

**CITY OF RIVIERA BEACH CITY COUNCIL
AGENDA ITEM SUMMARY**

MEETING DATE: DECEMBER 1, 2010

AGENDA ITEM SUMMARY NO. F10-121-1

- AWARDS / PRESENTATIONS / PETITIONS
- CONSENT
- PUBLIC HEARING
 - ORDINANCE ON SECOND READING
 - PUBLIC HEARING
- ORDINANCE ON FIRST READING

- REGULAR
- RESOLUTION
- DISCUSSION & DELIBERATION
- BOARD APPOINTMENT
- WORKSHOP

SUBJECT: PRESENTATION – That Atty. Ken Harrison, attorney for the General Employees Pension Board, make a presentation to City Council for two (2) ordinances affecting the General Employees Pension Plan; 1st Ordinance - remove the 30 year cap from the DROP Ordinance and 2nd Ordinance - increase the monthly pension amounts for retirees who receive less than \$700 per month.

RECOMMENDATION/MOTION: That Ken Harrison explain to the City Council the two (2) ordinances for City Council's approval for placement on city council agenda.

DEPARTMENTAL APPROVAL REVIEW & DATE

♦Assistant City Manager <i>POW 11/23/10</i>	Library
♦City Attorney <i>RJ 11/23/10</i>	Marina
♦City Clerk <i>DRAFT/Signature not req'd</i>	Police
Community Development	Public Works
♦Finance <i>RA 11/22/10</i>	Purchasing
Fire	Recreation & Parks
♦Human Resources <i>11/19/10</i>	Water & Sewer

APPROVED BY CITY MANAGER: _____ DATE: _____

<p>Originating Dept. HUMAN RESOURCES <i>(Signature)</i></p>	<p>Costs: Changing 30 year cap – N/A. The \$700 – less than \$27,188 for the next 15 years. Current FY: Funding Source: <input type="checkbox"/> Capital Improvement <input type="checkbox"/> Operating <input type="checkbox"/> Other: Budget Account Number:</p>	<p>City Council Actions: <input type="checkbox"/> Approved <input type="checkbox"/> Approved w/conditions <input type="checkbox"/> Denied _____ <input type="checkbox"/> Tabled to _____ <input type="checkbox"/> Referred to Staff _____</p>
<p>User Dept. Advertised: Date: Paper: [X] Not Required Affected Parties <input type="checkbox"/> Notified [X] Not Required</p>		<p>Attachments: 1. Two (2) ordinances- removing the 30 year cap and replacing with a five (5) year maximum in the DROP and increasing retirees whose monthly pension amount is less than \$700. 2. Actuarial reports 3. List of retirees earning less than \$700 per month. 4. Excerpts from other cities' DROP relative to the 5 yrs.</p>

BACKGROUND/SUMMARY: See next page

August 5, 2009, City Council passed the DROP Ordinance for General Employees. When the ordinance passed it included that eligible employees who had 25 or more years of service must enroll in the DROP within 90 days. The maximum amount of time to stay in the DROP is 30 years. Once the plan was implemented, it was discovered that other employees who were ineligible at the time the ordinance passed, had more than the 25 years of service and the thirty (30) year cap would decrease the number of years an employee could stay in the DROP. Therefore, after the presentation, it is requested that City Council allow the ordinance to be placed on the agenda to remove the 30 year cap and permit employees who have been employed with the City 25 years or more and who become eligible to participate in the DROP may have the opportunity to take advantage of the full five (5) years. Attached are excerpts from other municipalities' DROP program that have a five (5) year stay in the DROP—they do not mandate the 30 years. Also attached is a copy of the actuarial impact statement.

The second ordinance concerns increasing the monthly amounts of fifteen (15) retirees who receive less than \$700 per month in pension benefits. Initially there were 25 retirees who are receiving less than \$700 per month in pension benefits. At that time, the cost to the City was approximately \$44,000 per year for the next 15 years. However, the General Employees Pension Board revisited the issue and voted to delete the beneficiaries of deceased retirees changing the total to 20 retirees who would be impacted. Months have passed and five (5) retirees have become deceased, therefore the amount of monies has changed for the City's contribution to less than \$27,188 per year for the next 15 years. Attached is a copy of the actuarial impact statement. Mr. Harrison is presenting this item requesting the City Council's approval for the increase and placement of the ordinance on the City Council's agenda.

EXHIBIT A-1

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	20_11	20_12	201_3	201_4	201_5
Capital Expenditures	N/A				
Operating Costs – 30 yr. cap and \$700 increase-less than	<u>\$27,188</u>	<u>\$27,188</u>	<u>\$27,188</u>	<u>\$27,188</u>	<u>\$27,188</u> – annually over next 15 years
External Revenues					
Program Income (City)					
In-Kind Match (City)					
NET FISCAL IMPACT	<u>27,188</u>	<u>27,188</u>	<u>27,188</u>	<u>27,188</u>	<u>27,188</u>
NO. ADDITIONAL FTE POSITIONS (Cumulative)					

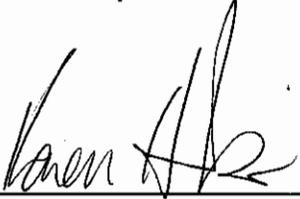
Is Item Included In Current Budget? Yes ___ No ___
 Budget Account No.: Fund ___ Dept/Division _____ Object _____
 Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: Less than \$27,188 would be paid by City over next 15 years by increasing 15 retiree monthly benefits to \$700 *CP*

