

OPERATING RULES AND PROCEDURES

Police Pension Board

City of Eustis Police Officers' Pension Trust Fund

RULE 1

BOARD OF TRUSTEES

1.1 DEFINITION OF FUNCTIONS

The Board of Trustees shall act as the named fiduciary of the Fund as defined by Florida Law. The Board shall have the exclusive authority to operate, maintain and interpret the provisions of the state laws and local ordinances establishing and executing the investment policy of the fund. The Trustees shall be solely responsible for the selection and retention of professional advisors to the Fund including but not limited to investment managers, performance monitors, plan administrators, attorneys, accountants, actuaries, and clerical staff.

1.2 DEFINITION OF FIDUCIARY

A fiduciary is defined as a person responsible for the discharge of his or her duties with respect to the Pension Plan, subject to the fiduciary standards enumerated in §185.06(1), Florida Statutes, and 29 U.S.C. §1104, solely in the interest of the participants and beneficiaries of the Pension Plan for the exclusive purpose of providing benefits to the participants and their beneficiaries and defraying the reasonable expenses of administering the Plan.

1.3 SUMMARY

Trustees shall be responsible for the investment and reinvestment of the assets of the Fund; for determining all claims for retirement benefits, for exercising the sole and exclusive administration of and the proper operation of the Plan; to perform such actuarial and accounting functions as are required by law; to prepare and distribute a Summary Plan Description as provided in 112.66, Florida Statutes, to the Participants of the Plan upon employment and every other year thereafter; and to fulfill all other such duties as may be required by the law.

1.4 ESTABLISHMENT OF OFFICES

The Board of Trustees shall elect a Chairman and Secretary every two years. The officers shall be Trustees of the Board. The Chairman shall be responsible for the conduct of all meetings of the Board and shall have voting rights the same as any other Trustees of the Board. The Chairman shall perform such other duties as the Trustees may assign. The Secretary shall be responsible for the keeping of minutes of the transactions of the Board and shall be the official custodian of records of the Board. The Secretary, together with the Chairman, shall execute all official contracts of the Board.

1.5 CONFLICTS OF INTEREST AND GIFTS

- A.** Conflicts of interest in voting shall be governed by the provisions of Section 112.2143, Florida Statutes, the Code of Ethics for Public Officials. Notwithstanding any other provisions of law, no Trustee shall vote or participate in a determination of any matter in which that Trustee shall receive a special private gain except in the case of employee Trustee voting on benefits applicable to all Members of the Plan.
- B.** No Trustee (or his or her spouse or minor child) shall, at any time, solicit or accept any gift (including but not limited to, food, beverages and transportation), loan, reward, promise of future employment, favor, service, compensation, payment, or thing of value when the Trustee understands, knows or should have known that it was given to influence a vote or other action in which the Trustee was expected to participate in his or her official capacity. Gifts provided directly or indirectly by a state, regional or national organization that promotes the exchange of ideas between, or the professional development of, members of that organization or staff of a governmental agency that is a member of that organization are permitted.

1.6 PER DIEM AND REIMBURSEMENT

All Trustees shall be entitled to receive reimbursement for reasonable expenses incurred in conducting the business of the Fund. The Board shall establish reasonable reimbursement rates in accordance with policies of the City. The Board may establish a reasonable per diem allowance for Trustees and establish the conditions under which such allowance shall be payable.

1.7 ELECTION PROCEDURES

The Board of Trustees shall consist of five persons, two of whom shall be Police Officers, two of whom shall be legal residents of the City appointed by the City commission and the fifth Trustee shall be a person selected by the other four Trustees and confirmed by the City Commission.

- A. Police Officer Trustees.** The Police Officer Trustees shall be elected from among the Members of the Fund in the Police Department. Elections shall be by a Majority vote. If no candidate receives a majority vote, a run-off election between the two top vote recipients shall be held at the earliest practical date. Elections shall be every year, with one seat elected in alternating years in the November preceding the expiration of the second year of the term. Trustees shall take office January 1. Employees shall be permitted to nominate themselves for office and elections may be conducted by mail-in ballot. The election shall be conducted by placement of a ballot box in the Police Department Headquarters for a period of 72 hours beginning on a date to be selected by the Board. Ballots shall be counted by the Board and the winners certified by the Board.
- B. Resident Trustees.** The two resident Trustees shall be legal residents of the City and shall be appointed for two year terms in alternating years by the City Commission in November or December prior to the expiration of a Trustee's term on December 31.

- C. **Fifth Trustee.** The fifth Trustee of the Board shall be chosen for a two year term every other year at the first meeting in January following the selection of the other Trustees. The fifth Trustee may or may not be a legal resident of Eustis and may or may not be an employee of the City. The name of the person selected by a majority of the other Trustees shall be certified to the City Commission, which may confirm the appointment of that person. The fifth Trustee's term shall begin March 1.

