

APPROVED
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
JANUARY 15, 2014 – 6:00 P.M.

| Board Member | Attendance | 10/2013 through 9/2014 | |
|------------------------|-------------------|--------------------------------------|---------------|
| | | Cumulative Attendance Present | Absent |
| June Page, Chair | P | 4 | 0 |
| Drew Saito, Vice Chair | P | 3 | 1 |
| Chip Burpee | A | 3 | 1 |
| Josias Dewey | P | 3 | 1 |
| Nadine Hankerson | P | 2 | 2 |
| James McMullen | P | 3 | 1 |
| Fred Nesbitt | P | 4 | 0 |
| Robert Oelke | P | 4 | 0 |
| Bryson Ridgway | A | 1 | 3 |

Personnel Attending

Lee Feldman, City Manager
Stanley Hawthorne, Assistant City Manager
Robert Hoecherl, Fire Chief
Douglas Wood, Director of Finance
Emilie Smith, Budget Manager
Norm Mason, Assistant Budget Manager
John Herbst, City Auditor
Laura Reece, Assistant Manager CIP/Grants
Diana Lichenstein, Senior Financial Management Analyst
Darlene Pfeiffer, Business Manager, Mobility and Transportation
Charmaine Eccles, Budget Department and Board Liaison
Jamie Opperlee, Prototype Inc.

Communications to the City Commission

None.

Purpose: To Provide the City with input regarding the taxpayers' perspective in the development of the annual operating budget; to review projections and estimates from the City Manager regarding revenues and expenditures for upcoming fiscal year; to advise the City Commission on service levels and priorities and fiscal solvency; and to submit recommendations to the City Commission no later than August 15 of each year regarding a budget for the upcoming fiscal year.

Items were discussed out of order.

1. Call to Order

The meeting of the Budget Advisory Board was called to order at 6:00 p.m.

2. Roll Call

Roll was called, and it was determined a quorum was present.

3. Approval of Meeting Minutes

A. December, 2013 Regular Meeting

Motion made by Mr. Saito, seconded by Mr. Oelke, to approve the minutes of the Board's December, 2013, meeting. In a voice vote, motion passed unanimously.

4. Public Input

Patrick Jovanov, City of Pompano Beach Budget Review Committee, said he had seen a presentation in December by Dennis Lockhart, president of the Federal Reserve Bank of Atlanta. Mr. Lockhart had expressed concern about the financial instability for the Atlanta Federal Reserve and about assumptions being made.

5. Old Business

A. Alternative Funding Sources for Capital Improvements Follow-Up

Chair Page wanted to better understand how the lease/purchase option would work for a Police station. Mr. Oelke wanted additional information on the public to public sale of wastewater and water treatment plants. Ms. Smith said Mr. Nabors could return to address specific questions from Board members and Mr. Nesbit suggested compiling a list of questions. Chair Page asked Board members to send Ms. Smith questions for Mr. Nabors.

6. New Business

A. Pension Discussion

- Robert B. Dunckel, General Employees' Retirement Plan Attorney

Chair Page introduced the City's new Fire Chief Robert Hoecherl , Michael Dew, Chair of the City's Police and Fire Pension Board of Trustees and John Leroy Bucci, Chair of the City's General Employees Retirement Board of Trustees.

Mr. Nesbitt provided a presentation on public pension plans, a copy of which is attached to these minutes for the public record.

Mr. Dunckel was not present, and Mr. Bucci gave a presentation on the General Employees' retirement plan, a copy of which is attached to these minutes for the public record.

Mr. Bucci described the Deferred Retirement Option [DROP] plan, whereby an employee agreed to lock in benefits and have retirement payments placed in a dedicated bank account for three years while continuing to work for the City. At the end of three years, the employee retired and received the banked funds, plus an assumed rate of return. Mr. Bucci said this was designed to keep an experienced employee working for the City. Mr. Cypen acknowledged that some people felt the DROP program was “double dipping” because an employee received a retirement benefit while still working but noted that the employee was entitled to both the pension benefit and the salary for working. Mr. Bucci stated in General Employees, only the management group was eligible for the DROP plan.

Mr. Feldman stated the DROP plan was more controversial when there was guaranteed performance. In this plan, with a guaranteed return, if the plan did not earn that return, the City’s contribution must make up the difference. Conversely, if the plan returned more than the guaranteed return, the employee was paid the guaranteed amount and the City became the beneficiary of the additional amount.

Mr. Herbst stated there was a general “antipathy” and “pension envy” among the general public regarding pensions in general and “lump sum half-million dollar payments, no matter how you explain that...”

- Stephen H. Cypen, Police and Fire Pension Plan Attorney

Mr. Dew gave a presentation on the Police and Fire pension plan, a copy of which is attached to these minutes for the public record.

Mr. Oelke asked about the Chapter 175 and 185 funds and Mr. Cypen explained that these referred to State statutes - 175 referred to Fire and 185 referred to Police - that allowed municipalities to assess a tax on insurance policies to provide extra benefits for employees. There were stipulations in the statute, including that the municipality must have a defined benefit plan.

Mr. Feldman explained that House Bill 99-1 in the 1990’s specified that all 175 and 185 monies over a base level must be used only for new benefits for Police and Fire employees. Municipalities then negotiated new pension benefits for Police and Fire and used the monies to pay for those benefits. The State also asserted more control over the structure of Police and Fire pensions and pension boards while the municipalities were relegated to be the party paid for the plans to be actuarially sound. This had not been a problem at the time because during this time, the municipalities were not paying any contributions; the plans’ earnings, 175 and 185 money and members’ contributions were covering the costs. The State Senate was currently considering a bill that would undo the requirement that all 185 monies would go to offset a municipality’s contribution, which would have a \$1.2 million impact on the City.

Mr. Feldman continued that the bill also specified that if the pension plan was 80% or more funded, certain things happened with the 175 and 185 monies. The City's funding was over 80% because they had converted their unfunded liability to cash and put it into the plan. They had debt service on the pension obligation bond to replace the unfunded liability, and if the debt service was applied as a credit to the funding, they would probably not reach the 80% for some time.

Mr. Saito asked if pension board trustees were required to have financial backgrounds. Mr. Cypen said the Statute specified that trustees "shall be educated and shall be advised of the subject matter." Mr. Dew explained that the Police and Fire trustees became certified by the Florida Public Pension Trustee Association within two years and they tried to get potential trustees into the education process. Mr. Herbst remarked that there were no requirements for employees elected to the trustee boards. Mr. Pfeiffer stated there was additional training available to trustees in very specific investment areas.

Pension board members described the asset allocation of their funds. Regarding real estate investments, Mr. Feldman said he agreed with buying into real estate funds, but was concerned about investing directly in real estate because this required property management. Mr. Bucci said he agreed to a certain extent, but stated he did not regret their pension fund's purchase of the office building in which their office was located. They had also purchased a medical building, which he admitted was challenging to oversee.

B. Review of 2014 Strategic Planning and Budgeting Cycle Map

Mr. Hawthorne distributed copies of the map to Board members. He recommended they stick to the schedule regarding the first joint budget meeting in April.

C. Designation of Revenue Estimating Conference Committee

Representative

Mr. Hawthorne requested a BAB member for the Revenue Estimating Conference Committee and Chair Page agreed to participate. Ms. Smith stated this year, they would have the forecasted revenue and they would take into consideration what the departments felt would happen. They would also discuss the rationale for the changes. She reported that the Conference Committee meetings would take place in late March through April.

Mr. Oelke asked if the departmental meetings could focus on the budgetary aspect and Mr. Hawthorne agreed. Mr. McMullen also wanted to see policy proposals and the reasoning behind the numbers and how this related to the Strategic Plan. Mr. Saito requested more footnotes in departmental budgets. Ms. Smith explained that each department had a budget coordinator and Chair Page suggested that department directors should bring the budget coordinators to the meeting.

7. Joint City Commission Budget Workshop

Chair Page said they should meet after the BAB's April meeting.

8 Communications to the City Commission

None.

Other Discussion Items and Announcements

Mr. Oelke asked about the impact of the County's recent decision to abolish CRAs. Mr. Hawthorne stated the City had anticipated this. Ms. Smith explained that the beach CRA would sunset in November 2019 and the City would receive all revenue through 2020. Mr. Herbst said the City had not planned on extending the life of the CRAs and the County would not reduce the CRAs' lifespans.

Ms. Smith informed the Board that the City was pursuing stormwater projects and the plan would be presented to the City Commission on January 22 at their 1:30 p.m. conference meeting. On February 28, there would be a community-wide presentation.

9. Adjourn

Upon motion duly made and seconded, the meeting was adjourned at 7:36 p.m.

Documents Attached:

FY 2014 Fort Lauderdale adopted budget

http://www.fortlauderdale.gov/2014Budget_Book/FY2014_Adopted_Budget_Book.pdf

Strategic Planning Budgeting Cycle Map

Press Play Fort Lauderdale pamphlet www.fortlauderdale.gov/pressplay

Summary Plan Description for Group 1 General Employees

Copy of Power Point: Public Pension Plans

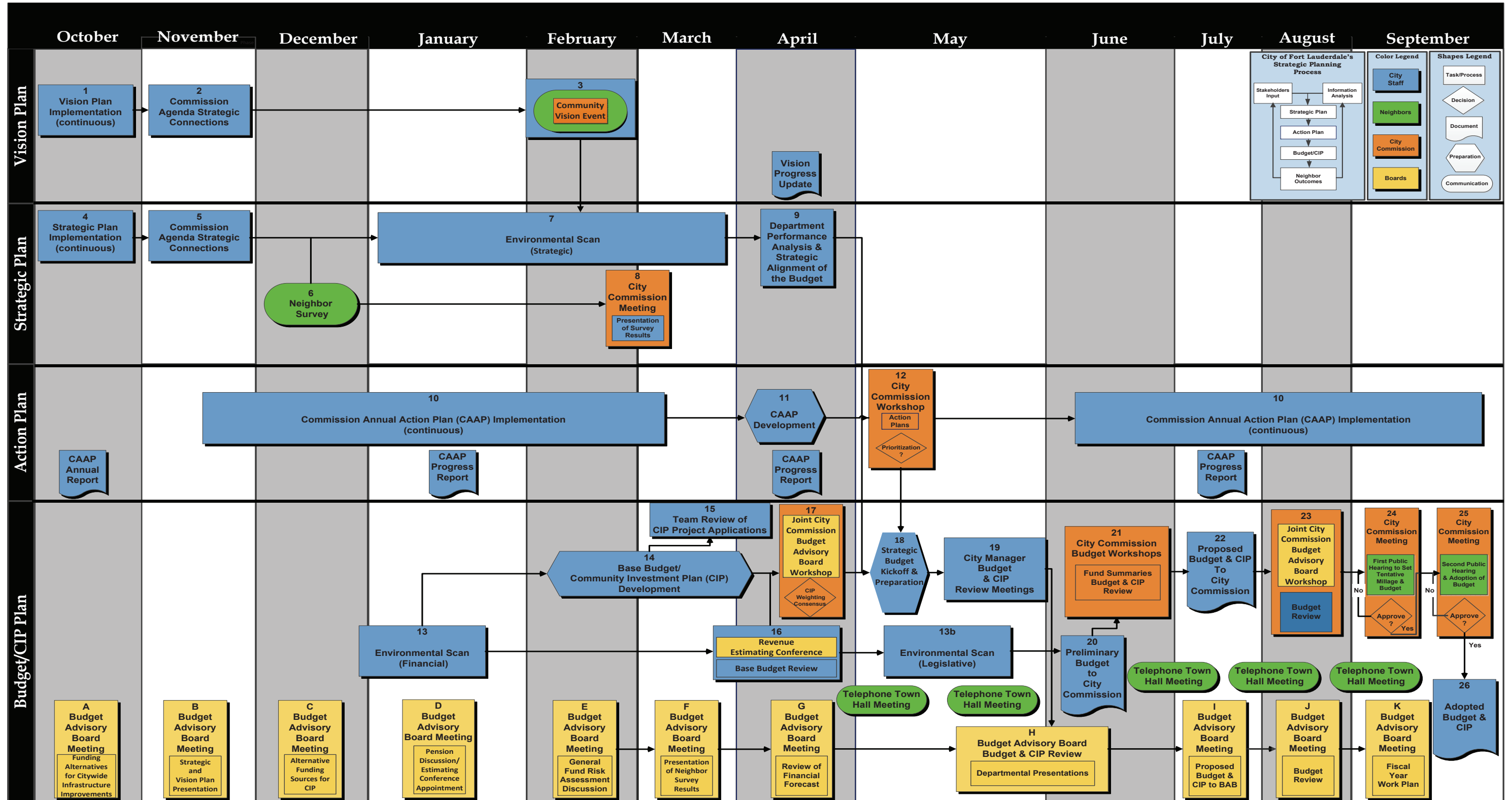
Copy of Power Point: City of Fort Lauderdale Police and Firefighters' Retirement System

Copy of Mr. Bucci's presentation regarding the Public Employees' Pension Board



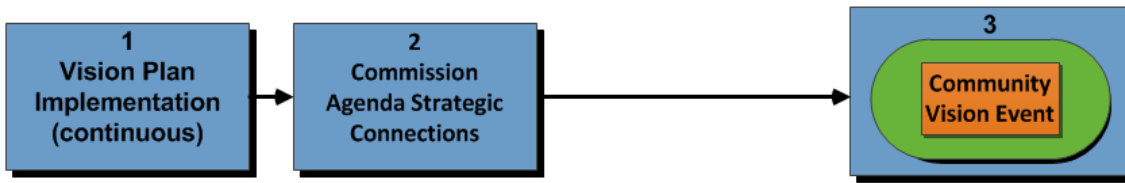
CITY OF FORT LAUDERDALE

STRATEGIC PLANNING AND BUDGETING CYCLE



Strategic Planning and Budgeting Cycle

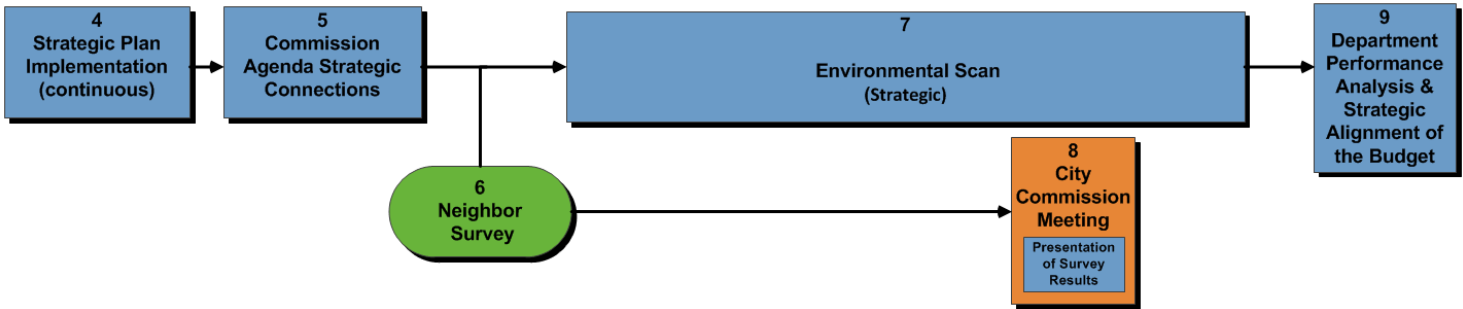
Vision Plan Lane



| October | April |
|---|---|
| <div data-bbox="126 625 380 785" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">1 Vision Plan Implementation (continuous)</p> </div> <p><i>Fast Forward Fort Lauderdale</i>, the community's 2035 Vision Plan, was unanimously approved by the City Commission on April 16th, 2013. It was developed from more than 1,500 ideas generated from eight different outreach mechanisms, including open houses, stakeholder interviews, a social ideation website, civic association presentations, telephone town hall meetings, Meetings in-a-Box, a Big Ideas event, and a Neighbor Summit. Implementation will be conducted through a robust strategy management system that connects planning, strategy, and action.</p> | <div data-bbox="808 625 1062 785" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">3 Community Vision Event</p> </div> <p>An event will be held to facilitate discussion and options related to a relevant topic important to achieving <i>Fast Forward Fort Lauderdale</i>, the community's 2035 Vision Plan. The outcome of the event will help to inform the FY 2015 Proposed Operating Budget.</p> |
| November | April |
| <div data-bbox="126 1245 412 1425" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">2 Commission Agenda Strategic Connections</p> </div> <p>Many of the Commission Agenda and Conference items directly further <i>Fast Forward Fort Lauderdale</i>, the community's 2035 Vision Plan. The agenda process is a prime opportunity to illustrate how the City will accomplish strategic priorities and also familiarize staff with how their work connects to the long-term priorities defined in the vision. Commission Agenda Memos (CAM) contain a Strategic Connections section for staff to specify which portion of the <i>Fast Forward Fort Lauderdale</i> Vision Plan is being achieved through the specific agenda item.</p> | <div data-bbox="808 1245 954 1425" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Vision Progress Update</p> </div> <p>An update will be provided to the City Commission and community, highlighting progress with the first year of the <i>Fast Forward Fort Lauderdale</i>, the 2035 Vision Plan. This will mark one full year since the Plan was approved by City Commission in April 2013. The Vision Progress Update will include the Vision Scorecard which contains key community and performance indicators reflective of our progress with achieving the long-term vision.</p> |

Strategic Planning and Budgeting Cycle

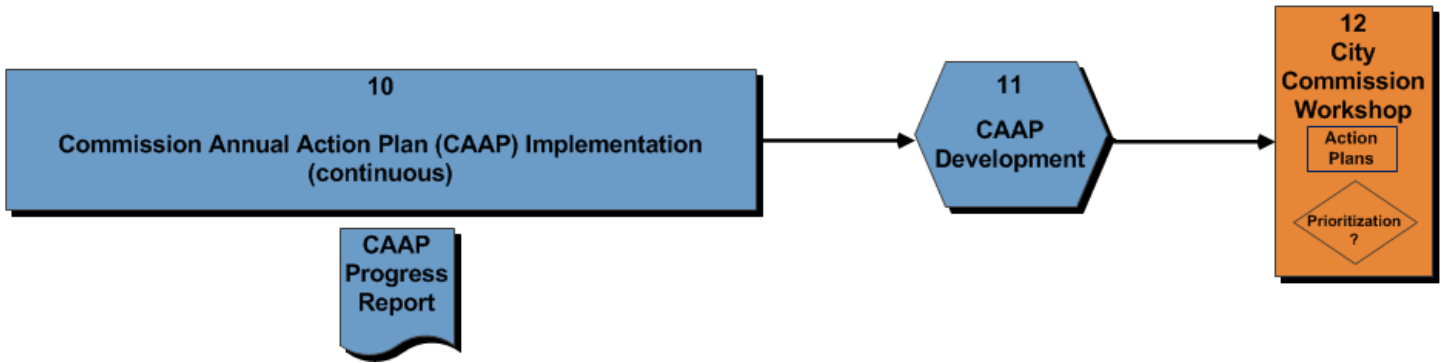
Strategic Plan Lane



| October | | January/February/March | |
|--|---|------------------------|--|
| <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 4 Strategic Plan Implementation (continuous) </div> <p><i>Press Play Fort Lauderdale</i>, the community's 2018 Strategic Plan, was unanimously approved by the City Commission on September 17th, 2013. It connects the dots between the long-term vision and day-to-day operations. A notable 42% of the vision ideas are incorporated in the Strategic Plan. <i>Press Play Fort Lauderdale</i> contains 12 goals, 38 objectives, and 191 strategic initiatives. Implementation will be achieved through a robust strategy management system that connects planning, budgeting, measuring, and improving.</p> | <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 7 Environmental Scan (Strategic) </div> <p>The Environmental Scan is a compilation of the Neighbor Survey, key demographic trends, and additional external and internal factors that may influence the direction and priorities of the City for the coming fiscal year.</p> | | |
| November | | February/March | |
| <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 5 Commission Agenda Strategic Connections </div> <p>Many of the Commission Conference and Agenda items directly further <i>Press Play Fort Lauderdale</i>, the community's 2018 Strategic Plan. The agenda process is a prime opportunity to illustrate how the City will accomplish strategic priorities and familiarize staff with how their efforts connect to strategic initiatives. Commission Agenda Memos now contain a Strategic Connections section for staff to specify which portion of the Strategic Plan and Commission Annual Action Plan (CAAP) is being furthered through the specific agenda item.</p> | <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 8 City Commission Meeting <small>Presentation of Survey Results</small> </div> <p>A full presentation of the Neighbor Survey results will be provided to the City Commission by the survey consultant. It will include an explanation of the results, the comparisons to last year and state and national results, a breakdown of the most important items to the community, and GIS maps depicting the results by Census tract.</p> | | |
| December | | July | |
| <div style="border: 1px solid black; border-radius: 50%; padding: 10px; display: inline-block; margin-bottom: 10px;"> 6 Neighbor Survey </div> <p>The second annual Neighbor Survey will evaluate perceptions regarding the quality of life and satisfaction with the City. The survey results will be compared with prior year results, along with state and national comparisons. The survey is statistically valid and administered to randomly selected households, representative of the four Commission districts and Census demographics. It is a key component of the Environmental Scan.</p> | <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 9 Department Performance Analysis & Strategic Alignment of the Budget </div> <p>Performance highlights will be compiled per Department, to include: department-specific survey results, performance results, available FY 2013 and FY 2012 benchmarking results, and the status of strategic initiatives. This information will serve as preparation for departmental budget meetings with the City Manager and departmental presentations to the Budget Advisory Board.</p> | | |

