

ORDINANCE NO.

2023-4533

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART I, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS"; AMENDING SECTION 62, "DEFINITIONS", RELATED TO ACTUARIAL ASSUMPTIONS; AMENDING SECTION 65, ENTITLED "COMPUTATION OF CREDITABLE SERVICE; SERVICE RECORD"; AMENDING SECTION 76, "BOARD OF TRUSTEES", TO PROVIDE FOR STAGGERED THREE (3) YEAR TERMS; AMENDING SECTION 90, ENTITLED "BENEFITS FOR MEMBERS HIRED ON OR AFTER MAY 8, 2019 FOR INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1510 (IAFF) AND ON OR AFTER JULY 31, 2019 FOR FRATERNAL ORDER OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)"; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HERewith; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on October 20, 2022, the City and the IAFF have entered into a Memorandum of Understanding to allow Firefighters to receive service credit under the Fire & Police Plan for prior service under the Miami Beach Employees' Retirement Plan ("Employees' Retirement Plan"), regardless of date of hire; and

WHEREAS, the Parties agree that this upon ratification, this ordinance change shall be in effect, notwithstanding any provision in the Parties' 2021-2024 Collective Bargaining Agreement; and

WHEREAS, On May 21, 2020, the Fire and Police Pension Board voted to change the plan's definition of actuarial equivalence by adopting the recommended mortality tables and long-term interest rate; and

WHEREAS, On August 18, 2022, the Fire and Police Pension Board voted to extend the elected Trustees length of term from 2 years to 3 years, and to stagger the election for each individual Fire and Police Trustee; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AS FOLLOWS:

SECTION 1.

That Article IX, Related Special Acts of the Miami Beach City Code, is amended to read:

**ARTICLE IX. - PENSION SYSTEM FOR DISABILITY AND RETIREMENT
OF MEMBERS OF POLICE AND FIRE DEPARTMENTS**

* * *

Sec. 62. - 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:

Actuarial Assumptions (for the calculation of optional forms of benefits) means the following interest rates compounded annually:

- (a) 8.5% for plan years prior to October 1, 2009; 8.4% effective for the plan year beginning October 1, 2009; 8.3.% effective for the plan year beginning October 1, 2010; 8.2.% effective for the plan year beginning October 1, 2011; 8.1.% effective for the plan year beginning October 1, 2012; and 8.0.% effective for the plan years beginning October 1, 2013, and October 1, 2014;
- (b) 7.75% effective for plan years beginning on and after October 1, 2015;
- (c) 7.50% effective for plan years beginning on or after October 1, 2020.

Actuarial Assumptions (for the calculation of optional forms of benefits) also means the following mortality tables:

- (a) For plan years beginning prior to October 1, 2010, the 1983 Group Annuity Mortality Table; for plan years beginning on October 1, 2010, and October 1, 2011: for Pre-Retirement Mortality the RP-2000 Combined Mortality Table with a blue-collar adjustment, for Post-Retirement Healthy Mortality the RP-2000 Combined Mortality Table with a blue-collar adjustment, and for Post-Retirement Disabled Mortality the RP-2000 Combined Mortality Table.
- (b) For plan years beginning on or after October 1, 2012: for Pre-Retirement Mortality the RP-2000 Combined Mortality Table with blue-collar adjustment projected 15 years from valuation date, for Post-Retirement Healthy Mortality the RP-2000 Combined Mortality Table with a blue-collar adjustment projected 7 years from valuation date, and for Post-Retirement Disabled Mortality the RP-2000 Combined Mortality Table. For purposes of determining the period that benefits are paid to a widow or widower who was married to a deceased member for less than ten years, the 1994 Life Expectancy Table shall be used.
- (c) For plan years beginning on or after October 1, 2015: for Pre-Retirement and Post-Retirement Mortality, the RP-2000 Combined Healthy Participant Mortality Tables with a fixed blend of 90% male mortality rates – 10% female mortality rates, with full generational mortality improvements projected to the year of commencement with Scale BB for healthy participants; and for disabled participants, the RP-2000 Disabled Mortality Table with a fixed blend of 90% male mortality rates – 10% female mortality rates, with no projection for disabled participants. For purposes of determining the period that benefits are paid to a widow or widower who was married to a deceased member for less than ten years, the following mortality tables shall be used: RP-2000 Combined Healthy Participant Mortality Tables with a fixed blend of 90% male mortality

rates – 10% female mortality rates, with full generational mortality improvements projected to the year of commencement with Scale BB for healthy participants; and RP-2000 Disabled Mortality Tables with a fixed blend of 90% male mortality rates – 10% female mortality rates, with no projection for disabled participants.