1.8 SUCCESSION OF PERSONS TO VACANT POSITIONS

Vacancies on the Board of Trustees of employee members shall be filled by special election to be conducted in the same manner as any other election. Vacancies among the resident Trustees shall be filled by the City Commission. The person selected to fill a vacancy shall fulfill only the remaining term of the vacant office. In the event of a vacancy in the fifth Trustee of the Board, the Board shall appoint a successor in the same manner as the initial selection.

1.9 EDUCATION REQUIREMENTS

Each Trustee is required to attend a seminar or conference regarding Trustee duties and responsibilities and matters relating to the investment program of the Plan at least once each term. Trustees are encouraged to attend seminars or conferences more frequently in order to remain informed regarding pension issues. New Trustees are encouraged to attend within the first six months of their term.

1.10 DISCLOSURE OF FINANCIAL INTERESTS

Trustees must file a statement of financial interests (Form 1) with the supervisor of elections of the county in which they permanently reside within 30 days from the date of appointment and no later than July 1 of each year thereafter. Trustees must file a final statement (Form 1F) within 60 days after leaving their office as Trustee. The final statement shall cover the period between January 1 of the year in which the Trustee leaves office and the last day of office.

If a Trustee does not timely file a statement of financial interests, the Trustee may be personally subject to fines and civil penalties as provided by law.

RULE 2

MEETINGS

2.1 ATTENDANCE AT BOARD MEETINGS

The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of Trustees. The Board shall meet at least once each quarter. In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected of all Trustees. Any Trustee who fails to attend two consecutive meetings of the Board

without an excuse acceptable to the other Trustees shall be deemed to have resigned from the Board. Employee Members of the Fund who are called into the active service of the City at the time of a Board meeting shall automatically be deemed excused.

2.2 AGENDAS AND OTHER MEETING MATERIALS

The Board must provide and post reasonable notice of all meetings. A published Notice of Meeting and Agenda shall be prepared for each regular and special meeting of the Board. The Notice of Meeting and Agenda shall set forth those items upon which the Board anticipates taking action or discussing. Each agenda item may have attached to it backup material necessary for discussion or action by the Board. Each Notice of Meeting and Agenda shall inform members of the public that should they wish to appeal any decision made by the Board that they will need a record of the proceedings and that they may need to ensure a verbatim record is taken, which includes testimony and evidence upon which the appeal is based. In addition, the Notice of Meeting and Agenda shall also include a notice to members of the public offering to provide assistance to those who are disabled, should they need assistance in order to attend the meeting. A Copy of the notice of Meeting and Agenda shall be posted in a location in City Hall and the Police Department where notices of public meetings are customarily posted.

2.3 RULES OF ORDER

In recognition of the importance of accomplishing the objectives of the Board in a most orderly fashion, the Board may establish rules of order for the conduct of its meetings. The Board shall not, however, be bound by strict observance of the rules of parliamentary procedure unless the Board deems it in best interest to do so.

2.4 APPEARANCE BEFORE THE BOARD

As a public body, the Board has a responsibility to accommodate members of the public and members of the Fund who wish to appear before the Board. The Board may adopt rules or policies governing the opportunity to be heard in accordance with §286.0114, Florida Statutes. All communications with the Board shall either be in writing or by personal appearance at a Board meeting. The right of the public to be heard will be limited in instances where the board is acting in a quasi-judicial capacity.

2.5 PUBLIC RECORDS

The records of the Fund are public records as set forth in Chapter 119, Florida Statutes. To the extent that any such record may be exempt from the inspection and copying provisions of the public records law, the Board shall use its best efforts to maintain the confidentiality of such exempt record.

2.6 GOVERNMENT IN THE SUNSHINE

All meetings of the Board shall be conducted in accordance with the provisions of section 286.011, Florida Statutes, the Government in the Sunshine Act. No Trustee shall engage in communications with another Trustee outside of a public meeting on any matter, which shall ultimately be the subject of a Board action. All meetings of Trustees at which official business of the Board shall be discussed shall be publicly noticed and open to the public in accordance with the law. Notwithstanding the foregoing, the Board may meet privately with its attorney to discuss pending litigation to which the Board is presently a party before a court or administrative agency, provided that the statutory conditions necessary to permit such a meeting have been met. All meetings of the Board shall be held in a location where public access is reasonably available. Regular meetings of the Board shall be held in Eustis, Lake County, Florida.

2.7 COMMITTEE MEETINGS

The board, in the conduct of its business, may choose to establish committees consisting of a lesser number of Trustees. Committees shall be appointed by the Chairman. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. All reports of committees shall be reduced to writing and made a part of the official records of the Board.

