

- c. Addendum distributed at meeting. Market value of investments as of 05/24/2016 was \$1,780,426,795. Investment return has been +8.3% on the total portfolio so far this fiscal year.
4. Approved billing for services rendered by Klausner, Kaufman, Jensen & Levinson during April 2016:
 - a. General Counsel - \$15,455.98
5. Admitted Tampa Fire Department new hires to pension fund effective 05/09/2016, contingent upon 1) furnishing a list of all medical providers and authorizations to obtain such medical records and 2) passing a complete medical examination:

Calle, Edgard G.	Harnarain, Anil	McKee, Kyle D.
Cash, Jordan A.	Lusher, Andrew J.	Murphy, Robert E.
Gloger, Joseph M.	Martinez, Fidel	Williams, Rachel M.
Gonzalez, David J.	McGhee Jr., Derrick A.	
6. Noted receipt of Disability Process Timeline of disabilities in process as of 05/19/2016.
7. Noted receipt of disability re-evaluations in process. Approved Medical Director's determination for the following disability re-evaluations:
 - a. Chad Smith
8. Noted that Retirement & Financial Planning Educational Workshops are to be conducted by Jody Clayton as follows. These workshops are free, open to the public, and can apply towards continuing professional education (CPE) for trustees and staff.

Wednesday 08/17/2016 11:00 am and 2:00 pm
Thursday 08/18/2016 11:00 am and 2:00 pm

9. Actuarial Workshop by Joe Griffin, Actuary and Timothy Bowen, Actuary - Buck Consultants (approximately 30-45 minutes), Continuing Professional Education (specific topic handouts to be distributed at meeting by actuary)

Mr. Griffin stated that the purpose of the workshop is to educate the board regarding the role of the actuary. Mr. Bowen explained that the actuaries work with the pension fund staff to provide calculations for buy-backs, optional forms of payment, etc. Mr. Griffin explained that the base plan is funded by contributions made by active members and it is the actuary's role to determine the contribution rate. He advised that contributions and investment returns must fund outgoing benefits.

[Mr. Gray left at 1:44 p.m.]

Mr. Griffin explained that the contribution rate has an inverse relationship to investment return and assumptions regarding mortality, retirement and disability all factor into determining the contribution rate.

[Mr. Gray returned at 1:46 p.m.]

Mr. Griffin advised that when certain assumptions are applied to the membership, the fund remains able to pay out benefits. Ms. Fox asked how group size affects the ability to pay benefits. Mr. Griffin advised that if the fund's membership were smaller, more conservative assumptions would need to be applied. Mr. Bowen explained that when assumptions are not met, the gain or loss is amortized. Mr. Griffin explained that it is the actuary's responsibility to keep abreast of changes in the membership.

[Mr. Klausner left at 1:51 p.m.]

Mr. Griffin explained how funds are allocated to the base, COLA and 13th check accounts, noting that state premium tax money is applied to the base account. Mr. Griner advised that state premium tax money has historically been used to fund the base account and Mr. Bogush noted that doing so reduces both employer and employee contributions.

[Mr. Klausner returned at 1:57 p.m.]

Mr. Griffin advised that experience studies are conducted periodically in order to assess changes in normal plan member behaviors. He noted that beginning this year the fund must adopt the mortality table used by FRS. Mr. Bogush asked about the expense associated with these new requirements and Mr. Griffin confirmed that they do result in an additional cost to the fund. Mr. Griffin continued that the fund must produce a report in accordance with GASB 67 and 68. He noted that the report must show when the fund would be depleted in the event that no more contributions were made. He advised that the COLA is calculated based on the consumer price index and its purpose is to adjust the membership's benefits for inflation.

10. Actuarial Valuation Presentation by Joe Griffin, Actuary - Buck Consultants

To be distributed and discussed at board meeting by actuary:

- a. Annual actuarial valuation for the fiscal year ended 09/30/2015.
- b. Highlights of annual actuarial valuation for the fiscal year ended 09/30/2015.
- c. Established the employee contribution rate for fiscal year 10/1/2016 – 09/30/2017 as recommended by the actuary based upon actuarial and statutory requirements and the 09/30/2015 actuarial valuation just presented and approved the plan administrator to email all active members the contribution rate for fiscal year ending 09/30/2017.
- d. Noted receipt of draft letter to eligible retirees and eligible surviving spouses regarding the payment or non-payment of the 13th check for fiscal year ending 09/30/2015.

