

**MINUTES OF THE MEETING OF THE STEERING COMMITTEE
OF THE BOARD OF TRUSTEES OF THE TAMPA FIRE & POLICE PENSION FUND
3001 North Boulevard
Tampa, FL 33603 (813) 274-8550
Monday, June 17, 2019 11:00 a.m.**

The Steering Committee of the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Tampa met in the Executive Offices Conference Room on the 8th floor of the Tampa Municipal Office Building on Monday, June 17, 2019 at 11:00 a.m. regarding business requirements for the new pension administration system with the following members present:

Patrick Messmer, Committee Chair
Gregory Reed
Dennis Rogero

Trustee Gregory Reed and Mr. Robert Klausner, General Counsel, participated telephonically.

Ms. Ernst advised that committee 3 is working on the items referred to them and a few items are still under review with tax counsel.

Ms. Ernst advised that a decision needs to be made on the calculation of average final compensation (AFC). She noted that the cleanest option would be to capture earnings on a fiscal year basis, but continue to use the two methodologies outlined in the AFC policy. This would ensure that overtime earnings are capped at 300 hours per year. However, she noted that the policy will have to be expanded to clearly identify how overtime earnings will be captured for members who work more than 300 hours for the partial year calculation methodology. Ms. Ernst cautioned the committee that regardless of the change, design and testing needs to be taken into consideration. Discussion ensued and the committee agreed that Ms. Ernst's recommendation is reasonable and would not conflict with the pension contract. *The recommendation to change the calculation of AFC as discussed with the implementation of the new PAS and refer policy 901 to committee 3 for revision was agreed upon by general consensus.*

Ms. Ernst advised that she is still waiting on a response from the City regarding the cost of transitioning retiree healthcare back over to the City. She advised that the cost to customize the system to accommodate the healthcare requirements is approximately \$50,000, not including future changes to the product, testing, or maintenance. Ms. Ernst clarified that the Fund will continue to deduct premiums on behalf of covered retirees, but expects all other functions to be transitioned over to the City's benefits team. She continued that the decision appears to be hung up on cost. Mr. Klausner noted that any reimbursement to the City would become part of the normal cost of the plan and would be charged back to the active members. Mr. Rogero advised that the City has approved additional headcount for the anticipated work and does plan to take back this responsibility, but the point of contention is cost and he will continue to work towards finalizing the pending changes on his end. *The recommendation to eliminate the requirements related to the healthcare program was agreed upon by general consensus.*

Ms. Ernst also noted that a few years ago there was discussion about potentially allowing members to deduct health insurance premiums from pension benefits for non-City sponsored health

insurance for tax purposes. She advised that there would be an administrative burden and the potential liability is concerning in terms of remitting premiums on behalf of members. It was noted that there is no obligation to accommodate these deductions and Mr. Klausner concurred. *The recommendation to eliminate the requirements related to health insurance premium deductions for non-City sponsored plans was agreed upon by general consensus.*

Ms. Ernst explained that there is currently a smoothing formula that runs concurrently with the full-scale contribution rate (FSCR) formula for pension contributions. She advised that this smoothing formula causes contributions to increase significantly towards the end of the fiscal year, causes issues for contributions on overtime earnings, and causes issues for members on military leave. Ms. Ernst advised that she would like to have the smoothing formula removed so that contributions are withheld strictly based on FSCR. She noted that this would allow staff to test contribution deductions in the new system. It was noted that the smoothing formula is not in the contract. *The recommendation to eliminate the contribution smoothing formula was agreed upon by general consensus.* Ms. Ernst advised that this will require coordination with Donna Bohnet in T&I and lots of testing, so it will likely occur with fiscal year ending 2020.

The motion to adjourn was made at 11:42 a.m.


Patrick Messmer
Committee Chair


Tiffany Corry
Recording Secretary

Notice

Any person who desires to appeal any decision of the Board of Trustees with respect to any matter considered at this Board meeting will need a record of the proceedings and for this purpose, may need to ensure that a verbatim record of the proceedings is made which includes testimony and evidence upon which the appeal is based.