

**ORDINANCE NO. 2013-19**

**AN ORDINANCE OF THE CITY OF NORTH MIAMI BEACH, FLORIDA AMENDING THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH BY AMENDING SECTION 3.05 PURCHASE OF CREDITED SERVICE; AMENDING SECTION 6.01, NORMAL RETIREMENT; AMENDING SECTION 6.02, EARLY RETIREMENT AND RETIREMENT INCOME; AMENDING SECTION 6.04, BENEFITS OTHER THAN ON RETIREMENT; AMENDING SECTION 6.13, COST OF LIVING ADJUSTMENTS; AMENDING SECTION 6.14, DEFERRED RETIREMENT OPTION PLAN; 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 FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of North Miami Beach has established and maintains a Retirement Plan for General Employees of the City of North Miami Beach (“Retirement Plan”); and

**WHEREAS**, City employees in the classification of police communications officer participate in the retirement Plan and are in the bargaining unit represented by the International Association of Police Associations, Local 6005, AFL-CIO (“IUPA”); and

**WHEREAS**, the City and IUPA engaged in collective bargaining negotiations for more than one year in an effort to negotiate an agreement to succeed the 2009-2011 collective bargaining agreement; and

**WHEREAS**, one of the main issues in collective bargaining involved the City’s proposal to reform the Retirement Plan, which as of October 1, 2012 had unfunded liabilities of more than \$36 million, and an annual required City contribution of more than \$4.2 million (40% of payroll); and

**WHEREAS**, the City and IUPA were unable to reach a negotiated agreement, and an impasse was declared in February 2013; and

**WHEREAS**, in accordance with Section 447.403, Florida Statutes, a Special Magistrate was appointed by the Florida Public Employees Relations Commission to conduct a hearing at which both parties presented evidence and argument in support of their positions, and following the hearing issued a report and recommendations on the disputed issues; and

**WHEREAS**, the Special Magistrate issued a report on July 5, 2013, recommending in favor of the City's pension proposal, and finding that "the changes to the pension plans proposed by the City are reasonable and necessary as they will help reduce the ever growing pension payments and create a path toward a more sustainable and yet still generous benefit for City employees"; and

**WHEREAS**, on September 17, 2013, the Mayor and City Council of the City of North Miami Beach took final action pursuant to Section 447.403, Florida Statutes, to resolve the impasse in collective bargaining negotiations between the City and IUPA, and determined that the City's pension reform proposal as recommended by the Special Magistrate should be implemented; and

**WHEREAS**, in order to implement the changes contained in the City's pension reform proposal, it is necessary to amend the Retirement Plan; and

**WHEREAS**, the City has obtained an actuarial impact statement concerning the changes, which reflects cost savings to the City and no detrimental financial impact on the City's Plan; and

**WHEREAS**, the Mayor and City Council of the City of North Miami Beach believe that it is their responsibility and obligation to amend the Retirement Plan in order to continue a viable pension for its general employees.

**NOW, THEREFORE,**

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

**Section 1.** Article III, Section 3.05 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Purchase of Credited Service", is proposed to be amended as follows:

**Section 3.05 Purchase of Credited Service**

- (a) **Purchase of Credited Service for Prior Military Services** - Participants of the Plan shall have the option to receive credited service for all purposes of this Plan, for the time while in the active United States military service under the following conditions.
- (1) Participants who wish to receive credit for service will be required to make a contribution for such service which will be sufficient to pay for the full actuarial cost of the additional service, including any administrative costs associated with the purchase. A participant may purchase United States military service time in increments of six (6) months and up to a maximum of four (4) years or the time of military service. Once a time period is chosen for purchase, the period cannot be adjusted. The purchase of military service is subject to the Retirement Committee's receipt of proof of the employee's military service.
  - (2) As part of the application for the purchase of such credited service, the participant shall elect either to contribute to the Plan the cost of such purchased credited service or to have all or a portion of the contributions for the cost of said purchased credited service picked up by the City. If the participant elects to have contributions picked up by the City, the participant must execute an irrevocable, binding payroll deduction authorization form with respect to these contributions, the participant shall not be entitled any option of choosing to receive the contributed amounts directly instead of having them paid by the City to the Plan and the participant while employed by the City shall not be able to make payment directly to the Plan for such purchased credited service. With respect to any participant's contributions which are picked up by the City, the effective date of the pick-up by the City shall be the later of the adoption of this Ordinance or the execution of the payroll deduction authorization form. This pick-up does not apply to any contributions made before the effective date or to any contribution that relates to compensation earned for services before the effective date. Participant contributions made pursuant to a binding irrevocable payroll deduction authorization to have such contributions picked up for the purpose of purchasing credited service hereunder shall be designated and considered as employee contributions, even though they are being paid by the City in lieu of the contributions paid directly by the participant. Any payroll deduction authorizations in effect for the purchase of such credited service as of the effective date of this