- (d) For plan years beginning on or after October 1, 2020, mortality based upon the PUB-2010 Headcount Weighted Safety Mortality Tables with a fixed blend of 85% Below Median Healthy Retiree male mortality rates- 15% Healthy Retiree female mortality rates, both set forward one year, with generational mortality improvements projected to the fiscal year of benefit commencement date with Scale MP-2018 for healthy participants; Mortality based upon 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table/20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, with a fixed blend of 85% male and 15% female mortality rates, with no projection for disabled participants. For purposes of determining the period that benefits are paid to a widow or widower who was married to a deceased member for less than ten years, the following life expectancy tables shall be used: Mortality based upon the PUB-2010 Headcount Weighted Safety Mortality Tables with a fixed blend of 85% Below Median Healthy Retiree male mortality rates- 15% Healthy Retiree female mortality rates, both set forward one year, with generational mortality improvements projected to the fiscal year of benefit commencement date with Scale MP-2018 for healthy participants; Mortality based upon 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table/20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, with a fixed blend of 85% male and 15% female mortality rates, with no projection for disabled participants.

* * *

Sec. 65. - Computation of creditable service; service record.

* * *

- (b) Employees who become members of this System in order to receive credit for service rendered prior to their becoming a member shall make contributions to the Fund in the amount such member would have contributed had he been a member during the period of service for which credit is being purchased. In order to receive such credit, employees shall make payment within six months after becoming a member or within such other period as may be provided in a bargaining agreement covering the member. Notwithstanding the foregoing, any firefighter member ~~hired before May 8, 2019~~ and any police officer member hired before July 31, 2019 who transfers to this System whereby the accumulated total credit in any other pension system of the City is transferred to this System, then and in that event, all of the creditable service time in such other system shall be considered Creditable Service time under this System, and such employee need make no additional contribution for time credited. ~~Firefighter members hired on or after May 8, 2019 and police~~ Police officer members hired on or after July 31, 2019 shall not be credited with any service under this System for service as a member of the Miami Beach Employees' Retirement Plan.

* * *

Sec. 76. - Board of trustees.

* * *

- (b) The election of the trustees from the Employees of the fire department and the police department shall be held by per capita vote of all active and retired Employees of each of the respective departments who come within the purview of this article. An election to elect the members of the fire department and police department to serve as trustees shall be held every two years. Notwithstanding the foregoing, effective for the first election held after January 1, 2023, one fire department and one police department trustee shall be elected for a period of two years, one fire department and one police department trustee shall be elected for a period of three years, and one fire department and one police department trustee shall be elected for a period of four years. Commencing with the election held in 2025, there shall be an election every year for the expiring terms of one firefighter trustee and one police officer trustee position, with all elected firefighter and police officer trustee terms being three years.

* * *

Sec. 90. - Benefits for members hired on or after May 8, 2019 for International Association of Firefighters, Local 1510 (IAFF) and on or after July 31, 2019 for Fraternal Order of Police, William Nichols Lodge No. 8 (FOP).

Notwithstanding any other provision of the System, the pension benefits for members hired on or after May 8, 2019 for International Association of Firefighters, Local 1510 (IAFF), and on or after July 31, 2019 for Fraternal Order of Police, William Nichols Lodge No. 8 (FOP), shall be as provided in section 89, except that such members shall be vested upon completion of ten years of creditable service, and police officer members shall not be credited with any service under this System for service as a member of the Miami Beach Employees' Retirement Plan.

SECTION 2. REPEALER.