Strategic Planning and Budgeting Cycle

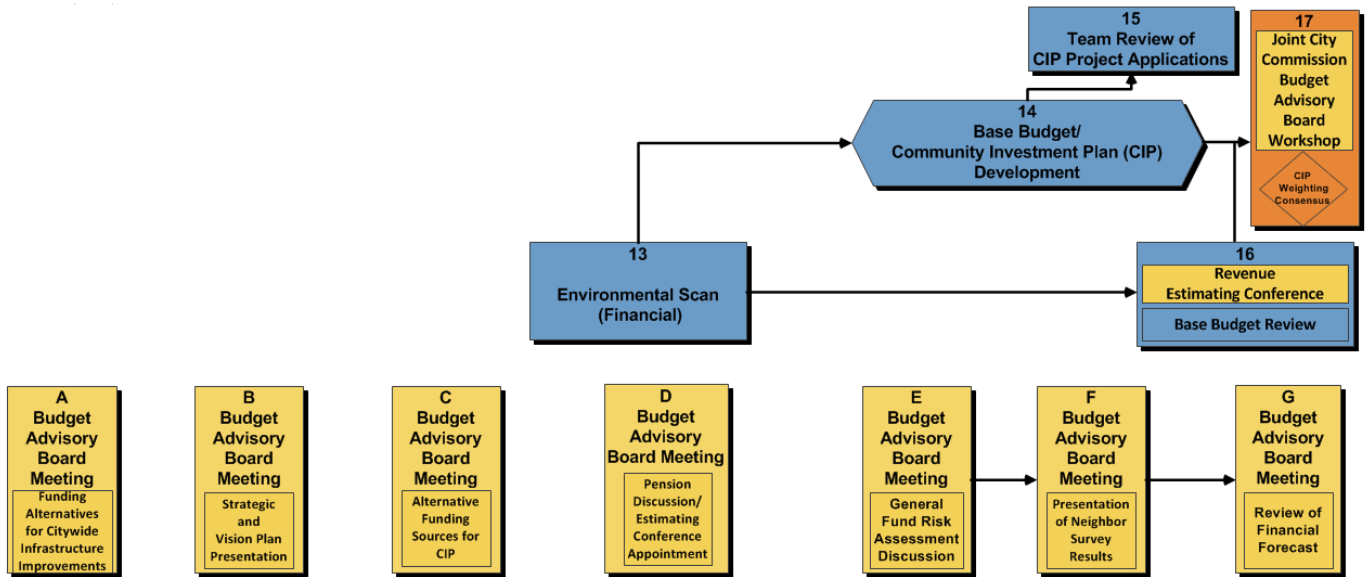
Action Plan Lane



| Continuous Throughout Year | | April | |
|---|--|-------|--|
| <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; text-align: center; margin-bottom: 10px;"> 10 Commission Annual Action Plan (CAAP) Implementation (continuous) </div> <p>The Commission Annual Action Plan (CAAP) is the product of collaboration and prioritization by the City Commission, the City Manager’s Office, and Department Directors. It contains initiatives of significant importance to the organization. Progress is monitored through the monthly FL²STAT meetings, with quarterly reporting to the City Commission. The CAAP is integrated into the Cylinders of Excellence annual work plans.</p> | <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; text-align: center; margin-bottom: 10px;"> 11 CAAP Development </div> <p>Departments will meet to discuss current progress, successes, challenges, major issues and initiatives to be considered for development of the FY 2015 Commission Annual Action Plan.</p> | | |
| January/April/July | | May | |
| <div style="border: 1px solid black; background-color: #4f81bd; color: white; padding: 5px; text-align: center; margin-bottom: 10px;"> CAAP Progress Report </div> <p>Progress Reports will be issued quarterly to provide routine updates on the progress that staff is making with the Commission Annual Action Plan. For each strategic initiative, the report will include a description, analysis of progress and challenges, and applicable milestones.</p> | <div style="border: 1px solid black; background-color: #e69d00; padding: 5px; text-align: center; margin-bottom: 10px;"> 12 City Commission Workshop Action Plans Prioritization ? </div> <p>This Commission Workshop will be dedicated to the prioritization of strategic initiatives and development of the FY 2015 Commission Annual Action Plan. The FY 2015 Proposed Annual Operating Budget will allocate resources in alignment with this Commission prioritization.</p> | | |

Strategic Planning and Budgeting Cycle

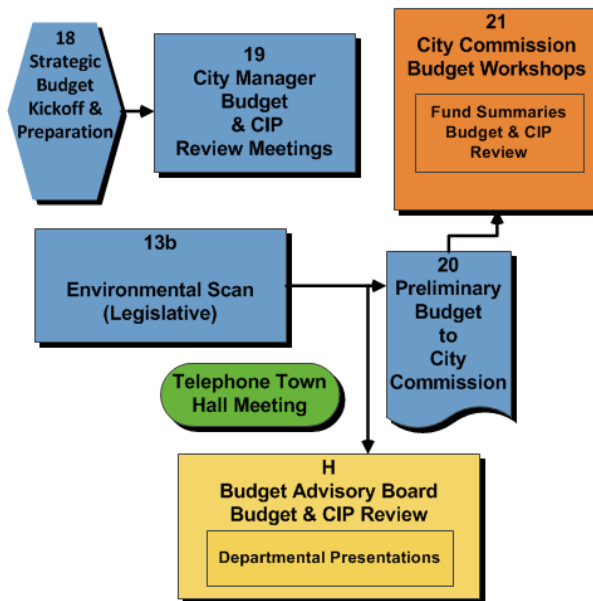
Budget/CIP Plan Lane





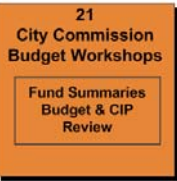
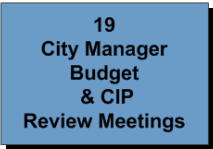
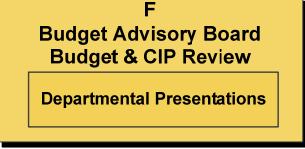


| January | April |
|---|---|
| <p>13 Environmental Scan (Financial)</p> <p>The Financial portion of the Environmental Scan includes a review of the prior year revenues and expenditures, a financial forecast, and the ongoing development of fiscal integrity principles and policies. Each of these components of the Environmental Scan are an important part of developing the FY 2015 Proposed Budget.</p> | <p>16 Revenue Estimating Conference Base Budget Review</p> <p>The Revenue Estimating Conference Committee will be established and responsible for reviewing revenue estimates for the upcoming budget. Conference principals will include one principal from the Budget/CIP and Grants Office; one principal from the Finance Department, one principal from the Budget Advisory Board, and one principal from the Audit Advisory Board.</p> |
| February | |
| <p>14 Base Budget/Community Investment Plan (CIP) Development</p> <p>The kickoff of the development of the City's base operating budget, five year Community Investment Plan, performance measures and current year estimates for both revenues and expenditures. Departments will be asked to update their submissions into a more aligned and strategic budget during the coming months.</p> | <p>17 Joint City Commission Budget Advisory Board Workshop CIP Weighting Consensus</p> <p>The City Commission and Budget Advisory Board will hold a Joint Workshop to review the Five Year Financial Forecast and to discuss the budget for the coming year. The City Commission will provide a consensus on the millage rate and the fire assessment fee during this workshop. Once a consensus is achieved, staff will be able to finalize the proposed budget based on the information provided.</p> |
| March | Continuous |
| <p>15 Team Review of CIP Project Applications</p> <p>The Community Investment Plan (CIP) applications will be reviewed for consideration and funding by the CIP Review Committee. Each application will be scored utilizing the prioritization matrix. Scores and final ranking will be utilized as a guide to funding.</p> | <p>A Budget Advisory Board Meeting - Funding Alternatives for Citywide Infrastructure Improvements B Budget Advisory Board Meeting - Strategic and Vision Plan Presentation C Budget Advisory Board Meeting - Alternative Funding Sources for CIP D Budget Advisory Board Meeting - Pension Discussion/Estimating Conference Appointment E Budget Advisory Board Meeting - General Fund Risk Assessment Discussion F Budget Advisory Board Meeting - Presentation of Neighbor Survey Results G Budget Advisory Board Meeting - Review of Financial Forecast</p> <p>The Budget Advisory Board (BAB) meets monthly. Department staff will present their budget to the BAB during the month of May.</p> |

Strategic Planning and Budgeting Cycle

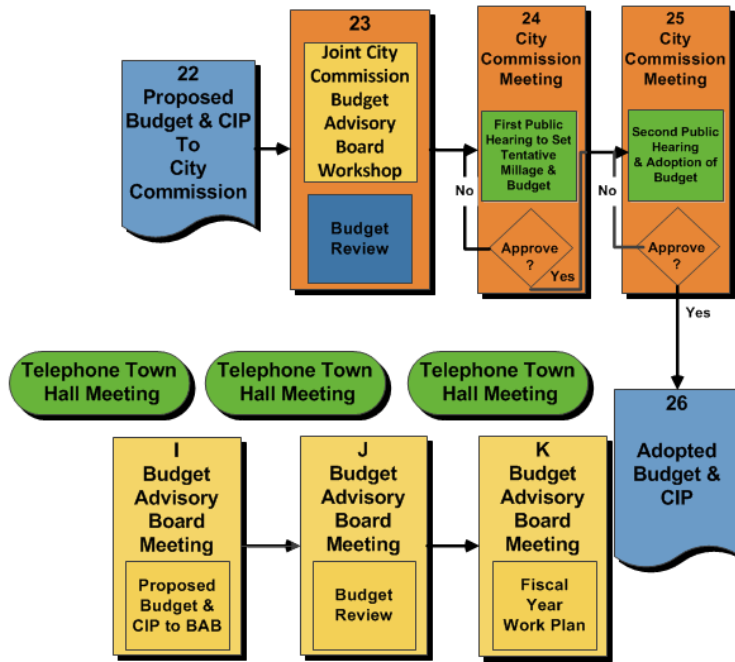
Budget/CIP Plan Lane



| May | | June | |
|---|--|--|--|
|  | <p>During this time, departments will be asked to update their submissions strategically, to align with the City's vision statement and strategic priorities.</p> |  | <p>The presentation of the preliminary budget to the City Commission for their review and discussion at the upcoming Budget Workshops.</p> |
|  | <p>The Legislative Scan considers external factors that could influence the direction and goals of the City such as impacts from legislative processes at the County, State, and Federal levels, as well as, by other intergovernmental entities.</p> | | |
|  | <p>Telephone Town Hall meetings are held throughout the year to allow the City Commission to personally interact with neighbors to discuss important topics such as neighborhood improvements or concerns, Strategic Planning, the upcoming Budget, and the Community Investment Plan.</p> |  | <p>The City Commission will meet with the City Manager and Department Directors to review the comprehensive budget as recommended by the City Manager. This will include a review of revenues and expenditures, new programs, capital outlay, and a presentation of each department's proposed Five Year Community Investment Plan (CIP) projects.</p> |
|  | <p>This is a comprehensive review of departmental operational budgets and Five Year Community Investment Plan projects. This review will include organizational charts, operating expenses, capital outlay, capital projects and performance measures with tentative determination by City Manager of Proposed Budget.</p> |  | <p>City Departments will present their FY 2015 Requested Operating Budgets, Community Investment Plan projects, and performance measures to the Budget Advisory Board during the month of May.</p> |