Ordinance are void. The contributions made pursuant to this section are designated as being picked up by the City and paid from the same source as the payment of salary and wages to these participants. If the cost of the purchased service credits is not paid in full prior to the termination of the participant's employment, then the balance due the Plan for the purchased credited service shall be picked up by the City from any payment due to the participant by the City for unused accrued leave (termination pay) and the irrevocable payroll deduction authorization form described above, shall so provide, except pick-up from termination pay is allowed only if said form was signed three (3) months or more before the employee's termination date. Should, after termination of the participant's employment and the City pick-up of any remaining contribution due from the participant's payment for accrued unused leave (which only includes payments available upon termination which would be reportable on Form W-2 as taxable wages but for the pickup) a balance still remain due for the purchase of credited service, then, at the participant's option, the Plan shall reduce the amount of service purchased to conform with the amount of contributions therefore picked up by the City and paid to the Plan or the participant may elect to make a lump-sum contribution for the balance due subject to the limitations of Section 415 of the internal Revenue Code. If the participant elects to make a lump-sum contribution for the balance due, such payment shall be made by the participant prior to the date that the participant's first monthly pension benefit payment is due.

- (3) The participant did not receive credited service for the time spent in the Armed Forces from any military retirement or pension system.
- (4) If, upon adoption of this Ordinance, a participant has previously agreed to purchase credited service but has not yet made full payment for that credited service, then the participant may elect City pick-up of the contribution remaining due the Plan pursuant to the procedures and provisions set forth above. The irrevocable payroll deduction authorization form electing such City pick-up must be signed within three months after the adoption of this Ordinance.
- (5) Notwithstanding any other provision of this subsection (a), the purchase of credited service for prior military service shall not be available to any participant in the IUPA bargaining unit who has not purchased or agreed to purchase such credited service through payroll deduction prior to January 1, 2014.

(b) **Purchase of Credited Service for Prior Periods of Service with Other Public Employers or for Service with the City of North Miami Beach as a Contract Employee** - Participants under the Plan shall have the option to receive credited service for all purposes of this Plan, for periods of service with other public employers or for service with the City of North Miami Beach as a contract employee, under the following conditions.

- (1) Participants who wish to receive credit for this service will be required to make a contribution for such service which will be sufficient to pay for the total full

actuarial cost of the additional service, including any administrative costs associated with the purchase. A participant may purchase other public employee service time in increments of six (6) months and up to a maximum of the lesser of four (4) years or the number of full years of service with the other public employer or as a contract employee with the City of North Miami Beach. Once a time period is chosen for purchase, the period cannot be adjusted. The purchase of other public employer service time is subject to the Retirement Committee's receipt of proof of the employee's employment with the other public employer and participation in the other public employer's pension plan.

- (2) As part of the application for the purchase of such credited service, the participant shall elect either to contribute to the Plan the cost of such purchased credited service or to have all or a portion of the contributions for the cost of said purchased credited service picked up by the City. If the participant elects to have contributions picked up by the City, the participant must execute an irrevocable, binding payroll deduction authorization form with respect to these contributions, the participant shall not be entitled any option of choosing to receive the contributed amounts directly instead of having them paid by the City to the Plan and the participant while employed by the City shall not be able to make payment directly to the Plan for such purchased credited service. With respect to any participant's contributions which are picked up by the City, the effective date of the pick-up by the City shall be the later of the adoption of this Ordinance or the execution of the payroll deduction authorization form. This pick-up does not apply to any contributions made before the effective date or to any contribution that relates to compensation earned for services before the effective date. Participant contributions made pursuant to a binding irrevocable payroll deduction authorization to have such contributions picked up for the purpose of purchasing credited service hereunder shall be designated and considered as employee contributions, even though they are being paid by the City in lieu of the contributions paid directly by the participant. Any payroll deduction authorizations in effect for the purchase of such credited service as of the effective date of this Ordinance are void. The contributions made pursuant to this section are designated as being picked up by the City and paid from the same source as the payment of salary and wages to these participants. If the cost of the purchased service credits is not paid in full prior to the termination of the participant's employment, then the balance due the Plan for the purchased credited service shall be picked up by the City from any payment due to the participant by the City for unused accrued leave (termination pay) and the irrevocable payroll deduction authorization form described above, shall so provide, except pick-up from termination pay is allowed only if said form was signed three (3) months or more before the employee's termination date. Should, after termination of the participant's employment and the City pick-up of any remaining contribution due from the participant's payment for accrued unused leave (which only includes payments available upon termination which would be reportable on Form W-2 as taxable wages but for the pick-up) a balance still remain due for the purchase of credited service, then, at the participant's option, the Plan shall reduce the amount of service purchased to

