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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2010 APR 15 PM 3:59

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Finance and Management Agency
DATE: April 27, 2010

RE: **RESOLUTION BY THE CITY COUNCIL OF THE CITY OF OAKLAND DIRECTING THE CITY ADMINISTRATOR IN ORDER TO ADDRESS THE CITY'S PENSION FUNDING NEEDS TO (1) NEGOTIATE WITH THE POLICE AND FIRE RETIREMENT BOARD FOR A HOLIDAY FROM PAYMENTS TO THE SYSTEM, (2) FORM A FINANCING TEAM TO FACILITATE ISSUANCE AND SALE OF PENSION OBLIGATION BONDS, (3) RETURN AND SEEK CITY COUNCIL APPROVAL BY RESOLUTION FOR THE ISSUANCE AND SALE OF THE PENSION OBLIGATION BONDS, AND (4) ENTER INTO A THIRD SUPPLEMENTAL ANNUITY DEPOSIT AGREEMENT WITH THE POLICE AND FIRE RETIREMENT SYSTEM**

SUMMARY

The City faces long-term financial burdens with its employee retirement benefits. The value of assets in the Police and Fire Retirement System ("PFRS") Trust has dramatically decreased over the last two years due to the economic downturn. The Unfunded Actuarial Accrued Liability ("UAAL") is estimated to be \$435.3M, as of June 30, 2009, and the plan's funded ratio is 44%. Beginning in fiscal year 2011/2012, as the City's actual costs of maintaining the defined benefit plan for PFRS will begin to accrue, the City's obligation to pay into the fund will be an estimated \$43.9 million annually. If no action is taken, most of the amount will have to be paid from the General Purpose Fund, which would require significant reductions to programs and services.

Over the past several months, City staff has been actively exploring options to address the PFRS unfunded liability. Due to the impact it may have on the General Fund, the proposed resolution has been prepared to seek immediate authorization from City Council for the City Administrator to:

- (1) negotiate with the PFRS Board for a "holiday", to relieve the general fund from payments into the system for a period of time of five (5) to seven (7) years based upon a lump sum payment into PFRS by the City financed through the issuance of additional Pension Obligation Bonds ("POBs");
- (2) form a financing team; and
- (3) negotiate and enter an amendment Third Supplemental Annuity Deposit Agreement with PFRS to allow the City more flexibility to meet its pension obligations.

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The debt service for the POBs will be payable from excess revenues received from the voter-approved override tax levy (Measure R, 1976).

FISCAL IMPACT

The last actuarial calculation, which sets forth the City's obligation to fund PFRS, estimated the City's contribution at \$43.9 million annually beginning July 2011. There is no source of funding for this payment. The City has a voter approved Tax Override that generates an average of \$60 million annually; the revenue is currently used to cover Pension Obligation Bonds related to PFRS. After repayment of all debt service, there will be additional Tax Override revenue against which new POBs could be issued to fund PFRS, which would relieve the General Fund from paying into the system for a negotiated period of time.

BACKGROUND

PFRS is established pursuant to the Retirement Law and is a defined benefit pension system for the members of the City's Police and Fire Department who were hired prior to July 1, 1976. PFRS is now a closed plan and no new members can join the plan. PFRS provides for the payment of retirement allowances and disability and death benefits to its members and their beneficiaries. As of June 30, 2009, PFRS covered one active employee and 1,194 retired employees. PFRS is governed by a seven-member Board that controls the operation, investment, and disbursement of PFRS' funds. The City Charter dictates how PFRS is managed; the City is required to fund all liabilities for future benefits for all members by June 30, 2026.

Tax Override Revenues

"Tax Override Revenues" are revenues generated and collected by the City in each Fiscal Year as proceeds of its annual tax levy authorized by Measure R, adopted by the voters of the City on June 8, 1976. Measure R also requires the City to amortize the PFRS unfunded by the year 2016, as described in Attachment A. Beginning in 1981, the City Council levied an ad valorem tax, commonly referred to as the Tax Override, at a rate of 0.1575% to fund the unfunded liability. On June 7, 1988, the voters of the City adopted Measure O by a 71% vote extending the period for amortizing the unfunded liability by 10 years, to 2026, as described in Attachment B.

The City is authorized to levy the Tax Override on all taxable property within the City pursuant to Measure R. State legislation enacted in 1985 limits the rate of the levy of the Tax Override to the rate levied by the City in Fiscal Year 1983 or 1984, which was 0.1575% of the assessed value of taxable property within the City. The City has levied the Tax Override at this 0.1575% rate since 1983. The City is authorized pursuant to Measure O to levy the Tax Override through Fiscal Year 2025-26.

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In 1997, the City issued Taxable Pension Obligation Bonds ("POBs") of approximately \$436 million to fund a portion of the current balance of the City's unfunded liability for retirement benefits for the members of PFRS. These bonds were subsequently restructured in 2001 in a manner which extended their debt service payments through fiscal year 2023 in order to lower the annual debt service payments for the City.

The proceeds of the POBs provided a lump-sum payment equal to the present value of payments the City would otherwise be required to make to amortize the unfunded liability calculated at that point in time through June 30, 2011. As a result, the City received a "holiday" from making payments into the Retirement System until June 30, 2011, and instead covenanted to make debt service payments on the POBs through that date. Funding for the debt service of the POBs is allowed under Measure R and Measure O.

KEY ISSUES AND IMPACTS

The unfunded liability for PFRS is estimated to be \$435.3M, as of June 30, 2009, as opposed to an unfunded liability of \$375.7M, estimated two years ago in June 30, 2007. The plan's funded ratio is 44.4%, a decrease from 63.7% in the prior valuation. This is caused by the losses on the PFRS asset due to the economic downturn.

The "holiday" is set to expire on June 30, 2011, and the City will be required to contribute to PFRS to fund its annual unfunded liability, which is estimated to be \$43.9M on July 1, 2011. In addition to the unfunded liability, the City will pay debt service on the POBs previously issued in 1997 and restructured in 2001 in an amount of \$58.5M. Therefore, for fiscal year 2011/12, the City's total obligation on the PFRS unfunded liability as well as bond debt service payments will total approximately \$102.4M. The total of these obligations will exceed the expected receipt of Tax Override Revenue. Therefore, payment obligations in excess of available Tax Override Revenues will have to be paid out of the General Purpose Fund unless some other action is taken.

Staff has examined various solutions to the City's growing unfunded PFRS liability and is recommending the following actions:

Issuance of POBs

Currently, the City has excess Tax Override Revenues, which could be used to secure additional PFRS pension bonding. The City can issue approximately \$250 million of additional POBs to fund the system and increase the funding level to above 75%. By increasing the funded ratio, the City can negotiate another "holiday" with PFRS which would relieve the general fund from paying into the system for a negotiated period of time of five (5) to seven (7) years.

The table below summarizes the excess Tax Override.

FY (June 30)	Taxable POBs, Series 1997	Taxable POBs, Series 2001	Tax-Exempt Series 2008A-1	Taxable Series 2008A-2	Total Debt Service	Tax Override Revenues	Excess Tax Override Revenues
2010	39,181,314		14,365,400	2,574,541	56,121,255	62,805,647	6,684,392
2011	40,305,000		14,479,650	2,530,483	57,315,133	64,061,760	6,746,627
2012		38,375,000	14,571,300	5,592,886	58,539,186	65,342,995	6,803,809
2013		39,555,000	14,697,750	5,532,247	59,784,997	66,649,855	6,864,858
2014		40,765,000	14,820,750	5,470,053	61,055,803	67,982,852	6,927,049
2015		42,010,000	14,935,550	-	56,945,550	69,342,509	12,396,959
2016		43,285,000	15,073,350	-	58,358,350	70,729,359	12,371,009
2017		44,590,000	15,095,950	-	59,685,950	72,143,946	12,457,996
2018		45,925,000	-	-	45,925,000	73,586,825	27,661,825
2019		47,295,000	-	-	47,295,000	75,058,561	27,763,561
2020		48,700,000	-	-	48,700,000	76,559,733	27,859,733
2021		50,140,000	-	-	50,140,000	78,090,927	27,950,927
2022		51,620,000	-	-	51,620,000	79,652,746	28,032,746
2023		53,130,000	-	-	53,130,000	81,245,801	28,115,801
2024			-	-	-	82,870,717	82,870,717
2025			-	-	-	84,528,131	84,528,131
2026			-	-	-	86,218,694	86,218,694
	79,486,314	545,390,000	118,039,700	21,700,208	764,616,222	1,256,871,056	492,254,834

The Deferred Pension Credit Fund

The Deferred Pension Credit Fund was established by the First Supplemental Deposit Annuity Agreement between the City and PFRS with the issuance of City pension bonds in 1988. The Second Supplemental Annuity Deposit Agreement between the City and PFRS entered June 25, 1998, restricts City access to the Deferred Pension Credit Fund to meet City pension obligations, allowing withdrawals by the City as a credit towards City pension obligations only from principal exceeding the Deferred Pension Credit Requirement, defined in the Indenture, pursuant to the Special Refunding Revenue Bonds (Pension Financing) 1988 Series A. Staff recommends negotiating with PFRS to amend the Second Supplemental Agreement to allow more flexibility to the Deferred Pension Credit Fund as sources to pay for the City's pension obligations.

Financing Team

Due to the time constraint, staff recommends forming a Financing Team to have all the key players in place in order to expedite the process when the time comes to issue the POBs. All fees associated with this financing will be paid from bond proceeds.

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SUSTAINABLE OPPORTUNITIES

Economic: There is no impact to economic opportunities following actions under this report.

Environmental: There is no impact to environmental opportunities following actions under this report.

