

## ORDINANCE NO. 1286

AN ORDINANCE OF THE CITY OF OKEECHOBEE, FLORIDA, PROVIDING FOR THE MERGER OF THE CITY OF OKEECHOBEE MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND, CREATED PURSUANT TO ORDINANCE NO. 888 AS SUBSEQUENTLY AMENDED, AND THE CITY OF OKEECHOBEE MUNICIPAL FIREFIGHTERS' PENSION FUND, CREATED PURSUANT TO ORDINANCE NO. 889 AND AMENDED AND RESTATED PURSUANT TO ORDINANCE NO. 1229; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the City of Okeechobee established and maintains the City of Okeechobee Municipal Police Officers' Pension Trust Fund, created pursuant to Ordinance No. 888, as subsequently amended; and

**WHEREAS**, the City of Okeechobee established and maintains the City of Okeechobee Municipal Firefighters' Pension Fund, created pursuant to Ordinance No. 889 and amended and restated pursuant to Ordinance No. 1229; and

**WHEREAS**, to optimize the efficiency of, and minimize the costs related to, the administration of the above-referenced Funds, the City Council desires to merge the Funds into a single Fund under the exclusive administration of a single board of trustees; and

**WHEREAS**, the resulting Fund shall exist for the sole purpose of providing retirement benefits to the participants of the merged Funds, to their eligible beneficiaries, and to the future participants and beneficiaries of the resulting Fund; and

**WHEREAS**, the merger of the Funds shall not result in the reduction of any accrued benefit of any participant of the merged Funds; and

**WHEREAS**, the State of Florida Department of Management Services, Division of Retirement, has approved the merger of the Funds; and

**WHEREAS**, the City Council intends that the resulting Fund be administered in accordance with all applicable provisions of the Internal Revenue Code and of Florida Law, including but not limited to Chapters 175 and 185, Florida Statutes, and

**WHEREAS**, for the purposes of this Ordinance, double underlined type shall denote additions to and ~~strike-through~~ shall denote deletions from the original text.

**NOW, THEREFORE**, be it ordained before the City Council of the City of Okeechobee, Florida; presented at a duly advertised public meeting; and passed by majority vote of the City Council; and properly executed by the Mayor or designee, as Chief Presiding Officer for the City:

**SECTION 1:** The foregoing "whereas" clauses are incorporated herein as legislative findings by this reference and made a part hereof for all intents and purposes.

**SECTION 2:** That Ordinance No. 888, as subsequently amended, is hereby further amended by amending subsection 1., of Section 1., Definitions, of the document made part of said Ordinance and otherwise amended herein, to modify the definitions of "Board," "Fund," and "System" and to add a definition, "Merger Date," to read respectively as follows:

### **SECTION 1. DEFINITIONS.**

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

\*\*\*\*

Board means the Board of Trustees, which shall administer and manage the System herein provided and serve as the Trustees of the Fund, as provided in Section 3 hereof.

\*\*\*\*

Fund means the Trust Fund established herein as part of the System. Effective as of the Merger Date, Fund shall mean the Fund resulting from the merger, as provided in subsection 4.1 hereof.

\*\*\*\*

Merger Date means the date determined in accordance with subsection 6 of Section 3 hereof.

\*\*\*\*

System means the City of Okeechobee Municipal Police Officers' Pension Trust Fund as contained herein and all amendments thereto. Effective as of the Merger Date, System means City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund, as contained herein and all amendments hereto, and as contained in Ordinance No. 1229 and all amendments thereto.

**SECTION 3:** That Ordinance No. 888, as subsequently amended, is hereby further amended by amending Section 3., Board of Trustees, of the document made part of said Ordinance and otherwise amended herein, to replace subsection 3., to read as follows:

### **SECTION 3. BOARD OF TRUSTEES.**

\*\*\*\*

3. Quorum and Voting. A quorum shall consist of no fewer than three (3) Trustees. 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, as amended from time to time.

