

## PENSION AND PENSION PLAN

Sec. 1: Employees shall receive pension benefits according to the provisions of the General Employees' Pension Plan in Chapter 33 of the City's Ordinances. Except as provided for in this Article, the City will maintain the existing Pension Plan Ordinance provisions regarding benefits and contributions for bargaining unit employees for the duration of this Agreement.

Sec. 2: The City agrees to amend the General Pension Plan Ordinance no later than 60 days after the ratification of this 2018-2020 Agreement as follows:

- A. Creation and inclusion of three (3) categories of members. One category consisting of members hired prior to July 15, 2009 ("Group One Restored Members"); a second category consisting of general fund members hired on or after July 15, 2009 but prior to October 1, 2011, and non-general fund members hired on or after July 15, 2009 but prior to March 5, 2014 ("Group Two Restored Members"); and a third category consisting of general fund members hired on or after October 1, 2011 and non-general fund members hired on or after March 5, 2014 ("Group Three Members").
  
- B. Group One Restored Members: Provide that immediately upon adoption of the ordinance amending the General Pension Plan Ordinance pursuant to this 2018-2020 Agreement, the following pension benefits in effect on September 30, 2011 will be restored to Group One Restored Members as specifically provided in the following subsections:
  - 1) A normal retirement date of age 55 with five years of service or 25 years of credited service regardless of age;
  - 2) A vesting period of five years of credited service;
  - 3) A 3% multiplier each year of credited service, up to a maximum benefit of 81% of average final compensation;
  - 4) A new definition of average final compensation that shall be based on the member's highest 78 consecutive bi-weekly pay periods of credited service.

Payments for accumulated sick and annual leave received by such member following separation from employment and included in compensation in accordance with the definition of compensation below shall be deemed to have been received in the final pay period;

- 5) A definition of compensation to include a member's gross wages received from the City, including overtime and payments for accumulated annual leave and accumulated sick leave (subject to limitations set forth in state law), except as provided below:
  - a. For members hired prior to October 1, 2002, and employed by the City on that date, compensation shall include payments for accumulated annual leave, but the amount of accumulated sick leave included in such member's compensation shall not exceed the amount accumulated as of October 1, 2002 (including the maximum limitation as of October 1, 1994). Such accumulated sick and annual leave shall be calculated at the member's total rate of pay at the time of retirement, or entry into the DROP plan or planned retirement benefit.
  - b. For members hired after October 1, 2002, compensation shall include payments for accumulated annual leave, but no payment for accumulated sick leave shall be included in such member's compensation. Such accumulated annual leave shall be calculated at the member's total rate of pay at the time of retirement, or entry into the DROP plan or planned retirement benefit.
  - c. For members who retire or enter the DROP on or after August 17, 2009, compensation shall exclude all earnings and payouts for blood time and compensatory time. In addition, the payouts for accumulated annual leave that may be counted as compensation for such members shall not exceed 125 hours for employees who retire from a position covered by the general employees' bargaining unit; and shall not exceed 60 hours per year for employees who retire from a position not covered by the general employees' bargaining unit.
  - d. Employee-elective salary reductions or deferrals to any salary reduction, deferred compensation, or tax-sheltered annuity program authorized under the rules of the Internal Revenue Service Code shall be included in compensation for retirement purposes. Compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code,

adjusted in accordance with U.S. Treasury Department regulations, shall be disregarded.

e. For the purposes of this division 5, the terms “accumulated annual leave” and “accumulated sick leave” shall be capped at the amount reflected in the payroll records of the City for each member of the plan in the first full pay period of March 2014.

- 6) Eligibility for non-duty disability benefits shall commence upon attaining five years of credited service.
- 7) A member who separates from city employment prior to attaining normal retirement date after having completed at least five years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 55 based on the benefit formula in effect on the date of separation from city employment and years of credited service and average final compensation on that date;
- 8) Eligibility to participate in the DROP plan or the planned retirement benefit;
  - a. Entry into the DROP on the earlier of the first day of any month following the employee's 55th birthday and tenth-year anniversary of credited service, or the first day of any month following the completion of a total of 25 years of credited service.
  - b. A member hired prior to July 15, 2009 who was a member continuously from July 14, 2009 to the ratification of this Agreement, who attained normal retirement date, who was not already participating in the planned retirement benefit before the ratification of this Agreement, and who wants to participate retroactively in the DROP plan must submit an irrevocable written election/decision within 60 days after the ratification of this Agreement to participate retroactively in the DROP plan starting on or after the date the member attained normal retirement date. Such member shall receive a return of their employee contributions made from the date they designate to be the commencement of their DROP plan participation period, and continuing through the date of their election/decision, which shall be added to the participant's DROP plan account.
  - c. Any member employed on the ratification of this Agreement and hired prior to July 15, 2009 who was a member continuously from July 14,

2009 to the ratification of this Agreement, who became eligible to retire with normal retirement benefits, who was already participating in the planned retirement benefit before the ratification of this Agreement, and who wants to change from the planned retirement benefit to the DROP plan must submit an irrevocable written election/decision within 60 days after the ratification of this Agreement to change retroactively to the DROP plan starting on or after the date the member attained normal retirement date.

