



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#18-0206

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

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

DATE: August 21, 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 the City's General Employees' Retirement System (Plan).

Background

On July 10, 2018, the City Commission approved an ordinance at first reading to amend the Plan (CAM 18-0205). 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 following is a summary of the proposed amendments:

- 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.

In Section 610. Covenant Concerning Increase in or Addition to Pension Plan Benefits, of Resolution No. 12-1979, the City Commission committed to the following in connection with the issuance of Special Obligation Bonds, Series 2012 (Pension Funding Project):

The City shall not increase any benefit provided or provide a new benefit to members of either the GERS or the Police/Fire Pension Plan which is in addition to the benefits provided to such members as of October 1, 2012, unless (a) (i) the present value (as determined by the respective independent actuaries of the Pension Plans) of the cost of such increase in benefits or new benefit is fully funded at the time that such increase in benefits or new benefit is approved and (ii) such increase in benefits or new benefit is approved by vote of a majority of the full City Commission plus one or (b) such increase in benefits or new benefit is approved by the unanimous vote of the full City Commission.

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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