\*\*\*\*

**SECTION 4:** That Ordinance No. 888, as subsequently amended, is hereby further amended by amending Section 3., Board of Trustees. of the document made part of said Ordinance and otherwise amended herein, to add a new subsection 6., to read as follows:

### **SECTION 3. BOARD OF TRUSTEES.**

\*\*\*\*

#### **6. Merger Provisions**

- A. As soon as administratively reasonable upon the Effective Date of the Ordinance adopting this paragraph 6.A., the responsible parties shall appoint and elect prospective Trustees (excluding the sixth Trustee) in accordance with the conditions set forth in paragraph 6.B., below, who shall agree in writing to assume the duties of Trustees as set forth herein as of a specified date. That date shall be the same for all five prospective Trustees and shall constitute the Merger Date.

- B. As of the Merger Date, this paragraph 6.B., shall supersede subsection 1., of this Section 3. 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 six (6) Trustees, two (2) of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the City Council, two (2) of whom shall be a full-time Police Officer Member of the System who shall be elected by a majority of the active Police Officers who are Members of the System, one (1) of whom shall be a former full-time Firefighter Member of the System, who shall be elected by a majority of the former Firefighters who were Members of the System, and one (1) of whom shall be chosen by a majority of the five (5) elected Trustees as provided for herein, and such person's name shall be submitted to the City Council.

Upon receipt of the sixth Trustee's name, the City Council shall, as a ministerial duty, appoint such person to the Board of Trustees as its sixth Trustee. The sixth Trustee shall have the same rights as each of the other five (5) Trustees.

If there is no former or retired Firefighter remaining in the System, or willing to serve, the former and retired Firefighters may elect an active or retired Police Officer to serve in the active Firefighter seat. Upon receipt of such person's name, the City Council shall, as a ministerial duty, appoint such person to the Board.

When there are fewer than ten (10) former or retired Firefighters remaining, or in the case where no former or retired Firefighter is available to serve on the Board and the active or retired Police Officer who is then serving in the active Firefighter seat either leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, the active Firefighter seat shall cease to exist, and the Board shall thereafter 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 City Council, two (2) of whom shall be full-time Police Officer Members of the System who shall be elected by a majority of the active Police Officers who are Members of the System, and one (1) of whom shall be chosen by a majority of the four (4) remaining Trustees as herein provided and shall serve a four (4) year term unless he or she sooner vacates the office. Each resident Trustee shall serve as Trustee for a period of four (4) years unless he or she sooner vacates the office or is sooner replaced by the City Council at whose pleasure he or she shall serve. Each Member Trustee shall serve as Trustee for a period of four (4) years, unless he or she sooner leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, whereupon a successor shall be chosen in the same manner as the departing Trustee. Except in the case that there are fewer than ten (10) former or retired Firefighters remaining and the active or retired Police Officer who is then serving in the active Firefighter seat either leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, each Trustee may succeed himself or herself in office. Police Deferred Retirement Option Plan (DROP) participants can be elected as but not vote for the elected Police Trustee. The Board shall establish and administer the nominating and election procedures for each election or delegate this task to the City if the City is so willing. 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.

- C. Effective as of the Merger Date, all references herein, except for historic references, to the City of Okeechobee Municipal Police Officers' Pension Trust Fund, shall be read as the City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund.
- D. Effective as of the Merger Date, it is intended that the Board of Trustees possess identical powers with respect to the operation and administration,

including the investment of System assets, of the System as it relates to Police Officers and Firefighters and assets derived from the participation of Police Officers and Firefighters, including premium tax funds under Chapters 175 and 185. It is further intended that, effective as of the Merger Date, this document shall apply to all questions relating to the participation, accrual of benefits, vesting, benefit eligibility, retirement, etc. of Police Officer Members in the System.

**SECTION 5:** That Ordinance No. 888, as subsequently amended, is hereby further amended by amending subsection 1., of Section 4., Finances and Fund Management, of the document made part of said Ordinance and otherwise amended herein, to read as follows:

**SECTION 4. 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. Effective as of the Merger Date, the Fund is hereby merged with the Fund known as the City of Okeechobee Municipal Firefighters' Pension Fund, created as set forth in Section 4.1 of the document made part of Ordinance No. 1229. The Fund, which shall thereafter mean the Fund resulting from the merger, shall be known as City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund.

