

CITY OF OCALA

BOARDS AND COMMISSIONS INFORMATION BOOKLET



Find your place

OCALA ELECTED OFFICIALS Mayor Reuben Kent Guinn

CITY COUNCIL

Jay A. Musleh, President
James P. Hilty Sr., President Pro-Tem
Brent R. Malever, Council Member
John McLeod, Council Member
Mary S. Rich, Council Member

**PREPARED BY
OFFICE OF THE CITY CLERK**



Find your place

City Council
110 SE Watula Avenue, Second Floor
Ocala, Florida 34471
629-2489

Date

Dear Board/Commission Member:

Welcome to the City of Ocala's family of active Advisory Boards and Commissions with a total membership of over 125 citizens from Ocala and Marion County. Our Boards and Commissions serve a key role in advising City Council on a wide variety of activities and services throughout the municipal area. In turn, these services and recommendations provided by our advisory boards assist City Council in the decision making process with the goal of enhancing the quality of life in our All America City, Ocala.

This, by no means, is a small task. To assist you, we have developed this Board and Commission Member Information Booklet to use as a guide and reference during your tenure on our board or commission. Please read it carefully. If you have any questions, do not hesitate to contact the City Clerk's office at 629-8266. They will be happy to assist you.

On behalf of the Mayor and City Council, welcome to our family! We look forward to working together toward our common goal.

Sincerely,

Jay A. Musleh
President, City Council

JAM/hr

BOARD MEMBER ETIQUETTE

- ***Attend the meetings.*** Notify the board secretary in advance if you cannot attend a meeting. Meetings cancelled due to the lack of a quorum are frustrating for staff, the public and other board members, and incur additional expenses to re-advertise and mail additional notices.
- ***Be prepared.*** Review packets or materials provided by staff prior to the meeting.
- ***Be on time.*** If a quorum is not present within 15 minutes, the meeting can be cancelled.
- ***Turn cell phones off before meeting begins.*** It is distracting to the other board members and citizens when calls are received and answered during the meeting. The ringing also blocks hearing discussion on tapes.
- ***Announce conflict of interests and return completed form to board secretary prior to leaving the meeting.*** It is the board member's responsibility to obtain a conflict of interest form and file it prior to leaving the meeting.
- ***Participate.*** Be part of the discussion. Make motions.

OCALA POLICE OFFICERS' RETIREMENT SYSTEM BOARD OF TRUSTEES

ESTABLISHED: Chapter 43, Sections 43-111 thru 43-139, Ordinance 3030, 5987, 2012-18, 2013-76.

MEMBERSHIP: Five (5) member board, two (2) police officers (elected by the majority of police officers), two (2) residents of the City (appointed by City Council) and one (1) member chosen by a majority of the other four members of the board.

QUALIFICATIONS: Interviewed by Screening Committee, financial disclosure required, serves without compensation.

TERM: Two (2) years, each member serves a two-year term and may succeed him/herself in office. One (1) officer and one (1) Council appointee are selected each year for a two-year term.

DUTIES: Administer and manage the System provided and serve as trustees of the Fund.

MEETINGS: Quarterly.

APPOINTEES

Dunleavy, Raymond E.
rdunleavy@ocalafl.com

OCCUPATION

Private Citizen
Serving since 9/7/10
Appointed by Council

TERM XPIRES

8/6/16

Cretul, Brian
bcretul@ocalafl.com

Private Citizen
Appointed by Council

8/6/17

Shiveley, Doug
dshiveley@ocalafl.com

Private Citizen
Serving since 12/18/07
5th member elected by the other 4
board members

8/6/17

Sommer, Michael
msommer@ocalapd.org

City of Ocala
Police Officer
Serving since August 2009
Elected by majority of police
officers

8/6/17

APPOINTEES

Steckman, Mathew
msteckman@ocalapd.org

OCCUPATION

City of Ocala
Police Officer
Serving since 9/23/08
Elected by majority of police officers

TERM XPIRES

8/6/16

STAFF ADVISORS

Adams Dale
dadams@ocalapd.org

OCCUPATION

City of Ocala
Plan Administrator

CONTACT NO.

369-7000/W
620-8486/C

Gaither, Alicia
agaither@ocalafl.org

City of Ocala
Commission Liaison

629-8372

ROLE OF THE CHAIRMAN

THE ROLE OF THE CHAIRMAN

At least in the public eye, a chairman carries the major responsibility for the success, effectiveness, and reputation of an organization. A capable chairman must therefore be a jack-of-all-trades and a master of one – the ability to get along with people. Knowledge of basic parliamentary principles and how to apply them is of course important and can be acquired through study and practice.

The role of the chairman is generally two fold. He is a presiding officer and an administrator. To prepare for this dual role, he needs a practicable understanding of the objectives, policies, traditions and goals of the organization and working knowledge of how to plan and conduct a meeting. He must become very familiar with the bylaws and other rules and policies of the organization and be satisfied to work within the limitations set by them.

As a presiding officer, through the manner in which he plans and conducts a meeting, the chairman sets an example for the assembly in fairness, courtesy, and operation under rules. He always keeps in mind that proper procedure is based on:

1. Courtesy to all;
2. One item at a time;
3. Majority rules with respect for the right of the minority;
4. Consideration for the rights of individual members, absentees, and the organization as a whole; and
5. Partiality for none and justice for all.

When presiding, an officer is expected to:

1. Open the meeting at the scheduled time provided a quorum is present. "The meeting will come to order."
2. Announce the business before the assembly in the order in which it is to be acted upon. "The next business in order is hearing reports of special committees. The Committee appointed to....will report."
3. Recognize a member entitled to speak, after that member has addressed the chair. "The chair recognizes Mr. Branch, "or, simply, "Mr. Branch."
4. State clearly all questions properly brought before the meeting or necessarily arising in the course of the proceedings. "It is moved and seconded that \$150 be contributed to the Memorial Scholarship Fund."
5. Be impartial in assigning the floor in debate, by giving both sides and opportunity to speak. "Several members have spoken for this motion. Does any member wish to speak against it?"
6. Put the question to vote.
"The question is on the adoption of the motion that \$150 be contributed to the Memorial Scholarship Fund."
"Those in favor, say aye."
"Those opposed, say no."

7. Announce the result of the vote.
"The ayes have it, the motion is carried, and the treasurer will send a check for \$150 to the Memorial Scholarship Fund."
8. Protect the meeting from annoyance by refusing to recognize obviously frivolous or dilatory motions. (Firmly) "The chair cannot entertain such a motion."
9. Assist in expediting business.
"Would the member care to put that in the form of a motion?"
"Does the member mean...?" (Helping to put a motion into clearly stated terms).
"If there is no objection..." (Using general consent rather than taking time for a formal vote).
10. Enforce the rules relating to debate, order, and decorum.
"The member has exhausted his two minutes of debating time."
"This member has already spoken. Does any member wish to speak on this question?"
"Mr. Blank has the floor. Other members will be seated."
11. Decide all questions of order (subject to appeal by the assembly). "The chair rules that the proposed amendment is germane and therefore is in order at this time."
12. Respond to inquiries of members regarding procedure and the business before the assembly.
"Yes, a call of the Previous Question would bring order at this time."
"No, the club has not participated in a project of this nature in recent years."
13. Inform the assembly.
"In accordance with the bylaws, nominations from the floor will be in order at the May meeting."
"An emergency message has been received for Dr. Rex Miller. Is he in the hall?"
14. Declare the meeting adjourned.
"The meeting is adjourned."

Etiquette of the presiding officer. During a debate he should remain seated and pay attention to the speaker.

While presiding, the chairman represents and acts for the assembly and not as an individual member; he should always remain impartial and refer to himself impersonally. Instead of saying "I" he says "the chair" or "your chairman". He presents "the chair's decision," not "my decision," and he refers to "the board," not to "my board." The term "chair" is used as a symbol of impersonal authority. Personalities should never enter into a formal business meeting.

Expressing opinion. While the presiding officer is expected to inform and explain to the assembly, he should refrain from expressing his own opinions on pending questions. If he feels he must speak for one side, he should call upon the vice-chairman to assume the chair temporarily. Then he must follow the same rules of procedure as any other individual member of the assembly and not resume his position in the chair until that pending question has been disposed of. A good presiding officer remains completely impartial at all times.

**SUNSHINE LAWS AND PUBLIC NOTICE
REQUIREMENTS**

SUNSHINE LAWS AND PUBLIC NOTICES

The City Clerk's office is responsible for posting all official notices on

1. The City of Ocala's Official Public Notice Board, located on the first floor of City Hall in the City Clerk's office
2. The two monitors located in the lobby on the first floor of City Hall in the lobby.

The City of Ocala officially recognizes

1. FSS 286.011 Public meetings and records; public inspection' criminal and civil penalties.
2. FSS 286.26 Accessibility of public meetings to the physically handicapped
3. FSS 286.0105 Notices of meetings and hearings must advise that a record is required to appeal.
4. FSS 286.0111 Legislative review of certain exemptions from requirements for public meetings and recordkeeping by governmental entities.

SUNSHINE LAWS:

The Government-in-the-Sunshine Law applies to any Board or Commission of any state agency or authority or of any agency or authority of any county, municipal corporation, or political subdivision. It is the nature of the act performed by the Board or Committee, not its makeup or proximity to the final decision, which determines whether an advisory committee is subject to the Sunshine Law.

Limited Exceptions:

- A) A limited exception to the applicability of the Sunshine Law to advisory committees has been recognized for committees established for fact-finding only. When a committee has been established strictly for, and conducts only, fact-finding activities, i.e., strictly information gathering and reporting the activities of that committee are not subject to the Sunshine Laws. However, when a committee possesses or exercises not only the authority to conduct fact-finding but also to make recommendations, the committee is participating in the decision-making process and is subject to the Sunshine Law.
- B) A limited exemption from FSS 286.011 exists for discussions between the chief executive officer of the public employer and the legislative body of the public employer relative to collective bargaining. The collective bargaining negotiations between the chief executive officer and a bargaining agent, however, are not exempt and thus, must be conducted in the sunshine. These negotiations must be conducted in such a manner as a person of reasonable experience and average intelligence and reading ability listening to the negotiations can comprehend what is transpiring.

PUBLIC NOTICE REQUIREMENTS

A key element of the Sunshine Law is the requirement that boards subject to the law provide "reasonable notice" of all meetings. The following are suggested notice guidelines:

1. The notice should contain the time and place of the meeting and, if available, an agenda (or if no agenda is available, subject matter summations might be used);
2. The notice should be prominently displayed in the area in the agency's offices set aside for that purpose, i.e., City Hall;
3. Emergency sessions should be afforded the most appropriate and effective notice under the circumstances and special meeting should have at least 24 hours reasonable notice to the public; and
4. The use of press releases and/or phone call to the wire services and other media is highly effective.

AMERICANS WITH DISABILITIES ACT (ADA) REQUIREMENTS

The City of Ocala also recognizes Federal ADA notice requirements which allow an individual 48 hours notice to contact a specific individual related to this meeting if special accommodations are required.

Thus, the City Clerk's office has established the following policy regarding public notice postings: We require any public notice for a public meeting be delivered, in printed form, to the City Clerk's office at least 72 hours prior to the actual meeting time and date. This gives sufficient notice to all parties such as the public, news media, those individuals requiring special accommodations and time for the City Clerk's staff to post.

The following two paragraphs are required on all public notices

1. If a person decides to appeal any decision made by the (Name of the Board, Commission, Committee, etc.) with respect to any matter considered at this meeting, he will need a record of the proceedings. For such purpose, he may need to ensure that a verbatim record of the proceedings is made, which record contains the testimony and evidence upon which the appeal is being based.
2. If reasonable accommodations are needed for you to participate in this meeting, please call the (name of appropriate department) at (phone number) forty-eight (48) hours in advance so arrangements can be made.

286.26 Accessibility of public meetings to the physically handicapped

(1) Whenever any board or commission of any state agency or authority, or of any agency or authority of any county, municipal corporation, or other political subdivision, which has scheduled a meeting at which official acts are to be taken receives, at least 48 hours prior to the meeting, a written request by a physically handicapped person to attend the meeting, directed to the chairperson or director of such board, commission, agency, or authority, such chairperson or director shall provide a manner by which such person may attend the meeting at its scheduled site or reschedule the meeting to a site which would be accessible to such person.

(2) If an affected handicapped person objects in the written request, nothing contained in the provisions of this section shall be construed or interpreted to permit the use of human physical assistance to the physically handicapped in lieu of the construction or use of ramps or other mechanical devices in order to comply with the provisions of this section.

REFERENCE: Government-in-the-Sunshine Manual, Chapter Updated: 01/14/2011

CONFLICT OF INTEREST INFORMATION

CONFLICT OF INTEREST FORMS

Blank Conflict of Interest Forms are available in the City Clerk's Office for all appointed officers.

APPOINTED OFFICERS:

A person holding appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his special private gain. Each local officer also is prohibited from knowingly voting on a measure which inures to the special gain of a principal (other than a government agency) by whom he is retained.

A person holding an appointive local office otherwise may participate in a matter in which he has a conflict of interest, but must disclose the nature of the conflict before making an attempt to influence the decision by oral or written communication, whether made by the officer or at his direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You should complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form should be provided immediately to the other members of the agency.
- The form should be read publicly at the meeting prior to consideration of the matter in which you have a conflict of interest.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You should disclose orally the nature of your conflict in the measure before participating.
- You should complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

NOTICE: UNDER PROVISIONS OF THE FLORIDA STATUTES #112.317 (1985), A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$5,000.

Reference: Form 8B, Memorandum of Voting Conflict for County, Municipal and other Local Public Officers
FSS 112.3143
Exhibit "A" - Form 8B

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE
MAILING ADDRESS	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:
CITY COUNTY	<input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
DATE ON WHICH VOTE OCCURRED	NAME OF POLITICAL SUBDIVISION:
	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, _____, hereby disclose that on _____, 20 ____:

(a) A measure came or will come before my agency which (check one)

- Inured to my special private gain or loss;
- ___ inured to the special gain or loss of my business associate, _____;
- ___ inured to the special gain or loss of my relative, _____;
- ___ inured to the special gain or loss of _____, by whom I am retained; or
- ___ inured to the special gain or loss of _____, which is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Date Filed

Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

**PARLIAMENTARY PROCEDURE
INFORMATION**

OVERVIEW OF BASIC PARLIAMENTARY PROCEDURES

I. Suggested wording for adding article to bylaws, designating a parliamentary authority:

“Roberts Rules of Order, newly revised, shall be the parliamentary authority for all matters of procedure not specifically covered by the Bylaws or specific rules of procedure adopted by the Board/Commission/Council.”

II. Quorum

A. Without a quorum, only the following business may be conducted:

- 1) Take measures to obtain a quorum
- 2) Fix the time the group will meet again
- 3) Recess
- 4) Adjourn

III. Order of Business:

- ❖ Call to Order
- ❖ Roll Call
- ❖ Reading & Approval of Minutes
 - ❖ Chair: “Are there any corrections to the minutes?
(Pause) Hearing none, the minutes stand approved.”
If corrected: “Are there further corrections?
(Pause) Hearing none, the minutes stand approved as corrected.”
If objection to correction, majority vote required
May be corrected at later meeting – 2/3 vote required,
Unless previous notice given.
- ❖ Officers’ Reports
- ❖ Committee Reports
- ❖ Unfinished Business
- ❖ New Business
- ❖ Announcements
- ❖ Adjournment

IV. Changing the order of Business

- A. May be handled by general consent
- B. If objection, requires 2/3 vote of approval to Suspend Rules
- C. Alternative: Tabling or Postponing items preceding item desired to be considered earlier than scheduled.

V. General Consent (Unanimous Consent)

- A. Can be given only when quorum present
- B. Chair: “If there is no objection...” or “Is there any objection to...?”
- C. If even one member objects, matter must be handled to vote

VI. Types of Motions

- A. Main Motion (Question) - States action proposed to be taken
- B. Subsidiary Motions – Change or affect how main motion is handled
- C. Privileged Motions – Special or important matters not related to pending business
- D. Incidental Motions – Questions of procedure that arise out of other motions
- E. Unclassified Motions – Motions in common use which cannot be conveniently classified

VII. Handling of a Motion

- A. Member makes motion – “I move that (or “to”)...”
- *B. Another member seconds motion (if required) – “I second the motion or “Second”
- C. Chair states the question on the motion
 - ❖ “It has been moved (and seconded) that... (Repeat motion).” After stating question, if debatable, Chair follows with: “Are you ready for the question?” or “Is there any discussion?”
 - ❖ If amendable but not debatable: “The question is not debatable but can be amended. Are there any amendments?”
- D. Motion is debated (if debatable) and/or amended (if amendable)
- E. Chair puts the question to a vote
“The question is on the adoption of the motion that... (Repeat motion or clearly define it). All those in favor signify by... All those opposed signify by...”
- F. Chair announces voting result and effect
 - ❖ Voice vote: “The ayes have it and the motion is carried (or “adopted”) or “The noes have it and the motion is lost.”
 - ❖ Show of Hands: “The affirmative has it and the motion is carried” or “The negative has it and the motion is lost”
 - ❖ When 2/3 Required: “There are ___ in the affirmative and ___ in the negative”
Followed by: “There is less than 2/3 in the affirmative and the motion is lost”

*If a second is required and none is forthcoming, the Chair should ask, “Is there a second to the motion?”
If there is still no second, the Chair says, “Since there is no second, the motion is not before this meeting. The next item of business is... (or, “The pending question is now on the motion that...”.)”

VIII. Rules and Characteristics of Motions

- A. Main Motion (Question)
 - ❖ Purpose: To bring before the members a particular subject for their consideration
 - ❖ Form: “I move that (or “to”)...”
 - ❖ Requires a second
 - ❖ Is debatable
 - ❖ Is amendable
 - ❖ Cannot be made when any other motion is before the group
 - ❖ Cannot conflict with charter, by laws, state/federal laws, motion previously decided at same meeting or motions still under consideration
 - ❖ Can have any subsidiary motion applied to it
 - ❖ Yields to all Privileged, Incidental and Subsidiary motions
 - ❖ Requires majority vote except when bylaws state 2/3, when it suspends some rule, or when it changes something already adopted

Note: The next two motions, Reconsider and Rescind, are called “Unclassified Motions” in Roberts Rules, revised, and are referred to as being in a group of Motions That Bring a Question Again Before the Assembly in Roberts Rules, newly revised.

- B. Reconsider
 - ❖ Purpose: To bring back for further consideration a motion which has already been voted on
 - ❖ Forms: “I moved to reconsider the vote on the motion relating to _____. I voted for (or “against”) the motion.”
 - ❖ Requires a second
 - ❖ Is debatable only if motion proposed to be reconsidered is debatable, and when debatable, opens debate to merits of the question whose consideration is proposed.

- ❖ Can only be made by member who voted with the prevailing side; not necessary for seconded to have voted on prevailing side (a minority would be prevailing side of motion requiring 2/3 vote is lost)
- ❖ Can only be made during same meeting that motion to be reconsidered was voted on
- ❖ The making of the motion takes precedence over any other motion whatever, but consideration of it must wait until it is in order (when motion to be reconsidered would be in order)
- ❖ Consideration does not need to take place during meeting when motion to reconsider is made; may be delayed to next meeting, but if not called up by end of next meeting, it dies
- ❖ Can be applied to the vote on any motion except:
 - ❖ Motion that can be renewed within a reasonable time
 - ❖ An affirmative vote whose provisions have been partly carried out
 - ❖ Motion in nature of contract where party to contract has been notified of outcome
 - ❖ A vote that has caused something to be done that is impossible to undo
 - ❖ Motion to reconsider
 - ❖ Subsidiary motion applied to another motion which has already been decided (in such case, motion to Reconsider must include motion to which subsidiary was applied)
- ❖ Can be Laid on Table or Postponed to Certain Time (in such case, motion to be reconsidered goes with it, suspending all action that would have normally occurred)
- ❖ Cannot have motions to Postpone Indefinitely, Amend or Commit applied to it
- ❖ No question can be reconsidered twice unless it was materially amended during first consideration
- ❖ If motion to reconsider carried, it immediately places before the group the question on which the vote is to be reconsidered – exactly as it was just prior to being voted on – open for debate, if debatable (however, if done during same meeting, member who exhausted right to debate during meeting, everyone's right to debate begins fresh)
- ❖ Motion is subject to any unexhausted orders for Previous Question and Limiting Debate
- ❖ Requires majority vote (regardless of vote necessary to approve the motion to be reconsidered)
- ❖ Calling up a motion to reconsider:
 - ❖ Form: "I call up the motion to reconsider the vote on the motion _____"
 - ❖ Does not require a second (seconded when motion to reconsider was made)
 - ❖ Any member can call it up, but usually allow original mover to do this
 - ❖ No vote is taken on calling up; if in order at time called, Chair states motion to reconsider as pending question

C. Rescind

- ❖ Purpose: To strike out an entire main motion, resolution, rule, bylaw, section or paragraph that has been adopted at some previous time
- ❖ Form: "I move to rescind the motion relating to _____ approved at the (date) meeting."
- ❖ Requires a second:
 - ❖ Is debatable (can go into merits of questions proposed to be rescinded)
 - ❖ Is amendable (if previous notice was given, and motion is amended beyond scope of notice, it no longer can be adopted by majority vote – requires 2/3) When motion requires previous notice (such as when rescinding a bylaw) motion cannot be amended to make proposed change greater than that for which notice was given)
 - ❖ Negative vote can be reconsidered, but not affirmative
 - ❖ No time limit on making motion

- ❖ Can be made by member who voted on either prevailing or losing side
- ❖ Cannot be made when:
 - a) Motion to reconsider vote on same motion has been made and time limit for calling it up has expired
 - b) When something has been done that is impossible to undo (unexecuted portion may be rescinded)
 - c) When motion to be rescinded was in nature of a contract and other party has been informed of vote
 - d) When a resignation has been acted upon, or person has been elected to or expelled from membership or office, and person was present or has been officially notified

Vote required: Without previous notice – 2/3 or majority of entire membership
 With previous notice – majority

Note: Motion to Amend Something Previously Adopted has same rules and characteristics as motion to Rescind; it is used for striking or changing only part of something previously adopted.

D. Postpone Indefinitely

- ❖ Purpose: To extend opportunity to debate main question; to test strength; to reject a motion without actually voting on it
- ❖ Form: “I move that the question be postponed indefinitely.”
- ❖ Requires a second:
- ❖ Is debatable (like no other subsidiary motion, debate can go fully into merits of main question)
- ❖ Not amendable
- ❖ Is not carried with main if main motion referred to committee
- ❖ Is out of order if any motion except Main Motion is pending
- ❖ The only subsidiary motions that can be applied to it are Previous Question and Limit or Extend Limits of Debate
- ❖ If carried, the Main Motion is suppressed for the rest of the meeting (can only be brought back up by reconsidering the vote on motion to postpone indefinitely)
- ❖ Requires majority vote

E. Amend

- ❖ Purpose: To modify the wording – and within certain limits, the meaning – of a pending motion
- ❖ Form: “I move to (or “that we”) amend by adding...”
- ❖ By inserting the word...before the word...”
- ❖ By striking out the (second) paragraph”
- ❖ By striking out ____ and inserting _____”
- ❖ “I move to substitute for the pending resolution the following resolution: “Resolved, That...”
- ❖ Requires a second
- ❖ Is debatable when motion to which it applies is debatable, but does not open debate to the motion to which it applies
- ❖ Is amendable if first degree: second degree amendments cannot be amended
- ❖ Must be germane to the motion to which it applies
- ❖ Cannot be committed, postponed definitely or laid on the table alone, but if motions for any of these are approved regarding the main motion, while amendment is pending, proposed amendment(s) goes with main motion
- ❖ Can be reconsidered
- ❖ There may be only one amendment to the Main Motion pending at one time
- ❖ This 1st degree amendment may have only one amendment (2nd degree) pending at one time. As each is voted, others may be offered.

- ❖ A member's vote on an amendment does not obligate him to vote in a particular way on the main motion
- ❖ Requires a majority vote (even if main motion requires 2/3)

F. Commit or Refer (or Recommit)

- ❖ Purpose: To assign the pending question to a committee for further study
- ❖ Form: "I move to refer the motion to the _____ Committee." Or "I move to refer the motion to a committee of ... (may specify number of people, names or how to be appointed, specific duties of committee, deadline for reporting, etc.)"
- ❖ Requires a second
- ❖ Is debatable (limited to question on committing)
- ❖ Is amendable (as to committee itself)
- ❖ Cannot be applied to the motion to reconsider alone (one pertaining to a main motion) however, if a main motion is committed while a motion to reconsider an amendment is pending, such motion to reconsider goes to committee with main motion
- ❖ Motions to Amend, to Limit or Extend Limits of Debate, and for the Previous Question can be applied to it without affecting the main question
- ❖ Can be reconsidered if committee hasn't begun duties
- ❖ The group can vote to go into "Committee of the Whole" or "Quasi Committee of the Whole" or "consider informally"
- ❖ Requires majority vote

G. Postpone to a Certain Time (or Definitely)

- ❖ Purpose: To delay consideration of a matter until a later time
- ❖ Form: "I move to postpone the question to our next meeting." Or "I move that the question be postponed until (time) and made a special order."
- ❖ Requires a second
- ❖ Is debatable (but limited in that it must not go into merits of main whether main question should be postponed and to what time)
- ❖ Is amendable (as to time and to making it a special order)
- ❖ A motion to postpone, unless "indefinitely" is specified, is considered a motion to Postpone to a Certain Time
- ❖ Postponement cannot be beyond next meeting (can be postponed again at next meeting, if needed)
- ❖ Out of order if results would be same as postponing indefinitely
- ❖ A postponed motion carries with it amendments and subsidiary motions that were pending, except extension or limitation on debate, if carried over to the next meeting
- ❖ Postponed subject cannot be taken up before allotted time except by 2/3 vote (can reconsider vote on motion to postpone)
- ❖ Is out of order to postpone whole classes of business (each must be done separately)
- ❖ Requires majority vote (Special Order requires 2/3)

H. Previous Question

- ❖ Purpose: To bring members to an immediate vote on one or more pending questions
- ❖ Form: "I move the previous question." Or "I move the previous question on the motion(s) to..."
- ❖ Requires a second
- ❖ Is not debatable
- ❖ Is not amendable
- ❖ If a member simply calls out, "Question" it should not be treated as a motion for the Previous Question; it merely means member is ready to vote
- ❖ More than one call for the previous questions can be pending at the same time (in effect, last stated one is amending other (s))
- ❖ If lost, can be repeated after more discussion

- ❖ If main motion postponed to another meeting, or referred to a committee, previous question does not go with it
- ❖ Because so many people erroneously believe they are voting on the pending question when the Previous question is moved, it is helpful for the Chair to state, "The previous question has been moved; all those in favor of ending debate and voting on the pending question signify by ... (etc.)"
- ❖ Cannot be used in committee meetings
- ❖ Requires 2/3 vote

I. Lay on the Table

- ❖ Purpose: To set aside a question temporarily
- ❖ Form: "I move that the motion be laid on the table."
- ❖ Requires a second
- ❖ Is not debatable
- ❖ Is not amendable
- ❖ If lost, may be renewed after further debate
- ❖ If approved, pending question and everything adhering to it go to the table (if held over to next session, motion to limit or extend limits of debate does not carry over)
- ❖ If tabled motion is not taken from the table before close of next regular meeting, it dies
- ❖ If applied to a motion to reconsider, then motion to be reconsidered is tabled also
- ❖ No motion that has another adhering to it can be tabled separately
- ❖ Requires majority vote

J. Take from the Table

- ❖ Purpose: To bring back before the group a question that previously was laid on the table
- ❖ Form: "I move to take from the table the motion relating to..."
- ❖ Requires a second
- ❖ Is not debatable
- ❖ Is not amendable
- ❖ In order only when a main motion is in order; however, some business must have been transacted since the question was laid on the table
- ❖ If defeated, cannot be renewed until some further business has been transacted
- ❖ If passed, it brings back before the group the motion that was previously tabled, with all pending subsidiary and other motions attached just as they were when the motion went to the table (however, if it's done at the next meeting, limits or extension of limits of debate that were approved are not carried with the main motion)
- ❖ If a tabled motion is not taken from the table by the end of the next regular meeting, it dies
- ❖ Requires a majority vote
- ❖ Cannot be reconsidered

K. Question of Order and Appeal Point of Order

- ❖ Purpose: To call upon the chair for a ruling and enforcement of the regular rules
- ❖ Form: "Point of Order"
- ❖ No second required
- ❖ Is not debatable (unless chair is in doubt and refers question to group)
- ❖ Is not amendable
- ❖ Must be raised at the time the breach of rules is made
- ❖ When member calls out, "Point of Order," the chair should ask the member to state his point
- ❖ No vote is taken, unless chair refers question to group; in such case, majority vote prevails
- ❖ Cannot be reconsidered

L. Adjourn

- ❖ Purpose: To close the meeting
- ❖ Form: "I move that we adjourn."
- ❖ Requires a second
- ❖ When used as a privileged motion (not qualified in any way) the motion is not debatable and not amendable
- ❖ When used as a main motion, it is debatable and amendable
- ❖ If motion fails, may be renewed after progress in business or debate
- ❖ Requires majority vote
- ❖ Cannot be reconsidered

M. Take a Recess

- ❖ Purpose: To call a short intermission in the proceedings of the meeting
- ❖ Form: "I move that we recess for..."
- ❖ Requires a second
- ❖ Is not debatable
- ❖ Is amendable as to length of the recess (amendment is not debatable)
- ❖ If motion fails, can be renewed after progress in business or debate
- ❖ Requires majority vote
- ❖ Cannot be reconsidered

PARLIAMENTARY MOTIONS AT A GLANCE

Here are generally used motions, how to make them and what to expect

Motions To Do This	You Say This	May you Interrupt Speaker?	Do You Need A Second	Is It Debatable	Is It Amendable	What Vote is Required	Can It Be Reconsidered?
MAIN MOTION	"I move that..."	No	Yes	Yes	Yes	Majority	Yes
ADJOURN	"I move that we adjourn"	No	Yes	No	No	Majority	No
ADOPT To accept a report	"I move that the report be adopted"	No	Yes	Yes	Yes	Majority	No
TO AMEND PENDING MOTION To make change	"I move to amend the motion of..."	No	Yes	Yes	Yes	Majority	Yes
LAY ON THE TABLE Put question aside	"I move that the motion be laid on the table"	No	Yes	No	No	Majority	No
TAKE FROM TABLE	"I move that we take the question of... from the table"	No	Yes	No	No	Majority	No
NOMINATIONS To make	"I nominate..."	No	No	Yes	No	Majority	No
NOMINATIONS To close	"I move that nominations be closed"	No	Yes	No	Yes	2/3	No
POSTPONE INDEFINITELY	"I move that the motion be postponed indefinitely"	No	Yes	Yes, Opens Main Motion	No	Majority	Affirmative vote only
POSTPONE DEFINITELY	"I move to postpone the question until..." Cannot be beyond next meeting	No	Yes	Yes	Yes	Majority	Yes
RECESS	"I move to Recess for 5 minutes"	No	Yes	No	Yes	Majority	No

OFFICIAL MINUTES

OFFICIAL MINUTES

The minutes of a meeting of any such board or commission of any such state agency or authority shall be promptly recorded, and such records shall be open to public inspection.

Reference: FSS 286.011, Public meetings and records; public inspection; criminal and civil penalties.

Section 286.011, FSS, specifically requires that minutes of a meeting of a public board or commission be promptly recorded and open to public inspection. While sound recordings may be used to record the proceedings before a public body, written minutes of the meeting must be taken and promptly recorded. The minutes required to be kept for "workshop" meetings are not different than those required for any other meetings of a public board or commission.

The minutes taken need not be verbatim transcripts of the meetings; rather the use of the term "minutes" in FSS 286.011, contemplates a brief summary or series of brief notes or memoranda reflecting the events of the meeting. However, an agency is not prohibited from using a written transcript of the meeting as the minutes, if it chooses to do so.

Minutes for a previous meeting may be circulated for corrections and studying prior to an open meeting so long as any changes, corrections, or deletions are discussed and adopted during the properly noticed "open" meeting. The minutes are public records when the person responsible for preparing the minutes has performed his duty even though they have not yet been sent to the board members or officially approved by the board.

Reference: Government-in-the-Sunshine Manual, 2002

The office of the City Clerk is the custodial of all original Board and Commission minutes. After Board or Commission acceptance, the original set should be forwarded to the City Clerk's office for retention purposes.

FINANCIAL DISCLOSURE INFORMATION

FINANCIAL DISCLOSURE

Conflicts of Interest may occur when public officials are in a position to make decisions which affect their personal financial interests. This is why public officers and employees, as well as candidates who run for public office, are required to publicly disclose their financial interests. The disclosure process serves to remind officials of their obligation to put the public interest above personal considerations. It also helps citizens to monitor the considerations of those who spend their tax dollars and participate in public policy decisions or administration.

FORM 1 – LIMITED FINANCIAL DISCLOSURE

Persons required to file **FORM 1** include all state officers, local officers, candidates for local elected office and specified state employees as defined below (other than those officers who are required by law to file **FORM 6**).

LOCAL OFFICER includes:

- (1) Any person elected to office in any political subdivision and any person appointed to fill a vacancy for an unexpired term in such elective office;
- (2) An appointed member of a board of any political subdivision (except members of solely advisory bodies);
- (3) Any member of a body exercising land-planning, zoning, or natural resources responsibilities, whether advisory or not;
- (4) A mayor and the chief administrative officer of a county, municipality, or other political subdivision;
- (5) Any person holding one or more of the following positions within a county or municipality; city or county attorney; chief building inspector; water resources coordinator; pollution control director; environmental control director; administrator with power to grant or deny a land development permit.
- (6) A chief of police; fire chief; municipal clerk; district school superintendent; community college president; medical examiner; and a purchasing agent having the authority to make any purchase exceeding \$1000 for any political subdivision of the state or any entity thereof.

FORM 1 in general includes the reporting person's sources and types of financial interests, such as the names of employers and addresses of real property holdings. **NO DOLLAR VALUES ARE REQUIRED TO BE LISTED.** In addition, the form requires the disclosure of certain relationships with, and ownership interests in, specified types of businesses such as banks, savings and loans, insurance companies, and utility companies.

CANDIDATES for elected local office must file **FORM 1** together with and at the same time they file their qualifying papers.