- d. No member shall receive any benefits from both the DROP plan and the planned retirement benefit. Participants in the planned retirement benefit who transition to the DROP plan shall receive a return of their employee contributions made while participating in the planned retirement benefit, which shall be added to the participant's DROP plan account.
  - e. An employee may purchase up to six months of credited service in the last year of City employment, but that credited service may not be used to obtain the minimum service required for vesting or participation in the DROP plan or the planned retirement benefit.
- 9) For currently employed Group One Restored Members who retire on or after August 17, 2009 without entering the DROP, a 2% COLA shall be payable annually commencing three years after retirement benefits begin. For currently employed Group One Restored Members who enter the DROP on or after August 17, 2009, a 2% COLA will be payable annually, commencing the later of three years after retirement benefits begin or one year after separation from employment following participation in the DROP.
- 10) The parties expressly agree that only the pension-related benefits specifically described above will be restored to Group One Restored Members. No other benefit, including wages or any other benefit that may have been reduced or eliminated at the time of the 2010 and 2011 declarations of financial urgency, will be restored.
- C. Group Two Restored Members: Provide that immediately upon adoption of the ordinance amending the General Pension Plan Ordinance, Group Two Restored Members shall receive the same retirement benefits as members hired prior to July 15, 2009, except as follows:

- 1) The normal retirement dates shall be age 57 or older with 25 years of credited service; age 60 or older with seven years of credited service; or 30 years of credited service, regardless of age;
- 2) The vesting period shall be seven years of credited service;
- 3) Upon reaching the normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation;
- 4) Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service;
- 5) Compensation shall include only the member's base pay, which includes longevity pay, and certification pay, but no other payments shall be included;
- 6) Eligibility for non-duty disability benefits shall commence upon attaining seven years of credited service.
- 7) A member who separates from city employment prior to attaining normal retirement date after having completed at least seven years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 60 based on the benefit formula in effect on the date of separation from city employment and years of credited service and average final compensation on that date
- 8) The member shall not be eligible to participate in the DROP plan or the planned retirement benefit;
- 9) The member shall not be eligible for a COLA.
- 10) The parties expressly agree that only the pension-related benefits specifically described above will be restored to Group Two Restored Members. No other benefit, including wages or any other benefit that may have been reduced or eliminated at the time of the 2010 and 2011 declarations of financial urgency, will be restored.

11) An employee may purchase up to six months of credited service in the last year of City employment, but that credited service may not be used to obtain the minimum service required for vesting. .

D. Increase the employee contribution rate for Group One restored Members and Group Two Restored Members to 9%, effective the 1<sup>st</sup> full pay period that starts on or after the adoption of the ordinance amending the General Pension Plan Ordinance pursuant to this 2018-2020 Agreement. Upon entry into the DROP plan, Group One Restored Members shall cease making employee contributions. Upon entry into the planned retirement benefit, Group One members shall continue to contribute the employee contribution rate until termination of employment.

E. Group Three Members: shall receive the same retirement benefits as Group Two Restored Members, as follows:

- 1) The normal retirement dates shall be age 62 or older with 25 years of credited service; age 65 or older with seven years of credited service; or 30 years of credited service, regardless of age;
- 2) The vesting period shall be seven years of credited service;
- 3) Upon reaching the normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation;
- 4) Average final compensation shall be based on the member's highest 130 consecutive bi-weekly pay periods of credited service;
- 5) Compensation shall include only the member's base pay, which includes longevity pay, and certification pay, but no other payments shall be included;
- 6) Eligibility for non-duty disability benefits shall commence upon attaining seven years of credited service.
- 7) A member who separates from city employment prior to attaining normal retirement date after having completed at least seven years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 65 based on the benefit

formula in effect on the date of separation from city employment and years of credited service and average final compensation on that date;

- 8) The member shall not be eligible to participate in the DROP plan or the planned retirement benefit;
- 9) The member shall not be eligible for a COLA.
- 10) The employee contribution rate will continue to be 8%.
- 11) An employee may purchase up to six months of credited service in the last year of City employment, but that credited service may not be used to obtain the minimum service required for vesting.

