



Council Report

To: The Honorable Mayor and City Council
From: Joseph Roglieri, Jr., Personnel Administration Director
Date: March 8, 2016
RE: Council Report – Pension Ordinance Second Reading

RECOMMENDATION

Approve the attached revised Clair T. Singerman Pension Ordinance (691), on second reading. Actuarial Impact Statement attached.

BACKGROUND

The Mayor and Council has approved the Blue and White Collar Bargaining Unit contracts which included pension reform. The attached Ordinance enacts this reform for all current and new civilian employees. This is the second reading of this ordinance.

ORDINANCE NO. _____

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, AMENDING CHAPTER 15, OF THE CITY OF NORTH MIAMI CODE OF ORDINANCES, ENTITLED “PERSONNEL, PENSIONS AND RETIREMENT”, BY AMENDING ARTICLE IV, ENTITLED “CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM; ORD. NO. 691,” BY AMENDING SECTION 15-61 “DEFINITIONS,” BY CREATING A NEW SECTION 15-64 “PLAN CLOSED TO NEW MEMBERS; PARTICIPATION IN THE FLORIDA RETIREMENT SYSTEM,” BY AMENDING SECTION 15-80 “ELIGIBILITY GENERALLY,” SECTION 15-81 “MEMBER CONTRIBUTIONS,” SECTION 15-84 “REEMPLOYED PERSON; CHANGE IN EMPLOYER,” SECTION 15-90 “RETIREMENT BENEFITS,” AND SECTION 15-95.1 “COST-OF-LIVING ADJUSTMENT OF BENEFITS”; PROVIDING FOR CONFLICTS, SEVERABILITY, CODIFICATION AND FOR AN EFFECTIVE DATE.

WHEREAS, the City of North Miami (“City”) has established the Clair T. Singerman Employees Retirement System (the “Retirement System” or the “Plan”) for members of the Plan as defined in Section 15-61 of the City’s Code of Ordinances (“Members”); and

WHEREAS, the City has entered into collective bargaining agreements (“CBAs”) with the International Union of Police Associations, AFL-CIO (the “Union”), for the term October 1, 2015 through September 30, 2018; and

WHEREAS, the CBAs contain certain changes to the Retirement System and provide for joining the Florida Retirement System (“FRS”); and

WHEREAS, the City desires to close the Retirement System to new members and provide retirement benefits through the FRS; and

WHEREAS, to implement the pension changes contained in the CBAs and accomplish the goal of joining the FRS, it is necessary to adopt an ordinance amending the Retirement System as set forth in Article IV of the City’s Code of Ordinances; and

WHEREAS, the City Council finds that it is in the best interest of the City and its employees to amend the City Code and to implement the aforementioned changes.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. Recitals. The following recitals are true and correct and are incorporated herein by reference.

Section 2. City Code Amended. That Section 15-61 “Definitions” of Article IV, entitled “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 1 “Generally” of the City Code is hereby amended to read as follows:

Sec. 15-61. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

* * *

Average final compensation means the annual average of the highest two (2) of the last ten (10) years of credited service for members who have reached the normal retirement date on or before September 29, 2016. Effective September 30, 2016, average final compensation for members who did not reach the normal retirement date on or before September 29, 2016 means the annual average of the highest three (3) of the last ten (10) years of credited service. Effective September 30, 2017, average final compensation for members who did not reach the normal retirement date on or before September 29, 2016 means the annual average of the highest four (4) of the last ten (10) years of credited service. Effective September 30, 2018, average final compensation for members who did not reach the normal retirement date on or before September 29, 2016 means the annual average of the highest five (5) of the last ten (10) years of credited service.

Section 3. City Code Amended. That Section 15-64 “Plan closed to new members; participation in the Florida Retirement System” of Article IV “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 1 “Generally” of the City Code is hereby created to read as follows:

Sec. 15-64. ~~Reserved~~ - Plan closed to new members; participation in the Florida Retirement System.

- (a) Effective February 1, 2016 or as soon thereafter as administratively practical, the City will join the Florida Retirement System ("FRS") for general employees. The City's Retirement System shall be closed to new members on the day before the City joins FRS.
- (b) All employees hired by the City on or after the date the City joins FRS who would otherwise have been members of the City's Retirement System will participate in FRS, in accordance with Chapter 121, Florida Statutes, and rules promulgated thereunder, as such statutes and rules may be amended in the future.

