

**MINUTES**

**GENERAL EMPLOYEES' RETIREMENT COMMITTEE  
AND  
POLICE OFFICERS' & FIREFIGHTERS'  
RETIREMENT COMMITTEE MEETING**

**TUESDAY - AUGUST 10, 2010 - 12:00 PM**

**PRESENT**

Councilwoman Beth Spiegel  
Sgt. Leo Socorro  
Chief Linda Loizzo  
Sgt. Mo Asim  
Councilman John Julien  
Councilwoman Barbara Kramer  
Councilman Frantz Pierre  
Lori Helton  
Vic Espinal  
Larry Gordon

**ABSENT**

**ALSO PRESENT**

Robert Sugarman – Plan Attorney  
Bonni Jensen – Pension Attorney  
Larry Wilson – GRS Actuary  
Professor Bruce Rogow – Attorney  
Martin Lebowitz – Pension Administrator

**DEPARTMENT REPRESENTATIVES**

Various Police Officers  
Various General Employees  
Various Retirees  
Various Residents

The meeting was called to order at 12:25 p.m. by Lori Helton and was followed by a roll call of Trustees.

Bob Sugarman opened the meeting with the next steps that we are taking to resolve the issue of extending the supplemental contributions to the Police & Fire Pension Fund, the Merger of the General Management Pension Plan into the General Employees' Pension Plan and the question whether the City can lawfully remove from the pension ordinance the right of the members of the Police & Fire and General Employees Pension Funds to vote on any changes to their pension plans. Bob Sugarman introduced Professor Bruce Rogow to discuss the issue on the constitutional voting issue reference to Ordinance 2010-15 and 2010-17.

**I. REPORT – CONSTITUTIONAL VOTING ISSUE  
RE: ORDINANCE 2010-15 AND 2010-17**

(Professor Bruce Rogow)

Professor Bruce Rogow stated his opinion as follows: the provisions of the Plans requiring amendments to be approved by a certain percentage of the active participants is not unconstitutional, is not in derogation of any law, and that to the contrary, any effort “to eliminate” the approval provision would be in derogation of the Florida Constitution.

**Please see Exhibit I letter from Professor Bruce Rogow.**

Following many questions and discussions, Bob Sugarman stated as the City’s attorney, if the City of North Miami Beach passed on second reading the Ordinance to take away the members right to vote, his advice would be to ignore that decision and not to implement Ordinance 2010-15 and 2010-17. Any further changes that would be needed to the plan we would have the members continue to vote on these changes.

Questions were asked about what is meant by actuarial soundness of the Plan. Larry Wilson, Actuary for the General Employees Plan, gave his interpretation of actuarial soundness as follows: the plan would be actuarial sound to the extent the City of North Miami Beach has made the required contributions and will continue to make required contributions.

**II. MANAGEMENT PLAN MERGER STUDY**

Bob Sugarman and the Board **have** requested from their actuary Larry Wilson his firm’s opinion if this proposed merger was good or bad for the trustees of the General Employee’s Retirement Plan, the plan participants and beneficiaries.

Larry Wilson handed out a report reflecting a 10-year Actuarial Projection Study on the proposed merger of the Management Pension Plan into the General Employees’ Pension Plan. There would be cost savings of approximately \$600,000 if the plans merge.

**Please see Exhibit II report from Gabriel Roeder Smith.**

Question was asked by Vic Espinal what was the funded ratio as of 10/1/2009 of the Management Plan; answer was 63.6% and the General Employees’ Pension was 73.1%. If you merge the plans, the fund ratio for the combined plan would be 68.9%. After a 10 year period, the funded ratio for the combined plan would be 72.5% verses 73% if the General Employee did not merge.

Question was asked by Janice Coakley about whether the Management Plan Employees contributed enough money when the plan started **in** 2003. Bob Sugarman stated the following: Those members of the Management Plan who have retired cannot now be compelled to pay

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more for their pension benefits. Bob Sugarman's understanding of the Management Plan when it started was that the employees did make some type of contribution from their 401(k) with the City of North Miami Beach. Whether or not they turn over all of that money, whether that money covered the full cost of past service, whether or not the city considered that to be fair contributions and the City was willing to put money into the Plan. That was the deal the city made with those members of the management plan.

Bob Sugarman stated from the past meeting some requirements if the Plans merged would be as follows:

- i. Request Management Plan Retirement Committee to:
  - a. Conduct final independent audit from date of last audit to date of merger
  - b. Verify pension calculations and pension rolls

Beverly Hobson stated when the General Management Plan was created, she contributed all of her 401(k) balance to the pension plan back in 2003. There was no money left in that 401(k) plan.

Bob Sugarman stated that if you combine these plans, the new plan will be less funded which was reported and stated by Larry Wilson. Which could raise some concerns amongst city management or the city council persons as to how to deal with the lower funding of the plan. One way you deal with lower funding is to put in additional employer contributions into the plan. Another way you deal with funding is you lessen your liability by cutting benefits to the plan. The employee felt protected that their benefits wouldn't be cut because the employees would have to vote on this change of benefits up or down. And coupled when the lowering of the percentage of funding of the General Employees Pension Plan along with taking away the rights of the members to vote on cuts and benefits that's probably what gave rise to the employee's suspicions over these two things coming up at exactly the same time.

**III. APPROVAL OF BALLOT LANGUAGE AND SCHEDULING  
OF APPROVAL VOTES ON ORDINANCE 2010-19 AND 2010-20**

Bob Sugarman stated after the July 15, 2010 meeting, he, Bonnie Jensen, Sgt. Socorro, and Lori Helton met with Darcee Siegel, Roz Weisblum, Kelvin Baker, Jim Linn and the City's Labor Lawyer to discuss these Ordinances. After the meeting, the City Attorney Darcee Siegel was willing to ask the council at their next meeting to table the second reading of Ordinance 2010-15, 2010-16 and 2010-17 employee's right to vote. The council did table these Ordinances at their meeting on July 20, 2010. The other item was to have the council withdraw Ordinances 2010-15 and 2010-17 based on the opinion of Professor Rogow.

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The proposed language was agreed upon with the City Attorney Darcee Sigel as follows:

POLICE & FIRE RETIREMENT PENSION PLAN

IF the members of the General Employees Retirement Plan approve Ordinance 2010-20 that merges the management pension plan into the General Employees Retirement Plan, and

IF the City Council of North Miami Beach withdraws Ordinance 2010-15 and 2010-17 that sought to repeal the rights of the members of the General Employees and Police Officers and Firefighters Retirement Plans to vote on changes to those pension plans,

THEN do you approve the extending the period of City supplemental payments to the Police Officers and Firefighters Retirement Plan as provided in Ordinance No. 2010-19?,

YES I approve the extension of supplemental payments under these conditions

NO I do not approve.

GENERAL EMPLOYEES' RETIREMENT PENSION PLAN

IF the City Council of North Miami Beach withdraws or votes against Ordinance 2010-17 that sought to repeal the right of the members of the Police Officers and Firefighters Retirement Plan to vote on changes to the pension plan,

THEN do you approve extending the period of City supplemental payments to the Police Officers and Firefighters Retirement Plan as provided in the 70 % Ordinance 2010-19?

YES I approve the extension of supplemental payments under this condition

NO I do not approve

Bob Sugarman has requested that the committee asked Larry Wilson, the actuary for the General Employees Plan, if he recommends the merger of the Management Pension Plan into the General Employees' Pension Plan. And whether or not it is in the best interest of the plan participants and beneficiaries. Larry Wilson stated merging the plans would have a neutral impact on the General Employees and would not affect their benefits.

The Committee members had issues with the above language having the ballot for the general members plan contingent on the police ballot and the same with the police members contingent on the general ballot.

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There was a break in the meeting for Bob Sugarman to talk to city representatives about the ballot language. After Bob Sugarman spoke to the city representatives, the proposed ballot would be as follows, for the General Employees, if the City withdraws Ordinance 2010-15 which takes away members right to vote for changes to the plan and then will you approve the merger yes or no?

The proposed ballot for the Police & Fire Plan would be, if the City withdraws the Ordinance 2010-17 which takes away members right to vote for changes to the plan and then will you approve the 2020 funding yes or no? If the employees vote yes and the City does not withdraw the right to vote then the vote does not count.

Following discussion, motion by Vic Espinal, seconded by Larry Gordon, if the City Council withdraws or votes against Ordinance 2010-15 which takes away members right to vote, and if the City Council passes the Merger first reading Ordinance 2010-20 then will conduct a vote with impartial education on the merger Ordinance.

Motion carried

Following discussion, motion by Sgt. Asim, seconded by Sgt. Socorro, if the City Council withdraws or votes against Ordinance 2010-17 then do you approve Ordinance 2010-19 which extends the supplemental contributions until 2020.

Motion carried

Tom Lowman discussed the to extend the 70% Ordinance 2010-19 and letter that was sent to the City Manager, Kelvin Baker as follows:

- If the City contributions # \$3,050,000 extra for FY10 and \$200,000 in subsequent years, the plan is expected to reach 70% by 10/1/2018,
- If the City contributions # \$3,050,000 extra for FY10 and \$500,000 in subsequent years, the plan is expected to reach 70% by 10/1/2017,
- If the City contributions # \$1,725,000 extra for FY10 and \$200,000 in subsequent years, the plan is expected to reach 70% by 10/1/2019,
- If the City contributions # \$1,725,000 extra for FY10 and \$500,000 in subsequent years, the plan is expected to reach 70% by 10/1/2018.

Tom Lowman was asked if he felt comfortable with extending the 70% Ordinance and having paid until 2020. Tom Lowman answered that he was comfortable with 70% Ordinance 2010-19.

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Following discussion, motion by Sgt. Asim, seconded by Sgt. Socorro, to conduct a vote within the next week to asked members of the Police & Fire Retirement Plan if the City withdraws or vote against Ordinance 2010-17 which takes away the right for members to vote on any plan changes, then do we approve Ordinance 2010-19 which extends the supplemental contributions until 2020.

Roll Call Vote:	Sgt. Leo Socorro	Yes
	Chief Linda Loizzo	Yes
	Sgt. Mo Asim	Yes
	Councilman John Julien	No

Motion carried

**IV. APPROVAL OF INVOICE:**

Motion by Larry Gordon, seconded by Sgt. Socorro, to pay the following invoices:

**INVOICE:**

Bruce S. Rogow - Legal Fees	<u>\$7,500.00</u>
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Motion carried unanimously.

Meeting was adjourned 4:10 p.m.

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Martin Lebowitz, Pension Administrator

**BRUCE S. ROGOW, P.A.**  
BROWARD FINANCIAL CENTRE  
500 EAST BROWARD BOULEVARD, SUITE 1930  
FORT LAUDERDALE, FLORIDA 33394

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August 5, 2010

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**RE: Proposed Ordinances 2010-15 and 17, Seeking to Delete Article 1, § 1.05(a)(1) of the Retirement Plans of the Police Officers & Firefighters of the City of North Miami Beach and the General Employees of the City of North Miami Beach**

I have examined proposed Ordinances 2010-15 and 2010-17, the pertinent sections of the Retirement Plan for General Employees and the Retirement Plan for Police Officers and Firefighters, the June 28, 2010 Opinion Letter relating to “Plan Amendment Issue” and the relevant constitutional, statutory and case law. My opinion is that the provisions of the Plans requiring amendments to be approved by a certain percentage of the active participants is not unconstitutional, is not in derogation of any law, and that to the contrary, any effort “to eliminate” the approval provision would be in derogation of the Florida Constitution.

**A. The June 28 Opinion Letter**

The Opinion Letter suggests that the provision in Section 1.05 of each of the Retirement Plans requiring approval of amendments “is an improper delegation of the City Council’s legislative authority; and second, it conflicts with the constitutionally mandated collective bargaining process for any changes that are subject to that process.” Letter, p. 5.

As to “improper delegation,” the Letter asserts that “the Florida Constitution’s separation of powers clause prohibits the unlawful delegation of constitutional powers,” and that a legislative body cannot “delegate its authority to legislate to . . . private persons or entity [sic].” *Id.* As to “constitutionally mandated collective bargaining” changes, the Letter opines that the approval process somehow is akin to a “referendum procedure, [which] when applied to collectively bargained pension

agreements, unconstitutionally abridges the employees' fundamental right of collective bargaining." *Id.* at 7.

