ORDINANCE NO. _____

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, AMENDING CHAPTER 15 OF THE CODE OF ORDINANCES, ENTITLED "PENSIONS AND RETIREMENT", BY AMENDING ARTICLE IV, ENTITLED "NORTH MIAMI POLICE PENSION PLAN," DIVISION 5, ENTITLED "BENEFITS" SPECIFICALLY AT SECTION 15-132, ENTITLED "DEATH BENEFITS", TO PROVIDE BENEFICIARIES RECEIVING A SERVICE-CONNECTED DEATH BENEFIT WITH AN ANNUAL COLA; PROVIDING FOR CONFLICTS, SEVERABILITY, CODIFICATION AND AN EFFECTIVE DATE.

WHEREAS, the Mayor and the City Council desire to implement changes to the North Miami Police Pension Plan found to be in the best interests of the City and its employees.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, THAT:

Section 1. **Recitals.** That the above recitals are true and correct and incorporated herein by this reference.

Section 2. The Mayor and City Council of the City of North Miami, Florida, hereby amend Chapter 15 of the Code of Ordinances entitled "Pensions and Retirements," by amending Article IV, entitled "North Miami Police Pension Plan," Division 5 entitled "Benefits" specifically at section 15-132, entitled "Death Benefits", to provide beneficiaries receiving a service-connected death benefit with an annual COLA, as follows:

CHAPTER 15. PENSIONS AND RETIREMENTS

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ARTICLE IV. NORTH MIAMI POLICE PENSION PLAN

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DIVISION 5. BENEFITS

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Section 4-402. Death benefits.

(a) *Service-connected death.* Upon the service-connected death of a member there shall be paid to such deceased member's surviving spouse, if any, for life, an amount equal to fifty (50) percent of the final compensation paid to the member as determined from the average monthly wages paid to the deceased member during the twelve (12) months immediately preceding death. If there is no surviving spouse, this benefit shall be paid to the surviving minor children of the member during their minority or for a period of fifteen (15) years, whichever is greater. Absent a surviving spouse and surviving minor children, this benefit shall be paid to a beneficiary, designated by the member, for the beneficiary's life or a period of fifteen (15) years, whichever is less. This benefit shall be paid monthly commencing on the first day of the month following the death of the member. In addition to the foregoing benefit, there shall also be paid monthly to each surviving child of the deceased member under the age of eighteen (18) during that child's minority ten (10) percent of the final compensation paid to the deceased member. The total death benefit to be paid shall not, in any event, exceed one hundred (100) percent of the member's final compensation. A service-connected death is a death incurred while an employee is performing, directly or indirectly, services for the city. Death benefits paid to a surviving spouse shall not be effected by remarriage, provided the city continues to receive excise tax monies as provided in F.S. § 185.08. Notwithstanding the provisions described above in this subsection (a), in the event of the service-connected death of a member who is eligible for normal retirement, the benefit payable may not be less than the member's accrued pension benefit, and such benefit may not be payable for less than ten (10) years. An annual, compounded cost-of-living adjustment ("COLA") of three (3) percent shall be paid to any beneficiary receiving a service-connected death benefit pursuant to this sub-section.

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Section 2. **Repeal of Conflicting Ordinances.** All ordinances or parts of ordinances in conflict or inconsistent with the provisions of this Ordinance are hereby repealed.

Section 3. **Severability.** The provisions of this Ordinance are declared to be severable, and if any section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 4. **Codification.** The provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami, Florida. The sections of this Ordinance may be renumbered or re-lettered to accomplish such intentions and the word "ordinance" may be changed to "section", "article" or any other appropriate word as may be required.

Section 5. **Effective Date.** This Ordinance shall become effective immediately upon adoption on second reading.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, on first reading this _____ day of _____, 2013.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, on second reading this _____ day of _____, 2013.

_____
ANDRE D. PIERRE, ESQ.
MAYOR

ATTEST:

_____
MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

_____
REGINE M. MONESTIME
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Mayor Andre D. Pierre, Esq.	_____ (Yes)	_____ (No)
Vice Mayor Marie Erlande Steril	_____ (Yes)	_____ (No)
Councilperson Michael R. Blynn, Esq.	_____ (Yes)	_____ (No)
Councilperson Scott Galvin	_____ (Yes)	_____ (No)
Councilperson Jean R. Marcellus	_____ (Yes)	_____ (No)

Additions shown by underlining. Deletions shown by ~~overstriking~~.