2.8 WORKSHOPS

The Board may from time to time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the board. Workshops shall be conducted in a public forum the same as any other meeting and shall have a published agenda in advance of the workshop.

2.9 MINUTES

Complete minutes of all meetings of the Board or a Committee shall be promptly prepared following the meeting and all minutes shall be submitted to the Board for approval following their preparation. All minutes shall be open for public inspection.

RULE 3

RULES OF PROCEDURE

3.1 LEGAL EFFECT

The Board of Trustees is authorized by law to establish rules of procedure for the operation of the Fund. No rule or regulation of the Fund may conflict with any lawful ordinance, charter provision or state law, and to the extent that a conflict exists, the ordinance, charter provision or state law shall prevail.

3.2 ADOPTION PROCEDURES

All rules to be adopted by the Fund shall be in writing and shall be adopted by majority vote of the Board. The Board shall review its rules and regulations on a periodic basis but not less than once a year.

RULE 4

OFFICE PERSONNEL

4.1 BOARD EMPLOYEES

The Board may establish specific job descriptions and hire one or more employees. New employees of the Board shall not, but virtue of their employment by the Board, be civil servants of the City of Eustis and shall serve at the pleasure of the Board.

RULE 5

INTERNAL PROCEDURES AND CONTROLS

5.1 MAIL

A designee of the Board shall be responsible for opening, dating and transmitting mail. All mail received by the Board shall be dated, stamped and reviewed for any time limitations or response dates. The mail shall be placed in folders bearing the names of the recipient of the mail. Mail addressed to the Board in general and to no specific person shall be directed to a person designated by the Board. All official decisions of the Board shall be sent by mail. A “reading file” of all correspondence coming into and emanating from the Board shall be maintained on a monthly basis together with copies in any specific files as may be established. In all respects, the provisions of Chapter 119, Florida Statutes, the Public Records Act, shall be observed.

5.2 EXPENSE PAYMENTS FROM THE FUND

A. Payments to professionals performing services previously authorized by the Board or for other expenses authorized by the Board shall routinely be made prior to Board approval as follows.

- (1) Statements received for services or expenses which are not pursuant to a written agreement shall be paid, but only if such statements do not exceed \$250.00.
- (2) Statements received for services or expenses which are rendered pursuant to a written agreement shall be paid if deemed to be in accordance with the agreement.

All payments made pursuant to paragraphs (1) and (2) above shall be considered by the Board at the first meeting following such payment and approved or ratified, if appropriate.

- B. Any other payments from the Fund not described in subsection A. above shall be approved by the board prior to such payment.
- C. Where prior board approval is required, authorization for payments from the Fund shall be in writing and signed by at least two trustees of the Board.

5.3 PROCESSING OF PAYMENTS FOR EARLY OR NORMAL RETIREMENT AND RETURN OF CONTRIBUTIONS

- A. Upon receipt of an application for early or normal retirement, the Board's or other Board designee shall process the application as follows:
 - (1) The application shall be reviewed for accuracy and completeness and for eligibility for benefits
 - (2) A copy of the application and any necessary records from the City shall be forwarded to the actuary for calculation of the benefit amounts payable for the normal form and all optional forms of benefits
 - (3) Upon receipt of the actuary's calculations, the calculations shall be presented to the Retiree and the Retiree shall make his or her election.
 - (4) The application shall be approved by any Trustee and shall then be provided to the Custodian along with any necessary supporting documents in order to begin payments.
 - (5) Copies of the retiree's election form and the actuary's calculations shall be provided to the Board of Trustees prior to the commencement of payments or at the next meeting immediately following the commencement of payments, and the Board shall review and approve the retirement benefits.
- B. Upon the termination of employment of a Member prior to his or her early or normal retirement date, the Board's Plan Administrator or other Board designee shall:
 - (1) Determine whether the Member is vested or not vested and determine the amount of the Member's contributions.
 - (2) Inform the Member of his or her right to leave his or her contributions in the plan or withdraw his or her contributions. If the Member desires to withdraw his or her contributions, provide the Member with the necessary forms, including the appropriate Return of Contributions for, the Special Tax Notice Regarding Plan Payments and the Certification of Receipt of the Special Tax Notice and the Lump Sum Distribution Election Form;

- (3) Recommend that the Member study and complete the appropriate forms and seek tax and/or legal advice regarding his or her choice.
- (4) Direct the Member to return the completed forms to the Plan Administrator or Board designee;
- (5) Upon receipt of the properly completed forms, prepare and submit a payment request signed by any Trustee and copies of any necessary documents to the Custodian to authorize the requested payment or rollover;
- (6) Provide copies of all documents to the Board of Trustees prior to payment or at least the next meeting immediately following the payment, for the board to approve the payment.
- (7) In the event a Member is unable to be located and does not execute the appropriate form, the funds shall be remitted to the state after a period of 24 months.