Neither suggestion of conflict with State law has merit.

**B. The Plan Provisions**

The Retirement Plan for Police Officers & Firefighters of the City of North Miami Beach provides, in relevant part:

**S. 1.05            AMENDMENT OF PLAN**

(a)    **Resolution of City** – The Plan may be amended by the City from time to time in any respect whatever, by resolution of City Council of North Miami Beach, specifying such amendment, subject only to the following limitations:

(1) **Approval of Participants** – Approval of 60% of the active members shall be required before the Plan may be amended by the City Council. Changes to benefits or contributions will be negotiated as required by Chapter 447, Florida Statutes.

(A) Such consent shall not be required if such amendment pertains to the actuarial soundness of the Plan, as determined by the actuary employed by the City Council in accordance with Section 5.06, or if such amendment shall be necessary to comply with any laws or regulations of the United States or of any state to qualify this as a tax-exempt plan and trust.

The Retirement Plan for General Employees of the City of North Miami Beach contains the same provision, except that the approval is "66 and 2/3 percent of the active participants of the Plan." See Section 1.05, Retirement Plan for General Employees of the City of North Miami Beach.

The Plans are longstanding. The Police Officer and Firefighters “Plan, effective October 1, 1965, becomes effective as revised and restated January 1, 1990, and is an amendment, restatement and continuation of the superseded plan, adopted effective as of July 1, 1957.” § 1.04. The General Employees Plan is similarly longstanding. See § 1.04 of that Plan.

**C. There is No Unconstitutional Delegation of Authority**

A flaw in the Opinion Letter is that the improper delegation of authority principle in the Florida Constitution is a separation of powers/separate branches of government principle. The Letter cites *Chiles v. Children A, B, C, D, E and F*, 589 So. 2d 260 (Fla. 1991), but *Chiles* makes clear that the Florida Constitutional provisions are as we say:

This Court has repeatedly held that under the doctrine of separation of powers, the legislature may not delegate the power to enact laws or to declare what the law shall be, *to any other branch* [of government]. Any attempt by the legislature to abdicate its particular constitutional duty is void.

*Id.* at 264 (emphasis supplied). That improper delegation line of cases has no currency here.

*Watson v. City of St. Petersburg*, 489 So. 2d 138 (Fla. 2d DCA 1986), another case offered by the Letter, addressed a situation where the city passed an ordinance and the ordinance provided that the city manager could “waive the terms of the ordinance.” *Id.* at 139. Thus, the ordinance was illusory; the city had invested unbridled discretion in the manager to invalidate the relevant portion of the ordinance. That too is not the case here.

Here, the approval process falls within the principle that “it is equally well settled that when a law is made, its execution may be made to depend upon a condition precedent, that is to say, on a vote of a certain portion of the people, or on approval of the lot owners in a given area.” *Taylor v. City of Tallahassee*, 177 So. 719, 721 (Fla. 1937). In *Taylor*, the approval process called for 60% approval of the property owners in a block where a pool hall was located, “and also on the blocks adjoining thereto on the North and South and/or on the East and West of said block.” *Id.* at 423. The Court invalidated that portion of the ordinance because “as to the blocks north, south, east and west,” it was impossible to tell what portion of their property owners were being described as necessary for approval, and, in addition, the ordinance was arbitrary because the other pool room on Monroe Street was excluded from the approval process. The lesson of *Taylor* is that if 60% of the Monroe Street property owners had been the only required approvers of any pool hall, the ordinance would have passed muster. Applying that lesson here, it is clear that the approval process is a valid condition precedent exercised by a certain portion of the affected people.

Thus, *Taylor* is supportive of the proposition that the North Miami Beach plan approval requirements, which are not arbitrary, and are addressed to the discrete group affected, are proper. The Opinion Letter’s reliance on *Amara v. Daytona Beach Shores*, 181 So. 2d 722 (Fla. 1st DCA 1966) tellingly omits *Amara*’s adoption of the *Taylor* principle that a legislative body “may make a law and incorporate therein a condition precedent upon which execution may depend but it cannot be

made to depend on the unbridled discretion of a single individual.” *Id.* at 725 (citing *Taylor v. City of Tallahassee*).

In *Amara*, the court invalidated a Daytona Beach ordinance which required beach concessionaires to obtain “the written consent of the ocean front property owners possessing property rights, including but not limited, to riparian or littoral rights to the Atlantic Ocean Beach . . . .” *Id.* at 723-724. The court held that the city could not let an individual property owner veto a legitimate business and that “[t]he burden of determining who is an oceanfront property owner having riparian rights involve legal questions too intricate to impose as a condition precedent to the issuance of a license to conduct a legitimate business.” *Id.* at 724-725. *Amara* does not stand for the proposition that properly defined and described persons are improper “condition precedent” actors. Indeed, it supports the proposition that such approval, properly focused, is permissible.

None of the cases offered in the Opinion Letter support the suggestion that requiring approval of certain percentages of Plan participants is an unconstitutional delegation of legislative authority. The Plan members are not exercising “unbridled discretion” in the approval process. Opinion Letter, p. 6. They are uniquely and directly affected, and are vitally interested participants in Plans the City has authorized by law and has, by law, made approvals the condition precedent for any changes in the Plans. The suggestion that the approval process violates any improper delegation principle embodied in Florida law is without merit.

**D. There Is No Conflict with Collective Bargaining Principles**

The Opinion Letter concedes that the PERC referendum decisions it cites are inapposite: “The foregoing court and PERC decisions make clear that a [voter] referendum is not required to approve pension changes that are collectively bargained between a city and a union representing its employees. Although a referendum requirement is not at issue here . . . [the approval process] is analogous.” Opinion Letter, p. 8. Analogous mean “corresponding in some particular.” *Webster’s Encyclopedic Unabridged Dictionary of the English Language* (1996). Voter referenda and Plan participant approval are not analogous.

The difference between seeking voter approval for a collective bargaining agreement, and a pension plan agreement which by its terms requires changes to be approved by members of the pension plan, is too great a difference to be cast as “analogous.”<sup>1</sup> The Opinion Letter’s cite to, and extensive quotation from, *In Re the Petition for Declaratory Statement of the City of Miami Beach*, 23 FPER ¶ 28230 at 361 contains this quoted sentence: “The State Legislature, when it enacted Chapter 447, Part II, Florida Statutes did not provide for a veto of collective bargaining by the electorate of a municipality. A referendum to effectuate the negotiated changes in pension benefits is not required. *See City of West Palm Beach*, 448 So. 2d at 1215 (a proposed ordinance which changed the method of the approval of terms of a

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<sup>1</sup> It should be noted that the pension plan members who have an approval voice are not co-extensive with members of a collective bargaining unit. There are members of both plans who are not in a collective bargaining unit and are not covered by a collective bargaining agreement.

collective bargaining agreement was prohibited under the preemption provisions of Article VIII, § 2(b), Fla. Const. and Chapter 166, Florida Statutes).” Opinion Letter, p. 7. Nothing in any of the PERC decisions offered by the Opinion Letter supports the notion that Plan members cannot be part of the approval process within the collective bargaining process. Indeed, the City’s proposed effort to change that process is the only thing that is invalid, and the quotation offered by the Opinion Letter confirms that changing the Plan by changing the ordinances is constitutionally problematic.

Moreover, the Plans are a contractual agreement between the City and the Plan members, and having accepted the benefits of those agreements, and having incorporated approval into the Plans, the City is estopped from denying the validity of its agreements. *See City of Miami v. Bus Benches, Co.*, 174 So. 2d 49, 52 (Fla. 3d DCA 1965) (“a municipality is bound to recognize its contracts, the same as an individual and one party to a contract with a municipality is entitled to the constitutional protection against impairment of it if the municipality attempts to unilaterally change its obligations under a valid agreement.”) (internal citations omitted).

**E. The Proposed Ordinances Would be An Unconstitutional Impairment of Contract**

The respective Plans require that “approval of 60 [or 66 2/3] % of the active members shall be required before the Plan may be Amended by the City Council [except for “actuarial soundness].” *See* Sections 1.05(a)(1) of the respective Plans. The approval requirement is an inherent and vitally important aspect of the pension

plan agreements. The proposed ordinances seek to “eliminate” those provisions in the Plans. If the “elimination” ordinances are enacted, the ordinances would violate Article I, section 10 of the Florida Constitution: “Prohibited laws. – No . . . law impairing the obligation of contracts shall be passed.”

“The obligation of contract is impaired in the constitutional sense when the substantive rights of the parties thereunder are changed . . . or where new and different liabilities are imposed.” *Commodore Plaza at Century 21 Condominium Assoc., Inc. v. Cohen*, 378 So. 2d 307, 309 (Fla. 3d DCA 1980) (internal citation omitted). The proposed ordinances would do just that.

Former Chief Justice England addressed the contract clause strict scrutiny required by the Florida Constitution:

In our view, any realistic analysis of the impairment issue in Florida must logically begin . . . with *Yamaha Parts Distributors, Inc. v. Ehrman* which applied the well-accepted principle that virtually no degree of contract impairment is tolerable in this state . . . .

\* \* \*

Our conclusion in *Yamaha* that “virtually” no impairment is tolerable necessarily implies that some impairment is tolerable although not so much as would be acceptable under traditional federal contract clause analysis.

*Pomponio v. Claridge of Pomponio Condominium, Ins.*, 378 So. 2d 774, 780 (Fla. 1980).

Against that backdrop, the Second District Court of Appeal held that the “*Pomponio* balancing test which ‘weighs the degree of impairment against the source of authority under which the law is enacted and the ‘evil’ the law is intended to

remedy . . . is not required . . . where the statutory enactment ‘results in an immediate diminishment in the value of the contract.’” *Coral Lakes Community Assoc., Inc. v. Busy Bank, N.A.*, 30 So. 3d 579, 585 (Fla. 2d DCA 2010), quoting *Sarasota County v. Andrews*, 573 So. 2d 113, 115 (Fla. 2d DCA 1991) (emphasis supplied). The proposed North Miami Beach ordinances will, if enacted, constitute an “immediate” diminishment and no “balancing” is appropriate; the ordinances would violate the Constitution. *See also Cohn v. Grand Condominium*, 26 So. 3d 8 (Fla. 3d DCA 2009), declaring a statute unconstitutional under the impairment of contract clause of the Florida Constitution where the legislature sought to retroactively change voting procedures in the condominium context: “It is our view that the voting arrangements in a condominium are of great importance, and the change imposed by subsection 718.404(2) operates as a substantial impairment of the existing contractual relationship.” *Id.* at 10. Here, the voting arrangements guaranteed in the Plans are of great importance, and the attempt to eliminate them would, like *Cohn* work a severe and immediate change in the Plan agreements.

In *Sarasota County*, the court condemned an ordinance establishing the County’s lien superiority over other liens in a certain situation, and the County argued that “if the land is of sufficient value, both liens can be satisfied.” 573 So. 2d at 115. That suggestion of there possibly being no future harm was rejected by the court:

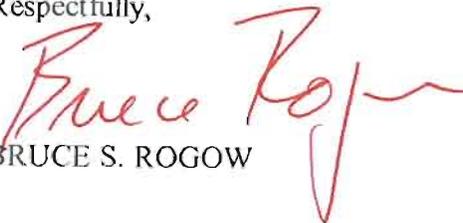
We need not consider the value of the underlying property because the priority provision has worked an immediate impairment on Coast Federal’s preexisting mortgage lien. The nature of priority is such that Coast Federal is automatically at a substantially greater risk of losing its investment if it has only a second, as opposed to a first,

priority lien . . . . This immediate diminishment in the value of Coast Federal's contract is repugnant to our constitutions. See *In re Advisory Opinion to the Governor, Request of May 12, 1987*, 509 So. 2d 292, 314 (Fla. 1987), citing *Dewberry v. Auto-Owners Ins. Co.*, 363 So. 2d 1077 (Fla. 1978).

*Id.* Here, the proposed ordinances would work an immediate impairment on the respective Plans participants' preexisting contractual agreements. Losing their voice in the Plan amendment process places them automatically at a greater risk of losing Plan benefits if they have no voice, as opposed to the approval voice guaranteed under the Plans.

The amendment approval portions of the Plans are an integral part of the Agreements. If the City, by ordinance, deletes them, those "elimination" ordinances would violate Article I, Section 10 of the Florida Constitution.

