



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#18-0205

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: July 10, 2018

TITLE: Ordinance Amending the City of Fort Lauderdale General Employees'
Retirement System

Recommendation

It is recommended that the City Commission adopt an ordinance amending and the City's General Employees' Retirement System ("Plan").

Background

The proposed amendment contains provisions to remedy the outstanding Deferred Option Retirement Program (DROP) interest crediting issue along with minor housekeeping revisions and clarifications. The Plan has identified the following reasons for needing to amend the existing City of Fort Lauderdale Code of Ordinances (Code):

- The Code does not correspond with the current Federation of Public Employees' Collective Bargaining Agreement with regard to the methodology for crediting of interest on DROP accounts.
- The Code refers to the outdated 1983 Group Annuity Mortality (GAM) Table for purposes of calculating non-standard survivorship benefits. Mortality tables are under constant development and subject to periodic change.
- With regard to non-standard survivorship benefits, the Code does not permit changes to members' joint annuitants. The provision is antiquated and dates back to an era when lifetime marriages were the norm and divorces were rare.
- The Code is ambiguous with regard to various member classifications and should be consistent with the past practice and administration of the Plan.

The following is a summary of the proposed amendments to remedy the inconsistencies above:

- Section 20-107, Definitions
 - Amending the definition of “Actuarially Equivalent” from 1983 GAM Table and 8% interest to the most recent mortality table and investment return assumption adopted by the Plan’s Board of Trustees (Board).
- Section 20-110, Retirement Benefits
 - Clarifying that all Group I members who retire will receive duration and survivor benefits.
 - Amending DROP interest crediting rate for members of the Supervisory/Professional Bargaining Unit who commence DROP participation on or after the proposed ordinance effective date from the assumed rate of return on Plan assets (currently 7.4% as approved by the Board effective October 1, 2017) to the actual investment return on Plan assets, but would not be less than 3% nor greater than 6%.
- Section 20-111, Optional Forms of Retirement Benefits
 - Clarifying that members eligible for normal, early or deferred retirement have the right prior to commencement of benefit payments to elect an optional form of retirement benefits and to revoke any such elections and make a new election.
 - Allowing a member to change his/her beneficiary at any time prior to commencement of benefits. Such change shall be deemed a new election and is subject to approval by the Board.
 - Allowing a retired member to change his/her joint annuitant up to two times with the approval of the Board and without the current joint annuitant’s approval as long as the member provides proof that the most recent joint annuitant is still living and in good health. The monthly benefit would be adjusted to be actuarially equivalent to the current benefit, and any costs associated with the request for a change of joint annuitant will be paid by the member, such that there is no actuarial impact on the Plan resulting from the change. If the member is not able to provide proof that the former joint annuitant is still living and in good health, the former joint annuitant shall be considered deceased.

The City has requested an opinion from the City’s Bond Counsel regarding the absence of any effect on the Pension Obligation Bonds. This opinion will be shared upon receipt from Bond Counsel, between first and second reading of the ordinance.

Attached as Exhibit #2 is the Plan’s actuary’s opinion letter regarding these amendments.

Resource Impact

There is no fiscal impact to the City associated with this action.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing its resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services.
- Initiative 3: Provide fiscally sustainable employee pensions

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

Attachments

Exhibit 1 – Proposed Ordinance

Exhibit 2 – GRS Retirement Consulting's Opinion Letter

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