C. Pension payments should only be made as provided above. 1099-R reporting forms to Retirees must contain the proper information and codes to ensure that Retirees report the proper amounts on their personal income tax returns. In-line of duty disability benefits shall be reported as “taxability undetermined” on 1099-R forms.

5.4 REVIEW OF CUSTODIAL STATEMENTS

- A. Custodial reports should be monitored by the Board or its designee for disclosure of all assets inflows such as City and Member contributions, state excise tax payments, if applicable, miscellaneous citizen donations, and investment income. All errors, including those involving the misclassifications of Plan revenues, e.g. recording Member contributions as City contributions, must be corrected.
- B. Custodial reports should also be monitored for all asset outflows. Asset outflows must be properly approved and verified on audit. Expenses shall be approved as provided in Rule 5.2 and Retirements and Returns of Contributions in accordance with Rule 5.3. Letters of authorization for the expenditure of funds must be issued by the Board and copies must be maintained in orderly files.

5.5 ROLLOVERS TO AND FROM THE FUND

The Fund will accept and transfer eligible cash rollover distributions to and from the fund as permitted by local, State and Federal law. The Board may adopt appropriate forms to facilitate such rollovers.

RULE 6

INSURANCE

6.1 FIDUCIARY INSURANCE

The Trustees are authorized by law to purchase fiduciary insurance to insure members of the Board for errors and omissions at the expense of the Fund, but the Fund shall not pay to waive recourse against Trustees. A rider waiving recourse may be purchased and paid for by the city or by a Trustee.

RULE 7

RELATIONS WITH THE CITY

7.1 AUTHORITY OF THE BOARD

The Board of Trustees in an independent entity established by state law, city charter and local ordinance. The Board of Trustees shall not be considered a component part of nor subordinate to the government. The Board shall have exclusive control of the operation of the Fund; however, no change to the retirement ordinance may be made except by action of the State Legislature or the City Commission.

7.2 CONTRACTUAL SERVICES

In the selection of contractual services, the Board shall pay particular attention to the existence of conflicts of interest when contractors are to be employed by the Board for services similar to services which the contractor also provides to the City.

7.3 USE OF THE CITY FINANCE DEPARTMENT

The Board may authorize and utilize the services of the City for the performance of banking functions of the Board. The City shall have no discretionary authority with regard to the utilization or direction of funds of the Board. The precise duties of the City shall be reduced to writing, the same as any other contract for services entered into by the Board.

7.4 USE OF INDEPENDENT CUSTODIANS

The Board may authorize the use of the services of any duly qualified custodian in lieu of the city Finance Department for the performance of banking functions of the Board. The custodian shall be duly licensed, insured and bonded and shall meet all of the depository requirements of Chapter 280, Florida Statutes.

RULE 8

JUDICIAL PROCEEDINGS

8.1 FORM OF ORDINANCE

The Board may, in its discretion, review any ordinance proposed for adoption by the City Commission which affects or may affect the Fund or the Board and provide an advisory opinion to the City Commission.

8.2 APPEARANCE AT CITY COMMISSION MEETINGS

The Board of Trustees shall, through one of its members, its designee or its General Counsel, be present at all City Commission meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meeting, designate an official spokesperson on behalf of the Fund.

8.3 ACTUARIAL IMPACT STUDIES

No benefit change shall occur without an actuarial impact study as required by state law. All such actuarial impact studies approved by the Board shall be at the expense of the Fund.

RULE 9

JUDICIAL PROCEEDINGS

9.1 PROCESS

All process issued by federal or state courts to the City concerning the Pension Fund or to the Police Officer's Retirement System shall immediately upon receipt, be forwarded to the General Counsel for the Fund who shall determine whether a response is necessary and, if so, shall respond thereto.

9.2 DISSOLUTION OF MARRIAGE

Upon entering into Dissolution of Marriage, a Plan Member shall notify a Trustee of the Member's attorney's name, address and telephone number. The Trustee shall then promptly provide that information to the General Counsel of the Fund.

RULE 10

INVESTMENTS

10.1 HIRING INVESTMENT MANAGERS

In recognition of the importance of professional guidance in the investment of the assets of the Fund, all investments shall be performed by qualified, professional investment managers. The investment managers shall be selected at a regular or special meeting of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of investment

managers to a committee of the Board but no final decision shall be made except at a meeting of the Board. All proposals for investment manager services shall be presented in writing to the Board and shall be made a part of the records of the Board.

10.2 HIRING PERFORMANCE MONITORS

The Board shall engage at all times, at least one performance monitor who shall be responsible for reviewing the performance of the various investment managers of the fund. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than annually. The performance monitor shall advise the Board as to the relative performance of each investment manager as compared to the various stocks, bonds and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of investment managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for investment managers and such other services as the Board shall request be performed.