- (c) All members who are employed by the City on the date the City joins FRS will have the option to remain in the Retirement System or participate in FRS. For those members who have not reached the normal retirement date as of November 10, 2015 and elect to remain in the system, average final compensation, benefit levels and employee contributions shall be as provided in sections 15-61, 15-81, 15-90 and 15-95.1, as amended by this ordinance. However, in no event shall a member's annual retirement benefit be less than the member's accrued benefit earned as of November 10, 2015, determined in accordance with the provisions of the Plan in effect as of November 9, 2015. Upon retirement from the system, members who elect to continue participating in the system may elect to receive their accrued benefit as of November 10, 2015, or their benefit calculated on the date of retirement in accordance with the plan provisions in effect on that date. For those members who have reached the normal retirement date as of November 10, 2015 and elect to remain in the system, benefits and contributions shall be based on the provisions of the system in effect on November 9, 2015.
- (d) Members hired prior to the date the City joins FRS who elect to join FRS will have the option of retaining their accrued benefit in the system, or receiving a refund of their accumulated contributions. Such member's accrued benefit shall be calculated based on the member's average final compensation and the system provisions in effect on the date the City joins FRS, and credited service through the day before the date the member joins FRS. Members who elect to receive a refund of their accumulated contributions may purchase prior service in the FRS at the member's expense, in accordance with applicable Florida statutes and rules.
- (e) Regardless of whether a member elects to join FRS or continues participating in the system, in order to receive any benefit from this system (other than disability or death benefits) a member must reach the early or normal retirement date and terminate employment with the City.

Section 4. City Code Amended. That Section 15-80 "Eligibility generally" of Article IV "Clair T. Singerman Employees Retirement System; Ord. No. 691" of Division 4 "Eligibility and Member Contributions" of the City Code is hereby amended to read as follows:

Sec. 15-80. - Eligibility generally.

- (a) All general employees hired before the date the City joins the Florida Retirement System (FRS) shall be eligible for membership and shall become members of the system immediately upon being employed on a full-time permanent basis pursuant to the City's administrative rules and regulations. All general employees who are members and employed by the City on the date the City joins FRS will have the option to remain in the system or participate in the FRS. The city attorney shall not be a member of any City retirement system, but shall participate in FRS if such participation is required by applicable law. For a city manager appointed before the date the City joins FRS, membership of the city manager in the city retirement system shall be optional upon the appointment to of the position by the mayor and city council, provided he or she has been a city employee and plan member for at least ten (10) years. Upon such appointment, the

city manager may elect to stay in the plan, if already a member. A city manager who is appointed after the date the City joins FRS shall become a member of the FRS, unless he or she elects not to participate in FRS in accordance with applicable law. ~~or if not already a member, elect to join the membership of the plan with all rights, benefits, obligations and duties of the plan that are in effect at the date of election. Effective upon the date the City joins FRS, all general employees, sworn police personnel and firefighters who were members of this plan on or before April 3, 1994, shall may remain members of this plan or instead may elect to join the regular or senior management class of FRS, as applicable. Effective April 3, 1994, all general employees who are members of Pension Ordinance 748 on that date, shall become members under Pension Ordinance 691; and credited service for these members under Pension Ordinance 748 shall be credited service under Pension Ordinance 691.~~

* * *

- (b) The deputy or assistant city managers, and the deputy or assistant city attorneys employed on or after the date the City joins the FRS ~~[insert the effective date of this Ordinance]~~ shall become a member of ~~have FRS~~. ~~thirty (30) days from [insert the effective date of this Ordinance] to submit his or her written election to become a member of the plan to the board. Any person appointed or promoted to the position of deputy city manager, assistant city manager, deputy city attorney, or assistant city attorney on or after [insert the effective date of this Ordinance] shall have thirty (30) days from the date of such appointment or promotion to submit his or her written election to become a member of the plan to the board. Elections made pursuant to this paragraph are irrevocable. Any person electing to join the plan pursuant to this paragraph may elect to receive membership service credit for prior service with the city. Such prior membership service credit shall be at no cost to the plan and shall be paid within six (6) months of the employee's election to become a member of the plan. Any employee covered by this paragraph who has been making contributions to the plan pursuant to section 15-81 shall be deemed to be a member of the plan from the date the employee began making contributions to the plan.~~

Section 5. City Code Amended. That Section 15-81 “Member contributions” of Article IV “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 4 “Eligibility and Member Contributions” of the City Code is hereby amended to read as follows:

Sec. 15-81. - Member contributions.

- (a) Mandatory contribution rate.
- a. ~~All employees~~ Members who have reached their normal retirement date on or before November 10, 2015 shall contribute to the fund at a rate of seven (7) percent of their annual compensation, ~~or at a subsequent rate established by the board of trustees and city council on advice from the actuary for the fund and approved by a two-thirds (2/3) vote of the members of the system.~~
 - b. Members with 15 or more complete years of credited service who have not reached their normal retirement date on or before November 10, 2015 shall contribute to the fund at a rate of eight (8) percent of their annual compensation.