\*\*\*\*

**SECTION 6:** That Ordinance No. 1229, as subsequently amended, is hereby further amended by amending subsection 1., of Section 1., Definitions, of the document made part of said Ordinance and otherwise amended herein, to modify the definitions of "Board," "Fund," and "System" and to add a definition, "Merger Date," to read respectively as follows:

**SECTION 1. DEFINITIONS.**

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

\*\*\*\*

Board means the Board of Trustees, which shall administer and manage the System herein provided and serve as the trustees of the Fund, as provided in Section 3 hereof.

\*\*\*\*

Fund means the trust Fund established herein as part of the System. Effective as of the Merger Date, Fund shall mean the Fund resulting from the merger, as provided in Subsection 4.1 hereof.

\*\*\*\*

Merger Date means the date determined in accordance with Subsection 6 of Section 3 hereof.

\*\*\*\*

System means the City of Okeechobee Municipal Firefighters' Pension Fund as contained herein and all amendments thereto. Effective as of the Merger Date, System means City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund, as contained herein and all amendments hereto, and as contained in Ordinance No. 888 and all amendments thereto.

**SECTION 7:** That Ordinance No. 1229, as subsequently amended, is hereby further amended by amending subsection 3., of Section 3., Board of Trustees, of the document made part of said Ordinance and otherwise amended herein, to replace Subsection 3 to read as follows:

**SECTION 3. BOARD OF TRUSTEES.**

\*\*\*\*

3. Quorum and Voting. A quorum shall consist of no fewer than three (3) Trustees. 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, as amended from time to time.

\*\*\*\*

**SECTION 8:** That Ordinance No. 1229, as subsequently amended, is hereby further amended by amending Section 3., Board of Trustees, of the document made part of said Ordinance and otherwise amended herein, to add a new subsection 6, to read as follows:

**SECTION 3. BOARD OF TRUSTEES.**

\*\*\*\*

**6. Merger Provisions**

- A. As soon as administratively reasonable upon the effective date of the Ordinance adopting this paragraph 6.A., the responsible parties shall appoint and elect prospective Trustees (excluding the sixth Trustee) in accordance with the conditions set forth in paragraph 6.B., below, who shall agree in writing to assume the duties of Trustees as set forth herein as of a specified date. That date shall be the same for all five prospective Trustees, and shall constitute the Merger Date.
- B. As of the Merger Date, this paragraph 6.B., shall supersede subsection 1 of this Section 3. 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 six (6) Trustees, two (2) of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the City Council, two (2) of whom shall be full-time Police Officer Members of the System who shall be elected by a majority of the active Police Officers who are Members of the System, one (1) of whom shall be a former full-time Firefighter Member of the System who shall be elected by a majority of the former Firefighters who were Members of the System, and one (1) of whom shall be chosen by a majority of the five (5) elected Trustees as provided for herein, and such person's name shall be submitted to the City Council.

Upon receipt of the sixth Trustee's name, the City Council shall, as a ministerial duty, appoint such person to the Board of Trustees as its sixth Trustee. The sixth Trustee shall have the same rights as each of the other five (5) Trustees.

If there is no former or retired Firefighter remaining in the System, or willing to serve, the former and retired Firefighters may elect an active or retired Police Officer to serve in the active Firefighter seat. Upon receipt of such person's name, the City Council shall, as a ministerial duty, appoint such person to the Board.

When there are fewer than ten (10) former or retired Firefighters remaining, or in the case where no former or retired Firefighter is available to serve on the

Board and the active or retired Police Officer who is then serving in the active Firefighter seat either leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, the active Firefighter seat shall cease to exist, and the Board shall thereafter 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 City Council, two (2) of whom shall be full-time Police Officer Members of the System who shall be elected by a majority of the active Police Officers who are Members of the System, and one (1) of whom shall be chosen by a majority of the four (4) remaining Trustees as herein provided and shall serve a four (4) year term unless he or she sooner vacates the office. Each resident Trustee shall serve as Trustee for a period of four (4) years unless he or she sooner vacates the office or is sooner replaced by the City Council at whose pleasure he or she shall serve. Each Member Trustee shall serve as Trustee for a period of four (4) years, unless he or she sooner leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, whereupon a successor shall be chosen in the same manner as the departing Trustee. Except in the case that there are fewer than ten (10) former or retired Firefighters remaining and the active or retired Police Officer who is then serving in the active Firefighter seat either leaves the employment of the City as a Police Officer or otherwise vacates his or her office as Trustee, each Trustee may succeed himself or herself in office. Police DROP participants can be elected as but not vote for the elected Police Trustee. The Board shall establish and administer the nominating and election procedures for each election or delegate this task to the City if the city is so willing. 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.

