



# Taxation, Revenue and Utilization of Expenditures (TRUE) Commission

**Marc El Hassan, Chair**  
**Greg Radlinski, Vice Chair**  
**Joe Andrews, Secretary**

## RESOLUTION 2013-2

### A RESOLUTION IN OPPOSITION TO THE ENACTMENT OF PENDING ORDINANCE 2013-366

**WHEREAS**, the TRUE Commission has the authority and responsibility to gather information on the soundness of the City's current and long-term financial status including long range projections and unfunded liabilities; and

**WHEREAS**, it is the responsibility of the Commission to provide important information on and raise public awareness of public finance issues by encouraging in-depth media coverage of these issues and by meeting with community, neighborhood, and civic organizations; and

**WHEREAS**, the Commission may choose to review any aspect of fiscal policy within the consolidated government, including without limitation, the pre- and post-retirement benefit structure for City employees and the potential impact on the financial status of the City; and

**WHEREAS**, proposed Ordinance 2013-366 modifies the Restated Agreement of March 5, 2001 which has a term of 30 years; and

**WHEREAS**, Sec. 447.309 of the Florida Statutes – Collective bargaining; approval or rejection – provides in subsection (5) “Any collective bargaining agreement shall not provide for a term of existence of more than 3 years and shall contain all of the terms and conditions of employment of the employees in the bargaining unit during such term except those terms and conditions provided for in applicable merit and civil service rules and regulations”; and

**WHEREAS**, the Office of General Counsel stated the position of the City regarding the 30 year agreement regarding pension benefits includes but is not limited to the following points: 1.) The agreement between the City and the P&FPF was not intended to and did not bind the City regarding benefits; 2.) According to the Charter - only the Council can establish benefits - not the P&FPF; absent waiver, that can only be accomplished through collective bargaining; 3.) The P&FPF has acknowledged it has no power to set benefits; 4.) Chapter 447 establishes that all benefits are binding for no more than 3 years; 5.) It would be in violation of public policy - and therefore unenforceable - for any Council to commit to benefits for more than 3 years; and

**WHEREAS**, the City's Minimum Required Contribution for the PFPF \$ 148,108,302 and is 110.85% of covered payroll; and

**WHEREAS**, Milliman Group Actuaries project the City Contribution to PFPF will increase in each of twenty years to \$ 183,000,000 in 2023 and \$ 258,000,000 in 2033 under 2013-366; and

**WHEREAS**, the PFPF Actuarial Report of October 1, 2012 states the Police and Fire Pension Fund (PFPF) was 39.05 % funded; and this calls into serious question the ability of the City to pay the pension benefits of current and retired employees in the future; and

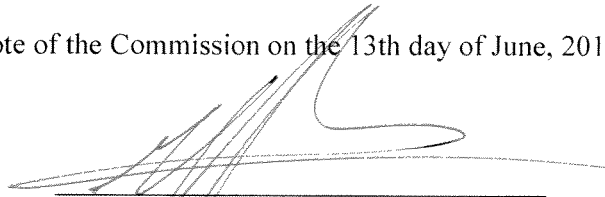
**WHEREAS**, the PFPF Actuarial Report of October 1, 2012 states the Unfunded Actuarial Accrued Liabilities (UAAL) of the PFPF pension plan is \$1,684,069,919 and is expected to continue to increase; and

**WHEREAS**, in spite of recent substantial market investment gains, the unfunded liability (UAAL) of the PFPF increased by \$ 296,766,535 for the year ended September 30, 2012 because of changes in the plan's actuarial assumptions and a decrease in the assumed investment rate of return. The recent gains have only restored the pension fund to less than the level of September 30, 2007. The assumed annual rate of return for the PFPF is 7%. The pension fund has lost six years of assumed compounded investment growth; and

**WHEREAS**, only defined benefit pension plans can have an unfunded liability where the taxpayers are required to provide for any shortage of funds. The taxpayers' obligation ends when the required contribution is made to defined contribution plans; now therefore

**BE IT RESOLVED**, that the TRUE Commission hereby recommends that the City Council not enact Ordinance 2013 – 366.

Adopted by a unanimous vote of the Commission on the 13th day of June, 2013.



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Marc Majed El Hassan  
Chairman