III. REVIEW COMMENTS

A. Finance Department and/or Purchasing/Intergovernmental Relations/Grants Comments:



 Finance Department

 Purchasing and Grants

B. Other Department Review:

 Department Director

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA AMENDING ARTICLE II ENTITLED "GENERAL EMPLOYEES", CHAPTER 14, ENTITLED "PENSIONS AND RETIREMENT PROGRAMS," BY REVISING SECTION 14-36 ENTITLED "OPTIONAL FORMS OF RETIREMENT BENEFITS" OF THE CODE OF ORDINANCES OF THE CITY OF RIVIERA BEACH RELATING TO THE RETIREMENT SYSTEM FOR GENERAL EMPLOYEES BY REVISING SUBSECTIONS (2)(A) AND (B) AND SUBSECTION (D) (iv) OF THE DEFERRED RETIREMENT OPTION PROGRAM (DROP) TO REMOVE THE THIRTY (30) YEAR EMPLOYMENT CAP; PROVIDING FOR CONFLICTS, SEVERABILITY, AND CODIFICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Administration desires to revise the General Employees Retirement System under the Deferred Retirement Option Program (DROP) to improve the benefit for all employees who plan to participate; and

WHEREAS, currently an employee may elect participation in the DROP for a maximum of sixty (60) months; and

WHEREAS, some employees are ineligible to participate in the DROP for the full sixty (60) months because they have been employed by the city for more than twenty-five (25) years; and

WHEREAS, an amendment to the city code is necessary to permit such revision; and

WHEREAS, an actuarial statement of no impact has been provided to and reviewed by the City Council.

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA as follows:

SECTION 1. That Article II entitled "General Employees" of Chapter 14 entitled "Pensions and Retirement Programs" of the City of Riviera Beach Code of Ordinances is hereby amended by adding new language to Section 14-26, entitled "Optional forms of retirement income" as follows:

Section 14-26. Optional forms of retirement income.

* * *

(2) Participation in the DROP.

(A) An eligible member may elect to participate in the DROP for a period not to exceed a maximum of sixty (60) consecutive months ~~nor beyond a total of thirty (30) years of credited service with the city.~~ Any member who has exceeded the sixty (60) month ~~or thirty (30) year~~ limitations shall not be eligible to continue participation in the DROP.

(B) ~~Notwithstanding the thirty (30) year limitation above, any member who has more than twenty five (25) years of credited service on the effective date of the DROP shall be allowed to participate in the DROP for the maximum sixty (60) consecutive months, provided that such member elects to participate in the DROP no later than ninety (90) days after the effective date of this ordinance.~~

* * *

(3) Benefits payable under the DROP

* * *

(D)

(iv) For a DROP participant who fails to terminate city employment at the expiration of the sixty (60) month maximum DROP participation period ~~or the thirty (30) year credited service maximum~~ unless authorized to do so pursuant to sub paragraphs (2)(A) and (2)(B): the member shall be deemed not to be retired, the DROP election

ORDINANCE NO. _____

PAGE -3-

shall be null and void, and the member shall have no accumulated DROP benefits. Retirement System membership shall be reestablished retroactively to the date of the commencement of the DROP, and the member shall be required to pay to the Retirement System the member contributions as if the participant had continued

service to the city, and the city contributions during the period the member participated in the DROP, plus an interest rate equal to the annual assumed investment return during each year the member participated in the DROP.

SECTION 2. It is the intention of the City Council and it is hereby ordained that the provisions of this ordinance shall become effective as of March 1, 2010.

SECTION 3. If any word, phrase, clause, subsection or sections of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

SECTION 4. That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith, be and the same are hereby repealed to the extent of such conflict.

SECTION 5. Specific authority is hereby granted to codify of this ordinance.

PASSED AND APPROVED on first reading this _____ day of _____, 2010.

PASSED AND ADOPTED on second and final reading this _____ day of _____, 2010.

ORDINANCE NO. _____
PAGE 4

APPROVED:

THOMAS A. MASTERS
MAYOR

DAWN S. PARDO
CHAIRPERSON

MUNICIPAL SEAL

JUDY L. DAVIS
CHAIR PRO TEM

ATTEST:

BILLIE BROOKS
COUNCIL PERSON

CARRIE E. WARD
MASTER MUNICIPAL CLERK
CITY CLERK

CEDRIC A. THOMAS
COUNCIL PERSON

SHELBY LOWE
COUNCIL PERSON

1st READING

2nd & FINAL READING

MOTIONED BY: _____

MOTIONED BY: _____

SECONDED BY: _____

SECONDED BY: _____

D. PARDO _____

D. PARDO _____

J. DAVIS _____

J. DAVIS _____

B. BROOKS _____

B. BROOKS _____

C. THOMAS _____

C. THOMAS _____

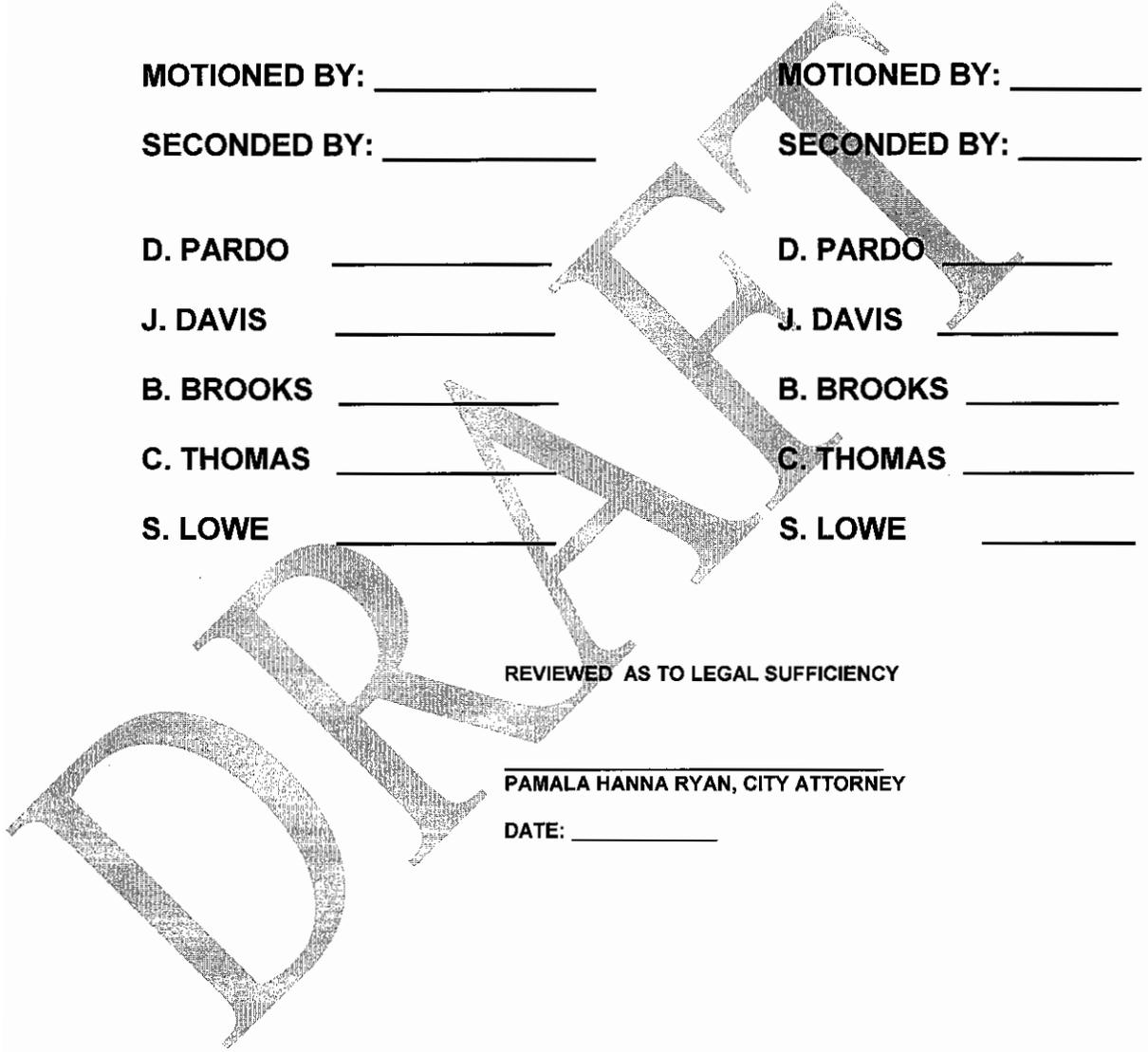
S. LOWE _____

S. LOWE _____

REVIEWED AS TO LEGAL SUFFICIENCY

PAMALA HANNA RYAN, CITY ATTORNEY

DATE: _____



ORDINANCE NO. _____
PAGE 6

CERTIFICATION OF PUBLICATION

I hereby certify that notice of the proposed enactment of this ordinance was duly published in a newspaper of general circulation within the City of Riviera Beach as required by the applicable Florida Statutes.

DATE

Carrie E. Ward, Master Municipal Clerk
City Clerk

DRAFT

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, AMENDING ARTICLE II ENTITLED "GENERAL EMPLOYEES", CHAPTER 14 ENTITLED "PENSIONS AND RETIREMENT PROGRAMS" BY REVISING SECTION 14-24 ENTITLED "RETIREMENT BENEFITS", OF THE CODE OF ORDINANCES OF THE CITY OF RIVIERA BEACH RELATING TO THE RETIREMENT SYSTEM FOR GENERAL EMPLOYEES BY PROVIDING FOR A \$700 MINIMUM BENEFIT FOR RETIREES; PROVIDING FOR CONFLICTS, SEVERABILITY AND CODIFICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Administration Board of the General Employees Retirement System has recommended and approved the amendment to the existing Code to provide improved benefits for participants of the plan; and

WHEREAS, the City deems it to be in the public interest to provide an updated retirement system for its employees;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH AS FOLLOWS:

SECTION 1. Section 14-24 of Article II, Chapter 14 of the Riviera Beach Code is hereby amended by deleting the stricken through language and adding the following underlined language as follows:

Sec. 14-24. Retirement benefits.