Mr. Griffin and Mr. Bowen presented the fiscal year end 09/30/2015 actuarial valuation. Mr. Griffin explained that the valuation is an annual snapshot and that its purpose is threefold: 1) to determine minimum funding requirements, 2) to establish the contribution rate for the upcoming fiscal year, and 3) to calculate financial statement costs/liabilities. Mr. Griffin discussed changes that have occurred in the covered population including membership, compensation, and the average monthly pension paid to non-disabled retirees. Mr. Griffin reviewed how funds are allocated, noting that all state, member, and city contributions are allocated to the base account. He explained that investment returns from 0-5% are allocated to the base account, the COLA account receives returns from 5-10% and also any returns over and above 11%, and the 13th check account receives returns from 10-11%. He added that only the base plan is funded on a sound actuarial basis, while COLAs and 13th checks are funded if and when there is excess investment return.

Mr. Griffin explained that the fund ended the 2015 fiscal year with a negative return rate and the fund now must make up for its losses. Regarding state premium tax money, Mr. Griffin advised that the contribution will be received in August 2016. Mr. Griffin explained that the following three conditions must be met in order to pay a 13th check: 1) investment returns for the fiscal year must exceed 10% (limited to 1%), 2) the benefit must be definitely determinable under the Internal Revenue Code, and 3) the amount of the payment must be funded on a sound actuarial basis and the allocation cannot exceed the amount of cumulative gains in the plan. Mr. Griffin advised that because the first criterion has not been met, nothing has been allocated to the 13th check account. Mr. Griffin explained that as always a

smoothing method will be used, which will allow the fund to recoup for its losses slowly over time. It was advised that as a percentage of payroll, the recommended average employee contribution rate will increase from 12.58% to 13.65% due to investment losses and changes in state law. Mr. Klausner noted that despite its recent losses, the fund is doing very well. Mr. Griffin asked the board if they wish to go forward with an experience study since the mortality table is changing this year. Mr. Griner asked how the new mortality table will impact contributions and Mr. Griffin replied that contributions will probably increase very slightly. Mr. Lenker noted that the fund is close to 100% funded. Mr. Griffin asked if the board would like a comparative study showing how the fund compares to others and Mr. Griner replied that it is not necessary.

It was moved by Mr. Gray, seconded by Ms. Lattimore and by unanimous vote to adopt the annual actuarial valuation for fiscal year ended 2015 and assumption changes as recommended by Buck Consultants.

It was moved by Mr. Gray, seconded by Ms. Fox to adopt the employee contribution rate of 13.65% for fiscal year 10/01/2016 – 09/30/2017, as recommended by Buck Consultants.

Ms. Ernst called the board's attention to the draft letter to retirees regarding the 13th check and the draft e-mail to the active membership regarding the new contribution rate. Mr. Gray suggested that the e-mail should state that contributions are increasing due to the recent negative return rate and should also remind members that they do not pay into social security.

It was moved by Mr. Gray, seconded by Mr. Bogush and by unanimous vote to approve a letter to retirees regarding the 13th check and an e-mail to actives informing them of the change in the employee contribution rate.

Ms. Ernst asked about the experience study. Mr. Griffin advised that he would prefer to make all of the necessary changes to the assumptions at once. Ms. Fox asked how making multiple changes at one time could impact contribution rates. Mr. Griffin advised that he cannot foretell how contribution rates would change. Mr. Bowen advised that the actuarial fee would be the same whether the changes were implemented now or later. Mr. Klausner asked if the actuaries conduct an average lifespan study of the membership. Mr. Griffin replied that they weigh the standard mortality table with the fund's experience and blend it with state experience. Ms. Fox asked about the mortality table used by FRS and Mr. Griffin replied that FRS assumes its membership will live longer. **It was moved by Mr. Griner, seconded by Mr. Rogero and by unanimous vote to table this discussion to a future meeting.**

[Brief recess from 3:04 p.m. to 3:14 p.m.]