Social Equity: There is no impact to social equity opportunities following actions under this report.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact to disability or senior citizen access following actions under this report.

RECOMMENDATION(S) AND RATIONALE

In order for staff to come back to Council with a resolution for the sale and issuance of POBs at a later date, staff recommends that the City Council approve the respective resolutions authorizing staff to negotiate with the PFRS Board regarding the “holiday”, form a financing team, and approve amendments to the Second Supplemental Agreement. These actions will allow staff to move forward with the necessary actions to prepare the City for the sale and issuance of the POBs to fund the PFRS unfunded liability more cost effectively.


ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve the respective resolution authorizing the following actions:

- (1) negotiate with the PFRS Board for a “holiday”, to relieve the general fund from payments into the system for a period of time of five (5) to seven (7) years based upon a lump sum payment into PFRS by the City financed through the issuance of additional Pension Obligation Bonds;
- (2) form a financing team; and
- (3) negotiate and enter an amendment Third Supplemental Annuity Deposit Agreement with PFRS to allow the City more flexibility to meet its pension obligations

It is expected that Staff will return to City Council during fiscal year 2010-11 with a proposed resolution for the sale and issuance of Pension Obligation Bonds to provide funding for the PFRS unfunded liability.

Respectfully submitted,



JOSEPH T. YEW, JR.
Finance Director/City Treasurer

Prepared by:
Katano Kasaine, Treasury Manager
Treasury Division

Attachment A – Measure R
Attachment B – Measure O

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

Item: _____
Finance and Management Committee
April 27, 2010

ATTACHMENT A

June 8, 1976
Amend Section 2602

Section 2602. The Board shall exercise the powers and perform the duties conferred on it by other sections hereof, and in addition thereto:

- (a) Interest on Contributions. Shall credit contributions of members, of beneficiaries, and of the City with interest at a rate fixed by the Board from time to time.
- (b) Actuarial Data. Shall keep in convenient form such data as shall be necessary for the actuarial valuation of the Retirement System. As of June 30, 1956, and thereafter at intervals of not to exceed three (3) years, the Board shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries, and further (1) with respect to persons exercising the option in Section 2600 and (2) with respect to persons who become members on and after the effective date of this Article, shall make an actuarial valuation of the assets and liabilities of the Retirement System. From time to time, the Board shall determine the rate of interest being earned on the Retirement Fund. Upon the basis of all or any of such investigation, valuation, and determination, the Board shall:
 - (1) Adopt for the Retirement System such interest rate and such mortality, service and other tables, or any of such items, as shall be deemed necessary;
 - (2) Make such revision in the City's and members' rates of contribution under the Retirement System with respect to persons who become members of the Police or Fire Department, after the effective date of this Article, as shall be deemed necessary to comply with Section 2619 of this Article.
- (c) Additional Records. In addition to the other records and accounts shall keep such records and accounts as shall be necessary to show at any time:
 - (1) The total contributions of members made after the effective date hereof, with credited interest;
 - (2) The total contributions of retired members made after the effective date hereof, with credited interest; less the annuity payments made to such members;
 - (3) The accumulated contributions of the City held for the benefit of members on account of service rendered as members of the Retirement System;
 - (4) All other accumulated contributions of the City, which shall include the amounts available to meet the obligation of the City on account of benefits that have been granted.

(d) The mortality, service, and other tables and the City's members' rates of contribution with respect to persons who become members of the Police or Fire Department after the effective date of this Article, as recommended by the actuary and the valuations determined by him and approved by the Retirement Board shall be conclusive and final, and the Retirement System shall be based thereon.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

ATTACHMENT A

June 8, 1976
Amend Section 2602

Section 2602. The Board shall exercise the powers and perform the duties conferred on it by other sections hereof, and in addition thereto:

- (a) Interest on Contributions. Shall credit contributions of members, of beneficiaries, and of the City with interest at a rate fixed by the Board from time to time.
- (b) Actuarial Data. Shall keep in convenient form such data as shall be necessary for the actuarial valuation of the Retirement System. As of June 30, 1956, and thereafter at intervals of not to exceed three (3) years, the Board shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries, and further (1) with respect to persons exercising the option in Section 2600 and (2) with respect to persons who become members on and after the effective date of this Article, shall make an actuarial valuation of the assets and liabilities of the Retirement System. From time to time, the Board shall determine the rate of interest being earned on the Retirement Fund. Upon the basis of all or any of such investigation, valuation, and determination, the Board shall:
 - (1) Adopt for the Retirement System such interest rate and such mortality, service and other tables, or any of such items, as shall be deemed necessary;
 - (2) Make such revision in the City's and members' rates of contribution under the Retirement System with respect to persons who become members of the Police or Fire Department, after the effective date of this Article, as shall be deemed necessary to comply with Section 2619 of this Article.
- (c) Additional Records. In addition to the other records and accounts shall keep such records and accounts as shall be necessary to show at any time:
 - (1) The total contributions of members made after the effective date hereof, with credited interest;
 - (2) The total contributions of retired members made after the effective date hereof, with credited interest; less the annuity payments made to such members;
 - (3) The accumulated contributions of the City held for the benefit of members on account of service rendered as members of the Retirement System;
 - (4) All other accumulated contributions of the City, which shall include the amounts available to meet the obligation of the City on account of benefits that have been granted;

(d) The mortality, service, and other tables and the City's members' rates of contribution with respect to persons who become members of the Police or Fire Department after the effective date of this Article, as recommended by the actuary and the valuations determined by him and approved by the Retirement Board shall be conclusive and final, and the Retirement System shall be based thereon.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Duties Of Retirement Board, Actuarial Investigation And Valuation

Section 2602. The Board shall exercise the powers and perform the duties conferred on it by other sections hereof, and in addition thereto:

- (a) Interest on Contributions. Shall credit contributions of members, of beneficiaries, and of the City with interest at a rate fixed by the Board from time to time.
- (b) Actuarial Data. Shall keep in convenient form such data as shall be necessary for the actuarial valuation of the Retirement System. As of June 30, 1956, and thereafter at intervals of not to exceed five (5) years, the Board shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries, and further (1) with respect to persons exercising the option in Section 2600 and (2) with respect to persons who become members on and after the effective date of this Article, shall make an actuarial valuation of the assets and liabilities of the Retirement System. From time to time, the Board shall determine the rate of interest being earned on the Retirement Fund. Upon the basis of all or any of such investigation, valuation, and determination, the Board shall:
 - (1) Adopt for the Retirement System such interest rate and such mortality, service and other tables, or any of such items, as shall be deemed necessary;
 - (2) Make such revision in the City's members' rates of contribution under the Retirement System and respect to persons who become members of the Police or Fire Department, after the effective date of this Article, as shall be deemed necessary to comply with Section 2619 of this Article.
- (c) Additional Records. In addition to the other records and accounts shall keep such records and accounts as shall be necessary to show at any time:
 - (1) The total contributions of members made after the effective date hereof, with credited interest;
 - (2) The total contributions of retired members made after the effective date hereof, with credited interest; less the annuity payments made to such members;
 - (3) The accumulated contributions of the City held for the benefit of members on account of service rendered as members of the Retirement System;
 - (4) All other accumulated contributions of the City, which shall include the amounts available to meet the obligation of the City on account of benefits that have been granted.
- (d) The mortality, service, and other tables and the City's members' rates of contribution with respect to persons who become members

of the Police or Fire Department after the effective date of this Article, as recommended by the actuary and the valuations determined by him and approved by the Retirement Board shall be conclusive and final, and the Retirement system shall be based thereon.

Section 2603. The Board may and in disputed matters shall hold public hearings in all proceedings pertaining to retirement and to the granting of retirement allowances, pensions, and death benefits. Notice of the time and place of such hearing shall be given in writing to the member or dependents affected thereby either by personal service of a copy of said notice or by depositing a copy thereof in the United States Mail postage prepaid addressed to the member or dependents affected thereby at his or their last known address at least five (5) days prior to said hearing. Proof of said service must be made at said hearing. The member or dependents affected thereby shall be entitled to appear personally at said hearing and to have counsel.

Section 2604. A rehearing in any matter may be applied for by filing a written petition for rehearing with the Secretary of the Board within ninety (90) days after mailing of notice by registered mail to the interested party or his attorney, of the rendition of any order or decision of the Board. The Board shall grant or deny such petition within forty (40) days from the filing thereof, provided that the time so limited may be extended by the Board for not to exceed forty (40) additional days. If a rehearing is granted, the same shall be heard within (40) days after the rendition of the order granting the same. At such rehearing additional evidence not produced at the original hearing may be introduced. The petition must designate the grounds upon which it is based.

Section 2605. Any member of the System or dependent affected thereby who is dissatisfied with any order or decision of the Board may, without first applying to the Board for a rehearing, apply to the Superior Court of the State of California in and for the County of Alameda for a Writ of Mandate in accordance with the provisions of the Code of Civil Procedure of the State of California. Upon the hearing of any such application for a Writ of Mandate, all questions of both law and fact must be tried or heard anew in the Superior Court.

Section 2606. The provisions of Sections 2604 and 2605 shall be available to any member of the System or dependent affected by any order or decision of the Board without prejudice to the right to pursue any other remedy provided for by the laws of the State of California.

June 8, 1976
Amend Section 2607

Section 2607. The following words and phrases, as used in this Article, unless a different meaning is plainly required by the context, shall have the following meaning:

"Retirement allowance," "Death allowance," or "allowance" shall mean equal monthly payments, beginning to accrue upon the date of retirement, or upon the day following the date of death, as the case may be, and continuing for life, unless a different term of payment is definitely provided by the context.