Strategic Planning and Budgeting Cycle

Budget/CIP Plan Lane



| July | | September | |
|--------|---|-----------|---|
| | <p>The Proposed Budget document and Five Year Community Investment Plan are published and presented to the City Commission and made available to the public. The Proposed Strategic Plan document will be presented along with the Budget document.</p> | | <p>The first public hearing is legally required with time table requirements for setting of tentative property tax millage rate and tentative budget.</p> |
| | <p>Staff presents the Proposed Budget and Community Investment Plan (CIP) to the Budget Advisory Board.</p> | | <p>The second public hearing is legally required with time table requirements for adoption of property tax millage rate and final budget. The Five Year Community Investment Plan will also be adopted at this meeting.</p> |
| August | | | <p>The Adopted Budget and Community Investment Plan are uploaded into the City's financial system and a printed version is made available to the City Commission, City Departments, and Neighbors. The CAAP is published.</p> |
| | <p>The Joint Workshop between the City Commission and the Budget Advisory Board to discuss the Proposed Budget and the CIP.</p> | | <p>The Budget Advisory Board (BAB) establishes their priorities for the upcoming budget cycle.</p> |
| | <p>The Budget Advisory Board reviews the Proposed Budget and CIP and makes recommendations for changes prior to the Public Hearing.</p> | | |

THE GENERAL EMPLOYEES' RETIREMENT SYSTEM FOR THE CITY OF FORT LAUDERDALE, FL

Presents

THE SUMMARY PLAN DESCRIPTION FOR GROUP 1 EMPLOYEES

INTRODUCTION

This Summary Plan Description (SPD) is a brief description of your GERS Pension Plan and your rights, obligations, and benefits under that Plan. This SPD is not meant to interpret, extend, or change the provision of the Pension Plan in any way. The provisions of the Plan may only be determined accurately by reading the actual Plan document, contained in City Code of Ordinances, Chapter 20. A copy of the Plan document is available at the General Employees' Retirement System office and may be read by you, your beneficiaries, or your legal representatives at any reasonable time. You can also find the Plan document on the GERS web site, www.Citypension.com. If you have any questions regarding either the Pension Plan or this SPD, you should contact the Plan's Administrator. In the event of any discrepancy between this SPD and the actual provisions of the Plan, the Plan shall govern. The term "Employer" used in this SPD will refer to either the City of Fort Lauderdale or an Affiliated Agency as described in Chapter 20.

Florida State Statutes, Part VII, Chapter 112, and the provisions of the Internal Revenue Code additionally govern the Plan.

The City of Fort Lauderdale adopted this Pension Plan, effective January 3, 1973 and has subsequently amended and improved the benefits, for the exclusive benefit of eligible employees.

The purpose of the Plan is to provide an adequate pension benefit during your retired years for you and your eligible beneficiaries. The type of this Pension Plan is known as a contributory defined benefit plan. Members contribute by payroll deduction on a pre-tax basis to a Trust Fund in a percentage amount set by Ordinance while the Employer contributes money on an actuarial basis necessary to fund your pension benefit that will be calculated by a predetermined formula.

This Summary Plan Description is updated for publication as of April 1, 2008.

PLAN ADMINISTRATION

General administration and fiduciary responsibility for the operation of this Pension Plan resides with the Board of Pension Trustees (Board). The Board keeps membership records, directs the investments of the Plan Trust Fund, and employs consultants and other professionals as necessary. The Board may expend Pension funds only to pay benefits along with the reasonable and regular costs of Plan administration.

The Board has the authority to make rules and take legal action concerning the Plan. The Board

cannot change benefits, formulas, or structural provisions of the Plan. Only the City Commission may amend the benefits of the Plan. Amendments of the benefit structure for employees that are represented by a collective bargaining unit require agreement between the City and the collective bargaining unit. No such agreement is required to make changes in the benefit structure for those employees not represented by a collective bargaining unit.

BOARD OF TRUSTEES

The Board consists of seven persons, each serving for a period of three years. Four members are City employees who are elected by the members of the Plan and three are appointed by the Mayor with the approval of a majority of the City Commission. The City Finance Director sits as a non-voting, ex-officio member of the Board.

Appointed

Ron Cameron, Sr.
4700 Powerline Road
Fort Lauderdale, FL 33309

Dr. Robert Helmholdt
1248 Seminole Drive
Fort Lauderdale, FL 33304

Sean F. Jones
4025 NE 40th Avenue
Fort Lauderdale, FL 33308

Raymond Mannion, Ex-officio
Director of Finance
City of Fort Lauderdale

Elected

John "Le" Bucci
Admin Asst II – Public Works
City of Fort Lauderdale

Mark Darmanin
Util Dist & Col Sys Mgr – Public Works
City of Fort Lauderdale

Julius Delisio
Admin Asst II – Business Enterprises
City of Fort Lauderdale

Darlene Pfeiffer
Financial Admin – Parking Services
City of Fort Lauderdale

PENSION OFFICE AND STAFF

The Pension Office is located at 316 NE Fourth Street, Suite 2, Fort Lauderdale, FL 33301, with regular business hours between 8:00 AM and 5:00 PM. To discuss any Pension related matter or to set an appointment, call (954) 828-5171 or toll-free (888) 269-4447. Information may be faxed as well to (954) 828-5270. You can always reference the Plan's web site for information at www.Citypension.com.

The Plan Administrator, David Desmond, is responsible for day-to-day activities. All formal communication should be addressed to the Administrator who is also the designated agent for the service of legal process. Jane Dyar is the Pension and Recording Secretary and Jackie Thomas is the Pension Receptionist.

The Plan's records are maintained in the Pension Office on a fiscal period known as the Plan Year. The Plan Year begins on October 1 and ends on September 30.

ACTUARIAL INFORMATION

An actuarial valuation is performed each fiscal year to measure pension benefit liabilities and specify a schedule of contributions that will fund the Plan in an orderly fashion and assure actuarial soundness.

All Group 1 members are required to contribute to the Pension Plan as outlined below. The amount of Employer contribution varies from year to year depending on Plan improvements, participant turnover, benefit payments, and investment gains (losses) in the Trust Fund. The law requires that an independent professional, known as an "Enrolled Actuary", certify that the City is meeting its minimum funding requirements. The actuary has certified in the latest valuation that the Pension Plan is being funded as required and is on a sound basis.

CLAIMS BY MEMBERS AND BENEFICIARIES

If you leave employment with the Employer, have contributed to the Pension Plan for less than five years, and are not age 55 or over, you are not eligible for Normal Retirement benefits. You will receive a refund of your contributions plus interest accrued at 3% per year, compounded annually on December 31st. Contact the Pension Office at least 2 weeks prior to the last day you will be on the payroll to get information on your current pension amount along with the refund forms.

If you leave employment with the Employer and meet the criteria for a Normal, Early, or Vested Pension as outlined later in this booklet, contact the Pension Office to apply for benefits at least 4 - 6 weeks prior to the last day you will be on the payroll.

If you die while employed by the Employer, claims for death benefits will be paid in accordance with the terms of the Plan and the "Designation of Beneficiary Form" you have on file in the Pension Office. To change your beneficiary, contact the Pension Office or download a form on the web site. Be sure to keep the form up to date when circumstances change in your personal life.

If you become sick or injured while employed by the Employer, you may file a claim for disability benefits if such an illness or injury would prevent you from working for a period longer than 90 days. Disability benefits may be awarded retroactively for a period not exceeding 6 months from submission of a completed application. Contact the Pension Office to file a claim for benefits. Claims for disability benefits will be given full and fair consideration by the Board based on the facts in the situation and opinions provided by at least two (2) medical doctors. You will receive written notice of the Board's decision. Effective with the 2008 bargaining unit contracts, approval of a pension disability for a union member will mean an immediate termination of employment with the Employer.

Should your claim be denied, you would receive a written notice outlining the specific reasons for the denial. You may ask for a formal hearing before the Board to present evidence or make statements relevant to the Board's review of its decision. You have the right to review all pertinent documents. Within 30 days following the hearing, you will receive written notice of the Board's decision.

THE PENSION PLAN

The makeup of Plan Participants as of September 30, 2007 is as follows:

| | |
|---------------------------|-------|
| Active Members | 1,437 |
| Benefit Recipients | 1,200 |
| DROP Participants | 15 |
| Terminated Vested Members | 119 |
| Total Membership | 2,771 |

MEMBERSHIP

Membership in a City Sponsored Retirement Program is mandatory for all eligible employees as shown below. Membership is optional for employees in the Non-Classified service and employees of Affiliated Agencies.

- The General Employees' Retirement System is **closed to new membership** effective as of October 1, 2007 for employees represented by the Teamsters Union, as of November 7, 2007 for employees represented by the Federation of Public Employees, and as of March 5, 2008 for any employee not covered by a bargaining unit and including new Police Cadets.

New employees hired on or after the dates above must enroll in a new Defined Contribution 401(a) Plan administered through the City's Finance Department.

For current employees hired prior to the Plan's closure, if you were hired before August 6, 1976, your original date of hire is your date of membership for pension purposes. If you were hired on or after August 6, 1976, your date of hire in a permanent position is your date of membership for pension purposes.

EMPLOYEE CONTRIBUTIONS

Section 20-112(a)(1) of City Ordinance requires Group I Members to contribute 6% of Earnings to the Pension Plan through bi-weekly payroll deduction. Earnings are defined as base salary, assignment pay, academic incentive pay (AIP), shift pay, and longevity pay. Since January 1, 1989, Pension Plan contributions are not considered to be part of current taxable income as outlined in Section 414(h) of the IRS Code.

During periods of sick leave, vacation, suspension, authorized leave of absence, and military service, you are required to continue contributions. Member contributions are not required during periods of approved disability.