- c. Members with 10 or more complete years and less than 15 complete years of credited service who have not reached their normal retirement date on or before November 10, 2015 shall contribute to the fund at a rate of seven (7) percent of their annual compensation.
- d. Members with less than 10 complete years of credited service who have not reached their normal retirement date on or before November 10, 2015 shall contribute to the fund at a rate of six (6) percent of their annual compensation.

Section 6. City Code Amended. That Section 15-84 “Reemployed person; change in employer” of Article IV “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 4 “Eligibility and Member Contributions” of the City Code is hereby amended to read as follows:

Sec. 15-84. - Reemployed person; change in employer.

- (a) ~~If a general employee who was previously employed by the City is~~ Should a person be reemployed by the city on or after the date the City joins FRS, such employee shall participate in FRS and not in this system. he shall for the purposes of this article be deemed to be a new employee as of his date of reemployment; provided, however, that in event of reemployment an employee may have his continuous credited service restored for his membership under the system during his last period of employment provided he pays into the fund the accumulated contributions and prior vested benefit which he received upon such termination plus accrued interest for the period of absence. Upon such payment to the fund such employee shall continue as a member under the system and shall be credited with additional membership service beginning with the date of such payment to the fund.

Section 7. City Code Amended. That Section 15-90 “Retirement benefits” of Article IV “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 5 “Benefits” of the City Code is hereby amended to read as follows:

Sec. 15-90. - Retirement benefits.

The retirement benefits for members shall be as follows:

- (1) Normal retirement benefit for Members who have reached their normal retirement date on or before November 10, 2015:
 - * * *
- (2) Normal retirement benefit for Members who have not reached their normal retirement date on or before November 10, 2015:
 - (a) Benefit percentage per year of service for members with 15 or more complete years of credited service as of November 10, 2015: The regular monthly normal retirement

benefit shall be an amount equal to three (3) percent of average final compensation times all years of credited service.

(b) Benefit percentage per year of service for members with 10 or more complete years and less than 15 complete years of credited service as of November 10, 2015: The regular monthly normal retirement benefit shall be an amount equal to three (3) percent of average final compensation times all years of credited service prior to November 10, 2015, and two and one-half (2 ½) percent of average final compensation times all years of credited service on or after November 10, 2015.

(c) Benefit percentage per year of service for members with less than 10 complete years of credited service as of November 10, 2015: The regular monthly normal retirement benefit shall be an amount equal to three (3) percent of average final compensation times all years of credited service prior to November 10, 2015, and two (2) percent of average final compensation times all years of credited service on or after November 10, 2015.

~~(3)~~(2) Delayed retirement benefit. A member shall upon retirement at his delayed retirement date receive a monthly retirement benefit which shall commence on such delayed retirement date and shall be continued on the first day of each month thereafter during the lifetime of the member. The amount of each such monthly retirement benefit shall be determined in the same manner as for retirement at his normal retirement date except that credited service shall be determined as of actual retirement date.

~~(4)~~(3) Early retirement benefit. A member shall receive upon retirement at his early retirement date either a deferred or an immediate monthly retirement benefit, as follows:

* * *

Section 8. City Code Amended. That Section 15-95.1 “Cost-of-living adjustment of benefits” of Article IV “Clair T. Singerman Employees Retirement System; Ord. No. 691” of Division 5 “Benefits” of the City Code is hereby amended to read as follows:

Sec. 15-95.1. - Cost-of-living adjustment of benefits.

* * *

(3) Effective on and after October 1, 2004 and for Members who have reached their normal retirement date on or before November 10, 2015, such a member who, prior to retirement, selects any form of benefit other than the lump-sum option as provided in subsection 15-95(4), shall be entitled to make an election, which shall be irrevocable, as follows:

* * *

(4) Effective on and after November 10, 2015, a Member who has not reached the normal retirement date as of that date and selects any form of benefit other than the lump-sum option as provided in subsection 15-95(4), shall be entitled to the following:

(a) The annuity portion of the benefit of each Member shall be adjusted on April 1st of each year on which the Member is so eligible as set forth below, and shall be subject

to pro-ration based on the number of months that the Member has been retired during the twelve (12) months preceding each April 1st, as follows:

- (1) Members with 15 or more complete years of credited service as of November 10, 2015. The amount of the monthly benefit payable for the 12-month period, commencing on the date coincident with the date on which the retired member has been retired for five (5) years, shall be the amount of the Member's benefit the preceding month, plus an amount equal to two and one-half (2.5) percent of the Member's benefit; or
- (2) Members with 10 or more complete years and less than 15 complete years of credited service as of November 10, 2015. The amount of the monthly benefit payable for the 12-month period, commencing on the date coincident with the date on which the retired Member has been retired for five (5) years, shall be the amount of the Member's benefit the preceding month, plus an amount equal to two (2) percent of the member's benefit; or
- (3) Members with less than 10 complete years of credited service as of November 10, 2015. The amount of the monthly benefit payable for the 12-month period, commencing on the date coincident with the date on which the retired member has been retired for five (5) years, shall be the amount of the member's benefit the preceding month, plus an amount equal to one and one half (1.5) percent of the member's benefit.

