

ORDINANCE 9, 2004

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3
4 **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM**
5 **BEACH GARDENS, FLORIDA RELATED TO THE POLICE OFFICERS'**
6 **RETIREMENT TRUST FUND; AMENDING SECTION 50-113 ENTITLED**
7 **"MEMBERSHIP"; AMENDING SECTION 50-117 ENTITLED "EARLY**
8 **RETIREMENT"; AMENDING SECTION 50-118 ENTITLED "DISABILITY**
9 **RETIREMENT"; AMENDING SECTION 50-127 ENTITLED "PRIOR**
10 **POLICE SERVICE"; CREATING A NEW SECTION 50-136 TO BE**
11 **ENTITLED "MONTHLY SUPPLEMENTAL BENEFITS"; PROVIDING**
12 **FOR CODIFICATION; PROVIDING FOR RETROACTIVE**
13 **APPLICABILITY; AND PROVIDING AN EFFECTIVE DATE.**
14

15
16 **WHEREAS**, Chapter 185, Florida Statutes, providing for municipal police officer
17 pensions has been revised to require all municipal police officer funds who receive the
18 premium excise monies from Chapter 185 to provide certain minimum benefits; and
19

20 **WHEREAS**, the Palm Beach Gardens Police Officers' Retirement Trust Fund,
21 which is also referred to as the Palm Beach Gardens Police Pension Fund, (hereinafter
22 referred to collectively as the "Fund") receives the premium excise monies from Chapter
23 185 Florida Statutes; and
24

25 **WHEREAS**, the pension plan ordinance must be amended to provide the mandatory
26 minimum benefits; and
27

28 **WHEREAS**, the Board of Trustees of the Fund at the request of the participants,
29 desires to add federal police and military service to the years of service that a member may
30 purchase under this Plan; and
31

32 **WHEREAS**, the Board of Trustees of the Fund, at the request of the participants,
33 desires to improve the benefits under the Plan by providing for a monthly supplemental
34 benefit; and
35

36 **WHEREAS**, the Board of Trustees of the Fund has determined that it is in the best
37 interest of the Participants and Beneficiaries of the Fund to provide for these changes; and
38

39 **WHEREAS**, the City Council of the City of Palm Beach Gardens, Florida desires to
40 revise its Police Officers' Pension Ordinance in order implement these changes to the Plan;
41 and
42

43 **WHEREAS**, the City Council deems adoption of this Ordinance to be in the best
44 interest of the residents and citizens of the City of Palm Beach Gardens.
45
46

1
2 **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF**
3 **PALM BEACH GARDENS, FLORIDA** that:

4
5 **SECTION 1.** Section 50-113, Code of Ordinances entitled "Membership" is
6 amended to read:

7
8 **Sec. 50-113. Membership.**

9
10 **(a)** All police officers who are participants in the fund as of April 7, 1994, shall be
11 members of the retirement system. Each police officer will be eligible to be included in this
12 plan on the first day of the month coincident with or next following their date of
13 employment. If any person who becomes a police officer in the city after April 7, 1994, but
14 before October 1, 1995, does not desire to accept the provisions of this article, then that
15 person shall notify the city of his decision within 12 months after first being employed as a
16 police officer. Upon determination the trustees will refund the amount of contributions
17 withheld from the officer's salary without interest to the officer and that officer will be
18 forever barred from participating. Likewise an officer who continues to participate after one
19 year of employment must remain a participant in the fund until retirement, termination of
20 employment within the city, death, or disability.

21
22 **(b)** Any police officer hired by the city on or after October 1, 1995 shall be
23 required to participate in this plan until retirement, termination of employment with the
24 department, death, or disability.

25
26 **(c)** Notwithstanding the provisions of this section, the Police Chief may elect not
27 to participate in the Plan.

28
29 **SECTION 2.** Section 50-117, Code of Ordinances entitled "Early retirement" is
30 amended to read:

31
32 **Sec. 50-117. Early retirement.**

33
34 **(a)** *Date.* ~~With the consent of the city, a~~ An employee who has attained age 50
35 and completed at least 10 years of credited service may elect to terminate employment
36 and retire on an early retirement date which may be the first day of any month after ten
37 years of service and attainment of age 50.