conform with the amount of contributions therefore picked up by the City and paid to the Plan or the participant may elect to make a lump-sum contribution for the balance due subject to the limitations of Section 415 of the Internal Revenue Code. If the participant elects to make a lump-sum contribution for the balance due, such payment shall be made by the participant prior to the date that the participant's first monthly pension benefit payment is due.

- (3) The participant did not receive credited service from any other retirement or pension system.
- (4) If, upon adoption of this Ordinance, a participant has previously agreed to purchase credited service but has not yet made full payment for that credited service, then the participant may elect City pick-up of the contribution remaining due to the Plan pursuant to the procedures and provisions set forth above. The irrevocable payroll deduction authorization form electing such City pick-up must be signed within three (3) months after the adoption of this Ordinance.
- (5) Notwithstanding any other provision of this subsection (b), the purchase of credited service for prior service with other public employers or for service with the City of North Miami Beach as a contract employee shall not be available to any participant in the IUPA bargaining unit who has not purchased or agreed to purchase such credited service through payroll deduction prior to January 1, 2014.

\* \* \*

**Section 2.** Article VI, Section 6.01 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Normal Retirement", is proposed to be amended as follows:

**Section 6.01 NORMAL RETIREMENT**

- (a) Normal Retirement Defined - Normal retirement under the Plan is retirement from the service of the City on or after the normal retirement date.
- (b) Normal Retirement Date
  - (1) The normal retirement date of each participant will be the first day of the month coincident with or next following the date he attains age 62, or, effective July 1, 1998, completes 20 years of service after having reached the age of 55. Notwithstanding the preceding sentence;
    - a. The normal retirement date for participants in the AFSCME bargaining unit and participants who are not included in any bargaining unit who are employed and not participating in the DROP on September 30, 2013, and who on that date have not attained age 62 or age 55 with 20 or more years of credited service, shall be age 62 with 10 or more years of credited service, or age 60 with 25 or more years of credited service. Participants in the AFSCME bargaining unit and participants who are not included in any bargaining unit who are employed and not participating in the DROP on September 30, 2013,

and who on that date have not attained age 62 or age 55 with 20 or more years of credited service, may retire upon reaching age 62 or age 55 with 20 or more years of credited service and terminating City employment or entering the DROP, and upon such retirement shall be eligible to receive the benefit based on their credited service prior to October 1, 2013; and such participants shall be eligible to receive the benefit based on their credited service on and after October 1, 2013 upon attaining age 62 with 10 or more years of credited service, or age 60 with 25 or more years of credited service, and terminating City employment or entering the DROP. The normal retirement date for participants in the AFSCME bargaining unit and participants who are not included in any bargaining unit hired on or after October 1, 2013 shall be age 62 with 10 or more years of credited service, or age 60 with 25 or more years of credited service.

b. The normal retirement date for participants in the IUPA bargaining unit who are employed and not participating in the DROP on December 31, 2013, and who on that date have not attained age 62 or age 55 with 20 or more years of credited service, shall be age 66 with 6 or more years of credited service, or age 59 with 30 or more years of credited service; provided, such participants may retire upon reaching age 62 or age 55 with 20 or more years of credited service and terminating City employment, and upon such retirement shall be eligible to receive the benefit based on their credited service prior to January 1, 2014; and such participants shall be eligible to receive the benefit based on their credited service on and after December 31, 2013 upon attaining age 66 with 6 or more years of credited service, or age 59 with 30 or more years of credited service, and terminating City employment. The normal retirement date for participants in the IUPA bargaining unit hired on or after January 1, 2014 shall be age 66 with 6 or more years of credited service, or age 59 with 30 or more years of credited service.