(b) In case of a beneficiary becoming entitled to COLA benefits hereunder, the date of the retired Member's retirement shall govern.

Section 9. Conflicts. All ordinances or parts of ordinances in conflict or inconsistent with the provisions of this Ordinance are hereby repealed.

Section 10. Severability. The provisions of this Ordinance are declared to be severable, and if any section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 11. Codification. The provisions of this Ordinance may become and be made a part of the Code of Ordinances of the City of North Miami, Florida. The sections of the Ordinance may be renumbered or re-lettered to accomplish such, and the word "ordinance" may be changed to "section," "article" or any other appropriate word.

Section 12. Effective Date. This Ordinance shall become effective immediately upon adoption on second reading.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, on first reading this _____ day of _____, 2016.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, on second reading this _____ day of _____, 2016.

DR. SMITH JOSEPH
MAYOR

ATTEST:

MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

ROLAND C. GALDOS, ESQ.
INTERIM CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Mayor Smith Joseph, D.O., Pharm. D.	_____ (Yes)	_____ (No)
Vice Mayor Alix Desulme	_____ (Yes)	_____ (No)
Councilman Scott Galvin	_____ (Yes)	_____ (No)
Councilwoman Carol Keys, Esq.	_____ (Yes)	_____ (No)
Councilman Philippe Bien-Aime	_____ (Yes)	_____ (No)

Additions shown by underlining. Deletions shown by ~~overstriking~~.



March 2, 2016

CONFIDENTIAL

Mr. Miguel A. Codorniu
Pension Plan Administrator
City of North Miami
776 Northeast 125th Street
North Miami, Florida 33161

Re: Clair T. Singerman Employees Retirement System

Dear Miguel:

As requested by the City and approved by the Pension Board, we are enclosing an Actuarial Impact Statement showing the financial effect of the changes in the attached proposed ordinance for the City of North Miami Clair T. Singerman Employees Retirement System (City Plan). The proposed ordinance includes the following changes:

- Effective February 1, 2016 the City will join the Florida Retirement System (FRS) for general employees. New employees hired after this date will join FRS rather than the City Plan.
- Members who are employed by the City on February 1, 2016 will have the option to remain in the City Plan or participate in FRS. Additionally, these members will have the option of keeping their accrued benefits in the City Plan or receiving refunds of member contributions.
- The table below summarizes other changes to the plan provisions of the City of North Miami Clair T. Singerman Employees Retirement System:

	As of November 10, 2015			
	Eligible for Normal Retirement	Members with 15 or more years of service	Members with 10 - 15 years of service	Members with less than 10 years of service
Member Contribution Rate	7%	8%	7%	6%
Cost of Living Adjustment (COLA)	3.0% delayed 5 years*	2.5% delayed 5 years	2.0% delayed 5 years	1.5% delayed 5 years
Benefit Multiplier for Accruals After November 9, 2015	3.0%	3.0%	2.5%	2.0%

* May also elect a 1.92% COLA delayed one year after retirement or a 2.5% COLA delayed 3 years after retirement.

- The period used to determine a member's Average Final Compensation will be as follows:
 - 3-year averaging period will be used effective September 29, 2016.
 - 4-year averaging period will be used effective September 29, 2017.
 - 5-year averaging period will be used effective September 29, 2018.
 - 2-year averaging period will continue to be used for members who are normal retirement eligible as of September 30, 2016.

- The only active police officer covered under the City of North Miami Clair T. Singerman Employees Retirement System was normal retirement eligible as of November 10, 2015. There are no active firefighters covered under the Plan. For this reason, there will be no immediate impact due to the plan changes on the required contribution on behalf of police officers or firefighters. Due to this our study results cover general employees only.

It is important to note that in no event will any of the changes detailed above result in a lower benefit than the accrued benefit earned as of November 10, 2015.