(a) *Normal retirement benefit.*

(1) *Amount.* The monthly retirement benefit shall be an amount equal to three percent of the average monthly earnings as defined in section 14-21 for each year of service; provided, however, that no member shall be entitled to accrue a retirement benefit greater than 70 percent of average monthly earnings in any event. No benefit shall be payable for any period of time during which an eligible employee has failed to elect and apply for coverage under the plan.

(2) *Duration, survivor benefits.* A member retiring hereunder on his normal retirement date shall receive a monthly benefit which shall commence on his normal retirement date and be continued thereafter during his lifetime.

(3) *Minimum normal retirement benefit.* As regards any participant under the city general employees' pension plan as of the date of adoption of this system, the normal retirement benefit shall not in any event be less than the normal retirement benefit would have been had the prior plan continued in existence. Effective October 1, 2010 the minimum monthly benefit payable to a retiree of this retirement system shall be seven hundred dollars (\$700.00); any monthly benefit that is less than this stated amount shall be increased to such monthly amount effective said date.

SECTION 2. It is the intention of the City Council and it is hereby ordained that the provisions of this ordinance shall become and be made a part of the Code of Ordinances of the City of Riviera Beach, and the section of this ordinance may be renumbered to accomplish such intentions.

SECTION 3. If any word, phrase, clause, subsection or section of this ordinance is for any reason held unconstitutional or invalid, the validity thereof shall not affect the validity of any remaining portions of this ordinance.

SECTION 4. That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith, be and the same are hereby repealed to the extent of such conflict.

SECTION 5. Specific authority is hereby granted to codify this ordinance.

SECTION 6. This ordinance shall be in full force and effective immediately upon its final passage and adoption.

PASSED AND APPROVED on first reading this ____ day of _____, 2010.

PASSED AND ADOPTED on second and final reading this ____ day of _____, 2010.

ORDINANCE NO. _____
PAGE - 3

APPROVED:

THOMAS A. MASTERS
MAYOR

DAWN S. PARDO
CHAIRPERSON

ATTEST:

CARRIE E. WARD
MASTER MUNICIPAL CLERK
CITY CLERK

JUDY L. DAVIS
CHAIR PRO TEM

BILLIE E. BROOKS
COUNCILPERSON

CEDRICK A. THOMAS
COUNCILPERSON

SHELBY L. LOWE
COUNCILPERSON

DRAFT

ORDINANCE NO. _____
PAGE -4-

1st READING

MOTIONED BY: _____

SECONDED BY: _____

D. PARDO _____

J. DAVIS _____

B. BROOKS _____

C. THOMAS _____

S. LOWE _____

2nd READING

MOTIONED BY: _____

SECONDED BY: _____

D. PARDO _____

J. DAVIS _____

B. BROOKS _____

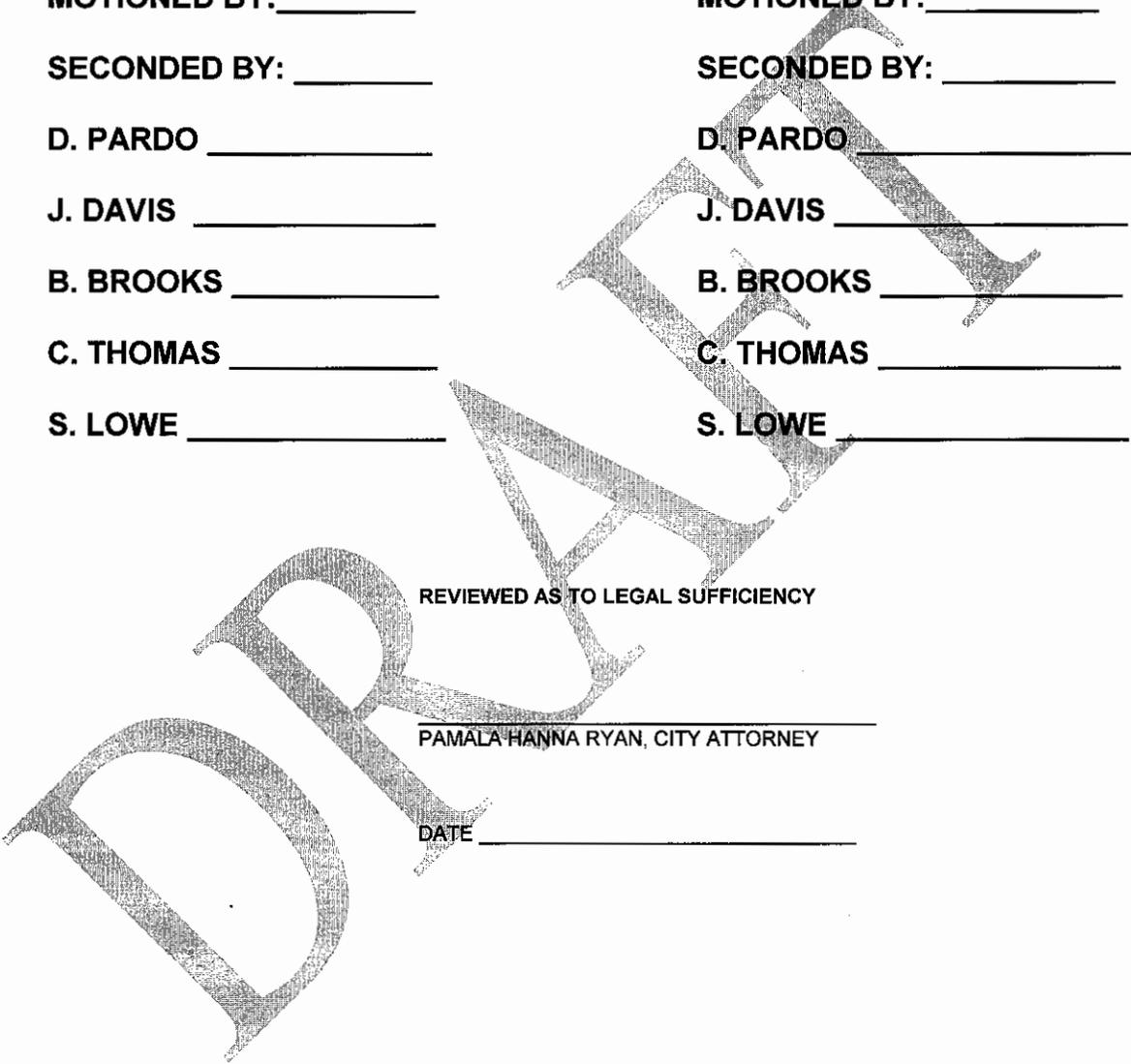
C. THOMAS _____

S. LOWE _____

REVIEWED AS TO LEGAL SUFFICIENCY

PAMALA HANNA RYAN, CITY ATTORNEY

DATE _____



ORDINANCE NO. _____
PAGE -5-

CERTIFICATION OF PUBLICATION

I hereby certify that notice of the proposed enactment of this ordinance was duly published in a Newspaper of general circulation within the City of Riviera Beach as required by the applicable Florida Statutes.

DATE

Carrie E. Ward, Master Municipal Clerk
City Clerk

DRAFT



November 19, 2010

Ms. Doretha Perry
Director of Human Resources
City of Riviera Beach
2051 Martin Luther King Jr. Boulevard
Suite 302
Riviera Beach, FL 33404

Re: General Employees Retirement System

Dear Ms. Perry:

We have reviewed the proposed Ordinance that removes the limitation on DROP participation at 30 years of credited service with the city. Effective as of March 1, 2010, DROP members would be eligible to participate in the DROP for 60 months regardless of the amount of credited service they have completed. In our opinion, this change will have no actuarial impact on the Plan.

Because the changes will not have an actuarial impact, 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 before the final public hearing on the Ordinance.

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA
Senior Consultant and Actuary

JSP/ta

cc: Althea Leigh-Lodge, Benefits USA, Inc.



June 2, 2010

Mr. Pete Prior
Benefits USA, Inc.
3810 Inverrary Blvd., Suite 303
Lauderhill, FL 33319

Re: City of Riviera Beach General Employees' Retirement System

Dear Pete:

As requested, we have prepared the enclosed Actuarial Impact Statement for the proposed ordinance which would provide a \$700 minimum monthly benefit for current retirees. The \$700 minimum benefit would not be provided to current beneficiaries.

This impact statement is based on data and assets as of October 1, 2009. Since the new benefit would be effective October 1, 2010, the cost impact does not reflect the minimum benefit for the following three retirees who have deceased after October 1, 2009: D. Knowles, W. Taylor, and G. W. Wood. We have attached a listing of the 16 retirees with monthly benefits under \$700.

It is important to note that these results are based on the October 1, 2009 valuation which recognizes one-fifth of the adopted assumption changes; as such, the funding requirements both before and after the plan changes will be higher in the future.

The proposed ordinance also adds a provision that if a member dies while performing qualified military service, the Plan would provide certain benefits as if the member had died while employed. The value of these benefits would result in an actuarial loss in the year in which the death occurred. Because of the very low probability that this provision will be utilized, we do not feel that an estimate for advanced funding is necessary.

This report is intended to describe the financial effect of the proposed plan changes. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

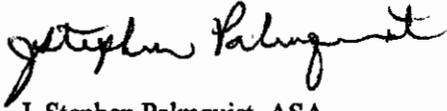
The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of this report prior to relying on information in the report.

If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the author of the report prior to making such decision.

Mr. Pete Prior
June 2, 2010
Page 2

We welcome your questions and comments.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "J. Stephen Palmquist".

J. Stephen Palmquist, ASA
Senior Consultant & Actuary

Enclosures

cc: Ken Harrison
Jeffrey Williams

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

City of Riviera Beach General Employees' Retirement System

Valuation Date

October 1, 2009

Date of Report

June 2, 2010

Report Requested by

Board of Trustees

Prepared by

J. Stephen Palmquist

Group Valued

All active and inactive members.

Plan Provisions Being Considered for Change

Provide a minimum monthly benefit of \$700 for current retirees (excluding beneficiaries).

Participants Affected

All retirees as of October 1, 2010 who are receiving a monthly benefit from the Plan that is less than \$700.

Actuarial Assumptions and Methods

Same as October 1, 2009 Actuarial Valuation Report with no exceptions.

Some of the key assumptions/methods are:

Investment Return – 7.5% per year (being phased-in over five years)

Salary increase – 6.2% to 11% per year based on service (being phased-in over five years)

Cost Method – Entry Age Normal

Amortization Period for Any Change in Actuarial Accrued Liability

15 years.

