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2008

1 A bill to be entitled
2 An act relating to the Police Pension Fund of the City of
3 West Palm Beach, Palm Beach County; amending chapter 24981
4 (1947), Laws of Florida, as amended; revising the
5 definition of "retirement"; providing applicability of
6 certain investment policy guidelines; providing statutory
7 limitations on investments in foreign investments;
8 providing additional standards for the performance of
9 duties by the Board of Trustees relating to investments;
10 deleting provisions relating to investments and purchases
11 of securities, uninvested cash, and minimum investment
12 standards; providing for transfer to the fund of certain
13 members' leave payments remaining after required
14 contributions to health savings accounts; providing for
15 reemployment after retirement by a public or private
16 employer, reemployment after retirement inside or outside
17 the police department, reemployment of terminated vested
18 persons, and reemployment of DROP participants; providing
19 an effective date.

20
21 Be It Enacted by the Legislature of the State of Florida:

22
23 Section 1. Paragraph (o) of subsection (2) and subsections
24 (21) and (31) of section 16 of chapter 24981 (1947), Laws of
25 Florida, as amended by chapters 2002-359 and 2005-312, Laws of
26 Florida, are amended, and subsection (36) is added to that
27 section, to read:

28 Section 16. West Palm Beach Police Pension Fund.--

29 (2) Definitions.--The following words or phrases, as used
 30 in this act, shall have the following meanings, unless a
 31 different meaning is clearly indicated by the context:

32 (o) "Retirement" means a member's withdrawal from Police
 33 Department City employment as a police officer with a pension
 34 payable from the Fund.

35 (21) Investments.--

36 (a) The Board shall have the power and authority to invest
 37 and reinvest the moneys of the Fund and to hold, purchase, sell,
 38 assign, transfer, and dispose of any securities and investments
 39 held in the Fund, including the power and authority to employ
 40 counseling or investment management services. The aim of the
 41 investment policies shall be to preserve the integrity and
 42 security of Fund principal, to maintain a balanced investment
 43 portfolio, to maintain and enhance the value of the Fund
 44 principal, and to secure the maximum total return on investments
 45 that is consonant with safety of principal, provided that such
 46 investments and reinvestments shall be limited only by the
 47 investments permitted by the investment policy guidelines
 48 adopted by the Board in accordance with Florida law.

49 Notwithstanding the foregoing, investments in foreign
 50 investments are limited in accordance with section
 51 185.06(1)(b)4., Florida Statutes. The Board members must
 52 discharge these duties with respect to the Plan solely in the
 53 interest of the participants and beneficiaries and:

54 1. For the exclusive purpose of providing benefits to
 55 participants and their beneficiaries and defraying reasonable
 56 expenses of administering the Plan;

57 2. With the care, skill, prudence, and diligence under the
 58 circumstances then prevailing that a prudent person acting in a
 59 like capacity and familiar with such matters would use in the
 60 conduct of an enterprise of a like character and with like aims;
 61 and

62 3. By diversifying the investments of the Plan so as to
 63 minimize the risk of large losses, unless under the
 64 circumstances it is clearly prudent not to do so. ~~to the~~
 65 following:

66 ~~1. Direct obligations of the United States Government or~~
 67 ~~any agency thereof and any other evidences of indebtedness which~~
 68 ~~are fully guaranteed by the United States Government or any~~
 69 ~~agency thereof for the payments of principal and interest.~~

70 ~~2. Direct obligations of the State of Florida.~~

71 ~~3. Debt securities, preferred and common stocks and mutual~~
 72 ~~fund shares subject to limitations set forth in this section.~~

73 ~~4. Savings and loans associations, to the extent that~~
 74 ~~deposits are guaranteed by the United States Government or any~~
 75 ~~agency thereof.~~

76
 77 ~~Purchases of securities may include bonds or other evidence of~~
 78 ~~indebtedness, preferred stocks, and common stocks. Operations~~
 79 ~~shall be conducted on the basis of a balanced portfolio, the~~
 80 ~~total thereof invested in preferred stocks shall not aggregate~~
 81 ~~more than 5 percent, and the total amount thereof invested in~~
 82 ~~common stocks and mutual funds shall not aggregate more than 70~~
 83 ~~percent of the Fund. Percentages shall be based on market value~~
 84 ~~at the end of each reporting period (September 30). Investment~~