Our Actuarial Impact Statement includes the following exhibits:

- Exhibit 1 – Shows the change in the Actuarially Determined Contribution (ADC) for the first year.
- Exhibit 2 – Shows 30-year projections of the following scenarios:
 - Scenario 1 - October 1, 2014 actuarial valuation results with no changes, including projections simulating the plan remaining open to new entrants.
 - Scenario 2 - October 1, 2014 valuation results reflecting the plan closure and the other changes described above.

Assumptions for the Projections

- New employees are assumed to have the same average demographic characteristics (age, gender, and salary – adjusted each year for inflation) at their dates of employment as those of current active members.
- All current employees are assumed to elect to remain in the City of North Miami Clair T. Singerman Employees Retirement System instead of joining FRS.
- The investment return for fiscal year ending 2015 was assumed to be 0%.
- The projections do not include the change in the mortality assumption required under Florida Statutes to be reflected in the 2016 Actuarial Valuation Report.
- Due to the plan closure the payroll growth assumption has been changed from a level percent of pay method to a level dollar method. The effect of this is minimal since the plan is currently paying off the Unfunded Accrued Liability as a level dollar amount due to a limitation per the Florida Statutes.
- The projections do not reflect any of the required contributions the City will be required to pay to the FRS. The required contribution to the FRS for the fiscal year ending June 30, 2016 on behalf of regular class employees is 7.26% of covered payroll.
- The results do not include the impact of any changes in actuarial assumptions adopted by the Board as a result of our upcoming Experience Study.
- Due to the plan closure certain assumptions and methods may need to change over time. If the decision is made to reduce the risk level of the Plan's portfolio as the plan matures, we will need to lower the investment return assumption. Additionally, as the Plan matures, the amortization period to pay off the Unfunded Accrued Liability may be reduced. These potential changes in the actuarial assumptions and methods are not reflected in the exhibits. It is important to note that any changes made to the assumptions would have an impact on the required contributions on behalf of police officers and firefighters.

Summary of Key Results

- The changes included in the proposed ordinance cause the City's required contribution to the Plan for the first year to decrease by \$1.0 million.
- The changes included in the proposed ordinance cause the Funded Ratio for the Plan to increase by 4% in the first year.
- The reduction in the present value of the City's required contribution for this Plan is estimated to be \$29.7 million over the 30-year projection period. It is important to note that this does not include the required contributions the City will need to make on behalf of members that join FRS.

Please note that these results do not reflect any of the required contributions the City will be required to pay to the FRS. The required contribution to the FRS for the fiscal year ending June 30, 2016 on behalf of regular class employees is 7.26% of covered payroll.

Disclosures

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

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2014 Actuarial Valuation Report 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 City or 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.

Jeffrey Amrose and Trisha Amrose 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.

Mr. Miguel A. Codorniu
March 2, 2016
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We welcome your questions and comments.

Respectfully submitted,



Jeffrey Amrose, EA, MAAA
Senior Consultant & Actuary



Trisha Amrose, EA, MAAA
Consultant & Actuary

Enclosures

This communication shall not be construed to provide tax advice, legal advice or investment advice.

CITY OF NORTH MIAMI CLAIR T. SINGERMAN EMPLOYEES RETIREMENT SYSTEM

Impact Statement – March 2, 2016

Description of Amendments

The proposed ordinance includes the following changes:

- Effective February 1, 2016 the City will join the Florida Retirement System (FRS) for general employees. New employees hired after this date will join FRS rather than the City Plan.
- Members who are employed by the City on February 1, 2016 will have the option to remain in the City Plan or participate in FRS. Additionally, these members will have the option of keeping their accrued benefits in the City Plan or receiving refunds of member contributions.
- The table below summarizes other changes to the plan provisions:

	As of November 10 ,2015			
	Eligible for Normal Retirement	Members with 15 or more years of service	Members with 10 - 15 years of service	Members with less than 10 years of service
Member Contribution Rate	7%	8%	7%	6%
Cost of Living Adjustment (COLA)	3.0% delayed 5 years*	2.5% delayed 5 years	2.0% delayed 5 years	1.5% delayed 5 years
Benefit Multiplier for Accruals After November 9, 2015	3.0%	3.0%	2.5%	2.0%

* May also elect a 1.92% COLA delayed one year after retirement or a 2.5% COLA delayed 3 years after retirement.

- The period used to determine a member’s Average Final Compensation will be as follows:
 - 3-year averaging period will be used effective September 29, 2016.
 - 4-year averaging period will be used effective September 29, 2017.
 - 5-year averaging period will be used effective September 29, 2018.
 - 2-year averaging period will continue to be used for members who are normal retirement eligible as of September 30, 2016.