STATE and LOCAL OFFICERS and SPECIFIED STATE EMPLOYEES are required to file disclosure by July 1 of each year. They also must file within thirty days from the date of appointment or the beginning of employment.

Each **LOCAL OFFICER** files **FORM 1** with the Supervisor of Elections in the county in which he or she permanently resides.

The City Clerk's office is designated with the State of Florida as the City of Ocala's Financial Disclosure Coordinator.

FORM 2 – QUARTERLY CLIENT DISCLOSURE

The state officers, local officers, and specified state employees as listed above, as well as elected constitutional officers, must file a **FORM 2** if they or a partner or associate of their professional firm represent a client for compensation before an agency at their level of government.

A **FORM 2** disclosure includes the name of clients represented by the reporting person or by any partner or associate of his or her professional firm for a fee or commission before agencies at the reporting person's level of government. Such representatives **DO NOT INCLUDE** appearances in ministerial matters, appearances before judges of compensation claims, or representations on behalf of one's agency in one's official capacity. Nor does the term include the preparation and filing of forms and applications merely for the purpose of obtaining or transferring a license, so long as the issuance of the license does not require a variance, special consideration, or a certificate of public convenience and necessity.

This disclosure should be filed quarterly, within 15 days after the last day of the calendar quarter during which a reportable representation was made. **FORM 2** need not be filed merely to indicate that no reportable representations occurred during the preceding quarter; it should be filed **ONLY** when reportable representations were made during the quarter.

LOCAL OFFICERS file with the Supervisor of Elections of the county in which they permanently reside.

FORM 1F – FINAL STATEMENT OF FINANCIAL INTERESTS

Persons who have been required to file the **FORM 1** must file a **FORM 1F** (Final Statement of Financial Interests) within 60 days of leaving their public office with the statement covering the period between January 1st and their last day of office.

References: Florida Commission on Ethics – Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees, 2002

**GENERAL INFORMATION
&
POLICY SCHEDULE**

ADVISORY BOARDS AND COMMISSIONS

RESOLUTION 2014-5

A RESOLUTION ADOPTING POLICY AND PROCEDURE GUIDELINES FOR ALL CITY BOARDS, COMMISSIONS AND COMMITTEES.

WHEREAS:

A. The City of Ocala has established and utilizes various Boards, Commissions and Committees in order to aid in governance, monitor City programs or initiatives, review or formulate plans for the use of City resources for the betterment of its citizenry, and to advise the City government regarding a variety of topics including land use and zoning; and

B. The City Council desires to establish uniform policy and procedures to govern the policies and procedures of its Boards, Commissions and Committees.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA, in regular session as follows:

1. That the "Policy and Procedural Guide for City Boards, Commissions and Committees" attached hereto as Appendix A is hereby adopted.

This resolution adopted this 1 day of October, 2013.

CITY OF OCALA

By: Mary S. Rich
Mary S. Rich
President, Ocala City Council

ATTEST:

By: Angel B. Jacobs
Angel B. Jacobs
City Clerk

Approved as to form and legality:

By: Patrick G. Gilligan
Patrick G. Gilligan
City Attorney

Appendix A

POLICY & PROCEDURAL GUIDE FOR CITY BOARDS, COMMISSIONS AND COMMITTEES

1. TITLE: Policy & Procedural Guide for City Boards, Commissions and Committees.

2. DEFINITIONS: The following terms and definitions apply herein:

2.1 Board(s) means any Board, Commission, Committee or Task Force assigned to assist the City where its members are appointed by the City Council on either a formal or informal basis.

2.2. Term means the duration of the appointment as determined by Ordinance, Resolution or City Council action.

2.3. City Council means the governing body of the City composed of Five (5), members, one of whom shall be the Council President.

3. PURPOSE: To provide written policies and procedures detailing the purpose of said Boards, providing a description of its duties, establishing minimum requirements for service and setting the term for service: establishing the method by which the City Council may make assessment of application qualifications, and to establish criteria for making Board appointments.

4. SCOPE: This policy is applicable to all who have responsibility in support of City Boards or serve on same.

5. AUTHORITY: Charter Section 2.03.

6. RESPONSIBILITY: The following persons or entities prescribe responsibility and participate in the process.

6.1. City Council: The City Council of the City of Ocala establishes Boards by Charter or Ordinance that are governed by the provisions set forth in the City Charter, the Code of Ordinances or by Resolution as adopted by City Council action. It shall be the responsibility of the City Council to appoint qualified persons for Board service. All Boards shall serve at the pleasure of the City Council.

6.2. City Manager: The City Manager may be represented at all Board meetings by a Staff Liaison that will be appointed by and responsible to the City Manager through the appropriate Cabinet/Department Head.

6.3. City Clerk: The City Clerk coordinates Board member activities, communications and Board appointments. The City Clerk will provide information and interpretations on the role of Board members, City Council operation policies,

appointment procedures, and other questions which may arise concerning Board function. The City Clerk will notice all meetings, keep appropriate minutes and otherwise insure that all Board meetings are conducted in accordance with the Florida Sunshine Law. The City Clerk will serve as the depository for all official meeting minutes and other records as required by the Public Records Act. A directory of elected and appointed officials and Boards members shall also maintained by the City Clerk and will be on file in the Clerk's office.

6.4. Staff Liaison: As appointed by the City Manager/Cabinet, staff Liaisons will assist their assigned Board in the following ways:

- Assist in the development of the meeting agenda;
- Inform the members of items of special interest;
- Ensure that the Board's work complements community goals;
- Provide information as required;
- Research and provide background information and analysis on issues under consideration by the Board;
- Draft letters, memorandums and other items of communication as requested by the Board; and
- Provide for technical assistance.

6.5. Chairperson: The Chairperson is elected at-large by the members of each Board. Special duties and responsibilities of the Chairperson include, but are not limited to:

- Leads meetings; ensures meetings begin and end on time.
- Conducts Board meetings in accordance with Robert's Rules of Order (simplified) except where superseded by law. A degree of informality is granted based on the nature of the Board.
- Plans meeting agenda in cooperation with the Staff Liaison
- Encourages full participation by all Board members;
- Serves as the Boards primary contact with citizens, City Council, City staff and the Staff Liaison;
- Makes recommendations and gives reports to the City Council for appointments and reappointment to the Board; and
- Makes Board presentations to the City Council at designated meetings.

6.6. Citizen: In fulfillment of the need for citizen involvement and to utilize the talents, expertise, and the vitality of the people of Ocala.

7. PROCEDURES:

7.1. Each Board member will be appointed by the City Council in accordance with the Charter, Ordinances or written policies of the City. In each case, each individual member of the City Council will bear responsibility for the appointment of one member upon the advice and consent of the City Council to serve on each designated Board. In those cases where there exists a requirement for more than five (5) members for service, the balance

of members to serve may be nominated by any member of the City Council and appointed by a majority decision of the City Council.

7.2. Each Board member appointment will be made with the advice and consent of a majority of the City Council.

7.3. City Council will monitor Board progress, recruit for service potential Board members, and make timely appointments to the City's Boards.

7.4. The Office of the City Manager will coordinate all staff activities for the Boards. The City Manager may serve or designate a staff member to serve as Staff Liaison who will be responsible to the City Manager through the appropriate Department Head.

7.5. The City Clerk will coordinate Board member activities and communications; will maintain a directory of elected and appointed officials and Board members and will monitor their participation record and make known to the City Council when member appointments are due to expire. The City Clerk will maintain the Advisory Board Membership and Information Guidebook and initiate efforts to solicit applications for Board membership. Additionally, the City Clerk will maintain custody of all Board minutes and appropriate official records.

7.6. The City Manager/Cabinet will appoint a Staff Liaison to serve and assist the various Boards in providing support and technical assistance.

7.7. The City will maintain on file for a period of one-year, applications for Board service for review by the City Council at any time. The City will, through the publication of the Advisory Board Membership and Information Guidebook and by other means, communicate to the general citizenry with regard to the need for citizen participation on City Boards.

7.8. City Council shall recruit and ask to serve selected citizens whose talents, expertise, attitude, and willingness to serve, will best serve the interests of the City.

7.9. City Council, when appropriate will appoint, on occasion, members to serve on Ad Hoc Committees which will serve an immediate purpose on an interim basis.

7.10. A Board member shall not serve on more than one City Board at a time, unless that Board was interim Ad Hoc Committee described in Item (i) above.

7.11. Each Board will hold meetings as required by Ordinance, Resolution or City Council direction and at such times as deemed necessary by the Chairperson or by a majority of the Board.

7.12. A majority of the voting membership will constitute a quorum. A quorum will be necessary to act on any agenda item. All decisions of the Board shall be made by a simple majority vote. A tie vote does not constitute a simple majority.

7.13. Each Board may be governed by by-laws as adopted by the City Council by ordinance or Resolution.

7.14. Board vacancies will be filled in the same manner as the original appointment and will serve to complete the unfulfilled term of service.

7.15. Board appointments will be for a term of four years except where superseded by law. The appointments shall be staggered so that approximately half of the designated membership will be appointed every two (2) years. Appointments to vacant positions shall complete the term of the individual for which they have been appointed.

7.16. Upon failure of any Board member to attend three consecutive Board meetings or for other reasons of appropriate cause, the Board and/or Staff Liaison may recommend that City Council terminate that appointment and fill the remaining term of that Board member seat with a new Board member.

7.17. All Board members will be legal residents of Marion County, Florida except as superseded by law and possess one or more of the following qualifications:

- 7.17.1. Own land within the City
- 7.17.2. Reside within the City
- 7.17.3. Own a business within the City
- 7.17.4. Have a vested interest in the City

7.18. Annual Financial Disclosure statements, as required by law, will be required by Board members.

7.19. Every Board will elect a Chairperson and Vice Chairperson, who will be elected by the Board's members, and who will serve at the pleasure of the membership for one-term. The elected Chairperson will not serve more than two consecutive one (1) year terms before rotation of the Chairperson's duties to another member elected by the Board's members.

7.20. The Vice Chairperson will assume and execute all powers and duties of the Chairperson in his/her absence.

7.21. The Chairperson will have general supervisory and directional powers over the Board. The Chairperson will preside at all Board meetings and set Board agendas. Any member of the Board may request that an item be added to the agenda upon majority vote of the Board. The Chairperson will also be the spokesperson for the Board, unless delegated to another member of the Board.

7.22. Meetings of each Board may be called by:

- 7.22.1. The Chairperson;

- 7.22.2. A majority of the members of the Board;
- 7.22.3. The Mayor or City Council; or
- 7.22.4. The City Manager or assigned Staff Liaison.

7.23. No Board or its members shall have authority to represent, act, or negotiate on behalf of the City or to commit City funds for any purpose unless so authorized by the City Council.

7.24. All Board meetings are subject to and shall be conducted in accordance with the Florida Sunshine Law.

7.25. City Council members may accept assignment to serve in an ex-officio capacity on any Board, upon the advice and consent of a majority of the City Council.

7.26. Boards may request, through the Office of the City Manager, a change in assigned Staff Liaison for cause.

7.27. Each Board shall be required to submit annual reports to City Council of the Boards activity.

7.28. Board members shall be required to attend training and instruction periodically as directed by the City Manager for the purpose of training in operational procedures, compliance with federal and state laws, to include the Florida Sunshine Law, the Public Records Act and the Code of Ethics.

7.29. Board Members shall receive no compensation for their services, but may be reimbursed for reasonable expenses incurred in the performance of their duties. All such reimbursements shall be approved by City Council prior to their expenditure.

8. MINIMUM REQUIREMENTS: Except as otherwise required by Florida law, a person filing an application for a position on a City of Ocala City Advisory Board, including the City Planning and Zoning Commission and the Board of Adjustment shall:

8.1. Have been a resident of the City of Ocala for 12 consecutive months immediately before the date of appointment.

8.2. A person living in an area annexed into the City of Ocala meets the residency requirement of this subsection if that person resided within the area annexed to the municipality for at least 12 consecutive months before the date of appointment.

9. RULES FOR PUBLIC PARTICIPATION:

9.1. Generally.

As set forth in this Section, members of the public shall be provided a reasonable opportunity to be heard on a proposition before a City Board.

9.2 Timing.

9.2.1. A period of time will be set aside during each Board meeting for public comment regarding matters which are of interest to the public and which are within the purview of the Board.

9.2.2. Additionally, except as provided in section 9.4, the Board Chairperson shall call for comments from the public regarding each agenda item prior to a vote on that item. If the public is not to be provided the opportunity to be heard at the same meeting at which the Board takes official action on a proposition, the public must be provided the opportunity to be heard at a meeting that is during the decision making process and is within reasonable proximity in time before the meeting at which the Board takes the official action.

9.3. Conduct of Business—Addressing Board.

9.3.1. Written Request: Persons desiring to appear and present matters during the public comment period should complete a speaker request form and submit it to the City Clerk by 5:00 p.m. five (5) business days prior to a Board's regularly scheduled meeting. If the matter the person wishes to address is an agenda item or is added to the agenda, the person requesting to speak shall be permitted to do so at the time the agenda item is considered. Unless permitted or requested by the Board, no person may speak during the public comment period at two consecutive meetings regarding the same proposition before the Board.

9.3.2. No person shall be allowed to speak until recognized by the Board Chairperson.

9.3.3. When addressing a Board, all persons should first identify himself or herself by his or her full name and address. If the person is speaking on behalf of a third-party or a group, he or she should state this as well. Citizen groups are encouraged to name a spokesperson.

9.3.4. The Board Chairperson may rule out of order any person who speaks without being recognized or who does not address the Board from the podium. All persons should direct his or her comments to the Board as a body and not to individual Board members.

9.3.5. To promote a more orderly flow of business, presentations by citizens will be limited to three minutes. However, the Board Chairperson or a Board majority may allow citizens additional time for the presentation of matters.

9.3.6. During public hearings, individual members of the public, provided they are present in the audience, may designate a representative spokesperson to speak on their behalf at that public hearing and thereby relinquish their time to that spokesperson. Thereafter, they may not be heard on the agenda item for which designation was made. The representative spokesperson shall be allowed no less than five minutes to speak, with one additional minute permitted for each designation up to a maximum of fifteen

minutes. The Board Chairperson or a Board majority may allow the representative spokesman additional time to speak.

9.3.7. The Board retains the discretion under these rules to maintain orderly conduct and proper decorum at all times during a public meeting.

9.3.8. No member of the audience shall, during a Board Meeting, intentionally make or cause to be made any disruptive sound or noise.

9.3.9. All persons shall at all times conduct themselves in accordance with Board rules, and failing such shall be ruled out of order and may be directed to be removed from the Board meeting place. In the event of such removal, such person shall not thereafter be readmitted to the Board meeting place during the same meeting.

9.4 Limitations on the Public's Right to an Opportunity to be Heard.

Notwithstanding the foregoing, the public is not entitled to be heard on a proposition before the Board with regard to:

9.4.1. An official act that must be taken to deal with an emergency situation affecting the public health, welfare, or safety, if permitting public comment would cause an unreasonable delay in the ability of the Board to act;

9.4.2. An official act involving no more than a ministerial act, including, but not limited to, approval of minutes and ceremonial proclamations;

9.4.3. A meeting that is exempt pursuant to Florida Statute, § 286.011; or

9.4.4. A meeting during which the Board is acting in a quasi-judicial capacity. This paragraph does not affect the right of a person to be heard as otherwise provided by law.

OPERATING RULES AND PROCEDURES
For The
CITY OF OCALA
POLICE OFFICERS' RETIREMENT SYSTEM

For Board Discussion
August 25, 2003

Approved by the Board on:

11-24-03

CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM

OPERATING RULES AND PROCEDURES

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RULE 1

BOARD OF TRUSTEES

1.1 DEFINITION OF FUNCTIONS

The Board of Trustees shall act as the named fiduciary of the Fund as defined by Florida law. The Board shall have the exclusive authority to operate, maintain and interpret the provisions of the state laws and local ordinances establishing and executing the investment policy of the Fund. The Trustees shall be solely responsible for the selection and retention of professional advisors to the Fund including but not limited to investment managers, performance monitors, plan administrators, attorneys, accountants, actuaries, and clerical staff.

1.2 DEFINITION OF FIDUCIARY

A fiduciary shall be defined as a person responsible for the discharge of his duties with respect to the Pension Plan solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan.

1.3 SUMMARY

Trustees shall be responsible for the investment and reinvestment of the assets of the Fund; for determining all claims for retirement benefits; for exercising the sole and exclusive administration of and the proper operation of the Plan; to perform such actuarial and accounting functions as are required by law; to prepare and distribute a Summary Plan Description as provided in §112.66, Florida Statutes, to the Members of the Fund upon employment and every other year thereafter; and to fulfill all other such duties as may be required by law.

1.4 ESTABLISHMENT OF OFFICES

The Board of Trustees shall elect a Chairman and Secretary every two years. The officers shall be Trustees of the Board. The Chairman shall be responsible for the conduct of all meetings of the Board and shall have voting rights the same as any other Trustee of the Board. The Chairman shall perform such other duties as the Trustees may assign. The Secretary shall be responsible for the keeping of minutes of the transactions of the Board and shall be the official custodian of records

of the Board. The Secretary, together with the Chairman, shall execute all official contracts of the Board.

1.5 CONFLICTS OF INTEREST AND GIFTS

A. Conflicts of interest in voting shall be governed by the provisions of Section 112.3143, Florida Statutes, the Code of Ethics for Public Officials. Notwithstanding any other provision of law, no Trustee shall vote or participate in a determination of any matter in which that Trustee shall receive a special private gain except in the case of employee Trustees voting on benefits applicable to all Members of the Plan.

B. No Trustee (or his or her spouse or minor child) shall, at any time, solicit or accept any gift (including but not limited to, food, beverages and transportation), loan, reward, promise of future employment, favor, service, compensation, payment, or thing of value when the Trustee understands, knows or should have known that it was given to influence a vote or other action in which the Trustee was expected to participate in his official capacity. Gifts provided directly or indirectly by a state, regional or national organization which promotes the exchange of ideas between, or the professional development of, members of that organization or staff of a governmental agency that is a member of that organization, are permitted.

1.6 PER DIEM AND REIMBURSEMENT

All Trustees shall be entitled to receive a per diem allowance and reimbursement for reasonable expenses incurred in conducting the business of the Fund. The Board shall establish reasonable reimbursement rates in accordance with policies of the City of Ocala.

1.7 ELECTION PROCEDURES

The Board of Trustees shall consist of five persons, two of whom shall be Police Officers, two of whom shall be legal residents of the municipality and the fifth Trustee shall be a person selected by the other four Trustees.

A. Police Officer Trustees. The Police Officer Trustees shall be elected from among the Members of the Fund in the Police Department. Elections shall be by a majority vote. If no candidate receives a majority vote, a run-off election between the two top vote recipients shall be held at the earliest practical date. Elections shall be every year, with one seat elected in alternating

years in the July preceding the expiration of the second year of the term. Trustees shall take office at the first meeting next following certification of the ballots. Employees shall be permitted to nominate themselves for office. The election shall be conducted by placement of a ballot box in the Police Department Headquarters for a period of 48 hours beginning on a date to be selected by the Board. Absentee ballots may be submitted within one (1) week prior to the date selected by the Board. Ballots shall be counted by the Board and the winners certified by the Board.

B. Resident Trustees. The two (2) resident Trustees shall be legal residents of the municipality and shall be appointed for two (2) year terms in alternating years by the City Council in July or August prior to the expiration of a Trustee's term. The term shall begin with the meeting next following appointment.

C. Fifth Trustee. The fifth Trustee of the Board shall be chosen for a two (2) year term every other year at the first meeting following the selection of the other Trustees. The fifth Trustee may or may not be a legal resident of Ocala and may or may not be an employee of the City. The name of the person selected by a majority of the other Trustees shall be certified to the City Council which shall, in accordance with state law, ratify the appointment of that person as a ministerial act. The term shall begin at the meeting next following ratification.

1.8 SUCCESSION OF PERSONS TO VACANT POSITIONS

Vacancies on the Board of Trustees of employee members shall be filled by special election to be conducted in the same manner as any other election. Vacancies among the resident Trustees shall be filled by the City Council. The person selected to fill a vacancy shall fulfill only the remaining term of the vacant office. In the event of a vacancy in the fifth Trustee of the Board, the Board shall appoint a successor in the same manner as the initial selection.

1.9 EDUCATION REQUIREMENTS

Each Trustee is required to attend a seminar or conference regarding Trustee duties and responsibilities and matters relating to the investment program of the Plan at least once each term. Trustees are encouraged to attend seminars or conferences more frequently in order to remain informed regarding pension issues. New Trustees are encouraged to attend within the first six months of their term.

1.10 DISCLOSURE OF FINANCIAL INTERESTS

Trustees must file a statement of financial interests (Form 1) with the supervisor of elections of the county in which they permanently reside within 30 days from the date of appointment and no later than July 1 of each year thereafter.

Trustees must file a final statement (Form 1F) within 60 days after leaving their office as Trustee. The final statement shall cover the period between January 1 of the year in which the Trustee leaves office and the last day of office.

If a Trustee has not filed by July 1, the supervisor of elections is required to notify such Trustee of a grace period to file by September 1. If a statement is not filed by September 1, a fine of \$25.00 per day will be imposed up to a maximum of \$1500.00. Fines cannot be paid from the pension plan. The Trustee may also be subject to additional penalties provided for in §112.317, Florida Statutes.

RULE 2

MEETINGS

2.1 ATTENDANCE AT BOARD MEETINGS

The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of Trustees. The Board shall meet at least once each quarter.

In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected of all Trustees. Physical attendance of a quorum is required at meetings in order for the Board to conduct business. Once the physical presence of a quorum is established, Trustees not physically present may participate telephonically if so noted on the meeting agenda. Any Trustee who fails to attend two consecutive meetings of the Board without an excuse acceptable to the other Trustees shall be deemed to have resigned from the Board. Employee Members of the Fund who are called into the active service of the City at the time of a Board meeting shall automatically be deemed excused.

2.2 AGENDAS AND OTHER MEETING MATERIALS

A published Notice of Meeting and Agenda shall be prepared for each regular and special meeting of the Board. The Notice of Meeting and Agenda shall set forth those items upon which the

Board anticipates taking action or discussing. Each agenda item shall have attached to it backup material necessary for discussion or action by the Board. Each Notice of Meeting and Agenda shall inform members of the public that should they wish to appeal any decision made by the Board that they will need a record of the proceedings and that they may need to ensure a verbatim record is taken, which includes testimony and evidence upon which the appeal is based. In addition, the Notice of Meeting and Agenda shall also include a notice to members of the public offering to provide assistance to those who are disabled, should they need assistance in order to attend the meeting. A copy of the Notice of Meeting and Agenda shall be posted in a location in the Ocala City Hall and the Police Department where notices of public meetings are customarily posted. The Board must provide and post reasonable notice of all meetings. All agendas and meeting materials are public records as defined in Chapter 119, Florida Statutes.

2.3 RULES OF ORDER

In recognition of the importance of accomplishing the objectives of the Board in a most orderly fashion, the Board may establish rules of order for the conduct of its meetings. The Board shall not, however, be bound by strict observance of the rules of parliamentary procedure unless the Board deems it in its best interest to do so.

2.4 APPEARANCE BEFORE THE BOARD

As a public body, the Board has a responsibility to accommodate members of the public and Members of the Fund who wish to appear before the Board. All appearances before the Board shall be scheduled through the Secretary and time limits for presentations may be established by the Board. Appearances before the Board may be in person or through a representative. All communications with the Board shall either be in writing or by personal appearance at a Board meeting.

2.5 PUBLIC RECORDS

The records of the Fund are public records as set forth in Chapter 119, Florida Statutes, except for medical records of the Fund. The Board shall maintain the confidentiality of medical records as required by law. All medical records of Members of the Fund shall be maintained

separately from other records of the Board so as to ensure security of the privileged information to which the Board is privy.

2.6 GOVERNMENT IN THE SUNSHINE

All meetings of the Board shall be conducted in accordance with the provisions of Section 286.011, Florida Statutes, the Government in the Sunshine Act. No Trustee shall engage in communications with another Trustee outside of a public meeting on any matter which shall ultimately be the subject of a Board action. All meetings of Trustees at which official business of the Board shall be discussed shall be publicly noticed and open to the public in accordance with the law. All meetings of the Board shall be held in a location where public access is reasonably available. Regular meetings of the Board shall be held in Marion County, Florida.

2.7 COMMITTEE MEETINGS

The Board, in the conduct of its business, may choose to establish committees consisting of a lesser number of Trustees. Committees shall be appointed by the Chairman. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. Committees consisting of one Trustee shall maintain records in accordance with the Public Records Act but need not conduct its business pursuant to a publicly noticed meeting. All reports of committees shall be reduced to writing and made a part of the official records of the Board.

2.8 WORKSHOPS

The Board may from time to time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the Board. Workshops shall be conducted in a public forum the same as any other meeting and shall have a published agenda in advance of the workshop.

2.9 MINUTES

Complete minutes of all meetings of the Board or a Committee shall be promptly prepared following the meeting and all minutes shall be submitted to the Board for approval following their preparation. All minutes shall be open for public inspection.

RULE 3

RULES OF PROCEDURE

3.1 LEGAL EFFECT

The Board of Trustees is authorized by law to establish rules of procedure for the operation of the Fund. No rule or regulation of the Fund may conflict with any lawful ordinance, charter provision or state law.

3.2 ADOPTION PROCEDURES

All rules to be adopted by the Fund shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules and regulations on a periodic basis but not less than once a year. The rules and regulations of the Fund may be reproduced and shall be made available to each member of the Fund requesting a copy. A copy of said rules shall also be maintained at the offices of the Pension Fund and at each Police Department station maintained by the City of Ocala.

RULE 4

OFFICE PERSONNEL

4.1 BOARD EMPLOYEES

The Board shall establish specific job descriptions for each classification of employee of the Board. New employees of the Board shall not, by virtue of their employment by the Board, be civil servants of the City of Ocala and shall serve at the pleasure of the Board.

4.2 SELECTION STANDARDS

The Board shall establish for each classification of employee, standards of education, experience and skills necessary for the execution of the duties of the position. The Board may delegate the initial screening process for applicants to a committee of the Board. The final decision for the employment of any person shall be determined by the Board of Trustees acting as a whole.

4.3 EVALUATION AND COMPENSATION

All employees of the Board shall be evaluated periodically. Compensation shall be established by the Board of Trustees.

4.4 DECISION MAKING AUTHORITY

No employee of the Board shall have the authority to bind the Board of Trustees in any contract or endeavor without the express authority of the Board.

RULE 5

INTERNAL PROCEDURES AND CONTROLS

5.1 MAIL

A designee of the Board shall be responsible for opening, dating and transmitting mail. All mail received by the Board shall be dated, stamped and reviewed for any time limitations or response dates. The mail shall be placed in folders bearing the names of the recipient of the mail. Mail addressed to the Board in general and to no specific person shall be directed to a person designated by the Board. All official decisions of the Board shall be sent by mail. A "reading file" of all correspondence coming into and emanating from the Board shall be maintained on a monthly basis together with copies in any specific files as may be established. In all respects, the provisions of Chapter 119, Florida Statutes, the Public Records Act, shall be observed.

5.2 EXPENSE PAYMENTS FROM THE FUND

A. Payments to professionals performing services previously authorized by the Board or for other expenses authorized by the Board shall routinely be made prior to Board approval as follows:

- (1) Statements received for services or expenses which are not pursuant to a written agreement shall be paid, but only if such statements do not exceed \$250.00.
- (2) Statements received for services or expenses which are rendered pursuant to a written agreement shall be paid if deemed to be in accordance with the agreement.

All payments made pursuant to paragraphs (1) and (2) above shall be considered by the Board at the first meeting following such payment and approved and ratified, if appropriate.

B. Any other payments from the Fund not described in subsection A. above shall be approved by the Board prior to such payment.

C. Authorization for payments from the Fund shall be in writing and signed by at least two trustees of the Board.

5.3 PROCESSING OF PAYMENTS FOR EARLY OR NORMAL RETIREMENT AND RETURN OF CONTRIBUTIONS

A. Upon receipt of an application for early or normal retirement, the Board's Plan Administrator or other Board designee shall process the application as follows:

- (1) The application shall be reviewed for accuracy and completeness and for eligibility for benefits.
- (2) A copy of the application and any necessary records from the City shall be forwarded to the actuary for calculation of the benefit amounts payable for the normal form and all optional forms of benefits.
- (3) Upon receipt of the actuary's calculations, the calculations shall be presented to the Retiree and the Retiree shall make his election.
- (4) The application shall be approved by any Trustee and shall then be provided to the Custodian along with any necessary supporting documents in order to begin payments.
- (5) Copies of the Retiree's election form and the actuary's calculations shall be provided to the Board of Trustees prior to the commencement of payments or at the next meeting immediately following the commencement of payments, and the Board shall review and approve the retirement benefits.

B. Upon the termination of employment of a Member prior to his early or normal retirement date, the Board's Plan Administrator or other Board designee shall:

- (1) Determine whether the Member is vested or not vested and determine the amount of the Member's contributions.
- (2) Inform the Member of his right to leave his contributions in the plan or withdraw his contributions. If the Member desires to withdraw his contributions, provide the Member with the necessary forms, including the

appropriate Return of Contributions form, the Special Tax Notice Regarding Plan Payments and the Certification of Receipt of the Special Tax Notice and the Lump Sum Distribution Election Form;

- (3) Recommend that the Member study and complete the appropriate forms and seek tax and/or legal advice regarding his choice.
- (4) Direct the Member to return the completed forms to the Plan Administrator or Board designee;
- (5) Upon receipt of the properly completed forms, prepare and submit a payment request signed by any Trustee and copies of any necessary documents to the Custodian to authorize the requested payment or rollover;
- (6) Provide copies of all documents to the Board of Trustees prior to payment or at the next meeting immediately following the payment, for the Board to approve the payment.

C. Pension payments should only be made as provided above. 1099-R reporting forms to Retirees must contain the proper information and codes to ensure that Retirees report the proper amounts on their personal income tax returns. In-line-of duty disability benefits shall be reported as "taxability undetermined" on 1099-R forms.

~~5.4~~ REVIEW OF CUSTODIAL STATEMENTS

A. Custodial reports should be monitored by the Board or its designee for disclosure of all asset inflows such as City and Member contributions, state excise tax payments, if applicable, miscellaneous citizen donations, and investment income. All errors, including those involving the misclassifications of Plan revenues, e.g., recording Member contributions as City contributions, must be corrected.

B. Custodial reports should also be monitored for all asset outflows. Asset outflows must be properly approved and verified on audit. Expenses shall be approved as provided in Rule 5.2 and Retirements and Returns of Contributions in accordance with Rule 5.3. Letters of authorization for the expenditure of funds must be issued by the Board and copies must be maintained in orderly files.

5.5 ROLLOVERS TO AND FROM THE FUND

The Fund will accept and transfer eligible cash rollover distributions to and from the Fund as permitted by local, State and Federal law. The Board may adopt appropriate forms to facilitate such rollovers.

5.6 DEFERRED RETIREMENT OPTION PLAN RULES AND PROCESSING

The Board of Trustees shall establish the procedure to begin participation for Members who are eligible to participate in the Deferred Retirement Option Plan (DROP), including the adoption of an Application/Agreement to be completed and executed by the Member prior to DROP participation. The Application/Agreement shall inform the Member of the ramifications of DROP participation and shall require the Member to acknowledge such ramifications and also acknowledge that the Member has had the opportunity to seek independent legal/financial advice prior to DROP participation.

RULE 6

INSURANCE

6.1 FIDUCIARY INSURANCE

The Trustees are authorized by law to purchase fiduciary insurance to insure members of the Board for errors and omissions at the expense of the Fund, but the Fund shall not pay to waive recourse against Trustees. A rider waiving recourse may be purchased and paid for by the City or by a Trustee.

6.2 TRAVEL COVERAGE

The fund may purchase, at its expense, life and accidental death and dismemberment insurance for each Trustee who shall travel outside of Marion County for the purpose of Board related business.

RULE 7

RELATIONS WITH THE CITY

7.1 AUTHORITY OF THE BOARD

The Board of Trustees is an independent entity established by state law, city charter and local ordinance. The Board of Trustees shall not be considered a component part of nor subordinate to

the City of Ocala government. The Board shall have exclusive control of the operation of the Fund; however, no change to the retirement ordinance may be made except by action of the State Legislature or the City Council.

7.2 CONTRACTUAL SERVICES

In the selection of contractual services, the Board shall pay particular attention to the existence of conflicts of interest when contractors are to be employed by the Board for services similar to services which the contractor also provides to the City of Ocala.

7.3 USE OF THE CITY FINANCE DEPARTMENT

The Board shall be authorized to utilize the services of the City for the performance of banking functions of the Board. The City shall have no discretionary authority with regard to the utilization or direction of funds of the Board. The precise duties of the City shall be reduced to writing, the same as any other contract for services entered into by the Board.

7.4 USE OF INDEPENDENT CUSTODIANS

The Board shall be authorized to use the services of any duly qualified custodian in lieu of the City Finance Department for the performance of banking functions of the Board. The custodian shall be duly licensed, insured and bonded and shall meet all of the depository requirements of Chapter 280, Florida Statutes.

RULE 8

ORDINANCE CHANGES

8.1 FORM OF ORDINANCE

No ordinance change affecting the Pension Fund shall be presented for a vote to the City Council unless first reviewed and approved by a majority of the Trustees in accordance with the existing law governing the Fund. All proposed ordinances shall be reviewed by the General Counsel to the Fund who shall pass on the form and correctness of the ordinance. All proposed ordinance changes carrying an economic benefit shall be reviewed by the actuary to determine the cost as required by law.

8.2 COLLECTIVE BARGAINING

The Board of Trustees acknowledges that it is neither an employee organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore, the Board shall not engage in collective bargaining on behalf of the City of Ocala or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the City for all matters relating to pension and retirement, if any.

8.3 APPEARANCE AT CITY COUNCIL MEETINGS

The Board of Trustees shall, through one of its members, its designee or its General Counsel, be present at all City Council meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meeting, designate an official spokesperson on behalf of the Fund.

8.4 ACTUARIAL IMPACT STUDIES

No benefit change shall occur without an actuarial impact study as required by state law. All such actuarial impact studies shall be at the expense of the Fund.

RULE 9

JUDICIAL PROCEEDINGS

9.1 PROCESS

All process issued by federal or state courts to the City of Ocala concerning the Pension Fund or to the City of Ocala Police Officers' Retirement System shall immediately upon receipt, be forwarded to the General Counsel for the Fund who shall respond thereto.