38
39 **(b)** *Benefit.* The monthly amount of early retirement benefits payable to a police
40 officer who retires on the early retirement date shall be determined based on credited
41 service to the early retirement date reduced by 3% for each year by which the member's
42 age at retirement preceded the member's normal retirement age to take into account the
43 police officer's younger age and the earlier commencement of retirement income
44 payments. ~~in accordance with the following:~~

*Number of Years Early Retirement Date
Precedes Normal Retirement Date*

0	1	2	3	4	5	6	7	8	9	10
100	93.3	86.6	79.9	73.2	66.5	63.2	59.9	59.6	53.3	50

If the period between the early retirement date and normal retirement date is not an integral number of years, the percentage to be applied shall be the percentage for the next higher integral number of years, increased by a proportionate part of the difference between that percentage and the percentage for the next lower integral number of years.

SECTION 3. Subsection (f)(1) of Section 50-118, Code of Ordinances entitled "Disability Retirement" is amended to read:

(f) *Disability benefit.*

(1) *Generally.* For disability incurred during the line of duty, ~~the~~ the disability benefit shall be 60 percent of the police officers' rate of pay at the time of disability or the accrued pension benefit, whichever is greater for disability incurred during the line of duty. For non-duty disability, the disability benefit shall consist of 2.5 percent multiplied by the average monthly earnings multiplied by the years of credited service, with the minimum benefit of 25 percent of salary or the accrued pension benefit, whichever is greater. In no event should the single sum value of such benefits as of the date of termination of service because of disability exceed:

- a. One hundred times the estimated normal monthly retirement income, based on the assumption that the present rate of compensation continues without changes to normal retirement date,
- b. Twice the annual rate of compensation as of the date of termination of service, or
- c. The single-sum value of the accrued deferred retirement income (beginning at normal retirement date) at date of termination of service, whichever is greatest.

SECTION 4. Section 50-127, Code of Ordinances entitled "Prior Police Officer Service" is amended to read:

Sec. 50-127. Prior police officer service.

Unless otherwise prohibited by law, the years or fractional parts of years that a police officer previously served in the United States Military Service, or the years or

1 fractional parts of years that a police officer previously served as a police officer with the
2 city during a period of employment and for which accumulated contributions were
3 withdrawn from the fund, or the years and fractional parts of years that a police officer
4 served as a police officer with any other municipal, county, ~~or state police department~~ or
5 federal law enforcement agency shall be added to the years of credited service provided
6 that:

- 7
- 8 (1) The police officer contributes to the fund the sum that would have been
9 contributed, based on the police officer's salary and the employee
10 contribution rate in effect at the time that the credited service is requested,
11 had the police officer been a member of this system for the years or
12 fractional parts of years for which the credit is requested plus amount
13 actuarially determined such that the crediting of service does not result in
14 any cost to the fund plus payment of costs for all professional services
15 rendered to the board in connection with the purchase of years of credited
16 service.
- 17
- 18 (2) Payment by the police officer of the required amount may be made within six
19 months of the request for credit and in one lump sum payment, or the police
20 officer can buy back this time over a period equal to the length of time being
21 purchased or five years, whichever is greater, at an interest rate which is
22 equal to the fund's actuarial assumption. A police officer may request to
23 purchase some or all years of service. No credit shall be given for any
24 service until all years of service which are to be repurchased, have been
25 repurchased.
- 26
- 27 (3) The credit purchased under this section shall count for all purposes,
28 including vesting.
- 29
- 30 (4) In no event, however, may credited service be purchased pursuant to this
31 section for prior service with any other municipal, county, or state police
32 department, if such prior service forms or will for a basis of a retirement
33 benefit or pension from another retirement system or plan. This subsection
34 does not apply to military service.
- 35

36 **SECTION 5.** A new Section 50-136, Code of Ordinances to be entitled "Monthly
37 Supplemental Benefits" is created to read:

38
39 **Sec. 50-136. Monthly supplemental benefits.**

40
41 (a) Prior to each October 1, the actuary for the Fund shall determine, as
42 provided in subsection (b), whether there are sufficient funds to provide a monthly
43 supplemental pension benefit and the amount thereof.