Respectfully,

  
BRUCE S. ROGOW

cc: Bonni Jensen (via email)  
Bob Sugarman (via email)



August 9, 2010

Darcee S. Siegel, Esq.  
City Attorney  
City of North Miami Beach  
17011 NE 19th Avenue  
North Miami Beach, Florida 33162

**Re: Retirement Plan for General Employees of the City of North Miami Beach /  
Retirement Plan and Trust for the General Management Employees of the City of  
North Miami Beach**

Dear Ms. Siegel:

As requested, we are pleased to enclose six (6) copies of our 10-year Actuarial Projection Study as of October 1, 2009 illustrating the impact of the proposed merger of the Retirement Plan and Trust for the General Management Employees of the City of North Miami Beach (Management Plan) into the Retirement Plan for General Employees of the City of North Miami Beach (General Plan).

**Background** – The Management Plan and the General Plan currently operate separately.

**Proposed Changes** – We understand the City is considering a merger of the Management Plan into the General Plan as of October 1, 2009. Management Employees hired prior to October 1, 2010 will continue to receive benefits and contribute as currently provided under the Management Plan. Management Employees hired after September 30, 2010 will receive benefits and contribute as currently provided under the General Plan.

**Results** – Based upon the results of our Actuarial Impact Statement, the proposed merger increases the fiscal year 2011 minimum required City contribution to the General Plan by **\$1,099,741** (7.0% of total covered payroll as of October 1, 2009 - \$15,772,584).

**Filing Requirements** - We have prepared an Actuarial Impact Statement for filing with the State of Florida. Please note that this Statement must be signed and dated on behalf of the Board of Trustees. Copies of the proposed Ordinance upon passage at first reading along with the signed and dated Actuarial Impact Statement should be filed with the State at the following address:

Mr. Douglas E. Beckendorf, A.S.A.
Division of Retirement
Building B
Post Office Box 9000
Tallahassee, Florida 32315-9000

Please forward a copy of the Ordinance upon passage at second reading to update our files.

**Actuarial Assumptions and Methods, Plan Provisions, Financial Data and Member Census Data** – For current General Employees, the actuarial assumptions and methods, member census and financial data and Plan provisions for purposes of our Study are the same actuarial assumptions and methods, member census and financial data and Plan provisions outlined in the October 1, 2009 Actuarial Valuation Report of the General Plan.

For Management Employees hired prior to October 1, 2010, the member census and financial data and Plan provisions for purposes of our Study are the same member census and financial data and Plan provisions outlined in the October 1, 2009 Actuarial Valuation for the Management Plan. The actuarial assumptions and methods for purposes of our Study are the same actuarial assumptions and methods outlined in the October 1, 2009 Actuarial Valuation Report of the General Plan - with the exception of assumed rates of retirement and COLA deferrals from the Management Plan, as described in the Summary of Actuarial Assumptions and Actuarial Cost Methods in the Appendix to this Study.

For Management Employees projected to be hired after September 30, 2010, the actuarial assumptions and methods, member census and financial data and Plan provisions for purposes of our Study are the same actuarial assumptions and methods, member census and financial data and Plan provisions outlined in the October 1, 2009 Actuarial Valuation Report of the General Plan.

Throughout the forecast period, projected newly hired General / Management employees are assumed each year at a rate sufficient to maintain a constant active General / Management employee headcount – stationary population. Newly employed General / Management employees are assumed to have the same average demographic characteristics (age, gender, salary – adjusted each year for inflation) as those of General / Management employees hired over the past five (5) years.

Internal Revenue Code Section 415(b) maximum benefit limits and Section 401(a)(17) maximum compensation limits are assumed to increase at a rate of three percent (3%) per year.

This Study is intended to describe the estimated future incremental financial effects of the proposed benefit changes on the General Plan and is not intended as a recommendation in favor of the change nor in opposition to the change.

These calculations are based upon assumptions regarding future events. However, the Plan's long term costs will be determined by actual future events, which may differ materially from the assumptions made. These calculations are also based upon our understanding of present Plan provisions that are outlined in the General / Management Plans' October 1, 2009 Actuarial Valuation Reports.

Darcee S. Siegel, Esq.  
August 9, 2010  
Page 3

If you have reason to believe the assumptions used are unreasonable, the Plan provisions are incorrectly described or referenced, important Plan provisions relevant to this Actuarial Study are not described or that conditions have changed since the calculations were made, you should contact the undersigned prior to relying on information in this Actuarial Study. If you have reason to believe that the information provided in this Actuarial Study is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the undersigned prior to making such decision.

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The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,



Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary



Peter N. Strong, A.S.A.  
Consultant and Actuary

Enclosures

cc: Ms. Lori Helton  
Mr. Martin Lebowitz  
James Linn, Esq.



# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009

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# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009

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## EXECUTIVE SUMMARY

At the request of the City of North Miami Beach, 10-year actuarial projections have been prepared to illustrate the impact of the proposed merger of the Management Employees of the City of North Miami Beach (Management Plan) into the Retirement Plan for General Employees of the City of North Miami Beach (General Plan).

Management Employees hired prior to October 1, 2010 will receive benefits and contribute as currently provided under the Management Plan. Management Employees hired after September 30, 2010 will receive benefits and contribute as currently provided under the General Plan.

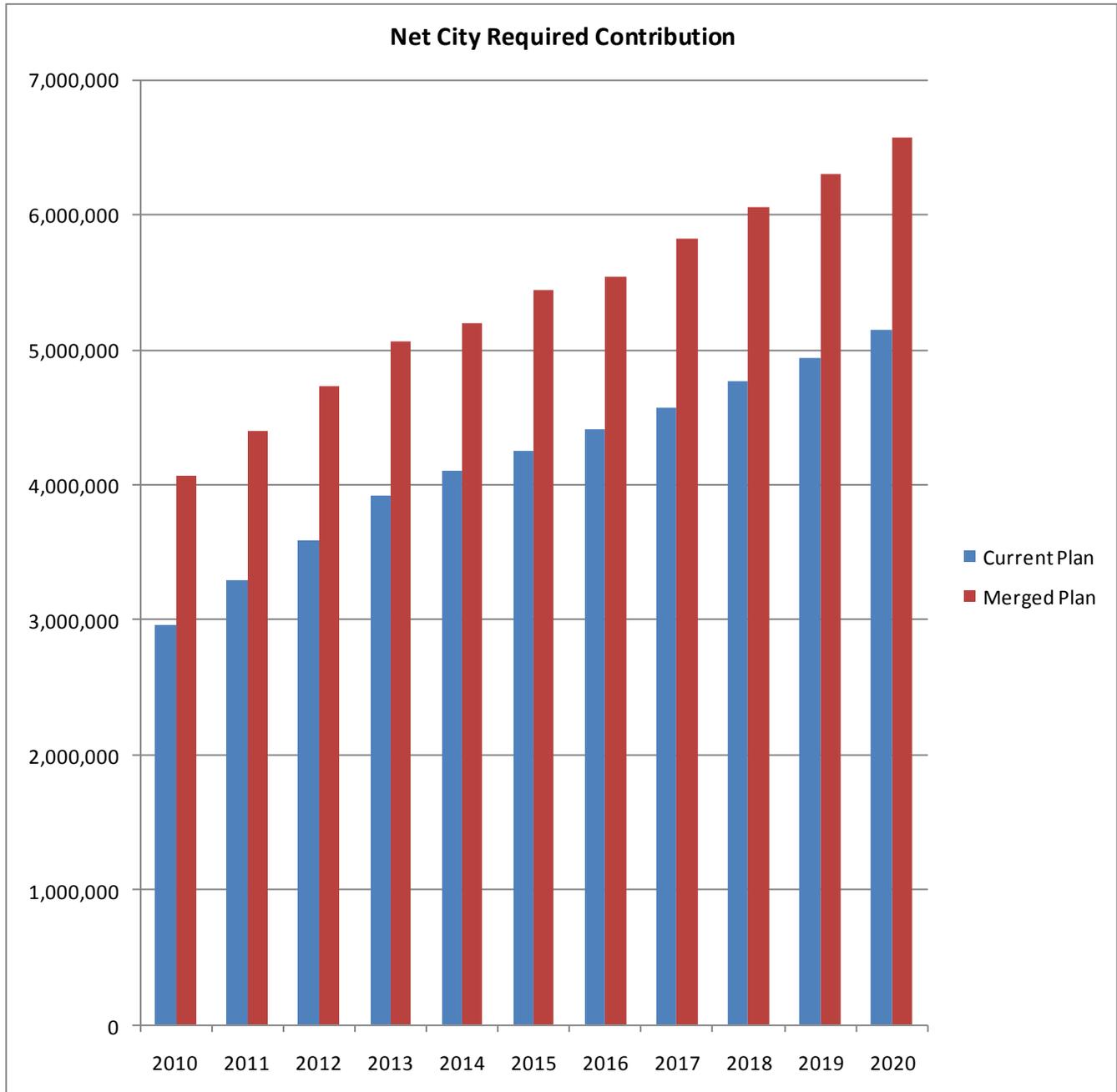
These forecasts project the current Member census data forward each year from October 1, 2009 to October 1, 2019, assuming all valuation assumptions are fully realized. As active General / Management Members decrement each year due to DROP, retirement, termination, death or disability, new General / Management Members are assumed to be hired to replace them. Newly employed General / Management Members are assumed to have the same average demographic characteristics (age, gender, salary – adjusted each year for inflation) as those of General / Management Members hired over the past five (5) years (from October 1, 2004 through September 30, 2009).

The following pages show the results of the projections, including year-by-year results.



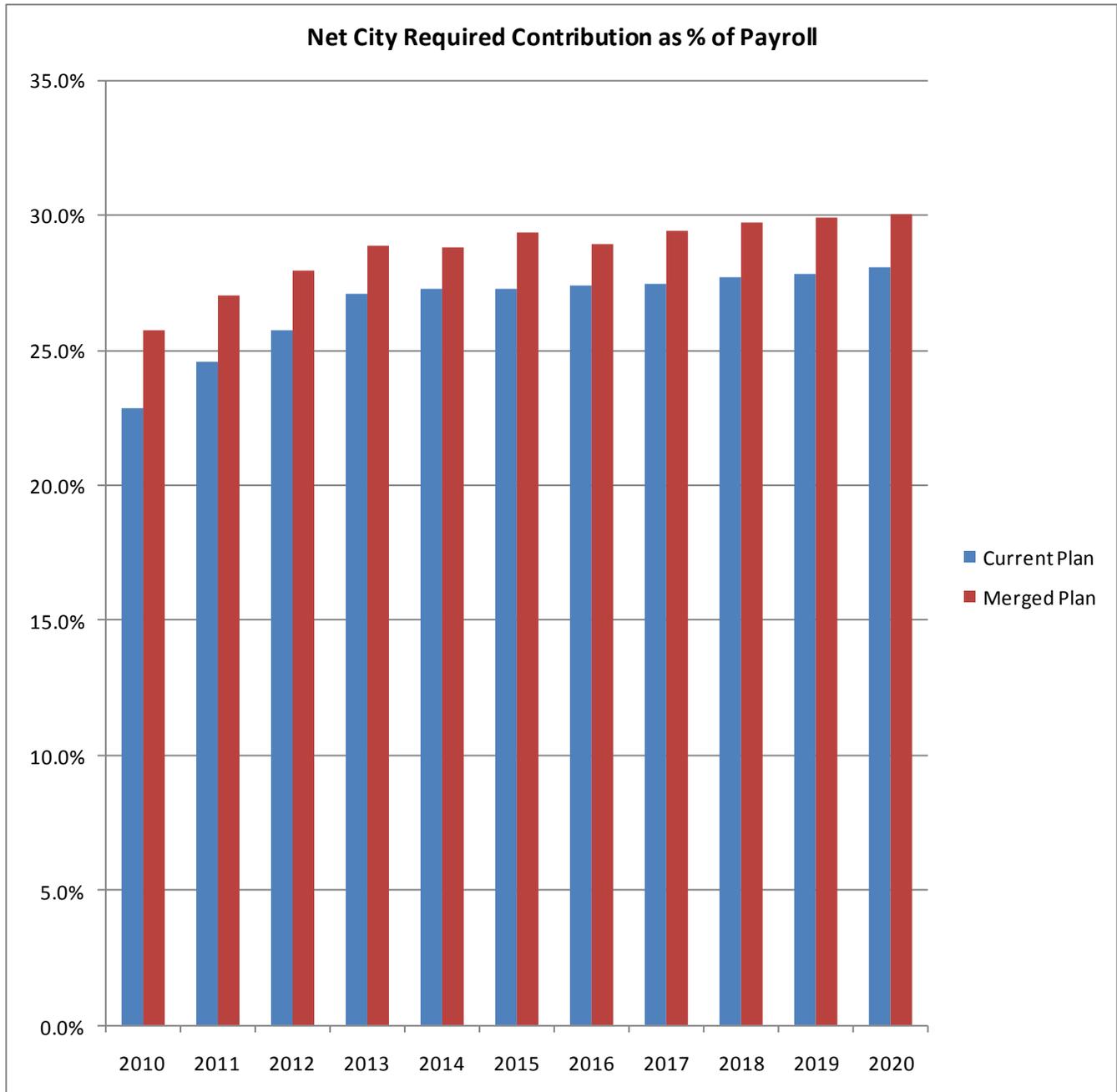
# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009

