



City of Temple Terrace Fire Department Pension Board

**Ian Kemp, Chairman; Gerald Terenzi, Vice-Chairman; Chris Damico;
Frank Chillura, City Mayor; Jerry Seeber, City Manager**

MINUTES OF THE MEETING HELD December 12, 2013

1. CALL TO ORDER

Ian Kemp called a Special Meeting of the City of Temple Terrace Fire Department Pension Board of Trustees to order at 9:30 AM at the City Manager's Conference Room located at 11250 N. 56th Street, Temple Terrace, FL 33617.

The Board had a quorum for the quarterly meeting. Those persons present included:

TRUSTEES

Ian Kemp, Chair
Gerald Terenzi, Vice-Chair
Jerry Seeber, City Manager
Frank Chillura, City Mayor

OTHERS

Pam Nolan, Pension Resource Center
Bonni Jensen, Attorney (Phone)
Patrick Donlan, Foster & Foster

2. PUBLIC COMMENTARY:

No members of the public addressed the Board.

3. ACTUARIAL VALUATION:

Patrick Donlan presented the Actuarial Valuation as of 10/1/2013, setting contributions for the 2014/15 Fiscal Year. Mr. Donlan noted that the City's contribution for 2015 decreased from 37.78% of covered payroll from 40.11% for fiscal year 2014. Mr. Donlan advised that the City could save interest on the required contribution by making a single deposit at the beginning of the fiscal year rather than quarterly deposits. If the City makes the entire required contribution on 10/1/2014, the required contribution decreases even further to 35.8% of payroll. The City ultimately makes the decision when to deposit employer contributions to the plan.

Mr. Donlan noted that the effect of the four year smoothing of investment returns adopted by the Trustees in 2008 stabilizes the required contributions by the City. With the excellent investment results in 2012 and 2013, the City contribution would not increase in the 2016 fiscal year due to investment performance even if the plan has no investment gain whatsoever during the current fiscal year. The favorable investment experience currently more than offsets the increase in contributions resulting from the annual 0.1% reduction in the expected rate of return adopted by the Board. Lower than expected turnover created a slight experience loss, while lower than expected payroll increases created an experience gain. Patrick Donlan stated the City had a prepaid contribution of \$24,578.88 as of September 30, 2013.

Due to new GASB rules taking effect October 1, 2015, the City will need to book the Unfunded Accrued Actuarial Liability as a liability on the financial statement for that year. Excellent

investment returns and lower than expected salary increases resulted in an actuarial gain this year, reducing the UAAL from \$10.0M last year to \$9.7M this year.

The change in the assumed rate of return from 7.8% to 7.7% had a positive effect on the funded ratio of the plan. The funded ratio increased from 59.4% in 2011 and 60.1% in 2012 to 62.45% in 2013. The City reports the Annual Pension Cost and Related Information in the City CAFR. Patrick Donlan confirmed that the City has contributed the amounts to the plan required by the Annual Actuarial Valuation. Attorney Bonni Jensen questioned the payroll growth assumption. Mr. Donlan noted that payroll still grew by 4.7% the prior year as the City hired new firefighters. The Trustees further considered the salary increase assumptions compared to the payroll grown assumption.

Patrick Donlan noted that the Naples letter controversies do not affect this plan, since the plan did a Stop/ Restart ordinance that used any excess Chapter 175 premium tax receipts. The Board discussed the additional work required of the actuary to satisfy pending changes to the GASB requirements. Patrick Donlan explained that there will be a separate accounting valuation from the funding valuation. He also noted there will be additional reporting requirements in the future due to requirements imposed by SB 534.

Jerry Terenzi noted that the fund is looking best it has in quite a while.

Jerry Seeber made a motion to approve actuarial valuation for October 1, 2013. Frank Chillura seconded the motion, approved by the Trustees 4-0.

Patrick Donlan noted that the Board may wish to declare an expected rate of return of 7.7% at the next meeting, if the investment consultant concurs.

4. BOARD POLICY:

Ms. Jensen noted that the passing of Senate Bill 50 mandated Public Comment at Board meetings. The rules of participation provided by her office serve as a general starting outline and are open to amendment by the Board. The Board reviewed the Policy.

Jerry Seeber made a motion to adopt the policy governing public participation as presented. Frank Chillura seconded the motion, approved by the Trustees 4-0.

5. APPROVAL MINUTES:

The Trustees reviewed the Minutes for the meeting of November 14, 2013.

Jerry Seeber made a motion to approve the Minutes for the meeting of November 14, 2013 as amended. Frank Chillura seconded the motion, approved by the Trustees 4-0.

6. OTHER BUSINESS:

The Board noted that Chris Damico was elected to fill the remainder of the term for the seat previously held by Roger Chewning. The term for Mr. Damico will end on November 14, 2015.

Bonni Jensen updated the Board regarding pending legislation to apply future premium tax receipts to reduce the UAAL.

7. MEETING SCHEDULE:

The Trustees previously scheduled their next quarterly meeting for February 13, 2014.

8. ADJOURN:

Frank Chillura made a motion to adjourn the meeting at 10:16 AM. Jerry Terenzi seconded the motion, approved by the Board 4-0.

Respectfully submitted,

Ian Kemp,