44
45 (b) The monthly supplemental benefit will be funded by 100% of the excess
46 Chapter 185 Florida Statutes money received each calendar year in excess of the base

1 amount of \$235,818. This amount is known as the "benefit pool."

2
3 (c) The benefit distribution amount shall be based upon a share of the benefit
4 pool. The benefit pool shall be divided according to the total number of years of service
5 rendered by all retirees, with a cap of 20 years. The shares will be divided on a pro-rata
6 basis on the following schedule:

7		
8	<u>20 or more years of service</u>	<u>100%</u>
9	<u>19 years of service</u>	<u>95%</u>
10	<u>18 years of service</u>	<u>90%</u>
11	<u>17 years of service</u>	<u>85%</u>
12	<u>16 years of service</u>	<u>80%</u>
13	<u>15 years of service</u>	<u>75%</u>
14	<u>14 years of service</u>	<u>70%</u>
15	<u>13 years of service</u>	<u>65%</u>
16	<u>12 years of service</u>	<u>60%</u>
17	<u>11 years of service</u>	<u>55%</u>
18	<u>10 years of service</u>	<u>50%</u>
19	<u>Duty Disability</u>	<u>100%</u>
20	<u>Non-duty Disability</u>	<u>Based on above schedule</u>
21	<u>Beneficiary</u>	<u>Based on number of years</u>
22		<u>of retiree's service</u>
23		

24 The benefit distribution amount in any one year shall not exceed the cost of family
25 health insurance coverage purchased as a retiree from the City of Palm Beach Gardens.

26
27 (d) This benefit shall be payable monthly to the retiree or any beneficiary as a
28 part of the regular monthly pension benefit. The benefit shall cease upon the death of the
29 member or beneficiary, whichever occurs later.

30
31 **SECTION 6.** Codification of this Ordinance is hereby authorized and directed.

32
33 **SECTION 7.** It is the specific intent of the City Council that the provisions of this
34 Ordinance shall apply retroactively to October 1, 2003.

35
36 **SECTION 8.** This Ordinance shall become effective immediately upon adoption.

37
38
39
40 (The remainder of this page left intentionally blank)

PASSED this 18TH day of March, 2004, upon first reading.

PASSED AND ADOPTED this 15TH day of APRIL, 2004, upon second and final reading.

CITY OF PALM BEACH GARDENS

FOR AGAINST ABSENT

BY: [Signature]
Eric Jablin, Mayor

✓ _____ _____

[Signature]
Joseph Russo, Vice Mayor

✓ _____ _____

[Signature]
David Clark, Councilmember

✓ _____ _____

Annie Marie Delgado, Councilmember

_____ _____ ✓

[Signature]
David Levy, Councilmember

✓ _____ _____

ATTEST:

BY: [Signature]
Patricia Snider, City Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY**

BY: [Signature]
Christine P. Tatum, City Attorney

[Handwritten initials]

**GABRIEL, ROEDER, SMITH & COMPANY**

Consultants & Actuaries

301 East Los Olas Blvd. • Suite 200 • Ft. Lauderdale, FL 33301-2254 • 954-527-1818 • FAX 954-525-0083

October 21, 2003

Bonni Jensen, Esq.
Hanson, Perry & Jensen, P.A.
105 South Narcissus Avenue, Suite 510
West Palm Beach, Florida 33401

Re: Palm Beach Gardens Police Officers Pension Fund

Dear Bonni:

We have reviewed the proposed ordinance providing that Chapter 185 revenue in excess of the baseline amount would be distributed to retirees. The purpose of this distribution is to assist retirees in paying for their health insurance premiums.

The baseline amount of Chapter 185 revenue is \$235,818. When the City passes the ordinance encompassing remaining minimum benefits, the baseline amount will increase by \$4,963 to \$240,781.