Summary of Data Used in Report

See attached.

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

CITY OF RIVIERA BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM
Impact Statement – June 2, 2010

Description of Amendment

The proposed ordinance provides a \$700 minimum monthly benefit for current retirees.

Funding Implications of Amendment

An actuarial cost estimate is attached. The annual cost increase to the City is estimated to be \$27,188 or 0.21% of payroll.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

For the Board of Trustees
as Plan Administrator

ACTUARIAL VALUE OF BENEFITS AND ASSETS

A. Valuation Date	October 1, 2009 <i>Valuation</i>	October 1, 2009 <i>\$700 Minimum Monthly Benefit for Current Retirees</i>	Change
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 43,329,861	\$ 43,329,861	\$ 0
b. Vesting Benefits	1,223,057	1,223,057	0
c. Disability Benefits	2,335,247	2,335,247	0
d. Preretirement Death Benefits	576,719	576,719	0
e. Return of Member Contributions	390,332	390,332	0
f. Total	<u>47,855,216</u>	<u>47,855,216</u>	0
2. Inactive Members			
a. Service Retirees & Beneficiaries	40,129,988	40,397,606	267,618
b. Disability Retirees	324,769	350,613	25,844
c. Terminated Vested Members	390,066	390,066	0
d. Total	<u>40,844,823</u>	<u>41,138,285</u>	293,462
3. Total for All Members	88,700,039	88,993,501	293,462
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	74,054,202	74,347,664	293,462
D. Plan Assets			
1. Market Value	42,991,123	42,991,123	0
2. Actuarial Value	46,113,066	46,113,066	0
E. Unfunded Actuarial Accrued Liability: C-D2	27,941,136	28,234,598	293,462
F. Funded Ratio: D2/C	62.27 %	62.02 %	(0.25) %
G. Actuarial Present Value of Projected Covered Payroll	74,595,386	74,595,386	0
H. Actuarial Present Value of Projected Member Contributions	4,475,723	4,475,723	0

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2009 <i>Valuation</i>	October 1, 2009 <i>\$700 Minimum Monthly Benefit for Current Retirees</i>	Change
B. Normal Cost for			
1. Service Retirement Benefits	\$ 1,812,927	\$ 1,812,927	\$ 0
2. Vesting Benefits	95,771	95,771	0
3. Disability Benefits	356,242	356,242	0
4. Preretirement Death Benefits	60,742	60,742	0
5. Return of Member Contributions	103,711	103,711	0
6. Total for Future Benefits	<u>2,429,393</u>	<u>2,429,393</u>	<u>0</u>
7. Assumed Amount for Administrative Expenses	<u>120,392</u>	<u>120,392</u>	<u>0</u>
8. Total Normal Cost	<u>2,549,785</u>	<u>2,549,785</u>	<u>0</u>
As % of Covered Payroll	20.48 %	20.48 %	0.00 %
C. Expected Member Contribution	746,927	746,927	0
As % of Covered Payroll	6.00 %	6.00 %	0.00 %
D. Net Employer Normal Cost: B8-C	1,802,858	1,802,858	0
As % of Covered Payroll	14.48 %	14.48 %	0.00 %

PARTICIPANT DATA			
	October 1, 2009 <i>Valuation</i>	October 1, 2009 <i>\$700 Minimum Monthly Benefit for Current Retirees</i>	Change
ACTIVE MEMBERS			
Number	256	256	0
Covered Annual Payroll	\$ 12,448,780	\$ 12,448,780	\$ 0
Average Annual Payroll	\$ 48,628	\$ 48,628	\$ 0
Average Age	45.7	45.7	0.0
Average Past Service	8.7	8.7	0.0
Average Age at Hire	37.0	37.0	0.0
RETIREEES, BENEFICIARIES & DROP*			
Number	139	139	0
Annual Benefits	\$ 4,073,890	\$ 4,118,637	\$ 44,747
Average Annual Benefit	\$ 29,309	\$ 29,630	\$ 321
Average Age	67.3	67.3	0.0
DISABILITY RETIREEES*			
Number	6	6	0
Annual Benefits	\$ 55,620	\$ 59,583	\$ 3,963
Average Annual Benefit	\$ 9,270	\$ 9,931	\$ 661
Average Age	73.8	73.8	0.0
TERMINATED VESTED MEMBERS			
Number	2	2	0
Annual Benefits	\$ 37,138	\$ 37,138	\$ 0
Average Annual Benefit	\$ 18,569	\$ 18,569	\$ 0
Average Age	50.5	50.5	0.0

* Data for retirees with monthly benefits under \$700:

Number	16	16	0
Annual Benefits	\$ 85,690	\$ 134,400	\$ 48,710
Average Annual Benefit	\$ 5,356	\$ 8,400	\$ 3,044
Average Age	79.9	79.9	0.0

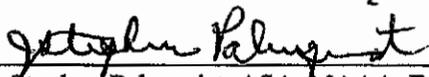
Other Cost Considerations

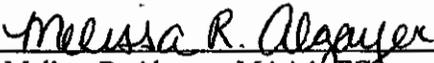
These results are based on the October 1, 2009 valuation which recognizes one-fifth of the adopted assumption changes; as such, the funding requirements both before and after the plan changes will be higher in the future. Additionally, the recognition of previous asset losses in future years will likely increase the required contribution over the next several fiscal years whether or not the proposed changes are adopted.

