4-A)

ORDINANCE NO. 2016-_____

AN ORDINANCE OF THE CITY OF VERO BEACH, FLORIDA, AMENDING THE VERO BEACH FIREFIGHTER'S RELIEF AND PENSION FUND; CREATING A NEW SECTION 58.81 OF THE CITY CODE PROVIDING FOR THE CREATION OF A DEFINED CONTRIBUTION SHARE PLAN FUNDED BY AVAILABLE INSURANCE PREMIUM TAX REVENUE UNDER FLA.STAT. SECTION 175.351; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

WHEREAS the City of Vero Beach Firefighter's Relief and Pension Fund is governed by Chapter 175, Florida Statutes;

WHEREAS the City of Vero Beach Firefighter's Relief and Pension Fund receives insurance premium taxes to fund firefighter pension benefits pursuant to Chapter 175, Florida Statutes;

WHEREAS, Chapter 175 was recently amended by S.B. 172, Chapter 2015-39, Laws of Florida;

WHEREAS, S.B. 172 requires the creation of a defined contribution "share plan" to provide "special benefits" to firefighters, funded with available "additional premium tax revenue";

WHEREAS, the creation of a share plan will permit the City of Vero Beach Firefighter's Relief and Pension Fund to continue to receive insurance premium tax revenue from the State of Florida;

WHEREAS, defined contribution share plans under Chapter 175 are entirely funded with insurance premium taxes received from the State of Florida; and

WHEREAS the Vero Beach City Council has determined that the passage of this ordinance is in the best interest of the citizens of the City of Vero Beach;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VERO BEACH, FLORIDA THAT:

Section 1: Section 58.81 of the Code of the City of Vero Beach is hereby created to read as follows:

Section 58.81. Share Plan.

a) *Share Plan Established.* The Vero Beach Firefighter's Share Plan (hereinafter "Share Plan") is hereby established. The purpose of this section is to implement the provisions of Chapter 175, Florida Statutes, and to provide a mechanism to pay required "special benefits" pursuant to Section 175.351, Fla.Stat. The Share Plan shall be funded exclusively with available insurance premium tax revenue received from the State of Florida pursuant to Chapter 175 and shall be in addition to the monthly defined benefit payable by the City of Vero Beach Firefighter's Relief and Pension Fund. The Share Plan shall be administered by the Board of Trustees of the City of Vero Beach Firefighter's Relief and Pension Fund (hereinafter the "Pension Fund").

(b) *Annual Determination.* In each year, after receipt of the annual distribution of chapter money from the State, the Board of Trustees, in consultation with their actuary, shall determine the amount of available insurance premium tax revenue, if any, received pursuant to F.S. §175.351. Insurance premium tax revenue is not available for payment into the Share Plan unless the annual insurance premium tax distribution exceeds $306,972 (hereinafter the "special benefit threshold"). If the annual insurance premium tax distribution exceeds the special benefit threshold, half of the sum above $306,972 shall be paid into the Share Plan for distribution pro-rata as set forth below in subsection (c).

(c) *Pro-rata Distribution.* Share Plan benefits shall be paid from the Share Plan on a pro-rata basis to all retirees or beneficiaries who are receiving a monthly benefit from the Vero Beach

Firefighter's Relief and Pension Fund. Share Plan benefits shall be distributed as soon as is administratively practicable, after the actuary for the Vero Beach Firefighter's Relief and Pension Fund has certified the distribution amounts for the year, if any, in consultation with the City of Vero Beach.

(d) *Rule-Making Authority.* The Board of Trustees of the Vero Beach Firefighter's Relief and Pension Fund shall be authorized to adopt any rules necessary for the administration of the Share Plan.

Section 2: This Section shall be codified and made a part of the Code of Ordinances of the City of Vero Beach. In any such codification, the editor shall have the authority to re-number or re-letter any section of this ordinance as may be necessary provided, however, that no such editorial change shall alter the substantive language of this ordinance.

Section 3: Should any provision of this ordinance be declared invalid by a court of competent jurisdiction the remaining provisions of this ordinance shall remain in full force and effect as if the invalid provision had not been enacted.

Section 4: This Ordinance shall become effective immediately upon its adoption by the City Council.

This Ordinance was read for the first time on the _____ day of _____ 2016 and was advertised on the _____ day of _____ 2016, for a public hearing to be held on the _____ day of _____ 2016, at the conclusion of which hearing it was moved for adoption by Councilmember _____, seconded by Councilmember _____, and adopted by the following vote of the City Council:

Mayor Jay Kramer _____

Vice-Mayor Randolph B. Old _____

Councilmember Pilar E. Turner _____

Councilmember Richard G. Winger _____

Councilmember Harry Howle III _____

ATTEST:

_____

Tammy K. Vock
City Clerk

[SEAL]

CITY OF VERO BEACH, FLORIDA

_____

Jay Kramer
Mayor

Approved as to form and legal sufficiency:

Wayne R. Coment
City Attorney

Approved as conforming to municipal policy:

James R. O'Connor
City Manager

Approved as to technical requirements:

Gabrielle Manus
Human Resources Director

Approved as to technical requirements:

Cynthia D. Lawson
Finance Director

GRS

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February 29, 2016

Ms. Heather McCarty
City of Vero Beach
1053 20th Place
Vero Beach, Florida 32960

Re: City of Vero Beach Firefighters Relief and Pension Fund

Dear Heather:

As requested, we have reviewed the proposed ordinance for the City of Vero Beach Firefighters Relief and Pension Fund which would amend the Plan by establishing a Share Plan as required by Chapter 2015-39, Laws of Florida. The Share Plan would be funded exclusively with available Chapter 175 premium tax revenue. Premium tax revenue would not be available for payment into the Share Plan unless the distribution exceeds $306,972. If the annual distribution exceeds $306,972, half of the amount above $306,972 would be paid into the Share Plan and distributed on a pro-rata basis to all retirees or beneficiaries who are receiving a monthly benefit from the Plan.

Currently, the City receives credit for up to $539,900 of Chapter 175 revenue toward the required contribution. The most recent Chapter 175 regular and supplemental amounts totaled $231,380. If the annual Chapter 175 revenue exceeds $306,972 in the future, there will be an impact on the City's required contribution.

In our opinion, this change will not have an immediate actuarial impact on the cost of the Retirement System for advance funding purposes. Therefore, it is our opinion that a formal Actuarial Impact Statement is not required. However, we recommend that you send a copy of this letter and the ordinance to the Bureau of Local Retirement Systems.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuary is independent of the plan sponsor.

We welcome your questions and comments.

Sincerely yours,

Jeff Amrose

Jeffrey Amrose, EA, MAAA
Senior Consultant & Actuary

This communication shall not be construed to provide tax advice, legal advice or investment advice.