

## GULLIFORD AMENDMENT

[DRAFT] 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) Beginning with the first fiscal year commencing after the effective date of Ordinance 2015-304-E and, in each fiscal year thereafter, ending when the fund reaches an 80% funded status (i.e., when the actuarial value of assets divided by the actuarial accrued liability equals 80% or more), whichever is sooner, the City shall contribute additional unfunded liability payments. In the first fiscal year, the City's payment shall be not less than \$5 million. In each subsequent fiscal year the City's minimum payment shall increase by \$5 million until such time as the City's annual payment reaches not less than \$20 million. In

the fourth, and each subsequent fiscal year, the City's payment shall be not less than \$20 million. 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. The City's payments pursuant to this subsection shall be matched, dollar for dollar, by transfers from the Enhanced Benefits Account up to a maximum annual total of \$20 million, and applied to reduce the unfunded actuarial accrued liability. No more than \$20 million is required to be transferred from the Enhanced Benefits Account in any fiscal year; however, the City is permitted to contribute in excess of \$20 million in any fiscal year. Transfers from the Enhanced Benefits Account shall be applied as provided in this subsection to the extent funds are available. If sufficient funds are not available in the Enhanced benefits Account to make the total payment required by this subsection, the remaining balance in the Enhanced Benefits Account shall be applied as provided in this subsection, and further unfunded liability payments shall not be required until such time as additional funds are available in the Enhanced Benefits Account.

(c) 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 after the effective date of Ordinance 2015-304-E the entire balance of the City Budget Stabilization Account shall be transferred into the Enhanced Benefit Account. From and after the effective date, the Board of Trustees shall not expend or use any of the money in the Enhanced Benefits Account except pursuant to this section. From and after the effective date, the Board of Trustees may use Florida Insurance Premium Tax Rebate Dollars (i.e., Chapter 175/185 Funds) to provide 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.) But for payment of the "holiday bonus," all of the Chapter 175/185 Funds shall be deposited into the Enhanced Benefits Account.

(d) As an alternative to the provisions of subsection (b), 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 as outlined under subsection (b), said 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 Enhanced Benefits Account and the City Budget Stabilization Account at the time the payment is made, plus whatever other source of funds the City, in its discretion, uses.

(e) From and after the year in which the fund reaches 80% funded status, the Board may use the Florida Insurance Premium Tax Rebate Dollars, and any money remaining in the Enhanced Benefits 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.";

(f) In any fiscal year when the City fails to contribute additional unfunded liability payments as outlined under subsection (b), the Board of Trustees may withdraw the entire current balance of the Enhanced Benefit Account and may utilize the funds to either: (i) pay down the unfunded liability as a voluntary contribution or (ii) fund a share plan as established in Section 121. However, this section shall only apply in any fiscal year when the City fails to comply with the provisions outlined under subsection (b) prior to the fund reaching 80% funded status.";

- (2) 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 14.408.4 percent for Members with less than 20 years of service as of the prospective effective date of Ordinance 2015-304-E." and **insert** "The annual rate of interest to be factored into such distribution period shall be 8.4 percent. 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 interest earned each period on the account balance will change each January based on the actual market rate of return earned by the plan net of all related and direct expenses as calculated by the investment consultant and the plan's actuary for the prior

fiscal year; provided however, that the minimum interest shall be 2.0 percent and the maximum interest shall be 14.4 percent."

- (3) On **page 1, line 1**, amend the introductory sentence to add that the bill was amended as reflected herein.

Form Approved:

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Office of General Counsel

Legislation Prepared By: **Margaret M. Sidman**

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