

ORDINANCE NO. 2011-18

AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE POLICE PENSION PLAN PROVIDING FOR PURCHASE OF NOT MORE THAN FIVE (5) YEARS OF PERMISSIVE SERVICE CREDIT; PERMITTING PAYMENT BY INSTALLMENT OVER A PERIOD NOT TO EXCEED FIVE (5) YEARS; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Council of the Town of Davie has previously adopted Ordinance 99-20 amending and restating the pension plan for sworn Police Officers;

WHEREAS the purchase of permissive service credit is authorized by the Pension Protection Act of 2006;

WHEREAS many recently hired police officers are unable to afford the lump sum cost of purchasing permissive service credit, but would be able to do so by installment purchase;

WHEREAS installment purchases would be assessed interest at the Plan's assumed rate of return;

WHEREAS, the Town has negotiated a collective bargaining agreement governing benefits for sworn Police Officers covering the period of October 1, 2007 through September 30, 2010; and

WHEREAS, the Florida Legislature amended Chapter 185 to permit plan sponsors to authorize four year terms of office for pension trustees.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, THAT:

Section 1: Section 3.1 of the Town of Davie Police Pension Plan is hereby amended to read as follows:

3.1 Normal Retirement.

(b) Amount of Normal Retirement Benefit. Effective October 1, 2006, the Participant who retires on his Normal Retirement Date will receive a monthly benefit in an amount equaling the sum of (1) through (4) as follows:

- (1) Three percent of his Final Average Earnings multiplied by his whole and partial Years of Service for the first ten (10) years of service.
- (2) Four percent of his Final Average Earnings multiplied by the Participant's whole and partial Years of Service for years eleven through fifteen.
- (3) Five percent of Final Average Earnings multiplied by the Participant's whole and partial Years of Service for years sixteen (16) through twenty (20).
- (4) Two percent of Final Average Earnings multiplied by the Participant's whole and partial Years of Service thereafter for the next ten (10) years of service.

No Participant will receive a monthly benefit greater than ninety-five (95) percent of his Final Average Earnings, inclusive of prior police or military service credit purchased by the member.

Upon vesting, Participants shall be permitted to purchase permissive service credit, applied as an increased benefit accrual factor ("multiplier"), as set forth below. The increased multiplier may be purchased in one percent (1%) increments in an amount not to exceed twenty percent (20%) of Final Average Earnings.

Tier One Examples: a Tier One Participant who otherwise would have retired with a fifty percent (50%) multiplier after fifteen years of service will receive an increased multiplier of seventy percent (70%) after purchasing a twenty percent (20%) multiplier increase. A Tier One Participant who otherwise would have retired with a seventy-five percent (75%) benefit after twenty years will receive an increased multiplier of ninety-five percent (95%) after purchasing a twenty percent (20%) multiplier increase.

Tier Two Examples: a Tier Two Participant who otherwise would have retired with a forty-five percent (45%) multiplier after fifteen years of service will receive an increased multiplier of sixty-five percent (65%) after purchasing a twenty percent (20%) multiplier increase. A Tier Two Participant who otherwise would have retired with a sixty percent (60%) benefit after twenty years will receive an increased multiplier of eighty percent (80%) after purchasing a twenty percent (20%) multiplier increase.

The ninety-five (95) percent maximum benefit cap for Tier One and the eighty (80) percent cap for Tier Two shall remain in place notwithstanding the purchase of permissive service credit.

Additionally, vested Participants shall be permitted to purchase permissive service credit expressed as an earlier normal retirement date. For example, a member will be permitted to buy down their normal retirement date from "twenty and out" to as early as a "fifteen and out" benefit commencement date. A Participant selecting this option will not accrue a higher multiplier, but will be permitted to begin receiving an unreduced benefit with fewer years of actual service.

Permissive service credit shall not be granted until the Participant has paid to the Pension Fund the actuarial cost of the purchase, as determined by the actuary for the Plan. The Board shall establish a uniform rule for the implementation of this provision.

The cost of such permissive service credit purchase shall be determined as the increase in the actuarial present value of the member's plan benefits before and after the purchase. The computation of the actuarial present values shall be based on the same actuarial assumptions used for plan funding purposes, except for the following: i) the assumed mortality rates shall be based on the unisex mortality table required under Internal Revenue Code Section 417(e)(3); ii) the assumed interest to be earned by the fund shall be 7.00% compounded annually; and iii) the assumed disability incidence rates shall be the 1985 Wyatt Disability Study Class 2 male rates.

The total benefits actually paid from the Plan to the Participant or his beneficiaries after the permissive service credit purchase shall be guaranteed to be not less than the total amount of contributions that the Participant has made, including permissive service credit purchase contributions.

The contribution by the Participant of the actuarially determined cost of the permissive service may be made in one lump sum or may be made by payroll deductions in installments for a period not to exceed five (5) years. A member electing to make installment payments shall be charged 7.0% interest per annum. A Participant making installment payments shall complete all required payments prior to payment of any enhanced benefit under this section.

Section 2:

Section 9.1 of the Town of Davie Police Pension Plan is hereby amended to read as follows:

(b) The Board.

(1) Appointment and Termination of Office. The Board will consist of the following five individuals:

(A) Two legal residents of the Town, each of whom will be appointed by the Town Council, will accept their appointment in writing, and will serve at the pleasure of the Town Council during four year terms;

(B) Two sworn police officers, each of whom will be elected by a majority of the police officers who participate in the Plan, and will serve a ~~two~~ four year term unless he or she leaves Employment within that period; and

(C) One individual who will be appointed by the four Board members described above and who will serve a term of ~~2~~ four years; the four Board members will submit their appointee's name to the Town Council and the Town Council will officially appoint him or her as the fifth Board member.

Section 3:

If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated

and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

Section 4: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 5: This Ordinance shall become effective immediately upon adoption, provided that the provisions of this Ordinance shall have been approved by the State.

PASSED ON FIRST READING THIS 16TH DAY OF APRIL, 2011.

PASSED AND ADOPTED SECOND READING THIS 20TH DAY OF APRIL, 2011.

Judy Paul
MAYOR

ATTEST:

Russell Murray
TOWN CLERK

APPROVED THIS 20TH DAY APRIL, 2011

Coding: Words in stricken type are deletions from existing text.
Words in underline type are additions.