9.2 DISSOLUTION OF MARRIAGE

Upon entering into a Dissolution of Marriage, a Plan Member shall notify a Trustee of the Member's attorney's name, address and telephone number. The Trustee shall then promptly provide that information to the General Counsel to the Fund.

RULE 10

INVESTMENTS

10.1 HIRING INVESTMENT MANAGERS

In recognition of the importance of professional guidance in the investment of the assets of the Fund, all investments shall be performed by qualified, professional investment managers. The investment managers shall be selected at a regular or special meeting of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of investment managers to a committee of the Board but no final decision shall be made except at a meeting of the Board. All proposals for investment manager services shall be presented in writing to the Board and shall be made a part of the records of the Board.

10.2 HIRING PERFORMANCE MONITORS

The Board shall engage at all times, at least one performance monitor who shall be responsible for reviewing the performance of the various investment managers of the Fund. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than annually. The performance monitor shall advise the Board as to the relative performance of each investment manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of investment managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for investment managers and such other services as the Board shall request be performed.

10.3 PERFORMANCE GOALS AND OBJECTIVES

The Board shall establish performance goals and objectives for each investment manager in each class of investment and shall establish expected rates of return. The investment policy shall comply with the minimum requirements set forth in Section 112.661, Florida Statutes. The performance goals and objectives shall be reduced to writing in an Investment Policy Statement and shall be referred to in the contract between the Board and the manager. The performance goals and objectives shall be reviewed on not less than an annual basis and shall be compared to the actual

performance of an investment manager to determine compliance with the goals and objectives set by the Board. ~~All Investment Policy Statements and amendments thereto shall immediately be provided to the City, the Department of Management Services and to the Board's actuary.~~

10.4 INVESTMENT STANDARDS

The Board shall establish written investment standards in the Investment Policy Statement. The standards shall set forth the distribution of the Fund between equities, fixed income, cash and cash equivalents and other forms of lawful investment. The standards shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish permissible risk factors. Each investment manager shall subscribe to the Investment Policy Statement setting forth the written investment standards and performance goals and objectives of the Fund and the Investment Policy Statement shall be incorporated into each investment manager contract by reference.

10.5 DECISION MAKING AUTHORITY

The Board of Trustees shall determine the retention or discharge of any investment manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any investment manager and shall determine when funds shall be withdrawn and investments terminated. The Trustees shall not, however, participate in the selection of individual stocks, bonds or cash funds as that shall be the responsibility of the investment manager within the context of the performance goals and objectives and investment standards established by the Board.

10.6 WRITTEN CONTRACTS

Each investment manager shall enter into a written contract with the Board. Each contract shall include an acknowledgment by the investment manager that it is familiar with the ordinances of the City of Ocala and the provisions of Chapters 185, Florida Statutes. The contracts shall also provide that the investment manager shall make no purchases which are prohibited by law and in the event such purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. The contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Marion County, Florida. In no event shall any contract be terminable by the investment manager on less than 45 days' written notice, unless otherwise agreed to by the

Board: Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an investment advisor and is otherwise qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be reviewed by the General Counsel to the Fund who shall approve the form and correctness of each such contract. All written contracts shall be executed by the Chairman and Secretary of the Board.

10.7 REPORTING

All investment managers and performance monitors of the Fund shall report on not less than an annual basis. The investment managers and monitors may, however, be directed by the Trustees to report on a more frequent basis. All such reports shall be in writing and shall be presented in person by a representative of the investment manager or performance monitor who has authority to make discretionary decisions with regard to the Trust's account and to settle claims and disputes arising from the contract. All such investment managers and performance monitors shall make these presentations in person at a regular meeting of the Board and shall bear their own costs and expenses in traveling to Board meetings. The performance monitors shall attend at least an annual meeting of the Board and shall report, in writing, the progress of each investment manager. The performance monitor shall also make written recommendations regarding retention of investment managers and changes in investment policy.

10.8 PRESENTATIONS BY PROSPECTIVE CONSULTANTS AND PROFESSIONALS

In recognition of the limited time resources of the Board, presentations of prospective investment managers, performance monitors, custodians or other prospective professional advisors shall only be by written invitation of the Board. The Board shall maintain records of such prospective managers, monitors, custodians and other professionals to be reviewed by the Board in the event the Board wishes to consider adding or making a change in its current manager, monitor, custodian or other professional.

In the event the Board elects to consider retaining a new manager, monitor, custodian or other professional, prospective applicants, including those applicants who had previously provided information to the Board, may be contacted and provided with a Request for Proposal. The Board

or a committee appointed by the Board may conduct the initial screening of applicants by reviewing the proposals received in response to the Requests for Proposals. The Board may then schedule personal presentations by a "short-list" of qualified applicants.

The Board may also decide to retain managers, monitors, custodians and other professionals by utilizing any other method which the Board deems to be prudent under the circumstances.

10.9 DIVESTITURE

No divestiture of any asset of the Fund shall be made for any reason other than fulfillment of the fiduciary obligations of the Fund.

10.10 PROXY VOTING

The Trustees shall be responsible for exercising all proxies on equities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all investment managers proxy voting responsibility and the Trustees shall monitor the voting of the managers.

The Trustees (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility:

- A. Declining to vote proxies;
- B. Voting proxies exclusively for management without analysis of the underlying issues;
- C. Permitting negligent or inaccurate record-keeping regarding proxy voting;
- D. Accepting directions from other parties;
- E. Permitting the absence of policies or procedures to assure the proper exercise of this fiduciary responsibility.

Any significant proxy items and the vote by an investment manager shall be reported in writing to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Act.

It shall be the primary responsibility of investment managers acting on behalf of the Board to vote all proxies to enhance the value of the Fund assets. All tender offers shall be treated in the same manner with regard to record-keeping and asset enhancement.

10.11 DECLARATION OF EXPECTED ANNUAL RATE OF RETURN

For each actuarial valuation, the Board shall seek the advice of its investment professionals and the actuary and then the Board shall determine the total expected annual rate of investment return for the current year, for each of the next several years and for the long term thereafter. This determination must be filed promptly with the Department of Management Services, with the City and with the Board's actuary.

10.12 INVESTMENT REPORTS TO THE CITY

The Board shall prepare annual fiscal year end reports for submission to the City Council, which shall include the investments in the portfolio by class or type, book value, income earned and market value as of the end of the fiscal year.

RULE 11

ACTUARIAL SERVICES

11.1 SELECTION

The Board of Trustees shall retain at all times the services of an enrolled actuary. An enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employment Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

11.2 CONFLICTS OF INTEREST

In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain actuaries who are employed by the City of Ocala, unless the Board is determined to be the client by a separate engagement letter or contract.

11.3 REPORTING

The actuary shall report to the Board on not less than an annual basis so that the Board may establish the adequacy of employer and employee contribution rates. Valuations shall be done at

least every three years. No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of the change. All actuarial reports shall be in accordance with the provisions of Section 112.63, Florida Statutes.

11.4 SETTING CONTRIBUTION RATES

Pursuant to the ordinances of the City of Ocala, the Board is solely responsible for establishing the contribution rates of the City. The City contribution rate shall be established following an analysis of the adequacy of employee contributions, contributions from the State of Florida Insurance Rebate Program and investment earnings of the Fund. The amount of the City contribution shall be certified in writing to the City Council in accordance with the provisions of local ordinance.

11.5 CREDITED SERVICE

For purposes of actuarial calculations involving credited service, fractional parts of years shall be defined as completed months.

11.6 ACTUARIAL STUDIES FOR INDIVIDUAL PLAN MEMBERS

Each vested Plan Member shall be entitled, at the Fund's expense, to receive two actuarial studies to estimate his or her retirement benefits. Any additional studies shall be provided only at the Member's expense.

RULE 12

ACCOUNTING SERVICES

12.1 AUDITS

The Fund shall cause to be made not less than on an annual basis an audit of the assets and liabilities of the Fund. Financial reporting should be made in accordance with generally accepted accounting standards.

A. All postings from the custodial statements to the Plan's working trial balance should be in accordance with the Board's general and/or specific authorizations.

B. All transactions recorded in the custodial statements should be analyzed, summarized and accurately posted to the correct trial balance accounts in the correct time period.

C. All adjustments, deductions or write-offs of account balances should be calculated, summarized and recorded in the correct period.

D. All postings to the working trial balance should be supported by and reference to adequate, authorized documentation.

12.2 CONFLICTS OF INTEREST

In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the City of Ocala unless the Board shall be determined to be the client by separate engagement letter or contract.

12.3 REVIEW OF INTERNAL CONTROLS

The policies and procedures provided for in these Operating Rules and Procedures shall be reviewed by the independent certified public accountant as part of the financial audit to determine the effectiveness of such controls to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Board or employees of the City.

RULE 13

LEGAL SERVICES

13.1 SELECTION

The Board shall select and appoint a General Counsel who shall be licensed to practice law in the State of Florida. The General Counsel shall have demonstrated competence in the area of public employee retirement systems in the State of Florida and shall have been practicing law for not less than ten years. Competitive bidding is not required in the selection of legal services.

13.2 CONFLICTS OF INTEREST

In recognition of the requirement that attorneys be independent in their judgment as set forth in the Code of Professional Responsibility, no attorney may serve as General Counsel who is also performing legal services on the part of the City of Ocala or who otherwise engages in any legal services which the Board deems to be in conflict with its interests.

13.3 CITY OF OCALA CITY ATTORNEY

In recognition of the responsibilities of the City Attorney to the City of Ocala and the potential for representing competing interests, the office of the City Attorney may not serve in any legal capacity on the part of the Trust.

13.4 PRIVILEGED COMMUNICATIONS

In all dealings between its General Counsel and the Board, the Board shall be deemed the client rather than any individual Trustee of the Board. All communications between the Board and its General Counsel shall be privileged communications except where otherwise governed by the Government in the Sunshine Law.

13.5 AUTHORITY TO DIRECT

The General Counsel shall take direction from the Board of Trustees as may be given at the various meetings of the Board. In between meetings of the Board, direction to the General Counsel shall be given by the Chairman or other person directed by the Board. All files of the General Counsel to the Fund shall be open for inspection by any Trustee.

RULE 14

CLAIMS PROCEDURES

14.1 CLAIMS OF AFFECTED PERSONS

A. The Board of Trustees shall grant an initial hearing upon receipt of a written request ("Claim"), on matters which affect the substantial rights of any person ("Claimant"), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board of Trustees.

B. The Board shall review the Claim at an initial hearing and enter an order within 90 days from the date of receipt of the Claim and, in the case of disability claims, receipt by the Board of a written medical release authorization in a form approved by the General Counsel and a completed set of interrogatories prepared by the General Counsel and provided to the Claimant. The Board may extend the time for entering the order at an initial hearing for an additional 90 days if it determines such time is necessary for full discovery and adequate review. The General Counsel and the Claimant may stipulate to further extensions of time.

C. It shall be the function of the General Counsel, throughout the claims procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision.

D. The Claimant shall have the right to be represented by counsel at any or all times throughout the claims procedure.

14.2 INITIAL HEARING

A. At the initial hearing, the only evidence to be considered by the Board shall be documentary evidence contained in the pension file, including but not limited to, correspondence, medical records and reports of treating physicians and/or examining physicians and evidence received pursuant to paragraph B.

B. Other than questions from the Trustees, there will be no taking of additional evidence at the initial hearing, except that the Claimant will be afforded 15 minutes to make a presentation, which shall be limited to comments and/or arguments as to the evidence or information already contained in the pension file, including the report of the examining physician.

C. Upon completion of the review of the Claim at the initial hearing, the Board shall enter an order setting forth its findings and conclusions on the Claim. The written order shall be provided to the Claimant. The order shall include:

(1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the Plan on which such conclusions are based;

(2) A description of any additional material or information that the Board may deem necessary for the Claimant to perfect his Claim, together with the reasons why such material or information is necessary; and

(3) An explanation of the right to a full hearing on the Claim and the time limit in which a full hearing must be requested in writing.

D. The decision of the Board at the initial hearing shall not be final until after the time has expired to request a full hearing or, if a full hearing is requested, until the Board makes a decision at the conclusion of the full hearing.

14.3 FULL HEARING

- A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an order as provided in subsection 2.C. above.
- B. A full hearing must be requested by the Claimant within 90 days of the receipt of the Board's order. The order will be deemed received three days following the date it is mailed to Claimant at the address provided to the Board by Claimant.
- C. Upon receipt of the request for a full hearing and considering the amount of discovery which might be conducted, the Board shall establish a date for the full hearing and cause notice to be given to the Claimant. The full hearing shall be held within 90 days from the receipt of the request from the Claimant. The full hearing may be postponed, if necessary and with the consent of the Claimant, to permit full discovery of the facts.
- D. Copies of all documents to be offered into evidence at the full hearing, including depositions, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board and the General Counsel by the Claimant at least 20 days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing if a reasonable explanation is not provided for the delay in providing the documents.
- E. A Claimant or the General Counsel may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be given to the General Counsel and the Claimant.
- F. The costs of any discovery, except discovery requested by the Board or the General Counsel, the appearance of witnesses at the hearing, and the making of a verbatim record of the proceedings shall be the responsibility of the Claimant.
- G. The Claimant shall be responsible for the appearance of any witnesses which he wishes to have testify at the hearing. The Board shall, however, have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at the proceedings provided for herein. The Claimant may request in writing the issuance of subpoenas

by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.

H. Testimony at the full hearing may be submitted in the form of a deposition. Depositions timely submitted will be part of the record before the Board at the full hearing and will not be read in totality at the full hearing; provided however, that this does not preclude the Claimant or the General Counsel from reading parts of depositions in an opening or closing statement.

I. Irrelevant and unduly repetitious evidence shall be excluded.

J. Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Section 775.082 or 775.083, Florida Statutes.

K. The file maintained by the Board, including but not limited to various medical reports therein, is part of the record before the Board at the full hearing.

L. All proceedings of the Board shall be conducted in public.

M. In cases concerning an application for pension benefits, including applications for disability retirement benefits, the burden of proof, except as otherwise provided by law, shall be on the Claimant seeking to show entitlement to such benefits.

N. In cases concerning termination of pension benefits, including re-examination of Retirees receiving disability retirement benefits, the burden of proof shall be on the Board.

O. Except as to those records which are exempted from the provisions of Chapter 119, Florida Statutes, Florida's Public Record Law, records maintained by the Board are open for inspection and/or copying during normal business hours at a reasonable cost for the copying.

P. Should a Claimant requesting an initial or full hearing decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the Claimant requesting an initial or full hearing will need a record of the proceedings and may need to assure that a verbatim record of the proceeding is made. The Claimant requesting an initial or full hearing will be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.

Q. The decisions of the Board after the requested full hearing shall be final and binding.

R. Within 15 days after making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions and a copy of the order shall be provided to the Claimant.

S. Judicial review of decisions of the Board shall be sought by the filing of a timely petition for writ of certiorari with the Clerk of the Circuit Court, in the appropriate county.

14.4 CONDUCT OF THE FULL HEARING

A. The Chairman shall preside over the hearing and shall rule on all evidentiary, procedural, and other legal questions that arise during the hearing. The Chairman's rulings shall stand unless overruled by a majority of the Trustees present. The Chairman shall open the full hearing by explaining the procedures to be followed.

B. The Claimant shall have the right to be represented by counsel or be self-represented. The General Counsel shall advise the Board.

C. The Claimant shall be allowed to make an opening statement not to exceed ten minutes.

D. Testimony of witnesses shall be under oath or affirmation. Depositions and affidavits shall be admissible.

E. The Chairman, any Trustee, the General Counsel, the Claimant or the Claimant's counsel, upon recognition by the Chairman, may direct questions to any witness during the proceedings.

F. Either the Claimant or the General Counsel shall have the right to present evidence relevant to the issues, to cross-examine witnesses, to impeach witnesses and to respond to the evidence presented.

G. The Claimant shall be permitted a closing argument not to exceed 15 minutes.

H. The Board shall deliberate and make a decision following closing argument and thereafter enter an order as provided herein.

14.5 DISABILITY CLAIMS - ADDITIONAL PROCEDURES

A. All applications for disability pensions shall be in writing. Forms for such applications may be provided by the Board.

B. Upon receipt of the application for disability, the General Counsel will provide the Claimant with a set of interrogatories or questions to be answered under oath and a medical release authorization. Both documents will be completed by the Claimant and returned to the General Counsel.

C. Upon receipt of the properly completed interrogatories and medical release authorization, the General Counsel will request medical records from all relevant treating physicians; personnel records from the employer, copies of relevant workers' compensation records, and copies of other records deemed to be relevant to the Claim. The Board shall pay, from the Fund, the cost of any medical examinations required by the Board and for copies of medical records.

D. The General Counsel will, if authorized by the Board, upon receipt of the medical records from the treating physicians, schedule an independent medical examination (IME) or examinations with an appropriate independent examining physician or physicians who will be asked to render an opinion about Claimant's physical condition as it relates to the claimed disability.

E. Upon receipt of the IME report or reports from the examining physician or physicians, the General Counsel will provide all records of treating physicians, relevant workers' compensation claims records, the independent medical evaluation, and all other relevant documents to the Board for inclusion in the pension file and the Board shall then schedule the initial hearing.

RULE 15

CONFIDENTIALITY

15.1 EXTENT OF CONFIDENTIALITY PERMITTED

§119.07(3)(k)1., Florida Statutes, provides that the home addresses, telephone numbers, and photographs of active or former law enforcement personnel and; the home addresses, telephone numbers, photographs, and places of employment of the spouses and children of such personnel; and the names and locations of schools and day care facilities attended by the children of such personnel are exempt from the public records provisions of Section 119.07(1), Florida Statutes.

15.2 REQUIREMENT FOR MAINTENANCE OF CONFIDENTIALITY

The Board will maintain the information specified in 15.1 as confidential, if it receives from a Member or the City of Ocala a written request to maintain confidentiality.

15.3 CONFIDENTIALITY OF MEDICAL RECORDS

A. §112.08(7), Florida Statutes is an exemption of medical records and medical claims records from the public records requirements of §119.07(1), Florida Statutes and such records are thus confidential.

B. This exemption provides that the Board shall not furnish such records to any person except the employee or his legal representative without written authorization from the employee or, unless otherwise prohibited by law, it receives a subpoena issued in a civil or criminal action from a court of competent jurisdiction where the party seeking the records gave proper notice to the employee or his legal representative.

C. Since, under Government in the Sunshine, trustees can only discuss issues involving medical records of an employee in a public meeting, such an authorization should be signed by an employee prior to discussion by the Board. Upon consideration of the medical records at a public Board meeting, such records then become subject to disclosure in the same manner as any other public record.

RULE 16

INTEREST CALCULATIONS

16.1 INTEREST CALCULATION

To the extent permitted by law, the interest calculation for the purchase of Credited Service, if not otherwise provided for in the ordinance, shall be the greater of:

- A. Actual interest earned,
- B. Actuarially assumed rate, or
- C. Actuarially calculated rate that results in no cost to the Fund.

RULE 17

DISABILITY REVIEW PROCEDURE

17.1 PROCEDURE

The Board shall periodically review the status of disability Retirees who may be eligible to return to employment with the City of Ocala as a Police Officer in accordance with the following:

- A. A disability affidavit on a form adopted by the Board shall be filed with the Board at least once each year. Failure to file the affidavit shall result in a suspension of disability benefits.

B. Upon receipt of the affidavit, the Board shall determine whether the disability Retiree continues to be entitled to receive disability benefits pursuant to the terms of the pension plan.

C. If the Board determines that the disability Retiree is still disabled, then disability benefits shall continue to be paid.

D. If, after review of the affidavit, the Board is unable to determine whether the disability Retiree continues to be disabled, the Board shall make further inquiry as necessary.

E. Such inquiry may include job availability and medical ability to perform duty. If the Board determines that a Police Officer position appropriate for assignment may be available, and the disability Retiree may be able to perform duty in such position, an independent medical examination or examinations shall be performed at the Board's expense by a physician or physicians selected by the Board. A job description and physical or psychological requirements necessary to perform the position shall be provided to the independent medical examiner(s).

F. After receipt of the report or reports of the independent medical examiner(s), other medical evidence and determination of job availability, the Board shall determine whether disability benefits shall continue.

RULE 18

SURVEILLANCE

18.1 SURVEILLANCE

Any Trustee who has reason to believe that a disability Retiree may be recovered from his disability and again able to perform useful and efficient service as a Police Officer and who further reasonably believes that surveillance of the Retiree, including the production of video tapes of the Retiree, will help to establish the fact of the recovery, may authorize the Board's General Counsel to arrange for such surveillance. Surveillance of disability applicants may also be authorized by any Trustee who reasonably believes that such surveillance will assist the Board in determining an applicant's ability to perform useful and efficient service as a Police Officer . The cost of any surveillance authorized by any Trustee shall not exceed \$3,000.00.

OCALA POLICE OFFICERS' PENSION PLAN

STATEMENT OF INVESTMENT POLICY GOALS AND GUIDELINES

Adopted: Feb. 23, 2004
Revised: May 29, 2012
Revised: May 13, 2013
Revised: August 12, 2013

INTRODUCTION

The Board of Trustees of the Ocala Police Officers' Pension Plan has established this Statement of Investment Policy. This Policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Board determined this Policy after evaluating the implications of increased investment return versus increased volatility of return for a number of potential investment policies with varying commitments to stocks and bonds.

This Policy is intended to complement the investment guidelines provided in all applicable State Statutes and local ordinances. The purpose of this Policy is to:

- 1) Provide the investment manager(s) a more accurate understanding of the Trustees' investment objectives and,
- 2) Indicate the criteria by which the investment manager's performance will be evaluated.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, it is the intention of the Board of Trustees to give each investment manager full investment discretion with respect to assets under its management.

The investment managers shall discharge their responsibilities in the same manner as if the Fund were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Although the Fund Trustees acknowledge that ERISA does not apply to the Fund as a governmental fund, it hereby imposes the fiduciary provisions of ERISA upon each investment manager whose performance shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. Each investment manager shall acknowledge, in writing, that it is a named fiduciary of the Fund.

Each investment manager is expected to provide any reasonable information requested by the Board of Trustees. At a minimum, managers shall provide a quarterly report detailing their investment activity, the portfolio's current value and any changes in investment philosophy or strategy. Each investment manager is expected to meet with the Board of Trustees or their designated representatives periodically to review investment performance and philosophy.

Unless otherwise provided by the Fund's Custodian, each investment manager will monitor portfolio activity to minimize uninvested cash balances.

Each investment manager shall be responsible only for those assets under their management.

It will be the responsibility of each investment manager to review the monthly valuations provided by the Fund's custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

GENERAL OBJECTIVES

The primary investment objective of the Ocala Police Officers' Pension Plan is the preservation of invested capital. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of returns.

To achieve these objectives, the Board seeks to create a conservative, well diversified and balanced portfolio of high quality equity, fixed income, real estate, publicly traded master limited partnerships (MLPs), convertible and money market securities. The Board has determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

INVESTMENT OBJECTIVES

Investment Objectives are intended to provide quantifiable benchmarks to measure and evaluate portfolio return and risk. Most investment styles require a full market cycle to allow an investment manager to demonstrate his abilities. A full market cycle is generally defined as a three to five year time period. As a result, performance results will be measured over a three to five year period. Performance over shorter time periods will be monitored as a means of identifying the trend of results.

The specific investment objectives of the Ocala Police Officers' Pension Plan are as follows:

Primary Objective: To earn a total rate of return over the long term (3 to 5 years) which exceeds the return of a Target Index. The Target Index for the Ocala Police Officers' Pension Plan is defined as a 37.5% investment in the Russell 3000 Stock Index, a 10% investment in the Merrill Lynch All Convertible Index (ex 144A securities), a 15% investment in the MSCI Europe, Australasia and Far East (EAFE) Stock Index, a 5% investment in the NCREIF ODCE Property Index, a 5% investment in the Alerian MLP Index, and a 13.75% investment in the Barclays Capital U.S. Aggregate Bond Index and a 13.75% investment in the Barclays Capital 1-5 Year Gov't/Credit Bond Index.

In addition, it is expected that the total rate of return earned by the Fund and the returns earned by the stock, convertible, bond and real estate portfolios will rank above average when compared to a representative universe of other, similarly managed portfolios.

Secondary Objectives: A further goal of the Ocala Police Officers' Pension Plan shall be to achieve an average annual rate of return greater than 8.0% over the longer term. This absolute return objective will be evaluated in the context of the prevailing investment market conditions.

Volatility: The volatility of the Fund's total returns is expected to be similar to that of the Target Index and will be evaluated accordingly.

The above investment objectives have been established for the entire Ocala Police Officers' Pension Plan. The specific investment objectives for each investment manager will be outlined in addenda to this overall Statement of Investment Policy.

INVESTMENT GUIDELINES

The Board of Trustees has established the following target asset allocation for the entire Ocala Police Officers' Pension Plan:

	<u>Target</u> (at market)	<u>Range</u> (at market)
Domestic Equities	37.5%	30%-75%
Convertible Securities	10%	0%-25%
International Equities	15%	5%-25%
Real Estate	5%	5%-15%
Master Ltd. Partnerships	5%	0%-10%
Fixed Income	27.5%	20%-70%
Cash Equiv.	0%	0%-10%

To implement this strategy, the Board has chosen to hire one or more professional investment managers. Specific investment manager assignments and additional guidelines for each investment manager will be outlined in addenda to this overall Statement of Investment Policy. The following guidelines and restrictions apply to all Fund investments.

In accordance with the policies established by the Board of Trustees, the assets of the Ocala Police Officers' Pension Plan shall be invested in a diversified portfolio of fully negotiable equity, fixed income, real estate and money market securities, provided they meet the following criteria:

EQUITY SECURITIES:

- 1) Investments in all equity securities (including convertibles and MLPs) shall be limited to no more than 75% (at market) of the Fund's total portfolio value.
- 2) All equity investments shall be limited to fully and easily negotiable equity securities.
- 3) No more than 5% at market value of the total equity portfolio may be invested in the shares of a single corporate issuer.
- 4) Investments in stocks of foreign companies shall be limited to 25% (at market value) of the total investment portfolio. The definition of a foreign stock for purposes of this policy is found in Florida Statutes, Section 185.06(1)(b)4.

CONVERTIBLE SECURITIES:

- 1) All convertible securities shall be classified as equities and shall be limited to 25% of the Fund's total market value.

- 2) All convertible investments shall be limited to fully and easily negotiable convertible securities.
- 3) No more than 10% at market value of an investment manager's convertible portfolio may be invested in the shares of a single corporate issuer.
- 4) Investments in foreign convertibles are limited to 20% of the convertible manager's portfolio.
- 5) This hybrid asset class will be deemed as equity and shall not be held to the rating standards of fixed income investments.
- 6) 144A securities are prohibited.

FIXED INCOME SECURITIES:

- 1) The duration of the fixed income portfolio shall be less than 135% of the duration of the Barclays Capital U.S. Aggregate Bond Index. There is no minimum duration requirement.
- 2) The benchmark for the fixed income portfolio will be a combination of the following fixed income indices:

Barclays Aggregate Bond Index
Barclays 1-5 year Gov't/Credit Index

The weightings for each bond index will vary over time and will be confirmed in an addendum to the Investment Policy Statement. However, the permissible ranges (of the TOTAL FIXED INCOME portfolio) are as follows:

Barclays Aggregate Bond Index	0-100%
Barclays 1-5 Year Gov't/Credit Index	0-100%

The fixed income manager will be expected to recommend changes to the benchmark.

- 3) Investments in all corporate fixed income securities shall be limited to:
 - a) those securities rated "BBB" or higher by Standard & Poor's or "Baa" by Moody's rating services. Fixed income securities that are downgraded below the minimum rating by both entities shall be sold at the earliest beneficial opportunity.
 - b) Foreign bonds are limited to 10% (at market) of the total fixed income portfolio.
 - c) No more than 5% (at market) of the fixed income portfolio total value may be invested in the securities of any single corporate issuer.

- 3) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the total fixed income portfolio and shall be restricted to those issues:
 - a) those issues backed by the full faith of the U. S. Government, an Agency thereof, or that are rated AAA by a major rating service.

b) PAC (planned amortization class), NAC (non-accelerated securities) Or VADM (very accurately defined maturity) securities.

4) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.

Real Estate:

- 1) Investments in real estate shall not exceed 15% at market valuation of the value of total Fund assets.
- 2) All real estate investments shall be made through participation in diversified commingled funds of real properties or real estate securities. These funds shall be broadly diversified as to property type and location.
- 3) Experienced and professional real property investment managers shall manage all real estate investments.

Master Limited Partnerships:

- 1) All Master Limited Partnerships (MLPs) shall be limited to fully and easily negotiable MLP securities.
- 2) No more than 10% at market value of an investment manager's MLP portfolio may be invested in a single issuer unless the issuer makes up more than 10% of the Alerian MLP Index. In such case, the investment manager may hold up to the Index weighting in that issuer.
- 3) The Board of Trustees recognizes and accepts that commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them. The decision to invest assets of the Ocala Police Officers' Pension Plan in any commingled or mutual fund will only be made by the Trustees after a thorough review of the policies and/or prospectuses of those funds and after it has been determined that those policies are appropriate and consistent with the investment philosophy of the Ocala Police Officers' Pension Plan.

CASH EQUIVALENT SECURITIES:

- 1) The investment managers may invest only in the following short-term investment vehicles:
 - a) The money market or STIF provided by the Fund's custodian.
 - b) Direct obligations of the United States Government with a maturity of one year or less.
 - c) Commercial Paper issued by United States corporations with a maturity of 270 days or less that is rated A-1 by Standard & Poor's or P-1 by Moody's.

Mutual Funds/Commingled Funds:

The Board of Trustees recognizes and accepts that commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them. The decision to invest assets of the Ocala Police Officers' Pension Plan in any commingled or mutual fund will only be made by the Trustees after a thorough review of the policies and/or prospectuses of those funds and after it has been determined that those policies are appropriate and consistent with the investment philosophy of the Ocala Police Officers' Pension Plan.

Sudan/Iran Divestiture:

In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any company identified each quarter by the State Board of Administration on its website as a scrutinized company. The Board shall review its investments each quarter to determine whether it is required to sell, redeem, divest or withdraw any publicly traded security of a company identified by the SBA as a scrutinized company. Beginning no later than January 1, 2010, the Board shall sell, redeem, divest or withdraw all publicly traded securities it directly holds in any scrutinized company by no later than September 10, 2010 for Chapter 185 plans and by no later than September 30, 2010 for Chapter 175 plans.

SECTION 112.661, FLORIDA STATUTES

The Board of Trustees has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

1. **SCOPE:** The investment policy applies to those funds under control of the Board.
2. **INVESTMENT OBJECTIVES:** The investment policy describes the investment objectives of the Board.
3. **PERFORMANCE MEASUREMENT:** The investment policy specifies performance measures as are appropriate for the nature and size of the assets within the Board's custody.
4. **INVESTMENT AND FIDUCIARY STANDARDS:** In performing its investment duties, the Board and its investment managers shall comply with the fiduciary standards set forth in ERISA (Employee Retirement Income Security Act).
5. **AUTHORIZED INVESTMENTS:** (a) The Board of Trustees recognizes those assets listed in its attached Statement of Investment Policy. Investments not so listed are prohibited. (b) If on October 1, 2000, investments exceed the applicable limit or do not satisfy the applicable investment standard, such excess or non-compliant investment may be continued until it is economically feasible to dispose of such investment, but no additional investment may be made unless authorized by law or ordinance.
6. **MATURITY AND LIQUIDITY REQUIREMENTS:** The investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.
7. **PORTFOLIO COMPOSITION:** The investment policy establishes guidelines for investments and limits on security issues, issuers and maturities. These guidelines are commensurate with the nature and size of the funds within the custody of the Board.
8. **RISK AND DIVERSIFICATION:** The Board of Trustees has developed a diversified investment program as to control the risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

9. **EXPECTED ANNUAL RATE OF RETURN:** With consideration to rates of return from different asset classes, the Board of Trustees has crafted its investment program in order to deliver an expected rate of return similar to that of the actuarial assumed rate. The Board shall determine for each actuarial valuation, the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. The total expected annual rate of return is anticipated to be similar to the actuarial assumed rate of return. This determination is to be filed with the Department of Management Services and with the plan sponsor and consulting actuary.
10. **THIRD-PARTY CUSTODIAL AGREEMENTS:** All assets shall be held by a third party custodian selected by the Board. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities are to be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.
11. **MASTER REPURCHASE AGREEMENT:** Repurchase Agreements are prohibited investments.
12. **BID REQUIREMENT:** To the extent possible, it is the intention of the Board of Trustees to determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.
13. **INTERNAL CONTROLS:** The Board recognizes the internal controls and operational procedures outlined in the Board's operating rules and procedures, in the plan document, and in the custodial agreement. These controls are to be reviewed by the Board's independent certified public accountant as part of the financial audit periodically required. The internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.
14. **CONTINUING EDUCATION:** The Board of Trustees relies on its consultants and professionals to provide continuing education on pension and investment issues. The Board of Trustees also recognizes state and regional conferences as a source of continuing education. The Trustees are encouraged to attend conferences, schools, and other functions periodically in order to fulfill this requirement.
15. **REPORTING:** The Custodian's valuation report is to be filed annually with the plan sponsor. This report is available to the public.
16. **FILING OF INVESTMENT POLICY:** The investment policy is to be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of the investment policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.
17. **VALUATION OF ILLIQUID INVESTMENTS:** The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Statement of Investment Policy and its addenda periodically and to amend it to reflect any changes in philosophy or objectives. However, if at any time the investment managers believe that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing.

Adopted this 12th day of August, 2013.