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

City of North Miami Clair T. Singerman Employees Retirement System

Valuation Date

October 1, 2014

Date of Report

March 2, 2016

Report Requested by

Requested by City and approved by Pension Board

Prepared by

Jeffrey Amrose

Group Valued

General employees only (active and inactive general employee members of the Plan).

Benefit Provisions Being Considered for Change

The proposed ordinance includes the following changes:

- Effective February 1, 2016 the City will join the Florida Retirement System (FRS) for general employees. New employees hired after this date will join FRS rather than the City Plan.
- Members who are employed by the City on February 1, 2016 will have the option to remain in the City Plan or participate in FRS. Additionally, these members will have the option of keeping their accrued benefits in the City Plan or receiving refunds of member contributions.
- The table below summarizes other changes to the plan provisions:

	As of November 10, 2015			
	Eligible for Normal Retirement	Members with 15 or more years of service	Members with 10 - 15 years of service	Members with less than 10 years of service
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* May also elect a 1.92% COLA delayed one year after retirement or a 2.5% COLA delayed 3 years after retirement.

- The period used to determine a member's Average Final Compensation will be as follows:
 - 3-year averaging period will be used effective September 29, 2016.
 - 4-year averaging period will be used effective September 29, 2017.
 - 5-year averaging period will be used effective September 29, 2018.
 - 2-year averaging period will continue to be used for members who are normal retirement eligible as of September 30, 2016.

Actuarial Assumptions and Methods

Same as October 1, 2014 Actuarial Valuation Report, with additional assumptions noted below. Some of the key assumptions/methods are:

Investment Return	7.5% per year
Salary Increase	5.0% - 7.5% per year, based on service
Cost Method	Entry Age Normal

Additional assumptions:

- New employees are assumed to have the same average demographic characteristics (age, gender, and salary – adjusted each year for inflation) at their dates of employment as those of current active members.
- All current employees were assumed to elect to remain in the City of North Miami Clair T. Singerman Employees Retirement System instead of joining FRS.
- The investment return for fiscal year ending 2015 was assumed to be 0%.
- Due to the plan closure the payroll growth assumption has been changed from a level percent of pay method to a level dollar method. The effect of this is minimal since the plan is currently paying off the Unfunded Accrued Liability as a level dollar amount due to a limitation per the Florida Statutes.

Amortization Period for Any Change in Actuarial Accrued Liability

20 years

Summary of Data Used in Report

See attached page. Same as data used for 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

- The required contribution amounts shown on the exhibits do not reflect City contributions to FRS on behalf of new employees. The fiscal year 2016 contribution rate to FRS for regular class employees is 7.26% of covered payroll.
- The projections do not include the change in the mortality assumption required under Florida Statutes to be reflected in the 2016 Actuarial Valuation Report.
- Due to the plan closure certain assumptions and methods may need to change over time. If the decision is made to reduce the risk level of the Plan’s portfolio as the plan matures, we will need to lower the investment return assumption. Additionally, as the Plan matures, the amortization period to pay off the Unfunded Accrued Liability may be reduced. These potential changes in the actuarial assumptions and methods are not reflected in the exhibits. It is important to note that any changes made to the assumptions would have an impact on the required contributions on behalf of police officers and firefighters.
- The results do not include the impact of any changes in actuarial assumptions adopted by the Board as a result of our upcoming Experience Study.

EXHIBIT 1

ACTUARIALLY DETERMINED CONTRIBUTION (ADC) -- GENERAL EMPLOYEES			
	October 1, 2014 <i>Current Provisions</i>	October 1, 2014 <i>Proposed Ordinance</i>	<i>Change</i>
A. Valuation Date			
B. ADC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	
C. Assumed Date of Employer Contrib.	10/1/2015	10/1/2015	
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 3,622,802	\$ 3,156,654	\$ (466,148)
E. Employer Normal Cost	1,822,963	1,357,248	(465,715)
F. ADC if Paid on the Valuation Date: D + E	5,445,765	4,513,902	(931,863)
<i>Valuation Date</i>	<i>10/1/2014</i>	<i>10/1/2014</i>	
G. ADC if Paid on the First Day of the Next Fiscal Year	5,854,197	4,852,445	(1,001,752)
<i>First Day of Next Fiscal Year</i>	<i>10/1/2015</i>	<i>10/1/2015</i>	
H. ADC if Paid Quarterly throughout the Next Fiscal Year	6,121,106	5,073,681	(1,047,425)
I. ADC as % of Covered Payroll *	51.29 %	42.51 %	(8.78) %
J. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %
K. Covered Payroll for Contribution Year	11,414,321	11,414,321	0
L. ADC for Contribution Year: I x K *	5,854,197	4,852,445	(1,001,752)

* Assuming the contribution from Item G is paid on the first day of the next fiscal year.