All ordinances or parts of ordinances and all section and parts of sections in conflict herewith are hereby repealed.

SECTION 3. CODIFICATION.

It is the intention of the City Commission, and it is hereby ordained, that the provisions of this Ordinance shall become and be made part of the Code of the City of Miami Beach, as amended; that the sections of this Ordinance may be re-numbered or re-lettered to accomplish such intention; and that the word "ordinance" may be changed to "section" or other appropriate word.

SECTION 4. SEVERABILITY.

If any section, subsection, clause or provision of this Ordinance is held invalid, the remainder shall not be affected by such invalidity.

SECTION 5. EFFECTIVE DATE.

This Ordinance shall take effect ten days following adoption.

PASSED and ADOPTED this 1 day of February, 2023.



Dan Gelber, Mayor

ATTEST:



FEB 08 2023

Rafael E. Granado, City Clerk



APPROVED AS TO
FORM AND LANGUAGE
& FOR EXECUTION



City Attorney

12-1-22

Date



MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: February 1, 2023

9:35 a.m. Second Reading Public Hearing

SUBJECT: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART I, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS"; AMENDING SECTION 62, "DEFINITIONS", RELATED TO ACTUARIAL ASSUMPTIONS; AMENDING SECTION 65, ENTITLED "COMPUTATION OF CREDITABLE SERVICE; SERVICE RECORD"; AMENDING SECTION 76, "BOARD OF TRUSTEES", TO PROVIDE FOR STAGGERED THREE (3) YEAR TERMS; AMENDING SECTION 90, ENTITLED "BENEFITS FOR MEMBERS HIRED ON OR AFTER MAY 8, 2019 FOR INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1510 (IAFF) AND ON OR AFTER JULY 31, 2019 FOR FRATERNAL ORDER OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)"; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING AN EFFECTIVE DATE.

RECOMMENDATION

Approve the proposed ordinance on first reading and set the ordinance for second reading on February 1, 2023.

BACKGROUND/HISTORY

The City of Miami Beach has the following five (5) classified employee groups that are represented by bargaining units:

- Group I - Represented by the American Federation of State, County and Municipal Employees (AFSCME) Local 1554;
- Group II - Represented by the Fraternal Order of Police (FOP) William Nichols Lodge No. 8;
- Group III - Represented by the International Association of Firefighters (IAFF) Local 1510;
- Group IV - Represented by the Communications Workers of America (CWA) Local 3178; and

- Group V - Represented by the Government Supervisors Association of Florida (GSAF), OPEIU, Local 100

In addition, the City has one classified employee group, Group VI, comprising all other classifications in the classified service not covered by a bargaining unit. This group is commonly referred to in the City of Miami Beach as "Others". There is a seventh salary group comprised of at-will employees commonly referred to as Unclassified.

Employees represented by the FOP and IAFF are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

All other full time employees are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article VI, Related Special Acts, of The Miami Beach City Code entitled "Pension and Retirement System for Officers and Employees Generally."

On May 21, 2020, the Fire and Police Pension Board voted to change the plan's definition of actuarial equivalence by adopting the recommended mortality tables and long-term interest rate.

On August 18, 2022, the Fire and Police Pension Board voted to extend the elected Trustees length of term from 2 years to 3 years, and to stagger the election for each individual Fire and Police Trustee.

ANALYSIS

The Administration and the International Association of Fire fighters, Local 1510 (IAFF) entered into a Memorandum of Understanding on October 20, 2022 to amend the Fire & Police Pension Plan to allow Firefighters to receive service credit under the Fire & Police Plan for prior service under the Miami Beach Employees' Retirement Plan ("Employees' Retirement Plan"). The proposed ordinance would allow Firefighters, regardless of date of hire, to receive service credit under the Fire & Police Plan for prior service under the Employees' Retirement Plan.

The Fire and Police Pension Board voted to update the plan's actuarial assumptions for the calculation of benefits effective October 1, 2020. The changes to the mortality tables for funding and accounting were adopted as required by the State of Florida (F.S., Chapter 2015-157); for the Optional Forms of Benefits, the actuary recommends a blended mortality table and life expectancy table based on the tables which are consistent with what are used to fund the Plan; the ordinance change brings the language of the ordinance in line with these changes. The change to lower the assumption for the actuarial rate of return was adopted by the Board to be more consistent with recommendations by the State of Florida. A lower, more conservative actuarial rate of return should result in healthier plan over the long term.

