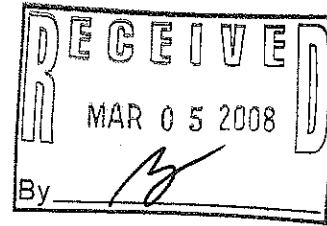


TAB 6

*Jim - Action pls.
B*



Law Offices
Christiansen & Dehner, P.A.

63 Sarasota Center Blvd. Suite 107 Sarasota, Florida 34240 • 941-377-2200 • Fax 941-377-4848

March 3, 2008

Mayor Lawrence E. Bustle, Jr.
City of Palmetto
Post Office Box 1209
Palmetto, FL 34220-1209

Re: City of Palmetto General Employees' Retirement System

Dear Mayor Bustle:

As you know, I represent the Board of Trustees of your City of Palmetto General Employees' Retirement System. As directed by the Board of Trustees, I am enclosing a proposed ordinance which is recommended for adoption by the City Commission. The following changes were made to the plan:

1. Section 22-81, Definitions, has been amended to amend the definition of Credited Service. Language has been transferred into this definition from the Vesting section in order that the language be in the most appropriate section of the plan. Subsequently that same language is then being deleted from Section 22-89, Vesting.
2. Section 22-90, Optional Forms of Benefits, has been amended to add an additional optional form of benefit known as a partial lump sum option (PLOP), which allows a retiree to elect to receive 10%, 15%, 20% or 25% of the total value of his retirement benefit as a lump sum with the remaining value of the benefit used to determine the monthly annuity benefit. Since this option is actuarially equal to other options, there is no funding impact in adding this option. This option is an alternative to the Deferred Retirement Option Plan (DROP). The member is not permitted to elect both the DROP and the PLOP since such an election would result in a large cash payment from the plan and would dramatically reduce the monthly lifetime benefit payment to the retiree.
3. Section 22-106, Reemployment After Retirement, is being deleted in its entirety, as this language was incorporated into the new Reemployment After Retirement, Section 22-109.

Mayor Lawrence E. Bustle, Jr.

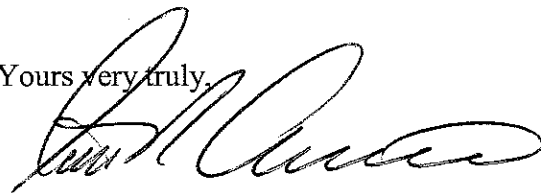
Page 2

March 3, 2008

By copy of this letter to the Board's actuary, Gabriel, Roeder, Smith & Company, I am requesting that they provide you with a letter confirming that there is no cost associated with the adoption of this ordinance.

If you or any member of your staff have any questions with regard to this ordinance, please feel free to give me a call. In addition, if you feel it would be appropriate for me to be present at the meeting at which this ordinance is considered by the City Commission, please contact my office to advise me of the date that the ordinance would be considered. I am not available for your meeting on March 17th, but I could attend on April 21st.

Yours very truly,

A handwritten signature in black ink, appearing to read "Scott R. Christiansen", written over the closing text.

Scott R. Christiansen

SRC/dm
enclosure

cc: J. Stephen Palmquist, with enclosure
Diane Ponder, with enclosure

March 19, 2008

Ms. Diane Ponder
Deputy City Clerk
City of Palmetto
516 8th Avenue West
Palmetto, Florida 34221

RECEIVED

MAR 24 2008

CITY HALL

Re: Palmetto General Pension Plan

Dear Diane:

We have reviewed the proposed amendment to the Plan drafted by Scott Christiansen and dated March 13, 2008. This amendment would amend the Plan as follows:

- Members who do not participate in the DROP may elect a partial lump sum distribution along with a reduced monthly pension. The interest rate used to value the lump sum would be 8.5%, the same as our valuation assumption.
- A terminated employee who receives a refund of his or her contributions and is reemployed by the City may have their prior service reinstated if they repay the full amount of the refund along with five percent interest.

In our opinion, this amendment will have no actuarial impact on the Plan.

Under the proposed amendment, the assumed rate of investment return used for funding of the Plan is the same as the investment return used to determine optional forms of retirement benefits. If there is a time in the future where the investment return used for funding exceeds that used for determining optional benefits, then the partial lump sum option will have an actuarial impact.

We welcome your questions and comments.

Sincerely yours,



J. Stephen Palmquist, ASA
Senior Consultant and Actuary

JSP/ja

cc: Scott Christiansen

ORDINANCE NO. 08-968

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF PALMETTO AMENDING CHAPTER 22, PERSONNEL, ARTICLE IV, GENERAL EMPLOYEES' RETIREMENT SYSTEM, OF THE CODE OF ORDINANCES OF THE CITY OF PALMETTO; AMENDING SECTION 22-81, DEFINITIONS; AMENDING SECTION 22-89, VESTING; AMENDING SECTION 22-90, OPTIONAL FORMS OF BENEFITS; DELETING SECTION 22-106, REEMPLOYMENT AFTER RETIREMENT; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, IN REGULAR SESSION ASSEMBLED:

SECTION 1: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-81, Definitions, to amend the definition of Actuarial Equivalence, to read as follows:

Actuarial equivalent means a benefit or amount of equal value, based upon the 1983 group annuity mortality table with a blending of seventy-five (75) percent male rates and twenty-five (25) percent female rates. In case of disability retirees, such rates shall be set forward five (5) years. The interest rate to be used shall be eight and one-half (8.5) percent per annum.

