

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING THE SUBCHAPTER OF CHAPTER 33 OF THE CODE OF ORDINANCES TITLED "POLICE OFFICER'S RETIREMENT SYSTEM"; INCORPORATING VARIOUS CHANGES TO THE RETIREMENT SYSTEM CONTAINED IN THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE BROWARD COUNTY PBA AND THE CITY OF HOLLYWOOD, INCLUDING CHANGES RELATING TO MEMBERSHIP, ELIGIBILITY, NORMAL RETIREMENT DATE, NORMAL RETIREMENT BENEFIT, THE CREATION OF A REFORMED PLANNED RETIREMENT BENEFIT, INTEREST ON REFUNDS OF EMPLOYEE CONTRIBUTIONS, AND EMPLOYEE CONTRIBUTIONS.

WHEREAS, the Broward County PBA and the City of Hollywood, Florida have negotiated a Collective Bargaining Agreement for the period commencing October 1, 2014 and terminating September 30, 2017; and

WHEREAS, included in the agreement are changes to the Police Officer's Retirement System; and

WHEREAS, to make the changes to the pension plan official, it is necessary to incorporate them into the Code of Ordinances; and

WHEREAS, Section 33.138 of the City's Code of Ordinances requires, as one of the two alternative procedures to amend the police officers pension plan, approval by a 5/7 vote of the City Commission and 50% plus one of the active members of the police officers pension plan; and

WHEREAS, prior to the adoption of this ordinance on second reading, 50% plus one of the active members of the police officers pension plan approved the amendments contained in this ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That Section 33.126 of the Code of Ordinances is hereby amended to read as follows:

(Coding: Words and figures underscored are additions to existing law; words and figures ~~struck through~~ are deletions.)

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.126 DEFINITIONS.

For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

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MEMBER. All ~~regular~~ employees of the city classified as full-time Police Officers ~~who are classified as permanent and non-probationary under the rules of the Police Department of the city, and rules of the Civil Service Board of the city.~~

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Section 2: That Section 33.127 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.127 ELIGIBILITY.

(A) *Conditions of eligibility.*

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(2) It shall be mandatory for any future Police Officer to become a member if at least 18 years of age and provided that:

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~~(b) Such Police Officer completes his probationary period of employment as a Police Officer; and~~

(b e) Such Police Officer meets all other requirements of the city.

(c d) The methods and procedures to be followed with regard to the above shall be determined by the Board.

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(4) A member may elect to purchase credit for the period of attendance at a basic recruit training program approved by the Criminal Justice Standards and Training Commission of the Florida Department of Law Enforcement while employed by the city and for any portion of the one year probationary period that predates October 12, 2015 by contributing 8% of his or her earnings for those periods, plus interest as determined by the Board, into the system. A member shall have until the date on which he or she makes application for retirement within which to make this election and to make the necessary contribution.

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Section 3: That Section 33.128 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.128 NORMAL RETIREMENT.

(A) *Normal retirement date.* A member may retire on the first day of the month coincident with or next following the attainment of age 50 or on the first day of the month coincident with or next following the completion of 25 years of creditable service. Effective June 7, 2006, a member may retire on the day he or she attains age 50 or completes 22 years of creditable service. A member hired prior to October 1, 2011 with less than ten years of credited service as of September 30, 2011 and a member hired on or after October 1, 2011 may retire on the day he or she attains age 55 and completes ten years of creditable service or on the day he or she ~~attains age 52 and~~ completes 25 years of creditable service. A member with 10 or more years of creditable service as of September 30, 2011 shall retain his or her current normal retirement date.

(B) *Normal retirement benefit.*

(1) Amount.