The Pension Board also recommended that the terms of elected Trustees be extended from 2 years to 3 years, and to stagger the election for each individual Fire and Police Trustee. The proposed ordinance would update the plan's definitions of actuarial assumptions to reflect the Pension Board's action, implement the Pension Board's recommended change in the terms of elected Board members, and provide for staggered terms of Fire and Police Trustees.

SUPPORTING SURVEY DATA

N/A

FINANCIAL INFORMATION

The Fire and Police Pension Office will provide an impact statement prepared by the Plan's actuary once the ordinance has gone through the first reading. The actuarial assumptions for the benefits have already been absorbed by the plan from FYE 2020. There is no cost to the transfer of service for IAFF members as there is already built into the Plan an assumption of 0.025% of annual pensionable payroll for transfer of service under another City pension system. Finally, there is no cost to the staggered Board terms.

CONCLUSION

The Administration recommends amending Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

Based on the foregoing, the Administration recommends that the City Commission approve the proposed ordinance on first reading and set the ordinance for second reading on February 1, 2023.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

Yes

Does this item utilize G.O. Bond Funds?

No

Strategic Connection

Organizational Innovation - Attract and retain top talent.

Legislative Tracking

Human Resources

Sponsor

Mayor Dan Gelber

ATTACHMENTS:

Description

- ☐ Ordinance
- ☐ IAFF MOU
- ☐ Aug 18 2022 approved Board motion
- ☐ May 21 2020 approved Board motion

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into this 20 day of October, 2022. This MOU sets forth the agreement between the City of Miami Beach ("City") and the International Association of Fire fighters, Local 1510 ("IAFF") regarding the amendment to Sections 65 and 90 of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach ("Fire & Police Plan").

WHEREAS the Parties wish to amend the Fire & Police Pension Plan to allow Firefighters to receive service credit under the Fire & Police Plan for prior service under the Miami Beach Employees' Retirement Plan ("Employees' Retirement Plan"). The amendment would allow Firefighters, regardless of date of hire, to receive service credit under the Fire & Police Plan for prior service under the Employees' Retirement Plan, as set forth more specifically in attached Exhibit A, Draft Amendment to Sections 65 and 90 of the Fire & Police Pension Plan.

WHEREAS the Parties agree that this MOU shall be in effect, and upon adoption of the pension ordinance implementing this MOU, said ordinance shall be in effect, notwithstanding any provision in the Parties' 2021-2024 Collective Bargaining Agreement.

IT IS THEREFORE AGREED AS FOLLOWS:

1. Upon adoption of the Amendments to Sections 65 and 90 of the Fire & Police Pension Plan, Firefighters, regardless of date of hire, shall receive service credit under the Fire & Police Pension Plan for prior service under the Employees' Retirement Plan, in accordance with the Amendments.

IAFF LOCAL 1510

By:



ADONIS GARCIA, PRESIDENT

CITY OF MIAMI BEACH

By:



ALINA HUDAK, CITY MANAGER

Exhibit A**Proposed Amendments to****The City Pension Fund for Firefighters and Police Officers in the City of Miami Beach****Sec. 65. - Computation of creditable service; service record.**

(b) Employees who become members of this System in order to receive credit for service rendered prior to their becoming a member shall make contributions to the Fund in the amount such member would have contributed had he been a member during the period of service for which credit is being purchased. In order to receive such credit, employees shall make payment within six months after becoming a member or within such other period as may be provided in a bargaining agreement covering the member. Notwithstanding the foregoing, any firefighter member ~~hired before May 8, 2019~~ and any police officer member hired before July 31, 2019 who transfers to this System whereby the accumulated total credit in any other pension system of the City is transferred to this System, then and in that event, all of the creditable service time in such other system shall be considered Creditable Service time under this System, and such employee need make no additional contribution for time credited. ~~Firefighter members hired on or after May 8, 2019 and police~~ Police officer members hired on or after July 31, 2019 shall not be credited with any service under this System for service as a member of the Miami Beach Employees' Retirement Plan.

