

RULES AMENDMENT

Council Member Gulliford offers the following amendment to File No. 2015-304:

- (1) On page 12, lines 26-30, page 13, lines 1-31, and page 14, lines 1-15, strike all lines in their entirety and insert a new Section 121.114 (Unfunded Actuarial Liability; Mutual Contributions; Florida Insurance Premium Tax Rebate Dollars) to read as follows:

" (a) As of the effective date of Ordinance 2015-304-E, the Police and Fire Pension Fund has an unfunded actuarial accrued liability. In order to reduce such liability, subject to availability of funds and annual appropriation, the City shall make contributions to the fund in excess of any annual, statutorily required payments, and funds from the Enhanced Benefits Account and the City Budget Stabilization Account shall be applied pursuant to the formula and requirements set forth in this section.

(b) As of the effective date, the Enhanced Benefits Account and the City Budget Stabilization Account have a combined balance of not less than \$79 million. In the first fiscal year commencing after the effective date of Ordinance 2015-504-E, the Board of Trustees shall transfer the entire balances of the Enhanced Benefits Account and the City Budget Stabilization Account, less \$5 million from the City Budget Stabilization Account, into a newly-created Unfunded Actuarial Liability Payment Account. After the transfer into the Unfunded Actuarial Liability Payment Account ("UALPA"), the Enhanced Benefits Account and City Budget Stabilization

Account shall continue to operate in the same manner as prior to the transfer.

(c) Beginning with the first fiscal year commencing after the effective date of Ordinance 2015-304-E and ending with the thirteenth fiscal year after the effective date of Ordinance 2015-304-E, the City shall contribute additional unfunded liability payments in the amounts outlined below. The Council may designate any source of funds, subject to annual appropriation, including the increase in ad valorem tax dollars over and above the ad valorem tax dollars within each prior fiscal year's budget. In any year that the Council makes a payment pursuant to this section, the Council shall designate this payment in the annual budget as separate and distinct from any other payment made to the fund, including but not limited to, any payment required by statute. In any year that the Council makes a payment pursuant to this section, the Board of Trustees shall transfer the amount listed below from the Unfunded Actuarial Liability Payment Account and apply it to reduce the unfunded actuarial accrued liability. In any fiscal year the City fails to make the entire payment listed below, then, in that year, the Board of Trustees shall not be required to make any transfer from the Unfunded Actuarial Liability Payment Account. The amount of the payments by the City and transfers by the Board of Trustees shall be as follows:

<u>Fiscal Year</u>	<u>City Payment</u>	<u>Transfer from UALPA</u>
<u>1</u>	<u>\$5 million</u>	<u>\$ 5 million</u>
<u>2</u>	<u>\$10 million</u>	<u>\$10 million</u>

<u>3</u>	<u>\$15 million</u>	<u>\$15 million</u>
<u>4</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>5</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>6</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>7</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>8</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>9</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>10</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>11</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>12</u>	<u>\$32 million</u>	<u>\$8 million</u>
<u>13</u>	<u>\$32 million</u>	<u>\$8 million</u>

If sufficient funds are not available in the Unfunded Actuarial Liability Payment Account to make the transfers required by this subsection in any single fiscal year, the remaining balance in the Unfunded Actuarial Liability Payment Account shall be applied toward the payment as a partial payment for that fiscal year, and further unfunded liability payments shall not be required until such time as additional funds are available in the Unfunded Actuarial Liability Payment Account.

(d) In the fourteenth fiscal year following the effective date of Ordinance 2015-304-E, the City may make an additional unfunded liability payment up to a total of \$32 million. If the City elects to make this fourteenth payment, the remaining balance, if any, in the Unfunded Actuarial Liability Payment Account shall match the City's fourteenth payment with a dollar for dollar transfer, up to \$32 million.

(e) The Board of Trustees shall not expend or use any

of the money in the Enhanced Benefits Account except pursuant to this section. In each of the first fourteen fiscal years after the effective date of Ordinance 2015-304-E, 50% of the Florida Insurance Premium Tax Rebate Dollars (i.e., Chapter 175/185 Funds) shall be deposited into the Enhanced Benefits Account and 50% of the Florida Insurance Premium Tax Rebate Dollars shall be credited to the City as a portion of each fiscal year's actuarially required contribution (i.e., ARC payment). In each year that the Florida Insurance Premium Tax Rebate Dollars are deposited in the Enhanced Benefit Account, the Board of Trustees may use the deposited amount of the Florida Insurance Premium Tax Rebate Dollars to: (i) pay down the unfunded liability as a voluntary contribution or (ii) fund a share plan as established in Section 121.115 or (iii) pay the "holiday bonus". (As used herein, "holiday bonus" refers to the annual discretionary Chapter 175/185 Fund bonus payment identified in City Ordinance 2006-508-E.)

(f) As an alternative to the provisions of subsection (c), the City may, at any time, make an equivalent present value payment. The equivalent present value payment shall be the payment required for the fund to reach an 80% funded status, said payment amount to be confirmed by the actuary for the Board of Trustees and the actuary for the City. The source of funds for such equivalent present value payment shall be all amounts within the Unfunded Actuarial Liability Payment Account at the time the payment is made, plus whatever other source of funds the City, in its discretion, uses.

(g) The fifteenth fiscal year after the effective

date of Ordinance 2015-304-E or after compliance with subsection (f), the Board of Trustees may use 100% of the Florida Insurance Premium Tax Rebate Dollars, and any money remaining in the Enhanced Benefit Account and the Unfunded Actuarial Liability Payment Account, to either: (i) pay down the unfunded liability as a voluntary contribution or (ii) fund a share plan as established in Section 121.115 or (iii) pay the "holiday bonus.";

- (2) On **page 43, line 17-23, strike** "For Members with less than 20 years of creditable service, as of the effective date of Ordinance 2015-304-E, such interest shall accrue based on the actual net rate of return after the deduction of all related and direct expenses for the preceding year rate of return; provided however, that the minimum interest shall be 2.0 percent and the maximum interest shall be 14.40 percent." and **insert** "For Members with less than 20 years of service as of the effective date of Ordinance 2015-304-E, such interest shall accrue based on the money-weighted rate of return as presented in the plan's most recent audited financial statements as required by Statement 67 of GASB; provided however, that the minimum interest shall be 2.0 percent and the maximum interest shall be 14.4 percent.";
- (3) On **page 44, line 23-28, strike** "The annual rate of interest to be factored into such distribution period shall be based on the actual rate of return; provided however, that the minimum interest shall be 2.0 percent and the maximum interest shall be 14.40~~8~~.4 percent for Members with less than 20 years of service as of the prospective effective date of Ordinance 2015-304-E." and **insert** "For Members with less than 20 years of service as of the effective date of

Ordinance 2015-304-E, the annual rate of interest to be factored into the biweekly distributions and credited as the rate earned on the account balance will change each January and shall be the money-weighted rate of return as presented in the plan's most recent audited financial statements as required by Statement 67 of GASB; provided however, that the minimum interest shall be 2.0 percent and the maximum interest shall be 14.4 percent."

- (4) On **page 48, line 11-12, strike "**, equivalent to the actual rate of return on the Fund assets during the BACKDROP period," and **insert "**, equivalent to the money-weighted rate of return as presented in the plan's most recent audited financial statements as required by Statement 67 of GASB during the applicable period of BACKDROP,"
- (5) On **page 1, line 1,** amend the introductory sentence to add that the bill was amended as reflected herein.

Form Approved:

Office of General Counsel

Legislation Prepared By: Ashley B. Benson

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