Possible Conflicts with IRS Qualification Rules

None

As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.


J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 08-1560


Melissa R. Algayer, MAAA, FCA
Enrolled Actuary No. 08-6467

ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2009 <i>Valuation</i>	October 1, 2009 <i>\$700 Minimum Monthly Benefit for Current Retirees</i>	Change
B. ARC to Be Paid During Fiscal Year Ending	9/30/2011	9/30/2011	
C. Assumed Date of Employer Contrib.	12/31/2010 & 3/31/2011	12/31/2010 & 3/31/2011	
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 1,856,736	\$ 1,881,734	\$ 24,998
E. Employer Normal Cost	1,802,858	1,802,858	0
F. ARC if Paid on the Valuation Date: D+E	3,659,594	3,684,592	24,998
G. ARC Adjusted for Frequency of Payments	3,765,612	3,791,335	25,723
H. ARC as % of Covered Payroll	30.25 %	30.46 %	0.21 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %	0.00 %
J. Covered Payroll for Contribution Year	12,946,731	12,946,731	0
K. ARC for Contribution Year: H x J	3,916,386	3,943,574	27,188
L. ARC as % of Covered Payroll in Contribution Year: K ÷ J	30.25 %	30.46 %	0.21 %

City of Riviera Beach General Employees' Retirement System

Pensioners with Monthly Benefits under \$700

Name	Status	Date of Retirement	Monthly Benefit Amount	Form of Payment
BREN, BERNARD	Retiree	10/1/2004	454.24	100% J&S
CZARNIAK EC	Retiree	4/1/1988	536.42	100% J&S
DAVIS L JR	Retiree	4/1/1991	417.35	L A
DEMPSEY WH	Retiree	5/1/1993	537.28	L A
GAMASH JB	Retiree	11/1/1996	242.61	50% J&S
HENDRICKSON, RALPH	Retiree	9/1/2002	531.49	100% J&S
JAMES A	Retiree	4/1/1990	544.59	10 C&L
LANGLOIS D	Retiree	9/1/1989	526.42	10 C&L
MCAFEE, MCKINLEY	Retiree	7/1/2003	296.00	L A
MESSER RL	Retiree	4/1/1987	173.70	75% J&S
MORGAN BL	Retiree	5/1/1996	536.31	L A
MORGAN I	Retiree	1/1/1978	166.68	L A
PARKS R	Retiree	8/1/1978	493.70	10 C&L
SELLERS K	Retiree	3/1/1999	652.38	L A
SKARIN O	Retiree	5/1/1986	671.25	50% J&S
WILLIAMS CE	Retiree	5/1/1983	366.51	10 C&L DECEASED

Count = 16

The City of Boynton Beach

Accrued Benefit

The portion of your Normal Retirement Benefit that you have earned at any point in time is your Accrued Benefit. Your Accrued Benefit is computed in the same way as the Normal Retirement Benefit, except you use your current Average Monthly Salary and Credited Service in the calculation. The Accrued Benefit is a monthly amount which starts on your Normal Retirement Date.

Early Retirement Benefit

If you decide to retire early, you may receive an immediate Early Retirement Benefit payable for the rest of your life. The benefit is equal to your Accrued Benefit but reduced for the number of months by which the starting date of the benefit precedes the date when you would have reached normal retirement had you continued in full-time employment. The benefit is reduced to take into account the younger age and earlier commencement of benefit payments. However, supplemental distributions received as a result of favorable investment returns from the Plan Fund will be equivalent to those stated under normal retirement provisions. The following table shows how much your benefit will be reduced if payments begin before your Normal Retirement Date:

Number of Years Early	Percentage Reduction
1	3%
2	6
3	9
4	12
5	15
6	18
7	21

Deferred Retirement Option Plan (DROP)

If you have reached your Normal Retirement Date, you are eligible to enter the DROP Plan. Election into the DROP Plan is voluntary, but it is irrevocable once DROP payments begin.

→ The maximum period of participation is five years. If you enter the DROP Plan, your contributions will stop, you will cease to accrue a benefit in the Plan, you will no longer be eligible for disability or preretirement death benefits, and you will never have the right to be a contributing member of the Plan again. Your Credited Service and Average Monthly Salary as of the first date of participation in the DROP Plan will be used to calculate your retirement benefit. Provided however, that 120 hours of your unused sick time and 120 hours of your unused vacation time will be excluded from this calculation and paid at the conclusion of your DROP participation and actual separation from service.

If you enter the DROP Plan, the monthly benefit that you would have received if you had retired on your election date will be paid into a DROP account. This account will earn interest in one of the following ways:

1. Net Gain or loss at the same rate earned by the Plan, or
2. Guaranteed rate of 7% less a pro-rata share of Plan expenses.
3. A combination of the investment return earned by the Plan and a guaranteed rate of 7%.

Members can change the method used to credit earnings to the DROP Account prior to January 1 each year.

You may participate in the DROP Plan for five years or, if earlier, until you have a total of 35 years of service. Upon retirement, the balance in your DROP account will become payable. You will have the following options of payment:

1. A single lump sum payment
2. Equal periodic payments.

Should you pass away during your participation in the DROP Plan, your Beneficiary will receive a single lump sum payment of the balance in the DROP account. DROP payments to your Beneficiary will be in addition to any survivor benefits payable by the Plan.