This year's revenue is \$292,446, so the additional amount that would be distributed to retirees is \$51,665. While we do not have final figures, we estimate that there are about 16 retirees in pay status. If each person were to receive the same amount, the amount payable would be \$3,229.

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist

JSP/or

cc: Joseph Mastrangelo

OCT 22 2003



ABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

301 East Las Olas Blvd. • Suite 200 • Ft. Lauderdale, FL 33301-2254 • 954-527-1616 • FAX 954-525-0083

March 11, 2003

Bonni Jensen, Esq.
Hanson, Perry & Jensen, P.A.
105 South Narcissus Avenue, Suite 510
West Palm Beach, Florida 33401

Re: Actuarial Impact Statement for Palm Beach Gardens Police Officers Pension Fund

Dear Bonni:

As requested, we have prepared the enclosed Actuarial Impact Statement for a proposal that would implement the remaining minimum benefits of Chapter 185 by:

- Reducing the early retirement penalty to 3%, and
- Providing that the duty and non-duty disability benefits will be no less than the accrued pension.

Please have a member of the Board of Trustees sign the Statement. Then send the Statement along with a copy of the proposed ordinance to Tallahassee.

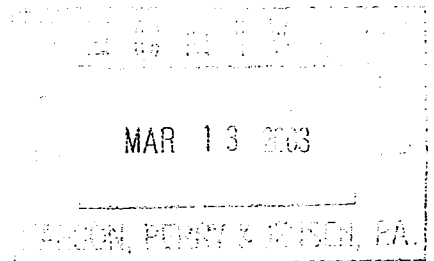
We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist

JSP/mm
Enclosures

cc: Joe Mastrangelo
Jay Spencer



SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

Palm Beach Gardens Police Officers Pension Fund

Valuation Date

October 1, 2001

Date of Report

March 11, 2003

Report Requested by

Board of Trustees

Prepared by

J. Stephen Palmquist

Group Valued

Active Police Officers

Plan Provisions Being Considered for ChangePresent Provision Before Change

- (1) The early retirement penalty is 6.7% for each year early.
- (2) Duty and non-duty disability benefits may, in certain circumstances, be less than a member's accrued pension.

Proposed Change

- (1) The early retirement penalty would be 3% for each year early.
- (2) Duty and non-duty disability benefits will be no less than a member's accrued pension.

Participants Affected

All police officers who terminate employment after the effective date of the ordinance.

Actuarial Assumptions and Methods

Same as October 1, 2001 Actuarial Valuation Report with no exceptions.

Some of the key assumptions/methods are:

- Investment return – 8.5% per year
- Salary increase – 6.0% per year
- Cost Method – Frozen Entry Age

PALM BEACH GARDENS POLICE OFFICERS PENSION FUND

Impact Statement – March 11, 2003

Description of Amendment

The proposed changes would implement the remaining minimum benefits of Chapter 185 by:

- Reducing the early retirement penalty to 3%, and
- Providing that the duty and non-duty disability benefits will be no less than the accrued pension.

Funding Implications of Amendment

An actuarial cost estimate is attached. The cost increase is being covered by an increase in Chapter 185 revenue and by the reserve from previous years.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

For the Board of Trustees
as Plan Administrator

Amortization Period for Any Increase in Actuarial Accrued Liability

30 years

Summary of Data Used in Report

See attached page.

Actuarial Impact of Proposal(s)

See attached page(s). The required contribution would increase by \$4,963 which would be covered by the increase in Chapter 185 revenue.

Special Risks Involved With the Proposal That the Plan Has Not Been Exposed to Previously

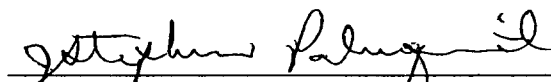
None.

Other Cost Considerations

As a result of negative stock market returns since September 30, 2001, there will be a loss from investments for the year ended September 30, 2002. Unless there are offsetting gains from other sources, the October 1, 2002 actuarial valuation report will show a cost increase. Users of this Supplemental Report should be aware of likely future cost increases over and above those shown in this Report.