85 ~~experience producing a market value percent exceeding the stated~~
86 ~~limit does not arbitrarily mean assets are to be liquidated to~~
87 ~~satisfy the limit.~~

88 ~~(b) Maximum uninvested cash; minimum investment~~
89 ~~standards. No more than 10 percent of the assets of the Fund~~
90 ~~shall be held in cash or in noninterest bearing deposits. The~~
91 ~~following minimum investment standards shall govern the~~
92 ~~eligibility for the purchase of securities.~~

93 ~~1. All corporate and association securities and mutual~~
94 ~~funds shall be issued by a corporation or other legal person~~
95 ~~incorporated or otherwise organized within the United States and~~
96 ~~domiciled therein except as otherwise permitted by section~~
97 ~~185.06, Florida Statutes.~~

98 ~~2. Not more than 10 percent of the total fund principal at~~
99 ~~market value may be invested in any issuing company, other than~~
100 ~~United States Government or United States Government agency~~
101 ~~obligations.~~

102 ~~3. All bonds, stocks, or other evidence of indebtedness~~
103 ~~shall be issued or guaranteed by a corporation organized under~~
104 ~~the laws of the United States, any state or organized territory~~
105 ~~of the United States, or the District of Columbia, provided that~~
106 ~~the corporation is listed on any one or more of the recognized~~
107 ~~national stock exchanges and, with regard to bonds only, holds a~~
108 ~~rating in one of the four highest classifications by a major~~
109 ~~rating service. Said bonds and preferred stocks that are~~
110 ~~convertible into common stocks shall be considered common~~
111 ~~stocks, and the purchase of same shall be limited by the~~
112 ~~provisions of subparagraph (a)5.~~

113 (b)4. Professional counsel.--The Board shall be required
 114 to engage the services of professional investment counsel to
 115 assist and advise the Trustees in the performance of their
 116 duties.

117 (c) Restricted use of assets.--The assets of the Police
 118 Pension Fund shall be used only for the payment of benefits and
 119 other disbursements authorized by this act and shall be used for
 120 no other purpose.

121 (d) Performance evaluation and manager selection.--At
 122 least once every 3 years, the Board of Trustees shall retain an
 123 independent consultant professionally qualified to evaluate the
 124 performance of its professional money manager or investment
 125 counsel. The independent consultant shall make recommendations
 126 to the Board of Trustees regarding the selection of money
 127 managers for the next investment term. These recommendations
 128 shall be considered by the Board of Trustees at its next
 129 regularly scheduled meeting. The date, time, place, and subject
 130 of this meeting shall be advertised in a newspaper of general
 131 circulation in the municipality at least 10 days prior to the
 132 date of the hearing.

133 (e) Administrative expenses.--The administrative expenses
 134 of the Fund shall be paid by the Fund.

135 (31) (a) Rollovers from qualified plans.--A member may roll
 136 over all or a part of his or her interest in another qualified
 137 plan to the Fund, provided all of the following requirements are
 138 met:

139 1. Some or all of the amount distributed from the other
 140 plan is rolled over to this plan no later than the 60th day

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141 after distribution was made from the Plan or, if distributions
142 are made in installments, no later than the 60th day after the
143 last distribution was made.

144 2. The amount rolled over to this Fund does not include
145 any amount contributed by the member to the Plan on a posttax
146 basis.

147 3. The rollover is made in cash.

148 4. The member certifies that the distribution is eligible
149 for a rollover.

150 5. Any amount which the Trustees accept as a rollover to
151 this Fund shall, along with any earnings allocated to them, be
152 fully vested at all times.

153

154 A rollover may also be made to this Plan from an individual
155 retirement account qualified under s. 408 of the Internal
156 Revenue Code when the individual retirement account was merely
157 used as a conduit for funds from another qualified plan and the
158 rollover is made in accordance with the rules provided in
159 subparagraphs 1.-5. Amounts rolled over may be segregated from
160 other Fund assets. The trustees shall separately account for
161 gains, losses, and administrative expenses of these rollovers as
162 provided for in subsections (11) and (13). In addition, the Fund
163 may accept the direct transfer of a member's benefits from
164 another qualified retirement plan or an Internal Revenue Code
165 section 457 plan. The Fund shall account for direct transfers in
166 the same manner as a rollover and shall obtain certification
167 from the member that the amounts are eligible for a rollover or
168 direct transfer to this Fund.