## PROJECTION RESULTS



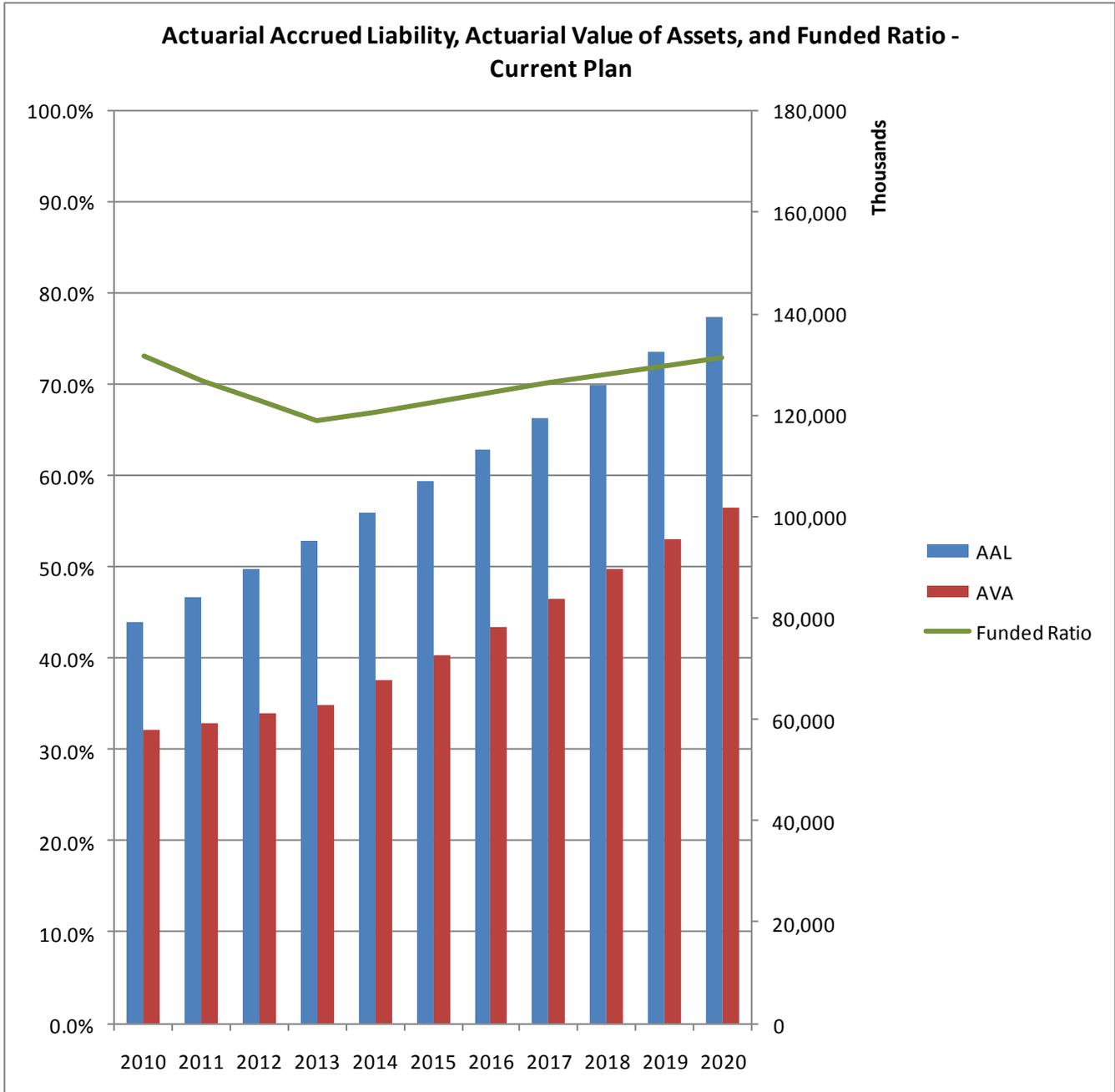


# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009



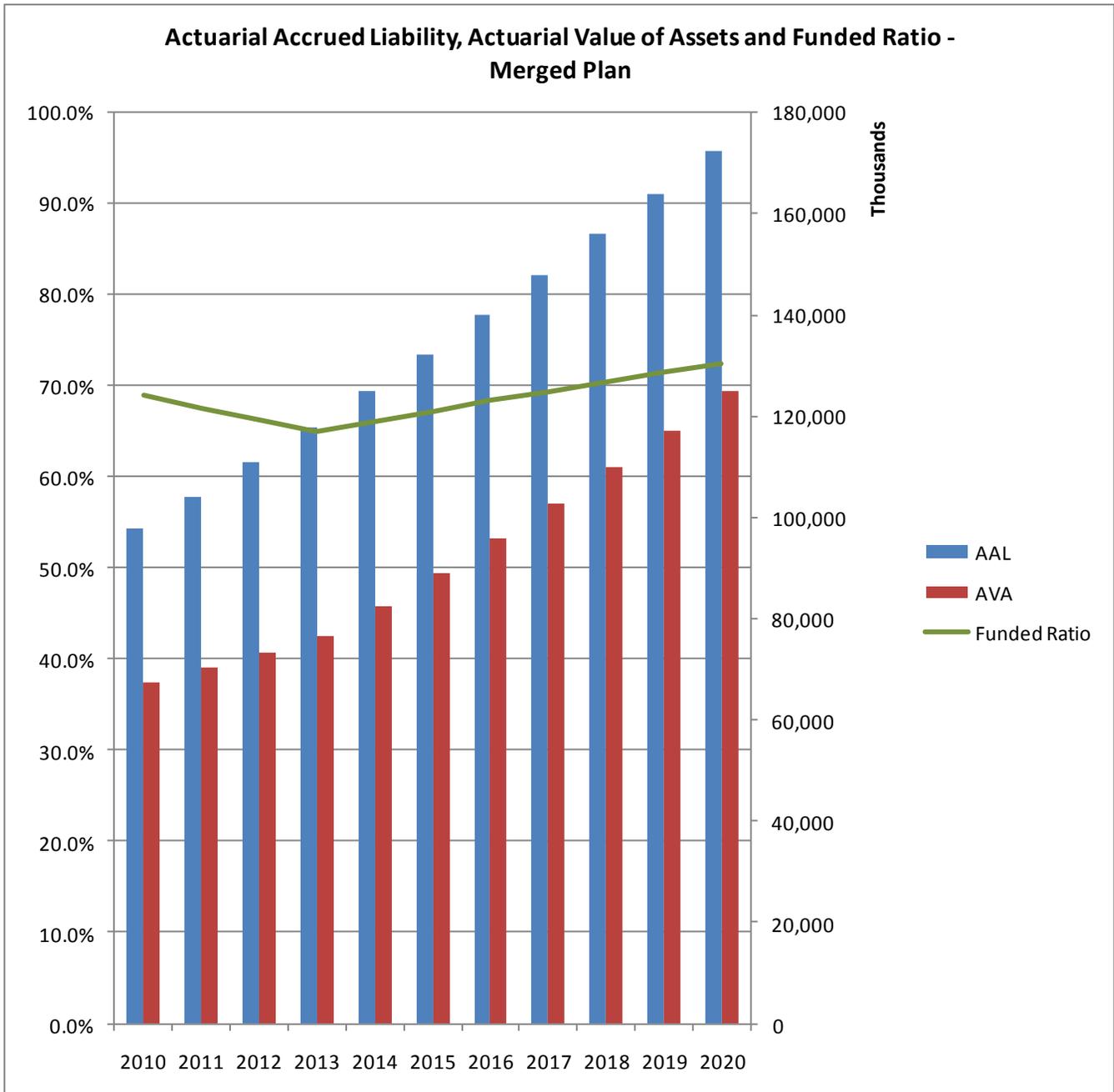


# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009



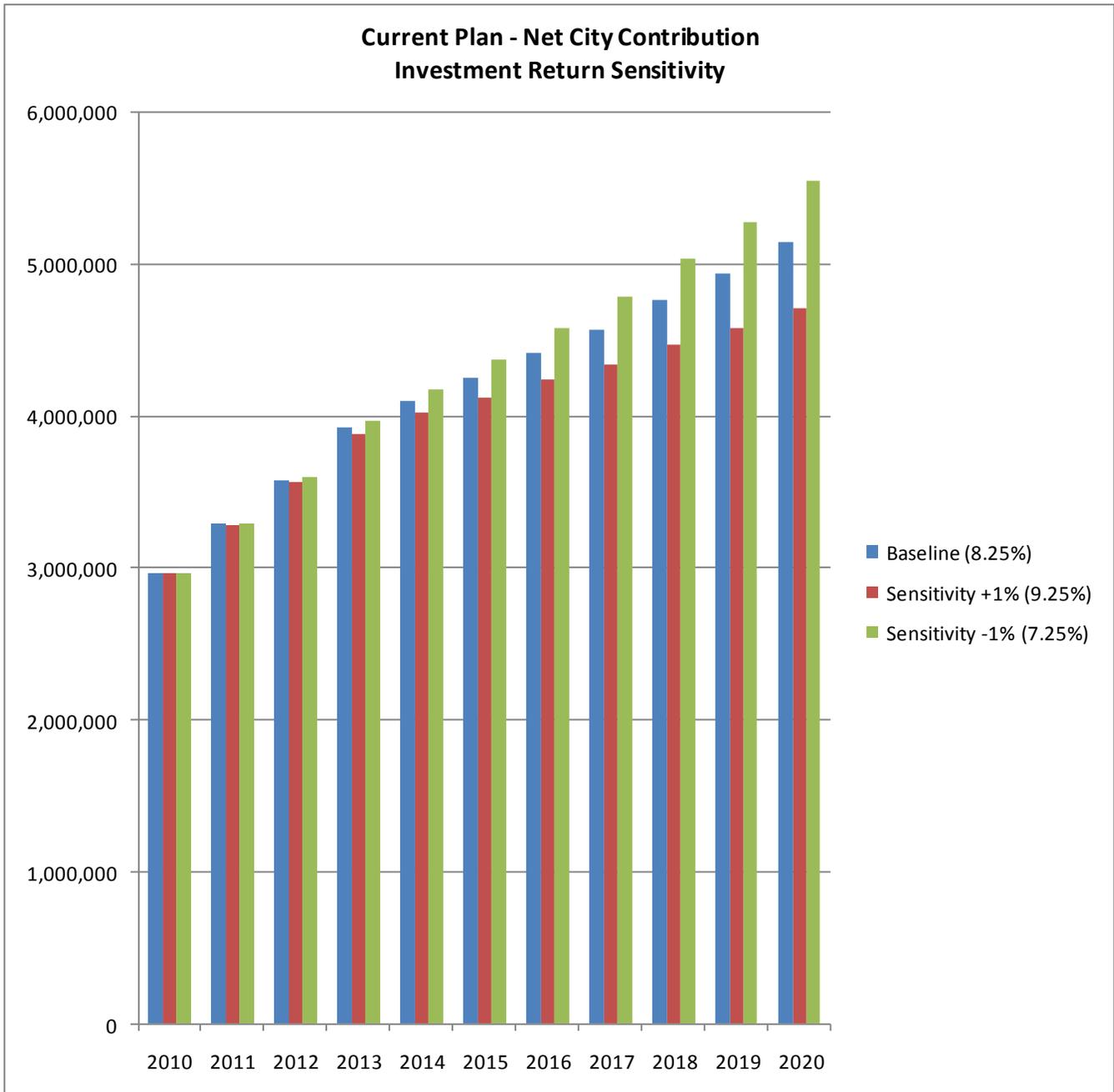


# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009



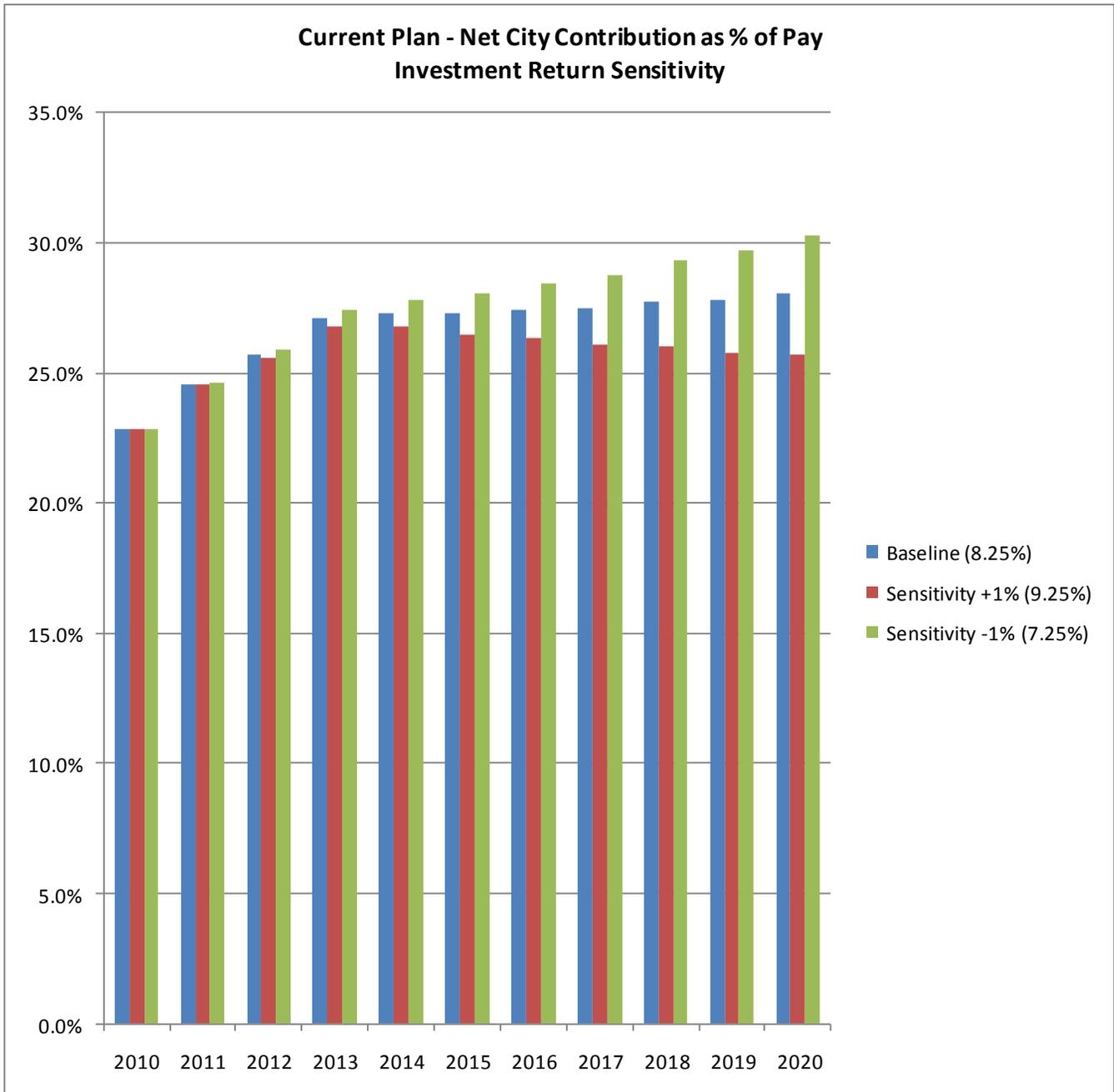


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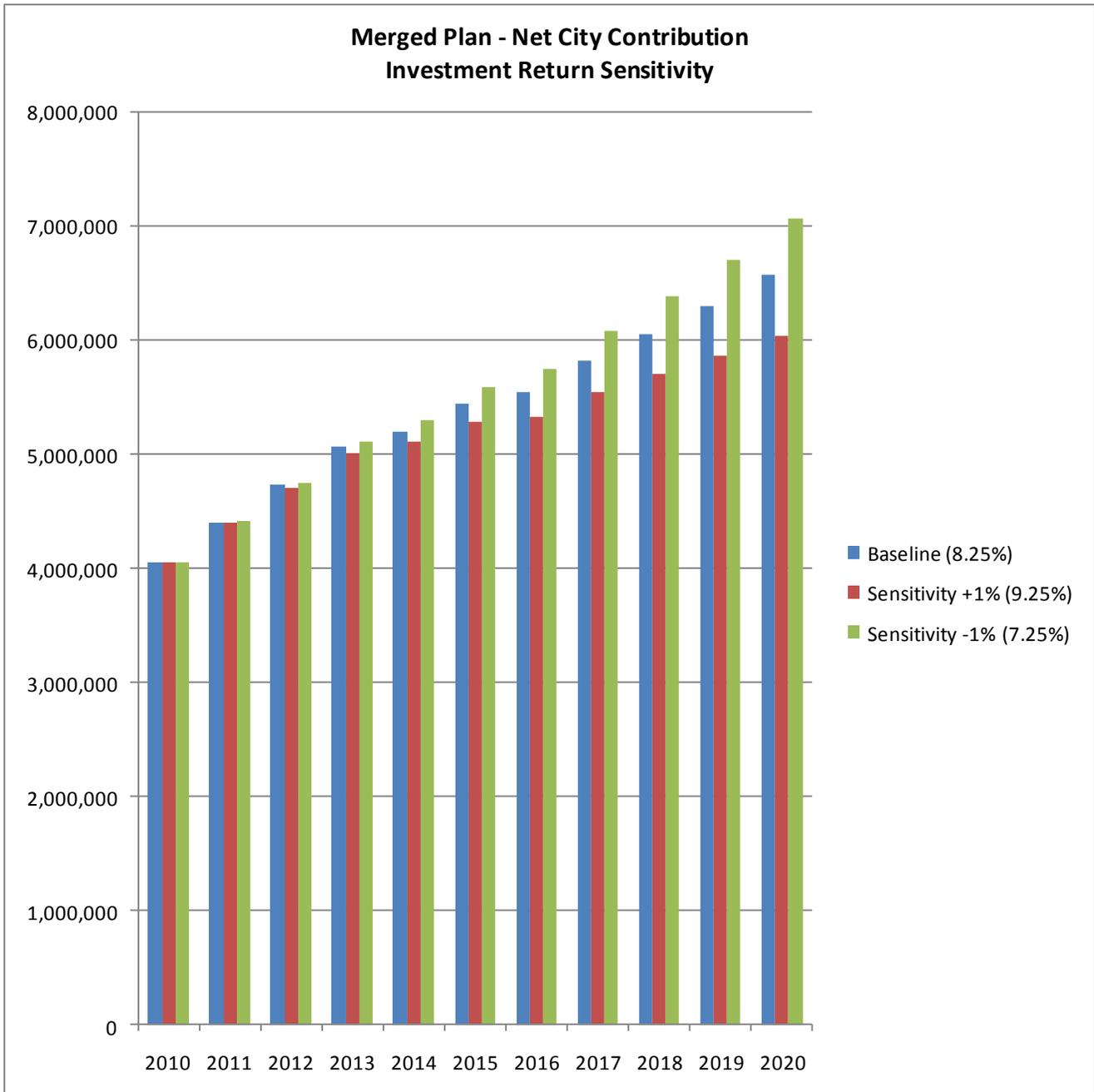


# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009



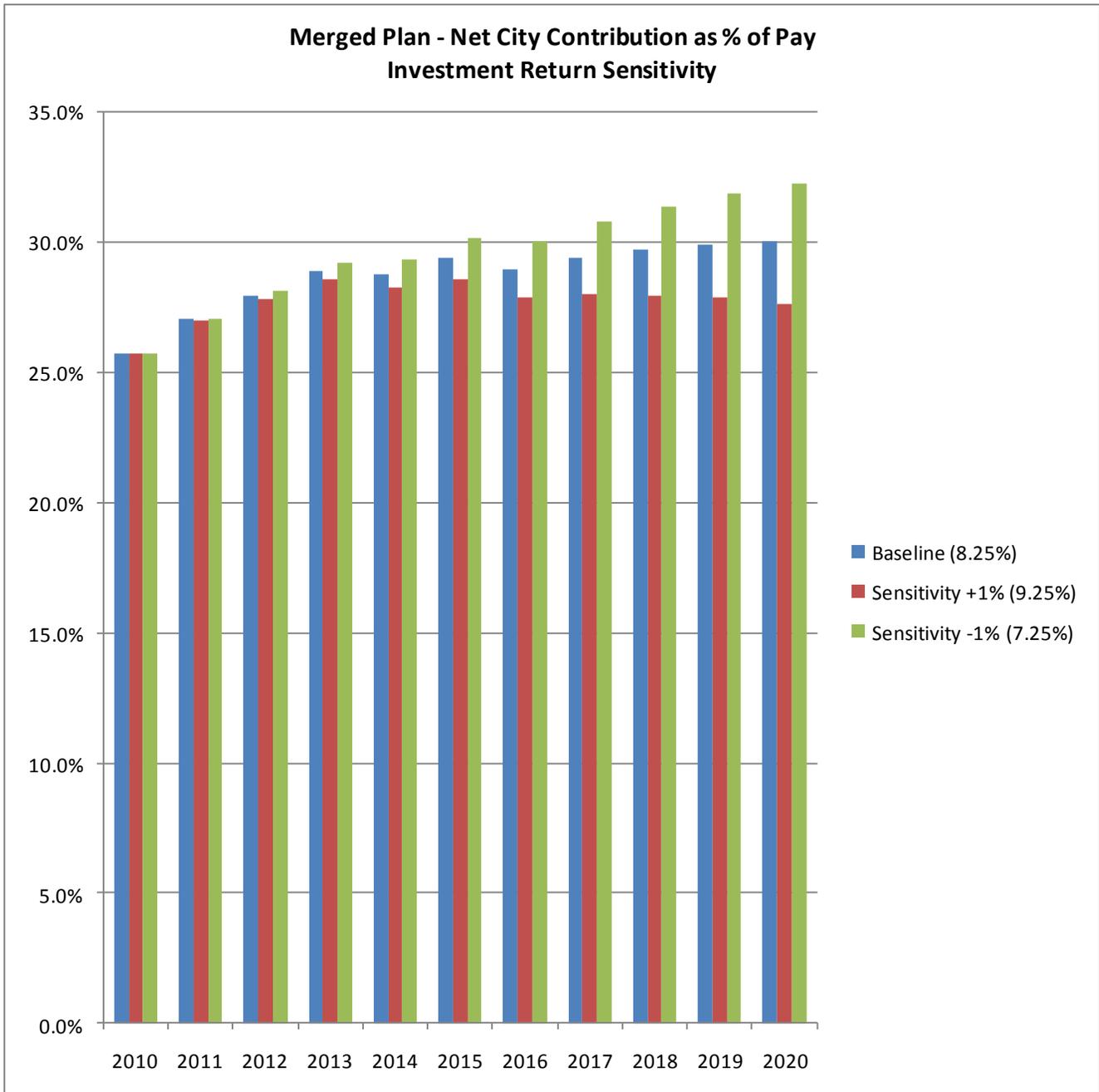


# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009





# RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH ACTUARIAL STUDY AS OF OCTOBER 1, 2009





**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **current Plan**, assuming investment returns of **8.25%** (current Valuation assumption).