- C. Effective as of the Merger Date, all references herein, except for historic references, to City of Okeechobee Municipal Firefighters' Pension Fund, shall be read as City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund.
- D. Effective as of the Merger Date, it is intended that the Board of Trustees possess identical powers with respect to the operation and administration, including the investment of System assets, of the System as it relates to Police Officers and Firefighters and assets derived from the participation of Police Officers and Firefighters, including premium tax funds under Chapters 175 and 185. It is further intended that, effective as of the Merger Date, this document shall apply to all questions relating to the participation, accrual of benefits, vesting, benefit eligibility, retirement, etc. of Firefighter Members in the System.

**SECTION 9:** That Ordinance No. 1229, as subsequently amended, is hereby further amended by amending subsection 1., of Section 4., Finances and Fund Management, of the document made part of said Ordinance and otherwise amended herein, to read as follows:

#### **SECTION 4. 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. Effective as of the Merger Date, the Fund is hereby merged with the Fund known as the City of Okeechobee Municipal Police Officers' Pension Trust Fund, created as set forth in Section 4.1 of the document made part of Ordinance 888. The Fund, which shall thereafter mean the Fund resulting from the merger, shall be known as City of Okeechobee Municipal Police Officers' and Firefighters' Pension Trust Fund.

\*\*\*\*

**SECTION 10:** That Ordinance No. 1229, as subsequently amended, is hereby further amended by amending Section 6., Benefit Amounts and Eligibility, of the document made part of said Ordinance and otherwise amended herein, to add a new subsection 7., to read as follows:

**SECTION 6. BENEFIT AMOUNTS AND ELIGIBILITY.**

\*\*\*\*

7. Retired Firefighter Medical Stipend.

A Reserve shall be established by to pay a Medical Stipend to retired Firefighter members as set forth in this Subsection 7 with an initial dollar amount to bring the funded ratio for the Firefighter assets and liabilities to 100% based on current actuarial assumptions. If the actuary certifies that the funded ratio of the Pension Fund based on the Firefighter assets and liabilities excluding the Reserve for the preceding Plan Year exceeds 100% in subsequent years, the Board will transfer an additional dollar amount to the Reserve to bring the funded ratio to 100%. If the actuary certifies that the funded ratio of the Pension Fund based on the Firefighter assets and liabilities for the preceding Plan Year excluding the Reserve is less than 95%, the Board will transfer the dollar amount from the Reserve to the Pension Fund needed to increase the funded ratio to 95%. The assets of the Reserve to pay the Medical Stipend shall remain invested with the Pension Fund assets and receive a pro-rata share of the investment results net of investment and administrative expenses. The Board must provide written notice to the Finance Director of the City of Okeechobee of any change in actuarial investment and economic assumptions affecting the actuarial calculation of the funded ratio for the Firefighter assets and liabilities, identifying the specific changes to the assumptions.

A Medical Stipend shall be paid in equal monthly installments from the Reserve to Firefighter members receiving pension benefit payments as of October 1 each Plan Year. Payment of the Medical Stipend shall commence on the first day of the month following the otherwise normal retirement date for each retired member receiving a pension benefit payment. Starting with the Plan Year that begins October 1, 2023, eligible retired Firefighter members will receive an initial Medical Stipend based on the retiree's years of Credited Service, as follows:

<u>Years of Credited Service</u>	<u>Monthly Stipend</u>
<u>20 + Years</u>	<u>\$1,000</u>
<u>17.5 – 20</u>	<u>\$850</u>
<u>15 – 17.5</u>	<u>\$700</u>
<u>12.5 – 15</u>	<u>\$550</u>
<u>10 – 12.5</u>	<u>\$400</u>

The Board will adjust the Monthly Stipend pro-rata to eligible members for the next Plan Year based on the balance remaining in the Reserve as of October 1 each Plan Year. The Fund will not pay a stipend at any time the Reserve balance is zero. If the Pension Fund has no retired Firefighter members, any funds remaining in the Reserve shall be returned to the Pension Fund.