The parties agree that other non-substantive changes to City Code Chapter 33, the General Pension Ordinance, as agreed to by the parties, may be made as long as such revisions do not change or alter the rights, benefits, or contributions of any active or retired member and do not change or alter the costs or contributions of the City, except as specifically provided in the subsections of this Article 18 of the 2018-2020 Agreement.

Sec. 3: Notwithstanding anything to the contrary contained in City Code Chapter 33, Section 33.025, any City employee who is a contributing member of this plan may purchase credited service under the plan for each period of prior or current City employment in a full-time position during which the employee was not a member of a contributory, defined benefit retirement plan of the City. Such member may enter into an agreement at any time prior to separation from City employment to purchase such credited service by paying a contribution of 8% of the compensation received during the period of prior employment, plus a buy-back fee of 4% of the total contribution amount. If the total contribution amount and buy-back fee is not fully paid by the time the member leaves City employment, and additional 6½% fee will be charged on the unpaid balance remaining when the member separates from City employment. Payments for the purchase of credited service must be made using any one or a combination of the following options:

- (i) Cash lump sum payment.
- (ii) Direct transfer or rollover of an eligible rollover distribution from a qualified plan.

- (iii) Time payment plan. Under this option, the member may elect to pay any remaining balance due for the purchase of credited service through a time payment plan approved by the City and the employee. Under such plan, bi-weekly payments shall be deducted from the member's compensation, and if there is any remaining balance due upon separation from City employment, monthly payments shall be deducted from the member's monthly pension benefit until the remaining balance is fully paid: provided that the deduction shall not exceed 20% of the member's gross monthly pension benefit.

Sec. 4: The parties agree that if the City proposes to re-employ a retiree age 62 or older pursuant to Section 33.025(II) of the Code of Ordinances, and the re-employed retiree would perform duties and responsibilities that are generally performed by one or more employees covered by a collective bargaining agreement for any of the bargaining units represented by the Union, prior to re-employing such retiree, the City shall notify the Union of such intent in writing. The Union shall provide its written response to each employment case on an individual basis, within 10) days (excluding Saturdays, Sundays and holidays) from receipt of such City notification. Provided the Union does not object to an individual reemployment decision, the City may re-employ the specific retiree for a period not to exceed ninety (90) days. If the Union timely objects, the City shall not proceed with the proposed reemployment. Upon mutual agreement, the initial ninety (90) day period may be extended one-time for up to another ninety (90) days.

Sec. 5: The Union agrees for itself and for all bargaining unit employees to waive, renounce, and forgo any and all remedies and payments whatsoever related to the modifications to the Collective Bargaining Agreement or the Pension Ordinance made by the City pursuant to financial urgency to which it or they are or may become eligible to receive, whether resulting from an award by a tribunal or through settlement of any matter related to such changes. The Union also agrees to withdraw with prejudice immediately all grievances related to such changes.

Sec. 6:

- (a) Employees who have retired from the General Employee's Pension shall not be eligible for another pension from this fund. The above provisions are in conjunction with the April 26, 1997 Letter of Understanding contained in

the previous (October 1, 1996 through September 30, 1999) collective bargaining agreement and shall be effective July 1, 1999.

(b) Any spouse of a deceased retiree receiving a pension shall continue to receive the same benefit regardless if that spouse remarries.

(c) The actuarial assumption rate shall not be changed without the approval of the City.

Sec. 7: Employees who were hired prior to July 15, 2009, who entered the DROP on or after July 1, 2006, shall be considered as retirees and the following provisions shall apply to DROP participants:

(a) DROP payments shall earn interest at the net investment earnings.

(b) DROP participants shall be eligible for promotion.

(c) DROP participants must sign an irrevocable decision on or before entering the DROP to separate from the City at the conclusion of their DROP participation.

(d) DROP participants are eligible to participate in the City's Sick Leave Pool, but only if they have a minimum accumulation of ninety-six hours of sick and/or vacation leave.

(e) DROP participants will be considered as retirees with regard to medical, dental and life insurance contributions.

(f) All other provisions of the contract shall apply, except as otherwise stated in this Agreement.

Sec. 8: The parties agree to meet on a quarterly basis during the term of this 2018-2020 Agreement to explore different options so that the costs associated with the General Employees' Pension Plan and the pension plan's unfunded liability may be reduced. Present at these meetings shall be four (4) bargaining unit employees representing all three bargaining units represented by the Union (i.e., general, professional and supervisory) who shall be appointed by the Union and four (4) management representatives selected by the City Manager. The parties shall meet upon the request of either party, or at other specified times mutually agreed upon. The time spent by Union employees during these meetings shall not count as Union Business for purposes of Article 8.