"Compensation" as distinguished from benefits under the Labor Code of the State of California, shall mean the monthly remuneration payable in cash, by the City, without deduction, for time during which the individual receiving such remuneration is a member of the Police or Fire Department, but excluding remuneration paid for overtime and for special details or assignments as provided in Sections 91 and 97* of the Charter.

"Benefit" shall include "retirement allowance," "death allowance," "allowance," and "death benefit."

"Compensation attached to the average rank held" shall mean the compensation attached to the lowest rank held during the three years immediately preceding retirement plus one thirty-sixth (1/36) of the difference between it and the compensation attached to any higher rank held during that period for each month, and fraction thereof, the higher rank was held.

For the purposes of the Retirement System established by this Article, the terms "member of the Police or Fire Department," "member of the Department," "member of the System," or "member" shall mean any regularly appointed member of the Police or Fire Departments of the City of Oakland who became members of the Retirement System established by this Article, prior to July 1, 1976, including matrons or substitute matrons of the City Prison and emergency patrolmen and hosemen.

"Retirement System" or "System" shall mean the Police and Fire Retirement System established by this Article.

"Charter" shall mean the Charter of the City of Oakland.

"Interest" shall mean interest at the rate adopted by the Retirement Board.

"Retirement Board," or "Board" shall mean the Police and Fire Retirement Board created by this Article.

"Children" shall include, with respect to service retirement, children adopted at least five (5) years prior to retirement, and with respect to disability retirement and death before retirement, children adopted at any time prior to such retirement or death.

Words used in the masculine gender shall include the feminine and neuter genders; singular numbers shall include the plural, and the plural the singular, and wife shall include husband, and widow shall include widower.

"Accumulated contributions" shall mean contributions made by the member since May 3, 1943, plus credited interest.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Section 2607. The following words and phrases, as used in this Article, unless a different meaning is plainly required by the context, shall have the following meaning:

"Retirement allowance," "Death allowance," or "allowance" shall mean equal monthly payments, beginning to accrue upon the date of retirement, or upon the date following the date of death, as the case may be, and continuing for life, unless a different term of payment is definitely provided by the context.

"Compensation" as distinguished from benefits under the Labor Code of the State of California, shall mean the monthly remuneration payable in cash, by the City, without deduction, for time during which the individual receiving such remuneration is a member of the Police or Fire Department, but excluding remuneration paid for overtime and for special details or assignments as provided in Sections 91 and 97* of the Charter.

"Benefits" shall include "retirement allowance," "death allowance," "allowance," and "death benefit."

"Compensation attached to the average rank held" shall mean the compensation attached to the lowest rank held during the three years immediately preceding retirement plus one thirty-sixth (1/36) of the difference between it and the compensation attached to any higher rank held during that period for each month, and fraction thereof, the higher rank was held.

For the purposes of the Retirement System established by this Article, the terms "member of the Police or Fire Department," "member of the Department," "member of the System," or "member" shall mean any regularly appointed member of the Police or Fire Departments of the City of Oakland who become members of the Retirement System established by this Article, including matrons or substitute matrons of the City Prison and emergency patrolmen and hosemen.

"Retirement System" or "System" shall mean the Police and Fire Retirement System established by this Article.

"Charter" shall mean the Charter of the City of Oakland.

"Interest" shall mean interest at the rate adopted by the Retirement Board.

"Retirement Board," or "Board" shall mean the Police and Fire Retirement Board created by this Article.

"Children" shall include, with respect to service retirement, children adopted at least five (5) years prior to retirement, and with respect to disability retirement and death before retirement, children adopted at any time prior to such retirement or death.

*This reference is to the Section or Article so designated in the former Charter

Words used in the masculine gender shall include the feminine and neuter genders; singular numbers shall include the plural, and the plural the singular, and wife shall include husband, and widow shall include widower.

"Accumulated contributions" shall mean contributions made by the member since May 3, 1943, plus credited interest.

November 3, 1992-General Municipal Election-(Run-off)

Amend Article XXVI at Section 2608(j)

Section 2608(j) shall read as follows:

- (j) The retirement allowances payable pursuant to this section are subject to the limitations provided by Section 2620. This subsection shall be null and void and without further effect should the United States Internal Revenue Code Section 415 be amended to exempt municipal pension plans from the stated benefit limitations. (Added by: Stats. November 1992.)

ADOPTED:

YES: 52,190
NO: 47,717

EFFECTIVE: The first day of the month next following approval of the Legislature.

(Amended by Stats. 1992)

Measure O

June 8, 1976
Amend Section 2608

Section 2608.

(a) Any member of the Police or Fire Department who completes at least ten (10) years of service in the aggregate (said service to be computed under Section 2609) may retire at his option or after the twenty-fifth (25th) anniversary of his date of employment. Said member shall receive a retirement allowance equal to twenty percent (20%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of two percent (2%) for each additional year of service beyond ten (10) years, not to exceed a period of an additional ten (10) years.

(b) Any member of the Police or Fire Department who completes at least twenty (20) years of service in the aggregate (said service to be computed under Section 2609), regardless of age, may retire at his option. Said member shall receive a retirement allowance equal to forty percent (40%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of two percent (2%) for each additional year of service beyond twenty (20) years, not to exceed a period of an additional five (5) years.

(c) Any member of the Police or Fire Department who completes at least twenty-five (25) years of service in the aggregate (said service to be computed under Section 2609), regardless of age, or any member who completes at least twenty (20) years of service in the aggregate at or after attaining the age of fifty-five (55) years, may retire for service at his option.

(d) Members shall be retired on the first day of the month next following the attainment by them of the age of sixty-five (65) years. Any such member who attains the age set forth in the preceding sentence as the compulsory age of retirement during any twelve (12) months, prior to the beginning of the twelve (12) months, shall be retired on the first day of the twelve (12) months.

(e) A member retired after meeting the requirements of paragraphs (c) or (d) next preceding, shall receive a retirement allowance equal to fifty percent (50%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of one and two-thirds percent (1 2/3%) of said compensation for each year of service rendered after July 1, 1951, and after qualifying for service retirement, not to exceed ten (10) years. A member required to retire under paragraph (d) next preceding before completing twenty (20) years of service in the aggregate computed under Section 2609, shall receive a retirement allowance which bears the same ratio to the retirement allowance which said member would receive if he were entitled to be credited with twenty (20) years of service with which he is entitled to be credited, bears to twenty (20) years.

(f) Upon the death of a member after qualification for service retirement, or after retirement for service or because of disability, and if death shall result from other cause than injury received in or illness caused by the performance of duty, two-thirds (2/3rds) of the retirement allowance to which the member would have been entitled if he had retired for service at the time of death, or two-thirds (2/3rds) of the retirement allowance as it was at death, as the case may be, shall be continued, regardless of the age of the surviving widow, to the dependents of the member in the order of succession as defined in Section 2612, provided that if retirement was for injury received in or illness caused by the performance of duty and if death occurs prior to the date upon which the member would have qualified for service retirement, the allowance continued shall be reduced upon said date in the same manner as it would have been reduced had the member not died.

(g) After having qualified for service retirement under the provisions of paragraph (a) of this section, a member shall be entitled to retire at any time thereafter and nothing shall deprive said member of said right.

(h) The age of a member which was accepted for appointment to the Police or Fire Departments shall be admissible in evidence as prima facie proof of his age for retirement purposes.

(i) If, at the date of retirement for service or disability, said member has no wife, children or dependent parents, who would qualify for the continuance of the allowance after the death of said member, or with respect to the portion of the allowance which would not be continued, regardless of dependents, a member retired under this Article, may elect before the first payment of the retirement allowance is made, to receive the actuarial equivalent of his allowance or the portion which would not be continued, regardless of dependents, as the case may be, partly in a lesser amount to be received by him throughout his life, and partly in other benefits payable after his death to another person or persons, provided that such election shall be subject to all of the conditions prescribed by the Council to govern similar election by members of the Oakland Municipal Employees' Retirement System.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Retirement For Service

Section 2608.

- (a) Any member of the Police or Fire Department who completes at least 25 years of service in the aggregate, regardless of age, or at least 20 years of service to be computed under Section 2609, may retire for service at his option.
- (b) Members shall be retired on the first day of the month next following the attainment by them of the age of 70 years to and including June 30, 1955; the age of 59 years during the 12 months commencing July 1, 1955; the age of 68 years during the 12 months commencing July 1, 1956; the age of 67 years during the 12 months commencing July 1, 1957; the age of 66 years during the 12 months commencing July 1, 1958 and thereafter following the attainment of the age of 65 years. Any such member who attains the age set forth in preceding sentences as the compulsory age of retirement during any twelve (12) months, prior to the beginning of the twelve (12) months, shall be retired on the first day of the twelve (12) months.
- (c) A member retired after meeting the requirements of paragraph (a) or (b) next preceding, shall receive a retirement allowance equal to fifty (50) per cent of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of one and two-thirds (1-2/3%) per cent of said compensation for each year of service rendered after the effective date of this Article and after qualifying for service retirement, not to exceed ten (10) years. A member required to retire under paragraph (b) next preceding before completing twenty (20) years of service in the aggregate computed under Section 2609, shall receive a retirement allowance which bears the same ratio to the retirement allowance which said member would receive if he were entitled to be credited with twenty (20) years of service, as the service with which he is entitled to be credited, bears to twenty (20) years.
- (d) Upon the death of a member after qualification for service retirement, or after retirement for service or because of disability, and if death shall result from other cause than injury received in or illness caused by the performance of duty, two-thirds (2/3rds) of the retirement allowance to which the member would have been entitled if he had retired for service at the time of death, or two-thirds (2/3rds) of the retirement allowance as it was at death, as the case may be, shall be continued, regardless of the age of the surviving widow, to the dependent of the member in the order of succession as defined in Section 2612, provided that if retirement was for injury received in or illness cause by

the performance of duty and if death occurs prior to the date upon which the member would have qualified for service retirement, the allowance continued shall be reduced upon said date in the same manner as it would have been reduced had the member not died.