**SECTION 11:** That specific authority is hereby granted to codify and incorporate this Ordinance in the existing City of Okeechobee Municipal Police Officers' Pension Trust Fund Summary Plan Description and the City of Okeechobee Municipal Firefighters' Pension Fund Summary Plan Description.

**SECTION 12:** That all Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

**SECTION 13:** That 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 sections, subsections, sentences, clauses, or phrases under application shall not be affected thereby.

**SECTION 14:** That the language of this Ordinance shall be adopted as part of the corresponding Pension Plan immediately, and the provisions of this Ordinance shall become effective immediately upon the Merger Date as defined in Sections 4 and 8, herein.

**INTRODUCED** for First Reading and set for Final Public Hearing on this **6<sup>th</sup>** day of **February 2024**.  
Roll Call Vote:

	Yes	No	Abstained	Absent
Council Member Chandler:				
Council Member/Vice Mayor Clark:				
Council Member Jarriel:				
Council Member McAuley:				
Mayor Watford:				

\_\_\_\_\_  
Dowling R. Watford, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Lane Gamiotea, CMC, City Clerk

**PASSED AND ADOPTED** after Second and Final Public Hearing this **5<sup>th</sup>** day of **March 2024**. Roll  
Call Vote:

	Yes	No	Abstained	Absent
Council Member Chandler:				
Council Member/Vice Mayor Clark:				
Council Member Jarriel:				
Council Member McAuley:				
Mayor Watford:				

\_\_\_\_\_  
Dowling R. Watford, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Lane Gamiotea, CMC, City Clerk

**REVIEWED FOR LEGAL SUFFICIENCY:**

\_\_\_\_\_  
John J. Fumero, City Attorney  
Nason Yeager Gerson Harris & Fumero, P.A.





August 15, 2022

Board of Trustees  
City of Okeechobee Firefighters' Retirement System  
c/o Mr. Scott Baur  
Resource Centers, LLC  
4360 Northlake Blvd  
Suite 206  
Palm Beach Gardens, FL 33410

**Re: City of Okeechobee Firefighters' Retirement System  
Actuarial Study as of October 1, 2021**

Dear Scott:

As requested, we have performed an Actuarial Study as of October 1, 2021 to determine the effect on the minimum annual contribution requirement of proposed provision changes under the City of Okeechobee Firefighters' Retirement System (System). This study was performed at the request of the Pension Board.

**Current System Provisions** – Currently there is no stipend for any members.

**Proposed Change** – We understand the Board is interested in determining the financial impact of the proposed changes on the System contribution as follows:

- Scenario 1 - Provide a \$1,000 monthly stipend for members with 25 or more years of credited service from retirement until Medicare age when the stipend will be reduced by 50%. The amount of the monthly stipend will be reduced for member with less than 25 years of credited service in 5-year increments as follows:

Credited Service	Monthly Stipend	
	Until Medicare Age	After Medicare Age
25+ years	\$ 1,000	\$ 500
20 – 24.99 years	\$ 800	\$ 400
15 – 19.99 years	\$ 600	\$ 300
10 – 14.99 years	\$ 400	\$ 200

- Scenario 2 - Provide a \$1,000 monthly stipend for members with 25 or more years of credited service from retirement until Medicare age when the stipend will be reduced by 50%. The amount of the monthly stipend will be reduced for member with less than 25 years of credited service in 3-year increments as follows:

Credited Service	Monthly Stipend	
	Until Medicare Age	After Medicare Age
25+ years	\$ 1,000	\$ 500
22 – 24.99 years	\$ 880	\$ 440
19 – 21.99 years	\$ 760	\$ 380
16 – 18.99 years	\$ 640	\$ 320
13 – 15.99 years	\$ 520	\$ 260
10 – 12.99 years	\$ 400	\$ 200

Under both scenarios, if the funding ratio falls below 85% the stipend will cease and restart when the funding ratio increases above 85%.

We understand based on the Interlocal Agreement, the County will make contributions based on the level of benefits in place on August 2, 2021. Any potential increase in contributions may need to be funded by the City.

**Results** – The attached Exhibit sets out the key financial results of our Actuarial Study. The following table summarizes the projected increase in the Present Value of Future Benefits as a dollar amount and as a percentage of the current Present Value of Future Benefits and the projected increase in minimum annual required City contribution as a dollar amount.