10.3 PERFORMANCE GOALS AND OBJECTIVES

The Board shall establish performance goals and objectives for each investment manager in each class of investment and shall establish expected rates of return. The investment policy shall comply with the minimum requirements set forth in Section 112.661, Florida Statutes. The performance goals and objectives shall be reduce to writing in an Investment Policy Statement and shall be referred to in the contract between the Board and the manager. The performance goals and objectives shall be reviewed on not less than an annual basis and shall be compared to the actual performance of an investment manager to determine compliance with the goals and objectives set by the Board. All Investment Policy Statements and amendments thereto shall immediately be provided to the City, the Department of Management Services and to the Board's actuary.

10.4 INVESTMENT STANDARDS

The Board shall establish written investment standards in the Investment Policy Statement. The standards shall set forth the distribution of the fund between equities, fixed income, cash and cash equivalents and other forms of lawful investment. The standards shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish permissible risk factors. Each investment manager shall subscribe to the Investment Policy Statement setting forth the written investment standards and performance goals and objectives of the Fund and the Investment Policy Statement shall be incorporated into each investment manager contract by reference.

10.5 DECISION MAKING AUTHORITY

The Board of Trustees shall determine the retention or discharge of any investment manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any investment manager and shall determine when funds shall be withdrawn and investments terminated. The Trustees shall not, however, participate in the selection of individual stocks,

bonds or cash funds as that shall be the responsibility of the investment manager within the context of the performance goals and objectives and investment standards established by the Board.

10.6 WRITTEN CONTRACTS

Each investment manager shall enter into a written contract with the Board. Each contract shall include acknowledgement by the investment manager that is familiar with the ordinances of the City of Eustis and the provisions of Chapters 112 and 185, Florida Statutes. The contracts shall also provide that the investment manager shall make no purchases, which are prohibited by law and in the event such purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. The contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Lake County, Florida. In no event shall any contract be terminable by the investment manager on less than 45 days' written notice, unless otherwise agreed to by the Board. Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an investment advisor and is otherwise qualified by law to engage in the management of the assets, which are the subject of the contract. All written contracts shall be reviewed by the General Counsel to the Fund who shall approve the form and correctness. All written contracts shall be executed by the Chairman and Secretary of the Board.

10.7 REPORTING

All investment managers and performance monitors of the Fund shall report on not less than an annual basis. The investment managers and monitors may, however, be directed by the Trustees to report on a more frequent basis. All such reports shall be in writing and shall be presented in person by a representative of the investment manager or performance monitor who has authority to make discretionary decisions with regard to the Trust's account and to settle claims and disputes arising from the contract. All such investment managers and performance monitors shall attend at least an annual meeting of the Board and shall report, in writing, the progress of each investment manager. The performance monitor shall also make written recommendations regarding retention of investment managers and changes in investment policy.

10.8 PRESENTATIONS BY PROSPECTIVE CONSULTANTS AND PROFESSIONALS

In recognition of the limited time resources of the Board, presentations of prospective investment managers, performance monitors, custodians or other prospective professional advisors shall only be by written invitation of the Board. The Board shall maintain records of such prospective managers, monitors, custodians and other professionals to be reviewed by the Board in the event the Board wishes to consider adding or making a change in its current manager, monitor, custodian, or other professional. In the event the Board elects to consider retaining a new manager, monitor, custodian or other professional, prospective applicants, including those applicants who had previously provided information to the Board may be contacted and provided with a Request for Proposal. The Board or a committee appointed by the Board may conduct the initial screening of applicants by reviewing the proposals received in response to the Requests for Proposals. The Board may then schedule personal presentations by a "short-list" of qualified

applicants. The Board may also decide to retain managers, monitors, custodians and other professionals by utilizing any other method which the Board deems to be prudent under the circumstances.

10.9 DIVESTITURE

No divestiture of any asset of the Fund shall be made for any reason other than fulfillment of the fiduciary obligations of the Fund.

10.10 PROXY VOTING

The Trustees shall be responsible for exercising all proxies on equities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all investment managers proxy voting responsibility and the Trustees shall monitor the voting of the managers.

The Trustees (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility.

- A. Declining to vote proxies;
- B. Voting proxies exclusively for management without analysis of the underlying issues;
- C. Permitting negligent or inaccurate record-keeping regarding proxy voting;
- D. Accepting directions from other parties;
- E. Permitting the absence of policies or procedures to assure the proper Exercise of this fiduciary responsibility.

Any significant proxy items and the vote by an investment manager shall be reported in writing to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Act.

It shall be the primary responsibility of investment managers acting on behalf of the Board to vote all proxies to enhance the value of the Fund assets. All tender offers shall be treated in the same manner with regard to record – keeping and asset enhancement.