- (e) After having qualified for service retirement under the provisions of paragraph (a) of this section, a member shall be entitled to retire at any time thereafter and nothing shall deprive said member of said right.
- (f) The age of a member which was accepted for appointment to the Police Department shall be admissible in evidence as prima facie proof of this age for retirement purposes.
- (g) If, at the date of retirement for service or disability, said member has no wife, children or dependent parents, who would qualify for the continuance of the allowance after the death of said member, or with respect to the portion of the allowance which would not be continued, regardless of dependents, a member retired under this Article, may elect before the first payment of the retirement allowance is made, to receive the actuarial equivalent of his allowance or the portion which would not be continued, regardless of dependents, as the case may be, partly in a lesser amount to be received by him throughout his life, and partly in other benefits payable after his death to another person or persons, provided that such election shall be subject to all of the conditions prescribed by the Council to govern similar election by members of the Oakland Municipal Employees' Retirement System.

Time And Service To Be Included

Section 2609. The following time and service shall be included in the computation of the service to be credited to a member for the purpose of qualification for retirement and death benefits and for calculation of retirement benefits:

- (1) Time during and for which said member received compensation as a member of the Police or Fire Department prior or subsequent to the effective date of this Article, including all such time said member was unable to perform his duties by reason of injury or sickness from any cause.
- (2) Time during which said member was absent by reason of service and the armed forces of the United States either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter and who is not dishonorably discharged or released therefrom.
- (3) Any police or fire service outside the limits of the City of Oakland performed by a member of the Police or Fire Department and under orders of a superior officer of such members, shall be considered as city service and any disability or death resulting therefrom shall be considered as received in and arising out of the performance of duty.

November 3, 1992-General Municipal Election-(Run-off)

Amend Article XXVI at Section 2608(j)

Section 2608(j) shall read as follows:

(j) The retirement allowances payable pursuant to this section are subject to the limitations provided by Section 2620. This subsection shall be null and void and without further effect should the United States Internal Revenue Code Section 415 be amended to exempt municipal pension plans from the stated benefit limitations. (Added by: Stats. November 1992.)

ADOPTED:

YES: 52,190
NO: 47,717

EFFECTIVE: The first day of the month next following approval of the Legislature.

(Amended by Stats. 1992)

Measure 0

June 8, 1976
Amend Section 2608

Section 2608.

(a) Any member of the Police or Fire Department who completes at least ten (10) years of service in the aggregate (said service to be computed under Section 2609) may retire at his option or after the twenty-fifth (25th) anniversary of his date of employment. Said member shall receive a retirement allowance equal to twenty percent (20%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of two percent (2%) for each additional year of service beyond ten (10) years, not to exceed a period of an additional ten (10) years.

(b) Any member of the Police or Fire Department who completes at least twenty (20) years of service in the aggregate (said service to be computed under Section 2609), regardless of age, may retire at his option. Said member shall receive a retirement allowance equal to forty percent (40%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of two percent (2%) for each additional year of service beyond twenty (20) years, not to exceed a period of an additional five (5) years.

(c) Any member of the Police or Fire Department who completes at least twenty-five (25) years of service in the aggregate (said service to be computed under Section 2609), regardless of age, or any member who completes at least twenty (20) years of service in the aggregate at or after attaining the age of fifty-five (55) years, may retire for service at his option.

(d) Members shall be retired on the first day of the month next following the attainment by them of the age of sixty-five (65) years. Any such member who attains the age set forth in the preceding sentence as the compulsory age of retirement during any twelve (12) months, prior to the beginning of the twelve (12) months, shall be retired on the first day of the twelve (12) months.

(e) A member retired after meeting the requirements of paragraphs (c) or (d) next preceding, shall receive a retirement allowance equal to fifty percent (50%) of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of one and two-thirds percent (1 2/3%) of said compensation for each year of service rendered after July 1, 1951, and after qualifying for service retirement, not to exceed ten (10) years. A member required to retire under paragraph (d) next preceding before completing twenty (20) years of service in the aggregate computed under Section 2609, shall receive a retirement allowance which bears the same ratio to the retirement allowance which said member would receive if he were entitled to be credited with twenty (20) years of service with which he is entitled to be credited, bears to twenty (20) years.

(f) Upon the death of a member after qualification for service retirement, or after retirement for service or because of disability, and if death shall result from other cause than injury received in or illness caused by the performance of duty, two-thirds (2/3rds) of the retirement allowance to which the member would have been entitled if he had retired for service at the time of death, or two-thirds (2/3rds) of the retirement allowance as it was at death, as the case may be, shall be continued, regardless of the age of the surviving widow, to the dependents of the member in the order of succession as defined in Section 2612, provided that if retirement was for injury received in or illness caused by the performance of duty and if death occurs prior to the date upon which the member would have qualified for service retirement, the allowance continued shall be reduced upon said date in the same manner as it would have been reduced had the member not died.

(g) After having qualified for service retirement under the provisions of paragraph (a) of this section, a member shall be entitled to retire at any time thereafter and nothing shall deprive said member of said right.

(h) The age of a member which was accepted for appointment to the Police or Fire Departments shall be admissible in evidence as prima facie proof of his age for retirement purposes.

(i) If, at the date of retirement for service or disability, said member has no wife, children or dependent parents, who would qualify for the continuance of the allowance after the death of said member, or with respect to the portion of the allowance which would not be continued, regardless of dependents, a member retired under this Article, may elect before the first payment of the retirement allowance is made, to receive the actuarial equivalent of his allowance or the portion which would not be continued, regardless of dependents, as the case may be, partly in a lesser amount to be received by him throughout his life, and partly in other benefits payable after his death to another person or persons, provided that such election shall be subject to all of the conditions prescribed by the Council to govern similar election by members of the Oakland Municipal Employees' Retirement System.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Retirement For Service

Section 2608.

- (a) Any member of the Police or Fire Department who completes at least 25 years of service in the aggregate, regardless of age, or at least 20 years of service to be computed under Section 2609, may retire for service at his option.
- (b) Members shall be retired on the first day of the month next following the attainment by them of the age of 70 years to and including June 30, 1955; the age of 59 years during the 12 months commencing July 1, 1955; the age of 68 years during the 12 months commencing July 1, 1956; the age of 67 years during the 12 months commencing July 1, 1957; the age of 66 years during the 12 months commencing July 1, 1958 and thereafter following the attainment of the age of 65 years. Any such member who attains the age set forth in preceding sentences as the compulsory age of retirement during any twelve (12) months, prior to the beginning of the twelve (12) months, shall be retired on the first day of the twelve (12) months.
- (c) A member retired after meeting the requirements of paragraph (a) or (b) next preceding, shall receive a retirement allowance equal to fifty (50) per cent of the compensation attached to the average rank held during the three (3) years immediately preceding such retirement, plus an additional allowance at the rate of one and two-thirds (1-2/3%) per cent of said compensation for each year of service rendered after the effective date of this Article and after qualifying for service retirement, not to exceed ten (10) years. A member required to retire under paragraph (b) next preceding before completing twenty (20) years of service in the aggregate computed under Section 2609, shall receive a retirement allowance which bears the same ratio to the retirement allowance which said member would receive if he were entitled to be credited with twenty (20) years of service, as the service with which he is entitled to be credited, bears to twenty (20) years.
- (d) Upon the death of a member after qualification for service retirement, or after retirement for service or because of disability, and if death shall result from other cause than injury received in or illness caused by the performance of duty, two-thirds (2/3rds) of the retirement allowance to which the member would have been entitled if he had retired for service at the time of death, or two-thirds (2/3rds) of the retirement allowance as it was at death, as the case may be, shall be continued, regardless of the age of the surviving widow, to the dependent of the member in the order of succession as defined in Section 2612, provided that if retirement was for injury received in or illness cause by

the performance of duty and if death occurs prior to the date upon which the member would have qualified for service retirement, the allowance continued shall be reduced upon said date in the same manner as it would have been reduced had the member not died.

- (e) After having qualified for service retirement under the provisions of paragraph (a) of this section, a member shall be entitled to retire at any time thereafter and nothing shall deprive said member of said right.
- (f) The age of a member which was accepted for appointment to the Police Department shall be admissible in evidence as prima facie proof of this age for retirement purposes.
- (g) If, at the date of retirement for service or disability, said member has no wife, children or dependent parents, who would qualify for the continuance of the allowance after the death of said member, or with respect to the portion of the allowance which would not be continued, regardless of dependents, a member retired under this Article, may elect before the first payment of the retirement allowance is made, to receive the actuarial equivalent of his allowance or the portion which would not be continued, regardless of dependents, as the case may be, partly in a lesser amount to be received by him throughout his life, and partly in other benefits payable after his death to another person or persons, provided that such election shall be subject to all of the conditions prescribed by the Council to govern similar election by members of the Oakland Municipal Employees' Retirement System.

Time And Service To Be Included

Section 2609. The following time and service shall be included in the computation of the service to be credited to a member for the purpose of qualification for retirement and death benefits and for calculation of retirement benefits:

(1) Time during and for which said member received compensation as a member of the Police or Fire Department prior or subsequent to the effective date of this Article, including all such time said member was unable to perform his duties by reason of injury or sickness from any cause.