(a) The monthly retirement benefit shall be an amount equal to 3% of average monthly earnings times years and completed months of continuous service, up to September 30, 2011, not exceeding 20 years plus 4% of average monthly earnings times years and completed months of continuous service, up to September 30, 2011, after 20 years. Effective June 7, 2006, upon completion of 22 years of continuous service prior to October 1, 2011, a member shall be provided an accrued benefit of 80% of average monthly earnings (equivalent to three years of continuous service deemed earned at a 4% accrual rate). Effective on July 17, 2013, a member who neither retires nor enters the DROP prior to that date and who was vested with ten or more years of creditable service on or before September 30, 2011 but not eligible to retire with normal retirement benefits on September 30, 2011 shall be provided an accrual rate of 3.3% for years and completed months of continuous service, up to September 30, 2011, including years and completed months of continuous service in excess of 20 years. Effective September 16, 2015, for each year of continuous service completed prior to October 1, 2011, an additional .3% shall be added to the accrual rate of a member who neither retires nor enters the DROP prior to September 16, 2015 and who was not vested with ten or more years of continuous service on September 30, 2011. The maximum normal retirement benefit payable to a member whose accrued benefit as of June 7, 2006 is not in excess of 80% of average monthly earnings shall not exceed 80% of average monthly earnings, and the maximum normal retirement benefit payable to a member whose accrued benefit as of June 7, 2006 is in excess of 80% of average monthly earnings shall not exceed the member's accrued benefit as of June 7, 2006.

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(G) *Planned retirement benefit; reformed planned retirement benefit.*

(1) There is hereby created a benefit to be known as the planned retirement benefit. The planned retirement benefit, as described below, will be retroactive to October 1, 2011, but any member who retires or enters the DROP prior to July 17, 2013 will not be eligible for this benefit. Effective September 16, 2015, there is hereby created a benefit to be known as the reformed planned retirement benefit.

(2) In order to be eligible for the planned retirement benefit, a member must submit a written election, on a form created for this purpose, declaring the member's intent to participate in the planned retirement benefit at any time on or after reaching the member's normal retirement date, as defined in § 33.128(A), but not later than the later of September 15, 2013 and 60 days after reaching the member's normal retirement date; provided, however, that in no event shall such form be submitted later than September 15, 2015. Effective September 16, 2015, in order to be eligible for the reformed planned retirement benefit, a member must submit a written election, on a form created for this purpose, declaring the member's intent to participate in the reformed planned retirement benefit at any time on or after reaching the member's normal retirement date, as defined in § 33.128(A). The form will identify the maximum number of years the member may participate in the planned retirement benefit or the reformed planned retirement benefit and the member's latest employment termination date based on the maximum number of years identified. The form to participate in the reformed planned retirement benefit will also require the member to make an irrevocable election of one of the following two options:

(a) During the period of participation in the reformed planned retirement benefit, continuation of contribution equal to 8% of the member's earnings until termination of employment, and upon termination, election of one of the three options regarding how the member wishes to receive the reformed planned retirement benefit earned (identical to the three options that are provided for the planned retirement benefit in division (G)(5) below), or

(b) During the period of participation in the reformed planned retirement benefit, contribution equal to .5% of the member's earnings until termination of employment, and upon termination, taking of a lump sum that would be valued based on the number of years the member worked after electing to participate in the planned retirement benefit, reformed planned retirement benefit or combination of both (or the number of years for which the member elects to receive benefits under division (G)(4)(b) below).

(3) Effective September 16, 2015 a member participating in the planned retirement benefit shall no longer be deemed to be participating in the planned retirement benefit but shall automatically be deemed, for all purposes, to be participating in the reformed planned retirement benefit. Such member shall make the irrevocable election described above not later than November 16, 2015. If the member elects option (b), he or she shall also make an irrevocable election, not later than November 16, 2015, of one of the three options that are provided for the planned

retirement benefit in paragraph (G)(5) below for the time he or she spent in planned retirement. If the member elects to take any portion of the planned retirement benefit as a lump sum upon termination, he or she shall receive a refund equal to 7.5% of his or her earnings (8% - .5%) for the time he or she spent in planned retirement that he or she elects to take as a lump sum upon termination. In addition, if the member elects option (b), the reduction of his or her contribution from 8% to .5% shall commence in the second full pay period after November 16, 2015.

(4 ~~3~~) A member who elects to participate in the planned retirement benefit or the reformed planned retirement benefit shall not exceed 30 years of service with the city, including any time participating in the planned retirement benefit and/or the reformed planned retirement benefit. A member may terminate employment any time prior to reaching the earlier of the ~~planned retirement benefit's~~ maximum participation period for the planned retirement benefit and/or the reformed planned retirement benefit as noted below or 30 years of service with the city.

(a) A member with ten or more years of creditable service as of September 30, 2011 may participate in the planned retirement benefit, the reformed planned retirement benefit or a combination of both for a maximum of eight years.