Chairman, Board of Trustees
Ocala Police Officers' Pension Plan

08/12/13

Date

on Ordinance and Changes						
Ordinance Number	Approved Date	Change General	Change Fire	Change Police	Type of Change	Notes
2016-36	06/21/16		X		43-21 emp cont lower 8.17%, 43-25 DROP, 43-27 BB military, 43-28 COLA	lowered employee contribution to 8.17%, lowered DROP interest, and added COLA
2016-23	03/01/16			X	43-138 DROP, 43-111 Definitions, 43-114, 43-125	DROP interest, Def of Spouse, Salary & Service
2016-22	03/01/16	X			43-87 DROP interest earnings	Added DROP Back & 0-3% interest earnings
2014-42	07/15/14	X			Date change Variable multiplier	From April to October
2013-76	09/17/13			X	43-111 Def Actuarial equivalent and credited service, 43-114, 43-125 Max pension, 43-137 prior services	
2013-75	09/17/13	X			43-62 def - Credit services, 43-75 Max pension	
2013-48	08/06/13	X			43-62 Definitions, 43-63 membership, 43-66 contributions, 43-67 benefit amounts, 43-71 forms of benefits	Frozen old plan- New DB-VH, 3% contribution, no cola, valible multiplier, all new hire in DC plan
2013-19	02/11/13	X			43.87 Termination of DROP Program	No new entries
2013-18	02/07/13	X			43-62 amdended Actuarial Equivalent from 8.5% to 8%	
2012-18	02/07/12			X	43-139 reemployment - Chief	
2011-45	01/18/11	X			43-87 Drop Max Participation 5 yrs	8 yrs to 5 yrs
5988	05/01/09	X			Rewrite of general ord - replace 3029	
5987	05/09/09			X	Rewrite of police ord - replace 3030	
5902	09/17/08	X			43-66 Contributions, 43-67 Benefit amounts and eligibility	increase contribution to 8.18%
5885	08/19/08	X			43-67 Benefit amounts and eligibility	
5721	10/16/07			X	43-116 Benefit amounts and eligibility and 43-120 Option forms of benefits	
5544	07/11/06			X	43-11 Credited Service, 43-120 Forms, 43-134 Direct Transfers/Rollovers	
5543	07/11/06			X	43-136 Military, 43-137 Gov Svc (Buy Back)	
5542	07/11/06	X			43-87 Prior Gov Svc (Buy Back)	
5469	12/27/05			X	43-116 increased multiplyier to 3.33%, and additional \$5 per year of service	
5437	10/18/05	X			Employee Contribution, Increase multiplier	Emp contribution 2.3% and multiplier 2.55
5424	08/23/05	X			43-86 Military, 43-87 Prior Gov Service Buy Back, 43-88 DROP extend to 8 yrs	
5383	04/28/05			X	43-116 3% COLA	
5247	01/13/04		X		43 SEC 7.15 Fixed Rate of Return	
5209	09/30/03			X	43-111 Mortality Table & interest rate of 8.5%	

on Ordinance and Changes						
Ordinance Number	Approved Date	Change General	Change Fire	Change Police	Type of Change	Notes
5194 F	09/03/03	X			43-89 Bi-Annual Review of Retirees & Beneficiaries	
5165 F	05/12/03	X			43-62 Amending Definitions	
5155	04/15/03			X	43-133 Indemnification	
5154					WITHDRAWN	
5134 F	02/20/03		X		Increase Contribution, Change Normal Retirement, Added Options, Prior Firefighter SVC Annual Cola	
5106 F	11/26/02			X	43.111 Definition of Accumulated Contribution & Credited Services	
5092 F	10/25/02			X	43-115 Member Contributions	
5060 F	06/25/02			X	43-116 Cost of Living	
5002 F	11/27/01	X			43.67 Cost of Living	
3088 F	09/22/00		X		43 Fire Split	
3084 F	09/06/00	X			43.67 Early Retirement	
3084 F	09/05/00	X			43.67 Early Retirement	
3032 F	02/22/00		X		43.44	
3031 F	02/22/00	X	X	X	11.07	
3030 F	02/22/00			X	43.111 through 43.139	
3029 F	02/22/00	X			43.62 through 43-100	
2936 E	03/16/99			X	43.65 Board Trust Powers	
2891 E	10/13/98		X		43-52-61 DROP, All Revised	
2890 E	10/13/98	X			43.1, 4, 10, 12, 41, 42, Define, Roll-over, Max Pension, Credit Srvs	
2862 D	08/04/98	X	X	X	16 to 43	
2755 D	07/22/97		X		16.53 Purch Prior to Srv	
2711 D	03/25/97	X			16.1 & Increase (96)	
2658 D	10/01/96	X			16.2 & 51.1 Earn, Non-Assign	
2645 C	09/10/96			X	16-63, 72, 73, Non-Assign, Earn	
2554 C	09/19/95	X			2.80 Investments	
2483 C	10/04/94				16-23 Increase (94)	
2395 C	08/03/93	X			16.23 Increase (92)	
2234 C	10/22/91			X	16-70 Contrib., Early Retirement	
2192 C	11/27/90	X			16.23 Increase	
2113 C	09/27/89	X			16.1-51 Multipliers, Vesting	
2044 B	11/29/88		X	X	16.55 & 65 Brd Invest Limit	
2032 B	09/27/88	X			16.22 Increase	
1980 B	12/16/87	X	X	X	16.1-71 All Revised	
1966 B	10/06/87			X	16.70 Contribution	
1954 A	09/08/87	X	X	X	16.1-70 All Revised	Multiply 1.5
1946 A	08/04/87		X	X	16.53, 55, 57, 58, Board Contribution	Police 1% & Fire 8.42 %
1895 A	12/11/86		X		16.55 Bebf, Contrb, Death	
1861 A	07/24/86	X			16.52 Increase	
1803 A	11/22/85		X	X	16.55 Early Reduction	
1741 A	04/01/85	X	X	X	16.19, 55, Reinstatement	
1734 A	03/21/85	X			16.2, 7-8, 1217, 31, 33, Define. F/T	Multiply 1.5

on Ordinance and Changes						
Ordinance Number	Approved Date	Change General	Change Fire	Change Police	Type of Change	Notes
1659 A	05/08/84		X	X	16.2 Definition Volunteer	
1592 A	10/01/83	X	X	X	16.2-4, 13, 16, 27, 31, 32, 45, 51, 53, 54, 55, Separate Supp. Plan	Multiply 1.5/ Police 1.65, 2.6125
1591 A	DEFEATED		X		Separate Pension	
1522 A	12/09/82	X			16.52 Increase	
1400 A	09/17/81				16.18-26 Cessation, Reinstatement, Leave Absence, Contribution	Stop EE Contribution
1338 A	02/19/81		X	X	16.32 Early Serv. Benefit	
1164 A	04/19/79	X	X	X	16.2, 6, 19, 31, 32, Contribution Mem. Early Benefit	
1022 A	09/07/77	X			11.02 Contribution	
1007 A	07/26/77	X			16-30 Disability	
924 A	09/21/76	X			11.02 Contribution	
913 A	08/09/76	X	X	X	16.28, 32, 41, Vest, Reduce Early	
767 A	09/25/74	X	X	X	16.2, 7, 8, 27, 31, 38, 47, Min. Pymt, Disability, Beneficiary, Etc.	
573 A	10/19/71					
569 A	09/07/71	X			16.51 Selec. Of Benefits	
548 A	04/20/71	X	X	X	16.1-.50 All Revised	
473 A	10/21/69	X	X	X	16.28, .66, .76 Memebership	
395 A	07/02/68	X			16.5 & .18 Adv Com, Fnd Adm.	
341 A	07/06/67				16.67-.80 Contrib. Disability	
219 A	11/06/62					
218 A	11/06/62					
161 A	12/01/59					
160 A	12/01/59					
148 A	03/17/59			X	37.81-.93 Establish Supplement	
144 A	01/20/59		X		37.68 .80 Establish Supplement	
130 A	04/01/58				37.13-37.67	
101 A	03/19/57					
677 A	12/18/45					
666 A	02/15/44					
633 A	05/23/40				City Repealed Fire Supp. Pension Plan (3% of Salary Contribution)	
A	1939				City Established a Fire Pension Plan	
A	1939				FL Statutes Enacted CH 175 & 185 Fire Retirement Plans	

ORDINANCE 2012-18

AN ORDINANCE OF THE CITY OF OCALA, FLORIDA, CONCERNING CHAPTER 43, PENSIONS AND RETIREMENTS, ARTICLE IV, CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM; AMENDING SECTION 43-139, REEMPLOYMENT AFTER RETIREMENT; PROVIDING FOR AN OPT OUT EXCEPTION FOR CHIEF OF POLICE; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA, in regular session as follows:

Section 1. That section 43-139 of the Code of Ordinances, City of Ocala, Florida, is hereby amended to read as follows:

SECTION 43-139. REEMPLOYMENT AFTER RETIREMENT

1. Any retiree under this system, except for disability retirement as previously provided for, may be reemployed by any public or private employer, except the city, and may receive compensation from that employment without limiting or restricting in any way the retirement benefits payable under this system. Reemployment by the city shall be subject to the limitations set forth in this section.
2. Any retiree who is retired under normal (or early) retirement pursuant to this system and who is reemployed as a police officer and, by virtue of that reemployment, is eligible to participate in this system, shall upon being reemployed, discontinue receipt of benefits. Upon reemployment, the member shall be deemed to be fully vested and the additional credited service accrued during the subsequent employment period shall be used in computing a second benefit amount attributable to the subsequent employment period, which benefit amount shall be added to the benefit determined upon the initial retirement to determine the total benefit payable upon final retirement. Calculations of benefits upon retirement shall be based upon the benefit accrual rate, average final compensation, and credited service (and early retirement reduction factor, if applicable) as of that date and the retirement benefit amount for any subsequent employment period shall be based upon the benefit accrual rate, average final compensation (based only on the subsequent employment period and not including any period of DROP participation), and credited service (and early retirement reduction factor, if applicable) as of the date of subsequent retirement. Upon reemployment, the member contribution rate for the reemployed retiree shall be the same as the other members during the subsequent employment period. The amount of any death or disability benefit received during a subsequent period of employment shall be reduced by the amount of accrued benefit eligible to be paid for a prior period of employment. The optional form of benefit and any joint pensioner selected upon initial retirement shall not be subject to change upon subsequent retirement except as otherwise provided herein, but the retiree may select a different optional form and joint pensioner applicable only to the subsequent retirement benefit.
3. Any retiree who is retired under normal retirement pursuant to this system who is reemployed by the city in a position other than as a police officer, shall upon being reemployed, continue receipt of benefits for the period of any subsequent employment. Former DROP participants shall begin receipt of benefits under these circumstances.
4. Any retiree who is retired under early retirement pursuant to this system and who subsequently

becomes an employee of the city in any capacity, shall discontinue receipt of benefits from the system. If the reemployed person, by virtue of his reemployment, is eligible to participate in this system, that person shall accrue a second benefit as provided for in subsection (2) above and benefit payments shall remain suspended during any such subsequent employment period. If the reemployed person is not eligible to participate in this system, that person's pension benefit payments shall be suspended until the earlier of termination of employment or such time as the reemployed retiree reaches the date that he would have been eligible for normal retirement under this system had he continued employment and not elected early retirement "Normal retirement" as used in this subsection shall be the current normal retirement date provided for under this system.

- 5. Reemployed terminated vested persons shall not be subject to the provisions of this section until such time as they begin to actually receive benefits. Upon receipt of benefits, terminated vested persons shall be treated as normal or early retirees for purposes of applying the provisions of this section and their status as an early or normal retiree shall be determined by the date they elect to begin to receive their benefit.
- 6. DROP Participants Members or retirees who are or were in the Deferred Retirement Option Plan shall, following termination of employment after DROP participation, have the options provided for in this section for reemployment.
- 7. The Chief of Police may opt out of the requirements or restrictions of this section and choose to have the pension contributions made by the City paid instead into a self-directed financial retirement plan. Such an election shall preclude any additional pension obligations to the Chief of Police, but the pension benefits already accrued and owing shall remain the same.

Section 2. Severability Clause: Should any provision or section of this ordinance be held by a court of competent jurisdiction to be unconstitutional or invalid, such decision shall not affect the validity of this ordinance as a whole, or any part thereof, other than the part so declared to be unconstitutional or invalid.

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall take effect upon approval by the Mayor, or becoming law without such approval.

ATTEST:

CITY OF OCALA

By: Angel B. Jacobs
Angel B. Jacobs
City Clerk

By: Suzy Heinbockel
Suzy Heinbockel
President, Ocala City Council

Approved/Denied by me as Mayor of the City of Ocala, Florida, on 2/7, 2012.

By: Reuben Kent Guinn
Reuben Kent Guinn
Mayor

Approved as to form and legality:

By:

~~Patrick G. Gilligan
City Attorney~~

~~W. James Gooding III
Assistant City Attorney~~

Ordinance No: ORD-2012-18
Introduced: 1/3/2012
Tabled: 1/17/2012
Adopted: 2/7/2012
Legal Ad No: A000728323 - 1/6/12

ORDINANCE NO. 2013-76

AN ORDINANCE OF THE CITY OF OCALA, FLORIDA, CONCERNING CHAPTER 43, PENSIONS AND RETIREMENTS, ARTICLE IV, CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM; AMENDING SECTION 43-111, BY DEFINITIONS BY AMENDING THE DEFINITIONS OF "ACTUARIAL EQUIVALENT" AND "CREDITED SERVICE"; AMENDING SECTION 43-114, FINANCES AND FUND MANAGEMENT; AMENDING SECTION 43-125, MAXIMUM PENSION; AMENDING SECTION 43-137, PRIOR POLICE SERVICE; PROVIDING FOR SEVERABILITY OF PROVISIONS; PROVIDING FOR CODIFICATION; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA;

Section 1: That Chapter 43 Pensions and Retirements, Article IV, City of Ocala Police Officers' Retirement System, of the Code of Ordinances of the City of Ocala, Florida is hereby amended by amending Section 43-111, Definitions, to amend the definitions of "Actuarial Equivalent" and "Credited Service", to read as follows:

* * *

Actuarial Equivalent means a benefit or amount of equal value, based upon the RP-2000 Combined Healthy Mortality Table and an interest rate of eight percent per annum. This definition may only be amended by the City pursuant to the recommendation of the Board using assumptions adopted by the Board with the advice of the plan's actuary, such that actuarial assumptions are not subject to City discretion.

* * *

Credited Service means the total number of years and fractional parts of years of service as a Police Officer with Member contributions, when required, omitting intervening years or fractional parts of years when such Member was not employed by the City as a Police Officer. A Member may voluntarily leave his Accumulated Contributions in the Fund for a period of five (5) years after leaving the employ of the Police Department pending the possibility of being reemployed as a Police Officer, without losing credit for the time that he was a Member of the System. If a vested Member leaves the employ of the Police Department, his Accumulated Contributions will be returned only upon his written request. If a Member who is not vested is not reemployed as a Police Officer with the Police Department within five (5) years, his Accumulated Contributions, if one thousand dollars (\$1,000.00) or less, shall be returned. If a Member who is not vested is not reemployed within five (5) years, his Accumulated Contributions, if more than one-thousand dollars (\$1,000.00), will be returned only upon the written request of the Member and upon completion of a written election to receive a cash lump sum or to rollover the lump sum amount on forms designated by the Board. Upon return of a Member's Accumulated Contributions, all of his rights and benefits under the System are forfeited and terminated. Upon any reemployment, a Police Officer shall not receive credit for the years and fractional parts of years of service for which he has withdrawn his Accumulated Contributions from the Fund, unless the Police Officer repays into the Fund the contributions he

has withdrawn, with interest, as determined by the Board, within ninety (90) days after his reemployment.

The years or fractional parts of a year that a Member performs "Qualified Military Service" consisting of voluntary or involuntary "service in the uniformed services" as defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA) (P.L.103-353), after separation from employment as a Police Officer with the City to perform training or service, shall be added to his years of Credited Service for all purposes, including vesting, provided that:

- A. The Member is entitled to reemployment under the provisions of USERRA.
- B. The Member returns to his employment as a Police Officer within one (1) year from the earlier of the date of his military discharge or his release from active service, unless otherwise required by USERRA.
- C. The maximum credit for military service pursuant to this paragraph shall be five (5) years
- D. This paragraph is intended to satisfy the minimum requirements of USERRA. To the extent that this paragraph does not meet the minimum standards of USERRA, as it may be amended from time to time, the minimum standards shall apply.

In the event a Member dies on or after January 1, 2007, while performing USERRA Qualified Military Service, the beneficiaries of the Member are entitled to any benefits (other than benefit accruals relating to the period of qualified military service) as if the Member had resumed employment and then died while employed.

Beginning January 1, 2009, to the extent required by Section 414(u)(12) of the Code, an individual receiving differential wage payments (as defined under Section 3401(h)(2) of the Code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under Section 415(c) of the Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

In the event that an employee became a Member of this System on or after February 22, 2000 and has also accumulated Credited Service in another pension system maintained by the City, then such other Credited Service shall be used in determining vesting as provided for in Section 43-119, and for determining eligibility for early or normal retirement in each system. Such other Credited Service shall not be considered in determining benefits under this system, but shall be considered for determining benefits under such other Systems based upon the Member's average final compensation and benefit accrual rate in effect in such other system at the time of the Member's termination of membership from such other System. Only his Credited Service under this system on or after his date of membership in this System shall be considered for this System's benefit calculation. The benefit calculation for a Member of this System, who is or becomes eligible for a benefit from this System after he has become a Member of his other pension system maintained by the City, shall be based upon the Member's Average Final Compensation and benefit accrual rate in effect on the date of the Member's termination of membership in this system.

Any Police Officer, Firefighter or General Employee Member of the City of Ocala Employees' Pension Plan prior to February 22, 2000 who received Credited Service as a Police Officer, Firefighter and other Credited Service as a General Employee in such plan shall have the total years of Credited Service used to determine vesting as provided for in section 43-119 and for determining eligibility for early or normal retirement in the City of Ocala General Employees' Retirement System, the City of Ocala Firefighters' Retirement Plan and or the City of Ocala Police Officers' Retirement System. Where a member was formerly a Police Officer, or Firefighter and became a General Employee prior to February 22, 2000 only credited service as a Police Officer shall be considered for determining benefits under the City of Ocala Police Officers' Retirement System based upon the Member's Average Final Compensation and the benefit accrual rate in effect immediately prior to adoption of this ordinance.

* * *

Section 2: That Chapter 43 Pensions and Retirements, Article IV, City of Ocala Police Officers' Retirement System, of the Code of Ordinances of the City of Ocala, Florida is hereby amended by amending Section 43-114, Finances and Fund Management, subsection 6.B., to read as follows:

* * *

- B. All monies paid into or held in the Fund shall be invested and reinvested by the Board and the investment of all or any part of such funds shall be subject to the following:
- (1) Notwithstanding any limitation provided for in Chapter 185-~~OR~~ 175, Florida Statutes to the contrary (unless such limitation may not be amended by local ordinance) or any limitation in prior city ordinances to the contrary, all monies paid into or held in the Fund may be invested and reinvested in such securities, investment vehicles or property wherever situated and of whatever kind, as shall be approved by the Board, including but not limited to common or preferred stocks, bonds, and other evidences of indebtedness or ownership. In no event, however, shall more than twenty-five percent of the assets of the Fund at market value be invested in foreign securities, unless Chapter 185, Florida Statutes, is amended to remove or change or this mandatory restriction.
 - (2) The Board shall develop and adopt a written investment policy statement setting forth permissible types of investments, goals and objectives of investments and setting quality and quantity limitations on investments in accordance with the recommendations of its investment consultants. The investment policy statement shall be reviewed by the Board at least annually.
 - (3) In addition, the Board may, upon recommendation by the Board's investment consultant, make investments in group trusts meeting the requirements of Internal Revenue Service Revenue Ruling 81-100 and Revenue Ruling 2011-1 or successor rulings or guidance of similar import, and operated or maintained exclusively for the

commingling and collective investment of monies, provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Section 401(a) of the Code, individual retirement accounts that are exempt under Section 408(e) of the Code, eligible governmental plans that meet the requirements of Section 457(b) of the Code, and governmental plans under 401(a)(24) of the Code. For this purpose, a trust includes a custodial account that is treated as a trust under Section 401(f) or under Section 457(g)(3) of the Code. While any portion of the assets of the Fund are invested in such a group trust, such group trust is itself adopted as a part of the System or Plan.

* * *

Section 3: That Chapter 43 Pensions and Retirements, Article IV, City of Ocala Police Officers' Retirement System, of the Code of Ordinances of the City of Ocala, Florida is hereby amended by amending Section 43-125, Maximum Pension, to read as follows:

SECTION 43-125. MAXIMUM PENSION.

1. **Basic Limitation.**

Notwithstanding any other provisions of this System to the contrary, the Member contributions paid to, and retirement benefits paid from, the System shall be limited to such extent as may be necessary to conform to the requirements of Code Section 415 for a qualified retirement plan. Before January 1, 1995, a plan member may not receive an annual benefit that exceeds the limits specified in Code Section 415(b), subject to the applicable adjustments in that section. On and after January 1, 1995, a plan member may not receive an annual benefit that exceeds the dollar amount specified in Code Section 415(b)(1)(A) (\$160,000), subject to the applicable adjustments in Code Section 415(b) and subject to any additional limits that may be specified in this System. For purposes of this Section, "limitation year" shall be the calendar year.

For purposes of Code Section 415(b), the "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) without regard to the benefit attributable to after-tax employee contributions (except pursuant to Code Section 415(n) and to rollover contributions (as defined in Code Section 415(b)(2)(A)). The "benefit attributable" shall be determined in accordance with Treasury Regulations.

2. **Adjustments to Basic Limitation for Form of Benefit.**

If the benefit under the plan is other than the annual benefit described in subsection 1., then the benefit shall be adjusted so that it is the equivalent of the annual benefit, using factors prescribed in Treasury Regulations. If the form of the benefit without regard to any automatic benefit increase feature is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent amount (determined using the assumptions specified in Treasury Regulation Section 1.415(b)-1(c)(2)(ii)) that takes into account the additional benefits under the form of benefit as follows:

- A. For a benefit paid in a form to which Section 417(e)(3) of the Code does not apply (generally, a monthly benefit), the actuarially equivalent straight life annuity benefit that is the greater of:
- (1) The annual amount of the straight life annuity (if any) payable to the Member under the Plan commencing at the same annuity starting date as the form of benefit to the Member, or
 - (2) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member, computed using a five percent (5%) interest assumption (or the applicable statutory interest assumption) and (i) for years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation Section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Section 417(e)(3)(B) of the Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Section 417(e)(3)(B) of the Code); or
- B. For a benefit paid in a form to which Section 417(e)(3) of the Code applies (generally, a lump sum benefit), the actuarially equivalent straight life annuity benefit that is the greatest of:
- (1) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the Plan for actuarial experience;
 - (2) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a five and one half percent (5.5%) interest assumption (or the applicable statutory interest assumption) and (i) for years prior to January 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Section 417(e)(3)(B) of the Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417(e)(3)(B) of the Code); or
 - (3) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treasury

Regulation Section 1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to January 1, 2007, using the rate in effect for the month prior to retirement, and on and after January 1, 2007, using the rate in effect for the first day of the Plan Year with a one-year stabilization period)) and (i) for years prior to January 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Section 417(e)(3)(B) of the Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Section 417(e)(3)(B) of the Code), divided by 1.05.

- C. The actuary may adjust the 415(b) limit at the annuity starting date in accordance with subsections A. and B above.

3. Benefits Not Taken into Account.

For purposes of this Section, the following benefits shall not be taken into account in applying these limits:

- A. Any ancillary benefit which is not directly related to retirement income benefits;
- B. Any other benefit not required under §415(b)(2) of the Code and Regulations thereunder to be taken into account for purposes of the limitation of Code Section 415(b)(1); and
- C. That portion of any joint and survivor annuity that constitutes a qualified joint and survivor annuity.

4. COLA Effect.

Effective on and after January 1, 2003, for purposes of applying the limits under Code Section 415(b) (the "Limit"), the following will apply:

- A. A Member's applicable limit will be applied to the Member's annual benefit in the Member's first limitation year of benefit payments without regard to any automatic cost of living adjustments;
- B. thereafter, in any subsequent limitation year, a Member's annual benefit, including any automatic cost of living increases, shall be tested under the then applicable benefit limit including any adjustment to the Code Section 415(b)(1)(A) dollar limit under Code Section 415(d), and the regulations thereunder; but
- C. in no event shall a Member's benefit payable under the System in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Code Section 415(d) and the regulations thereunder.

Unless otherwise specified in the System, for purposes of applying the limits under Code Section 415(b), a Member's applicable limit will be applied taking into consideration cost of living increases as required by Section 415(b) of the Internal Revenue Code and applicable Treasury Regulations.

5. Other Adjustments in Limitations.

- A. In the event the Member's retirement benefits become payable before age sixty-two (62), the limit prescribed by this Section shall be reduced in accordance with regulations issued by the Secretary of the Treasury pursuant to the provisions of Code Section 415(b) of the Code, so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to a one hundred sixty thousand dollar (\$160,000) annual benefit beginning at age sixty-two (62).
- B. In the event the Member's benefit is based on at least fifteen (15) years of Credited Service as a full-time employee of the police or fire department of the City, the adjustments provided for in A. above shall not apply.
- C. The reductions provided for in A. above shall not be applicable to disability benefits pursuant to Section 43-118, or pre-retirement death benefits paid pursuant to Section 43-117.
- D. In the event the Member's retirement benefit becomes payable after age sixty-five (65), for purposes of determining whether this benefit meets the limit set forth in subsection 1 herein, such benefit shall be adjusted so that it is actuarially equivalent to the benefit beginning at age sixty-five (65). This adjustment shall be made in accordance with regulations promulgated by the Secretary of the Treasury or his delegate.

6. Less than Ten (10) Years of Participation or Service.

The maximum retirement benefits payable under this Section to any Member who has completed less than ten (10) years of Credited Service with the City shall be the amount determined under subsection 1 of this Section multiplied by a fraction, the numerator of which is the number of the Member's years of Credited Service and the denominator of which is ten (10). The reduction provided by this subsection cannot reduce the maximum benefit below 10% of the limit determined without regard to this subsection. The reduction provided for in this subsection shall not be applicable to pre-retirement disability benefits paid pursuant to Section 43-118, or pre-retirement death benefits paid pursuant to Section 43-117.

7. Participation in Other Defined Benefit Plans.

The limit of this Section with respect to any Member who at any time has been a member in any other defined benefit plan as defined in Code Section 414(j) maintained by the City shall apply as if the total benefits payable under all City defined benefit plans in which the Member has been a member were payable from one (1) plan.

8. Ten Thousand Dollar (\$10,000) Limit; Less Than Ten Years of Service.

Notwithstanding anything in this Section 43-125, the retirement benefit payable with respect to a Member shall be deemed not to exceed the limit set forth in this subsection 8. of Section 43-125 if the benefits payable, with respect to such Member under this System and under all other qualified defined benefit pension plans to which the City contributes, do not exceed ten thousand dollars (\$10,000) for the applicable limitation year and for any prior limitation year and the City has not any time maintained a qualified defined contribution plan in which the Member participated; provided, however, that if the Member has completed less than ten (10) years of Credited Service with the City, the limit under this subsection 8. of Section 43-125 shall be a reduced limit equal to ten thousand dollars (\$10,000) multiplied by a fraction, the numerator of which is the number of the Member's years of Credited Service and the denominator of which is ten (10).

9. Reduction of Benefits.

Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the Member's benefit under any defined benefit plans in which Member participated, such reduction to be made first with respect to the plan in which Member most recently accrued benefits and thereafter in such priority as shall be determined by the Board and the plan administrator of such other plans, and next, by reducing or allocating excess forfeitures for defined contribution plans in which the Member participated, such reduction to be made first with respect to the plan in which Member most recently accrued benefits and thereafter in such priority as shall be established by the Board and the plan administrator for such other plans provided, however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the Board and the plan administrator of all other plans covering such Member

10. Service Credit Purchase Limits.

A. Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a Member makes one or more contributions to purchase permissive service credit under the System, as allowed in Section 43-146 and 43-147, then the requirements of this Section will be treated as met only if:

- (1) the requirements of Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Code Section 415(b), or
- (2) the requirements of Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Code Section 415(c).

For purposes of applying subparagraph (1), the System will not fail to meet the reduced limit under Code Section 415(b)(2)(C) solely by reason of this subparagraph, and for purposes of applying subparagraph (2) the System will not fail to meet the percentage limitation under Section 415(c)(1)(B) of the Internal Revenue Code solely by reason of this subparagraph.

- B. For purposes of this subsection the term "permissive service credit" means service credit—
- (1) recognized by the System for purposes of calculating a Member's benefit under the plan,
 - (2) which such Member has not received under the plan, and
 - (3) which such Member may receive only by making a voluntary additional contribution, in an amount determined under the System, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may, if otherwise provided by the System, include service credit for periods for which there is no performance of service, and, notwithstanding clause B.(2), may include service credited in order to provide an increased benefit for service credit which a Member is receiving under the System.

11. Contribution Limits.

- A. For purposes of applying the Code Section 415(c) limits which are incorporated by reference and for purposes of this subsection 11., only and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulations Section 1.415(c)-2, or successor regulations. Unless another definition of compensation that is permitted by Treasury Regulations Section 1.415(c)-2, or successor regulation, is specified by the System, compensation will be defined as wages within the meaning of Code Section 3401(a) and all other payments of compensation to an employee by an employer for which the employer is required to furnish the employee a written statement under Code Sections 6041(d), 6051(a)(3) and 6052 and will be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).
- (1) However, for limitation years beginning after December 31, 1997, compensation will also include amounts that would otherwise be included in compensation but for an election under Code Sections 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b). For limitation years beginning after December 31, 2000, compensation will also include any elective amounts that are not includible in the gross income of the employee by reason of Code Section 132(f)(4).

- (2) For limitation years beginning on and after January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after an employee's severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:
 - (a) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
 - (b) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.
 - (3) Back pay, within the meaning of Treasury Regulations Section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.
- B. Notwithstanding any other provision of law to the contrary, the Board may modify a request by a Member to make a contribution to the System if the amount of the contribution would exceed the limits provided in Code Section 415 by using the following methods:
- (1) If the law requires a lump sum payment for the purchase of service credit, the Board may establish a periodic payment deduction plan for the Member to avoid a contribution in excess of the limits under Code Sections 415(c) or 415(n).
 - (2) If payment pursuant to subparagraph (1) will not avoid a contribution in excess of the limits imposed by Code Section 415(c), the Board may either reduce the Member's contribution to an amount within the limits of that section or refuse the Member's contribution.
- C. If the annual additions for any Member for a limitation year exceed the limitation under Section 415(c) of the Code, the excess annual addition will be corrected as permitted under the Employee Plans Compliance Resolution System (or similar IRS correction program).
- D. For limitation years beginning on or after January 1, 2009, a Member's compensation for purposes of this subsection 11. shall not exceed the annual limit under Section 401(a)(17) of the Code.

12. Additional Limitation on Pension Benefits.

Notwithstanding anything herein to the contrary:

- A. The normal retirement benefit or pension payable to a Retiree who becomes a Member of the System and who has not previously participated in such System, on or after January 1, 1980, shall not exceed one hundred percent (100%) of his Average Final Compensation. However, nothing contained in this Section shall apply to supplemental retirement benefits or to pension increases attributable to cost-of-living increases or adjustments.
- B. No Member of the System shall be allowed to receive a retirement benefit or pension which is in part or in whole based upon any service with respect to which the Member is already receiving, or will receive in the future, a retirement benefit or pension from a different employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter 67, Title 10, U.S. Code.

Section 4: That Ordinance No. 5987 of the City of Ocala Police Officers' Retirement System, as subsequently amended, is hereby amended by amending Section 43-137, Prior Police Service, subsection 5., to read as follows:

* * *

5. In no event, however, may Credited Service be purchased pursuant to this Section for prior service with any other municipal, county Police department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in Section 43-125, subsection 12.B.

Section 5: 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 phrases under application shall not be affected thereby.

Section 6: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Ocala.

Section 7: All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

Section 8: That this Ordinance shall become effective upon its adoption.

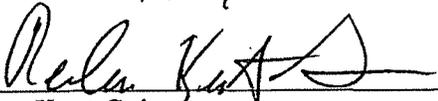
ATTEST:

By: Angel B. Jacobs
Angel B. Jacobs
City Clerk

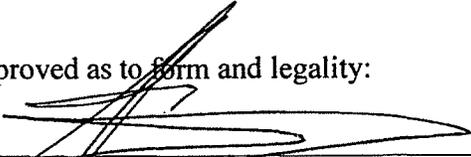
CITY OF OCALA

By: Mary S. Rich
Mary S. Rich
President, Ocala City Council

Approved/Denied by me as Mayor of the City of Ocala, Florida, on 9/17/2013, 2013.

By: 
Reuben Kent Guinn
Mayor

Approved as to form and legality:


By: _____
Patrick C. Gilligan
City Attorney

Ordinance No: 2013-76
Introduced: 9/3/2013
Adopted: 9/17/2013
Legal Ad No: A000799439 - 9/6/13

Ordinance

No. 5987

AN ORDINANCE OF THE CITY OF OCALA AMENDING AND RESTATING CHAPTER 43, PENSIONS AND RETIREMENT, ARTICLE IV, CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM; SECTIONS 43-111 THROUGH 43-139 INCLUSIVE OF THE CODE OF ORDINANCES OF THE CITY OF OCALA; PROVIDING FOR DEFINITIONS; PROVIDING FOR MEMBERSHIP; PROVIDING FOR A BOARD OF TRUSTEES; PROVIDING FOR FINANCES AND FUND MANAGEMENT; PROVIDING FOR CONTRIBUTIONS; PROVIDING FOR BENEFIT AMOUNTS AND ELIGIBILITY; PROVIDING FOR PRE-RETIREMENT DEATH BENEFITS; PROVIDING FOR DISABILITY BENEFITS; PROVIDING FOR VESTING OF BENEFITS; PROVIDING OPTIONAL FORMS OF BENEFITS; PROVIDING FOR BENEFICIARIES; PROVIDING CLAIMS PROCEDURES; PROVIDING FOR REPORTS TO THE DIVISION OF RETIREMENT; PROVIDING FOR A ROSTER OF RETIREES; PROVIDING FOR A MAXIMUM PENSION LIMITATION; PROVIDING FOR MINIMUM DISTRIBUTION OF BENEFITS; PROVIDING MISCELLANEOUS PROVISIONS; PROVIDING FOR REPEAL OR TERMINATION OF THE SYSTEM; PROVIDING FOR DOMESTIC RELATIONS ORDERS AND EXEMPTION FROM EXECUTION AND NON-ASSIGNABILITY; PROVIDING FOR PENSION VALIDITY; PROVIDING FOR FORFEITURE OF PENSION UNDER CERTAIN CIRCUMSTANCES; PROVIDING FOR CONVICTION AND FORFEITURE, FALSE, MISLEADING OR FRAUDULENT STATEMENTS; PROVIDING FOR INDEMNIFICATION AND DEFENSE OF CLAIMS; PROVIDING FOR DIRECT TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS AND ELIMINATION OF MANDATORY DISTRIBUTIONS; PROVIDING FOR PURCHASE OF CREDIT FOR MILITARY SERVICE PRIOR TO EMPLOYMENT; PROVIDING FOR THE PURCHASE OF CREDITED SERVICE FOR ABSENCES PURSUANT TO THE FAMILY AND MEDICAL LEAVE ACT; PROVIDING FOR THE PURCHASE OF CREDITED SERVICE FOR PRIOR POLICE OR FIRE SERVICE; PROVIDING FOR A DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR REEMPLOYMENT AFTER RETIREMENT; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AND EFFECTIVE DATE.