<b>Fiscal Year</b>	<b>Payroll</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Funded Ratio</b>	<b>Net City Required Contribution</b>	
					<b>Amount</b>	<b>% of Pay</b>
2010	12,953,446	79,099,862	57,832,173	73.1%	2,962,423	22.9%
2011	13,379,023	84,222,756	59,248,967	70.3%	3,289,698	24.6%
2012	13,928,313	89,567,066	61,173,143	68.3%	3,582,240	25.7%
2013	14,477,894	95,121,351	62,925,326	66.2%	3,924,844	27.1%
2014	15,031,546	100,896,129	67,590,049	67.0%	4,100,658	27.3%
2015	15,580,411	106,875,310	72,770,989	68.1%	4,251,005	27.3%
2016	16,098,674	113,119,828	78,216,284	69.1%	4,411,730	27.4%
2017	16,646,617	119,513,924	83,865,840	70.2%	4,570,565	27.5%
2018	17,188,581	126,004,142	89,660,593	71.2%	4,765,194	27.7%
2019	17,768,215	132,615,371	95,640,375	72.1%	4,942,818	27.8%
2020	18,350,146	139,279,555	101,738,499	73.0%	5,148,638	28.1%
<b>1 Year Total</b>	<b>12,953,446</b>	<b>79,099,862</b>	<b>57,832,173</b>		<b>2,962,423</b>	<b>22.9%</b>
<b>5 Year Totals</b>	<b>69,770,222</b>	<b>448,907,164</b>	<b>308,769,658</b>		<b>17,859,863</b>	<b>25.6%</b>
<b>11 Year Totals</b>	<b>171,402,866</b>	<b>1,186,315,294</b>	<b>830,662,238</b>		<b>45,949,813</b>	<b>26.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **current Plan**, assuming investment returns of **9.25%** (current Valuation assumption + 1%).

<b>Fiscal Year</b>	<b>Payroll</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Funded Ratio</b>	<b>Net City Required Contribution</b>	
					<b>Amount</b>	<b>% of Pay</b>
2010	12,953,446	79,099,862	57,832,173	73.1%	2,962,423	22.9%
2011	13,379,023	84,222,756	59,345,436	70.5%	3,283,612	24.5%
2012	13,928,313	89,567,066	61,502,757	68.7%	3,561,332	25.6%
2013	14,477,894	95,121,351	63,630,606	66.9%	3,879,844	26.8%
2014	15,031,546	100,896,129	68,820,498	68.2%	4,021,659	26.8%
2015	15,580,411	106,875,310	74,683,503	69.9%	4,127,418	26.5%
2016	16,098,674	113,119,828	80,878,860	71.5%	4,238,318	26.3%
2017	16,646,617	119,513,924	87,353,515	73.1%	4,341,479	26.1%
2018	17,188,581	126,004,142	94,053,092	74.6%	4,474,085	26.0%
2019	17,768,215	132,615,371	101,021,534	76.2%	4,582,858	25.8%
2020	18,350,146	139,279,555	108,195,595	77.7%	4,712,529	25.7%
<b>1 Year Total</b>	<b>12,953,446</b>	<b>79,099,862</b>	<b>57,832,173</b>		<b>2,962,423</b>	<b>22.9%</b>
<b>5 Year Totals</b>	<b>69,770,222</b>	<b>448,907,164</b>	<b>311,131,470</b>		<b>17,708,870</b>	<b>25.4%</b>
<b>11 Year Totals</b>	<b>171,402,866</b>	<b>1,186,315,294</b>	<b>857,317,569</b>		<b>44,185,557</b>	<b>25.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **current Plan**, assuming investment returns of **7.25%** (current Valuation assumption - 1%).

<b>Fiscal Year</b>	<b>Payroll</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Funded Ratio</b>	<b>Net City Required Contribution</b>	
					<b>Amount</b>	<b>% of Pay</b>
2010	12,953,446	79,099,862	57,832,173	73.1%	2,962,423	22.9%
2011	13,379,023	84,222,756	59,152,515	70.2%	3,295,784	24.6%
2012	13,928,313	89,567,066	60,845,507	67.9%	3,603,022	25.9%
2013	14,477,894	95,121,351	62,228,772	65.4%	3,969,291	27.4%
2014	15,031,546	100,896,129	66,382,989	65.8%	4,178,168	27.8%
2015	15,580,411	106,875,310	70,907,823	66.3%	4,371,442	28.1%
2016	16,098,674	113,119,828	75,643,926	66.9%	4,579,348	28.4%
2017	16,646,617	119,513,924	80,526,083	67.4%	4,790,104	28.8%
2018	17,188,581	126,004,142	85,492,530	67.8%	5,041,732	29.3%
2019	17,768,215	132,615,371	90,580,993	68.3%	5,281,766	29.7%
2020	18,350,146	139,279,555	95,723,414	68.7%	5,555,704	30.3%
<b>1 Year Total</b>	<b>12,953,446</b>	<b>79,099,862</b>	<b>57,832,173</b>		<b>2,962,423</b>	<b>22.9%</b>
<b>5 Year Totals</b>	<b>69,770,222</b>	<b>448,907,164</b>	<b>306,441,956</b>		<b>18,008,688</b>	<b>25.8%</b>
<b>11 Year Totals</b>	<b>171,402,866</b>	<b>1,186,315,294</b>	<b>805,316,725</b>		<b>47,628,784</b>	<b>27.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **merged Plan**, assuming investment returns of **8.25%** (current Valuation assumption).

<u>Fiscal Year</u>	<u>Payroll</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Funded Ratio</u>	<u>Net City Required Contribution</u>	
					<u>Amount</u>	<u>% of Pay</u>
2010	15,772,584	97,681,747	67,347,271	68.9%	4,062,164	25.8%
2011	16,283,325	104,077,411	70,321,693	67.6%	4,403,150	27.0%
2012	16,911,894	110,762,842	73,457,799	66.3%	4,731,314	28.0%
2013	17,535,994	117,724,801	76,509,167	65.0%	5,066,343	28.9%
2014	18,064,843	124,942,580	82,493,649	66.0%	5,203,488	28.8%
2015	18,508,071	132,335,754	88,947,768	67.2%	5,440,738	29.4%
2016	19,148,483	140,047,296	95,762,717	68.4%	5,545,211	29.0%
2017	19,768,109	147,950,949	102,675,096	69.4%	5,819,741	29.4%
2018	20,394,152	155,912,090	109,838,907	70.4%	6,059,256	29.7%
2019	21,055,102	164,029,552	117,252,947	71.5%	6,301,893	29.9%
2020	21,892,298	172,299,857	124,856,735	72.5%	6,573,922	30.0%
<b>1 Year Total</b>	<b>15,772,584</b>	<b>97,681,747</b>	<b>67,347,271</b>		<b>4,062,164</b>	<b>25.8%</b>
<b>5 Year Totals</b>	<b>84,568,640</b>	<b>555,189,381</b>	<b>370,129,579</b>		<b>23,466,459</b>	<b>27.7%</b>
<b>11 Year Totals</b>	<b>205,334,855</b>	<b>1,467,764,879</b>	<b>1,009,463,749</b>		<b>59,207,220</b>	<b>28.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **merged Plan**, assuming investment returns of **9.25%** (current Valuation assumption + 1%).

<u>Fiscal Year</u>	<u>Payroll</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Funded Ratio</u>	<u>Net City Required Contribution</u>	
					<u>Amount</u>	<u>% of Pay</u>
2010	15,772,584	97,681,747	67,347,271	68.9%	4,062,164	25.8%
2011	16,283,325	104,077,411	70,437,091	67.7%	4,395,869	27.0%
2012	16,911,894	110,762,842	73,852,648	66.7%	4,706,269	27.8%
2013	17,535,994	117,724,801	77,355,531	65.7%	5,012,341	28.6%
2014	18,064,843	124,942,580	83,973,026	67.2%	5,108,511	28.3%
2015	18,508,071	132,335,754	91,251,435	69.0%	5,291,883	28.6%
2016	19,148,483	140,047,296	98,976,304	70.7%	5,335,940	27.9%
2017	19,768,109	147,950,949	106,892,660	72.2%	5,542,760	28.0%
2018	20,394,152	155,912,090	115,159,682	73.9%	5,706,711	28.0%
2019	21,055,102	164,029,552	123,780,707	75.5%	5,865,364	27.9%
2020	21,892,298	172,299,857	132,699,246	77.0%	6,044,425	27.6%
<b>1 Year Total</b>	<b>15,772,584</b>	<b>97,681,747</b>	<b>67,347,271</b>		<b>4,062,164</b>	<b>25.8%</b>
<b>5 Year Totals</b>	<b>84,568,640</b>	<b>555,189,381</b>	<b>372,965,567</b>		<b>23,285,154</b>	<b>27.5%</b>
<b>11 Year Totals</b>	<b>205,334,855</b>	<b>1,467,764,879</b>	<b>1,041,725,601</b>		<b>57,072,237</b>	<b>27.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

The following Table shows the projected payroll, actuarial accrued liability, actuarial value of assets, funded ratio, net City required contribution and net City required contribution as a percentage of payroll for the **merged Plan**, assuming investment returns of **7.25%** (current Valuation assumption - 1%).

<b>Fiscal Year</b>	<b>Payroll</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Funded Ratio</b>	<b>Net City Required Contribution</b>	
					<b>Amount</b>	<b>% of Pay</b>
2010	15,772,584	97,681,747	67,347,271	68.9%	4,062,164	25.8%
2011	16,283,325	104,077,411	70,206,316	67.5%	4,410,429	27.1%
2012	16,911,894	110,762,842	73,065,314	66.0%	4,756,210	28.1%
2013	17,535,994	117,724,801	75,673,250	64.3%	5,119,682	29.2%
2014	18,064,843	124,942,580	81,042,311	64.9%	5,296,681	29.3%
2015	18,508,071	132,335,754	86,703,345	65.5%	5,585,805	30.2%
2016	19,148,483	140,047,296	92,657,586	66.2%	5,747,521	30.0%
2017	19,768,109	147,950,949	98,635,613	66.7%	6,085,226	30.8%
2018	20,394,152	155,912,090	104,788,712	67.2%	6,394,238	31.4%
2019	21,055,102	164,029,552	111,113,646	67.7%	6,713,059	31.9%
2020	21,892,298	172,299,857	117,548,485	68.2%	7,068,322	32.3%
<b>1 Year Total</b>	<b>15,772,584</b>	<b>97,681,747</b>	<b>67,347,271</b>		<b>4,062,164</b>	<b>25.8%</b>
<b>5 Year Totals</b>	<b>84,568,640</b>	<b>555,189,381</b>	<b>367,334,462</b>		<b>23,645,166</b>	<b>28.0%</b>
<b>11 Year Totals</b>	<b>205,334,855</b>	<b>1,467,764,879</b>	<b>978,781,849</b>		<b>61,239,337</b>	<b>29.8%</b>



**RETIREMENT PLAN FOR GENERAL EMPLOYEES  
OF THE CITY OF NORTH MIAMI BEACH  
ACTUARIAL STUDY AS OF OCTOBER 1, 2009**

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**APPENDIX**

- Actuarial Impact Statement in State Required Format
- Outline of Principal Provisions of the Retirement Plan
- Summary of Actuarial Assumptions and Actuarial Cost Methods

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Actuarial Impact Statement as of October 1, 2009**

#### A. Description of Proposed Ordinance

The Retirement Plan and Trust for the General Management Employees of the City of North Miami Beach will be merged into the Retirement Plan for General Employees of the City of North Miami Beach, effective October 1, 2009.

Management Employees hired prior to October 1, 2010 will receive benefits and contribute as currently provided under the Retirement Plan and Trust for the General Management Employees of the City of North Miami Beach.

Management Employees hired after September 30, 2010 will receive benefits and contribute as currently provided under the Retirement Plan for General Employees of the City of North Miami Beach.