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

North Miami Police Pension Plan

Valuation Date

October 1, 2011

Date of Report

August 27, 2012

Report Requested by

Board of Trustees

Prepared by

J. Stephen Palmquist

Group Valued

All active and inactive members.

Benefit Provisions Being Considered for Change

Present Provisions Before Change

The COLA does not apply to survivors in receipt of line of duty death benefits before the Plan's COLA was adopted.

Proposed Change

Survivors in receipt of line of duty death benefits before the Plan's COLA was adopted would be eligible for the 3% annual COLA.

Participants Affected

There is one survivor in receipt of line of duty death benefits who would be affected by the proposed Plan change.

Actuarial Assumptions and Methods

Same as October 1, 2011 Actuarial Valuation Report.

Some of the key assumptions/methods are:
Investment Return – 8.5% per year
Salary increase – 3.5% - 9.4% per year, based on service
Cost Method – Entry Age Normal

Amortization Period for Any Change in Actuarial Accrued Liability

5 years

Summary of Data Used in Report

See attached page. Same as data used for the October 1, 2011 Actuarial Valuation Report.

Actuarial Impact of Proposal(s)

See attached page(s).

Special Risks Involved with the Proposal That the Plan Has Not Been Exposed to Previously

None.

Other Cost Considerations

The recognition of previous asset losses in future years will likely increase the required contribution over the next several fiscal years whether or not the proposed changes are adopted.

ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2011 *Valuation*	October 1, 2011 *COLA Retro to 4/1/2005*	October 1, 2011 *COLA Retro to 4/1/2010*	October 1, 2011 *COLA Begins 10/1/2012*
B. ARC to Be Paid During Fiscal Year Ending	9/30/2013	9/30/2013	9/30/2013	9/30/2013
C. Assumed Date of Employer Contrib.	10/1/2012	10/1/2012	10/1/2012	10/1/2012
D. Annual Payment to Amortize Unfunded Actuarial Liability	$ 1,311,281	$ 1,345,225	$ 1,331,146	$ 1,326,844
E. Employer Normal Cost	1,449,922	1,449,922	1,449,922	1,449,922
F. ARC as of the Valuation Date: D+E	2,761,203	2,795,147	2,781,068	2,776,766
Valuation Date	*10/1/2011*	*10/1/2011*	*10/1/2011*	*10/1/2011*
G. ARC as % of Covered Payroll	32.60 %	33.00 %	32.84 %	32.79 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %	4.00 %	4.00 %
I. Covered Payroll for Contribution Year	8,807,935	8,807,935	8,807,935	8,807,935
J. ARC if Paid on the First Day of the Next Fiscal Year (Before Credit for State Contribution): G x I	2,871,387	2,906,619	2,892,526	2,888,122
First Day of Next Fiscal Year	*10/1/2012*	*10/1/2012*	*10/1/2012*	*10/1/2012*
K. ARC if Paid Quarterly throughout the Next Fiscal Year (Before Credit for State Contribution)	3,019,217	3,056,263	3,041,445	3,036,814
L. Estimate of State Revenue in Contribution Year	82,682	82,682	82,682	82,682
M. Required Employer Contribution (REC) in Contribution Year: J - L *	2,788,705	2,823,937	2,809,844	2,805,440
N. REC as % of Covered Payroll in Contribution Year: M ÷ I *	31.66 %	32.06 %	31.90 %	31.85 %
O. Change in REC in Contribution Year	N/A	35,232	21,139	16,735
P. Change in REC as % of Covered Payroll in Contribution Year	N/A	0.40 %	0.24 %	0.19 %