WHEREAS, the City of Ocala Police Officers are presently provided pension and certain other benefits under Ordinances of the City of Ocala and;

WHEREAS, the City Council desires to clarify and restate the provisions of the City of Ocala Police Officers' Retirement System and to consolidate all prior ordinances and Code provisions, to implement benefit improvements and to incorporate Federal law and the applicable provisions of Chapter 185, Florida Statutes;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA;

SECTION 1: That the Code of Ordinances, City of Ocala, Florida, is hereby amended and

restated as set forth in the document designated CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM, attached hereto and made a part hereof.

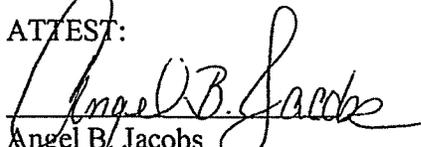
SECTION 2: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Ocala.

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

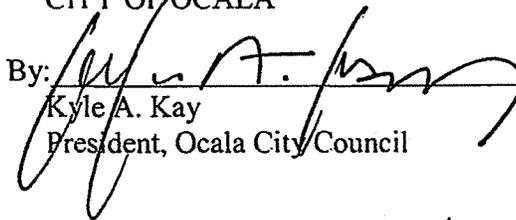
SECTION 4: If any section, subsection, sentence, clause, phrase of this Ordinance, or the particular application thereof shall be held invalid by any court, administrative agency, or other body with appropriate jurisdiction, the remaining section, subsection, sentences, clauses, or phrases under application shall not be affected thereby.

SECTION 5: That this Ordinance shall take effect upon approval by the Mayor.

ATTEST:


Angel B. Jacobs
Interim City Clerk

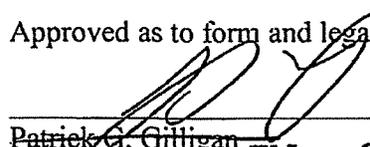
CITY OF OCALA

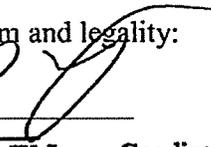
By: 
Kyle A. Kay
President, Ocala City Council

Approved/Denied by me as Mayor of the City of Ocala, Florida on May 5th, 2009.

By: 
Randall Ewers
Mayor

Approved as to form and legality:


Patrick G. Gilligan
City Attorney


W. James Gooding III
Assistant City Attorney

Ordinance No: 5987
Introduced: April 21, 2009
Adopted: May 5, 2009
Legal Ad No: A000551088

**CITY OF OCALA
POLICE OFFICERS' RETIREMENT SYSTEM**

SECTION 43-111. DEFINITIONS.

1. As used herein, unless otherwise defined or required by the context, the following words and phrases shall have the meaning indicated:

Accumulated Contributions means a Member's own contributions without interest. For those Members who purchased Credited Service with interest or at no cost to the System, any payment representing the amount attributable to Member contributions based on the applicable Member contribution rate, and any payment representing interest and any required actuarially calculated payments for the purchase of such Credited Service, shall be included in Accumulated Contributions. Actuarial Equivalent means a benefit or amount of equal value, determined on the basis of actuarial equivalency using assumptions adopted by the Board such that benefit calculations are not subject to City discretion.

Average Final Compensation means one-twelfth (1/12) of the average Salary of the five (5) best years of Credited Service prior to Retirement, termination, or death. A year shall be twelve (12) consecutive months.

Beneficiary means the person or persons entitled to receive benefits hereunder at the death of a Member who has or have been designated in writing by the Member and filed with the Board. If no such designation is in effect, or if no person so designated is living, at the time of death of the Member, the Beneficiary shall be the estate of the Member.

Board means the Board of Trustees, which shall administer and manage the System herein provided and serve as trustees of the Fund.

City means City of Ocala, Florida.

Code means the Internal Revenue Code of 1986, as amended from time to time.

Credited Service means the total number of years and fractional parts of years of service as a Police Officer with Member contributions, when required, omitting intervening years or fractional parts of years when such Member was not employed by the City as a Police Officer. A Member may voluntarily leave his Accumulated Contributions in the Fund for a period of five (5) years after leaving the employ of the Police Department pending the possibility of being reemployed as a Police Officer, without losing credit for the time that he was a Member of the System. If a vested Member leaves the employ of the Police Department, his Accumulated Contributions will be returned only upon his written request. If a Member who is not vested is not reemployed as a Police Officer with the Police Department within five (5) years, his Accumulated Contributions, if one thousand dollars (\$1,000.00) or less, shall be returned. If a Member who is not vested is not reemployed within five (5) years, his Accumulated Contributions, if more than one-thousand dollars (\$1,000.00), will be returned only upon the written request of the Member and upon completion of a written election to receive a cash lump sum or to rollover the lump sum amount on forms designated by the Board. Upon return of a Member's Accumulated Contributions, all of his rights and benefits under the System are forfeited and terminated. Upon any reemployment, a Police Officer shall not receive credit for the years and fractional parts of years of service for which he has withdrawn his Accumulated Contributions from the Fund, unless the Police Officer repays into the Fund the contributions he has withdrawn, with interest, as determined by the Board, within ninety (90) days after his reemployment.

The years or fractional parts of a year that a Member performs "Qualified Military Service" consisting of voluntary or involuntary "service in the uniformed services" as defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA) (P.L.103-353),

after separation from employment as a Police Officer with the City to perform training or service, shall be added to his years of Credited Service for all purposes, including vesting, provided that:

- A. The Member is entitled to reemployment under the provisions of USERRA.
- B. The Member returns to his employment as a Police Officer within one (1) year from the earlier of the date of his military discharge or his release from active service, unless otherwise required by USERRA.
- C. The maximum credit for military service pursuant to this paragraph shall be five (5) years
- D. This paragraph is intended to satisfy the minimum requirements of USERRA. To the extent that this paragraph does not meet the minimum standards of USERRA, as it may be amended from time to time, the minimum standards shall apply.

In the event a Member dies on or after January 1, 2007, while performing USERRA Qualified Military Service, the beneficiaries of the Member are entitled to any benefits (other than benefit accruals relating to the period of qualified military service) as if the Member had resumed employment and then died while employed.

In the event that an employee became a Member of this System on or after February 22, 2000 and has also accumulated Credited Service in another pension system maintained by the City, then such other Credited Service shall be used in determining vesting as provided for in Section 43-119, and for determining eligibility for early or normal retirement in each system. Such other Credited Service shall not be considered in determining benefits under this system, but shall be considered for determining benefits under such other Systems based upon the

Member's average final compensation and benefit accrual rate in effect in such other system at the time of the Member's termination of membership from such other System. Only his Credited Service under this system on or after his date of membership in this System shall be considered for this System's benefit calculation. The benefit calculation for a Member of this System, who is or becomes eligible for a benefit from this System after he has become a Member of his other pension system maintained by the City, shall be based upon the Member's Average Final Compensation and benefit accrual rate in effect on the date of the Member's termination of membership in this system.

Any Police Officer, Firefighter or General Employee Member of the City of Ocala Employees' Pension Plan prior to February 22, 2000 who received Credited Service as a Police Officer, Firefighter and other Credited Service as a General Employee in such plan shall have the total years of Credited Service used to determine vesting as provided for in section 43-119 and for determining eligibility for early or normal retirement in the City of Ocala General Employees' Retirement System, the City of Ocala Firefighters' Retirement Plan and or the City of Ocala Police Officers' Retirement System. Where a member was formerly a Police Officer, or Firefighter and became a General Employee prior to February 22, 2000 only credited service as a Police Officer shall be considered for determining benefits under the City of Ocala Police Officers' Retirement System based upon the Member's Average Final Compensation and the benefit accrual rate in effect immediately prior to adoption of this ordinance.

Effective Date means _____.

Police Officer means an actively employed full-time person, employed by the City, including his initial probationary employment period, who is certified as a Police Officer as a condition of employment in accordance with the provisions of §943.1395, Florida Statutes, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the

prevention and detection of crime or the enforcement of the penal, traffic, or highway laws of the State of Florida.

Fund means the trust fund established herein as part of the System.

Member means an actively employed Police Officer who fulfills the prescribed membership requirements. Benefit improvements which, in the past, have been provided for by amendments to the System adopted by City ordinance, and any benefit improvements which might be made in the future shall apply prospectively and shall not apply to Members who terminate employment or who retire prior to the effective date of any ordinance adopting such benefit improvements, unless such ordinance specifically provides to the contrary.

Plan Year means the twelve (12) month period beginning October 1 and ending September 30 of the following year.

Retiree means a Member who has entered Retirement status.

Retirement means a Member's separation from City employment with eligibility for immediate receipt of benefits under the System or entry into the Deferred Retirement Option Plan.

Salary means the total compensation for services rendered to the City as a Police Officer reportable on the Member's W-2 form, excluding special detail pay, bonuses and unused vacation and sick time, plus all tax deferred, tax sheltered, or tax exempt items of income derived from elective employee payroll deductions or salary reductions. Compensation in excess of the limitations set forth in Section 401(a)(17) of the Code as of the first day of the Plan Year shall be disregarded for any purpose, including employee contributions or any benefit calculations. The annual compensation of each member taken into account in determining benefits or employee contributions for any Plan Year beginning on or after January 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section

401(a)(17)(B). Compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a Member's contributions or benefits for the current Plan Year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period. The limitation on compensation for an "eligible employee" shall not be less than the amount which was allowed to be taken into account hereunder as in effect on July 1, 1993. "Eligible employee" is an individual who was a Member before the first Plan Year beginning after December 31, 1995.

Spouse means the lawful wife or husband of a Member or Retiree at the time benefits become payable.

System means the City of Ocala Police Officers' Retirement System as contained herein and all amendments thereto.

2. Masculine Gender.

The masculine gender, where used herein, unless the context specifically requires otherwise, shall include both the feminine and masculine genders.

SECTION 43-112. MEMBERSHIP.

1. Conditions of Eligibility.

All Police Officers as of the Effective Date, and all future new Police Officers, shall become Members of this System as a condition of employment.

2. Designation of Beneficiary.

Each Police Officer shall complete a form prescribed by the Board designating a Beneficiary or Beneficiaries.

SECTION 43-113. BOARD OF TRUSTEES.

1. The sole and exclusive administration of and responsibility for the proper operation of the System and for making effective the provisions of this ordinance is hereby vested in a Board of Trustees. The Board is hereby designated as the plan administrator. The Board shall consist of five (5) Trustees, two (2) of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the Ocala City Council, and two (2) of whom shall be Members of the System, who shall be elected by a majority of the Police Officers who are Members of the System. The fifth Trustee shall be chosen by a majority of the previous four (4) Trustees as provided for herein, and such person's name shall be submitted to the Ocala City Council. Upon receipt of the fifth person's name, the Ocala City Council shall, as a ministerial duty, appoint such person to the Board of Trustees as its fifth Trustee. The fifth Trustee shall have the same rights as each of the other four (4) Trustees appointed or elected as herein provided and shall serve a two (2) year term unless he sooner vacates the office. Each resident Trustee shall serve as Trustee for a period of two (2) years, unless he sooner vacates the office or is sooner replaced by the Ocala City Council at whose pleasure he shall serve. Each Member Trustee shall serve as Trustee for a period of two (2) years, unless he sooner leaves the employment of the City as a Police Officer or otherwise vacates his office as Trustee, whereupon a successor shall be chosen in the same manner as the departing Trustee. Each Trustee may succeed himself in office. Drop participants can be elected as but not vote for elected Trustees. The Board shall establish and administer the nominating and election procedures for each election. The Board shall meet at least quarterly each year. The Board shall be a legal entity

with, in addition to other powers and responsibilities contained herein, the power to bring and defend lawsuits of every kind, nature, and description.

2. The Trustees shall, by a majority vote, elect a Chairman and a Secretary. The Secretary of the Board shall keep a complete minute book of the actions, proceedings, or hearings of the Board. The Trustees shall not receive any compensation as such, but may receive expenses and per diem as provided by law.

3. Each Trustee shall be entitled to one (1) vote on the Board. Three (3) affirmative votes shall be necessary for any decision by the Trustees at any meeting of the Board. A Trustee shall abstain from voting as the result of a conflict of interest and shall comply with the provisions of Section 112.3143, Florida Statutes.

4. The Board shall engage such actuarial, accounting, legal, and other services as shall be required to transact the business of the System. The compensation of all persons engaged by the Board and all other expenses of the Board necessary for the operation of the System shall be paid from the Fund at such rates and in such amounts as the Board shall agree. In the event the Board chooses to use the City's legal counsel, actuary or other professional, technical or other advisors, it shall do so only under terms and conditions acceptable to the Board.

5. The duties and responsibilities of the Board shall include, but not necessarily be limited to, the following:

- A. To construe the provisions of the System and determine all questions arising thereunder.
- B. To determine all questions relating to eligibility and membership.
- C. To determine and certify the amount of all retirement allowances or other benefits hereunder.

- D. To establish uniform rules and procedures to be followed for administrative purposes, benefit applications and all matters required to administer the System.
- E. To distribute to Members, at regular intervals, information concerning the System.
- F. To receive and process all applications for benefits.
- G. To authorize all payments whatsoever from the Fund, and to notify the disbursing agent, in writing, of approved benefit payments and other expenditures arising through operation of the System and Fund.
- H. To have performed actuarial studies and valuations, at least as often as required by law, and make recommendations regarding any and all changes in the provisions of the System.
- I. To perform such other duties as are required to prudently administer the System.

SECTION 43-114. FINANCES AND FUND MANAGEMENT.

Establishment and Operation of Fund.

1. As part of the System, there exists the Fund, into which shall be deposited all of the contributions and assets whatsoever attributable to the System, including the assets of the prior Police Officers' Retirement System and the prior Employees' Retirement Plan.

2. The actual custody and supervision of the Fund (and assets thereof) shall be vested in the Board. Payment of benefits and disbursements from the Fund shall be made by the disbursing agent but only upon written authorization from the Board.

3. All funds of the Police Officers' Retirement System may be deposited by the Board with the appropriate City official, acting in a ministerial capacity only, who shall be liable

in the same manner and to the same extent as he is liable for the safekeeping of funds for the City. However, any funds so deposited with the appropriate City official shall be kept in a separate fund by the appropriate City official or clearly identified as such funds of the Police Officers' Retirement System. In lieu thereof, the Board shall deposit the funds of the Police Officers' Retirement System in a qualified public depository as defined in §280.02, Florida Statutes, which depository with regard to such funds shall conform to and be bound by all of the provisions of Chapter 280, Florida Statutes. In order to fulfill its investment responsibilities as set forth herein, the Board may retain the services of a custodian bank, an investment advisor registered under the Investment Advisors Act of 1940 or otherwise exempt from such required registration, an insurance company, or a combination of these, for the purposes of investment decisions and management. Such investment manager shall have discretion, subject to any guidelines as prescribed by the Board, in the investment of all Fund assets.

4. All funds and securities of the System may be commingled in the Fund, provided that accurate records are maintained at all times reflecting the financial composition of the Fund, including accurate current accounts and entries as regards the following:

- A. Current amounts of Accumulated Contributions of Members on both an individual and aggregate account basis, and
- B. Receipts and disbursements, and
- C. Benefit payments, and
- D. Current amounts clearly reflecting all monies, funds and assets whatsoever attributable to contributions and deposits from the City, and
- E. All interest, dividends and gains (or losses) whatsoever, and
- F. Such other entries as may be properly required so as to reflect a clear and complete financial report of the Fund.

5. An audit shall be performed annually by a certified public accountant for the most recent fiscal year of the System showing a detailed listing of assets and a statement of all income and disbursements during the year. Such income and disbursements must be reconciled with the assets at the beginning and end of the year. Such report shall reflect a complete evaluation of assets on both a cost and market basis, as well as other items normally included in a certified audit.

6. The Board shall have the following investment powers and authority:

A. The Board shall be vested with full legal title to said Fund, subject, however, and in any event to the authority and power of the Ocala City Council to amend or terminate this Fund, provided that no amendment or Fund termination shall ever result in the use of any assets of this Fund except for the payment of regular expenses and benefits under this System, except as otherwise provided herein. All contributions from time to time paid into the Fund, and the income thereof, without distinction between principal and income, shall be held and administered by the Board or its agent in the Fund and the Board shall not be required to segregate or invest separately any portion of the Fund.

B. All monies paid into or held in the Fund shall be invested and reinvested by the Board and the investment of all or any part of such funds shall be subject to the following:

(1) Notwithstanding any limitation provided for in Chapter 185 OR 175, Florida Statutes to the contrary (unless such limitation may not be amended by local ordinance) or any limitation in prior city ordinances to the contrary, all monies paid into or held in the Fund

may be invested and reinvested in such securities, investment vehicles or property wherever situated and of whatever kind, as shall be approved by the Board, including but not limited to common or preferred stocks, bonds, and other evidences of indebtedness or ownership. In no event, however, shall more than ten percent of the assets of the Fund be invested in foreign securities, unless Chapter 185 OR 175, Florida Statutes, is amended to remove or change or this mandatory restriction.

- (2) The Board shall develop and adopt a written investment policy statement setting forth permissible types of investments, goals and objectives of investments and setting quality and quantity limitations on investments in accordance with the recommendations of its investment consultants. The investment policy statement shall be reviewed by the Board at least annually.
- (3) In addition, the Board may, upon recommendation by the Board's investment consultant, make investments in group trusts meeting the requirements of Internal Revenue Service Revenue Ruling 81-100 or successor rulings or guidance of similar import, and while any portion of the assets of the Fund are invested in such a group trust, such group trust is itself adopted as a part of the System or plan.

C. At least once every three (3) years, and more often as determined by the Board, the Board shall retain a professionally qualified independent consultant, as defined in Section 185.06, Florida Statutes, to evaluate the

performance of all current investment managers and make recommendations regarding the retention of all such investment managers. These recommendations shall be considered by the Board at its next regularly scheduled meeting.

- D. The Board may retain in cash and keep unproductive of income such amount of the Fund as it may deem advisable, having regard for the cash requirements of the System.
- E. Neither the Board nor any Trustee shall be liable for the making, retention or sale of any investment or reinvestment made as herein provided, nor for any loss or diminishment of the Fund, except that due to his or its own negligence, willful misconduct or lack of good faith.
- F. The Board may cause any investment in securities held by it to be registered in or transferred into its name as Trustee or into the name of such nominee as it may direct, or it may retain them unregistered and in form permitting transferability, but the books and records shall at all times show that all investments are part of the Fund.
- G. The Board is empowered, but is not required, to vote upon any stocks, bonds, or securities of any corporation, association, or trust and to give general or specific proxies or powers of attorney with or without power of substitution; to participate in mergers, reorganizations, recapitalizations, consolidations, and similar transactions with respect to such securities; to deposit such stock or other securities in any voting trust or any protective or like committee with the Trustees or with depositories designated thereby; to amortize or fail to amortize any part or all of the premium or

discount resulting from the acquisition or disposition of assets; and generally to exercise any of the powers of an owner with respect to stocks, bonds, or other investments comprising the Fund which it may deem to be to the best interest of the Fund to exercise.

- H. The Board shall not be required to make any inventory or appraisal or report to any court, nor to secure any order of court for the exercise of any power contained herein.
- I. Where any action which the Board is required to take or any duty or function which it is required to perform either under the terms herein or under the general law applicable to it as Trustee under this ordinance, can reasonably be taken or performed only after receipt by it from a Member, the City, or any other entity, of specific information, certification, direction or instructions, the Board shall be free of liability in failing to take such action or perform such duty or function until such information, certification, direction or instruction has been received by it.
- J. Any overpayments or underpayments from the Fund to a Member, Retiree or Beneficiary caused by errors of computation shall be adjusted with interest at a rate per annum approved by the Board in such a manner that the Actuarial Equivalent of the benefit to which the Member, Retiree or Beneficiary was correctly entitled, shall be paid. Overpayments shall be charged against payments next succeeding the correction or collected in another manner if prudent. Underpayments shall be made up from the Fund in a prudent manner.

- K. The Board shall sustain no liability whatsoever for the sufficiency of the Fund to meet the payments and benefits provided for herein.
- L. In any application to or proceeding or action in the courts, only the Board shall be a necessary party, and no Member or other person having an interest in the Fund shall be entitled to any notice or service of process. Any judgment entered in such a proceeding or action shall be conclusive upon all persons.
- M. Any of the foregoing powers and functions reposed in the Board may be performed or carried out by the Board through duly authorized agents, provided that the Board at all times maintains continuous supervision over the acts of any such agent; provided further, that legal title to said Fund shall always remain in the Board.

SECTION 43-115. CONTRIBUTIONS.

1. **Member Contributions.**

- A. **Amount.** Each Member of the System shall be required to make regular contributions to the Fund in the amount of eight percent (8%) of his Salary. Member contributions withheld by the City on behalf of the Member shall be deposited with the Board immediately after each pay period. The contributions made by each Member to the Fund shall be designated as employer contributions pursuant to §414(h) of the Code. Such designation is contingent upon the contributions being excluded from the Members' gross income for Federal Income Tax purposes. For all other purposes of the System, such contributions shall be considered to be Member contributions.

B. Method. Such contributions shall be made by payroll deduction.

2. State Contributions.

Any monies received or receivable by reason of laws of the State of Florida, for the express purpose of funding and paying for retirement benefits for Police Officers of the City shall be deposited in the Fund comprising part of this System immediately and under no circumstances more than five (5) days after receipt by the City.

3. City Contributions.

So long as this System is in effect, the City shall make quarterly contributions to the Fund in an amount equal to the required City contribution as shown by applicable actuarial valuation of the System.

4. Other.

Private donations, gifts and contributions may be deposited to the Fund, but such deposits must be accounted for separately and kept on a segregated bookkeeping basis. Funds arising from these sources may be used only for additional benefits for Members, as determined by the Board, and may not be used to reduce what would have otherwise been required City contributions.

SECTION 43-116. BENEFIT AMOUNTS AND ELIGIBILITY.

1. Normal Retirement Date.

A Member's normal retirement date shall be the first day of the month coincident with, or next following the earlier of the attainment of age fifty-two (52) and the completion of ten (10) years of Credited Service or the completion of twenty-five (25) years of Credited Service, regardless of age. A Member may retire on his normal retirement date or on the first day of any month thereafter, and each Member shall become one hundred percent (100%) vested

in his accrued benefit on the Member's normal retirement date. Normal retirement under the System is Retirement from employment with the City on or after the normal retirement date.

2. Normal Retirement Benefit.

A Member retiring hereunder on or after his normal retirement date shall receive a monthly benefit which shall commence on the first day of the month coincident with or next following his Retirement and be continued thereafter during Member's lifetime, ceasing upon death, but with one hundred twenty (120) monthly payments guaranteed in any event. The monthly retirement benefit shall equal three and thirty-three hundredths percent (3.33%) of Average Final Compensation, for each year of Credited Service.

3. Early Retirement Date.

A Member may retire on his early retirement date which shall be the first day of any month coincident with or next following the attainment of age fifty (50) and the completion of ten (10) years of Credited Service. Early retirement under the System is Retirement from employment with the City on or after the early retirement date and prior to the normal retirement date.

4. Early Retirement Benefit.

A Member retiring hereunder on his early retirement date may receive either a deferred or an immediate monthly retirement benefit payable in the same form as for normal retirement as follows:

- A. A deferred monthly retirement benefit which shall commence on what would have been his normal retirement date based on his actual years of service as a Police Officer and shall be continued on the first day of each month thereafter. The amount of each such deferred monthly retirement benefit shall be determined in the same manner as for retirement on his

normal retirement date, except that Credited Service and Average Final Compensation shall be determined as of his early retirement date; or

- B. An immediate monthly retirement benefit which shall commence on his early retirement date and shall be continued on the first day of each month thereafter. The benefit payable shall be as determined in paragraph A above, reduced by three percent (3%) for each year by which the commencement of benefits precedes the date which would have been the Member's normal retirement date based on his actual years of service as a Police Officer.

5. Supplemental Benefit .

All Retirees, including disability Retirees, or Beneficiaries, who were receiving benefits on February 15, 2000, shall receive a one hundred dollar (\$100.00) per month benefit supplement, payable for life retroactive to the latter of their retirement date or October 1, 1998.

6. Pensioner Benefit Increases.

Periodically the Board will review the adequacy of pension benefits of Retirees and Beneficiaries with respect to increases in the cost of living and has authority to recommend increases if warranted to the City Council.

7 Supplemental Benefit

All current and future retirees, their joint pensioners or beneficiaries, excluding vested terminated persons, shall receive a monthly supplemental benefit equal to five dollars (\$5.00) for each full year of Credited Service provided that the minimum monthly supplement shall be thirty dollars (\$30.00). This supplement shall be offset by the monthly supplements provided for in paragraph 5., above.

8. Supplemental Benefit

All current and future service retirees, their joint pensioners and beneficiaries including preretirement death beneficiaries, disability Retirees and DROP participants, but excluding terminated vested persons, shall receive a monthly supplemental benefit equal to five dollars (\$5.00) for each full year of Credited Service.

9. Required Distribution Date.

The Member's benefit under this Section must begin to be distributed to the Member no later than April 1 of the calendar year following the later of the calendar year in which the Member attains age seventy and one-half (70½) or the calendar year in which the Member terminates employment with the City.

SECTION 43-117. PRE-RETIREMENT DEATH.

1. Prior to Vesting or Eligibility for Retirement.

The Beneficiary of a deceased Member who was not receiving monthly benefits or who was not yet vested or eligible for early or normal retirement shall receive a refund of one hundred percent (100%) of the Member's Accumulated Contributions.

2. Deceased Members Vested or Eligible for Retirement with Spouse as Beneficiary.

This subsection 2. applies only when the Member's Spouse is the sole designated Beneficiary. The Spouse Beneficiary of any Member who dies and who, at the date of his death was vested or eligible for early or normal retirement, shall be entitled to a benefit as follows:

- A. If the Member was vested, but not eligible for normal or early retirement, the Spouse Beneficiary shall receive a benefit payable for ten (10) years, beginning on the date that the deceased Member would have been eligible for early or normal retirement, at the option of the Spouse Beneficiary. The benefit shall be calculated as for normal retirement based on the

deceased Member's Credited Service and Average Final Compensation as of the date of his death and reduced as for early retirement, if applicable. The Spouse Beneficiary may also elect to receive an immediate benefit, payable for ten (10) years, which is actuarially reduced to reflect the commencement of benefits prior to the early retirement date.

- B. If the deceased Member was eligible for normal or early retirement, the Spouse Beneficiary shall receive a benefit payable for ten (10) years, beginning on the first day of the month following the Member's death or at the deceased Member's otherwise early or normal retirement date, at the option of the Spouse Beneficiary. The benefit shall be calculated as for normal retirement based on the deceased Member's Credited Service and Average Final Compensation as of the date of his death and reduced as for early retirement, if applicable.
- C. A Spouse Beneficiary may not elect an optional form of benefit, however, the Board may elect to make a lump sum payment pursuant to Section 43-120, subsection 7.
- D. A Spouse Beneficiary may, in lieu of any benefit provided for in A or B above, elect to receive a refund of the deceased Member's Accumulated Contributions.
- E. Notwithstanding anything contained in this Section to the contrary, in any event, distributions to the Spouse Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by a date selected pursuant to the above provisions in this

Section that must be on or before December 31 of the calendar year in which the Member would have attained 70½.

- F. If the surviving Spouse Beneficiary commences receiving a benefit under subsection A or B above, but dies before all payments are made, the actuarial value of the remaining benefit will be paid to the Spouse Beneficiary's estate in a lump sum.

3. Deceased Members Vested or Eligible for Retirement with Non-Spouse Beneficiary.

This subsection applies only when the Member's Spouse is not the Beneficiary or is not the sole designated Beneficiary, but there is a surviving Beneficiary.

The Beneficiary of any Member who dies and who, at the date of his death was vested or eligible for early or normal retirement, shall be entitled to a benefit as follows:

- A. If the Member was vested, but not eligible for normal or early retirement, the Beneficiary will receive a benefit payable for ten (10) years. The benefit will begin by December 31 of the calendar year immediately following the calendar year in which the Member died. The benefit will be calculated as for normal retirement based on the deceased Member's Credited Service and Average Final Compensation and actuarially reduced to reflect the commencement of benefits prior to the normal retirement date.
- B. If the deceased Member was eligible for normal or early retirement, the Beneficiary will receive a benefit payable for ten (10) years, beginning on

the first day of the month following the Member's death. The benefit will be calculated as for normal retirement based on the deceased Member's Credited Service and Average Final Compensation as of the date of his death and reduced for early retirement, if applicable.

- C. A Beneficiary may not elect an optional form of benefit, however the Board may elect to make a lump sum payment pursuant to Section 43-120, subsection 7.
- D. A Beneficiary, may, in lieu of any benefit provided for in A or B above, elect to receive a refund of the deceased Member's Accumulated Contributions.
- E. If a surviving Beneficiary commences receiving a benefit under subsection A or B above, but dies before all payments are made, the actuarial value of the remaining benefit will be paid to the surviving Beneficiary's estate by December 31 of the calendar year of the Beneficiary's death in a lump sum.
- F. If there is no surviving Beneficiary as of the Member's death, and the estate is to receive the benefits, the actuarial equivalent of the Member's entire interest must be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
- G. The Uniform Lifetime Table in Treasury Regulations § 1.401(a)(9)-9 shall determine the payment period for the calendar year benefits commence, if necessary to satisfy the regulations.

SECTION 43-118. DISABILITY.

- 1. Disability Benefits In-Line of Duty.

Any Member who shall become totally and permanently disabled to the extent that he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a Police Officer, which disability was directly caused by the performance of his duty as a Police Officer, shall, upon establishing the same to the satisfaction of the Board, be entitled to a monthly pension equal to three and thirty-three percent (3.33%) of his Average Final Compensation multiplied by the total years of Credited Service, but in any event the minimum amount paid to the Member shall be forty-two percent (42%) of the Average Final Compensation of the Member. Terminated persons, either vested or non-vested, are not eligible for disability benefits, except that those terminated by the City for medical reasons may apply for a disability within thirty (30) days after termination.

2. In-Line of Duty Presumptions.

A. Presumption. Any condition or impairment of health of a Member caused by hypertension or heart disease shall be presumed to have been suffered in line of duty unless the contrary is shown by competent evidence, provided that such Member shall have successfully passed a physical examination upon entering into such service, including cardiogram, which examination failed to reveal any evidence of such condition; and provided further, that such presumption shall not apply to benefits payable or granted in a policy of life insurance or disability insurance.

B. Additional Presumption. The presumption provided for in this paragraph B shall apply only to those conditions described in this paragraph B that are diagnosed on or after January 1, 1996.

(1) Definitions. As used in this subsection 2.B., the following definitions apply:

(a) "Body fluids" means blood and body fluids containing visible blood and other body fluids to which universal precautions for prevention of occupational transmission of blood-borne pathogens, as established by the Centers for Disease Control, apply. For purposes of potential transmission of meningococcal meningitis or tuberculosis, the term "body fluids" includes respiratory, salivary, and sinus fluids, including droplets, sputum, and saliva, mucous, and other fluids through which infectious airborne organisms can be transmitted between persons.

(b) "Emergency rescue or public safety Member" means any Member employed full time by the City as a firefighter, paramedic, emergency medical technician, law enforcement officer, or correctional officer who, in the course of employment, runs a high risk of occupational exposure to hepatitis, meningococcal meningitis, or tuberculosis and who is not employed elsewhere in a similar capacity. However, the term "emergency rescue or public safety Member" does not include any person employed by a public hospital licensed under Chapter 395, Florida Statutes, or any person employed by a subsidiary thereof.

- (c) "Hepatitis" means hepatitis A, hepatitis B, hepatitis non-A, hepatitis non-B, hepatitis C, or any other strain of hepatitis generally recognized by the medical community.
- (d) "High risk of occupational exposure" means that risk that is incurred because a person subject to the provisions of this subsection, in performing the basic duties associated with his employment:
- i. Provides emergency medical treatment in a non-health-care setting where there is a potential for transfer of body fluids between persons;
 - ii. At the site of an accident, fire, or other rescue or public safety operation, or in an emergency rescue or public safety vehicle, handles body fluids in or out of containers or works with or otherwise handles needles or other sharp instruments exposed to body fluids;
 - iii. Engages in the pursuit, apprehension, and arrest of law violators or suspected law violators and, in performing such duties, may be exposed to body fluids; or
 - iv. Is responsible for the custody, and physical restraint when necessary, of prisoners or inmates within a prison, jail, or other criminal detention facility, while on work detail outside the facility, or while

being transported and, in performing such duties,
may be exposed to body fluids.

(e) "Occupational exposure," in the case of hepatitis, meningococcal meningitis, or tuberculosis, means an exposure that occurs during the performance of job duties that may place a worker at risk of infection.

(2) Presumption. Any emergency rescue or public safety Member who suffers a condition or impairment of health that is caused by hepatitis, meningococcal meningitis, or tuberculosis, that requires medical treatment, and that results in total or partial disability or death shall be presumed to have a disability suffered in the line of duty, unless the contrary is shown by competent evidence; however, in order to be entitled to the presumption, the Member must, by written affidavit as provided in Section 92.50, Florida Statutes, verify by written declaration that, to the best of his knowledge and belief:

(a) In the case of a medical condition caused by or derived from hepatitis, he has not:

- I. Been exposed, through transfer of bodily fluids, to any person known to have sickness or medical conditions derived from hepatitis, outside the scope of his employment;
- ii. Had a transfusion of blood or blood components, other than a transfusion arising out of an accident or

injury happening in connection with his present employment, or received any blood products for the treatment of a coagulation disorder since last undergoing medical tests for hepatitis, which tests failed to indicate the presence of hepatitis;

- iii. Engaged in unsafe sexual practices or other high-risk behavior, as identified by the Centers for Disease Control or the Surgeon General of the United States or had sexual relations with a person known to him to have engaged in such unsafe sexual practices or other high-risk behavior; or
- iv. Used intravenous drugs not prescribed by a physician.