Proposed Change	Increase in Present Value of Future Benefits	Increase in Minimum Annual Required City Contribution
Scenario 1 – Monthly stipend decreases in 5-year increments	\$ 709,780 + 17.1%	\$ 0
Scenario 2 – Monthly stipend decreases in 3-year increments	\$ 744,640 + 17.9%	\$ 0

**Actuarial assumptions and methods, System provisions, financial data and member census data** – The actuarial assumptions and methods, System provisions, financial data and employee census data employed for purposes of our Actuarial Study are the same actuarial assumptions and methods, System provisions, financial data and member census data utilized for the *draft* October 1, 2021 Actuarial Valuation with the exception of the proposed stipends described above.

This Actuarial Study only reflects experience through October 1, 2021. It does not reflect the recent and still developing impact of COVID-19, which may significantly impact the demographic and economic experience seen in future actuarial valuations.





**Other Considerations** – Under Governmental Accounting Standards Board (GASB) Statement Number 68, we understand the full cost of benefit changes must be recognized immediately in pension expenses (for accounting, not for funding). Therefore, pension expense is expected to increase the first year and then is expected to return to lower levels in fiscal years following initial recognition of the benefit change.

**Risk Assessment** – Risk assessment may include scenario tests, sensitivity, or stress tests, stochastic modeling, and a comparison of the present value of benefits at low-risk discount rates. We are prepared to perform such assessment to aid the Board in the decision making process. Please refer to the *draft* October 1, 2021 Actuarial Valuation Report dated April 18, 2022 for additional discussion regarding the risks associated with measuring the accrued liability and the minimum funding payment.

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This Actuarial Study is intended to describe the estimated future financial effect of the proposed benefit changes on the System and is not intended as a recommendation in favor of the benefit changes nor in opposition to the benefit changes.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid, System assets will be sufficient to pay all System benefits and future contributions are expected to remain relatively stable as a percent of payroll. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act and Firefighters Retirement Chapter 175 with normal cost determined under the aggregate cost method.

The Unfunded Actuarial Accrued Liability (UAAL) under the entry age normal cost method (accounting) may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions. The UAAL would be different if it reflected the market value of assets rather than the actuarial value of assets.

These calculations are based upon assumptions regarding future events. However, the System's long term costs will be determined by actual future events, which may differ materially from the assumptions made. These calculations are also based upon present and proposed System provisions that are outlined or referenced in this Actuarial Study.

If you have reason to believe the assumptions used are unreasonable, the System provisions are incorrectly described or referenced, important System provisions relevant to this Actuarial Study are not described or that conditions have changed since the calculations were made, you should contact the undersigned prior to relying on information in this Actuarial Study.



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

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in System provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

This Actuarial Study should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This Actuarial Study has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This Actuarial Study may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

The signing actuaries are independent of the System sponsor.

The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Mr. Scott Baur  
August 15, 2022  
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If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,  
Gabriel, Roeder, Smith & Company



Nicolas Lahaye, F.S.A., M.A.A.A., E.A., F.C.A.  
Consultant and Actuary



Jennifer M. Borregard, M.A.A.A., E.A., F.C.A.  
Consultant and Actuary

Enclosure





Comparison of Cost Data of October 1, 2021 Actuarial Valuation and Actuarial Study