Possible Conflicts With IRS Qualification Rules

None



Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 02-1560

ANNUAL REQUIRED CONTRIBUTION (ARC)

	October 1, 2001 Before Changes	October 1, 2001 After Changes
A. Valuation Date		
B. ARC to Be Paid During Fiscal Year Ending	9/30/2002	9/30/2002
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 276,016	\$ 277,791
E. Employer Normal Cost	680,409	683,354
F. ARC if Paid on the Valuation Date: D+E	956,425	961,145
G. ARC Adjusted for Frequency of Payments	1,005,662	1,010,625
H. ARC as % of Covered Payroll	20.49 %	20.59 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	4,908,315	4,908,315
K. ARC for Contribution Year: H x J	1,005,662	1,010,625
L. Estimate of State Revenue in Contribution Year	225,892	230,855
M. Required Employer Contribution (REC) in Contribution Year	779,770	779,770
N. REC as % of Covered Payroll in Contribution Year: M ÷ J	15.89 %	15.89 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2001 Before Changes	October 1, 2001 After Changes
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 17,382,101	\$ 17,388,237
b. Vesting Benefits	868,903	868,903
c. Disability Benefits	1,278,977	1,321,623
d. Preretirement Death Benefits	327,285	327,285
e. Return of Member Contributions	21,142	21,142
f. Total	19,878,408	19,927,190
2. Inactive Members		
a. Service Retirees & Beneficiaries	237,576	237,576
b. Disability Retirees	2,738,593	2,738,593
c. Terminated Vested Members	9,628	9,628
d. Total	2,985,797	2,985,797
3. Total for All Members	22,864,205	22,912,987
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	16,106,731	16,135,903
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	12,815,259	N/A
E. Plan Assets		
1. Market Value	9,896,771	9,897,589
2. Actuarial Value	11,417,844	11,418,662
F. Actuarial Present Value of Projected Covered Payroll	34,294,023	34,294,023
G. Actuarial Present Value of Projected Member Contributions	2,949,286	2,949,286

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2001 Before Changes	October 1, 2001 After Changes
B. Actuarial Present Value of Projected Benefits	\$ 22,864,205	\$ 22,912,987
C. Actuarial Value of Assets	11,417,844	11,418,662
D. Unfunded Actuarial Accrued Liability	4,370,181	4,399,353
E. Actuarial Present Value of Projected Member Contributions	2,949,286	2,949,286
F. Actuarial Present Value of Projected Employer Normal Costs: B-C-D-E	4,126,894	4,145,686
G. Actuarial Present Value of Projected Covered Payroll	34,294,023	34,294,023
H. Employer Normal Cost Rate: F/G	12.03 %	12.09 %
I. Covered Annual Payroll	4,908,315	4,908,315
J. Employer Normal Cost: H x I	590,470	593,415
K. Assumed Amount of Administrative Expenses	89,939	89,939
L. Total Employer Normal Cost: J+K	680,409	683,354
M. Employer Normal Cost as % of Covered Payroll	13.86 %	13.92 %

PARTICIPANT DATA

10/1/2001

10/1/2001

Before Changes

After Changes

ACTIVE MEMBERS

Number	85	85
Covered Annual Payroll	\$ 4,908,315	\$ 4,908,315
Average Annual Payroll	\$ 57,745	\$ 57,745
Average Age	39.7	39.7
Average Past Service	9.9	9.9
Average Age at Hire	29.8	29.8

RETIRES & BENEFICIARIES & DROP

Number	2	2
Annual Benefits	\$ 24,187	\$ 24,187
Average Annual Benefit	\$ 12,094	\$ 12,094
Average Age	65.5	65.5

DISABILITY RETIREES

Number	10	10
Annual Benefits	\$ 263,034	\$ 263,034
Average Annual Benefit	\$ 26,303	\$ 26,303
Average Age	46.8	46.8

TERMINATED VESTED MEMBERS

Number	1	1
Annual Benefits	\$ 2,820	\$ 2,820
Average Annual Benefit	\$ 2,820	\$ 2,820
Average Age	38.8	38.8