(b) In the case of meningococcal meningitis, in the ten (10) days immediately preceding diagnosis he was not exposed, outside the scope of his employment, to any person known to have meningococcal meningitis or known to be an asymptomatic carrier of the disease.

(c) In the case of tuberculosis, in the period of time since the Member's last negative tuberculosis skin test, he has not been exposed, outside the scope of his employment, to any person known by him to have tuberculosis.

- (3) Immunization. Whenever any standard, medically recognized vaccine or other form of immunization or prophylaxis exists for the prevention of a communicable disease for which a presumption is granted under this Section, if medically indicated in the given circumstances pursuant to immunization policies established by the Advisory Committee on Immunization Practices of the U.S. Public Health Service, an emergency rescue or public safety Member may be required by the City to undergo the immunization or prophylaxis unless the Member's physician determines in writing that the immunization or other prophylaxis would pose a significant risk to the Member's health. Absent such written declaration, failure or refusal by an emergency rescue or public safety Member to undergo such immunization or prophylaxis disqualifies the Member from the benefits of the presumption.
- (4) Record of Exposures. The City shall maintain a record of any known or reasonably suspected exposure of an emergency rescue or public safety Member in its employ to the disease described in this Section and shall immediately notify the Member of such exposure. An emergency rescue or public safety Member shall file an incident or accident report with the City of each instance of known or suspected occupational exposure to hepatitis infection, meningococcal meningitis, or tuberculosis.
- (5) Required medical tests; preemployment physical. In order to be entitled to the presumption provided by this Section:

(a) An emergency rescue or public safety Member must, prior to diagnosis, have undergone standard, medically acceptable tests for evidence of the communicable disease for which the presumption is sought, or evidence of medical conditions derived therefrom, which tests fail to indicate the presence of infection. This paragraph does not apply in the case of meningococcal meningitis.

(b) On or after June 15, 1995, an emergency rescue or public safety Member may be required to undergo a preemployment physical examination that tests for and fails to reveal any evidence of hepatitis or tuberculosis.

3. Disability Benefits Not-in-Line of Duty.

Any Member with ten (10) years or more Credited Service who shall become totally and permanently disabled to the extent that he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a Police Officer, which disability is not directly caused by the performance of his duties as a Police Officer shall, upon establishing the same to the satisfaction of the Board, be entitled to a monthly pension equal to three and thirty-three hundredths percent (3.33%) of his Average Final Compensation multiplied by the total years of Credited Service. Terminated persons, either vested or non-vested, are not eligible for disability benefits, except that those terminated by the City for medical reasons may apply for a disability within thirty (30) days after termination.

4. Conditions Disqualifying Disability Benefits.

Each Member who is claiming disability benefits shall establish, to the satisfaction of the Board, that such disability was not occasioned primarily by:

- A. Excessive or habitual use of any drugs, intoxicants or narcotics.
- B. Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections or while committing a crime.
- C. Injury or disease sustained while serving in any branch of the Armed Forces.
- D. Injury or disease sustained by the Member after his employment as a Police Officer with the City of Ocala shall have terminated.
- E. Injury or disease sustained by the Member while working for anyone other than the City and arising out of such employment.

5. Physical Examination Requirement.

A Member shall not become eligible for disability benefits until and unless he undergoes a physical examination by a qualified physician or physicians and/or surgeon or surgeons, who shall be selected by the Board for that purpose. The Board shall not select the Member's treating physician or surgeon for this purpose except in an unusual case where the Board determines that it would be reasonable and prudent to do so.

Any Retiree receiving disability benefits under provisions of this ordinance may be required by the Board to submit sworn statements of his condition accompanied by a physician's statement (provided at the Retiree's expense) to the Board annually and may be required by the Board to undergo additional periodic re-examination by a qualified physician or physicians and/or surgeon or surgeons who shall be selected by the Board, to determine if such disability has ceased to exist. If the Board finds that the Retiree is no longer permanently and totally disabled to the extent that he is unable to render useful and efficient service as a Police

Officer, the Board shall recommend to the City that the Retiree be returned to performance of duty as a Police Officer, and the Retiree so returned shall enjoy the same rights that he had at the time he was placed upon pension. In the event the Retiree so ordered to return shall refuse to comply with the order within thirty (30) days from the issuance thereof, he shall forfeit the right to his pension.

The cost of the physical examination and/or re-examination of the Member claiming or the Retiree receiving disability benefits shall be borne by the Fund. All other reasonable costs as determined by the Board incident to the physical examination, such as, but not limited to, transportation, meals and hotel accommodations, shall be borne by the Fund.

If the Retiree recovers from disability and reenters the service of the City as a Police Officer, his service will be deemed to have been continuous, but the period beginning with the first month for which he received a disability retirement income payment and ending with the date he reentered the service of the City will not be considered as Credited Service for the purposes of the System.

The Board shall have the power and authority to make the final decisions regarding all disability claims.

6. Disability Payments.

The monthly benefit to which a Member is entitled in the event of the Member's disability retirement shall be payable on the first day of the first month after the Board determines such entitlement. However, the monthly retirement income shall be payable as of the date the Board determined such entitlement, and any portion due for a partial month shall be paid together with the first payment. The last payment will be:

- A. If the Retiree recovers from the disability, the payment due next preceding the date of such recovery, or

B. If the Retiree dies without recovering from disability, the payment due next preceding his death or the 120th monthly payment, whichever is later.

Provided, however, the disability Retiree may select, at any time prior to the date on which benefit payments begin, an optional form of benefit payment as described in Section 43-120, subsection 1.A. or 1.B., which shall be the Actuarial Equivalent of the normal form of benefit.

7. Workers' Compensation.

When a Retiree is receiving a disability pension and workers' compensation benefits pursuant to Florida Statute Chapter 440, for the same disability, and the total monthly benefits received from both exceed one hundred percent (100%) of the Member's average monthly wage, as defined in Chapter 440, Florida Statutes, the disability pension benefit shall be reduced so that the total monthly amount received by the Retiree does not exceed one hundred percent (100%) of such average monthly wage. The amount of any lump sum workers' compensation payment shall be converted to an equivalent monthly benefit payable for ten (10) Years Certain by dividing the lump sum amount by 83.9692. Notwithstanding the foregoing, in no event shall the disability pension benefit be reduced below the greater of forty-two percent (42%) of Average Final Compensation or two percent (2%) of Average Final Compensation times years of Credited Service.

SECTION 43-119. VESTING.

If a Member terminates his employment as a Police Officer, either voluntarily or by discharge, and is not eligible for any other benefits under this System, the Member shall be entitled to the following:

1. If the Member has less than ten (10) years Credited Service upon termination, the Member shall be entitled to a refund of his Accumulated Contributions or the Member may leave it deposited with the Fund.

2. If the Member has ten (10) or more years of Credited Service upon termination, the Member shall be entitled to a monthly retirement benefit, determined in the same manner as for normal or early retirement and based upon the Member's Credited Service, Average Final Compensation and the benefit accrual rate as of the date of termination, payable to him commencing at the Member's otherwise normal or early retirement date, determined based upon his actual years of Credited Service, provided he does not elect to withdraw his Accumulated Contributions and provided the Member survives to his otherwise normal or early retirement date. If the Member does not withdraw his Accumulated Contributions and does not survive to his otherwise normal or early retirement date, his designated Beneficiary shall be entitled to a benefit as provided herein for a deceased Member, vested or eligible for Retirement under Pre-Retirement Death.

SECTION 43-120. OPTIONAL FORMS OF BENEFITS.

1. In lieu of the amount and form of retirement income payable in the event of normal or early retirement as specified herein, a Member, upon written request to the Board, may elect to receive a retirement income or benefit of equivalent actuarial value payable in accordance with one (1) of the following options:

- A. A retirement income of a monthly amount payable to the Retiree for his lifetime only.
- B. A retirement income of a modified monthly amount, payable to the Retiree during the lifetime of the Retiree and following the death of the Retiree, one hundred percent (100%), seventy-five percent (75%), sixty-

six and two-thirds percent (66 2/3%) or fifty percent (50%) of such monthly amount payable to a joint pensioner for his lifetime. Except where the Retiree's joint pensioner is his Spouse, the payments to the joint pensioner as a percentage of the payments to the Retiree shall not exceed the applicable percentage provided for in the applicable table in the Treasury regulations. (See Q & A-2 of 1.401(a)(9)-6)

- C. If a Member retires prior to the time at which social security benefits are payable, he may elect to receive an increased retirement benefit until such time as social security benefits shall be assumed to commence and a reduced benefit thereafter in order to provide, to as great an extent as possible, a more level retirement allowance during the entire period of Retirement. The amounts payable shall be as recommended by the actuaries for the System, based upon the social security law in effect at the time of the Member's Retirement.
- D. A member may elect a percentage of benefit in a lump sum as follows:
- (1) Five (5) percent lump sum benefit with ninety-five (95) percent paid under the normal form or as per A., B. or C. above.
 - (2) Ten (10) percent lump sum benefit with ninety (90) percent paid under the normal form or as per A., B. or C. above.
 - (2) Fifteen (15) percent lump sum benefit with eighty-five (85) percent paid under the normal form or as per A., B. or C. above.
 - (3) Twenty (20) percent lump sum benefit with eighty (80) percent paid under the normal form or as per A., B. or C. above.

(4) Twenty-five (25) percent lump sum benefit with seventy-five (75) percent paid under the normal form or as per A., B. or C. above.

2. The Member, upon electing any option of this Section, will designate the joint pensioner (subsection 1.B. above) or Beneficiary (or Beneficiaries) to receive the benefit, if any, payable under the System in the event of Member's death, and will have the power to change such designation from time to time. Such designation will name a joint pensioner or one (1) or more primary Beneficiaries where applicable. A Member may change his Beneficiary at any time. If a Member has elected an option with a joint pensioner and Member's retirement income benefits have commenced, Member may thereafter change his designated Beneficiary at any time, but may only change his joint pensioner twice. Subject to the restriction in the previous sentence, a Member may substitute a new joint pensioner for a deceased joint pensioner.

3. The consent of a Member's or Retiree's joint pensioner or Beneficiary to any such change shall not be required. The rights of all previously-designated Beneficiaries to receive benefits under the System shall thereupon cease.

4. Upon change of a Retiree's joint pensioner in accordance with this Section, the amount of the retirement income payable to the Retiree shall be actuarially redetermined to take into account the age of the former joint pensioner, the new joint pensioner and the Retiree and to ensure that the benefit paid is the Actuarial Equivalent of the present value of the Retiree's then-current benefit at the time of the change. Any such Retiree shall pay the actuarial recalculation expenses. Each request for a change will be made in writing on a form prepared by the Board and on completion will be filed with the Board. In the event that no designated Beneficiary survives the Retiree, such benefits as are payable in the event of the death of the Retiree subsequent to his Retirement shall be paid as provided in Section 43-121.

5. Retirement income payments shall be made under the option elected in accordance with the provisions of this Section and shall be subject to the following limitations:

- A. If a Member dies prior to his normal retirement date or early retirement date, whichever first occurs, no retirement benefit will be payable under the option to any person, but the benefits, if any, will be determined under Section 43-117.
- B. If the designated Beneficiary (or Beneficiaries) or joint pensioner dies before the Member's Retirement under the System, the option elected will be canceled automatically and a retirement income of the normal form and amount will be payable to the Member upon his Retirement as if the election had not been made, unless a new election is made in accordance with the provisions of this Section or a new Beneficiary is designated by the Member prior to his Retirement.
- C. If both the Retiree and the Beneficiary (or Beneficiaries) designated by Member or Retiree die before the full payment has been effected under any option providing for payments for a period certain and life thereafter, made pursuant to the provisions of subsection 1, the Board may, in its discretion, direct that the commuted value of the remaining payments be paid in a lump sum and in accordance with Section 43-121.
- D. If a Member continues beyond his normal retirement date pursuant to the provisions of Section 43-116, subsection 1, and dies prior to his actual retirement and while an option made pursuant to the provisions of this Section is in effect, monthly retirement income payments will be made, or a retirement benefit will be paid, under the option to a Beneficiary (or

Beneficiaries) designated by the Member in the amount or amounts computed as if the Member had retired under the option on the date on which his death occurred.

E. The Member's benefit under this Section must begin to be distributed to the Member no later than April 1 of the calendar year following the later of the calendar year in which the Member attains age seventy and one-half (70½) or the calendar year in which the Member terminates employment with the City.

6. A Retiree may not change his retirement option after the date of cashing or depositing his first retirement check.

7. Notwithstanding anything herein to the contrary, the Board in its discretion, may elect to make a lump sum payment to a Member or a Member's Beneficiary in the event that the total commuted value of the monthly income payments to be paid do not exceed one thousand dollars (\$1,000). Any such payment made to any person pursuant to the power and discretion conferred upon the Board by the preceding sentence shall operate as a complete discharge of all obligations under the System with regard to such Member and shall not be subject to review by anyone, but shall be final, binding and conclusive on all persons.

SECTION 43-121. BENEFICIARIES.

1. Each Member or Retiree may, on a form provided for that purpose, signed and filed with the Board, designate a Beneficiary (or Beneficiaries) to receive the benefit, if any, which may be payable in the event of his death. Each designation may be revoked or changed by such Member or Retiree by signing and filing with the Board a new designation-of-beneficiary form. Upon such change, the rights of all previously designated Beneficiaries to receive any benefits under the System shall cease.

2. If a deceased Member or Retiree failed to name a Beneficiary in the manner prescribed in subsection 1, or if the Beneficiary (or Beneficiaries) named by a deceased Member or Retiree predeceases the Member or Retiree, the death benefit, if any, which may be payable under the System with respect to such deceased Member or Retiree, shall be paid to the estate of the Member or Retiree and the Board, in its discretion, may direct that the commuted value of the remaining monthly income benefits be paid in a lump sum.

3. Any payment made to any person pursuant to this Section shall operate as a complete discharge of all obligations under the System with regard to the deceased Member and any other persons with rights under the System and shall not be subject to review by anyone but shall be final, binding and conclusive on all persons ever interested hereunder.

SECTION 43-122. CLAIMS PROCEDURES.

1. The Board shall establish administrative claims procedures to be utilized in processing written requests ("claims"), on matters which affect the substantial rights of any person ("Claimant"), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board.

2. The Board shall have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at any proceedings provided for in the Board's claims procedures. The Claimant may request in writing the issuance of subpoenas by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.

SECTION 43-123. REPORTS TO DIVISION OF RETIREMENT.

Each year and no later than March 15th, the Board shall file an Annual Report with the Division of Retirement containing the documents and information required by Section 185.221, Florida Statutes.

SECTION 43-124. ROSTER OF RETIREES.

The Secretary of the Board shall keep a record of all persons enjoying a pension under the provisions of this ordinance in which it shall be noted the time when the pension is allowed and when the same shall cease to be paid. Additionally, the Secretary shall keep a record of all Members in such a manner as to show the name, address, date of employment and date of termination of employment.

SECTION 43-125. MAXIMUM PENSION.

1. **Basic Limitation.**

Notwithstanding any other provisions of this System to the contrary, the Member contributions paid to, and retirement benefits paid from, the System shall be limited to such extent as may be necessary to conform to the requirements of Code Section 415 for a qualified retirement plan. Before January 1, 1995, a plan member may not receive an annual benefit that exceeds the limits specified in Code Section 415(b), subject to the applicable adjustments in that section. On and after January 1, 1995, a plan member may not receive an annual benefit that exceeds the dollar amount specified in Code Section 415(b)(1)(A) (\$160,000), subject to the applicable adjustments in Code Section 415(b) and subject to any additional limits that may be specified in this System. For purposes of this Section, "limitation year" shall be the calendar year.

2. **Adjustments to Basic Limitation for Form of Benefit.**

If the form of benefit without regard to any benefit increase feature is not a straight life annuity, then the Code Section 415(b) limit applicable at the annuity starting date is reduced to an actuarially equivalent amount (determined using the assumptions specified in Treasury Regulation Section 1.415(b)-1(c)(2)(ii)) that takes into account the death benefits under the form of benefit.

3. Benefits Not Taken into Account.

For purposes of this Section, the following benefits shall not be taken into account in applying these limits:

- A. Any ancillary benefit which is not directly related to retirement income benefits;
- B. Any other benefit not required under §415(b)(2) of the Code and Regulations thereunder to be taken into account for purposes of the limitation of Code Section 415(b)(1).

4. COLA Effect.

Effective on and after January 1, 2003, for purposes of applying the limits under Code Section 415(b) (the "Limit"), the following will apply:

- A. A Member's applicable limit will be applied to the Member's annual benefit in the Member's first calendar year of benefit payments without regard to any automatic cost of living adjustments;
- B. thereafter, in any subsequent calendar year, a Member's annual benefit, including any automatic cost of living increases, shall be tested under the then applicable benefit limit including any adjustment to the Code Section 415(b)(1)(A) dollar limit under Code Section 415(d), and the regulations thereunder; but
- C. in no event shall a Member's benefit payable under the System in any calendar year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Code Section 415(d) and the regulations thereunder.

Unless otherwise specified in the System, for purposes of applying the limits under Code Section 415(b), a Member's applicable limit will be applied taking into consideration cost of living increases as required by Section 415(b) of the Internal Revenue Code and applicable Treasury Regulations.

5. Other Adjustments in Limitations.

- A. In the event the Member's retirement benefits become payable before age sixty-two (62), the limit prescribed by this Section shall be reduced in accordance with regulations issued by the Secretary of the Treasury pursuant to the provisions of Code Section 415(b) of the Code, so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to a one hundred sixty thousand dollar (\$160,000) annual benefit beginning at age sixty-two (62).
- B. In the event the Member's benefit is based on at least fifteen (15) years of Credited Service as a full-time employee of the police or fire department of the City, the adjustments provided for in A. above shall not apply.
- C. The reductions provided for in A. above shall not be applicable to disability benefits pursuant to Section 43-118, or pre-retirement death benefits paid pursuant to Section 43-117.
- D. In the event the Member's retirement benefit becomes payable after age sixty-five (65), for purposes of determining whether this benefit meets the limit set forth in subsection 1 herein, such benefit shall be adjusted so that it is actuarially equivalent to the benefit beginning at age sixty-five (65).

This adjustment shall be made in accordance with regulations promulgated by the Secretary of the Treasury or his delegate.

6. Less than Ten (10) Years of Service.

The maximum retirement benefits payable under this Section to any Member who has completed less than ten (10) years of Credited Service with the City shall be the amount determined under subsection 1 of this Section multiplied by a fraction, the numerator of which is the number of the Member's years of Credited Service and the denominator of which is ten (10). The reduction provided by this subsection cannot reduce the maximum benefit below 10%. The reduction provided for in this subsection shall not be applicable to disability benefits paid pursuant to Section 43-118, or pre-retirement death benefits paid pursuant to Section 43-117.

7. Participation in Other Defined Benefit Plans.

The limit of this Section with respect to any Member who at any time has been a member in any other defined benefit plan as defined in Code Section 414(j) maintained by the City shall apply as if the total benefits payable under all City defined benefit plans in which the Member has been a member were payable from one (1) plan.

8. Ten Thousand Dollar (\$10,000) Limit.

Notwithstanding the foregoing, the retirement benefit payable with respect to a Member shall be deemed not to exceed the limit set forth in this Section if the benefits payable, with respect to such Member under this System and under all other qualified defined benefit pension plans to which the City contributes, do not exceed ten thousand dollars (\$10,000) for the applicable Plan Year and for any prior Plan Year and the City has not any time maintained a qualified defined contribution plan in which the Member participated.

9. Reduction of Benefits.

Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the Member's benefit under any defined benefit plans in which Member participated, such reduction to be made first with respect to the plan in which Member most recently accrued benefits and thereafter in such priority as shall be determined by the Board and the plan administrator of such other plans, and next, by reducing or allocating excess forfeitures for defined contribution plans in which the Member participated, such reduction to be made first with respect to the plan in which Member most recently accrued benefits and thereafter in such priority as shall be established by the Board and the plan administrator for such other plans provided, however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the Board and the plan administrator of all other plans covering such Member

10. Service Credit Purchase Limits.

- A. Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a Member makes one or more contributions to purchase permissive service credit under the System, as allowed in Section 43-146 and 43-147 , then the requirements of this Section will be treated as met only if:
- (1) the requirements of Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Code Section 415(b), or
 - (2) the requirements of Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Code Section 415(c).

(3) For purposes of applying subparagraph (1), the System will not fail to meet the reduced limit under Code Section 415(b)(2)(C) solely by reason of this subparagraph (3), and for purposes of applying subparagraph (2) the System will not fail to meet the percentage limitation under Section 415(c)(1)(B) of the Internal Revenue Code solely by reason of this subparagraph (3).

B. For purposes of this subsection the term "permissive service credit" means service credit—

- (1) recognized by the System for purposes of calculating a Member's benefit under the plan,
- (2) which such Member has not received under the plan, and
- (3) which such Member may receive only by making a voluntary additional contribution, in an amount determined under the System, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may, if otherwise provided by the System, include service credit for periods for which there is no performance of service, and, notwithstanding clause B.(2), may include service credited in order to provide an increased benefit for service credit which a Member is receiving under the System.

C. For purposes of applying the limits in this subsection 10., only and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a calendar year,

except as noted below and as permitted by Treasury Regulations Section 1.415(c)-2, or successor regulations. Unless another definition of compensation that is permitted by Treasury Regulations Section 1.415(c)-2, or successor regulation, is specified by the System, compensation will be defined as wages within the meaning of Code Section 3401(a) and all other payments of compensation to an employee by an employer for which the employer is required to furnish the employee a written statement under Code Sections 6041(d), 6051(a)(3) and 6052 and will be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

- (1) However, for calendar years beginning after December 31, 1997, compensation will also include amounts that would otherwise be included in compensation but for an election under Code Sections 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b). For calendar years beginning after December 31, 2000, compensation will also include any elective amounts that are not includible in the gross income of the employee by reason of Code Section 132(f)(4).
- (2) For limitation years beginning on and after January 1, 2007, compensation for the calendar year will also include compensation paid by the later of 2½ months after an employee's severance from employment or the end of the calendar year that includes the date of the employee's severance from employment if:

- (a) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
 - (b) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.
- (3) Back pay, within the meaning of Treasury Regulations Section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

D. Notwithstanding any other provision of law to the contrary, the Board may modify a request by a Member to make a contribution to the System if the amount of the contribution would exceed the limits provided in Code Section 415 by using the following methods:

- (1) If the law requires a lump sum payment for the purchase of service credit, the Board may establish a periodic payment deduction plan for the Member to avoid a contribution in excess of the limits under Code Sections 415(c) or 415(n).

- (2) If payment pursuant to subparagraph (1) will not avoid a contribution in excess of the limits imposed by Code Section 415(c), the Board may either reduce the Member's contribution to an amount within the limits of that section or refuse the Member's contribution.

11. Additional Limitation on Pension Benefits.

Notwithstanding anything herein to the contrary:

- A. The normal retirement benefit or pension payable to a Retiree who becomes a Member of the System and who has not previously participated in such System, on or after January 1, 1980, shall not exceed one hundred percent (100%) of his Average Final Compensation. However, nothing contained in this Section shall apply to supplemental retirement benefits or to pension increases attributable to cost-of-living increases or adjustments.
- B. No Member of the System shall be allowed to receive a retirement benefit or pension which is in part or in whole based upon any service with respect to which the Member is already receiving, or will receive in the future, a retirement benefit or pension from a different employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter 67, Title 10, U.S. Code.

SECTION 43-126. MINIMUM DISTRIBUTION OF BENEFITS.

1. General Rules.

- A. Effective Date. Effective as of January 1, 1989, the Plan will pay all benefits in accordance with a good faith interpretation of the requirements of Internal Revenue Code Section 401(a)(9) and the regulations in effect

under that section, as applicable to a governmental plan within the meaning of Internal Revenue Code Section 414(d). Effective on and after January 1, 2003, the Plan is also subject to the specific provisions contained in this Section. The provisions of this Section will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

- B. Precedence. The requirements of this Section will take precedence over any inconsistent provisions of the Plan.
- C. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Section other than this subsection C., distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that related to Section 242(b)(2) of TEFRA.

2. Time and Manner of Distribution.

- A. Required Beginning Date. The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's required beginning date which shall not be later than April 1 of the calendar year following the later of the calendar year in which the Member attains age seventy and one-half (70 ½) or the calendar year in which the Member terminates employment with the City.
- B. Death of Member Before Distributions Begin. If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed no later than as follows:

- (1) If the Member's surviving spouse is the Member's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by a date on or before December 31 of the calendar year in which the Member would have attained age 70 ½, if later, as the surviving spouse elects.
- (2) If the Member's surviving spouse is not the Member's sole designated beneficiary, then, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.
- (3) If there is no designated beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
- (4) If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to the surviving spouse begin, this subsection 2.B., other than subsection 2.B.(1), will apply as if the surviving spouse were the Member.

For purposes of this subsection 2.B. and subsection 5., distributions are considered to begin on the Member's required beginning date or, if subsection 2.B.(4) applies, the date of

distributions are required to begin to the surviving spouse under subsection 2.B.(1). If annuity payments irrevocably commence to the Member before the Member's required beginning date (or to the Member's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection 2.B.(1)), the date distributions are considered to begin is the date distributions actually commence.

C. Death After Distributions Begin. If the Member dies after the required distribution of benefits has begun, the remaining portion of the Member's interest must be distributed at least as rapidly as under the method of distribution before the Member's death.

D. Form of Distribution. Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with this Section. If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and Treasury regulations. Any part of the Member's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and Treasury regulations that apply to individual accounts.

3. Determination of Amount to be Distributed Each Year.

- A. **General Requirements.** If the Member's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:
- (1) The annuity distributions will be paid in periodic payments made at intervals not longer than one year.
 - (2) The Member's entire interest must be distributed pursuant to Section 43-116, Section 43-117, Section 43-119, or Section 43-120 (as applicable) and in any event over a period equal to or less than the Member's life or the lives of the Member and a designated beneficiary, or over a period not extending beyond the life expectancy of the Member or of the Member and a designated beneficiary. The life expectancy of the Member, the Member's spouse, or the Member's beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
- B. Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Member's required beginning date (or, if the Member dies before distributions begin, the date distributions are required to begin under ~~subsection~~ Section 43-117 is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., monthly. All of the Member's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the

annuity payments for payment intervals ending on or after the Member's required beginning date.

- C. Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Member in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

4. General Distribution Rules.

- A. The amount of an annuity paid to a Member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and effective for any annuity commencing on or after January 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.
- B. The death and disability benefits provided by the Plan are limited by the incidental benefit rule set forth in Internal Revenue Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(I) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the Members' benefits received from the retirement system.

5. Definitions.

- A. Designated Beneficiary. The individual who is designated as the beneficiary under the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.
- B. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to subsection 2.B.

SECTION 43-127. MISCELLANEOUS PROVISIONS.

1. Interest of Members in System.

All assets of the Fund are held in trust, and at no time prior to the satisfaction of all liabilities under the System with respect to Retirees and Members and their Spouses or Beneficiaries, shall any part of the corpus or income of the Fund be used for or diverted to any purpose other than for their exclusive benefit.

2. No Reduction of Accrued Benefits.

No amendment or ordinance shall be adopted by the City Council of the City of Ocala which shall have the effect of reducing the then vested accrued benefits of Members or a Member's Beneficiaries.

3. Qualification of System.

It is intended that the System will constitute a qualified public pension plan under the applicable provisions of the Code for a qualified plan under Code Section 401(a) and a

governmental plan under Code Section 414(d), as now in effect or hereafter amended. Any modification or amendment of the System may be made retroactively, if necessary or appropriate, to qualify or maintain the System as a Plan meeting the requirements of the applicable provisions of the Code as now in effect or hereafter amended, or any other applicable provisions of the U.S. federal tax laws, as now in effect or hereafter amended or adopted, and the regulations issued thereunder.

4. Use of Forfeitures.

Forfeitures arising from terminations of service of Members shall serve only to reduce future City contributions.

5. Prohibited Transactions.

Effective as of January 1, 1989, a Board may not engage in a transaction prohibited by Internal Revenue Code Section 503(b).

6. USERRA.

Effective December 12, 1994, notwithstanding any other provision of this System, contributions, benefits and service credit with respect to qualified military service are governed by Internal Revenue Code Section 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended. To the extent that the definition of "Credited Service" sets forth contribution requirements that are more favorable to the Member than the minimum compliance requirements, the more favorable provisions shall apply.

7. Vesting.

- A. Member will be 100% vested in all benefits upon attainment of the Plan's age and service requirements for the Plan's normal retirement benefit; and

B. A Member will be 100% vested in all accrued benefits, to the extent funded, if the Plan is terminated or experiences a complete discontinuance of employer contributions.

8. Electronic Forms.

In those circumstances where a written election or consent is not required by the Plan or the Internal Revenue Code, an oral, electronic, or telephonic form in lieu of or in addition to a written form may be prescribed by the Board. However, where applicable, the Board shall comply with Treas. Reg. § 1.401(a)-21.

9. Compliance with Chapter 185, Florida Statutes.

It is intended that the System will continue to qualify for funding under Section 185.08, Florida Statutes. Accordingly, unless otherwise required by law, any provision of the System which violates the requirements of Chapter 185, Florida Statutes, as amended from time to time, shall be superseded by and administered in accordance with the requirements of such chapter.

SECTION 43-128. REPEAL OR TERMINATION OF SYSTEM.

1. This ordinance establishing the System and Fund, and subsequent ordinances pertaining to said System and Fund, may be modified, terminated, or amended, in whole or in part; provided that if this or any subsequent ordinance shall be amended or repealed in its application to any person benefiting hereunder, the amount of benefits which at the time of any such alteration, amendment, or repeal shall have accrued to the Member or Beneficiary shall not be affected thereby, except to the extent that the assets of the Fund may be determined to be inadequate.

2. If this ordinance shall be repealed, or if contributions to the System are discontinued or if there is a transfer, merger or consolidation of government units, services or functions as provided in Chapter 121, Florida Statutes, the Board shall continue to administer the System in accordance with the provisions of this ordinance, for the sole benefit of the then Members, any Beneficiaries then receiving retirement allowances, and any future persons entitled to receive benefits under one of the options provided for in this ordinance who are designated by any of said Members. In the event of repeal, discontinuance of contributions, or transfer, merger or consolidation of government units, services or functions, there shall be full vesting (100%) of benefits accrued to date of repeal and the assets of the System shall be allocated in an equitable manner to provide benefits on a proportionate basis to the persons so entitled in accordance with the provisions thereof.

3. The following shall be the order of priority for purposes of allocating the assets of the System as of the date of repeal of this ordinance, or if contributions to the System are discontinued with the date of such discontinuation being determined by the Board.

A. Apportionment shall first be made in respect of each Retiree receiving a retirement or disability benefit hereunder on such date, each person receiving a benefit on such date on account of a retired or disabled (but since deceased) Member, and each Member who has, by such date, become eligible for normal retirement but has not yet retired, an amount which is the Actuarial Equivalent of such benefit, provided that, if such asset value be less than the aggregate of such amounts, such amounts shall be proportionately reduced so that the aggregate of such reduced amounts will be equal to such asset value.

- B. If there be any asset value remaining after the apportionment under paragraph A, apportionment shall next be made in respect of each Member in the service of the City on such date who is vested and who is not entitled to an apportionment under paragraph A, in the amount required to provide the Actuarial Equivalent of the vested portion of the accrued normal retirement benefit (but not less than Accumulated Contributions), based on the Credited Service and Average Final Compensation as of such date, and each vested former Member then entitled to a deferred benefit who has not, by such date, begun receiving benefit payments, in the amount required to provide said Actuarial Equivalent of the vested portion of the accrued normal retirement benefit (but not less than Accumulated Contributions), provided that, if such remaining asset value be less than the aggregate of the amounts apportioned hereunder, such latter amounts shall be proportionately reduced so that the aggregate of such reduced amounts will be equal to such remaining asset value.
- C. If there be any asset value after the apportionments under paragraphs A and B, apportionment shall be made in respect of each Member in the service of the City on such date who is not entitled to an apportionment under paragraphs A and B in the amount equal to Member's Accumulated Contributions, provided that, if such remaining asset value be less than the aggregate of the amounts apportioned hereunder such latter amount shall be proportionately reduced so that the aggregate of such reduced amounts will be equal to such remaining asset value.

- D. If there be any asset value remaining after the apportionments under paragraphs A, B, and C, apportionment shall lastly be made in respect of each Member included in paragraph C above to the extent of the Actuarial Equivalent of the non-vested accrued normal retirement benefit, less the amount apportioned in paragraph C, based on the Credited Service and Average Final Compensation as of such date, provided that, if such remaining asset value be less than the aggregate of the amounts apportioned hereunder, such amounts shall be reduced so that the aggregate of such reduced amounts will be equal to such remaining asset value.
- E. In the event that there be asset value remaining after the full apportionment specified in paragraphs A, B, C, and D, such excess shall be returned to the City, less return of the State's contributions to the State, provided that, if the excess is less than the total contributions made by the City and the State to the date of termination such excess shall be divided proportionately to the total contributions made by the City and the State.

The allocation of the Fund provided for in this subsection may, as decided by the Board, be carried out through the purchase of insurance company contracts to provide the benefits determined in accordance with this subsection. The Fund may be distributed in one (1) sum to the persons entitled to said benefits or the distribution may be carried out in such other equitable manner as the Board may direct. The Fund may be continued in existence for purposes of subsequent distributions.

4. After all the vested and accrued benefits provided hereunder have been paid and after all other liabilities have been satisfied, then and only then shall any remaining funds revert to the general fund of the City.

SECTION 43-129. DOMESTIC RELATIONS ORDERS; RETIREE DIRECTED PAYMENTS; EXEMPTION FROM EXECUTION, NON-ASSIGNABILITY.

1. Domestic Relations Orders.

A. Prior to the entry of any domestic relations order which affects or purports to affect the System's responsibility in connection with the payment of benefits of a Retiree, the Member or Retiree shall submit the proposed order to the Board for review to determine whether the System may legally honor the order.

B. If a domestic relations order is not submitted to the Board for review prior to the entry of the order, and the System is ordered to take action that it may not legally take, and the System expends administrative or legal fees in resolving the matter, the Member or Retiree who submits such an order will be required to reimburse the System for its expenses in connection with the order.

