.)	\$ 662,248	\$ 73,036	\$ 589,212

PARTICIPANT DATA - REFLECTING PROPOSED ORDINANCE						
	October 1, 2014					
	Total	Elected	General Excludable	General Non-Excludable	Police Officers	Firefighters
ACTIVE MEMBERS						
Number	557	1	101	241	142	72
Covered Annual Payroll (expected) - Before	\$ 36,606,521	\$ 31,680	\$ 8,495,619	\$ 11,855,173	\$ 9,790,801	\$ 6,433,248
Covered Annual Payroll (expected) - After	\$ 37,013,103	\$ 31,452	\$ 8,592,491	\$ 11,784,245	\$ 10,220,510	\$ 6,384,405
Average Annual Salary	\$ 66,451	\$ 31,452	\$ 85,074	\$ 48,897	\$ 71,975	\$ 88,672
Average Age	42.2	54.6	46.1	43.4	39.1	38.9
Average Past Service	10.2	19.5	7.0	10.8	11.1	11.3
Average Age at Hire	32.0	35.1	39.1	32.6	28.0	27.6
RETIREES, BENEFICIARIES & DROP						
Number	866	4	142	404	165	151
Annual Benefits	\$ 38,484,234	\$ 42,246	\$ 6,311,341	\$ 11,782,472	\$ 10,336,115	\$ 10,012,060
Average Annual Benefit	\$ 44,439	\$ 10,562	\$ 44,446	\$ 29,165	\$ 62,643	\$ 66,305
Average Age	64.8	75.4	66.2	66.6	62.2	61.1
DISABILITY RETIREES						
Number	57	0	2	23	22	10
Annual Benefits	\$ 1,860,575	\$ 0	\$ 90,644	\$ 507,384	\$ 812,444	\$ 450,103
Average Annual Benefit	\$ 32,642	\$ 0	\$ 45,322	\$ 22,060	\$ 36,929	\$ 45,010
Average Age	61.8	0.0	71.7	59.9	62.4	62.9
TERMINATED VESTED MEMBERS						
Number	42	0	5	26	9	2
Annual Benefits	\$ 905,530	\$ 0	\$ 98,617	\$ 500,007	\$ 254,502	\$ 52,404
Average Annual Benefit	\$ 21,560	\$ 0	\$ 19,723	\$ 19,231	\$ 28,278	\$ 26,202
Average Age	46.0	0.0	47.0	46.6	44.0	44.9