Sec. 90. - Benefits for members hired on or after May 8, 2019 for International Association of Firefighters, Local 1510 (IAFF) and on or after July 31, 2019 for Fraternal Order of Police, William Nichols Lodge No. 8 (FOP).

Notwithstanding any other provision of the System, the pension benefits for members hired on or after May 8, 2019 for International Association of Firefighters, Local 1510 (IAFF), and on or after July 31, 2019 for Fraternal Order of Police, William Nichols Lodge No. 8 (FOP), shall be as provided in section 89, except that such members shall be vested upon completion of ten years of creditable service, and police officer members shall not be credited with any service under this System for service as a member of the Miami Beach Employees' Retirement Plan.

**946TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

August 18, 2022

CALL TO ORDER

Meeting was called to order at 8:32 AM by Chairman Nolan.

Board members present, via a quorum physically present and videoconference, were as follows:

FIRE DEPARTMENT

David J. Frazier, Jr.
Paul D. Johnson
Dwight M. Nicholas

POLICE DEPARTMENT

Steven L. Feldman
James D. Nolan

ADMINISTRATION

Hernan D. Cardeno
Eric T. Carpenter
Tameka Otto Stewart

Absent was:

Daniel D. Molina - Police Department

Present were:

Stuart A. Kaufman, Esq. - Attorney, Klausner, Kaufman, Jensen & Levinson (KKJL)
Donna Brito - Executive Director
Frank Estevez - Assistant Director
Myriame Jean-Baptiste - Pension Administrator
Clara La Rosa - Office Manager

Also present were:

Michael Bray - Vice President, Inverness Counsel, LLC
Adonis L. Garcia - President, Local 1510 – International Association of Firefighters
Robert K. Maddock - Senior Vice President, Inverness Counsel, LLC
Greg Russell, MBA, CRC - Program Director, Nationwide
Adrian Sancho - Senior Vice President, Inverness Counsel, LLC
Erik Sherman - Registered Representative, Voya
Anthony Steel, CRC - Investment Adviser Representative, Nationwide
Brendon Vavrica, CFP - Consultant, AndCo Consulting

MINUTES

Regular Meeting of the Board of Trustees – July 21, 2022

Minutes from the regular board meeting were distributed as part of the agenda packet. Secretary Frazier made a motion to approve the minutes. The motion was seconded by Chairman Nolan and unanimously carried.

Discussion and possible action regarding Trustee Feldman's request to stagger the election cycle between the Fire Department and the Police Department and to increase the term of office for the elected Trustees from 2 years to 4 years

Trustee Feldman previously asked the Board to consider two requests that would require a future ordinance change. The first request was to stagger the Pension Board of Trustees' elections between the Fire Department and the Police Department to avoid the risk of a full Fire and Police Board turnover. The second request was to extend the current 2-year term to a 4-year term in order to provide the Board with more stability as the Trustees continue to gain valuable education and knowledge.

Trustee Feldman clarified that his intent was to stagger the election of each individual Trustee from the Fire and Police Departments to serve a 4-year term.

Adonis L. Garcia, President, Local 1510 – International Association of Firefighters, joined the meeting via Zoom and agreed that staggering the elections was the prudent thing to do, but in his opinion a 4-year term was too long. He suggested a 3-year term and to hold annual elections in order to stagger the term for each individual Fire and Police Trustee. The first year election would be unusual in order to initiate the staggered election cycle. Members would need to elect one Fire Trustee serving a 1-year term, one Fire Trustee serving a 2-year term, one Fire Trustee serving a 3-year term, and the same process for Police. The following year the 1-year Trustee would be elected for a 3-year term. Following that, the 2-year Trustee would be elected for a 3-year term until the process works itself out and all Trustees are serving a staggered 3-year term.

After various discussions the Board agreed that this seemed to be a fair and balanced process that would preserve the stability and knowledge base of the Board.

