MEMORANDUM

Date: May 14, 2013

TO: Town Commission

FROM: Dave Bullock, Town Manager

SUBJECT: Proposed Ordinance 2013-13, Amending Chapter 34, Employment Policies

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Firefighters' Retirement System ordinance is being amended to provide for a freeze of the system as of September 30, 2013 and provides for enrollment of all current and future firefighters into the Florida Retirement System.

All members with 5 or more years of credited service as of September 30, 2013 shall be fully vested in their frozen accrued benefit based on their length of service and the vesting schedule set forth in the Plan. Any member who has less than 5 years of credited service on the date of the freeze shall receive a refund of their accumulated contributions. A member who, as of June 1, 2013 is within five years of normal retirement date may enter the DROP without penalty or enhancements on the first day of any month prior to September 30, 2013.

Proposed Ordinance 2013-13 is the first of three anticipated ordinances to freeze the Towns defined benefit programs.

Please don't hesitate to contact me if you have any questions.

ORDINANCE 2013-13

AN ORDINANCE OF THE TOWN OF LONGBOAT KEY, AMENDING CHAPTER 34, EMPLOYMENT POLICIES, OF THE CODE OF ORDINANCES OF THE TOWN OF LONGBOAT KEY, FLORIDA; IMPLEMENTING CHANGES TO THE FIREFIGHTERS' RETIREMENT SYSTEM CONTAINED IN THE 2012-2015 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE TOWN AND IAFF LOCAL 2546; CREATING A NEW SECTION 34.42, PLAN FREEZE AND ENROLLMENT IN THE FLORIDA RETIREMENT SYSTEM; AMENDING SECTION 34.52, OPTIONAL FORMS OF BENEFITS; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA THAT:

SECTION 1. A new section 34.42, Plan freeze and enrollment in the Florida Retirement System, is created to read as follows:

34.42 Plan freeze and enrollment in the Florida Retirement System

Notwithstanding any other provision of the System:

(A) The accrued benefits of all members of this System who are employed and not participating in the DROP on September 30, 2013 shall be frozen on that date. All such members with 5 or more years of credited service as of September 30, 2013 shall be fully vested in their frozen accrued benefit, based on their length of service and the vesting schedule set forth in section 34.51. The value of each member's frozen accrued benefit shall be calculated in accordance with the provisions of the System in effect on September 30, 2013, based on the member's credited service, vesting percentage and average final compensation on that date. The frozen accrued benefit shall be payable to the member upon termination of Town employment and attaining age 55 with 10 years of credited service, 25 years of credited service regardless of age, or age 60 regardless of years of credited service, whichever occurs first. In applying the preceding sentence, credited service shall include all credited service as a member of this System prior to October 1, 2013, and all periods of employment as a full-time Firefighter with the Town of Longboat Key on and after October 1, 2013. For the purpose of determining a member's frozen accrued benefit in accordance with this subsection (A), salary shall include any payments of accrued leave that would have been included in the member's salary if the member retired prior to October 1, 2013. However, the member's accrued leave balance shall be reduced by the amount of vacation or sick leave used subsequent to October 1, 2013, and the member's frozen accrued benefit shall be adjusted accordingly.

(B) No benefits shall be accrued under this System on or after October 1, 2013, and no member contributions to this System shall be required on or after that date. The Board shall continue to administer the System in accordance with

sections 34.43 through 34.67 until all accrued benefits have been paid to all eligible members and beneficiaries.

(C) Any member of this System who is employed on September 30, 2013 and has less than 5 years of credited service on that date shall receive a refund of their accumulated contributions. Any member of this System who is employed on September 30, 2013 and has 5 or more but less than 10 years of credited service on that date may elect to receive a refund of their accumulated contributions or the actuarial present value of their frozen accrued benefit, in lieu of any other benefit under the System.

(D) Effective October 1, 2013, all current and future Firefighters of the Town of Longboat Key shall be enrolled in the Florida Retirement System, and shall accrue benefits under and make contributions to the Florida Retirement System for all service as a Firefighter with the Town on and after that date, in accordance with the state statutes and rules applicable to the Florida Retirement System, as those statutes and rules may be amended from time to time.

(E) Members of this System who retired, entered the DROP or terminated Town employment with the right to a deferred vested benefit prior to October 1, 2013 shall be entitled to receive benefits from the System in accordance with the provisions of the System in effect on the date of their retirement, DROP entry, or termination of employment. Members who retire or enter the DROP prior to October 1, 2013 shall not be eligible for reemployment with the Town after that date, except at the exclusive option of the Town.

SECTION 2. Section 34.52, Optional forms of benefits, subsection (A)(5), is amended to read as follows:

34.52 Optional forms of benefits.

(5) *Deferred retirement option plan.* A member may enter into the deferred retirement option plan (DROP), which is to be created and administered by the board of trustees of the plan on the first day of any month following the completion of attaining normal retirement date (age). Notwithstanding the preceding sentence, a member who, as of June 1, 2013 is within five years of the normal retirement date, may enter the DROP without penalty or enhancements on the first day of any month prior to September 30, 2013. Any member entering DROP pursuant to this provision must execute a voluntary resignation irrevocable for any reason to be effective at the end of the member's participation in the DROP, and which provides that the member shall not be eligible for reemployment with the Town, except at the exclusive option of the Town.

SECTION 3. All Ordinances or parts of Ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 4. If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency or other body with appropriate jurisdiction, the remaining section,

subsection, sentences, clauses, or phrase under application shall not be affected thereby.

SECTION 5. This Ordinance shall take effect upon second reading and adoption, except as otherwise specifically provided herein.

Passed on first reading the _____ day of _____, 2013.

Adopted on second reading and public hearing the _____ day of _____, 2013.

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James L. Brown, Mayor

ATTEST:

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Trish Granger, Town Clerk

End of Agenda Item