(b) A member with less than ten years of creditable service as of September 30, 2011 may participate in the planned retirement benefit, the reformed planned retirement benefit or a combination of both for a maximum of five years.

1. A member covered by this division (G)(4 ~~3~~)(b) who reaches his/her normal retirement date upon completion of more than 25 years but not more than 30 years of service with the city may, upon termination of employment, elect to receive benefits under the planned retirement benefit, the reformed planned retirement benefit or a combination of both for a period of not more than five years.

2. A member covered by this division (G)(4 ~~3~~)(b) who reaches his/her normal retirement date upon completion of more than 30 years of service with the city will be granted a limited exception to the maximum of 30 years of service with the city generally applicable to participants in the planned retirement benefit or the reformed planned retirement benefit. Under this exception, the member may participate in the planned retirement benefit or the reformed planned retirement benefit until he/she reaches his/her normal retirement date, at which time he/she may elect to receive benefits under the planned retirement benefit or the reformed planned retirement benefit for a period of not more than five years.

(5 ~~4~~) (a) When a member who has participated in the planned retirement benefit but has not participated in the reformed planned retirement benefit terminates employment, the member shall elect how he/she wishes to receive the planned retirement benefit earned. The member may choose to take (i) a maximum lump sum payment that would be valued based on the number of years the member worked after electing to participate in the planned retirement benefit (or the number of

years for which the member elects to receive benefits under division (G)(4 3)(b) above); (ii) a larger final pension annuity payment (meaning a larger annuity than that earned prior to electing to participate in the planned retirement benefit) based on the number of years the member worked after electing to participate in the planned retirement benefit (or the number of years for which the member elects to receive benefits under division (G)(4 3)(b) above); or (iii) any combination of a lump sum payment and larger annuity by dividing the years worked after electing to participate in the planned retirement benefit (or the number of years for which the member elects to receive benefits under division (G)(4 3)(b) above) between a lump sum payment and larger annuity payments. Any lump sum payment must be paid out to the member at termination (i.e., it cannot be left in the pension plan).

(b) Upon termination of employment, a member who, at the beginning of his or her period of commencement in the reformed planned retirement benefit, made the irrevocable election to take his or her benefit in a lump sum upon termination will be allowed to leave the lump sum in the pension plan. The pension plan's actual investment rates of return (whether positive or negative) shall be applied to the lump sum for as long as any portion thereof remains in the pension plan. For as long as any portion of the lump sum remains in the pension plan, the member shall pay a fee, in an amount to be determined by the Board, for the administrative cost of managing the lump sum, or portion thereof, that remains in the plan.

(6 5) While participating in the planned retirement benefit, a member shall continue making his/her applicable employee contributions, as provided in the pension plan, until termination of employment. While participating in the reformed planned retirement benefit, a member shall make his/her applicable employee contributions, as provided in the pension plan, until termination of employment.

(7 6) Any member who has reached his/her normal retirement date and has submitted the written election form to participate in the planned retirement benefit or the reformed planned retirement benefit shall maintain the right to participate in the planned retirement benefit or the reformed planned retirement benefit up to the date on which the maximum period applicable to the member has been reached or employment has terminated pursuant to the terms of the planned retirement benefit or the reformed planned retirement benefit as provided in this section, and no amendment to the pension plan may alter this right.

(8 7) For any member who reached his/her normal retirement date between October 1, 2011 and July 17, 2013, the time such member worked between his/her normal retirement date (on or after October 1, 2011) and the date the member submits the planned retirement benefit election form may be included in the employee's planned retirement benefit participation period, provided the member shall not exceed the maximum period of participation set forth in division (G)(4 3) above.

(9 8) The lump sum payment, if elected, shall be calculated based upon the monthly values of the member's final pension annuity benefit determined using the

employee's creditable service, average final compensation, and multiplier, as provided in the pension plan as of the beginning of the elected planned retirement benefit participation period or the elected reformed planned retirement benefit participation period, plus earnings on such amounts as provided in division (G)(10 9) below, subject to the limitations under division (G)(11 40) below.