EMPLOYER CONTRIBUTIONS

The amount the Employer contributes may vary from year to year. The Employer is required to pay the amount actuarially necessary to pay benefits and maintain the Plan on a sound basis as determined annually by an independent Enrolled Actuary. In the Plan Year 2007-08, the Employer is

contributing at 23.43% of payroll and, in the Plan Year 2008-09, the rate will be 25.76% of payroll.

All employee and Employer contributions are placed in the Pension Trust Fund. The money and investment earnings in the Trust Fund can only be used for the exclusive benefit of Plan members and their beneficiaries.

LOANS FROM THE PENSION PLAN

The Pension Plan is not authorized to make loans to members under any circumstances.

CONTRIBUTION REFUNDS

If you leave employment with the Employer before (i) completing at least 5 years of service or (ii) you were hired on or before January 21, 2004 and have not yet reached your 55th birthday, you are not eligible for pension benefits. The money you contributed to the Plan, plus 3% interest compounded annually on December 31st, will be refunded to you.

If you leave employment with the Employer after completing 5 or more years of service, you are eligible for a deferred, vested benefit. You may choose instead to withdraw your contributions and accrued interest, but by doing so, you will forfeit any future vested retirement benefits.

Since January 1, 1989, the money you contribute to the Pension Plan each payday has not been included in earnings subject to Federal income tax. This means that your taxable income does not include the amount you contribute to the Pension Plan each year. If you leave employment and receive a refund of your contributions plus accrued interest, the amount you contributed after January 1989 becomes taxable income that is subject to mandatory Federal income tax withholding of 20% and a possible 10% Early Withdrawal Penalty. You may defer Federal income tax, and avoid the mandatory 20% withholding for income tax and a possible 10% Early Withdrawal Penalty, by directing the Plan to "roll over" the tax deferred portion of your contributions to a traditional Individual Retirement Arrangement (IRA), a Deferred Compensation Plan (457), or another qualified pension plan. Contact the Pension Office for further information and required forms if you plan to terminate with the Employer.

ADDITIONAL CONTRIBUTIONS

Effective September 13, 1992 and also May 1, 1998, members who were originally covered by the schedule of benefits referred to as GROUP II, were permitted to move to the GROUP I schedule of benefits. (Members who exercised the option to retain GROUP II benefits should refer to the Summary Plan Description for GROUP II members.)

If you moved to GROUP I, you were required to pay additional contributions equal to 1/2 of the total contributions you made prior to the date you moved, either September 13, 1992 or May 1, 1998. The additional contributions are being deducted from your payroll in equal installments over a time period equal to your service in GROUP II until the total is paid in full.

DISABILITY BENEFITS

If you suffer a service connected injury or illness while working for the Employer which prevents you from performing the regular and continuous duties of your job or a non-service connected injury, disease, or disability which totally incapacitates you from the regular and continuous duties of your job or any other gainful employment, you may be eligible for disability benefits. Contact the Pension Office for information on how to file a claim for disability benefits.

The Board approves or denies claims for disability benefits based on the medical facts in the situation and requires at least two (2) concurring medical doctor's opinions substantiating the disability. The Board may also request an additional medical opinion through an Independent Medical Examination (IME). Effective with the 2008 bargaining unit contracts, approval of a pension disability for a union member will mean an immediate termination of employment with the Employer.

Members receiving disability benefits continue to accrue service credit, however contributions are not required during periods of approved disability. Disability benefit income is not subject to Federal income taxes.

Duration of Benefits: Disability benefits will be paid until you (i) return to work for the Employer (if you are a non-Union Member), (ii) until you die, or (iii) until you become eligible for a normal retirement pension. If you return to employment on a graduated part-time basis and are working toward returning to a full-time basis, the Board has the authority to reduce the disability benefit by the amount of the part-time earnings for up to 6 months. The combination of your disability benefit and part-time earnings may not exceed 100% of your earnings as of the date of your disability. If you are eligible for a normal retirement and become disabled, you will be paid the benefit for five (5) years.

Early Retirement Pension: You may convert from a disability benefit to an early retirement pension any time you are eligible, i.e. attainment of age 50 with 15 or more years of service. The early retirement benefit will be calculated as shown below in *Retirement Benefits, Early Retirement*.

Normal Retirement Pension: You must convert to a normal retirement pension as soon as you meet the eligibility requirements for normal retirement based upon the Ordinances at the time of your termination unless the disability benefit exceeds the normal retirement pension. In that case, the disability benefit will be extended as follows:

- For an additional 5 years beyond the normal retirement date, or
- When the normal retirement pension equals the disability benefit based upon the further accrual of service credit after the attainment of your normal retirement date.

The normal retirement pension is computed on your earnings at the date you became disabled and your years of credited service accrual, including the period of disability. Any cost-of-living adjustments applied to disability benefits will be carried forward to your retirement pension.

If you were a member of the prior plan (hired before January 3, 1973), you may elect to receive disability benefits until age 65. At that time, the normal retirement pension will be paid.

Service Incurred Disability Benefit: Service incurred disability benefits are equal to 65% of your monthly earnings, beginning on the 91st day you are off the job. If you receive Workers' Compensation benefits, your disability benefit is reduced to the extent allowed by law.

Non-Service Incurred Disability Benefit: Non-service incurred disability benefits are equal to 50% of your monthly earnings, beginning on the 91st day you are off the job. If you receive Social Security Disability (SSI) benefits, your disability benefit is reduced by the primary amount of the SSI payment.

PRE-RETIREMENT DEATH BENEFITS

SERVICE INCURRED

If you die before retirement from causes directly related to your job, your spouse would receive a monthly payment equal to 50% of your earnings as of the last date of active employment. An additional 10% will be paid for each child under the age of 18 to a maximum total payment of 80%. Your children will receive benefits until the earlier of attaining age 18, marriage, or death. Your spouse will receive benefits until the earlier of death or remarriage.

The minimum benefit amount is a payment for 96 months of 50% of your earnings as of the last date of active employment. If your spouse and/or minor children become ineligible before the minimum benefit has been paid, the balance will be paid to your named contingent beneficiary(s).

If you are not married and you do not have children under the age of 18, your beneficiary(s) will receive a monthly payment for 96 months equal to 50% of your earnings as of the last date of active employment. Should the last named beneficiary die before 96 months have been paid then no further benefits are paid. Benefits cannot be paid to a member's estate.

NON-SERVICE INCURRED

If you die before retirement from causes not directly related to your job, your beneficiary(s) would receive a monthly payment for 96 months equal to 50% of your earnings as of the last date of active employment. Should the last named beneficiary die before 96 months have been paid then no further benefits are paid. Benefits cannot be paid to a member's estate.

If you were a member of the prior plan (hired before January 3, 1973), you may direct that non-service incurred death benefit be paid in a lump sum in lieu of the monthly payment described above.

EXCLUSIONS FOR DISABILITY AND DEATH BENEFITS

Disability benefits or death benefits will not be paid if the Pension Board determines that any of the following conditions exist:

- a) That disability or death resulted from an intentionally self-inflicted injury within the first two years of employment, even if the disability or death occurs beyond that first two-year period.

- b) That disability or death was the direct result of habitual, intentional use of alcohol, narcotics or drugs without an intervening cause.
- c) That disability or death resulted from unlawful participation or unlawful involvement in riots, insurrection, or assembly; or
- d) That disability or death resulted from participation or involvement in the commission of a felony as defined by the laws of the State of Florida, or the United States of America.

RETIREMENT BENEFITS

NORMAL RETIREMENT

You are eligible for a normal retirement pension on the first day of the month following (i) attainment of age 55 if you were hired prior to January 21, 2004, (ii) attainment of age 55 with 5 years of service if you were hired on or after January 21, 2004, or (iii) when you have completed 30 years of service regardless of your age. You will receive the normal retirement benefit on the first of each month continuing for your lifetime.

GERS is a defined benefit plan that uses a formula based on multiplying your final average salary and the service accrual factor to calculate the amount of your benefit.

The final average salary is found by adding your highest 2 years of Earnings over your last 5 years of employment and dividing the sum by 24 months. Earnings include base wages, assignment pay, shift pay, academic incentive pay (AIP), and longevity pay.

The service accrual factor is equal to 3% multiplied by the first 25 years of service plus 2.5% multiplied by years of service beyond 25 years. Service is credited for each day you are employed. The maximum accrual factor is 90%.

Years of service are accrued from your pension date of hire until your employment terminates. After attaining membership in the Plan, service continues to accrue during periods in the United States armed forces, vacation, suspension, and authorized leaves of absence, providing member contributions have been paid. Service continues to accrue during periods of approved disability but member contributions are not required. Members who reach the maximum 90% accrual factor (31 years of service) are no longer required to make contributions to the Plan.

EXAMPLE OF NORMAL RETIREMENT BENEFITS

The following is an example calculation of monthly retirement benefits for a 55-year-old member who earned \$43,900 this year, \$42,500 last year, and has 27 years of service.

- (1) Final average monthly earnings:

| | | |
|------------|-----------------------|-----------|
| \$43,900 | current year earnings | |
| + \$42,500 | prior year earnings | |
| \$86,400 | divided by 24 months | = \$3,600 |

(2) Service accrual factor:

| | | |
|---------------------|--------|---------------|
| 25 years of service | x 3% | = 75.0% |
| 2 years | x 2.5% | = <u>5.0%</u> |
| Accrual factor is: | | = 80.0% |

(3) The calculation:

| | |
|--------------------------|----------------|
| Average monthly earnings | \$3,600 |
| Multiplied by factor | <u>x 80.0%</u> |
| Monthly pension benefit | \$2,880 |

OPTIONAL FORMS OF RETIREMENT BENEFITS

A member who is entitled to a regular normal retirement benefit has the right at any time prior to their actual retirement date the opportunity to elect their benefit be made payable under any one of the options listed below. The member may revoke this election and make a new election at any time prior to their actual retirement date. The value of an optional retirement benefit will be the actuarially equivalent of the value of benefits otherwise payable. The member must make the election in writing and is subject to the approval of the Board. Contact the Pension Office for the actuarial factor.

1. *Option 1. Joint and last survivor option.* A retiring member may elect to receive a decreased retirement benefit during his lifetime and have such decreased retirement benefit (or a designated fraction thereof) continued after his death for the lifetime of the designated contingent annuitant. The election of Option 1 will be null and void if the designated contingent annuitant dies before the member's retirement.
2. *Option 2. Ten (10) years certain and life thereafter.* A retiring member may elect to receive a decreased retirement benefit with 120 monthly payments guaranteed. If, after retiring, the member should die before the 120 monthly payments are made, payments are then continued to his designated beneficiary until all 120 payments have been made, at which time benefits cease. If, after expiration of the 10 year certain period and the retired member is still alive, payments will be continued during his remaining lifetime.
3. *Option 3. Other.* In lieu of the other optional forms above, retirement benefits may be paid in any form approved by the Board so long as the actuarial equivalence with the benefits otherwise payable is maintained.