EXHIBIT 1

ACTUARIAL VALUE OF BENEFITS AND ASSETS -- GENERAL EMPLOYEES			
A. Valuation Date	October 1, 2014 <i>Current Provisions</i>	October 1, 2014 <i>Proposed Ordinance</i>	<i>Change</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 52,704,271	\$ 43,731,903	\$ (8,972,368)
b. Vesting Benefits	1,385,102	1,082,318	(302,784)
c. Disability Benefits	3,488,025	3,344,285	(143,740)
d. Preretirement Death Benefits	585,683	512,184	(73,499)
e. Return of Member Contributions	189,496	175,834	(13,662)
f. Total	<u>58,352,577</u>	<u>48,846,524</u>	<u>(9,506,053)</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	67,940,569	67,940,569	0
b. Disability Retirees	240,894	240,894	0
c. Terminated Vested Members	1,519,866	1,519,866	0
d. Total	<u>69,701,329</u>	<u>69,701,329</u>	<u>0</u>
3. Total for All Members	128,053,906	118,547,853	(9,506,053)
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	109,296,182	104,187,633	(5,108,549)
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	N/A	N/A	N/A
E. Plan Assets			
1. Market Value	89,205,167	89,205,167	0
2. Actuarial Value	89,231,130	89,231,130	0
F. Unfunded Actuarial Accrued Liability	20,065,052	14,956,503	(5,108,549)
G. Actuarial Present Value of Projected Covered Payroll	89,598,436	89,598,436	0
H. Actuarial Present Value of Projected Member Contributions	6,271,890	6,012,924	(258,966)
I. Funded Ratio: E.2. / C	81.6%	85.6%	4.0%

EXHIBIT 1

CALCULATION OF EMPLOYER NORMAL COST -- GENERAL EMPLOYEES			
A. Valuation Date	October 1, 2014 <i>Current Provisions</i>	October 1, 2014 <i>Proposed Ordinance</i>	<i>Change</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 1,837,661	\$ 1,391,173	\$ (446,488)
2. Vesting Benefits	206,491	178,525	(27,966)
3. Disability Benefits	265,360	256,416	(8,944)
4. Preretirement Death Benefits	32,824	28,088	(4,736)
5. Return of Member Contributions	65,179	64,853	(326)
6. Total for Future Benefits	<u>2,407,515</u>	<u>1,919,055</u>	<u>(488,460)</u>
7. Assumed Amount for Administrative Expenses	<u>214,450</u>	<u>214,450</u>	<u>0</u>
8. Total Normal Cost	2,621,965	2,133,505	(488,460)
9. Total as a % of Covered Payroll	22.97%	18.69%	(4.28)%
C. Expected Member Contribution	799,002	776,257	(22,745)
D. Employer Normal Cost: B8-C	1,822,963	1,357,248	(465,715)
E. Employer Normal Cost as a % of Covered Payroll	15.97%	11.89%	(4.08)%

EXHIBIT 1

PARTICIPANT DATA -- GENERAL EMPLOYEES			
	October 1, 2014 <i>Current Provisions</i>	October 1, 2014 <i>Proposed Ordinance</i>	<i>Change</i>
ACTIVE MEMBERS			
Number	242	242	0
Covered Annual Payroll	\$ 11,414,321	\$ 11,414,321	\$ 0
Average Annual Payroll	\$ 47,167	\$ 47,167	\$ 0
Average Age	43.9	43.9	0.0
Average Past Service	9.6	9.6	0.0
Average Age at Hire	34.3	34.3	0.0
RETIREES & BENEFICIARIES			
Number	189	189	0
Annual Benefits	\$ 5,481,584	\$ 5,481,584	\$ 0
Average Annual Benefit	\$ 29,003	\$ 29,003	\$ 0
Average Age	67.0	67.0	0.0
DISABILITY RETIREES			
Number	2	2	0
Annual Benefits	\$ 42,005	\$ 42,005	\$ 0
Average Annual Benefit	\$ 21,003	\$ 21,003	\$ 0
Average Age	78.7	78.7	0.0
TERMINATED VESTED MEMBERS			
Number	2	2	0
Annual Benefits	\$ 119,184	\$ 119,184	\$ 0
Average Annual Benefit	\$ 59,592	\$ 59,592	\$ 0
Average Age	55.2	55.2	0.0

EXHIBIT 2

**City of North Miami Clair T. Singerman Employees Retirement System
30-Year Projection of Required City Contributions for General Employees**