(2) Time during which said member was absent by reason of service and the armed forces of the United States either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter and who is not dishonorably discharged or released therefrom.

(3) Any police or fire service outside the limits of the City of Oakland performed by a member of the Police or Fire Department and under orders of a superior officer of such members, shall be considered as city service and any disability or death resulting therefrom shall be considered as received in and arising out of the performance of duty.

November 3, 1992-General Municipal Election-(Run-off)

Amend Article XXVI at Section 2610(d)

Section 2610(d) shall read as follows:

- (d) The retirement allowances payable pursuant to this section are subject to the limitations provided by Section 2620. This subsection shall be null and void and without further effect should the United States Internal Revenue Code Section 415 be amended to exempt municipal pension plans from the stated benefit limitations. (Added by: Stats. November 1992.)

ADOPTED:

YES: 52,190
NO: 47,717

EFFECTIVE: The first day of the month next following approval of the Legislature.

(Amended by Stats. 1992)

Measure 0

Section 2610

(a) Any member of the Police or Fire Department who is incapacitated for the performance of duty by reason of any injury received in, or illness caused by or arising out of the performance of duty may be retired not sooner than one (1) year after said member first became incapacitated by reason of said injury or illness unless the member requests and the Board grants earlier retirement; and, if not qualified for service retirement shall receive a retirement allowance equal to seventy-five percent (75%) of the compensation attached to the average rank held by such member during the one (1) year immediately preceding such requirement. Such retirement allowance shall be paid until the date upon which said member would have completed twenty-five (25) years of service and qualified for service retirement had such member rendered service without interruption, and on and after said date said retirement allowance shall be equal to the retirement allowance said member would have received if retired for service on said date, based on the compensation attached to the average rank held during the one (1) year next preceding retirement. If at the time of retirement for disability, the member is qualified for retirement for service, said member shall receive a retirement allowance computed under the provisions of Section 2608.

(b) Any member of the Police or Fire Department who is incapacitated for the performance of duty for any cause not included in the provisions of the preceding paragraph (a) and who shall have completed at least five (5) years of service in the aggregate, shall be retired upon a retirement allowance calculated under Section 2608, if he has attained the age of fifty-five (55) years, otherwise upon a retirement allowance equal to one and one-half percent (1½%) of the compensation attached to the average rank held by such member during the three (3) years next preceding such retirement for each year of service, provided that said retirement allowance shall not be less than thirty-three and one-third percent (33 1/3%) of said compensation. The question of retiring a member under this section may be brought before the Board on the Board's own motion, by recommendation of the City Manager or by petition of said member or his guardian.

(c) The Board may at any time order any member who has been retired for disability to be examined by one or more physicians appointed by the Board for that purpose, and if it is found that the disability has ceased, shall order that the retirement allowance shall cease and said member shall be restored to the service in the rank occupied at the time of retirement.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Disability Retirement

Section 2610.

- (a) Any member of the Police or Fire Department who becomes incapacitated for the performance of duty by reason of any injury received in, or illness caused by or arising out of the performance of duty and which disability continues without interruption for one (1) year, may be retired, and, if not qualified for service retirement shall receive a retirement allowance equal to seventy-five (75%) per cent of the compensation attached to the average rank held by such member during the one (1) year immediately preceding such retirement. Such retirement allowance shall be paid until the date upon which said member would have qualified for service retirement had such member rendered service without interruption, and on and after said date said retirement allowance shall be equal to the retirement allowance said member would have received if retired for service on said date, based on the compensation attached to the average rank held during the one (1) year next preceding retirement. If at the time of retirement for disability, the member is qualified for retirement for service, said member shall receive a retirement allowance computed under the provisions of Section 2608.
- (b) Any member of the Police or Fire Department who becomes incapacitated for the performance of duty for any cause not included in the provisions of the preceding paragraph (a) and who shall have completed at least ten (10) years of service in the aggregate, shall be retired upon a retirement allowance calculated under Section 2608, if he has attained the age of fifty-five (55) years, otherwise upon a retirement allowance equal to one and one-half (1-1/2%) per cent of the compensation attached to the average rank held by such member during the three (3) years next preceding such retirement for each year of service, provided that said retirement allowance shall not be less than thirty-three and one-third (33-1/3%) per cent of said compensation. The question of retiring a member under this section may be brought before the Board on the Board's own motion, by recommendation of the City Manager or by petition of said member or his guardian.
- (c) The Board may at any time order any member who has been retired for disability to be examined by one or more physicians appointed by the Board for that purpose, and if it is found that the disability has ceased, shall order that the retirement allowance shall cease and said member shall be restored to the service in rank occupied at the time of retirement.

Death From Service-Connected Causes

Section 2611. If a member of the System shall die before or after retirement by reason of an injury received in, or illness caused by or arising out of the performance of duty, an allowance shall be paid to the dependents of such member in the order of succession established by Section 2612, in the following amount:

- (1) If the member at the time of death was qualified for service but had not retired, the allowance shall be equal to the retirement allowance which the member would have received if he had retired for service on the day of death, but such allowance shall not be less than one-half (1/2) of the compensation attached to the rank held by such member at the time of his death.
- (2) If death occurs prior to qualification for service retirement, the allowance shall be equal to one-half (1/2) of the compensation attached to the rank held by such member at the time of death.
- (3) If death occurs after retirement, the allowance shall be equal to the retirement allowance of the member, except that if retirement was the disability due to performance of duty, and if death occurred prior to the date upon which the member would have qualified for service retirement was for disability not due to performance of duty, the allowance shall not be less than one-half (1/2) of the compensation attached to the average rank held by the member during the one (1) year immediately preceding retirement.
- (4) The allowance provided for in paragraphs (1) and (2) immediately preceding, if payable to the widow of such members, shall be increased while there are children of such member as provided in Section 2612.
- (5) The widow of such member shall be eligible to receive the allowance provided for in this section without regard to the time of her marriage to such member, provided that in the event the death of such member shall occur after retirement, such marriage shall have occurred at least one year prior to retirement.

June 8, 1976
Amend Section 2618

Section 2618.

(a) Should a member of the System cease to be a member of the Police and Fire Department through any cause other than death or retirement prior to completing ten (10) years of service, the member's contributions, plus interest thereon credited in accordance with Section 2602(a), shall be refunded to such member.

(b) Should a member of the System cease to be a member of the Police or Fire Department after completing at least ten (10) years of service, said member may withdraw his contributions, plus interest thereon credited in accordance with Section 2602(a) from the fund at any time provided such person is not then an active member of the Police and Fire Department, but such person will not be entitled to a retirement allowance unless he is a member who has redeposited in the Fund in accordance with subsection (c) below and who has complied with the requirements of Section 2608.

(c) If any person who has been refunded his contributions under paragraph (a) preceding, or who has withdrawn his contributions under paragraph (b) preceding shall subsequently become a member of the Police or Fire Department, he shall redeposit in the Fund in a manner to be determined by the Board, the amount so refunded or withdrawn plus interest from the date of the refund or withdrawal to the date of the redeposit, in which event said member shall be entitled to credit for all service rendered prior to withdrawal as such member.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

Resignation Or Dismissal

Section 2618. Should a member of the System cease to be a member of the Police or Fire Department through any cause other than death or retirement, the member's accumulated contributions in the Fund shall be refunded to such member. If such person shall subsequently become a member of the Police or Fire Department, he shall re-deposit in the Fund in a manner to be determined by the Board, the amount so refunded plus interest from the date of refund to the date of re-deposit, in which event said member shall be entitled to credit for all service rendered prior to withdrawal as such member.

June 7, 1988

Amend Subsection (6) of Section 2619

Section 2619 (6). The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. The City contributions made periodically during the year shall be such as when added to member contributions will actuarially fund all liabilities for all members prior to July 1, 1976, by July 1, 2026. Any fund established pursuant to the 1971 amendment to this subsection and implemented by Retirement Board Resolution No. 3968 which provided for payment of improved or additional benefits shall continue only for the purposes stated herein. Any monies held in such fund as of July 1, 1976, and an interest credited thereon pursuant to Section 2602(a) shall continue to be payable to members of this system as follows:

- (a) For all individuals who received retirement allowances as of December 31, 1972, said allowance commencing January 1, 1973, shall be increased as follows:
 - (1) A computation of an additional one percent (1%) of the gross allowance due in December, 1972, shall be made for each said individual. Any additional monies added to the basic retirement allowance because of minor children under Charter Section 2612(a) shall not be included in the computation of said one percent (1%).
 - (2) The amount of each said December, 1972, one percent (1%) computation shall become a fixed, non-fluctuating amount which shall be added each month, commencing in January, 1973, to the retirement allowance of each said individual and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.
- (b) For members of the System retiring after December 31, 1972, at the date of retirement, a computation of an additional five percent (5%) of the compensation attached to the average rank held by such member during the three (3) years next preceding said retirement shall be made for each individual retiring with a least twenty-five (25) years of service.

The amount of each said five percent (5%) computation shall become a fixed, non-fluctuating benefit amount which shall be added in monthly installments to the retirement allowance of each said individual retiring or who is considered as retiring with at least twenty-five (25) years of service and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.

No additional monies from any source whatsoever shall be paid into said fund, and said fund shall cease to exist when the monies held payable for the aforementioned purposes are expended.