#### B. An estimate of the cost of implementing this proposed Ordinance (see attachment).

#### C. In my opinion, the proposed changes are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution.

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Chairman, Retirement Committee

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Date

## Retirement Plan for General Employees of the City of North Miami Beach

### Actuarial Impact Statement as of October 1, 2009

	Actuarial Valuation	Actuarial Impact Statement
<b>A. <u>Participant Data</u></b>		
1. Active participants	300	331
2. Retired participants and beneficiaries receiving benefits (including DROPs)	193	209
3. Disabled participants receiving benefits	15	15
4. Terminated vested participants	26	29
5. Annual payroll of active participants	\$ 12,953,446	\$ 15,772,584
6. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 3,574,990	\$ 4,472,996
<b>B. <u>Net Assets</u></b>		
1. Actuarial Value	\$ 57,832,173	\$ 67,347,271
2. Market Value	\$ 50,116,833	\$ 60,019,703
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 50,753,767	\$ 59,921,668
b. Vesting benefits	1,581,180	1,787,890
c. Death benefits	1,354,777	1,449,852
d. Disability benefits	3,824,748	4,505,256
e. Total	\$ 57,514,472	\$ 67,664,666
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 1,979,791	\$ 2,394,260
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (including DROPs)	\$ 29,677,962	\$ 42,027,910
b. Disability retired	2,008,546	2,008,546
c. Beneficiaries	4,574,757	4,574,757
d. Miscellaneous	39,594	48,907
e. Total	\$ 36,300,859	\$ 48,660,120
4. Total actuarial present value of future expected benefit payments	\$ 95,795,122	\$ 118,719,046
5. Actuarial accrued liabilities	\$ 79,099,862	\$ 97,681,747
6. Unfunded actuarial liabilities	\$ 21,267,689	\$ 30,334,476

## Retirement Plan for General Employees of the City of North Miami Beach

### Actuarial Impact Statement as of October 1, 2009

	<b>Actuarial Valuation</b>	<b>Actuarial Impact Statement</b>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 36,261,265	\$ 48,611,213
b. Other participants	29,416,979	33,032,331
c. Total	\$ 65,678,244	\$ 81,643,544
2. Actuarial present value of accumulated non-vested plan benefits	659,294	937,722
3. Total actuarial present value of accumulated plan benefits	\$ 66,337,538	\$ 82,581,266
<b>E. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 2,215,642	\$ 2,852,940
2. Payment required to amortize unfunded liability	1,294,009	1,852,598
3. Interest	359,513	488,898
4. Total required contributions	\$ 3,869,164	\$ 5,194,436
5. Item 4 as a percentage of payroll	29.9%	32.9%
6. Estimated employee contributions	\$ 906,741	\$ 1,132,272
7. Item 6 as a percentage of payroll	7.0%	7.2%
8. Expected City contribution	\$ 2,962,423	\$ 4,062,164
9. Item 8 as a percentage of payroll	22.9%	25.8%
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 107,349,496	\$ 129,095,245
2. Actuarial present value of future employee contributions - attained age	\$ 7,514,465	\$ 9,254,125
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 7,957,621	\$ 10,155,527
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

## Retirement Plan for General Employees of the City of North Miami Beach

### Actuarial Impact Statement as of October 1, 2009

#### G. Amortization of Unfunded Actuarial Accrued Liability

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2001	Assumption / Method Change	\$ (2,686,354)	\$ (180,075)	22 years
10/01/2001	Plan Amendment	36,448	2,443	22 years
10/01/2002	Actuarial Loss (Gain)	9,102,135	593,657	23 years
10/01/2003	Actuarial Loss (Gain)	(175,984)	(11,188)	24 years
10/01/2004	Actuarial Loss (Gain)	4,287,461	266,091	25 years
10/01/2005	Actuarial Loss (Gain)	3,615,093	219,360	26 years
10/01/2005	Plan Amendment	39,572	2,401	26 years
10/01/2006	Actuarial Loss (Gain)	1,468,987	87,268	27 years
10/01/2007	Actuarial Loss (Gain)	(1,737,903)	(101,204)	28 years
10/01/2008	Actuarial Loss (Gain)	2,620,235	149,744	29 years
10/01/2008	Assumption Change	1,735,280	99,170	29 years
10/01/2009	Actuarial Loss (Gain)	2,962,719	166,342	30 years
10/01/2009	Unfunded Liability Transferred From Management Plan	5,457,310	355,935	23 years
10/01/2009	Proposed Ordinance	<u>3,609,477</u>	<u>202,654</u>	30 years
	<b>TOTAL</b>	<b>\$ 30,334,476</b>	<b>\$ 1,852,598</b>	

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account for in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 08-02802

Dated: August 9, 2010




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Lawrence F. Wilson, A.S.A.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

#### **A. Effective Date**

General Employees and Management Employees hired after September 30, 2010 - July 1, 1957 as Amended and Restated under Ordinance No. 89.19. Most recently amended under Ordinance No. 2008-2.

Management Employees hired prior to October 1, 2010 - January 24, 2003 as amended under Ordinance 2006-25.

#### **B. Eligibility Requirements**

General Employees -  
Permanent full-time or *contract* employees excluding Police Officers, Firefighters, City Councilmen, City Officials and the City Attorney.

Management Employees -  
General Management Employees.

General Employees and Management Employees hired after September 30, 2010 -  
Completion of two (2) years of credited service.

Management Employees hired prior to October 1, 2010 -  
Date of hire.

#### **C. Credited Service**

General Employees and Management Employees hired after September 30, 2010 -  
Service measured in completed calendar months from date of employment to date of retirement or prior termination.

Management Employees hired prior to October 1, 2010 -  
Service measured in years and fractional parts of years from date of employment to date of retirement or prior termination.

#### **D. Final Monthly Compensation (FMC)**

General Employees and Management Employees hired after September 30, 2010 -  
Average monthly rate of basic compensation during the best 60 successive calendar months out of the last 120 calendar months preceding date of retirement or prior termination. Basic compensation is defined as compensation actually paid to a participant excluding commissions, bonuses, overtime, expense allowances and all other extraordinary compensation.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

#### Management Employees hired prior to October 1, 2010 -

Average monthly compensation during the five highest years of compensation preceding date of retirement or prior termination or the career average, whichever is greater. Earnings include total cash remuneration, but exclude lump sum payments for accrued annual or sick leave.

#### **E. Normal Retirement**

##### 1. Eligibility

General Employees and Management Employees hired after September 30, 2010 -  
Attainment of age 62, or attainment of age 55 with 20 years of service.

Management Employees hired prior to October 1, 2010 -

Attainment of age 62 with 6 years of service, or attainment of age 55 with at least 75 points (age plus service equals or exceeds 75).

##### 2. Benefit

3.0% of FMC times credited service.

#### **F. Early Retirement**

##### 1. Eligibility

General Employees and Management Employees hired after September 30, 2010 -  
Attainment of age 55 and completion of 15 years of credited service, or completion of 20 years of service.

Management Employees hired prior to October 1, 2010 -

Attainment of age 50 and completion of 10 years of credited service.

##### 2. Benefit

General Employees and Management Employees hired after September 30, 2010 -  
Benefit accrued to date of retirement, actuarially reduced to reflect commencement of benefit at an earlier age.

Management Employees hired prior to October 1, 2010 -

Benefit accrued to date of retirement, reduced 5% for each year the early retirement date precedes the normal retirement date.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

#### **G. Deferred Retirement**

1. Eligibility

Retirement subsequent to normal retirement date.

2. Benefit

Benefit calculated as for normal retirement based upon FMC and credited service as of deferred retirement date.

#### **H. Disability Retirement**

1. Eligibility

General Employees and Management Employees hired after September 30, 2010 -  
Total and permanent disability prior to normal retirement age for 6 months.

Management Employees hired prior to October 1, 2010 -  
Total and permanent disability prior to normal retirement age.

2. Benefit

General Employees and Management Employees hired after September 30, 2010 -

The greater of (i) or (ii) below, payable for the lifetime of the participant.

- i.  $A - B$ , where A is 60% of FMC at date of disability and B is 64% of the monthly Social Security disability benefit to which the participant is entitled.
- ii. The participant's accrued benefit as of date of disability.

Monthly disability retirement income payable until the earliest of recovery from disability, death or normal retirement date. If the participant remains disabled until normal retirement date, the same benefit will be payable for 10 years certain (measured from normal retirement date) and life thereafter.

If death of a disabled participant occurs prior to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death assuming continued credited service and assuming continued pay at last monthly rate to date of death and B is the lesser of

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

(1) and (2), where (1) is 24 times FMC at date of disability and (2) is 100 times the anticipated monthly normal retirement benefit.

#### **Management Employees hired prior to October 1, 2010 -**

The greater of (i) or (ii) below, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding his average monthly earnings, payable for the lifetime of the participant.

- i. 25% of the participant's final monthly compensation.
- ii. The participant's accrued benefit as of date of disability.

### **I. Death Benefit**

#### **General Employees and Management Employees hired after September 30, 2010 -**

Benefit to beneficiary (payable for 10 years certain and life thereafter) which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death and B is the lesser of (i) and (ii), where (i) is 24 times the monthly rate of pay on October 1 preceding date of death and (ii) is 100 times the anticipated normal retirement benefit.

If death occurs subsequent to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the single sum value of the accrued benefit as of date of death.

#### **Management Employees hired prior to October 1, 2010 -**

Benefit to beneficiary of vested accrued benefit payable for 10 years certain commencing at normal retirement date or reduced payment at early retirement age and reduced for payment prior to the participant's normal retirement age at the rate of 5% per year. The beneficiary is guaranteed to receive at least the value of the participant's accumulated contributions.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

#### **J. Employee Contributions**

General Employees and Management Employees hired after September 30, 2010 - 7% of basic annual compensation contributed on a *pre-tax* basis beginning after completion of two years of service eligibility requirement continuing until termination or actual retirement date.

Management Employees hired prior to October 1, 2010 - 8% of compensation contributed on a *pre-tax* basis beginning upon date of hire and continuing until termination or actual retirement date.

#### **K. Vested Benefit Upon Termination**

##### 1. Eligibility

100% vesting upon completion of six (6) years of credited service.

##### 2. Benefit

Accrued benefit as of date of termination multiplied by vesting percentage, payable as of normal retirement date in the normal form. An immediate reduced benefit is optional upon the member's otherwise early retirement date.

#### **L. Termination Benefit**

##### 1. Eligibility

Less than six (6) years of credited service at date of termination.

##### 2. Benefit

Return of employee contributions plus interest at the rate of 3%, compounded annually.

#### **M. Normal Form of Payment of Retirement Income**

10 years certain and life thereafter, subject to COLA adjustments of 2.25% per annum.

#### **N. Deferred Retirement Option Program**

1. Eligibility - The attainment of normal retirement age.

2. The maximum period of participation in the DROP is sixty (60) months.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Outline of Principal Plan Provisions**

3. General Employees and Management Employees hired after September 30, 2010 -  
The COLA is first payable following DROP participation period.

Management Employees hired prior to October 1, 2010 -  
The COLA is payable while a member is in the DROP.

4. Interest is credited at the fixed rate of 6.5% per annum.

### **O. Benefit Restoration Plan**

General Employees and Management Employees hired after September 30, 2010 -  
None.

Management Employees hired prior to October 1, 2010 -

All participants, pensioners and beneficiaries whose retirement or survivor benefits have been limited by Code Section 415 are eligible to participate in the Benefit Restoration Plan.

### **P. Changes Since Previous Valuation**

There were previously no Management Employees in the Plan, so there were no benefit provisions for Management Employees.

## Retirement Plan for General Employees of the City of North Miami Beach

### Summary of Actuarial Assumptions and Actuarial Cost Methods

#### A. Mortality

For healthy participants, the RP-2000 Mortality Table was used, with separate rates for males and females and for annuitants and non-annuitants, and with fully generational mortality improvements projected to each future decrement date.

For disabled participants, the RP-2000 Disabled Mortality Table was used, with separate rates for males and females, and with fully generational mortality improvements projected to each future decrement date.

#### B. Investment Return

8.25%, compounded annually, net of investment expenses.

#### C. Allowances for Expenses or Contingencies

Provision for payment of administrative costs added to normal cost based upon non-investment expenses paid in previous year.

#### D. Employee Withdrawal Rates

<u>Age</u>	<u>Withdrawal Rates Per 100 Employees</u>			
	<u>Males</u>		<u>Females</u>	
	<u>First 4 Years</u>	<u>4+ Years</u>	<u>First 4 Years</u>	<u>4+ Years</u>
20	8.0	8.0	17.0	10.0
25	8.0	8.0	17.0	10.0
30	8.0	6.9	17.0	8.0
35	8.0	5.2	17.0	8.0
40	8.0	3.9	7.0	7.0
45	8.0	2.9	5.5	5.5
50	8.0	1.9	3.0	3.0
55	8.0	0.7	1.0	1.0
60 & Over	0.0	0.0	0.0	0.0

## Retirement Plan for General Employees of the City of North Miami Beach

### Summary of Actuarial Assumptions and Actuarial Cost Methods

#### E. Increase in Covered Payroll

4.0%, per year not greater than the average annual increase over most recent ten years (4.9%).