(c) Amount of Retirement Income. The monthly amount of retirement income payable to a participant who retires on or after his normal retirement date shall be an amount as follows:

(i) [No change]

(ii) [No change]

(iii) [No change]

(iv) [No change]

(v) [No change]

(vi) [No change]

(vii) [No change]

(viii) Notwithstanding paragraph (vi) above, for credited service earned by participants in the IUPA bargaining unit on and after January 1, 2014: 2.00% (.0200) of final monthly compensation multiplied by years and completed calendar months of credited service; provided, the monthly amount of retirement income payable to each such participant who is employed and not participating in the DROP on December 31, 2013 and who on that date has attained age 62 or age 55 with 20

years of credited service shall be an amount equal to 3.00% (.0300) of final monthly compensation multiplied by years and completed calendar months of credited service.

- (d) **Payment of Retirement Income** - The monthly retirement income payable in the event of normal retirement will be payable on the first day of each month. The first payment will be made on the participant's normal retirement date (or on the first day of the month coincident with or next following his actual retirement, if later), except as otherwise provided in section 6.01(b)(1). The last payment will be the payment due next preceding the retired participant's death. In the event the participant dies after his retirement but before he has received retirement income payments for a period of ten (10) years, the same monthly benefit will be paid for the remainder of such 10-year period to the beneficiary (or beneficiaries) designated by the participant; or, if no designated beneficiary is surviving, the same monthly benefit shall be payable for the remainder of such 10-year period as provided in Sections 7.02 (Beneficiaries) and 7.03 (Contingent Beneficiaries) hereof.

\* \* \*

**Section 3.** Article VI, Section 6.02 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Early Retirement and Retirement Income", is proposed to be amended as follows:

#### **Section 6.02 EARLY RETIREMENT AND RETIREMENT INCOME**

- (a) [No change]
- (b) **Payment Governed By** - In the event of early retirement, payment of retirement income will be governed by the following provisions:
- (1) **Early Retirement Date** - The early retirement date will be the first day of the month coincident with or next following the date a participant retires from the service of the City under the provisions of this section, prior to his normal retirement date.
- (2) **Amount of Retirement Income.**  
The monthly amount of retirement income payable to a participant who retires prior to his normal retirement date under the provisions of this section shall be an amount as follows:
- (i) [No change]
  - (ii) [No change]
  - (iii) [No change]
  - (iv) [No change]
  - (v) [No change]
  - (vi) [No change]
  - (vii) [No change]
  - (viii) Notwithstanding paragraph (vi) above, for credited service earned by participants in the IUPA bargaining unit on and after January 1, 2014: 2.00% (.0200) of final monthly compensation multiplied by years and

completed calendar months of credited service; provided, the monthly amount of retirement income payable to each such participant who is employed and not participating in the DROP on December 31, 2013 and who on that date has attained age 62 or age 55 with 20 years of credited service shall be an amount equal to 3.00% (.0300) of final monthly compensation multiplied by years and completed calendar months of credited service.

(3) [No change]

**Section 4.** Article VI, Section 6.04 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled "Benefits Other Than on Retirement", is proposed to be amended as follows:

**Section 6.04 BENEFITS OTHER THAN ON RETIREMENT**

(a) **Benefit on Termination of Service.**

(1) **Deferred Payment of Benefits** - In the event of the termination of a participant's service prior to his normal retirement date for any reason other than his death, early retirement (as described in Section 6.02) or disability retirement (as described in Section 6.03) after he has completed ten (10) years of credited service (hereafter referred to as a "terminated participant"), he will be entitled to a monthly retirement income. That monthly retirement income will be payable for 10 years certain and life thereafter and will commence on his normal retirement date (if he shall then be living) in an amount as follows, with such amount multiplied by the Vested Percentage described below.

Effective October 1, 2002, in the event of the termination of a participant's service prior to his normal retirement date for any reason other than his death, early retirement (as described in Section 6.02) or disability retirement (as described in Section 6.03) after he has completed six (6) years of credited service (hereafter referred to as a "terminated participant"), he will be entitled to a monthly retirement income. Notwithstanding the preceding sentence, effective October 1, 2013 for participants in the AFSCME bargaining unit and participants who are not included in any bargaining unit, in the event of the termination of such participant's service prior to the normal retirement date for any reason other than his death, early retirement (as described in Section 6.02) or disability retirement (as described in Section 6.03) after completion of ten (10) years of credited service (hereafter referred to as a "terminated participant"), the participant will be entitled to a monthly retirement income. That monthly retirement income will be payable for 10 years certain and life thereafter and will commence on his normal retirement date (if he shall then be living) in an amount as follows, with such amount multiplied by the Vested Percentage described below.