(10 9) Investment earnings applicable to any lump sum payment shall be calculated in arrears using the net investment rate earned by the pension fund on its net assets for each month of creditable service worked during the planned retirement benefit participation period or reformed planned retirement benefit participation period and applied to the prior pension annuity balance including all prior months of creditable service, including prior monthly earnings. The investment earnings shall be compounded monthly to determine the amount of investment earnings to be credited during each year of the planned retirement benefit participation period or reformed planned retirement benefit participation period. The aggregate value of the monthly investment earnings calculations will determine the amount of investment earnings to be credited for the planned retirement benefit participation period or the reformed planned retirement benefit participation period. The investment earnings credited to said member will be net of the investment earnings retained by the pension fund per division (G)(11 40) below.

(11 40) The procedures established in this paragraph shall apply to the planned retirement benefit but not to the reformed planned retirement benefit. With regard to any plan earnings calculated into the member's lump sum payment, there shall be no losses counted in those years for which the plan return is negative, and no investment earnings will be credited for such negative years. In any year for which plan earnings are greater than 4% (applied monthly at the rate of .327%), the next 2% (applied monthly at the rate of .165%) of plan earnings (i.e., the annual earnings between 4% and 6%) shall be excluded from the member's lump sum payment and retained by the pension plan to offset unfunded liabilities. All earnings in excess of 6% will be split equally between the member and the plan until the plan is 90% funded, at which time the split of earnings in excess of 6% will end and earnings in excess of 6% will be kept by the member (but earnings between 4% and 6% will continue to remain in the plan to offset unfunded liabilities). The split of earnings in excess of 6% will resume if the funding of the plan drops below 90%.

(12 44) If an eligible member who is participating in the planned retirement benefit or reformed planned retirement benefit dies during his/her planned retirement benefit participation period or reformed planned retirement benefit participation period, then the member's designated beneficiary (per §§ 33.128(D)(1) and 33.127(B) and (O) or, if there is no designated beneficiary, then the member's estate (per § 33.128(D)(1)) shall make the election provided in division (G)(5 4) above with respect to the planned retirement benefits earned or reformed planned retirement benefits earned.

Section 4: That Section 33.130 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.130 VESTING.

If a member terminates his or her employment with the Police Department, either voluntarily or by discharge, and is not eligible for any other benefits under this system, he or she shall be entitled to the following:

(A) With less than ten years of continuous service, a refund of member contributions without interest ~~plus 3% interest compounded annually.~~

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Section 5: That Section 33.131 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.131 FINANCING OF THE SYSTEM.

The fund of the retirement system shall consist of monies derived from the following sources:

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(D) Members of the system shall contribute 8% of their earnings. Effective October 1, 2006, members of the system shall contribute 8.5% of their earnings. Payments to the member for overtime in excess of 223 hours for the period from June 7, 2006 through December 31, 2006, and for overtime in excess of 400 hours in calendar year 2007 and each calendar year thereafter shall be excluded from earnings for this purpose. After completion of 27 years of continuous service, members of the system shall contribute only 0.5% of their earnings. Effective October 1, 2009, members of the System shall contribute 9% of their earnings. Effective October 1, 2010, members shall contribute 9.25% of their earnings. Effective the first full pay period on or after May 1, 2013, members shall contribute 8% of their earnings. A member hired prior to the first full pay period after October 7, 2015 who is still in his or her one year probationary period as of the beginning of the first full pay period after October 7, 2015 shall contribute 8% of his or her earnings beginning in the first full pay period after October 7, 2015.

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Section 6: That it is the intention of the City Commission that the provisions of this ordinance shall become and be made a part of the Code of Ordinances of the City of Hollywood, Florida, and the provisions of this ordinance may be renumbered to accomplish such intention.

Section 7: That if any word, phrase, clause, subsection or section of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

Section 8: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Section 9: That this ordinance shall be in full force and effect immediately upon its passage and adoption.

ADVERTISED on _____, 2015.

PASSED on first reading this _____ day of _____, 2015.

PASSED AND ADOPTED on second reading this _____ day of _____, 2015.

ORDINANCE INCORPORATING PENSION CHANGES CONTAINED IN 2014-2017
COLLECTIVE BARGAINING AGREEMENT WITH BROWARD COUNTY PBA

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM & LEGALITY
for the use and reliance of the
City of Hollywood, Florida only:

JEFFREY P. SHEFFEL, CITY ATTORNEY