

# City of Boynton Beach Municipal Firefighters Pension Trust Fund

## MINUTES

May 28, 2019

9:00 AM

The special meeting of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund was called to order by the Board by Mr. Matt Petty – Chairman on May 28, 2019 at 9:02 A.M. at 2080 High Ridge Road, Boynton Beach, Florida.

### **TRUSTEES PRESENT:**

Mr. Matt Petty – Chairman; Mr. Jon Raybuck – Secretary; Mr. Stan Cale – Trustee. Also present was Mr. Glenn Joseph - Ex-Officio.

### **ABSENT:**

Mr. Robert Taylor & Ms. Desirae Watler.

### **OTHERS PRESENT:**

Mr. Adam Levinson, Board Attorney – Klausner, Kaufman, Jensen and Levinson; Mr. Pete Strong, Board Actuary - GRS Retirement Consulting; Mr. Dave Williams, Plan Administrator; Mr. Shawn Weeks, Other Active and Retired Members.

It should be noted that there was a quorum for the Board to have an official meeting.

### **PUBLIC DISCUSSION:**

None.

### **COST OF LIVING PRESENTATION GRS Consulting:**

Mr. Pete Strong advised he completed his review of the of the COLA program. Mr. Strong advised that state funding is down. Furthermore, unfunded state mandates that required assumption changes raised the cost of the program. Mr. Strong summarized that the annual actuarial cost of the COLA is \$306,000 higher than it was as of October 1, 2015. Therefore, the annual allocation of Chapter 175 State contributions towards the total required contribution has increased by this amount, from \$781,954 to \$1,087,954, beginning with the fiscal year ending September 30, 2019. If the amount received by the State in the fiscal year ending September 30, 2019 is less than this amount, the shortfall must be made up through the release of accumulated excess premium tax revenue reserves.

Mr. Strong said there were options to funding the Retiree COLA.

- 1: Increase state money in reserve.
- 2: Increase employee contributions.
- 3: A combination of 1 and 2

Mr. Levinson reviewed section 18-180.2 which states:

Sec. 18-180.2. Cost of living increase.

- (a) Effective December 1, 2011, an automatic two percent (2%) annual cost of living adjustment (COLA) is created for all members who retire or enter into the DROP on or after December 1, 2006. Payment of annual COLA benefits shall not begin until five (5) years after retirement or entry into the DROP. As of each October first, retirees in pay status and beneficiaries receiving monthly survivorship benefits on behalf of deceased members, shall have

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their benefits adjusted annually, following the five (5)-year delay. Retirees eligible to receive annual COLA benefits shall include all retirees electing early retirement and all disability retirees who enter pay status on or after December 1, 2006.

(b) Every third year following adoption of this section, an actuarial evaluation of the cost of this benefit (two percent (2%) COLA adjustment for retirees) will be provided to the city by the Pension Plan's actuary, or other actuary designated by the city at it's option. In the event the projected cost of the benefit increases over the projected cost for fiscal year 2006-2007, the Pension Plan shall be further amended to provide that the increased costs will be offset by (1) an increase in the five percent (5%) employee contribution provided herein, or (2) use of Chapter 175 funds, or (3) reduction of the cost of living (COLA) benefit for non-retired members, or any combination of (1), (2) or (3), as recommended by the Pension Board in consultation with the membership. Notwithstanding any provision to the contrary, COLA benefits under this paragraph shall not be reduced for retirees.

(c) In years where the actuarial evaluation described above determines that the cost of the COLA benefit is less than the projected cost for the benefit for fiscal year 2006-2007, the actuarial savings shall be recognized in a contribution reserve account within the Pension Plan. Any savings accumulated in the contribution reserve account shall be held in trust to be used to offset unanticipated COLA costs in future years.

Mr. Levinson stated the cost to fund the COLA had to be cost neutral to the city and increases would be borne by the active employees if there were no other funding sources.

Mr. Strong advised that the \$306,000 would equate to an increase of approximately 3% in payroll contributions. Contributing factors again declining state monies and mandated assumption changes.

Mr. Petty had Mr. Strong confirm that future assumption changes would impact the cost in which Mr. Strong affirmed. Mr. Petty also asked if the COLA stopped today, the cost for the program would still be required for existing members. This too was confirmed by Mr. Strong, as all those enjoying the COLA would still have to be funded.

Mr. Petty and Mr. Weeks inquired about city funding of .24% (\$16,000.00) for the COLA. Mr. Strong advised that he did not recall but did not believe it would apply as the cost of the COLA had to be cost neutral to the city. Mr. Strong will research the matter.

The decline in state monies was discussed. Mr. Petty advised that the Finance Director did send a request to the State about the decline. No response was received to date. The Board intends to pursue the decline in revenue.

Mr. Levinson asked for membership input. Mr. Weeks asked who would decide how to fund the \$306,000? Mr. Petty advised that this was not a Board decision it was by mutual consent of the active membership.

Input was received from the members present at the meeting. There was general consensus that the Board should use the reserve funds for this increase for this review<sup>1</sup>.

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<sup>1</sup> May 1, 2019 Minutes: At the conclusion of the foregoing report and ensuing discussion, Mr. Raybuck made a motion to accept the October 1, 2018 Actuarial Valuation with the *COLA funding source coming from reserves*, which is pending membership approval. The motion was seconded by Mr. Taylor. All Trustees voted yes, and the motion was passed 4-0. (Ms. Watler departed prior to vote).

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Mr. Raybuck stated he wants to address this matter before the next tri-annual review.

Pending issues: If the city has any funding requirements (.24%) cited. Pursuit of declining state monies.

**ATTORNEY'S REPORT:**

No report.

**PLAN ADMINISTRATOR:**

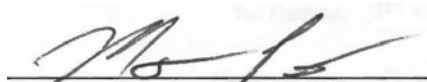
No report.

**OPEN DISCUSSION:**

Nothing to report.

**ADJOURN:**

Trustee Raybuck made a Motion to adjourn the meeting. Trustee Cale seconded the Motion. Motion passed 3-0. The meeting was adjourned at 10:50 AM.



Matt Petty, Chairman

***FOR THE BOARD***