10.11 DECLARATION OF EXPECTED ANNUAL RATE OF RETURN

For each actuarial valuation, the Board shall seek the advice of its Investment professionals and the actuary and then the Board shall determine the total expected annual rate of investment return for the current year, for each of the next several years and for the long term thereafter. This

determination must be filed promptly with the Department of Management Services, with the City and with the Board's actuary.

10.12 INVESTMENT REPORTS TO THE CITY

The Board shall prepare annual fiscal year end reports for submission to the City Commission, which shall include the investments in the portfolio by class or type, book value, income earned and market value as of the end of the fiscal year.

RULE 11

ACTUARIAL SERVICES

11.1 SELECTION

The Board of Trustees shall retain at all times the services of an enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employment Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

11.2 CONFLICT OF INTEREST

In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain actuaries who are employed by the City, unless the Board is determined to be the client by a separate engagement letter or contract.

11.3 REPORTING

The actuary shall report to the Board on not less than an annual basis to that the Board may establish the adequacy of employer and employee contribution rates. Valuations shall be done at least every three years

No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of the change. All actuarial reports shall be in accordance with the provisions of Section 112.63, Florida Statutes.

11.4 SETTING CONTRIBUTION RATES

Pursuant to the ordinances of the City, the Board is solely responsible for establishing the contribution rates of the City. The City contribution rate shall be established following an analysis of the adequacy of employee contributions, contributions from the State of Florida Insurance rebate Program and investment earnings of the Fund. The amount of the City contribution shall be certified in writing to the City Commission in accordance with the provisions of local ordinance.

11.5 CREDITED SERVICE

For purposes of actuarial calculations involving credited service, fractional parts of years shall be defined as completed months.

RULE 12

ACCOUNTING SERVICES

12.1 AUDITS

The Fund shall cause to be made not less than on an annual basis an audit of the assets and liabilities of the Fund. Financial reporting should be made in accordance with generally accepted accounting standards. The audit may be performed in conjunction with the annual audit of the City.

- A. All postings from the custodial statements to the Plan's working trial balance should be in accordance with the Board's general and / or specific authorizations.
- B. All transactions recorded in the custodial statements should be analyzed, summarized and accurately posted to the correct trial balance accounts in the correct time period.
- C. All adjustments, deductions or write-offs of account balances should be calculated, summarized and recorded in the correct period.
- D. All postings to the working trial balance should be supported by the reference to adequate, authorized documentation.

12.2 CONFLICTS OF INTEREST

In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the City unless the Board shall be determined to be the client by separate engagement letter or contract.

12.3 REVIEW OF INTERNAL CONTROLS

The policies and procedures provided for in these Operating Rules and Procedures shall be reviewed by the independent certified public accountant as part of the financial audit to determine the effectiveness of such controls to prevent losses of funds, which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Board or employees of the City.

RULE 14

CLAIMS PROCEDURES

14.1 CLAIMS OF AFFECTED PERSONS

- A.** The Board of Trustees shall grant an initial hearing upon receipt of a written request ("Claim"), on matters which affect the substantial rights of any person ("Claimant"), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board of Trustees.
- B.** The Board shall review the Claim at an initial hearing and enter an order within 90 days from the date of receipt of the Claim and, in the case of disability claims, receipt by the Board a written medical release authorization in a form approved by the General Counsel and a completed set of interrogatories prepared by the General Counsel and provided to the Claimant. The Board may extend the time for entering the order at an initial hearing for an additional 90 days if it determines such time is necessary for full discovery and adequate review. The General Counsel and the Claimant may stipulate to further extensions of time.
- C.** It shall be the function of the General Counsel, throughout the claims procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision.
- D.** The Claimant shall have the right to be represented by counsel at any or all times throughout the claims procedure.

14.2 INITIAL HEARING

- A.** At the initial hearing, the only evidence to be considered by the Board shall be documentary evidence contained in the pension file, including but not limited to, correspondence, medical records and reports of treating physicians and/or examining physicians and evidence received pursuant to Paragraph B.
- B.** Other than questions from the Trustees, there will be no taking of additional evidence at the initial hearing, except that
 - a.** the Claimant will be afforded 15 minutes to make a presentation, which shall be limited to comments and/or arguments as to the evidence or information already contained in the pension file, including the report of the examining physician;
 - b.** The City Manager or his designee will be afforded 5 minutes to make comments relating to the pension file and to identify witnesses who may have knowledge or other evidence of the matter; and

- c. The Police Chief or his designee will be afforded 5 minutes to make comments relating to the pension file and to identify witnesses who may have knowledge or other evidence of the matter
- C. Upon completion of the review of the Claim at the initial hearing, the Board shall enter an order setting forth its finding and conclusions on the Claim. The written order shall be provided to the Claimant. The order shall include:
 - 1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the Plan on which such conclusions are based;
 - 2) A description of any additional material or information that the Board may deem necessary for the Claimant to perfect his or her Claim, together with the reasons why such material or information is necessary; and
 - 3) An explanation of the right to a full hearing on the Claim and the time limit in which a full hearing must be requested in writing.
- D. The decision of the Board at the initial hearing shall not be final until after the time has expired to request a full hearing or, if a full hearing is requested, until the Board makes a decision at the conclusion of the full hearing.