#### F. Disability Incidence

1985 Class One Disability Study Table with separate rates for males and females.

<u>Age</u>	<u>Disability Rates per 100 Employees</u>	
	<u>Male</u>	<u>Female</u>
20	0.03	0.03
25	0.04	0.05
30	0.05	0.08
35	0.07	0.14
40	0.12	0.21
45	0.20	0.32
50	0.36	0.53
55	0.72	0.95
60	1.26	1.16
65	1.75	1.36
70	0.00	0.00

#### G. Salary Increase Factor

<u>Service</u>	<u>Salary Increase</u>
0 – 5	7.50%
6 – 10	6.25%
11 – 14	6.00%
15+ years	4.75%

## Retirement Plan for General Employees of the City of North Miami Beach

### Summary of Actuarial Assumptions and Actuarial Cost Methods

#### H. Rates of Retirement

##### General Employees

<u>Age</u>	<u>Rates of Retirement</u>
< 55	2%
55	15%
56 – 60	10%
61	20%
62	30%
63 – 64	15%
65 – 69	20%
70 & above	100%

##### Management Employees

For those participants who have met the age and service requirements to retire, retirement is assumed to occur at the rate of 2.50% per year at each of ages 50 through 54, 5.00% per year at each of ages 55 through 61, and 100% at age 62; an additional 10% retirement is assumed upon the attainment of age 55 with at least 75 points (age plus service).

#### I. Deferred Retirement Option Program

General Employees and Management Employees hired after September 30, 2010 -  
The assumed period of DROP participation (COLA deferral) is four (4) years.

Management Employees hired prior to October 1, 2010 -

Not applicable, as the COLA is not deferred during DROP participation for these employees.

#### J. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity. 100% of individuals who terminate their employment vested and prior to retirement are assumed to elect to receive a monthly annuity.

## **Retirement Plan for General Employees of the City of North Miami Beach**

### **Summary of Actuarial Assumptions and Actuarial Cost Methods**

#### **K. Actuarial Value of Assets**

The method used for determining the actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of plan assets and whose upper limit is 120% of the fair market value of plan assets.

#### **L. Actuarial Cost Method**

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method. Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

#### **M. Changes Since Previous Valuation**

There were previously no Management Employees in the Plan, so there were no separate retirement rates assumed for Management Employees.

**ORDINANCE NO. 2010-20**

**AN ORDINANCE OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, MERGING THE RETIREMENT PLAN AND TRUST FOR THE GENERAL MANAGEMENT EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH INTO THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH; REPEALING ORDINANCE NO. 2002-30 AND ALL SUBSEQUENT AMENDMENTS THERETO; PROVIDING FOR THE TRANSFER OF ALL ASSETS AND LIABILITIES OF THE RETIREMENT PLAN AND TRUST FOR THE GENERAL MANAGEMENT EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH TO THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH; DIRECTING THAT THE ADOPTION AGREEMENT WITH FLORIDA LEAGUE OF CITIES, INC. FOR ADMINISTRATION OF THE RETIREMENT PLAN AND TRUST FOR THE GENERAL MANAGEMENT EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, DATED JANUARY 24, 2003, AND ALL SUBSEQUENT AMENDMENTS THERETO, BE TERMINATED; AMENDING ARTICLE II THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, ENTITLED "DEFINITIONS"; AMENDING SECTION 3.01 OF THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, ENTITLED "ELIGIBILITY; PARTICIPATION"; AMENDING SECTION 4.01 OF THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, ENTITLED "PARTICIPANT'S CONTRIBUTION ACCOUNT"; CREATING A NEW SECTION 6.15 OF THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, ENTITLED "BENEFITS OF GENERAL MANAGEMENT EMPLOYEES"; PROVIDING FOR THE REPEAL OF ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE CODIFICATION OF THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Retirement Plan for General Employees of the City of North Miami Beach was established by the City Council of the City of North Miami Beach pursuant to Ordinance 65-30, and has been amended on numerous occasions since that time; and

**WHEREAS**, the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach was established by the City Council of the City of North Miami Beach pursuant to Ordinance 2002-30, and has been amended on several occasions since that time; and

**WHEREAS**, pursuant to State law, the City of North Miami Beach is ultimately responsible for the assets and liabilities of both Retirement Plans, and is required to fund both Retirement Plans on a sound actuarial basis; and

**WHEREAS**, the Mayor and City Council of the City of North Miami Beach have determined that it is in the best interest of the City, its citizens and employees to eliminate duplication of administrative functions and costs by merging the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach into the Retirement Plan for General Employees of the City of North Miami Beach; and

**WHEREAS**, it is the intent of the Mayor and City Council to merge the two Retirement Plans in a manner that will not change the current benefits or employee contributions of any City employee who is a member of the Retirement Plan for General Employees of the City of North Miami Beach, and at the same time maintain all the current retirement provisions of City employees who participate in the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach as of September 30, 2010.

**NOW, THEREFORE,**

**BE IT ORDAINED** by the City Council of the City of North Miami Beach, Florida.

**Section 1.** The foregoing recitals are true and correct.

**Section 2.** Effective September 30, 2010, Ordinance 2002-30, establishing the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach, and all subsequent amendments thereto (the "Management Plan"), shall be repealed. All assets and liabilities of the Management Plan on September 30, 2010 shall be transferred to, and become assets and liabilities of, the Retirement Plan for General Employees of the City of North Miami Beach established by Ordinance 65-30, as subsequently amended (the "General Employees' Plan"). Also effective September 30, 2010, all active participants of the Management Plan shall become members of the General Employees' Plan, and all such members shall retain the full value of their accrued benefits under the Management Plan. Beginning October 1, 2010, those active participants of the Management Plan who become members of the General Employees' Plan pursuant to this Ordinance shall earn benefits under the General Employees' Plan in accordance with the provisions of the General Employees' Plan, as amended herein. There shall be no changes to the benefits or employee contributions of members of the General Employees' Plan who were participating in that Plan prior to September 30, 2010, as a consequence of this Ordinance. After the assets and liabilities of the Management Plan are transferred to the General Employees' Plan, and all other administrative tasks attendant to the repeal of Ordinance No. 2002-30, as amended, are completed, the Adoption Agreement for the Management Plan dated January 24, 2003, as amended, shall be terminated.

**Section 3.** Article II of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Definitions", is amended to read:

## ARTICLE II

### DEFINITIONS

For the purposes of the Retirement Plan, certain words and phrases shall have the meanings ascribed to them in this article, except where the context otherwise requires. The masculine pronoun, wherever used, shall include the feminine.

**Employee** means any person employed by the City on a regular full-time basis, excluding police officers, firefighters or City Council members, who is receiving compensation from the City for personal services, and who is within a group or classification of employees designated by the Retirement Board as eligible for membership in the plan, exclusive of the following groups and classifications:

- (a) Persons employed on a provisional, original probationary or other temporary basis;
- (b) Members of boards or commissions, officers or employees receiving no salary or a nominal salary or a fee basis;
- (c) Persons whose regular employment with the City is for less than twenty (20) hours per week or for not more than five (5) months in any one calendar year.

Effective September 30, 2010, General Management employees employed by the City on a regular full-time basis shall be included as employees for purposes of the Retirement Plan. Any management employee hired on or after October 1, 2010 and employed by the City on a regular full-time basis, excluding police officers, firefighters or City Council members, and also excluding persons described in paragraphs (a), (b) and (c) above, shall be an employee for purposes of the Retirement Plan, but shall not be included as a General Management employee.

**General Management Employee or General Management Member** means any active participant of the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach established by Ordinance 2002-30, as amended, who became a member of this Retirement Plan on September 30, 2010, pursuant to Ordinance 2010-20.

**Participant's Contribution Account** means the required contributions paid by any member as provided in Section 4.01 or credited to the member pursuant to Section 4.02, together with any interest allowed thereon under this Plan until such time as the employee's service with the City is terminated at the rate computed annually, as determined by the Committee from time to time. In addition, the Participant's Contribution Account for General Management members shall include the value of the member's accumulated contributions account under the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach established by Ordinance 2002-30, as amended, as of September 30, 2010.

**Section 4.** Section 3.01 of the Retirement Plan for General Employees of the City of North Miami Beach, Miami Beach, entitled "Eligibility; Participation", is amended to read:

Sec. 3.01 ELIGIBILITY; PARTICIPATION

(a) Date of Participation - The date on which each such employee will become a participant in the Plan shall be:

(i) January 1, 1990, for each employee who was a participant in the RETIREMENT PLAN FOR EMPLOYEES OF CITY OF NORTH MIAMI BEACH effective October 1, 1965.

(ii) The date after January 1, 1990, as of which each employee completes two (2) years of credited service.

(iii) September 30, 2010 for General Management employees.

**Section 5.** Section 3.02 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Service", is amended to read:

Sec. 3.02 SERVICE

(a) Definition - The term service means that period of continuous, uninterrupted employment with the City and its designated successors from the employee's or participant's last date of employment to the earlier of the date of termination of his credited service and his retirement as herein described. For General Management members, service shall include the credited service earned by the member under the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach established by Ordinance 2002-30, as amended, as of September 30, 2010, as well as the period of continuous, uninterrupted employment with the City after that date.

**Section 6.** Section 4.01 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Participant's Contribution Account", is amended to read:

Sec. 4.01 PARTICIPANT'S CONTRIBUTION ACCOUNT

(a) Contributions Mandatory - The "Participant's Contribution Account" will consist of tax-deferred participant contributions. Contributions required of employees will be paid by the City and shall be treated for IRS purposes as employer contributions. However, for all purposes of determining benefits under the Plan, they will be considered participant contributions. This section is intended to comply with Section 414(h) of the Internal Revenue Code.

- (b) Amount of Contribution - Effective July 1, 1998, each participant will contribute toward the cost of the Plan an amount equal to 7% of his basic annual compensation as defined in Article II effective as of January 1, 1973. Notwithstanding the preceding sentence, General Management members shall contribute toward the cost of the Plan an amount equal to 8% of basic annual compensation as defined in Article II.
- (c) Length of Contribution - Each participant shall continue to contribute to the Plan until the date of termination of the participant's service with the City.

**Section 7.** A new Section 6.15 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Benefits for General Management Employees", is created to read:

**Sec. 6.15 BENEFITS OF GENERAL MANAGEMENT EMPLOYEES**

Notwithstanding any provision of this Retirement Plan:

- (a) Any person who was a member of the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach prior to October 1, 2010, and became a member of this Retirement Plan on September 30, 2010 pursuant to Ordinance 2010-20, shall maintain the same rights and benefits established by Ordinance No. 2002-30, as amended.
- (b) Any person who was a member of the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach established by Ordinance 2002-30, as amended, and who retired or separated from City employment after vesting under the provisions of that Plan prior to October 1, 2010, shall have their benefits paid from this Retirement Plan on and after October 1, 2010, in accordance with the provisions of the Retirement Plan and Trust for General Management Employees of the City of North Miami Beach in effect at the time of their retirement or separation from employment.

**Section 8.** All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

**Section 9.** If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

**Section 10.** It is the intention of the City Council of the City of North Miami Beach and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami Beach, Florida. The Sections of this Ordinance

may be renumbered or relettered to accomplish this intention and the word "Ordinance" may be changed to "Section", "Article" or other appropriate word as the codifier may deem fit.

**Section 11.** This Ordinance shall take effect upon adoption, except as otherwise specifically provided herein.

**APPROVED BY TITLE ONLY** on first reading this \_\_\_\_ day of July, 2010.

**APPROVED AND ADOPTED** on second reading this \_\_\_\_ day of August, 2010.

**ATTEST:**

\_\_\_\_\_  
**SUSAN A. OWENS**  
**CITY CLERK**

**(CITY SEAL)**

\_\_\_\_\_  
**MYRON ROSNER**  
**MAYOR**

**APPROVED AS TO FORM**

\_\_\_\_\_  
**DARCEE S. SIEGEL**  
**CITY ATTORNEY**

**Sponsored by: Mayor & Council**