DROP PLAN (Deferred Retirement Option Program)

The DROP Plan was terminated for Teamsters bargaining unit members as of January 14, 2004. It is still available to all other Pension Plan members.

The DROP Plan allows eligible members who reach their Normal Retirement Date, age 55 or 30 years of service, whichever occurs first, the opportunity to retire with the Pension Plan **and** continue their employment for up to 36 months. Retirement pension monies paid during the DROP Period are placed tax-deferred into a DROP Account and accrue interest at the Plan's Actuarial Rate of Return (currently 7.75%). At the end of the DROP Period, the member terminates employment with the Employer and the monthly DROP amount then becomes a regular pension benefit. The DROP Account money may then be either withdrawn in a lump sum (fully taxable), rolled over into another tax qualified account (remain tax deferred), or some combination of the two choices. The accumulation of interest in the DROP Account ceases as of the date of employment termination.

DROP DATE TIMEFRAMES

You need to complete the required paperwork to join the DROP Plan within 2 specific dates prior to your Normal Retirement Date. The *Election of DROP Participation* form must be submitted to the Pension Office **at least 3 months** before your Normal Retirement Date. The *OWBPA Acknowledgement, Waiver, and Release* form and the *Irrevocable Letter of Resignation* form must be submitted **at least 45 days** before your Normal Retirement Date. All forms and additional information are available in the Pension Office.

Any delay in submitting the paperwork will result in a proportional amount of time deducted from the 36 month DROP Period.

EARLY RETIREMENT

You are eligible to draw an early retirement pension benefit anytime after attainment of age 50 and completion of 15 or more years of service. There is no early retirement opportunity based upon reaching service levels of less than 30 years and being less than age 50.

An early retirement pension will be calculated on your final average monthly earnings and the number of years of service as outlined above but will be reduced by 5/12 percent for each month (5% annually) the retirement precedes age 55, the normal retirement date.

EXAMPLE OF EARLY RETIREMENT BENEFITS

The following is an example calculation of monthly retirement benefits for a 51-year-old member who earned \$38,750 this year, \$36,250 last year, and has 22 years of service.

(1) Final average monthly earnings:

$$\begin{array}{r}
 \$38,750 \text{ current year earnings} \\
 + \ \$36,250 \text{ prior year earnings} \\
 \hline
 \$75,000 \text{ divided by 24 months} \qquad = \$3,125
 \end{array}$$

(2) Service accrual factor:

$$\begin{array}{r}
 22 \text{ years of service} \times 3\% \qquad = 66\% \\
 \text{Accrual factor is:} \qquad \qquad \qquad = 66\%
 \end{array}$$

(3) The calculation:

| | |
|---------------------------|--------------|
| Average monthly earnings | \$3,125.00 |
| Multiplied by factor | <u>x 66%</u> |
| Normal retirement benefit | \$2,062.50 |

(4) Early retirement reduction:

| | |
|-----------------------------------|--------------|
| Years prior to normal retirement | 4 |
| Multiplied by annual reduction | <u>x 5%</u> |
| Total reduction | 20% |
| Normal retirement benefit | \$2,062.50 |
| Multiplied by total reduction | <u>x 20%</u> |
| Early retirement reduction amount | \$ 412.50 |

(5) Early retirement benefit \$2,062.50 minus \$412.50 = \$1,650.00

VESTED RETIREMENT

If you leave employment with the Employer after completing 5 years of service, but before normal retirement age, you have the right to a fully vested deferred retirement benefit.

You will receive retirement benefits beginning with the first of the month following your 55th birthday and continuing for your lifetime. At your death, if you have not received benefits equal to the amount of money that you contributed to the Plan, plus interest, the balance will be paid to your beneficiary.

If you have completed 15 or more years of service at the time you leave the employ of the Employer, you may begin collecting monthly benefits in the form of reduced early retirement, as shown above, when you reach age 50.

At any time before retirement, a terminated vested member can choose to withdraw their contributions plus interest. If you choose to withdraw your contributions, you forfeit the rights to any future benefits.

Should you die after you leave employment with the City, but before you begin collecting benefits, your contributions and accrued interest would be paid to your designated beneficiary or to your estate.

COST OF LIVING ADJUSTMENTS AFTER RETIREMENT

The City Commission may approve a cost-of-living increase to all benefit recipients if the actual investment earnings of the Fund at the fiscal year end are greater than the Fund's actuarial interest rate assumption. The Board of Trustees then can recommend to the Commission the amount of an increase not to exceed the change in the Consumer Price Index (CPI) to a maximum of 5%.

POST-RETIREMENT DEATH BENEFITS

IF YOU WERE MARRIED ON THE DATE YOU RETIRED AND YOU ARE MARRIED TO THE SAME PERSON AT THE TIME OF YOUR DEATH,

your spouse will receive 100% of your monthly pension for one year and then 60% of your monthly pension thereafter. Minor children will also receive benefits until marriage or attainment of age 18. When your spouse dies or remarries, the pension stops and there are no further benefits except to unmarried children under age 18. The maximum payment to a surviving spouse and/or minor children is 100% of the pension benefit.

IF YOU WERE MARRIED ON THE DATE YOU RETIRED AND YOU ARE NO LONGER MARRIED TO THE SAME PERSON AT THE TIME OF YOUR DEATH,

the Plan only provides that a benefit equal to the amount of your contributions will be paid to your named beneficiary. If you have not received pension payments equal to the amount of your contributions at the time of your death, the remaining balance will be paid to your named beneficiary. If you have already received pension payments equal to the amount of your contributions at the time of your death, there are no further benefits. Additionally, minor children will receive benefits until marriage or attainment of age 18.

IF YOU WERE NOT MARRIED ON THE DATE YOU RETIRED, HAVE NO MINOR CHILDREN, AND YOU WERE HIRED BEFORE JANUARY 3, 1973,

the Plan provides that a lump-sum amount equal to 60 months of your pension benefit, less any pension benefits received prior to the date of your death, be paid to your designated beneficiary.

IF YOU WERE NOT MARRIED ON THE DATE YOU RETIRED, HAVE NO MINOR CHILDREN, AND YOU WERE HIRED ON OR AFTER JANUARY 3, 1973,

the Plan provides that a benefit equal to the amount of your contributions will be paid to your named beneficiary. If you have not received pension payments equal to the amount of your contributions at the time of your death, the remaining balance will be paid to your named beneficiary. If you have already received pension payments equal to the amount of your contributions at the time of your death, there are no further benefits.

MINOR CHILDREN

In the event of your death, each of your unmarried children under age 18 will receive 20% of your pension benefit until their attainment of age 18, marriage, or death.

SERVICE TRANSFERS

FROM POLICE & FIREFIGHTERS RETIREMENT SYSTEM

If you were employed as a Police Officer or Firefighter for the City of Fort Lauderdale and transferred to a position as a general employee (and did not forfeit service by withdrawing your contributions), your retirement benefit will be computed in accordance with the GERS formula for periods of service as a general employee, and in accordance with the Police & Firefighters formula for periods of service as a certified Police Officer or Firefighter.

TO POLICE & FIREFIGHTERS RETIREMENT SYSTEM

If you leave employment as a general employee to become a Police Officer or Firefighter, you may vest your years of service as a general employee if you have accrued five (5) or more years and your retirement benefit will be computed in accordance with the GERS formula or you may elect to withdraw your contributions plus interest from the GERS and forfeit credit for those years of service. If you have accrued less than five (5) years of service prior to becoming a certified Police Officer, you will be required to withdraw your contributions plus interest from the GERS.

CERTIFICATION AS A POLICE OFFICER

If you were not State certified at the time you were hired as a Police Officer, you will become a member of GERS until such time that you receive certification, then you will be transferred to the Police & Firefighters Retirement System. You will receive service credit in the Police & Firefighters Retirement System for the period of time you were in the GERS up to a maximum of 6 months. Your contributions to the GERS (not exceeding 6 months of such contributions) will be transferred to the Police & Firefighters Retirement System. With any required additional contributions, such service will be included in the pension calculation according to their Ordinances.

FINANCIAL INFORMATION

CITY OF FORT LAUDERDALE GENERAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Revenues, Expenses, and Additions to Fund Balance
For the Fiscal Year ended September 30, 2007

Revenues:

| | |
|------------------------|------------------|
| City Contributions | \$15,188,106.00 |
| Employee Contributions | 6,189,702.00 |
| County Contributions | 33,735.00 |
| Net Investment Income | 49,732,206.00 |
| Other | <u>85,692.00</u> |

Total Revenues 71,229,441.00

Expenses:

| | |
|---|------------------|
| Benefits Paid | \$25,517,284.00 |
| Employee Contribution Refunds | 506,325.00 |
| Administrative Expenses | 417,694.00 |
| Increase (decrease) in DROP Accounts | (312,612.00) |
| Other – transfer to Police & Fire Pension | <u>31,754.00</u> |

Total Expenses 26,160,445.00

Net Income: 45,068,996.00

FUND BALANCES RESERVED FOR EMPLOYEES'
PENSION BENEFITS – BEGINNING OCTOBER 1, 2006 \$309,959,331.00


FUND BALANCES RESERVED FOR EMPLOYEES'
PENSION BENEFITS – ENDING SEPTEMBER 30, 2007 \$355,028,327.00

This information is taken from the City of Fort Lauderdale General Employees' Retirement System Actuarial Valuation Report as of September 30, 2007.


PUBLIC PENSION PLANS

History and Operation of Public Pension Plans
Across the United States

HISTORY OF PUBLIC PENSIONS

- **Public pension plans date back 150 years**
 - **Pre-date private sector plans, federal government plan, and Social Security**
 - **Public plans (2,550) cover 15 million workers and 7 million retirees and beneficiaries**
 - **90% of plans are defined benefit plans**
- 

EVOLUTION OF PUBLIC PLANS

- ▶ 1857 – lump sum for NYC police injured
 - ▶ 1866 – NYC firefighters pensions (55/21)
 - ▶ 1878 – NYC police pensions (55/21)
 - ▶ 1894 – Manhattan teacher pensions
 - ▶ 1911 – Mass state employee pensions
 - ▶ 1913-19 – 6 states provide teacher pensions
 - ▶ 1935-50 – half state and local plans began
 - ▶ 1970 – lifetime benefit based on age, length of service and salary at retirement
- 

TWO BASIC TYPES OF PENSION PLANS

- ▶ **DB = Defined Benefit Plan**

defines the benefit you receive for life at retirement

- ▶ **DC = Defined Contribution Account**

defines the contribution that will be made by employer, you, or both to your individual retirement account

THREE-LEGGED STOOL


▶ 3 Legs of Retirement:

- 1) Pension
- 2) Social Security
- 3) Personal Retirement Savings (IRA, 457, 401(k))

▶ 3 Legs of DB retirement plan:

- 1) Retirement income for life
 - 2) Disability benefits
 - 3) Death benefits for survivors
- 

FLORIDA PUBLIC PLANS

- ❑ **489 Public Pension Plans**
 - ❑ **Operate independent of the employer**
 - ❑ **Board of Trustees administers the plan**
 - ❑ **Board consists of employee trustees and employer-appointed trustees**
 - ❑ **Majority of trustees are representatives of employees**
- 
- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue background.