** Assuming the contribution is paid on the first day of the next fiscal year.*

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2011 *Valuation*	October 1, 2011 *COLA Retro to 4/1/2005*	October 1, 2011 *COLA Retro to 4/1/2010*	October 1, 2011 *COLA Begins 10/1/2012*
B. Actuarial Present Value of All Projected Benefits for				
1. Active Members				
a. Service Retirement Benefits	$ 50,308,721	$ 50,308,721	$ 50,308,721	$ 50,308,721
b. Vesting Benefits	3,611,202	3,611,202	3,611,202	3,611,202
c. Disability Benefits	2,966,573	2,966,573	2,966,573	2,966,573
d. Preretirement Death Benefits	524,827	524,827	524,827	524,827
e. Return of Member Contributions	39,429	39,429	39,429	39,429
f. Total	57,450,752	57,450,752	57,450,752	57,450,752
2. Inactive Members				
a. Service Retirees & Beneficiaries	22,907,934	23,044,177	22,996,683	22,979,557
b. Disability Retirees	1,430,303	1,430,303	1,430,303	1,430,303
c. Terminated Vested Members	0	0	0	0
d. Total	24,338,237	24,474,480	24,426,986	24,409,860
3. Total for All Members	81,788,989	81,925,232	81,877,738	81,860,612
4. Change in Present Value of Projected Benefits from the Baseline	**N/A**	**136,243**	**88,749**	**71,623**
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	63,662,556	63,798,799	63,751,305	63,734,179
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	N/A	N/A	N/A	N/A
E. Plan Assets				
1. Market Value	35,380,647	35,380,647	35,380,647	35,380,647
2. Actuarial Value	42,456,776	42,436,806	42,454,104	42,456,776
F. Unfunded Actuarial Accured Liability	21,205,780	21,361,993	21,297,201	21,277,403
G. Actuarial Present Value of Projected Covered Payroll	64,691,179	64,691,179	64,691,179	64,691,179
H. Actuarial Present Value of Projected Member Contributions	7,445,954	7,445,954	7,445,954	7,445,954
I. Funded Ratio: E2 ÷ C	66.7%	66.5%	66.6%	66.6%

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2011 *Valuation*	October 1, 2011 *COLA Retro to 4/1/2005*	October 1, 2011 *COLA Retro to 4/1/2010*	October 1, 2011 *COLA Begins 10/1/2012*
B. Normal Cost for				
1. Service Retirement Benefits	$ 1,740,341	$ 1,740,341	$ 1,740,341	$ 1,740,341
2. Vesting Benefits	273,460	273,460	273,460	273,460
3. Disability Benefits	233,865	233,865	233,865	233,865
4. Preretirement Death Benefits	36,881	36,881	36,881	36,881
5. Return of Member Contributions	31,851	31,851	31,851	31,851
6. Total for Future Benefits	2,316,398	2,316,398	2,316,398	2,316,398
7. Assumed Amount for Administrative Expenses	108,325	108,325	108,325	108,325
8. Total Normal Cost	2,424,723	2,424,723	2,424,723	2,424,723
9. Total as a % of Covered Payroll	28.63 %	28.63 %	28.63 %	28.63 %
C. Expected Member Contribution	974,801	974,801	974,801	974,801
D. Employer Normal Cost: B8-C	1,449,922	1,449,922	1,449,922	1,449,922
E. Employer Normal Cost as a % of Covered Payroll	17.12 %	17.12 %	17.12 %	17.12 %

PARTICIPANT DATA				
	October 1, 2011 *Valuation*	October 1, 2011 *COLA Retro to 4/1/2005*	October 1, 2011 *COLA Retro to 4/1/2010*	October 1, 2011 *COLA Begins 10/1/2012*
ACTIVE MEMBERS				
Number	108	108	108	108
Covered Annual Payroll	$ 8,469,168	$ 8,469,168	$ 8,469,168	$ 8,469,168
Average Annual Payroll	$ 78,418	$ 78,418	$ 78,418	$ 78,418
Average Age	40.3	40.3	40.3	40.3
Average Past Service	12.1	12.1	12.1	12.1
Average Age at Hire	28.2	28.2	28.2	28.2
RETIREES & BENEFICIARIES				
Number	25	25	25	25
Annual Benefits	$ 1,778,663	$ 1,783,138	$ 1,779,849	$ 1,778,663
Average Annual Benefit	$ 71,147	$ 71,326	$ 71,194	$ 71,147
Average Age	55.1	55.1	55.1	55.1
DISABILITY RETIREES				
Number	4	4	4	4
Annual Benefits	$ 150,363	$ 150,363	$ 150,363	$ 150,363
Average Annual Benefit	$ 37,591	$ 37,591	$ 37,591	$ 37,591
Average Age	58.7	58.7	58.7	58.7
TERMINATED VESTED MEMBERS				
Number	0	0	0	0
Annual Benefits	$ 0	$ 0	$ 0	$ 0
Average Annual Benefit	$ 0	$ 0	$ 0	$ 0
Average Age	0.0	0.0	0.0	0.0