ADOPTED:

For: 50,948
Against: 19,113

EFFECTIVE: The first day of the month next following approval of the Legislature.
(Amended by: Stats. 1988)

June 8, 1976
Amend Section 2619

Section 2619. All payments provided for or on account of persons who are members under this Article and for or on account of persons who remain as members or who have been members of the Funds under Articles XIV and XV, shall be made from funds derived from the following sources, plus interest earned on said funds:

- (1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half percent (5½%). The normal rate of contribution of each person who became a member of the Police or Fire Department after the effective date of this Article and prior to July 1, 1976, shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (¼) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1971, and provided further that no member's contribution rate shall exceed thirteen percent (13%) so long as no improvements in the members' benefits occur after July 1, 1976.
- (2) The dependent rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article, shall be such as, on the average for such member, will provide, assuming service without interruption, and upon his first qualifying for service retirement under Section 2608, one-fourth (¼) of the portion of his allowance which is to be continued under Section 2608, after his death and throughout the life of a surviving wife whose age at said death is three years less than the age of said members, or, as the case may be, a surviving husband whose age at said death is three years more than the age of said member. The dependent rate of contribution of each member who exercises the option in Section 2600, shall be one and one-half percent (1½%). If at the date of retirement for service or retirement for disability, said member has no wife who would qualify for the continuance of the allowance to her after the death of said member, the dependent contributions with accumulated interest thereon, shall be paid to him forthwith.
- (3) The normal rate of contribution of persons who remain members under Article XIV and XV shall be five percent (5%). Such rates shall be applied to compensation, on and after the effective date of this Article, as described in paragraph (4) of this section. Such persons shall not have dependent contribution rates.

- (4) There shall be deducted from each payment of compensation made to a member throughout his membership, a sum determined by applying the member's normal and dependent rates of contribution to such compensation payment. Except for persons who remain members under Article XIV and XV, the sum so deducted shall be accumulated with interest as set from time to time as provided in Section 2602(a). Such accumulated contribution shall be used to provide benefits for said members, or shall be paid to said member or his estate or beneficiary as provided in this Article.
- (5) Members' contributions deducted from compensation earned prior to the effective date of this Article, and after May 3, 1943, shall not be considered in the determination of allowances, and shall be paid to the Retirement System, with interest, by the City when said accumulated contributions otherwise are payable to or on account of members by the Retirement System.
- (6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. The City contributions made periodically during the year shall be such as when added to member contributions will actuarially fund all liabilities for all members prior to July 1, 1976, by July 1, 2016. Any fund established pursuant to the 1971 amendment to this subsection and implemented by Retirement Board Resolution No. 3968 which provided for payment of improved or additional benefits shall continue only for the purposes stated herein. Any monies held in such fund as of July 1, 1976, and any interest credited thereon pursuant to Section 2602(a) shall continue to be payable to members of this system as follows:
 - (a) For all individuals who received retirement allowances as of December 31, 1972, said allowance commencing January 1, 1973, shall be increased as follows:
 - (1) A computation of an additional one percent (1%) of the gross allowance due in December, 1972, shall be made for each said individual. Any additional monies added to the basic retirement allowance because of minor children under Charter Section 2612(a) shall not be included in the computation of said one percent (1%).
 - (2) The amount of each said December, 1972, one percent (1%) computation shall become a fixed, non-fluctuating amount which shall be added each month, commencing in January, 1973, to the retirement allowance of each said individual and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.

- (b) For members of the System retiring after December 31, 1972, at the date of retirement, a computation of an additional five percent (5%) of the compensation attached to the average rank held by such member during the three (3) years next preceding said retirement shall be made for each individual retiring with at least twenty-five (25) years of service.

The amount of each said five percent (5%) computation shall become a fixed, non-fluctuating benefit amount which shall be added in monthly installments to the retirement allowance of each said individual retiring or who is considered as retiring with at least twenty-five (25) years of service and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.

No additional monies from any source whatsoever shall be paid into said fund, and said fund shall cease to exist when the monies held payable for the aforementioned purposes are expended.

- (7) During the absence of a member by reason of service with the armed forces of the United States, either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter, and who is not dishonorably discharged or released therefrom, the City shall contribute for and on behalf of such member, amounts equal to the contributions which would have been made by such member and by the City to the Police and Fire Retirement Fund if he had not been so absent. The contributions made by the City pursuant to the provisions of this paragraph in lieu of contributions which the member otherwise would have made, shall be made available only for the purpose of retirement and death after the completion of ten (10) years of service in the aggregate, and in the event of the resignation or dismissal of said member from service as a member of the Police or Fire Department prior to qualifying for service retirement, or in the event of the death of such member from causes not arising out of the performance of duty prior to the completion of ten (10) years of such service, any withdrawal of accumulated contributions by such member or any death benefit payable by reason of such death shall include only that portion of the accumulated contributions actually made by such member. For the purposes of this Article, a war involving the United States as a belligerent exists; (a) whenever Congress has declared war and peace has not been formally restored; (b) whenever the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared; or (c) whenever the United States is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security.

ADOPTED:

For: 64,020
Against: 21,003

Effective: July 1, 1976

June 6, 1972

Amend Subsection (6) of Section 2619

Section 2619(6). The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who became or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one-hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City, and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value at said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume an interest rate of not less than 1/4 of 1% below the net rate currently earned on the City's accumulated contributions held by the System, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City under the Retirement System shall be paid into the Retirement Fund by the City during such year. Provided, however, that in no event shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one-hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members' contributions under Section 2619(1), placing a minimum on the City's contributions, and setting an actuarial interest assumption rate of not less than 1/4 of 1% below actual earnings, shall be accumulated and invested by the Retirement Board for the purpose of providing actuarially sound, improved benefits for all members of the System under this Article. The Retirement Board shall within six (6) months of each said periodical actuarial valuation determine the nature and extent of said

improved or additional benefits. In no event shall existing benefits be reduced. Said recommended improved or additional benefits shall go into effect if said recommendations receive the affirmative vote of fifty-five per cent (55%) of the combined ballots cast by the active members of the Police and Fire Departments in a special election to be held for that purpose. If said recommendations are defeated, different recommendations shall be successively submitted by the Board to a similar vote until a fifty-five percent (55%) affirmative vote is obtained.

DEFEATED:

YES	39,057
NO	57,391

May 18, 1971

SEC. 2619.

(1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half per cent (5½%). The normal rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article (added by Stats. 1951) shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (¼) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1971.

(6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who became or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one-hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City, and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value of said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume a four per cent (4%) interest rate on said contributions, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City under the Retirement System shall be paid into the Retirement Fund by the City during such year. Provided, however, that in no event shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members' contributions under Section 2619 (1), placing a minimum on the City's contributions, and setting a permanent actuarial interest assumption rate

of four per cent (4%) shall be accumulated and invested by the Retirement Board for the sole purpose of providing, together with monies in the existing contingency reserve of the Retirement Fund, actuarially sound, improved benefits for all members of the System under this Article. The Retirement Board shall within six (6) months of each said periodical actuarial valuation determine the nature and extent of said improved or additional benefits. In no event shall existing benefits be reduced. Said recommended improved or additional benefits shall go into effect if said recommendations receive the affirmative vote of fifty-five per cent (55%) of the combined ballots cast by the active members of the Police and Fire Departments in a special election to be held for that purpose. If said recommendations are defeated, different recommendations shall be successively submitted by the Board to a similar vote until a fifty-five per cent (55%) affirmative vote is obtained.

ADOPTED

Yes: 45,909

No: 31,872

EFFECTIVE: July 1, 1971

Members' And City's Contributions

Section 2619. All payments provided for or on account of persons who are members under this Article and for or on account of persons who remain as members or who have been members of the Funds under Articles XIV and XV, shall be made from funds derived from the following sources, plus interest earned on said funds:

(1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half percent (5 1/2%). The normal rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article (added by Stats. 1951) shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (1/4) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1979. (Amended by Stats: 1971.)

(2) The dependent rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article, shall be such as, on the average for such member, will provide, assuming service without interruption, and upon his first qualifying for service retirement under Section 2608, one-fourth (1/4) of the portion of his allowance which is to be continued under Section 2608, after his death is three years less than the age of said members, or, as the case may be, a surviving husband whose age at said death is three years more than the age of said member. The dependent rate of contribution of each member who exercises the option of Section 2600, shall be one and one-half per cent (1 1/2%). If at the date of retirement for service or retirement for disability, said member has no wife who would qualify for the continuance of the allowance to her after the death of said member, the dependent contributions with accumulated interest thereon, shall be paid to him forthwith.

(3) The normal rate of contribution of persons who remain members under Article XIV and XV shall be five per cent (5%). Such rate shall be applied to compensation, on and after the effective date of this Article, as described in paragraph (4) of this section. Such persons shall not have dependent contribution rates.

(4) There shall be deducted from each payment of compensation made to a member throughout his membership, a sum determined by applying the member's normal and dependent rates of contribution to such compensation payment. Except for persons who remain members under Article XIV and XV, the sum so deducted shall be credited forthwith to the individual account

of the member from whose salary it was deducted, and the total of said contributions, together with interest credited thereon, shall be applied, according to the mortality tables and interest rate adopted by the Board, to provide part of the retirement allowance granted to, or allowance granted on account of said member, under this Article, including continuance to the surviving wife, or shall be paid to said member or his estate or beneficiary as provided in this Article.

(5) Members' contributions deducted from compensation earned prior to the effective date of this Article, and after May 3, 1943, shall not be considered in the determination of allowances and shall be paid to the Retirement System with interest, by the City when said accumulated contributions otherwise are payable to or on account of members by the Retirement System.