Attorney Kaufman advised that his only concern is whether or not the Division of Retirement would accept less than a 2-year term. If not, the first year election may have to start the staggering process by electing one Trustee serving a 2-year term, one Trustee serving a 3-year term, and one Trustee serving a 4-year term.

Secretary Frazier made a motion to grant Attorney Kaufman the authority to draft the required ordinance to extend the elected Trustees length of term from 2 years to 3 years, and to stagger the election for each individual Fire and Police Trustee. The initial staggered election cycle will depend on the Division of Retirement's required length of term. The motion was seconded by Trustee Nicholas and unanimously carried.

Mr. Garcia thanked the Board for their time and consideration before leaving the meeting.

COMMENCEMENT OF PENSION

Police Officer George R. Varon was retired under the DROP program and resigned from City employment effective July 29, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Sergeant Jorge Alessandri was retired under the DROP program and resigned from City employment effective July 31, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Johnson made a motion to approve the commencement of pension for Officer Varon and Sergeant Alessandri. The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #1-1 Schedule A)

SERVICE RETIREMENT

Trustee Johnson made a motion to add the service retirement for Police Sergeant Jose D. Perez to the Agenda. The motion was seconded by Trustee Cardeno and unanimously carried.

Police Sergeant Jose D. Perez retired effective July 22, 2022, with 7 years 10 months of service in accordance with the Miami Beach Code, Section 66(a). Sergeant Perez met the eligibility for retirement by Tier 3, and attainment of at least age 50.

Trustee Otto Stewart asked Ms. Jones if she had a recommendation. Ms. Jones replied that the current 7.75% investment return assumption is overly optimistic so any of the above scenarios are acceptable to lower the assumption. The average investment return assumption among GRS' clients is approximately 7.3%. Attorney Kaufman added that the Florida Retirement System (FRS) recently lowered their investment return assumption to 7.2%. The FRS assumption is considered to be the standard that every plan targets so that the State cannot have an argument that a plan's assumption is not low enough.

After various discussions regarding the advantages and disadvantages of each scenario, Trustee Carpenter made a motion to lower the investment return assumption by 10 basis points a year for the October 1, 2019, and the October 1, 2020, actuarial valuation and 5 basis points a year for the October 1, 2021, actuarial valuation to achieve a long-term expected annual rate of return of 7.5%. The Board will re-evaluate the assumption as needed. The motion was seconded by Trustee Nolan and unanimously carried. (Attachment #3)

Update of the definition of actuarial equivalence (interest rate and mortality table) for the calculation of optional forms of benefits: Discussion and possible action

Ms. Jones recommended replacing the current actuarial equivalence mortality tables for both optional forms of payment and life expectancies with the new mortality tables that are consistent with what will be used to fund the Plan. The recommended tables are listed below. Ms. Jones also recommended a long-term interest rate of 7.50% for all purposes of actuarial equivalence. She further explained that keeping the definition of actuarial equivalence up to date assures that the optional forms of payment are priced fairly for both the members and the Plan and life expectancies are properly determined. An actuarial impact statement would be issued showing no cost on funding for these changes.

- Mortality, for healthy participants, based upon the PUB-2010 Headcount Weighted Safety Mortality Tables with fixed blend of 85% Below Median Healthy Retiree Male Mortality Table and 15% Healthy Retiree Female Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.
- For Disabled Participants, mortality based upon the 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, with a fixed blend of 85% male and 15% female mortality rates, without projected mortality improvements.

Director Brito explained that actuarial equivalence in this plan is used in two different circumstances:

1. To determine life expectancies if the surviving spouse was married to the deceased member for less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at time of death.
2. To convert one form of benefit payment to another form of benefit payment. For example, to convert the 10 year certain and life benefit to a life of member only or joint and survivor benefit.

Trustee Spina-Taylor made a motion to change the plan's definition of actuarial equivalence by adopting the recommended mortality tables and long-term interest rate. The change is effective immediately and shall be applied when a beneficiary benefit is limited to a period no longer than the normal life expectancy of a deceased member at the time of death and optional forms of benefit payments. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #4)