2. Retiree Directed Payments.

The Board may, upon written request by a Retiree or by a dependent, when authorized by a Retiree or the Retiree's Beneficiary, authorize the System to withhold from the monthly retirement payment those funds that are necessary to pay for the benefits being received through the City, to pay the certified bargaining agent of the City, to make payment to insurance companies for insurance premiums if permitted by Chapter 185, Florida Statutes and to make any payments for child support or alimony.

3. Exemption from Execution, Non-Assignability.

Except as otherwise provided by law, the pensions, annuities, or any other benefits accrued or accruing to any person under the provisions of this ordinance and the Accumulated Contributions and the cash securities in the Fund created under this ordinance are hereby exempted from any state, county or municipal tax and shall not be subject to execution, attachment, garnishment or any legal process whatsoever and shall be unassignable.

SECTION 43-130. PENSION VALIDITY.

The Board shall have the power to examine into the facts upon which any pension shall heretofore have been granted under any prior or existing law, or shall hereafter be granted or obtained erroneously, fraudulently or illegally for any reason. The Board is empowered to purge the pension rolls or correct the pension amount of any person heretofore granted a pension under prior or existing law or any person hereafter granted a pension under this ordinance if the same is found to be erroneous, fraudulent or illegal for any reason; and to reclassify any person who has heretofore under any prior or existing law been or who shall hereafter under this ordinance be erroneously, improperly or illegally classified. Any overpayments or underpayments shall be corrected and paid or repaid in a reasonable manner determined by the Board.

SECTION 43-131. FORFEITURE OF PENSION.

1. Any Member who is convicted of the following offenses committed prior to Retirement, or whose employment is terminated by reason of his admitted commission, aid or abetment of the following specified offenses, shall forfeit all rights and benefits under this System, except for the return of his accumulated contributions as of the date of termination. Specified offenses are as follows:

- A. The committing, aiding or abetting of an embezzlement of public funds;

- B. The committing, aiding or abetting of any theft by a public officer or employee from employer;
- C. Bribery in connection with the employment of a public officer or employee;
- D. Any felony specified in Chapter 838, Florida Statutes.
- E. The committing of an impeachable offense.
- F. The committing of any felony by a public officer or employee who willfully and with intent to defraud the public or the public agency, for which he acts or in which he is employed, of the right to receive the faithful performance of his duty as a public officer or employee, realizes or obtains or attempts to obtain a profit, gain, or advantage for himself or for some other person through the use or attempted use of the power, rights, privileges, duties or position of his public office or employment position.
- G. The committing on or after October 1, 2008; of any felony defined in Section 800.04, Florida Statutes, against a victim younger than sixteen (16) years of age, or any felony defined in Chapter 794, Florida Statutes, against a victim younger than eighteen (18) years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

2. Conviction shall be defined as an adjudication of guilt by a court of competent jurisdiction; a plea of guilty or a nolo contendere; a jury verdict of guilty when adjudication of

guilt is withheld and the accused is placed on probation; or a conviction by the Senate of an impeachable offense.

3. Court shall be defined as any state or federal court of competent jurisdiction which is exercising its jurisdiction to consider a proceeding involving the alleged commission of a specified offense. Prior to forfeiture, the Board shall hold a hearing on which notice shall be given to the Member whose benefits are being considered for forfeiture. Said Member shall be afforded the right to have an attorney present. No formal rules of evidence shall apply, but the Member shall be afforded a full opportunity to present his case against forfeiture.

4. Any Member who has received benefits from the System in excess of his Accumulated Contributions after Member's rights were forfeited shall be required to pay back to the Fund the amount of the benefits received in excess of his Accumulated Contributions. The Board may implement all legal action necessary to recover such funds.

SECTION 43-132. CONVICTION AND FORFEITURE; FALSE, MISLEADING OR FRAUDULENT STATEMENTS.

1. It is unlawful for a person to willfully and knowingly make, or cause to be made, or to assist, conspire with, or urge another to make, or cause to be made, any false, fraudulent, or misleading oral or written statement or withhold or conceal material information to obtain any benefit from the System.

2. A person who violates subsection 1 commits a misdemeanor of the first degree, punishable as provided in Section 775.082 or Section 775.083, Florida Statutes.

3. In addition to any applicable criminal penalty, upon conviction for a violation described in subsection 1, a Member or Beneficiary of the System may, in the discretion of the Board, be required to forfeit the right to receive any or all benefits to which the person would otherwise be entitled under the System. For purposes of this subsection, "conviction" means a

determination of guilt that is the result of a plea or trial, regardless of whether adjudication is withheld.

SECTION 43-133. INDEMNIFICATION.

1. To the extent not covered by insurance contracts in force from time to time, the City shall indemnify, defend and hold harmless members of the Board and the Plan Administrator from all personal liability for damages and costs, including court costs and attorneys' fees, arising out of claims, suits, litigation, or threat of same, herein referred to as "claims", against these individuals because of acts or circumstances connected with or arising out of their official duty as members or administrator of the Board. The City reserves the right, in its sole discretion, to settle or not settle the claim at any time, and to appeal or to not appeal from any adverse judgment or ruling, and in either event will indemnify, defend and hold harmless any members of the Board or the Plan Administrator from the judgment, execution, or levy thereon.

2. This Section shall not be construed so as to relieve any insurance company or other entity liable to defend the claim or liable for payment of the judgment or claim, from any liability, nor does this Section waive any provision of law affording the City immunity from any suit in whole or part, or waive any other substantive or procedural rights the City may have.

3. This Section shall not apply nor shall the City be responsible in any manner to defend or pay for claims arising out of acts or omissions of members of the Board or the Plan Administrator which constitute felonies or gross malfeasance or gross misfeasance in office.

SECTION 43-134. DIRECT TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS; ELIMINATION OF MANDATORY DISTRIBUTIONS.

1. Rollover Distributions.

A. General.

This Section applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the System to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

B. Definitions.

- (1) Eligible Rollover Distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one (1) of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income. Effective January 1, 2002, any portion of any distribution which would be includible in gross income as after-tax employee contributions will be an eligible rollover distribution if the distribution is made to an individual retirement account described in section 408(a); to an individual retirement annuity described in section 408(b); to a

qualified defined contribution plan described in section 401(a) or 403(a) that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible; or on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.

- (2). Eligible Retirement Plan: An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code; an individual retirement annuity described in Section 408(b) of the Code; an annuity plan described in Section 403(a) of the Code; effective January 1, 2002, an eligible deferred compensation plan described in section 457(b) of the Code which is maintained by an eligible employer described in section 457(e)(1)(A) of the Code and which agrees to separately account for amounts transferred into such plan from this plan; effective January 1, 2002, an annuity contract described in section 403(b) of the Code; a qualified trust described in Section 401(a) of the Code; or effective January 1, 2008, a Roth IRA described in Section 408A of the

Code, that accepts the distributee's eligible rollover distribution.

This definition shall also apply in the case of an eligible rollover distribution to the surviving Spouse.

(3). Distributee: A distributee includes an employee or former employee. It also includes, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse. Effective January 1, 2007, it further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

(4). Direct Rollover: A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

2. Rollovers or Transfers into the Fund.

On or after January 1, 2002, the System will accept, solely for the purpose of purchasing Credited Service as provided herein, permissible Member requested transfers of funds from other retirement or pension plans, Member rollover cash contributions and/or direct cash rollovers of distributions made on or after January 1, 2002, as follows:

A. Transfers and Direct Rollovers or Member Rollover Contributions from Other Plans. The System will accept either a direct rollover of an eligible rollover distribution or a Member contribution of an eligible rollover

distribution from a qualified plan described in section 401(a) or 403(a) of the Code, from an annuity contract described in section 403(b) of the Code or from an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The System will also accept legally permissible Member requested transfers of funds from other retirement or pension plans.

- B. Member Rollover Contributions from IRAs. The system will accept a Member rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over.

3. Elimination of Mandatory Distributions.

Notwithstanding any other provision herein to the contrary, in the event this Plan provides for a mandatory (involuntary) cash distribution from the Plan not otherwise required by law, for an amount in excess of one-thousand dollars (\$1,000.00), such distribution shall be made from the Plan only upon written request of the Member and completion by the Member of a written election on forms designated by the Board, to either receive a cash lump sum or to rollover the lump sum amount.

SECTION 43-135. FAMILY AND MEDICAL LEAVE ACT.

The fractional parts of the twelve (12) month period ending each March 1 that a Member is on leave without pay from the City pursuant to the Family and Medical Leave Act (FMLA) shall be added to his Credited Service provided that:

1. The Member contributes to the Fund the sum that he would have contributed, based on his Salary and the Member contribution rate in effect at the time that the Credited Service is requested, had he been a Member of the System for the years or fractional parts of years for which he is requesting credit plus amounts actuarially determined such that the crediting of service does not result in any cost to the Fund plus payment of costs for all professional services rendered to the Board in connection with the purchase of years of Credited Service.

2. The request for Credited Service for FMLA leave time for the twelve (12) month period prior to each March 1 and payment of professional fees shall be made on or before March 31.

3. Payment by the Member of the required amount shall be made on or before April 30 for the preceding twelve (12) month period ending March 1 and shall be made in one (1) lump sum payment upon receipt of which Credited Service shall be issued.

4. Credited Service purchased pursuant to this Section shall not count toward vesting.

SECTION 43-136. MILITARY SERVICE PRIOR TO EMPLOYMENT.

The time that a Police Officer serves or has served on active duty in the military service of the Armed Forces of the United States, the United States Merchant Marine or the United States Coast Guard, voluntarily or involuntarily and honorably or under honorable conditions, prior to first and initial employment with the City Police Department shall be added to his years of Credited Service provided that:

1. The Member contributes to the Fund the sum that he would have contributed, based on his Salary and the Member contribution rate in effect at the time that the Credited Service is requested, had he been a Member of the System for the time for which he is requesting

credit plus amounts actuarially determined such that the crediting of service does not result in any cost to the Fund plus payment of costs for all professional services rendered to the Board in connection with the purchase of years of Credited Service.

2. Multiple requests to purchase Credited Service pursuant to this Section may be made at any time prior to retirement but no purchase for service of less than one (1) year is permitted.

3. Payment by the Member of the required amount shall be made within six (6) months of his receipt of the amount and prior to his retirement and shall be made in one (1) lump sum payment upon receipt of which Credited Service shall be given.

4. The maximum credit under this Section combined with Sections 43-135 and 43-137, for service with an employer other than the City of Ocala shall be five (5) years.

5. Credited Service purchased pursuant to this Section shall count for all purposes except vesting and not-in-line of duty disability benefits.

SECTION 43-137. PRIOR POLICE SERVICE.

Unless otherwise prohibited by law, and except as provided for in Section 43-111, the time that a Member previously served as a Police Officer with the City during a period of previous employment and for which period Accumulated Contributions were withdrawn from the Fund, or the time that a Member served as a Police Officer for any other municipality, county, or State law enforcement department in the United States, shall be added to his years of Credited Service provided that:

1. The Police Officer contributes to the Fund the sum that he would have contributed, based on his Salary and the Member contribution rate in effect at the time that the Credited Service is requested, had he been a Member of this System for the years or fractional parts of years for which he is requesting credit, plus amounts actuarially determined such that the

crediting of service does not result in any cost to the Fund plus payment of costs for all professional services rendered to the Board in connection with the purchase of years of Credited Service.

2. Multiple requests to purchase Credited Service pursuant to this Section may be made at any time prior to retirement but no purchase for service of less than one (1) year is permitted.

3. Payment by the Police Officer of the required amount shall be made within six (6) months of his receipt of the amount and prior to retirement, and shall be made in one (1) lump sum payment upon receipt of which Credited Service shall be given.

4. The maximum credit under this section for service with an employer other than the City of Ocala, combined with Sections 43-135 and 43-136, shall be five (5) years of Credited Service and shall count for all purposes under the System, except vesting and eligibility for not-in-line of duty disability benefits. There shall be no maximum purchase of credit for prior service with the City of Ocala and such credit shall count for all purposes, including vesting.

5. In no event, however, may Credited Service be purchased pursuant to this Section for prior service with any other municipal, county Police department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in Section 43-125, subsection 8. B.

SECTION 43-138. DEFERRED RETIREMENT OPTION PLAN.

1. Definitions.

As used in this Section 43-138, the following definitions apply:"

- A. "DROP" -- The City of Ocala Police Officers' Deferred Retirement Option Plan.

- B. "DROP Account" -- The account established for each DROP participant under subsection 3.

2. Participation.

A. Eligibility to Participate.

In lieu of terminating his employment as a Police Officer, any Member who is eligible for normal retirement under the System may elect to defer receipt of such service retirement pension and to participate in the DROP.

B. Election to Participate.

A Member's election to participate in the DROP must be made in writing in a time and manner determined by the Board and shall be effective on the first day of the first calendar month which is at least fifteen (15) business days after it is received by the Board.

C. Period of Participation.

A Member who elects to participate in the DROP under subsection 2.B., shall participate in the DROP for a period not to exceed sixty (60) months beginning at the time his election to participate in the DROP first becomes effective. An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the City not later than the date provided for in the previous sentence. A Member may participate only once.

D. Termination of Participation.

(1) A Member's participation in the DROP shall cease at the earlier of:

(a) the end of his permissible period of participation in the DROP as determined under subsection 2.C.; or

(b) termination of his employment as a Police Officer.

- (2) Upon the Member's termination of participation in the DROP, pursuant to subsection (a) above, all amounts provided for in subsection 3.B., including monthly benefits and investment earnings and losses or interest, shall cease to be transferred from the System to his DROP Account. Any amounts remaining in his DROP Account shall be paid to him in accordance with the provisions of subsection 4. when he terminates his employment as a Police Officer.
- (3) A Member who terminates his participation in the DROP under this subsection 2.D. shall not be permitted to again become a participant in the DROP.

E. Effect of DROP Participation on the System.

- (1) A Member's Credited Service and his accrued benefit under the System shall be determined on the date his election to participate in the DROP first becomes effective. For purposes of determining the accrued benefit, the Member's Salary for the purposes of calculating his Average Final Compensation shall include an amount equal to any lump sum payments which would have been paid to the Member and included as Salary as defined herein, had

the Member retired under normal retirement and not elected DROP participation. Member contributions attributable to any lump sums used in the benefit calculation and not actually received by the Member shall be deducted from the first payments to the Member's DROP Account. The Member shall not accrue any additional Credited Service or any additional benefits under the System (except for any additional benefits provided under any cost-of-living adjustment for Retirees in the System) while he is a participant in the DROP. After a Member commences participation, he shall not be permitted to again contribute to the System nor shall he be eligible for disability or pre-retirement death benefits, except as provided for in Sec. 43-139, Reemployment After Retirement

- (2) No amounts shall be paid to a Member from the System while the Member is a participant in the DROP. Unless otherwise specified in the System, if a Member's participation in the DROP is terminated other than by terminating his employment as a Police Officer, no amounts shall be paid to him from the System until he terminates his employment as a Police Officer. Unless otherwise specified in the System, amounts transferred from the System to the Member's DROP Account shall be paid directly to the Member only on the termination of his employment as a Police Officer.

3. Funding.

- A. Establishment of DROP Account.

A DROP Account shall be established for each Member participating in the DROP. A Member's DROP Account shall consist of amounts transferred to the DROP under subsection 3.B., and earnings or interest on those amounts.

B. Transfers From Retirement System.

- (1) As of the first day of each month of a Member's period of participation in the DROP, the monthly retirement benefit he would have received under the System had he terminated his employment as a Police Officer and elected to receive monthly benefit payments thereunder shall be transferred to his DROP Account, except as otherwise provided for in subsection 2.D.(2). A Member's period of participation in the DROP shall be determined in accordance with the provisions of subsections 2.C. and 2.D., but in no event shall it continue past the date he terminates his employment as a Police Officer.
- (2) Except as otherwise provided in subsection 2.D.(2), a Member's DROP Account under this subsection 3.B. shall be debited or credited after each fiscal year quarter with either:
 - (a) Interest at an effective rate of six and one-half percent (6.5%) per annum compounded monthly on the prior month's ending balance; or
 - (b) Earnings, determined as follows:

The average daily balance in
a Member's DROP Account shall be credited or debited at a

rate equal to the net investment return realized by the System for that quarter. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the Member's DROP Account is invested by the Board net of brokerage commissions, transaction costs and management fees.

Upon electing participation in the DROP, the Member shall elect to receive either interest or earnings on his account to be determined as provided above. The Member may, in writing, elect to change his election only once during his DROP participation. An election to change must be made prior to the end of a quarter and shall be effective beginning the following quarter.

- (3) A Member's DROP Account shall only be credited or debited with earnings or interest and monthly benefits while the Member is a participant in the DROP. A Member's final DROP account value for distribution to the Member upon termination of participation in the DROP shall be the value of the account at the end of the quarter immediately preceding termination of participation plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. If a Member fails to terminate employment after participating in the DROP for the permissible period of DROP participation, then beginning with the Member's 1st month of employment following the last month of the permissible period of

DROP participation, the Member's DROP Account will no longer be credited or debited with earnings or interest, nor will monthly benefits be transferred to the DROP account. All such non-transferred amounts shall be forfeited and continue to be forfeited while the Member is employed by the City Police Department, and no cost-of-living adjustments shall be applied to the Member's credit during such continued employment. A Member employed by the City Police Department after the permissible period of DROP participation will still not be eligible for pre-retirement death or disability benefits, nor will he accrue additional Credited Service , except as provided for in Sec. 43-139, Reemployment After Retirement

4. Distribution of DROP Accounts on Termination of Employment.

A. Eligibility for Benefits.

A Member shall receive the balance in his DROP Account in accordance with the provisions of this subsection 4. upon his termination of employment as a Police Officer. Except as provided in subsection 4.E., no amounts shall be paid to a Member from the DROP prior to his termination of employment as a Police Officer.

B. Form of Distribution.

(1) Unless the Member elects otherwise, distribution of his DROP Account shall be made in a lump sum, subject to the direct rollover provisions set forth in subsection 4.F. A Member may, however, elect, in such time and manner as the Board shall prescribe, that his

DROP distribution be used to purchase a nonforfeitable fixed annuity payable in such form as the Member may elect. Elections under this paragraph shall be in writing and shall be made in such time or manner as the Board shall determine.

- (2) If a Member dies before his benefit is paid, his DROP Account shall be paid to his Beneficiary in such optional form as his Beneficiary may select. If no Beneficiary designation is made, the DROP Account shall be distributed to the Member's estate.

C. Date of Payment of Distribution.

Except as otherwise provided in this subsection 4., distribution of a Member's DROP Account shall be made as soon as administratively practicable following the Member's termination of employment. Distribution of the amount in a Member's DROP account will not be made unless the Member completes a written request for distribution and a written election, on forms designated by the Board, to either receive a cash lump sum or a rollover of the lump sum amount.

D. Proof of Death and Right of Beneficiary or Other Person.

The Board may require and rely upon such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of a deceased Member's DROP Account as the Board may deem proper and its determination of the right of that Beneficiary or other person to receive payment shall be conclusive.

E. Distribution Limitation.

Notwithstanding any other provision of subsection 4., all distributions from the DROP shall conform to the "Minimum Distribution Of Benefits" provisions as provided for herein.

F. Direct Rollover of Certain Distributions.

This subsection applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the DROP to the contrary a distributee may elect to have any portion of an eligible rollover distribution paid in a direct rollover as otherwise provided under the System in Section 43-134.

5. Administration of DROP.

A. Board Administers the DROP.

The general administration of the DROP, the responsibility for carrying out the provisions of the DROP and the responsibility of overseeing the investment of the DROP's assets shall be placed in the Board. The members of the Board may appoint from their number such subcommittees with such powers as they shall determine; may adopt such administrative procedures and regulations as they deem desirable for the conduct of their affairs; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, actuarial and consulting services as they may require in carrying out the provisions of the DROP; and may allocate among themselves or delegate to other persons all or such portion of their duties under the DROP, other than those granted to them as Trustee under any

trust agreement adopted for use in implementing the DROP, as they, in their sole discretion, shall decide. A Trustee shall not vote on any question relating exclusively to himself.

B. Individual Accounts, Records and Reports.

The Board shall maintain records showing the operation and condition of the DROP, including records showing the individual balances in each Member's DROP Account, and the Board shall keep in convenient form such data as may be necessary for the valuation of the assets and liabilities of the DROP. The Board shall prepare and distribute to Members participating in the DROP and other individuals or filed with the appropriate governmental agencies, as the case may be, all necessary descriptions, reports, information returns, and data required to be distributed or filed for the DROP pursuant to the Code and any other applicable laws.

C. Establishment of Rules.

Subject to the limitations of the DROP, the Board from time to time shall establish rules for the administration of the DROP and the transaction of its business. The Board shall have discretionary authority to construe and interpret the DROP (including but not limited to determination of an individual's eligibility for DROP participation, the right and amount of any benefit payable under the DROP and the date on which any individual ceases to be a participant in the DROP). The determination of the Board as to the interpretation of the DROP or its

determination of any disputed questions shall be conclusive and final to the extent permitted by applicable law.

D. Limitation of Liability.

- (1) The Trustees shall not incur any liability individually or on behalf of any other individuals for any act or failure to act, made in good faith in relation to the DROP or the funds of the DROP.
- (2) Neither the Board nor any Trustee of the Board shall be responsible for any reports furnished by any expert retained or employed by the Board, but they shall be entitled to rely thereon as well as on certificates furnished by an accountant or an actuary, and on all opinions of counsel. The Board shall be fully protected with respect to any action taken or suffered by it in good faith in reliance upon such expert, accountant, actuary or counsel, and all actions taken or suffered in such reliance shall be conclusive upon any person with any interest in the DROP.

6. General Provisions.

A. Amendment of DROP.

The DROP may be amended by an ordinance of the City at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the DROP. However, except as otherwise provided by law, no amendment shall make it possible for any part of the DROP's funds to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the DROP. No amendment shall be made which

has the effect of decreasing the balance of the DROP Account of any Member.

B. Facility of Payment.

If a Member or other person entitled to a benefit under the DROP is unable to care for his affairs because of illness or accident or is a minor, the Board shall direct that any benefit due him, shall be made only to a duly appointed legal representative. Any payment so made shall be a complete discharge of the liabilities of the DROP for that benefit.

C. Information.

Each Member, Beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the DROP, shall file with the Board the information that it shall require to establish his rights and benefits under the DROP.

D. Prevention of Escheat.

If the Board cannot ascertain the whereabouts of any person to whom a payment is due under the DROP, the Board may, no earlier than three (3) years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person, as shown on the records of the Board or the City. If such person has not made written claim therefor within three (3) months of the date of the mailing, the Board may, if it so elects and upon receiving advice from counsel to the System, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the System. Upon such cancellation, the System shall have no further liability

therefor except that, in the event such person or his Beneficiary later notifies the Board of his whereabouts and requests the payment or payments due to him under the DROP, the amount so applied shall be paid to him in accordance with the provisions of the DROP.

E. Written Elections, Notification.

- (1) Any elections, notifications or designations made by a Member pursuant to the provisions of the DROP shall be made in writing and filed with the Board in a time and manner determined by the Board under rules uniformly applicable to all employees similarly situated. The Board reserves the right to change from time to time the manner for making notifications, elections or designations by Members under the DROP if it determines after due deliberation that such action is justified in that it improves the administration of the DROP. In the event of a conflict between the provisions for making an election, notification or designation set forth in the DROP and such new administrative procedures, those new administrative procedures shall prevail.
- (2) Each Member or Retiree who has a DROP Account shall be responsible for furnishing the Board with his current address and any subsequent changes in his address. Any notice required to be given to a Member or Retiree hereunder shall be deemed given if directed to him at the last such address given to the Board and mailed by registered or certified United States mail. If any check mailed by registered or certified United States mail to such address

is returned, mailing of checks will be suspended until such time as the Member or Retiree notifies the Board of his address.

F. Benefits Not Guaranteed.

All benefits payable to a Member from the DROP shall be paid only from the assets of the Member's DROP Account and neither the City nor the Board shall have any duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law.

G. Construction.

- (1) The DROP shall be construed, regulated and administered under the laws of Florida, except where other applicable law controls.
- (2) The titles and headings of the subsections in this Section 43-138 are for convenience only. In the case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

H. Forfeiture of Retirement Benefits.

Nothing in this Section shall be construed to remove DROP participants from the application of any forfeiture provisions applicable to the System. DROP participants shall be subject to forfeiture of all retirement benefits, including DROP benefits.

I. Effect of DROP Participation on Employment.

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.

SECTION 43-139. REEMPLOYMENT AFTER RETIREMENT

1. Any retiree under this system, except for disability retirement as previously provided for, may be reemployed by any public or private employer, except the city, and may receive compensation from that employment without limiting or restricting in any way the retirement benefits payable under this system. Reemployment by the city shall be subject to the limitations set forth in this section.

2. Any retiree who is retired under normal (or early) retirement pursuant to this system and who is reemployed as a police officer and, by virtue of that reemployment, is eligible to participate in this system, shall upon being reemployed, discontinue receipt of benefits. Upon reemployment, the member shall be deemed to be fully vested and the additional credited service accrued during the subsequent employment period shall be used in computing a second benefit amount attributable to the subsequent employment period, which benefit amount shall be added to the benefit determined upon the initial retirement to determine the total benefit payable upon final retirement. Calculations of benefits upon retirement shall be based upon the benefit accrual rate, average final compensation, and credited service (and early retirement reduction factor, if applicable) as of that date and the retirement benefit amount for any subsequent employment period shall be based upon the benefit accrual rate, average final compensation (based only on the subsequent employment period and not including any period of DROP participation), and credited service (and early retirement reduction factor, if applicable) as of the date of subsequent retirement. Upon reemployment, the member contribution rate for the reemployed retiree shall be the same as the other members during the subsequent employment period. The amount of any death or disability benefit received during a subsequent

period of employment shall be reduced by the amount of accrued benefit eligible to be paid for a prior period of employment. The optional form of benefit and any joint pensioner selected upon initial retirement shall not be subject to change upon subsequent retirement except as otherwise provided herein, but the retiree may select a different optional form and joint pensioner applicable only to the subsequent retirement benefit.

3. Any retiree who is retired under normal retirement pursuant to this system who is reemployed by the city in a position other than as a police officer, shall upon being reemployed, continue receipt of benefits for the period of any subsequent employment . Former DROP participants shall begin receipt of benefits under these circumstances.

4. Any retiree who is retired under early retirement pursuant to this system and who subsequently becomes an employee of the city in any capacity, shall discontinue receipt of benefits from the system. If the reemployed person, by virtue of his reemployment, is eligible to participate in this system, that person shall accrue a second benefit as provided for in subsection (2) above and benefit payments shall remain suspended during any such subsequent employment period. If the reemployed person is not eligible to participate in this system, that person's pension benefit payments shall be suspended until the earlier of termination of employment or such time as the reemployed retiree reaches the date that he would have been eligible for normal retirement under this system had he continued employment and not elected early retirement. "Normal retirement" as used in this subsection shall be the current normal retirement date provided for under this system.

5. Reemployed terminated vested persons shall not be subject to the provisions of this section until such time as they begin to actually receive benefits. Upon receipt of benefits, terminated vested persons shall be treated as normal or early retirees for purposes of applying the

provisions of this section and their status as an early or normal retiree shall be determined by the date they elect to begin to receive their benefit.

6. DROP Participants. Members or retirees who are or were in the Deferred Retirement Option Plan shall, following termination of employment after DROP participation, have the options provided for in this section for reemployment.

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CITY OF OCALA
POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2017

March 16, 2016

Board of Trustees
c/o Mr. Dale Adams
City of Ocala
Police Officers' Retirement System
402 S. Pine Ave.
Ocala, FL 34471-1174

Re: City of Ocala
Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ocala Police Officers' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Ocala, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Ocala, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ocala Police Officers' Retirement System, performed as of October 1, 2015, has been completed and the results are presented in this Report. The contribution amounts developed in this valuation apply to the plan/fiscal year ending September 30, 2017.

The funding requirements, compared with amounts developed in the February 8, 2016, Actuarial Impact Statement (determined as of October 1, 2014), are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Plan Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	50.84%	52.78%
Member Contributions (Est.) % of Total Annual Payroll	8.00%	8.00%
City and State Required Contribution % of Total Annual Payroll	42.84%	44.78%
State Contribution (est.) ¹ % of Total Annual Payroll	471,520 5.61%	471,520 5.61%
Balance from City ² % of Total Annual Payroll	37.23%	39.17%

¹ Amount shown reflects the contribution received in fiscal 2015, under the traditional interpretation of Chapter 99-1, Florida Statutes. Under Chapter 2015-39, Florida Statutes, Mutual Consent between the City and Plan Membership must be reached regarding the use of future State Monies once a Collective Bargaining Agreement is entered into after June 30, 2015.

² For budgeting purposes, the required Sponsor Contribution (City and State) is 42.84% of Pensionable Earnings for the fiscal year ending September 30, 2017. The precise City requirement for the year is this amount, less applicable State Contributions. The net account balance of \$527,911 is available to assist in funding the City's contribution requirement for the year ending September 30, 2016.

Experience since the prior valuation was more favorable than anticipated, based on the Plan's actuarial assumptions. The primary sources of favorable experience included average increases in pensionable compensation that were below the assumed rate by almost 3%, and greater than expected Retiree mortality. These gains were partially offset by a 7.78% investment return (net of fees, Actuarial Asset Basis), falling short of the 8% assumption, and no turnover for Members with five or more years of Credited Service.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Christine M. O'Neal, ASA, EA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	38.91%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	0.0%
Investment Return (Actuarial Asset Basis)	0.2%
Salary Increases	-1.2%
Payroll Change	-0.9%
Payroll Growth Assumption	0.0%
Change in Administrative Expense	0.0%
New Entrants	0.0%
Active Decrements	0.2%
Inactive Mortality	-0.2%
Change in Normal Cost	0.0%
Assumption Change	0.0%
Other	<u>0.2%</u>
Total Change in Contribution	-1.68%
(3) Contribution Determined as of October 1, 2015	37.23%

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 2016-23, adopted and effective March 1, 2016, provides for the following changes:

1. Active Members not within five years of Normal Retirement as of November 1, 2015
 - a. The benefit accrual rate is reduced from 3.33% to 3.00% of Average Final Compensation for Credited Service accrued after October 31, 2015.
 - b. Elimination of the Supplemental Benefit.
 - c. The net-of-fees DROP earnings are limited to a maximum of 3% and minimum of 1% for DROP Balances established on or after November 1, 2015.
2. Active Members within five years of Normal Retirement as of November 1, 2015

No changes in benefits.
3. For all active Members, overtime pay for pensionable purposes is limited to 300 hours per year for benefits accrued after October 31, 2015.
4. Establishment of a Share Plan.

Details of the impact on Plan funding and liabilities for the above changes are set forth in our February 8, 2016, Actuarial Impact Statement.

Actuarial Assumption/Method Changes

There were no changes in methods or assumptions since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	145	137
Service Retirees	72	71
DROP Retirees	18	19
Beneficiaries	16	13
Disability Retirees	5	5
Terminated Vested	<u>13</u>	<u>12</u>
Total	269	257
Total Annual Payroll	\$8,398,397	\$8,033,144
Payroll Under Assumed Ret. Age	8,398,397	8,033,144
Annual Rate of Payments to:		
Service Retirees	2,649,597	2,550,649
DROP Retirees	1,040,355	1,068,415
Beneficiaries	236,628	157,267
Disability Retirees	112,241	112,241
Terminated Vested	189,108	223,434
B. Assets		
Actuarial Value ^{1 2}	59,186,815	54,826,800
Market Value ¹	57,894,276	58,779,277
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	37,566,426	35,857,712
Disability Benefits	1,691,338	1,670,769
Death Benefits	148,612	148,042
Vested Benefits	2,899,684	2,919,606
Refund of Contributions	226,103	202,686
Service Retirees	26,467,790	25,689,923
DROP Retirees ¹	16,361,420	16,234,002
Beneficiaries	1,955,818	1,143,290
Disability Retirees	1,209,050	1,224,995
Terminated Vested	1,602,967	1,794,501
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total	90,129,208	86,885,526

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	59,716,050	57,563,490
Present Value of Future Member Contributions	4,777,284	4,605,079
Normal Cost (Retirement)	1,221,280	1,171,894
Normal Cost (Disability)	136,560	129,980
Normal Cost (Death)	8,045	7,746
Normal Cost (Vesting)	186,977	177,016
Normal Cost (Refunds)	<u>35,825</u>	<u>31,843</u>
Total Normal Cost	1,588,687	1,518,479
Present Value of Future Normal Costs	10,716,275	10,410,353
Accrued Liability (Retirement)	29,243,513	27,745,007
Accrued Liability (Disability)	802,643	810,831
Accrued Liability (Death)	97,768	98,670
Accrued Liability (Vesting)	1,623,113	1,683,716
Accrued Liability (Refunds)	48,851	50,238
Accrued Liability (Inactives) ¹	47,597,045	46,086,711
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	79,412,933	76,475,173
Unfunded Actuarial Accrued Liability (UAAL)	20,226,118	21,648,373
Funded Ratio (AVA / AL)	74.5%	71.7%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	47,597,045	46,086,711
Actives	14,664,280	13,784,593
Member Contributions	<u>5,721,175</u>	<u>5,335,200</u>
Total	67,982,500	65,206,504
Non-vested Accrued Benefits	<u>4,217,096</u>	<u>3,897,718</u>
Total Present Value Accrued Benefits	72,199,596	69,104,222
Funded Ratio (MVA / PVAB)	80.2%	85.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,792,471	
Benefits Paid	(4,062,918)	
Interest	5,365,821	
Other	<u>0</u>	
Total	3,095,374	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ³	19.67	19.66
Administrative Expenses (with interest) % of Total Annual Payroll ³	0.89	0.94
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2015, with interest) % of Total Annual Payroll ³	30.28	32.18
Total Required Contribution % of Total Annual Payroll ³	50.84	52.78
Expected Member Contributions % of Total Annual Payroll ³	8.00	8.00
Expected City and State Contribution % of Total Annual Payroll ³	42.84	44.78

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	4,135,386
City and State Requirement	3,505,831
Actual Contributions Made:	
Members (excluding buyback)	629,554
City	3,111,881
State	<u>471,520</u>
Total	4,212,955

G. Net Actuarial (Gain)/Loss (545,523)

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

² Actuarial Value of Assets does not include the Funding Standard Account Credit Balance or Administrative Expense Account.

³ Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$8,398,397.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	20,226,118
2016	19,203,698
2017	18,075,717
2024	10,504,856
2031	2,014,389
2044	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	2.42%	5.36%
Year Ended	9/30/2014	2.58%	5.37%
Year Ended	9/30/2013	1.59%	5.41%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	7.78%	8.00%
Year Ended	9/30/2014	9.72%	8.00%
Year Ended	9/30/2013	7.42%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$8,398,397
	10/1/2005	7,631,572
(b) Total Increase		10.05%
(c) Number of Years		10.00
(d) Average Annual Rate		0.96%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$21,648,373
(2) Sponsor Normal Cost developed as of October 1, 2014	875,827
(3) Expected administrative expenses for the year ended September 30, 2015	72,694
(4) Expected interest on (1), (2) and (3)	1,804,844
(5) Sponsor contributions to the System during the year ended September 30, 2015	3,505,831
(6) Expected interest on (5)	124,266
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	20,771,641
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(545,523)
(10) Unfunded Accrued Liability as of October 1, 2015	20,226,118

Type of Base	Date Established	Years Remaining	10/1/2015 Amount	Amortization Amount
method change	10/1/2004	19	\$3,258,563	\$295,360
prior losses	10/1/2004	13	2,928,287	328,019
plan amendment	10/1/2004	19	3,560,727	322,748
actuarial loss	10/1/2005	13	2,665,981	298,636
actuarial loss	10/1/2006	13	851,004	95,327
plan amendment	10/1/2006	21	1,644,205	142,184
actuarial gain	10/1/2007	13	(124,535)	(13,950)
assumption change	10/1/2007	22	95,144	8,061
actuarial loss	10/1/2008	3	958,656	341,511
method change	10/1/2008	13	492,067	55,120
actuarial loss	10/1/2009	14	2,726,662	291,924
actuarial gain	10/1/2010	15	(219,590)	(22,577)
assumption change	10/1/2010	15	1,361,173	139,948
actuarial loss	10/1/2011	6	1,117,162	219,216
assumption change	10/1/2011	16	56,663	5,618
actuarial loss	10/1/2012	7	1,432,096	248,578
actuarial gain	10/1/2013	8	(821,276)	(128,678)
actuarial gain	10/1/2014	9	(251,767)	(36,159)
plan amendment	10/1/2014	29	(959,581)	(73,283)
actuarial gain	10/1/2015	10	<u>(545,523)</u>	<u>(72,687)</u>
			20,226,118	2,444,916

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$21,648,373
(2) Expected UAAL as of October 1, 2015	20,771,641
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	123,687
Salary Increases	(703,340)
Active Decrements	122,983
Inactive Mortality	(151,341)
New Entrants	22,853
Other	<u>39,635</u>
Increase in UAAL due to (Gain)/Loss	(545,523)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$20,226,118

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Combined Healthy Table with no projection with disabled lives set forward 5 years. We believe this assumption sufficiently accommodates future mortality improvements.
<u>Interest Rate</u>	8.0% per year compounded annually, net of investment-related expenses. This assumption is supported by the Plan’s investment policy strategy and long-term expected returns by asset class.
<u>Retirement Age</u>	Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption was reviewed by the Board in conjunction with an Experience Study performed for the period October 1, 1997 through October 1, 2010.
<u>Early Retirement</u>	Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption was reviewed by the Board in conjunction with an Experience Study performed for the period October 1, 1997 through October 1, 2010.
<u>Disability Rate</u>	See table below; 75% of disablements are assumed to be service related. This assumption was adopted by the Board in conjunction with an Experience Study performed for the period October 1, 1997 through October 1, 2010.
<u>Termination Rate</u>	See table below. This assumption was adopted by the Board in conjunction with an Experience Study performed for the period October 1, 1997 through October 1, 2010.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	8.0%	0.14%
30	5.5	0.18
40	3.3	0.30
50	1.4	1.00

Salary Increases

<u>Credited Service</u>	<u>Salary Scale</u>
<10 Years	6.0%
10-15 Years	5.5%
15-20 Years	5.0%
20-25 Years	4.5%
>25 Years	4.0%

The above rates were approved by the Board in conjunction with an Experience Study performed for the period October 1, 1997 through October 1, 2010.

Payroll Increase

0.9% for amortization of the Unfunded Actuarial Accrued Liability. This assumption is consistent with the Plan's ten-year payroll growth average.

Partial Lump Sums

For valuation purposes, no future retirees are assumed to opt for a partial lump sum.

Administrative Expenses

\$72,024 annually, based on actual administrative expenses incurred during the prior fiscal year.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the valuation year of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	286,276.00	_____%
1994	287,427.00	0.4%
1995	314,904.00	9.6%
1996	334,734.00	6.3%
1997	358,646.00	7.1%
1998	370,841.81	3.4%
1999	389,759.63	5.1%
2000	382,862.87	-1.8%
2001	403,077.56	5.3%
2002	442,447.29	9.8%
2003	506,930.80	14.6%
2004	526,765.89	3.9%
2005	544,392.80	3.3%
2006	569,421.43	4.6%
2007	544,392.80	-4.4%
2008	544,392.80	0.0%
2009	514,489.49	-5.5%
2010	448,284.61	-12.9%
2011	429,239.39	-4.2%
2012	412,295.01	-3.9%
2013	413,332.50	0.3%
2014	440,294.47	6.5%
2015	471,519.76	7.1%

EXCESS STATE MONIES RESERVE

	<u>Actual</u> <u>State Contribution</u>	<u>Applicable</u> <u>"Frozen" Amount</u>	<u>Excess State</u> <u>Monies Reserve</u>
1998	\$370,841.81	\$370,841.81	\$0.00
1999	389,759.63	370,841.81	18,917.82
2000	382,862.87	606,246.81	0.00
2001	403,077.56	606,246.81	0.00
2002	442,447.29	624,999.81	0.00
2003	506,930.80	430,492.81	76,437.99
2004	526,765.89	430,492.81	96,273.08
2005	544,392.80	438,485.81	105,906.99
2006	569,421.43	728,101.81	0.00
2007	544,392.80	826,383.81	0.00
2008	544,392.80	826,383.81	0.00
2009	514,489.49	826,383.81	0.00
2010	448,284.61	826,383.81	0.00
2011	429,239.39	826,383.81	0.00
2012	412,295.01	826,383.81	0.00
2013	413,332.50	826,383.81	0.00
2014	440,294.47	826,383.81	0.00
2015	471,519.76	826,383.81	<u>0.00</u>
Accumulated Excess			297,535.88
Less Excess Used in Funding			
Ordinance No. 5383 (3.0% Ad Hoc COLA)			(191,628.89)
Less Excess Used in Funding			
Ordinance No. 5721 (additional supplement)			<u>(105,906.99)</u>
Equals Current State Monies Reserve			\$0.00

Funding Standard Account
(Non-Investment Related Expenses)

	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>
(a) Expense Account Deficit Beginning of Year	455,526	484,540	520,070	571,269
(b) Expected Expenses	73,721	66,579	63,470	72,694
(c) Actual Expenses	66,579	63,470	72,694	72,024
(d) Expense Account Deficit End of Year	484,540	520,070	571,269	616,274

Net Actuarial Assets = Smoothed Market Value - (Contribution Surplus Account - Non-Investment Related Expense Account)

\$59,714,726 - (\$1,144,185 - \$616,274) = \$59,186,815

Funding Standard Account
(Contribution Surplus)

	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>
Charges				
(a) Prior year's Accumulated Funding Deficiency	0	0	0	0
(b) Required City/State Contribution	2,811,635	2,844,568	3,216,877	3,370,992
(c) Interest on (a) & (b)	224,931	227,565	257,350	269,679
(d) Total Charges	3,036,566	3,072,133	3,474,227	3,640,671
Credits				
(e) Prior year's Credit Balance	793,042	810,993	875,716	994,524
(f) City/State Contributions	2,889,247	2,967,071	3,401,591	3,583,401
(g) Interest on (e) & (f)	165,270	169,785	191,444	206,931
(h) Total Credits	3,847,559	3,947,849	4,468,751	4,784,856
Balance				
(1) Accumulated Funding Deficiency (-) or Credit (+) Balance as of Plan Year End	810,993	875,716	994,524	1,144,185

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	1,161,290.60	1,161,290.60
Cash	169,455.31	169,455.31
Total Cash and Equivalents	1,330,745.91	1,330,745.91
Receivables:		
Investment Income	82,435.90	82,435.90
Total Receivable	82,435.90	82,435.90
Investments:		
Fixed Income	20,417,218.01	20,443,789.91
Equity	13,043,370.59	14,407,930.29
Mutual Funds:		
Equity	10,441,931.16	16,976,672.50
Pooled/Common/Commingled Funds:		
Equity	2,691,680.76	1,937,811.14
Real Estate	2,451,540.06	2,809,542.18
Total Investments	49,045,740.58	56,575,746.02
Total Assets	50,458,922.39	57,988,927.83
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	72,553.48	72,553.48
Administrative Expenses	21,516.51	21,516.51
Refunds (prior)	581.82	581.82
Total Liabilities	94,651.81	94,651.81
NET POSITION RESTRICTED FOR PENSIONS	50,364,270.58	57,894,276.02

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	629,554.46
Buy-Back	83,865.00
City	3,111,881.33
State	471,519.76

Total Contributions 4,296,820.55

Investment Income:

Miscellaneous Income	(1,169.05)
Net Realized Gain (Loss)	2,461,880.10
Unrealized Gain (Loss)	(4,297,740.81)
Net Increase in Fair Value of Investments	(1,837,029.76)
Interest & Dividends	1,229,586.07
Less Investment Expense ¹	(439,435.43)

Net Investment Income (1,046,879.12)

Total Additions 3,249,941.43

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,878,842.81
Lump Sum DROP Distributions	935,702.29
Lump Sum PLOP Distributions	159,087.83
Refunds of Member Contributions	89,285.28

Total Distributions 4,062,918.21

Administrative Expense 72,023.95

Total Deductions 4,134,942.16

Net Increase in Net Position (885,000.73)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 58,779,276.75

End of the Year 57,894,276.02

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2015

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past five years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2011	-0.64%	
09/30/2012	18.35%	
09/30/2013	13.66%	
09/30/2014	10.75%	
09/30/2015	-1.76%	
Annualized Rate of Return for prior five (5) years:		7.78%
(A) 10/01/2014 Actuarial Assets:		\$55,250,054.52
(I) Net Investment Income:		
1. Interest and Dividends	1,228,417.02	
2. Realized Gains (Losses)	2,461,880.10	
3. Change in Actuarial Value	1,051,931.22	
4. Investment Related Expenses	(439,435.43)	
Total		4,302,792.91
(B) 10/01/2015 Actuarial Assets:		\$59,714,725.82
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.78%
10/01/2015 Limited Actuarial Assets:		\$59,714,725.82
10/01/2015 Market Value of Assets:		\$57,894,276.02
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$123,686.59)

*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2015
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	629,554.46	
Buy-Back	83,865.00	
City	3,111,881.33	
State	471,519.76	
 Total Contributions		 4,296,820.55
Earnings from Investments:		
Interest & Dividends	1,229,586.07	
Miscellaneous Income	(1,169.05)	
Net Realized Gain (Loss)	2,461,880.10	
Change in Actuarial Value	1,051,931.22	
 Total Earnings and Investment Gains		 4,742,228.34

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,878,842.81	
Lump Sum DROP Distributions	935,702.29	
Lump Sum PLOP Distributions	159,087.83	
Refunds of Member Contributions	89,285.28	
 Total Distributions		 4,062,918.21
Expenses:		
Investment related ¹	439,435.43	
Administrative	72,023.95	
 Total Expenses		 511,459.38
 Change in Net Assets for the Year		 4,464,671.30
 Net Assets Beginning of the Year		 55,250,054.52
 Net Assets End of the Year ²		 59,714,725.82

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	3,837,388.43
Plus Additions	1,208,818.22
Investment Return Earned	274,416.64
Less Distributions	(935,702.29)
End of the Year Balance	4,384,921.00

STATISTICAL DATA ¹

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	146	143	137	145
Average Current Age	39.6	39.6	40.0	38.4
Average Age at Employment	27.0	27.1	27.1	27.2
Average Past Service	12.6	12.5	12.9	11.2
Average Annual Salary	\$58,618	\$57,829	\$58,636	\$57,920
<u>Service Retirees</u>				
Number			71	72
Average Current Age			64.9	65.9
Average Annual Benefit			\$35,925	\$36,800
<u>DROP Retirees</u>				
Number			19	18
Average Current Age			53.1	54.0
Average Annual Benefit			\$56,232	\$57,798
<u>Beneficiaries</u>				
Number			13	16
Average Current Age			67.0	67.0
Average Annual Benefit			\$12,097	\$14,789
<u>Disability Retirees</u>				
Number			5	5
Average Current Age			49.2	50.2
Average Annual Benefit			\$22,448	\$22,448
<u>Terminated Vested ²</u>				
Number			11	10
Average Current Age			50.1	51.2
Average Annual Benefit			\$20,312	\$18,911

¹ Prior to 10/1/2015, averages were salary weighted.

² Statistics do not include non-vested Members awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	3	1	0	0	0	0	0	0	0	0	0	4
25 - 29	4	2	6	2	1	8	0	0	0	0	0	23
30 - 34	5	1	2	5	1	7	8	0	0	0	0	29
35 - 39	2	2	0	2	0	2	4	4	0	0	0	16
40 - 44	1	0	0	1	0	5	9	16	3	0	0	35
45 - 49	0	1	0	0	0	0	2	10	13	1	0	27
50 - 54	0	0	1	0	0	4	0	2	1	1	0	9
55 - 59	0	0	0	0	0	0	0	0	1	0	0	1
60 - 64	0	0	0	0	0	0	0	1	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	15	7	9	10	2	26	23	33	18	2	0	145

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	137
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(7)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	<u>(2)</u>
g. Continuing participants	126
h. New entrants	<u>19</u>
i. Total active life participants in valuation	145

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	71	19	13	5	12	120
Retired	1	(3)	0	0	0	(2)
DROP	3	2	0	0	0	5
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	(3)	0	3	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	2	2
Rehires	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	72	18	16	5	13	124

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2016-23)

CREDITED SERVICE	Years and fractional parts of years of service with the City as a Police Officer.
SALARY	Total compensation for services rendered, including overtime, but excluding special detail pay, bonuses and unused vacation and sick time, plus tax deferred, tax sheltered and tax exempt items of income. Pensionable Overtime is limited to 300 hours per year for benefits accrued after October 31, 2015.
AVERAGE FINAL COMPENSATION	Average Salary during the best 5 years of the 10 years preceding termination.
NORMAL RETIREMENT	
Eligibility	Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit Amount	3.33% of Average Final Compensation times Credited Service. For Members not within 5 years of Normal Retirement as of November 1, 2015, the benefit accrual is 3.00% of Average Final Compensation for Credited Service earned after October 31, 2015.
Form of Benefit	Payable for life, with 120 monthly payments guaranteed. Options available.
EARLY RETIREMENT	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% per year prior to Normal Retirement.

SUPPLEMENTAL BENEFIT

Eligibility	Normal and Early Retirees and their Joint Pensioners or Beneficiaries, <u>excluding</u> vested terminated persons.
Monthly Benefit Amount	\$10.00 for each full year of Credited Service. The Supplemental Benefit is eliminated for Members not within 5 years of Normal Retirement as of November 1, 2015.

DISABILITY

Eligibility	Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.
Benefit	Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life (with 10 year guarantee) or until recovery (as determined by the Board). Optional forms available.

PRE-RETIREMENT DEATH

(Non-Vested Members)	Refund of Member contributions to designated beneficiary.
(Vested Members)	Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

VESTING (TERMINATION)

Less than 10 years of Service	Refund of Member Contributions.
10 years or more	Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

CONTRIBUTIONS

Employee	8.00% of Salary.
Premium Tax	0.85% tax on casualty insurance premiums.
City	Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

DEFERRED RETIREMENT OPTION PLAN

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	<p>At member's election (may change method once during DROP participation) either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.</p> <p>For Members not within 5 years of Normal Retirement eligibility as of November 1, 2015, the net-of-fees earnings for DROP balances established on or after November 1, 2015 is limited to a maximum of 3% and minimum of 1%.</p>
Distribution	Cash lump sum (options available) at termination of employment.

BOARD OF TRUSTEES

Two City residents appointed by the City Council, two Police Officers elected by majority of covered members, and a fifth member elected by other 4 and appointed by City Council (as a ministerial duty).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,161,291
Cash	169,455
Total Cash and Equivalents	1,330,746
Receivables:	
Investment Income	82,436
Total Receivable	82,436
Investments:	
Fixed Income	20,443,790
Equity	14,407,930
Mutual Funds:	
Equity	16,976,673
Pooled/Common/Commingled Funds:	
Equity	1,937,811
Real Estate	2,809,542
Total Investments	56,575,746
Total Assets	57,988,928
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	72,553
Administrative Expenses	21,517
Refunds (prior)	582
Total Liabilities	94,652
NET POSITION RESTRICTED FOR PENSIONS	57,894,276

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	629,554	
Buy-Back	83,865	
City	3,111,881	
State	471,520	
 Total Contributions		 4,296,820
 Investment Income:		
Net Increase in Fair Value of Investments	(1,837,030)	
Interest & Dividends	1,229,586	
Less Investment Expense ¹	(439,435)	
 Net Investment Income		 (1,046,879)
 Total Additions		 3,249,941

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,878,843	
Lump Sum DROP Distributions	935,702	
Lump Sum PLOP Distributions	159,088	
Refunds of Member Contributions	89,285	
 Total Distributions		 4,062,918
 Administrative Expense		 72,024
 Total Deductions		 4,134,942
 Net Increase in Net Position		 (885,001)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		58,779,277
 End of the Year		 57,894,276

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty).

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.
Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.
Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.
Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.
10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

Contributions

Employee: 8.00% of Salary.
Premium Tax: 0.85% tax on casualty insurance premiums.
City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	37.50%
International Equity	15.00%
Bonds	27.50%
Convertibles	10.00%
Private Real Estate	5.00%
MLPs	5.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.76 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election (may change method once during DROP participation) either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as September 30, 2015 is \$4,384,921.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 80,880,942
Plan Fiduciary Net Position	<u>\$ (57,894,276)</u>
Sponsor's Net Pension Liability	<u>\$ 22,986,666</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.58%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	8.00%
International Equity	3.00%
Bonds	4.40%
Convertibles	6.40%
Private Real Estate	4.60%
MLPs	10.40%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Sponsor's Net Pension Liability	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

Notes to Schedule:

**For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	<u>\$ (77,570)</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of Covered Employee Payroll	38.58%	42.30%

*For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.

Notes to Schedule

Valuation Date: 10/01/2013
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 24 Years (as of 10/01/2013 valuation).
 Mortality Rate: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table on following page (1205). 75% of disablements are assumed to be service related.
 Termination Rates: See table on following page.
 Salary Increases:

Credited Service	Salary Scale
<10 Years	6.0%
10-15 Years	5.5%
15-20 Years	5.0%
20-25 Years	4.5%
>25 Years	

Payroll Increase: 1.3% (previously 2.0%).
 Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	-1.76%	10.63%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty). Each person employed by the City Police Department as a full-time Police Officer becomes a member of the System as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257
	257

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.
Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.
Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.

Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.
10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

Contributions

Employee: 8.00% of Salary.
Premium Tax: 0.85% tax on casualty insurance premiums.
City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	37.50%	8.00%
International Equity	15.00%	3.00%
Bonds	27.50%	4.40%
Convertibles	10.00%	6.40%
Private Real Estate	5.00%	4.60%
MLPs	5.00%	10.40%
Total	100.00%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 77,984,509	\$ 58,779,277	\$ 19,205,232
Changes for a Year:			
Service Cost	1,639,535	-	1,639,535
Interest	6,207,407	-	6,207,407
Differences between Expected and Actual Experience	(971,456)	-	(971,456)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	3,111,881	(3,111,881)
Contributions - State	-	471,520	(471,520)
Contributions - Employee	-	629,554	(629,554)
Contributions - Buy Back	83,865	83,865	-
Net Investment Income	-	(1,046,879)	1,046,879
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,062,918)	-
Administrative Expense	-	(72,024)	72,024
Net Changes	2,896,433	(885,001)	3,781,434
Reporting Period Ending September 30, 2016	\$ 80,880,942	\$ 57,894,276	\$ 22,986,666

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$3,244,031.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	777,164
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	3,724,320	-
Employer and State Contributions subsequent to the measurement date	-	-
Total	\$ 3,724,320	\$ 777,164

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2017	\$ 663,436
2018	\$ 663,436
2019	\$ 663,436
2020	\$ 956,848
2021	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

Notes to Schedule:

**For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	\$ (77,570)	\$ -
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of Covered Employee Payroll	38.58%	42.30%

*For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.												
Amortization Method:	Level Percentage of Pay, Closed.												
Remaining Amortization Period:	24 Years (as of 10/01/2013 valuation).												
Mortality Rate:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives 8.0% per year compounded annually, net of investment related expenses.												
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.												
Inflation:	3.0% per year.												
Retirement Age:	Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.												
Early Retirement:	Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.												
Disability Rates:	See table on following page (1205). 75% of disablements are assumed to be service related.												
Termination Rates:	See table on following page.												
Salary Increases:	<table border="1"> <thead> <tr> <th>Service</th> <th>Salary Scale</th> </tr> </thead> <tbody> <tr> <td><10 Years</td> <td>6.00%</td> </tr> <tr> <td>10-15 Years</td> <td>5.50%</td> </tr> <tr> <td>15-20 Years</td> <td>5.00%</td> </tr> <tr> <td>20-25 Years</td> <td>4.50%</td> </tr> <tr> <td>>25 Years</td> <td>0.00%</td> </tr> </tbody> </table>	Service	Salary Scale	<10 Years	6.00%	10-15 Years	5.50%	15-20 Years	5.00%	20-25 Years	4.50%	>25 Years	0.00%
Service	Salary Scale												
<10 Years	6.00%												
10-15 Years	5.50%												
15-20 Years	5.00%												
20-25 Years	4.50%												
>25 Years	0.00%												
Payroll Increase:	1.3% (previously 2.0%).												
Partial Lump Sums:	For valuation purposes, no future retirees are assumed to opt for a partial lump sum.												

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Asset Valuation Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 21,215,280	\$ -	\$ 3,401,591	\$ -
Prior Period Adjustment	56,039	-	-	-
	<u>\$ 21,271,319</u>	<u>\$ -</u>	<u>\$ 3,401,591</u>	<u>\$ -</u>
Employer and State Contributions made after 09/30/2014	-	-	3,583,401	-
Total Pension Liability Factors:				
Service Cost	1,688,742	-	-	1,688,742
Interest	5,940,330	-	-	5,940,330
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,531,980)	-	-	(4,531,980)
Net change	<u>3,097,092</u>	<u>-</u>	<u>3,583,401</u>	<u>3,097,092</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,961,297	-	(2,961,297)	-
Contributions - State	440,294	-	(440,294)	-
Contributions - Employee	632,728	-	-	(632,728)
Net Investment Income	4,266,474	-	-	(4,266,474)
Difference between projected and actual earnings on Pension Plan investments	1,467,060	1,467,060	-	-
Current year amortization	-	(293,412)	-	(293,412)
Benefit Payments	(4,531,980)	-	-	4,531,980
Administrative Expenses	(72,694)	-	-	72,694
Net change	<u>5,163,179</u>	<u>1,173,648</u>	<u>(3,401,591)</u>	<u>(587,940)</u>
Ending Balance	<u>\$ 19,205,232</u>	<u>\$ 1,173,648</u>	<u>\$ 3,583,401</u>	<u>\$ 2,509,152</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 19,205,232	\$ 1,173,648	\$ 3,583,401	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,639,535	-	-	1,639,535
Interest	6,207,407	-	-	6,207,407
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	83,865	-	-	83,865
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(971,456)	971,456	-	-
Current year amortization of experience difference	-	(194,292)	-	(194,292)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,062,918)	-	-	(4,062,918)
Net change	<u>2,896,433</u>	<u>777,164</u>	<u>-</u>	<u>3,673,597</u>
Plan Fiduciary Net Position:				
Contributions - Employer	3,111,881	-	(3,111,881)	-
Contributions - State	471,520	-	(471,520)	-
Contributions - Employee	629,554	-	-	(629,554)
Contributions - Buy Back	83,865	-	-	(83,865)
Net Investment Income	4,708,817	-	-	(4,708,817)
Difference between projected and actual earnings on Pension Plan investments	(5,755,696)	-	5,755,696	-
Current year amortization	-	(293,412)	(1,151,140)	857,728
Benefit Payments	(4,062,918)	-	-	4,062,918
Administrative Expenses	(72,024)	-	-	72,024
Other	-	-	-	-
Net change	<u>(885,001)</u>	<u>(293,412)</u>	<u>1,021,155</u>	<u>(429,566)</u>
Ending Balance	<u>\$ 22,986,666</u>	<u>\$ 1,657,400</u>	<u>TBD</u>	<u>\$ 3,244,031</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.

March 7, 2016

Board of Trustees
City of Ocala
Police Officers' Retirement System
402 S. Pine Avenue
Ocala, FL 34471-1174

RE: GASB Statement No. 67 and No. 68 – City of Ocala Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board the GASB Statement No. 67 and No. 68 measured as of September 30, 2015 for the City of Ocala Police Officers' Retirement System.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 and is not applicable for purposes, such as determining the plans' funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30th, 2015 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No. 67 and No.68.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,161,291
Cash	169,455
Total Cash and Equivalents	1,330,746
Receivables:	
Investment Income	82,436
Total Receivable	82,436
Investments:	
Fixed Income	20,443,790
Equity	14,407,930
Mutual Funds:	
Equity	16,976,673
Pooled/Common/Commingled Funds:	
Equity	1,937,811
Real Estate	2,809,542
Total Investments	56,575,746
Total Assets	57,988,928
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	72,553
Administrative Expenses	21,517
Refunds (prior)	582
Total Liabilities	94,652
NET POSITION RESTRICTED FOR PENSIONS	57,894,276

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Market Value Basis

ADDITIONS

Contributions:

Member	629,554	
Buy-Back	83,865	
City	3,111,881	
State	471,520	
 Total Contributions		 4,296,820
 Investment Income:		
Net Increase in Fair Value of Investments	(1,837,030)	
Interest & Dividends	1,229,586	
Less Investment Expense ¹	(439,435)	
 Net Investment Income		 (1,046,879)
 Total Additions		 3,249,941

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,878,843	
Lump Sum DROP Distributions	935,702	
Lump Sum PLOP Distributions	159,088	
Refunds of Member Contributions	89,285	
 Total Distributions		 4,062,918
 Administrative Expense		 72,024
 Total Deductions		 4,134,942
 Net Increase in Net Position		 (885,001)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		58,779,277
 End of the Year		 57,894,276

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2015)

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty).

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.

Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.

Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.

Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.

Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.

10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

Contributions

Employee: 8.00% of Salary.

Premium Tax: 0.85% tax on casualty insurance premiums.

City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

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Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	37.50%
International Equity	15.00%
Bonds	27.50%
Convertibles	10.00%
Private Real Estate	5.00%
MLPs	5.00%
<u>Total</u>	<u>100.00%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.76 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election (may change method once during DROP participation) either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as September 30, 2015 is \$4,384,921.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 80,880,942
Plan Fiduciary Net Position	<u>\$ (57,894,276)</u>
Sponsor's Net Pension Liability	<u>\$ 22,986,666</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.58%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	8.00%
International Equity	3.00%
Bonds	4.40%
Convertibles	6.40%
Private Real Estate	4.60%
MLPs	10.40%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Sponsor's Net Pension Liability	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

Notes to Schedule:

**For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	<u>\$ (77,570)</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of Covered Employee Payroll	38.58%	42.30%

*For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.

Notes to Schedule

Valuation Date: 10/01/2013
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 24 Years (as of 10/01/2013 valuation).
 Mortality Rate: RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.
 Inflation: 3.0% per year.
 Retirement Age: Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table on following page (1205). 75% of disablements are assumed to be service related.
 Termination Rates: See table on following page.
 Salary Increases:

Credited Service	Salary Scale
<10 Years	6.0%
10-15 Years	5.5%
15-20 Years	5.0%
20-25 Years	4.5%
>25 Years	

Payroll Increase: 1.3% (previously 2.0%).
 Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	-1.76%	10.63%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty). Each person employed by the City Police Department as a full-time Police Officer becomes a member of the System as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257
	257

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.
Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.
Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.

Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.
10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

Contributions

Employee: 8.00% of Salary.
Premium Tax: 0.85% tax on casualty insurance premiums.
City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	37.50%	8.00%
International Equity	15.00%	3.00%
Bonds	27.50%	4.40%
Convertibles	10.00%	6.40%
Private Real Estate	5.00%	4.60%
MLPs	5.00%	10.40%
Total	100.00%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 77,984,509	\$ 58,779,277	\$ 19,205,232
Changes for a Year:			
Service Cost	1,639,535	-	1,639,535
Interest	6,207,407	-	6,207,407
Differences between Expected and Actual Experience	(971,456)	-	(971,456)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	3,111,881	(3,111,881)
Contributions - State	-	471,520	(471,520)
Contributions - Employee	-	629,554	(629,554)
Contributions - Buy Back	83,865	83,865	-
Net Investment Income	-	(1,046,879)	1,046,879
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,062,918)	-
Administrative Expense	-	(72,024)	72,024
Net Changes	2,896,433	(885,001)	3,781,434
Reporting Period Ending September 30, 2016	\$ 80,880,942	\$ 57,894,276	\$ 22,986,666

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$3,244,031.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	777,164
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	3,724,320	-
Employer and State Contributions subsequent to the measurement date	-	-
Total	\$ 3,724,320	\$ 777,164

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:					
2017			\$	663,436	
2018			\$	663,436	
2019			\$	663,436	
2020			\$	956,848	
2021			\$	-	
Thereafter			\$	-	

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

Notes to Schedule:

**For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the		
Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	\$ (77,570)	\$ -
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of		
Covered Employee Payroll	38.58%	42.30%

**For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.														
Amortization Method:	Level Percentage of Pay, Closed.														
Remaining Amortization Period:	24 Years (as of 10/01/2013 valuation).														
Mortality Rate:	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives 8.0% per year compounded annually, net of investment related expenses.														
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.														
Inflation:	3.0% per year.														
Retirement Age:	Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.														
Early Retirement:	Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.														
Disability Rates:	See table on following page (1205). 75% of disablements are assumed to be service related.														
Termination Rates:	See table on following page.														
Salary Increases:	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Credited</td> <td></td> </tr> <tr> <td style="text-align: center;">Service</td> <td style="text-align: center;">Salary Scale</td> </tr> <tr> <td style="text-align: center;"><10 Years</td> <td style="text-align: center;">6.00%</td> </tr> <tr> <td style="text-align: center;">10-15 Years</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td style="text-align: center;">15-20 Years</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td style="text-align: center;">20-25 Years</td> <td style="text-align: center;">4.50%</td> </tr> <tr> <td style="text-align: center;">>25 Years</td> <td style="text-align: center;">0.00%</td> </tr> </table>	Credited		Service	Salary Scale	<10 Years	6.00%	10-15 Years	5.50%	15-20 Years	5.00%	20-25 Years	4.50%	>25 Years	0.00%
Credited															
Service	Salary Scale														
<10 Years	6.00%														
10-15 Years	5.50%														
15-20 Years	5.00%														
20-25 Years	4.50%														
>25 Years	0.00%														
Payroll Increase:	1.3% (previously 2.0%).														
Partial Lump Sums:	For valuation purposes, no future retirees are assumed to opt for a partial lump sum.														

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Asset Valuation Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 21,215,280	\$ -	\$ 3,401,591	\$ -
Prior Period Adjustment	56,039	-	-	-
	<u>\$ 21,271,319</u>	<u>\$ -</u>	<u>\$ 3,401,591</u>	<u>\$ -</u>
Employer and State Contributions made after 09/30/2014	-	-	3,583,401	-
Total Pension Liability Factors:				
Service Cost	1,688,742	-	-	1,688,742
Interest	5,940,330	-	-	5,940,330
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,531,980)	-	-	(4,531,980)
Net change	<u>3,097,092</u>	<u>-</u>	<u>3,583,401</u>	<u>3,097,092</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,961,297	-	(2,961,297)	-
Contributions - State	440,294	-	(440,294)	-
Contributions - Employee	632,728	-	-	(632,728)
Net Investment Income	4,266,474	-	-	(4,266,474)
Difference between projected and actual earnings on Pension Plan investments	1,467,060	1,467,060	-	-
Current year amortization	-	(293,412)	-	(293,412)
Benefit Payments	(4,531,980)	-	-	4,531,980
Administrative Expenses	(72,694)	-	-	72,694
Net change	<u>5,163,179</u>	<u>1,173,648</u>	<u>(3,401,591)</u>	<u>(587,940)</u>
Ending Balance	<u>\$ 19,205,232</u>	<u>\$ 1,173,648</u>	<u>\$ 3,583,401</u>	<u>\$ 2,509,152</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 19,205,232	\$ 1,173,648	\$ 3,583,401	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,639,535	-	-	1,639,535
Interest	6,207,407	-	-	6,207,407
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	83,865	-	-	83,865
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(971,456)	971,456	-	-
Current year amortization of experience difference	-	(194,292)	-	(194,292)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,062,918)	-	-	(4,062,918)
Net change	<u>2,896,433</u>	<u>777,164</u>	<u>-</u>	<u>3,673,597</u>
Plan Fiduciary Net Position:				
Contributions - Employer	3,111,881	-	(3,111,881)	-
Contributions - State	471,520	-	(471,520)	-
Contributions - Employee	629,554	-	-	(629,554)
Contributions - Buy Back	83,865	-	-	(83,865)
Net Investment Income	4,708,817	-	-	(4,708,817)
Difference between projected and actual earnings on Pension Plan investments	(5,755,696)	-	5,755,696	-
Current year amortization	-	(293,412)	(1,151,140)	857,728
Benefit Payments	(4,062,918)	-	-	4,062,918
Administrative Expenses	(72,024)	-	-	72,024
Other	-	-	-	-
Net change	<u>(885,001)</u>	<u>(293,412)</u>	<u>1,021,155</u>	<u>(429,566)</u>
Ending Balance	<u>\$ 22,986,666</u>	<u>\$ 1,657,400</u>	<u>TBD</u>	<u>\$ 3,244,031</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.