- (i) [No change]
- (ii) [No change]
- (iii) [No change]
- (iv) [No change]
- (v) [No change]
- (vi) [No change]
- (vii) [No change]
- (viii) Notwithstanding paragraph (vi) above, for credited service earned by participants in the IUPA bargaining unit on and after January 1, 2014: 2.00% (.0200) of final monthly compensation multiplied by years and completed calendar months of credited service; provided, the monthly amount of retirement income payable to each such participant who is employed and not participating in the DROP on December 31, 2013 and who on that date has attained age 62 or age 55 with 20 years of credited service shall be an amount equal to 3.00% (.0300) of final monthly compensation multiplied by years and completed calendar months of credited service

(2) **Vesting.**

- (i) [No change]
- (ii) [No change]
- (iii) [No change]
- (iv) [No change]
- (3) [No change]
- (4) [No change]
- (5) [No change]
- (6) [No change]
- (7) [No change]
- (8) [No change]
- (9) [No change]
- (10) [No change]
- (b) [No change]
- (c) [No change]

**Section 5.** Article VI, Section 6.13 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled “Cost of Living Adjustments”, is proposed to be amended as follows:

**Section 6.13 COST OF LIVING ADJUSTMENTS**

Commencing October 1, 1999, and on the first day of each October thereafter, the monthly income payable hereunder to each participant or beneficiary who has been receiving benefits under any provision of this plan for one or more years, or to any such participant’s or beneficiary’s surviving

beneficiary, shall be increased by two and one-quarter percent (2.25%). Notwithstanding the preceding sentence;

- (a) The cost of living adjustment applied to the benefits earned by participants in the AFSCME bargaining unit and participants who are not included in any bargaining unit for credited service on and after October 1, 2013 shall be three-quarters percent (0.75%) annually with the first adjustment applied on October 1 after three years following termination of employment; provided, any participant who is employed and not participating in the DROP on September 30, 2013 and who on that date has attained age 62 or age 55 with 25 or more years of credited service, shall upon retirement under section 6.01 hereof be eligible for an annual cost of living adjustment of 2.25% commencing on October 1 after one year following retirement.
- (b) There shall be no cost of living adjustment applied to benefits earned by participants in the IUPA bargaining unit for credited service on and after January 1, 2014. The City Council may from time to time grant an ad hoc cost of living adjustment to be applied to the benefits earned by communication officers, other than those who are eligible for an automatic cost of living adjustment, for credited service after the effective date of this Ordinance, whenever the cumulative net actuarial gain is sufficient to fund the adjustment and the funded ratio of the Plan (actuarial value of assets divided by actuarial accrued liability) is 100% or more.

**Section 6.** Article I, Section 6.14 of the Retirement Plan for General Employees of the City of North Miami Beach, entitled “Cost of Living Adjustments”, is proposed to be amended as follows:

**Section 6.14 DEFERRED RETIREMENT OPTION PROGRAM (DROP)**

- (1) [No change]
- (2) [No change]
- (3) [No change]
- (4) [No change]
- (5) An employee is eligible to enter the DROP upon attaining twenty (20) years of service and reaching age fifty-five (55), or attaining age 62 regardless of the number of years of service. Notwithstanding the preceding sentence;
  - (a) Employees in the AFSCME bargaining unit and employees who are not included in any bargaining unit who are employed on September 30, 2013 and have not attained age 62 or age 55 with 20 or more years of credited service on that date, shall be eligible to enter the DROP upon attaining age 62 or age 55 with 20 or more years of credited service, and upon DROP entry shall be eligible to receive the benefit based on their credited service prior to October 1, 2013; and such participants shall be eligible to receive the benefit based on their credited service on and after October 1, 2013

upon attaining age 62 with 10 or more years of credited service, or age 60 with 25 or more years of credited service. Employees in the AFSCME bargaining unit and employees who are not included in any bargaining unit who are hired on or after October 1, 2013 shall be eligible to enter the DROP upon attaining age 62 with 10 or more years of credited service, or age 60 with 25 or more years of credited service.

(b) For employees in the IUPA bargaining unit, the DROP shall be closed to new participants on December 1, 2013, and any such employee who has not attained age 62 or age 55 with 20 or more years of credited service prior to January 1, 2014 shall not thereafter be eligible to participate in the DROP.