(6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who because or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value at said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume a four per cent (4%) interest rate on said contributions, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City during such year. Provided, however, that in no event

shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members; contributions under Section 2619(1), placing a minimum on the City's contributions, and setting a permanent actuarial interest assumption rate of four per cent (4%) shall be accumulated and invested by the Retirement Board for the sole purpose of providing, together with monies in the existing contingency reserve of the Retirement Fund, actuarially sound, improved benefits for all members of the System under this Article. The Retirement Board shall within six (6) months of each said periodical actuarial valuation determine the nature and extend of said improved or additional benefits. In no event shall existing benefits shall go into effect if said recommendations receive the affirmative vote of fifty-five per cent (55%) of the combined ballots cast by the active members of the Police and Fire Departments in a special election to be held for that purpose. If said recommendations are defeated, different recommendations shall be successively submitted by the Board to a similar vote until a fifty-five per cent (55%) affirmative vote is obtained. (Amended by: Stats. 1971)

(7) During the absence of a member by reason of service with the armed forces of the United States, either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter, and who is not dishonorably discharged or released therefrom, the City shall contribute for and on behalf of such member, amounts equal to the contributions which would have been made by such member and by the City to the Police and Fire Retirement Fund if he had not been so absent. The contributions made by the City pursuant to the provisions of this paragraph in lieu of contributions which the member otherwise would have made, shall be made available only for the purpose of retirement and death after the completion of ten (10) years of service in the aggregate, and in the event of the resignation or dismissal of said member from service as a member of the Police or Fire Department prior to qualifying for service retirement, or in the event of the death of such member from causes not arising out of the performance of duty prior to the completion of ten (10) years of such service, any withdrawal of accumulated contributions by such member or any death benefit payable by reason of such death shall include only that portion of the accumulated contributions actually made by such member. For the purposes of this Article, a war involving the United States as a belligerent exists; (a) restored; (b) whenever the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared; or (c) whenever the United States is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security. (Added by: Stats. 1951.)

November 3, 1992-General Municipal Election-(Run-off)

Amend Article XXVI at Section 2620

Section 2620 shall read as follows:

EXEMPTION FROM REQUIREMENTS OF UNITED STATES INTERNAL REVENUE CODE SECTION 415

Section 2620. This section effects an election as authorized under the provisions of Section 415 of the United States Internal Revenue Code to exempt members of the System from the annual pension benefit limitations of United States Internal Revenue Code Section 415.

Notwithstanding any other statute or section of this Charter, the retirement allowance payable to any member of the System shall be subject to the greater of the following limitations as provided by United States Internal Revenue Code Section 415(b), subdivision (10):

- (1) The limitations set forth in Section 415 of the United States Internal Revenue Code of 1986; or
- (2) The accrued benefit of the plan member (determined without regard to any amendment to the System after October 14, 1987).

If any of the provisions of United States Internal Revenue Code Section 415 should be repealed, the provisions of this section shall be deemed repealed to the same extent. (Added by: Stats. November 1992.)

ADOPTED:

YES: 52,190

NO: 47,717

EFFECTIVE: The first day of the month next following approval of the Legislature.

(Amended by Stats. 1992)

Measure O

June 6, 1972

Amend Subsection (6) of Section 2619

Section 2619(6). The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who became or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one-hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City, and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value at said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume an interest rate of not less than 1/4 of 1% below the net rate currently earned on the City's accumulated contributions held by the System, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City under the Retirement System shall be paid into the Retirement Fund by the City during such year. Provided, however, that in no event shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one-hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members' contributions under Section 2619(1), placing a minimum on the City's contributions, and setting an actuarial interest assumption rate of not less than 1/4 of 1% below actual earnings, shall be accumulated and invested by the Retirement Board for the purpose of providing actuarially sound, improved benefits for all members of the System under this Article. The Retirement Board shall within six (6) months of each said periodical actuarial valuation determine the nature and extent of said

May 18, 1971

SEC. 2619.

(1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half per cent (5½%). The normal rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article (added by Stats. 1951) shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (¼) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1971.

(6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who became or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one-hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City, and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value of said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume a four per cent (4%) interest rate on said contributions, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City under the Retirement System shall be paid into the Retirement Fund by the City during such year. Provided, however, that in no event shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members' contributions under Section 2619 (1), placing a minimum on the City's contributions, and setting a permanent actuarial interest assumption rate

Members' And City's Contributions

Section 2619. All payments provided for or on account of persons who are members under this Article and for or on account of persons who remain as members or who have been members of the Funds under Articles XIV and XV, shall be made from funds derived from the following sources, plus interest earned on said funds:

(1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half percent (5 1/2%). The normal rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article (added by Stats. 1951) shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (1/4) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1979. (Amended by Stats: 1971.)

(2) The dependent rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article, shall be such as, on the average for such member, will provide, assuming service without interruption, and upon his first qualifying for service retirement under Section 2608, one-fourth (1/4) of the portion of his allowance which is to be continued under Section 2608, after his death is three years less than the age of said members, or, as the case may be, a surviving husband whose age at said death is three years more than the age of said member. The dependent rate of contribution of each member who exercises the option of Section 2600, shall be one and one-half per cent (1 1/2%). If at the date of retirement for service or retirement for disability, said member has no wife who would qualify for the continuance of the allowance to her after the death of said member, the dependent contributions with accumulated interest thereon, shall be paid to him forthwith.

(3) The normal rate of contribution of persons who remain members under Article XIV and XV shall be five per cent (5%). Such rate shall be applied to compensation, on and after the effective date of this Article, as described in paragraph (4) of this section. Such persons shall not have dependent contribution rates.

(4) There shall be deducted from each payment of compensation made to a member throughout his membership, a sum determined by applying the member's normal and dependent rates of contribution to such compensation payment. Except for persons who remain members under Article XIV and XV, the sum so deducted shall be credited forthwith to the individual account

of the member from whose salary it was deducted, and the total of said contributions, together with interest credited thereon, shall be applied, according to the mortality tables and interest rate adopted by the Board, to provide part of the retirement allowance granted to, or allowance granted on account of said member, under this Article, including continuance to the surviving wife, or shall be paid to said member or his estate or beneficiary as provided in this Article.

(5) Members' contributions deducted from compensation earned prior to the effective date of this Article, and after May 3, 1943, shall not be considered in the determination of allowances and shall be paid to the Retirement System with interest, by the City when said accumulated contributions otherwise are payable to or on account of members by the Retirement System.

(6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. Such contributions of the City with respect to members who exercised the option in Section 2600 shall be equal during each fiscal year to the benefits payable to or on account of such members during such year, less the portion of the benefits provided in paragraph (4) of this Section. Such contributions of the City with respect to persons who remain members under Article XIV and XV, and former members under said Articles, shall be equal during each fiscal year, to benefits payable to or on account of such members during such year, less the normal contributions deducted during such year from such members' compensation, under paragraph (4) preceding. Such contributions of the City with respect to persons who because or hereafter become members of the Police or Fire Departments after the effective date of this Article (added by Stats. 1951), shall be made in annual installments and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to such persons, said percentage to be twenty-four and thirty-one one hundredths per cent (24-31/100%), until redetermined by the Retirement Board on the basis of the periodical actuarial valuation and investigation into the experience under the System. At such redetermination, said percentage shall be the ratio at the date of the periodical actuarial valuation, of the present value of the benefits thereafter to be paid under this Article from contributions of the City and to or on account of such members, less the amount of the City's contributions plus accumulated interest thereon, then held by said System to provide such benefits, to the value at said date of compensation thereafter payable to said member. Said values shall be determined by the actuary, who shall assume a four per cent (4%) interest rate on said contributions, the compensation experience of members, and the probabilities of separation by all causes, of members from service, and of death after retirement. On and after the effective date of such redetermination, the City shall contribute at the percentage fixed by the Board. The total amount, as determined by the Board, of the contributions required during any fiscal year of the City during such year. Provided, however, that in no event

shall the City's contributions pursuant to the aforesaid periodical actuarial valuations be lower than nine and forty-two one hundredths per cent (9-42/100%). Any excess monies resulting from the setting of a minimum on the members; contributions under Section 2619(1), placing a minimum on the City's contributions, and setting a permanent actuarial interest assumption rate of four per cent (4%) shall be accumulated and invested by the Retirement Board for the sole purpose of providing, together with monies in the existing contingency reserve of the Retirement Fund, actuarially sound, improved benefits for all members of the System under this Article. The Retirement Board shall within six (6) months of each said periodical actuarial valuation determine the nature and extent of said improved or additional benefits. In no event shall existing benefits shall go into effect if said recommendations receive the affirmative vote of fifty-five per cent (55%) of the combined ballots cast by the active members of the Police and Fire Departments in a special election to be held for that purpose. If said recommendations are defeated, different recommendations shall be successively submitted by the Board to a similar vote until a fifty-five per cent (55%) affirmative vote is obtained. (Amended by: Stats. 1971)

(7) During the absence of a member by reason of service with the armed forces of the United States, either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter, and who is not dishonorably discharged or released therefrom, the City shall contribute for and on behalf of such member, amounts equal to the contributions which would have been made by such member and by the City to the Police and Fire Retirement Fund if he had not been so absent. The contributions made by the City pursuant to the provisions of this paragraph in lieu of contributions which the member otherwise would have made, shall be made available only for the purpose of retirement and death after the completion of ten (10) years of service in the aggregate, and in the event of the resignation or dismissal of said member from service as a member of the Police or Fire Department prior to qualifying for service retirement, or in the event of the death of such member from causes not arising out of the performance of duty prior to the completion of ten (10) years of such service, any withdrawal of accumulated contributions by such member or any death benefit payable by reason of such death shall include only that portion of the accumulated contributions actually made by such member. For the purposes of this Article, a war involving the United States as a belligerent exists; (a) restored; (b) whenever the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared; or (c) whenever the United States is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security. (Added by: Stats. 1951.)