HOW PLANS ARE FUNDED

Plan benefits are **pre-funded** through contributions from the employee, employer and returns on investment of the plan assets.

GOAL: Accumulate enough funds during the career of an employee to pay the benefits through that employee's death.

Ultimate Balance Equation

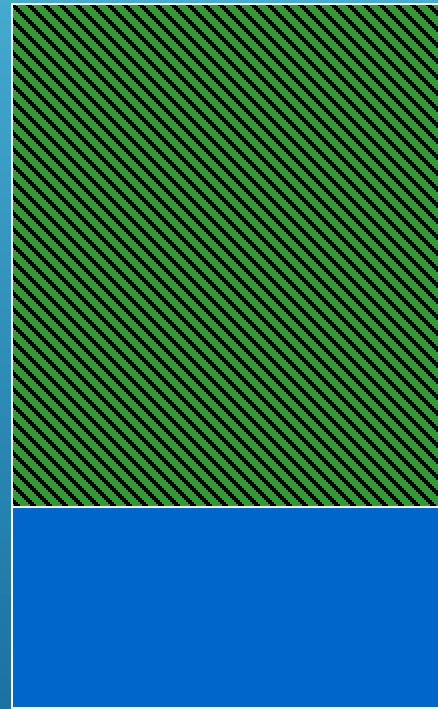
Money In

=

Money Out

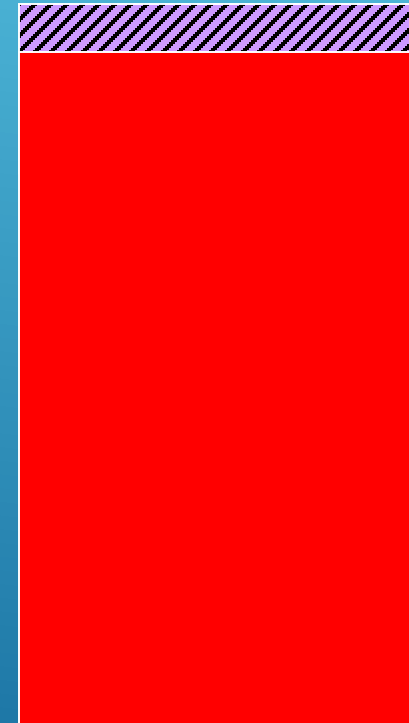
Investments

Contributions

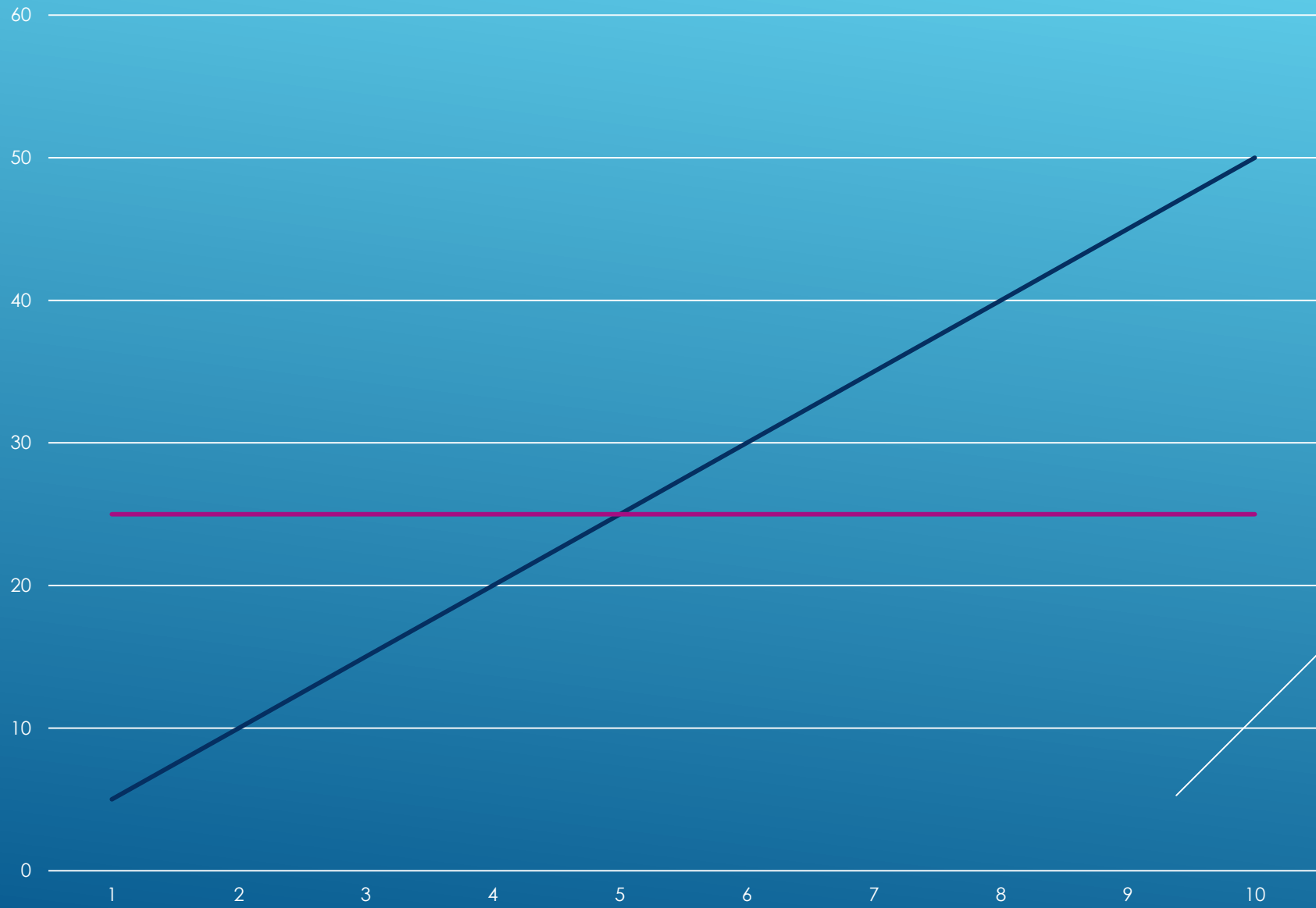


Expenses

Benefits



FUNDING THE PLAN



ACTUARIAL ASSUMPTIONS

Mortality

Assumed rate of return on investments

Retirement rates – Turnover – New entrants

Salary increases

COLA

Funding method – entry age

Payroll increases

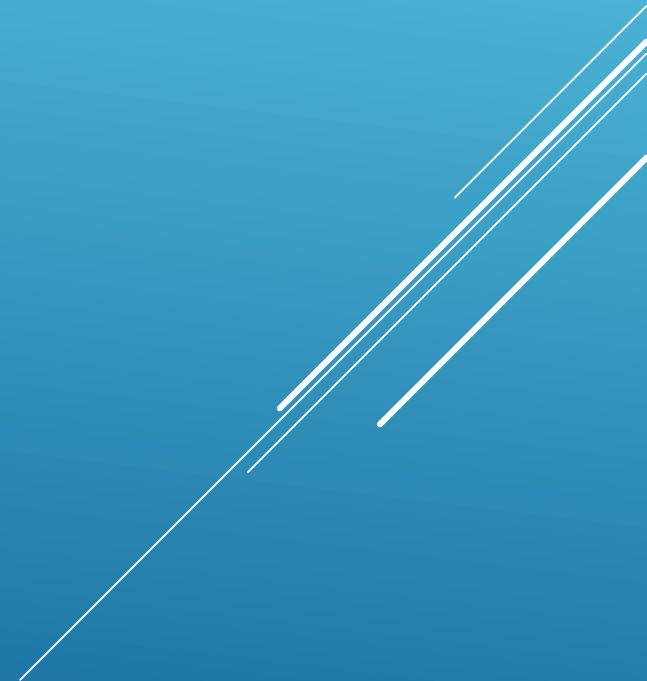
Termination rates

Disability rates

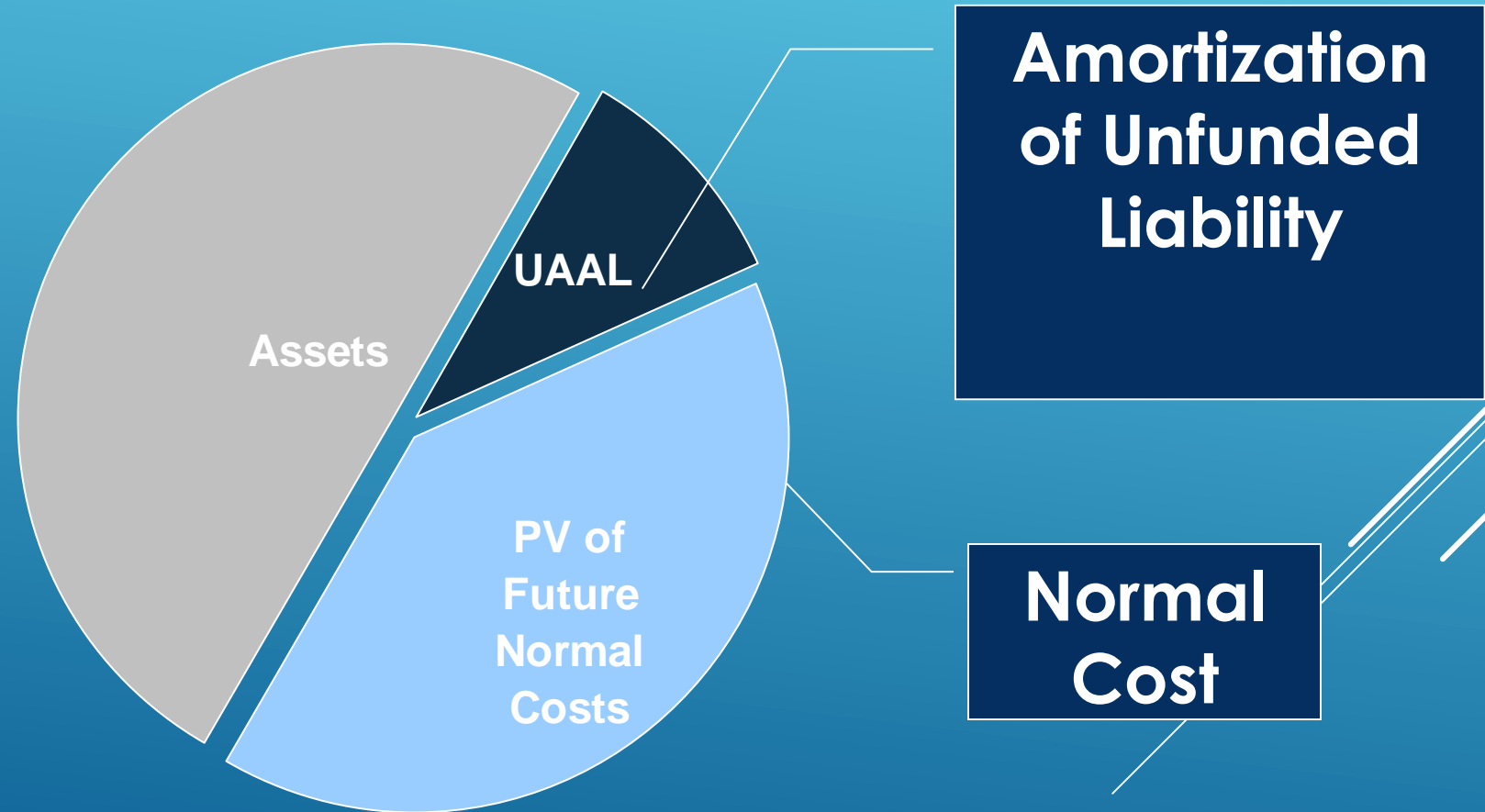
Marital status

Administrative expenses

Assets



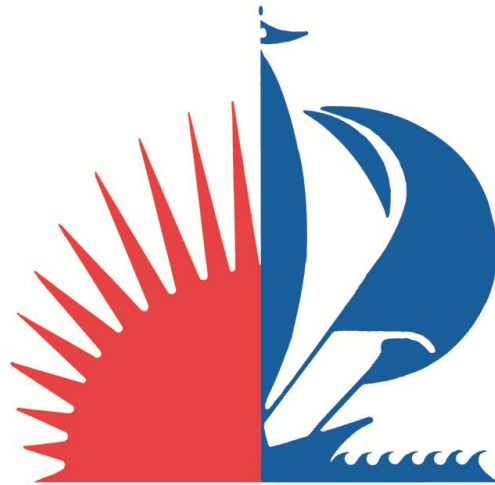
COMPONENTS OF COST



LEROY COLLINS INSTITUTE

Five approaches to help municipalities successfully balance public and retiree interests:

- 1) Annual required contributions were, for the most part, made at or above the 100% level.**
- 2) Employees shared the cost of their plans, allowing the plan to avoid costly increases in contributions.**
- 3) The cost-of-living adjustments were kept at low, manageable levels.**
- 4) Pension spiking was limited, both by exclusions of overtime and pension calculation controls.**
- 5) Actuarial assumptions were realistic.**



Venice of America

**City of Fort Lauderdale
Police and Firefighters'
Retirement System
January 2014**



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2013***

Presented to

***City of Fort Lauderdale
Police & Firefighters Retirement System***

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

The plan has received this recognition for four consecutive years.

Key Elements

- ❑ Established by City in 1973
- ❑ Covers approximately 502 police officers and 382 firefighters
- ❑ Provides benefits to 992 retirees and beneficiaries
- ❑ Assets of \$751.4 million (market value as of 9-30-2013)

Administering the Plan

Administered by 7-member board of trustees:

- ❑ 2 elected by police officers
- ❑ 2 elected by firefighters
- ❑ 2 appointed by mayor
- ❑ 1 consensus trustee approved by City Commission

Current Trustees

1. Lieutenant Michael Dew (police), Chairman
 2. Officer Richard Fortunato (police), Secretary
 3. Battalion Chief Ken Rudominer (fire), Vice Chairman
 4. Firefighter J. Scott Bayne (fire)
 5. Jeff Cameron (appointed by Mayor)
 6. Jim Naugle (appointed by Mayor)
 7. Dennis Hole (consensus trustee approved by City Commission)
- Finance Director (city) ex-officio member (4)
-

Funding the Plan

Funding comes from 4 sources

- ❑ Employee Contribution: 8.5% of pay; those hired before 4-18-10 pay 8.25%
- ❑ State Contribution: tax on casualty and property insurance premiums
- ❑ City Contribution: determined by plan actuary to maintain benefits
- ❑ Investment Income: return on assets invested in securities

City's Contribution - 2012

- ❑ 19.2% of \$65.3 million total payroll
- ❑ Pension Contribution \$14 million*
- ❑ Employee Contribution \$5.4 million
- ❑ Earnings and Investment Gains \$72.8 million
- ❑ Fund Market Value Gain 12.1%**
- ❑ Funding ratio 94.4%

*City potentially saved over \$4 million by not having to pay pension contributions on the salaries of 85 officers participating in the DROP program and saved \$1 million in interest by making the pension contribution early

**Fund 4th quarter returns have been negative only five times during the past 23 years due to market downturn

Yearly Plan Returns 2012-1991

| | | | |
|------|---------|------|--------|
| 2013 | 10.19%* | 2001 | -2.30% |
| 2012 | 12.10% | 2000 | 2.60% |
| 2011 | -0.54% | 1999 | 7.30% |
| 2010 | 12.40% | 1998 | 18.90% |
| 2009 | 15.10% | 1997 | 24.00% |
| 2008 | -22.10% | 1996 | 15.30% |
| 2007 | 7.40% | 1995 | 27.10% |
| 2006 | 10.70% | 1994 | -0.50% |
| 2005 | 6.80% | 1993 | 8.90% |
| 2004 | 10.40% | 1992 | 8.60% |
| 2003 | 18.00% | 1991 | 26.90% |
| 2002 | -8.70% | | |

23 year average is 9.07%

* 9-month return due to change in fiscal year

(7)

Pension Reform Savings

Increase Employee Contribution – increases plan assets approximately \$1 million per year without increasing pension liabilities

Extend DROP to 8 years – decreases hiring costs and after 22 years officers can work up to 8 years at regular salary with no city pension contribution during DROP period*

Later entry into DROP – reduces benefit payouts and maximum service increases from 27 to 31.96 years**

