

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING SECTION 33.062 OF THE CODE OF ORDINANCES REGARDING THE FIREFIGHTERS PENSION PLAN; CREATING A NEW BENEFIT TO BE KNOWN AS THE REFORMED PLANNED RETIREMENT BENEFIT.

WHEREAS, Section 33.062 of the Code of Ordinances creates a pension benefit known as the planned retirement benefit; and

WHEREAS, the City and Hollywood Professional Firefighters, Local #1375, IAFF, have entered into a Memorandum of Understanding that, among other things, requires the creation of a pension benefit to be known as the reformed planned retirement benefit; and

WHEREAS, according to Section 33.063, City Code, amendments to the firefighters pension plan must be approved by (i) a “majority plus one” vote of the City Commission and 50% plus one of the voting members of the pension plan, or (ii) a majority vote of those qualified electors voting in a referendum election called for such purpose; and

WHEREAS, the amendment to create the reformed planned retirement benefit has been approved by 50% plus one of the voting members of the pension plan, and the approval of this Ordinance by a “majority plus one” vote of the City Commission will cause the reformed planned retirement benefit to take effect.

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

Section 1: That the foregoing “WHEREAS” clauses are ratified and confirmed as being true and correct and are incorporated in this Ordinance.

Section 2: That Section 38.062 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

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

FIREFIGHTER'S PENSION AND RETIREMENT

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§ 38.062 PLANNED RETIREMENT BENEFIT; REFORMED PLANNED RETIREMENT BENEFIT.

(A) 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 3, 2013 will not be eligible for this benefit. Effective May 2, 2018, there is hereby created a benefit to be known as the reformed planned retirement benefit. Any member who retires or enters the DROP prior to May 2, 2018 will not be eligible for this benefit.

(B) 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 § 33.040; provided, however, that in no event shall such form be submitted later than May 1, 2018. 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 § 33.040. 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:

(1) 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 (E)(1) below), or

(2) 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.

(C) Effective May 2, 2018, 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 in division (B) above not later than August 19, 2018. If the member elects option (2), he or she shall also make an irrevocable election, not later than August 19, 2018, of one of the three options that are provided for the planned retirement benefit in division (E)(1) 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 (2), the reduction of his or her contribution from 8% to .5% shall commence in the second full pay period after August 19, 2018.

(DG) A member who elects to participate in the planned retirement benefit or the reformed planned retirement benefit shall not exceed 33 years of service with the city, including any time participating in the planned retirement benefit and the reformed planned retirement benefit combined. A member may terminate employment any time prior to reaching the earlier of (i) the planned retirement benefit's maximum participation period of eight years for the planned retirement benefit and the reformed planned retirement benefit combined or (ii) 33 years of service with the city.

(ED) (1) 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; (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 (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 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).

(2) Upon termination of employment, a member who, at the beginning of his or her period of participation 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.

(EE) 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.

(~~GF~~) 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.

(~~HG~~) 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 (D) above.

(~~IH~~) 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 (~~JH~~) below, with such earnings, in the case of the elected planned retirement benefit participation period, to be subject to the limitations under division (~~KH~~) below.

(~~JH~~) 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 (~~KH~~) below.

(KJ) 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%.

(1244) If an eligible member who is participating in the planned retirement benefit dies during his/her planned retirement benefit participation period, then the member's surviving spouse (per §§ 33.041) or, if there is no surviving spouse, then the member's designated beneficiary (per § 33.045) shall make the election provided in division (E)(1) above with respect to the planned retirement benefits earned. If an eligible member who is participating in the reformed planned retirement benefit elects option 1 (continuation of 8% contribution) under division (B) above and dies during his/her reformed planned retirement benefit participation period, then the member's surviving spouse (per §§ 33.041) or, if there is no surviving spouse, then the member's designated beneficiary (per § 33.045) shall make the election provided in division (B)(1) above with respect to the reformed planned retirement benefits earned.

Section 2: 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 3: 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 4: 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 are repealed to the extent of such conflict.

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Section 5: That this Ordinance shall be in full force and effect immediately upon its passage and adoption.

ADVERTISED on _____, 2018.

PASSED on first reading this _____ day of _____, 2018.

PASSED AND ADOPTED on second reading this _____ day of _____, 2018.

JOSH LEVY, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY for the use and reliance
of the City of Hollywood, Florida only:

DOUGLAS R. GONZALES
CITY ATTORNEY