(2) Deferred Retirement Option Plan (DROP).

- (a) If you become eligible for normal retirement, and are still employed by the City as a General Employee, you have the option of "retiring" from the pension plan but continuing your employment as a General Employee for an additional five years. An election to participate in the DROP constitutes an irrevocable election to resign from the service of the City not later than the maximum permissible DROP participation period provided for in the plan. You must request, in writing, to enter the DROP. ←
- (b) Upon entering the DROP, your retirement benefit is immediately calculated and each monthly benefit payment is deposited into your DROP account. You may elect to either have your account credited with interest at the rate of 6.5% per annum or credited or debited with an investment return or loss approximately equal to the other assets in the Fund. Two changes in election each 12 month period of DROP participation is permitted.
- (c) At the time of termination of employment at the end of the DROP period you will begin receiving your monthly retirement benefit and within 120 months of termination of employment you will receive your account balance in a lump sum or in another optional form.
- (d) Once you enter the DROP, you are no longer eligible for disability or pre-retirement death benefits, nor do you accrue any additional credited service. Your retirement benefit is fixed as of your entry date. You pay no member contributions to the plan once you enter the DROP.
- (e) Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.
- (f) In lieu of participation in the DROP, you may elect to participate in an actuarially equivalent BAC-DROP to a date of your choosing that is not earlier than your normal retirement date.
- (g) Additional information about the DROP can be obtained from the Pension Resource Center.

8. DEFERRED RETIREMENT OPTION PLAN (DROP)

If you have attained age 62 and have at least five years of service, or if your age and years of credited service total 75, you are eligible to participate in the DROP. If you wish to participate in the DROP, you must give written notice to the City by completing a form provided for that purpose and make application to the Pension Board. You may participate in the DROP for a maximum of five years; however, you may terminate City employment and DROP participation sooner than the maximum period with advance written notice to the City and the Pension Board. ↩

DROP PLAN FEATURES:

- ◆ If you elect the DROP, you will be considered retired for purposes of the pension plan, even though continuing your City employment. You will not be required to pay any further contributions into the pension plan and will not accrue any additional service or any additional benefits under the plan after entering the DROP.
- ◆ You will not be eligible for disability or pre-retirement death benefits under the pension plan.
- ◆ Your monthly retirement benefit, determined as stated on page 4 under "Retirement Benefits", will be paid into your DROP account during the DROP period. Your account will earn interest at the same rate as the net investment earnings of the pension plan. As the net investment earnings of the plan are adjusted up or down during your DROP participation, your interest rate credit will be adjusted up or down accordingly. Account balances will be adjusted quarterly.
- ◆ As soon as practicable following your termination of City employment, your entire DROP account balance will be available to you. The balance may be paid in a cash lump sum, directly to an eligible retirement plan in a direct rollover or in any other form of payment you select that is approved by the Board and conforms to all applicable laws.
- ◆ If you die before your DROP account is distributed, your designated beneficiary shall have the same rights that you would have had with respect to distribution of the DROP account.

10. **Deferred Retirement Option Plan**

A Deferred Retirement Option Plan (DROP) was established effective January 1, 2004, for the benefit of Plan members. A DROP offers active members an opportunity, prior to separation from City service, to keep working and simultaneously have their monthly pension benefits accrue with interest. From a technical standpoint, a DROP program represents a method of providing for the deferred receipt of retirement benefits from a defined benefit plan.

An active member is eligible to enter the DROP upon the attainment of age 53 with 5 years of credited service. The member may enter the DROP at any time between early or normal retirement age and the five-year anniversary of the earliest normal retirement age, and, may participate in the DROP for a maximum of seventy two (72) months. A member who delays entry into the DROP until after the five year anniversary of the earliest normal retirement age may elect to enter the DROP for a declining maximum DROP period, whereby for every month the member delays entry in the DROP after the five year anniversary of the earliest normal retirement age, the maximum DROP period will be reduced by one month.

Upon entering the DROP, the member's service pension is calculated by the Plan's actuary as if the member had actually retired and separated from service on the date of entry into the DROP. Furthermore, all rights in the Retirement Plan are frozen as of the date the member enters the DROP. The member, however, keeps working for the City. The member may work up to a maximum of 72 months from the time of entry into the DROP. However, the member may separate from service with the City at any time during the 72-month period, with a minimum of thirty (30) days' written notice to the City of Sunrise.

The pension payments which the member would have received had he or she actually separated from service are held by the Plan for the member's benefit and accrue interest at the Retirement Plan's assumed actuarial rate of return. Interest accrues from the date of entry into the DROP up until the date of the member's separation from employment.

Since a DROP participant is "retired" for pension purposes, the member ceases making regular employee contributions during DROP participation. It is important to recognize, however, that a DROP participant is no longer eligible for any increase in pension benefits after entering into the DROP.

Entry into the DROP is irrevocable once made. At the end of participation in the DROP, and not more than 72 months after entry into the DROP, the member must actually separate from service with the City. Upon separation, the member is eligible to receive the proceeds of his or her DROP account along with the accrued earnings. The member also begins to receive his or her monthly service pension on the first day of the month following his or her actual separation from service. •

DROP account balances, at the option of the member, may be paid in a single lump sum, or may be rolled over to another qualified plan.