14.3 FULL HEARING

- A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an order as provided in subsection 2.C above.
- B. A full hearing must be requested by the Claimant within 90 days of the receipt of the board's order. The order will be deemed received three days following the date it is mailed to claimant at the address provided to the Board by Claimant.
- C. Upon receipt of the request for a full hearing and considering the amount of discovery which might be conducted, the Board shall establish a date for the full hearing and cause notice to be given to the Claimant. The full hearing shall be held within 90 days from the receipt of the request from the Claimant. The full hearing may be postponed if necessary and with the consent of the Claimant, to permit full discovery of the facts. The full hearing may be postponed if necessary.
- D. Copies of all documents to be offered into evidence at the full hearing, including depositions, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board and the General Counsel by the Claimant at least 20 days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing if a reasonable explanation is not provided for the delay in providing the documents.

- E.** A Claimant or the General Counsel may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be given to the General Counsel and the Claimant.
- F.** The costs of any discovery, except discovery requested by the Board or the General Counsel, the appearance of witnesses at the hearing, and the making of a verbatim record of the proceedings shall be the responsibility of the Claimant.
- G.** The Claimant shall be responsible for the appearance of any witnesses which he wishes to have testify at the hearing. The Board shall, however, have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at the proceedings provided for herein. The Claimant may request in writing the issuance of subpoenas by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.
- H.** Testimony at the full hearing may be submitted in the form of a deposition. Depositions timely submitted will be part of the record before the Board at the full hearing and will not be read in totality at the full hearing; provided however, that this does not preclude the Claimant or the General Counsel from reading parts of depositions in an opening or closing statement.
- I.** Irrelevant and unduly repetitious evidence shall be excluded.
- J.** Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Section 775.082 or 775.083, Florida Statutes.
- K.** The file maintained by the Board, including but not limited to various medical reports therein, are part of the record before the Board at the full hearing.
- L.** All proceedings of the Board shall be conducted in public.
- M.** In cases concerning an application for pension benefits, including applications for disability retirement benefits, the burden of proof, except as otherwise provided by law, shall be on the Claimant seeking to show entitlement to such benefits.
- N.** In cases concerning termination of pension benefits, including re-examination of Retirees receiving disability retirement benefits, the burden of proof shall be on the Board.
- O.** Except as to those records which are exempted from the provisions of Chapter 119, Florida Statutes, Florida's Public Record Law, records maintained by the Board are open for inspection and / or copying during normal business hours at a reasonable cost for the copying.
- P.** Should a Claimant requesting an initial or full hearing decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the claimant requesting an initial or full hearing will need a record of the proceedings and may need to assure that a verbatim record of the proceedings is made. The Claimant requesting an

initial or full hearing will be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.

- Q.** The decisions of the Board after the requested full hearing shall be final and binding.
- R.** Within 15 days after making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions and a copy of the order shall be provided to the Claimant.
- S.** Judicial review of decisions of the Board shall be sought by the filing of a timely petition for writ of certiorari with the Clerk of the Circuit Court, in the appropriate county.

14.4 CONDUCT OF THE FULL HEARING

- A.** The Chairman shall preside over the hearing and shall rule on all evidentiary, procedural, and other legal questions that arise during the hearing. The Chairman's rulings shall stand unless overruled by a majority of the Trustees present. The Chairman shall open the full hearing by explaining the procedures to be followed.
- B.** The Claimant shall have the right to be represented by counsel or be self-represented. The General Counsel shall advise the Board.
- C.** The Claimant shall be allowed to make an opening statement not to exceed ten minutes.
- D.** Testimony of witnesses shall be under oath or affirmation. Depositions and affidavits shall be admissible.
- E.** The Chairman, any Trustees, the General Counsel, the Claimant or the Claimant's counsel, upon recognition by the Chairman, may direct questions to any witness during the proceedings.
- F.** The Claimant or the General Counsel shall each have the right to present evidence relevant to the issues, to cross-examine witnesses, to impeach witnesses and to respond to the evidence presented.
- G.** The Claimant shall be permitted a closing argument not to exceed 15 minutes.
- H.** The Board shall deliberate and make a decision following closing argument and thereafter enter an order as provided herein.