Lower interest on DROP – City benefits when rate of return on plan assets exceeds 6%

Leave funds after DROP – reduces plan investment costs

* Potential DROP pension savings over 8 years to city could be \$32 million

** 2007-2011 Experience Study shows fewer retirements than expected, resulting in an annual gain of \$774,934.

Pension Obligation Bonds 2012

- ❑ City reduced unfunded liability by contributing \$173 million
- ❑ Cost of POB is blended rate of 4.1% over 20 years
- ❑ Reduced unfunded liability to \$40.8 million
- ❑ Plan is pre-funded at 94.4%*

*Plan was pre-funded at 75.5 % last year

(9)

POB Interest vs. Plan Return

| <u>Date</u> | <u>Interest</u> | <u>Plan Return</u> |
|-------------|-----------------|--------------------|
| 4Q2012 | 1.02% | 2.12% |
| 1Q2013 | 1.02% | 5.13% |
| 2Q2013 | 1.02% | 0.19% |
| 3Q2013 | 1.02% | 4.62% |

Blended 20-year rate is 4.127769%

(10)

Retirement Formula

□ YEARS:

20 years service or 10 years and age 55

□ BENEFIT ACCRUAL:

3.38% credited toward each year of work

□ FINAL SALARY:

average of 2 highest years of pensionable earnings

(11)

Sample Retirement

- ❑ 20 years of service
- ❑ Benefit Accrual 3.38%
- ❑ Final 2 years pensionable earnings

20 X .0338 X pensionable earnings
= \$43,796 per year or \$3,650 per
month*

* Average retiree benefit per the "2013 Actuarial Report"

Deferred Retirement Option Plan (DROP)

- ❑ After 22 years* of service
- ❑ Public safety officers retire and monthly benefit is frozen
- ❑ City does not make pension contribution during DROP period
- ❑ Monthly pension benefit placed in tax-deferred account

*As part of pension reform officers hired after 4/18/2010; 20 years for officers hired before

(13)

During DROP Period

- ❑ If disabled, not eligible for disability pension
- ❑ At end of DROP – terminate employment and start receiving monthly pension check directly
- ❑ DROP account receives 6% simple interest for 60 months; variable thereafter (between 3% to 6%)
- ❑ If the plan's return is greater than 6%, the city benefits from the excess return

City Benefits from DROP

- ❑ City saves **pension contributions** on officers while in DROP program (potentially saves over \$4 million per year)
- ❑ City saves money on pensions as the benefits are frozen at time of DROP
- ❑ City saves money on recruitment and training of new employees (\$200,000 per new employee)*
- ❑ City saves money by keeping experienced employees

*Costs include first year salary, recruitment, hiring, academy, and on-job training as provided by former Chief of Police Roberts' staffing study

Disability Pension Benefit

Service-Related Disability Pension:

disability on the job or related to job duties
– 65% of current salary (reduced by workers' comp)

Non-Service Related Disability Pension:

disability is not job related – 50% of current salary (reduced by workers' comp, Social Security disability or other earned income)

Overtime

Police – 40 hours of overtime per year count toward retirement (funded by the casualty insurance premium tax and is no cost to the city)

Firefighters – overtime does not count toward retirement

Unused Leave

Unused sick and annual leave **do not** count toward retirement benefits – cannot increase monthly pension benefit

Firefighters Supplemental Share Plan

- ❑ Established by the City in 2005
- ❑ Paid by property insurance premium tax
- ❑ Any extra premium tax revenue each year is allocated into individual accounts
- ❑ After 10 years service, firefighters receive a lump sum payable upon termination, retirement, death or disability*

* If officer suffers service-related death or disability with less than 10 years service, the account balance is paid

Pension Plan Statistics

- ❑ Average Annual Pension Benefit \$43,796 (\$3,650 per month, fully taxable)*
- ❑ Plan had positive investment returns 18 of past 23 years: 23 year average = 9.07%
- ❑ 77% of retirees live in Florida**
- ❑ Each dollar of pension benefits creates \$1.42 in local economic activity***

* "2013 Actuarial Report" for fiscal year ending December 31, 2012

** 50% live in the tri-county area and 40% live in Broward County

***National Institute on Retirement Security, Study of Florida pension benefits

Police and Firefighters' Pension Plan

Defined benefit pension provides a lifetime benefit to all retirees who served the City of Fort Lauderdale. It ensures financial security and dignity each day to police officers and firefighters, including survivors of officers, who gave their lives to protect our citizens.