



## Legislation Text

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**File #:** 17-1485, **Version:** 1

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**TO:** Honorable Mayor & Members of the North Port Commission

**FROM:** Peter D. Lear, CPA, CGMA, City Manager

**TITLE:** Ordinance 2017-45, second reading an Ordinance of the City of North Port, amending the City of North Port Firefighters' Pension - Local Option Plan, by; providing for contributions, benefits and service credits with respect to Qualified Military Service in accordance with Section 414(u) of the Internal Revenue Code, beginning October 1, 2017.

### **Recommended Action**

Approve Ordinance 2017-45, an Ordinance of the City of North Port, amending the City of North Port Firefighters' Pension - Local Option Plan, by; providing for contributions, benefits and service credits with respect to Qualified Military Service in accordance with Section 414(u) of the Internal Revenue Code, beginning October 1, 2017.

### **Background Information**

On October 26, 2017, the City received notification from the City of North Port Firefighters' Pension - Local Option Plan's attorney that the Internal Revenue Services (IRS) had (previously) determined the Plan did not comply with changes made to IRS Code as it relates to Qualified Military Service (the HEART Act) in 2006. The IRS asserted the change should have been made to the Plan by January 1, 2007. Subsequently, the Plan's attorney drafted the referenced ordinance to amend the plan to meet the IRS code. In July of this year, the IRS accepted the amended language and extended an offer to the Plan's attorney to enter a "closing agreement" to issue final confirmation of the Plan's tax qualification status. The IRS provided the language of an operational compliance statement, containing the terms and requirements of the settlement. The settlement also includes a \$7,500 non-negotiable sanction, to be paid by the employer. (The Settlement Agreement will be provided to coincide with the second reading of this Ordinance)

To address Florida's Division of Retirement requirements for notification of plan changes, the Plan's Actuary, Foster & Foster, has provided a statement that the adoption of an Ordinance to change the Plan "will have no impact on the assumptions used in determining the funding requirements to the program." However, this statement does not address the impact of future assumptions used to determine funding impacts nor does it address any past or future financial impacts of the Plan.

Legal has reviewed this ordinance as to form and correctness. Ordinance 2017-45 was approved and continued by Commission at first reading on November 28, 2017.

### **Strategic Plan**

N/A

### **Financial Impact**

An initial sanction payment by the City to the U.S. Treasury in the non-negotiable an amount of \$7,500.00 and a yet to be determined financial future impact resulting from the changes.

### **Procurement**

N/A

**Attachments:**

1. Ordinance
2. Draft Ordinance
3. Attorney Letter - IRS Code
4. Actuary Letter - IRS Code
5. IRS Correspondence and agreement

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**Department Director:** Peter Lear