169 (b) Transfer of accumulated leave.--
 170 1. Members who are eligible to receive a lump-sum payment
 171 for ~~accumulated sick leave, accumulated vacation leave, or any~~
 172 ~~other~~ accumulated leave payable upon separation and who have
 173 funds remaining after the contributions to the health savings
 174 account as required by the collective bargaining agreement shall
 175 have the remaining leave payment transferred to the Fund up to
 176 the amount permitted by law. Any additional amounts shall be
 177 paid directly to the member. Members on whose behalf leave has
 178 been transferred shall maintain the entire amount of the
 179 transferred leave balance in the DROP or Share Account.
 180 2. If a member on whose behalf the City makes a
 181 transferred leave balance to the Plan dies after retirement or
 182 other separation, then any person who would have received a
 183 death benefit had the member died in service immediately prior
 184 to the date of retirement or other separation shall be entitled
 185 to receive an amount equal to the transferred leave balance in a
 186 lump sum. In the case of a surviving spouse or former spouse, an
 187 election may be made to transfer the leave balance to an
 188 eligible retirement plan in lieu of the lump sum payment.
 189 Failure to make such an election by the surviving spouse or
 190 former spouse within 60 days after the member's death shall be
 191 deemed an election to receive the lump sum payment.
 192 3. The Board, by rule, shall prescribe the method for
 193 implementing the provisions of this paragraph.
 194 4. Amounts transferred under this section shall remain
 195 invested in the Fund for a period of not less than 1 year.
 196 (36) Reemployment after retirement.--

197 (a) Reemployment by public or private employer.--Any
198 retiree who is retired under this Plan, except for disability
199 retirement as previously provided for, may be reemployed by any
200 public or private employer, except the City, and may receive
201 compensation from that employment without limiting or
202 restricting in any way the retirement benefits payable under
203 this Plan. Reemployment by the City on or after August 1, 2008,
204 shall be subject to the limitations set forth in this section.

205 (b) Reemployment after normal retirement outside Police
206 Department.--Any retiree who is retired under normal retirement
207 pursuant to this Plan and who is reemployed by the City after
208 that retirement shall, upon being reemployed, continue receipt
209 of benefits, provided the retiree is not hired into the Police
210 Department. Upon reemployment, the retiree is eligible to
211 participate in the plan offered to new employees of that
212 department, and the retiree shall be deemed a new employee
213 subject to any vesting and contribution requirements of that
214 plan. The benefit paid under this Plan shall not be changed in
215 any way.

216 (c) Reemployment after normal retirement in Police
217 Department.--Any retiree who is retired after normal retirement
218 pursuant to this Plan shall not be reemployed by the Police
219 Department as a police officer or in any position that
220 supervises police officers. The pension of a retiree who is
221 reemployed by the Police Department as a police officer or in
222 any position that supervises police officers shall stop until
223 the member terminates employment. However, a retiree who is
224 reemployed by the Police Department neither as a police officer

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225 nor in any position that supervises police officers is eligible
226 to participate in the plan offered to new employees of that
227 employee classification, and the retiree shall be deemed a new
228 employee subject to any vesting and contribution requirements of
229 that plan. The benefit paid under this Plan shall not be changed
230 in any way.

231 (d) Reemployment of terminated vested persons.--Reemployed
232 terminated vested persons shall not be subject to the provisions
233 of this section until such time as they begin to actually
234 receive benefits but shall be subject to paragraph (9)(c). Upon
235 receipt of benefits, terminated vested persons shall be treated
236 as normal retirees for purposes of applying the provisions of
237 this section.

238 (e) DROP participants.--Members or retirees who were in
239 the deferred retirement option plan shall have the options
240 provided for in this section for reemployment after termination
241 of employment as if the retiree were a retiree under normal
242 retirement.

243 Section 2. This act shall take effect upon becoming a law.