November 3, 1992-General Municipal Election-(Run-off)

Amend Article XXVI at Section 2620

Section 2620 shall read as follows:

EXEMPTION FROM REQUIREMENTS OF UNITED STATES INTERNAL REVENUE CODE SECTION 415

Section 2620. This section effects an election as authorized under the provisions of Section 415 of the United States Internal Revenue Code to exempt members of the System from the annual pension benefit limitations of United States Internal Revenue Code Section 415.

Notwithstanding any other statute or section of this Charter, the retirement allowance payable to any member of the System shall be subject to the greater of the following limitations as provided by United States Internal Revenue Code Section 415(b), subdivision (10):

- (1) The limitations set forth in Section 415 of the United States Internal Revenue Code of 1986; or
- (2) The accrued benefit of the plan member (determined without regard to any amendment to the System after October 14, 1987).

If any of the provisions of United States Internal Revenue Code Section 415 should be repealed, the provisions of this section shall be deemed repealed to the same extent. (Added by: Stats. November 1992.)

ADOPTED:

YES: 52,190
NO: 47,717

EFFECTIVE: The first day of the month next following approval of the Legislature.

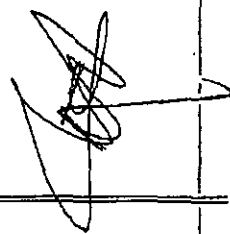
(Amended by Stats. 1992)

Measure 0

ATTACHMENT B

OAKLAND CITY COUNCIL

RESOLUTION No. 65264 C. M. S.



INTRODUCED BY COUNCILMEMBER _____

CORRECTED COPY

TGB:nl

RESOLUTION SUBMITTING ON THE COUNCIL'S OWN MOTION A PROPOSED AMENDMENT TO THE OAKLAND CITY CHARTER SECTION 2619(6), A BALLOT MEASURE ENTITLED "POLICE AND FIRE PENSION SAVINGS ACT" TO BE VOTED UPON AT THE MUNICIPAL ELECTION TO BE HELD ON JUNE 7, 1988; DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND TO PROVIDE FOR NOTICE AND PUBLICATION IN ACCORDANCE WITH THE LAW; AUTHORIZING CERTAIN OTHER ELECTION ACTIVITIES AND REQUESTING CONSOLIDATION OF MUNICIPAL ELECTION WITH STATEWIDE REGULAR, EACH TO BE HELD ON JUNE 7, 1988.

WHEREAS, Charter section 2619(6) provides that the City shall contribute to the Police and Fire Retirement System in a manner to actuarially fund all liabilities for all members prior to July 1, 1976 by July 1, 2016; and

WHEREAS, an extension of the contribution period from July 1, 2016 to July 1, 2026 could result in significant savings to the City without affecting its duty or ability to fund the Police and Fire Retirement plan; and

WHEREAS, the City Council on its own motion, desires to submit to the qualified electors of the City of Oakland a proposed Charter amendment entitled "Police and Fire Pension Savings Act" to be voted upon at a special municipal election on June 7, 1988, the same day as the State direct primary; and

WHEREAS, the State direct primary to be held on June 7, 1988 is a statewide regular election; and

WHEREAS, Section 23300, et seq. of the Elections Code allows for the Oakland municipal election of June 7, 1988 to be consolidated with the statewide general election to be held on the same date; now, therefore, be it

RESOLVED: That the City Council of the City of Oakland does hereby request that the Board of Supervisors of Alameda County order the consolidation of the Oakland municipal election of June 7, 1988, with the statewide general election of June 7, 1988, consistent with the provisions of State Law;

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Clerk, at least 88 days prior to June 7, 1988 to file with the Alameda County Board of Supervisors and the County Clerk certified copies of this Resolution.

FURTHER RESOLVED: That the proposed Charter Amendment be contingent on the findings of an actuarial study to be commissioned by the Police and Fire Retirement Board.

FURTHER RESOLVED: The implementation by the City of this Amendment, if adopted, would be contingent upon a finding by the Police/Fire Retirement Board that the proposed ten year extension to 2026 would not in any way or at any time have a detrimental or compromising effect on the members' retirement benefits or rights.

FURTHER RESOLVED: That the proposed Charter Amendment text shall be as follows:

1. The date "July 1, 2016" in Section 2619(6) of the Charter shall be changed to read "July 1, 2026".

FURTHER RESOLVED: That in accordance with the Elections Code and Chapter 11 of the Oakland Municipal Code, the City Clerk shall fix and determine a date for submission of arguments for or against said proposed Charter Amendment, and said date shall be posted in the Office of the City Clerk.

FURTHER RESOLVED: That in accordance with the Election Code and Chapter 11 of the Oakland Municipal Code, the City Clerk shall provide for notice and publication as to said measures in the manner provided for by law.

FURTHER RESOLVED: That each ballot used at said municipal election shall have printed thereon, in addition to any other matter required by law, the following:

<p>PROPOSED CHARTER AMENDMENT</p> <p>MEASURE _____</p> <p>POLICE AND FIRE PENSION SAVINGS ACT</p> <p>Measure _____. Shall the Charter of the City of Oakland be amended to provide for an extension of the contribution period for funding Police/Fire retirement liabilities from the year 2016 to 2026 provided actuarial reports support such extension.</p>	<p>YES</p>	<p>NO</p>
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IN COUNCIL, OAKLAND, CALIFORNIA, MAR 8 1988, 19____

PASSED BY THE FOLLOWING VOTE:

HASKELL

AYES— BAZILE, CANNON, ~~WILSON~~, GILMORE, MOORE, OGAWA, RILES, SPEES, and PRESIDENT WILSON, - 9

NOES— NONE

ABSENT— NONE

ABSTENTION— NONE

-3-

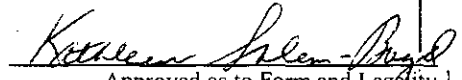
ATTEST:



ARRECE JAMESON
City Clerk and Clerk of the Council
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 15 PM 3:59


Approved as to Form and Legality

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF OAKLAND DIRECTING THE CITY ADMINISTRATOR IN ORDER TO ADDRESS THE CITY'S PENSION FUNDING NEEDS TO (1) NEGOTIATE WITH THE POLICE AND FIRE RETIREMENT BOARD FOR A HOLIDAY FROM PAYMENTS TO THE SYSTEM, (2) FORM A FINANCING TEAM TO FACILITATE ISSUANCE AND SALE OF PENSION OBLIGATION BONDS, (3) RETURN AND SEEK CITY COUNCIL APPROVAL BY RESOLUTION FOR THE ISSUANCE AND SALE OF THE PENSION OBLIGATION BONDS, AND (4) ENTER A THIRD SUPPLEMENTAL ANNUITY DEPOSIT AGREEMENT WITH THE POLICE AND FIRE RETIREMENT SYSTEM

WHEREAS, the City's employee retirement benefits obligations to the Police and Fire Retirement System (PFRS) represents long-term financial burdens; and

WHEREAS, the Unfunded Actuarial Accrued Liability for PFRS is estimated to be \$435.3 million, as of June 30, 2009, and the Plan's funded ratio is 44% caused by losses due to the economic downturn; and

WHEREAS, in 1997, the City issued \$436M in Taxable Pension Obligation Bonds ("POBs") to fund a portion of its pension liability to members of PFRS, providing a lump-sum payment, from receiving a "holiday" from making payments into PFRS until June 30, 2011, and covenanting instead to make debt service payments on the POBs through that date; and

WHEREAS, funding for the debt service of the POBs is provided under Measure R, as amended by Measure O, which authorized collection of ad valorem tax override revenues until 2026 for the purpose of amortizing obligations of the City to PFRS; and

WHEREAS, at expiration of the "holiday," the City's estimated required contribution to PFRS on July 1, 2011 will be \$43.9 million, while debt service on the POBs will be \$58.5 million; and

WHEREAS, because the City's total PFRS obligation for 2011-2012 fiscal year will total approximately \$102.4 million and is expected to exceed tax override revenue, it is in the best interests of the City that the Council authorize the City Administrator to take immediate action to negotiate with PFRS to restructure its PFRS pension liability; and

WHEREAS, it is in the best interests of the City to issue approximately \$250 million of additional POBs to fund PFRS, increasing the funding level to levels above 75% and allowing the City to negotiate a "holiday" with PFRS, which would relieve the general fund from payments into the system for a negotiated period of time of five (5) to seven (7) years; and

WHEREAS, the Deferred Pension Credit Fund was established by agreement between the City and PFRS in 1988. The Second Supplemental Annuity Deposit Agreement between the City and PFRS entered June 25, 1998, restricts City access to the Deferred Pension Credit Fund to meet City pension obligations, allowing withdrawals by the City as a credit towards City pension obligations only from principal exceeding the Deferred Pension Credit Requirement, defined in the Indenture pursuant to the Special Refunding Revenue Bonds (Pension Financing) 1988 Series A, and/or investment earnings; and

WHEREAS, it is in the best interests of the City to negotiate and enter into a Third Supplemental Annuity Deposit Agreement with PFRS to allowing the City use of the Deferred Pension Credit Fund address its overall pension funding needs; now therefore be it

RESOLVED: That the City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to:

- (1) negotiate with the PFRS Board for a "holiday", to relieve the general fund from payments into the system for a period of time of five (5) to seven (7) years based upon a lump sum payment into PFRS by the City financed through the issuance of additional Pension Obligation Bonds;
- (2) form a financing team; and
- (3) negotiate and enter an amendment to the Third Supplemental Annuity Deposit Agreement with PFRS

and be it

FURTHER RESOLVED: That this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20__

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIHGAN, NADEL, QUAN, REID and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

ON

BY

BY

BY

BY