14.5 DISABILITY CLAIMS – ADDITIONAL PROCEDURES

- A.** All applications for disability pensions shall be in writing. Forms for such applications may be provided by the Board.
- B.** Upon receipt of the application for disability, the General Counsel will provide the Claimant with a set of interrogatories or questions to be answered under oath and a medical release authorization. Both documents will be completed by the Claimant and returned to the General Counsel.

- C. Upon receipt of the properly completed interrogatories and medical release authorization, the General Counsel will request medical records from all relevant treating physicians; personnel records from the employer, copies of relevant worker's compensation records, and copies of other records deemed to be relevant to the Claim the Board shall pay, from the Fund, the cost of any medical examinations required by the Board and for copies of medical records. Simultaneously, the Chief of Police and City Manager shall each be served with a set of interrogatories prepared by the General Counsel to be completed by the Chief of Police or his designee and the City Manager or his designee within 45 days of receipt of the documents specified in Section 14.5(B).
- D. The General Counsel will, if authorized by the Board upon receipt of the medical records from the treating physicians, schedule an independent medical examination (IME) or examinations with an appropriate independent examining physician or physicians who will be asked to render an opinion about Claimant's physical condition as it relates to the claimed disability.
- E. Upon receipt of the IME report or reports from the examining physician or physicians, the General Counsel will provide all records of treating physicians, relevant workers' compensation claims records, the independent medical evaluation, and all together relevant documents to the Board for inclusion in the pension file and the Board shall then schedule the initial hearing.

RULE 15

CONFIDENTIALITY

15.1 EXTENT OF CONFIDENTIALITY PERMITTED

119.07(3)(k) 1., Florida Statutes, provides that the home addresses, telephone numbers and photographs of active or former law enforcement personnel; the home addresses, telephone numbers, photographs, and places of employment of the spouses and children of such personnel; and the names and locations of schools and day care facilities attended by the children of such personnel are exempt from the public records provisions of Section 119.07(1), Florida Statutes.

15.2 REQUIREMENT FOR MAINTENANCE OF CONFIDENTIALITY

To the extent permitted by law, the Board will maintain the information specified in 15.1 as confidential, if it receives from a Member or the City a written request to maintain confidentiality.

15.3 CONFIDENTIALITY OF MEDICAL RECORDS

- A. 112.08(7), Florida Statutes is an exemption of medical records and medical claims records from the public records requirements of 119.07 (1), Florida Statutes and such records are thus confidential.
- B. This exemption provides that the Board shall not furnish such records to any person except the employee or his or her legal representative without written authorization from

the employee, or, unless otherwise prohibited by law, it receives a subpoena issued in a civil or criminal action from a court of competent jurisdiction where the party seeking the records gave proper notice to the employee or his or her legal representative.

- C. Since, under Government in the Sunshine, trustees can only discuss issues involving medical records of an employee in a public meeting, a document authorizing disclosure and public discussion must be signed by an employee prior to consideration by the Board. Upon consideration of the medical records at a public Board meeting, such records then become subject to disclosure in the same manner as any other public record.

RULE 16

INTEREST CALCULATIONS

16.1 INTEREST CALCULATION

To the extent permitted by law, the interest calculation for the purchase of Credited Service shall be the greater of:

- A. Actual interest earned,
- B. Actuarially assumed rate

RULE 17

DISABILITY REVIEW PROCEDURE

17.1 PROCEDURE

The Board shall periodically review the status of disability Retirees who may be eligible to return to employment with the City as a Police Officer in accordance with the following:

- A. A disability affidavit on a form adopted by the Board shall be filed with the Board at least once a year. Failure to file the affidavit shall result in a suspension of disability benefits.
- B. Upon receipt of the affidavit, the Board shall determine whether the disability Retiree continues to be entitled to receive disability benefits pursuant to the terms of the pension plan.
- C. If the Board determines that the disability Retiree is still disabled, then disability benefits shall continue to be paid.
- D. If, after review of the affidavit, the Board is unable to determine whether the disability Retiree continues to be disabled; the Board shall make further inquiry as necessary.
- E. Such inquiry may include job availability and medical ability to perform duty. If the Board determines that a Police Officer position appropriate for assignment may be

available, and the disability Retiree may be able to perform duty in such position, an independent medical examination or examinations shall be performed at the Board's expense by a physician or physicians selected by the Board. A job description and physical or psychological requirements necessary to perform the position shall be provided to the independent medical examiner(s).

- F. After receipt of the report or reports of the independent medical examiner(s), other medical evidence and determination of job availability, the Board shall determine whether disability benefits shall continue.

These Operating Rules and Procedures were adopted by an affirmative vote of the Police Pension Board at a publicly noticed meeting held February 8, 2017.

A handwritten signature in dark ink, appearing to read "Lt. Kenneth Birkhofer", is written over a horizontal line.

Lt. Kenneth Birkhofer
Secretary of the Board of Trustees