- (6) [No change]
- (7) [No change]
- (8) [No change]
- (9) [No change]
- (10) [No change]
- (11) [No change]
- (12) [No change]
- (13) [No change]
- (14) [No change]
- (15) [No change]
- (16) [No change]
- (17) [No change]
- (18) [No change]

**Section 7.** All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

**Section 8.** If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

**Section 9.** 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 10.** This ordinance shall take effect immediately upon adoption.

**APPROVED BY TITLE ONLY** on first reading this **5<sup>th</sup>** day of November, 2013.

**APPROVED AND ADOPTED** on second reading this **3<sup>rd</sup>** day of December, 2013.

**ATTEST:**



**PAMELA L. LATIMORE**  
**CITY CLERK**

**(CITY SEAL)**



**GEORGE VALLEJO**  
**MAYOR**

**APPROVED AS TO FORM**



**DARCEE S. SIEGEL**  
**CITY ATTORNEY**

**Sponsored by: Mayor and City Council**

**Note: Proposed additions to existing City Code text are indicated by underline; proposed deletions from existing City Code text are indicated by ~~strikethrough~~.**



November 12, 2013

Mr. Mac Serda  
Assistant City Manager  
City of North Miami Beach  
17011 N.E. 19th Avenue  
North Miami Beach, Florida 33162-3100

**Re: Retirement Plan for General Employees of the City of North Miami Beach  
Actuarial Impact Statement**

Dear Mac:

As requested, we are pleased to enclose three (3) copies of our Actuarial Impact Statement as of October 1, 2012 for filing the proposed Ordinance (copy attached) under the Retirement Plan for General Employees of the City of North Miami Beach (Plan) with the State of Florida.

**Background** – Plan currently provides the following for members of the IUPA bargaining group:

- Normal retirement eligibility upon the earlier of (1) attainment of age sixty-two (62) or (2) attainment of age fifty-five (55) with twenty (20) years of credited service.
- Benefit multiplier is three percent (3.00%) for each year of credited service.
- Maximum period of DROP participation is five (5) years.
- COLA adjustments are 2.25% per annum commencing October 1<sup>st</sup> following receipt of benefits for one (1) year.

**Proposed Ordinance** – Proposed Ordinance provides for the following changes for IUPA bargaining group members who have not currently attained age sixty-two (62) or attained age fifty-five (55) with twenty (20) years of service:

- Normal retirement eligibility upon the earlier of (1) attainment of age sixty-six (66) with six (6) years of credited service or (2) attainment of age fifty-nine (59) with thirty (30) years of credited service (future accruals).
- Benefit multiplier is two percent (2.00%) for each year of credited service (future accruals).
- DROP is closed.
- No automatic COLA adjustments (future accruals).

In addition:

- Eliminates the ability to purchase prior military service, prior service with other public employers or service with the City as a contract employee for any member of the IUPA bargaining group.

**Results** – Based upon the results of our Actuarial Impact Statement, the proposed benefit provisions decrease the minimum annual required contribution by 0.4% of covered payroll (\$47,793). The figure in parentheses is the decrease in Plan cost expressed as a dollar amount based on projected covered annual payroll for fiscal year beginning October 1, 2013 (\$10,612,185).

**Filing Requirements** – We have prepared the Actuarial Impact Statement for filing with the State of Florida. Please note this Statement must be signed and dated on behalf of the Pension Board. 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 addresses:

Mr. Douglas E. Beckendorf, A.S.A.  
Bureau of Local Retirement Services  
Division of Retirement  
Building 8  
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, Financial Data and Member Census Data** – The actuarial methods, financial data and Member census data utilized in this Actuarial Impact Statement are the same actuarial assumptions and methods, financial data and Member census data utilized in the prior October 1, 2012 Actuarial Impact Statement dated August 30, 2013. Rate of retirement assumption have been updated as shown on pages 13-16. All remaining actuarial assumptions are the same as utilized in the prior October 1, 2012 Actuarial Impact Statement dated August 30, 2013.

Plan provisions considered in this Actuarial Impact Statement are the same Plan provisions considered in the October 1, 2012 Actuarial Impact Statement dated August 30, 2013 with the exception of the proposed Ordinance changes described above.

---

This Actuarial Impact Statement is intended to describe the estimated future financial effects of the proposed benefit change on the 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.

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 Impact Statement 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 Impact

Mr. Mac Serda  
November 12, 2013  
Page 3

Statement. If you have reason to believe that the information provided in this Actuarial Impact Statement 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.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in Plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

The signing actuary is independent of the Plan sponsor.

The undersigned is a Member of the American Academy of Actuaries and meets 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

Enclosures

cc: Mr. Martin Lebowitz