SECTION 2: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-81, Definitions, to amend the definition of Average Final Compensation, to read as follows:

Average final compensation means one-twelfth (1/12) of the average salary of the five (5) best years of the last ten (10) years of credited service prior to retirement, termination, or death, or the career average as a fulltime general employee, whichever is greater. A year shall be twelve (12) consecutive months.

SECTION 3: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-81, Definitions, to amend the definition of Credited Service, to read as follows:

Credited service means the total number of years and fractional parts of years of service as a general employee with member contributions, when required, omitting intervening years or fractional parts of years when such member was not employed by the city as a general employee. A member may voluntarily leave his accumulated contributions, if any, in the fund for a period of five (5) years after leaving the employ of the city pending the possibility of being reemployed as a general employee, without losing credit for the time that he was a member of the system. If a non-vested member should not be reemployed as a general employee within five (5) years, then his accumulated contributions, if one-thousand dollars (\$1,000.00) or less, will 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. If a vested member leaves the employ of the city, his accumulated contributions will be returned only upon his written request. A member shall be given credit for all periods of employment for which no member contributions were required. Upon return of a member's accumulated contributions, all of his rights and benefits under the system are forfeited and terminated. However, if a terminated employee receives a payment pursuant to subsections 22-89 (a),

(b) or (c) and is subsequently reemployed by the city, his prior credited service shall be reinstated only if the member repays to the fund the amount of his entire prior distribution, with interest at five (5) percent per annum, compounded annually from date of distribution to date of repayment.

A member shall be given a credited service for the entire month in which his employment with the city commences or terminates. A member shall be given credited service during an authorized leave of absence without pay provided the member returns to the employment with the city upon the expiration of such leave and pays the contributions to the fund within sixty (60) days which he would have been paid at his normal rate of salary during his absence. If a member does not return to employment with the city upon the expiration of an authorized leave of absence or make the required payment, he will not be given credited service for the pay period of such leave.

In the event that a member of this system has also accumulated credited service in the Police Officers' Retirement System maintained by the city, then such other credited service shall be used in determining vesting as provided for in section 22-89, and for determining eligibility for early or normal retirement. Such other credited service will not be considered in determining benefits under this system. Only his credited service and salary under this system on or after his date of membership in this system will be considered for benefit calculation. In addition, any 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 another pension system maintained by the city, shall be based upon the members average final compensation, credited service and benefit accrual rate as of the date the member ceased to be a general employee.

SECTION 4: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-89, Vesting, subsections (d) and (e), to read as follows:

(d) If a vested terminated person entitled to a benefit under subsections (a), (b) or (c) of this section is subsequently reemployed by the city prior to receipt of such benefit, such benefit shall not be payable and the member shall thereafter be entitled to benefits determined under the applicable provisions of this system, based on credited service earned both before and after the date of reemployment.

SECTION 5: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-90, Optional forms of benefits, subsection (a), to read as follows:

(a) 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:

- (1) A retirement income of a monthly amount payable to the member for his lifetime only, ceasing upon death, but with one hundred twenty (120) payments guaranteed in any event.
- (2) 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 (100) percent, seventy-five (75) percent, sixty-six and two-thirds (66 2/3) percent or fifty (50) percent 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.

- (3) 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.
- (4) For members who do not participate in the DROP pursuant to Section 22-108, the member may elect a percentage of benefit in a lump sum as follows:
 - a. Ten (10) percent lump sum benefit with ninety (90) percent paid under the normal form or as per (1), (2) or (3) above.
 - b. Fifteen (15) percent lump; sum benefit with eighty-five (85) percent paid under the normal form or as per (1), (2) or (3) above.
 - c. Twenty (20) percent lump sum benefit with eighty (80) percent paid under the normal form or as per (1), (2) or (3) above.
 - d. Twenty-five (25) percent lump sum benefit with seventy-five (75) percent paid under the normal form or as per (1), (2) or (3) above.

SECTION 6: That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by deleting Section 22-106, Reemployment after retirement, in its entirety, as follows:

SECTION 7: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Palmetto.

SECTION 8: All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 9: 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 10: This Ordinance shall take effect as provided for by law and by City Charter, Section 14, upon execution by the Mayor or, if disapproval occurs, upon reconsideration by the city Commission and passing of the Ordinance by at least four votes.

First Reading:	May 5, 2008.
Publication:	May 9, 2008.
Second Reading and Public Hearing:	May 29, 2008.

PASSED AND DULY ADOPTED BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, with a quorum present and voting, in regular session assembled, this 19th day of May, 2008.

CITY OF PALMETTO, FLORIDA, BY
AND THROUGH THE CITY
COMMISSION OF THE CITY OF
PALMETTO

BY:
LAWRENCE E. BUSTLE, JR., MAYOR

ATTEST:

JAMES R. FREEMAN, CITY CLERK