Valuation Date	Fiscal Year Ending	Scenario 1: Current Plan			Scenario 2: Proposed Ordinance			Increase/ (Decrease)*
		Covered Payroll	Required City Contribution		Covered Payroll	Required City Contribution*		
			\$ Amount	% of Payroll		\$ Amount	% of Total (Open Group) Payroll	
10/1/2014	2016	11,414,321	5,854,197	51.29%	11,414,321	4,852,445	42.51%	(1,001,752)
10/1/2015	2017	11,977,553	6,281,408	52.44%	11,016,277	5,139,038	42.91%	(1,142,370)
10/1/2016	2018	12,528,757	6,489,372	51.80%	10,569,446	5,199,377	41.50%	(1,289,995)
10/1/2017	2019	13,074,854	6,682,113	51.11%	10,051,457	5,235,374	40.04%	(1,446,739)
10/1/2018	2020	13,629,411	4,702,152	34.50%	9,624,900	3,109,500	22.81%	(1,592,652)
10/1/2019	2021	14,161,703	4,871,431	34.40%	9,217,355	3,135,949	22.14%	(1,735,482)
10/1/2020	2022	14,713,116	5,047,200	34.30%	8,788,425	3,159,455	21.47%	(1,887,745)
10/1/2021	2023	15,272,677	5,139,713	33.65%	8,376,867	3,170,357	20.76%	(1,969,356)
10/1/2022	2024	15,854,980	5,292,214	33.38%	7,948,171	3,173,420	20.02%	(2,118,794)
10/1/2023	2025	16,426,660	5,447,898	33.16%	7,403,444	3,148,756	19.17%	(2,299,142)
10/1/2024	2026	16,928,621	5,666,102	33.47%	6,689,709	3,102,126	18.32%	(2,563,976)
10/1/2025	2027	17,461,366	4,441,806	25.44%	6,079,269	1,719,191	9.85%	(2,722,615)
10/1/2026	2028	18,029,935	3,684,443	20.44%	5,559,861	846,675	4.70%	(2,837,768)
10/1/2027	2029	18,595,498	3,298,540	17.74%	4,962,336	772,077	4.15%	(2,526,463)
10/1/2028	2030	19,146,509	3,406,511	17.79%	4,302,925	710,943	3.71%	(2,695,568)
10/1/2029	2031	19,711,310	3,518,476	17.85%	3,728,079	661,597	3.36%	(2,856,879)
10/1/2030	2032	20,378,499	3,650,746	17.91%	3,337,192	629,009	3.09%	(3,021,737)
10/1/2031	2033	21,069,711	4,539,738	21.55%	2,999,890	832,864	3.95%	(3,706,874)
10/1/2032	2034	21,719,711	4,663,884	21.47%	2,578,090	784,933	3.61%	(3,878,951)
10/1/2033	2035	22,413,607	4,734,977	21.13%	2,225,423	699,573	3.12%	(4,035,404)
10/1/2034	2036	23,135,359	5,217,100	22.55%	1,912,931	1,442,338	6.23%	(3,774,762)
10/1/2035	2037	23,846,690	5,206,876	21.83%	1,558,284	1,297,063	5.44%	(3,909,813)
10/1/2036	2038	24,600,011	5,225,287	21.24%	1,257,866	1,178,273	4.79%	(4,047,014)
10/1/2037	2039	25,385,895	5,262,081	20.73%	1,006,612	1,080,207	4.26%	(4,181,874)
10/1/2038	2040	26,189,222	5,314,314	20.29%	795,574	1,000,520	3.82%	(4,313,794)
10/1/2039	2041	27,006,830	5,378,645	19.92%	615,630	934,537	3.46%	(4,444,108)
10/1/2040	2042	27,842,356	5,451,919	19.58%	489,983	880,824	3.16%	(4,571,095)
10/1/2041	2043	28,701,746	5,540,355	19.30%	384,799	838,875	2.92%	(4,701,480)
10/1/2042	2044	29,587,074	5,640,376	19.06%	309,198	806,414	2.73%	(4,833,962)
10/1/2043	2045	30,489,032	5,752,756	18.87%	230,795	781,484	2.56%	(4,971,272)
Total			151,402,630			60,323,194		(91,079,436)
Total Present Value			66,059,013			36,344,630		(29,714,383)

Assumptions and Methods

Investment Return Assumption	7.50% each year, except 0% is assumed for FYE 9/30/2015
Funding Method	Entry Age Normal; no future non-investment actuarial gains or losses are assumed
Mortality Assumption	RP-2000 Combined Healthy Participant Mortality (fully generational using Scale AA)
FRS Transfers	Assumes no current members elect to transfer to FRS

***These amounts do not reflect City contributions to FRS on behalf of new employees. The fiscal year 2016 contribution rate to FRS for regular class employees is 7.26% of covered payroll.**