	Actuarial Valuation			Actuarial Study			Actuarial Study		
	5 Year Increments			Monthly Stipend			Monthly Stipend		
	Cost	% of Annual Compensation		Cost	% of Annual Compensation		Cost	% of Annual Compensation	
A. Participants									
1. Active employees	1	N/A		1	N/A		1	N/A	
2. Terminated vested	4	N/A		4	N/A		4	N/A	
3. Receiving benefits (including DROPs)	8	N/A		8	N/A		8	N/A	
4. Annual payroll of active employees	\$ 57,842	100.0%	\$	\$ 57,842	100.0%	\$	\$ 57,842	100.0%	
B. Present Value of Future Benefits	\$ 4,162,332	7196.0%	\$	\$ 4,872,112	8423.1%	\$	\$ 4,906,972	8483.4%	
C. Total Normal Costs (including expenses)									
1. Aggregate Cost Method	\$ 44,943	77.7%	\$	\$ 44,943	77.7%	\$	\$ 44,943	77.7%	
2. Entry Age Normal (EAN) <sup>1</sup>	\$ 63,513	109.8%	\$	\$ 63,513	109.8%	\$	\$ 63,513	109.8%	
D. Total Actuarial Accrued Liability (EAN) <sup>1</sup>	\$ 4,021,171	6952.0%	\$	\$ 4,730,951	8179.1%	\$	\$ 4,765,811	8239.4%	
E. Smoothed Value of Assets	\$ 5,110,560	8835.4%	\$	\$ 5,110,560	8835.4%	\$	\$ 5,110,560	8835.4%	
F. Unfunded Actuarial Accrued Liability <sup>1</sup>	\$ (1,089,389)	(1883.4%)	\$	\$ (379,609)	(656.3%)	\$	\$ (344,749)	(596.0%)	
G. Net City Cost	\$ 45,922	79.4%	\$	\$ 45,922	79.4%	\$	\$ 45,922	79.4%	
H. Increase in:									
1. Present Value of Future Benefits	N/A	N/A	\$	\$ 709,780	1227.1%	\$	\$ 744,640	1287.4%	
2. Total Actuarial Accrued Liability (EAN) <sup>1</sup>	N/A	N/A	\$	\$ 709,780	1227.1%	\$	\$ 744,640	1287.4%	
3. Net City Cost	N/A	N/A	\$	\$ 0	0.0%	\$	\$ 0	0.0%	

<sup>1</sup> For purposes of GASB Statement Numbers 67 and 68 only

**City of Okeechobee, Florida**  
**Business Impact Estimate**  
**Pursuant to §166.041, Florida Statutes**

Proposed ordinance's reference and title: **Ordinance No. 1286**

**AN ORDINANCE OF THE CITY OF OKEECHOBEE, FLORIDA, PROVIDING FOR THE MERGER OF THE CITY OF OKEECHOBEE MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND, CREATED PURSUANT TO ORDINANCE NO. 888 AS SUBSEQUENTLY AMENDED, AND THE CITY OF OKEECHOBEE MUNICIPAL FIREFIGHTERS' PENSION FUND, CREATED PURSUANT TO ORDINANCE NO. 889 AND AMENDED AND RESTATED PURSUANT TO ORDINANCE NO. 1229; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.**

This Business Impact Estimate is provided in accordance with section 166.041(4), Florida Statutes. If one or more boxes are checked below, this means the City is of the view that a business impact estimate is not required by state law<sup>1</sup> for the proposed ordinance, but the City is, nevertheless, providing this Business Impact Estimate as a courtesy and to avoid any procedural issues that could impact the enactment of the proposed ordinance. This Business Impact Estimate may be revised following its initial posting.

- ☐ The proposed ordinance is required for compliance with Federal or State law or regulation;
- ☐ The proposed ordinance relates to the issuance or refinancing of debt;
- ☐ The proposed ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- ☐ The proposed ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the municipal government;
- ☐ The proposed ordinance is an emergency ordinance;
- ☐ The ordinance relates to procurement; or
- ☐ The proposed ordinance is enacted to implement the following:
  - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
  - b. Sections 190.005 and 190.046, Florida Statutes, regarding community development districts;
  - c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
  - d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

In accordance with the provisions of controlling law, even notwithstanding the fact that an exemption noted above may apply, the City hereby publishes the following information:

1. Summary of the proposed ordinance (must include a statement of the public purpose, such as serving the public health, safety, morals, and welfare):  
**The ordinance merges the municipal police officers' and municipal firefighters' pension fund.**
2. An estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City, if any:
  - (a) An estimate of direct compliance costs that businesses may reasonably incur;
  - (b) Any new charge or fee imposed by the proposed ordinance or for which businesses will be financially responsible; and
  - (c) An estimate of the City's regulatory costs, including estimated revenues from any new charges or fees to cover such costs.**None.**
3. Good faith estimate of the number of businesses likely to be impacted by the proposed Ordinance:  
**None.**
4. Additional information the governing body deems useful (if any):  
**None.**

<sup>1</sup> See Section 166.041(4)(c), Florida Statutes.