

# **BUSINESS IMPACT ESTIMATE<sup>1</sup>**

Meeting Dates: May 6, 2024; May 20, 2024

Agenda Item No. 11.B.2. and 11.B.5

## **ORDINANCE 24-13**

**AN ORDINANCE OF THE CITY OF MARCO ISLAND, COLLIER COUNTY, FLORIDA, AMENDING CHAPTER 22 "FIRE PREVENTION AND PROTECTION," ARTICLE III "FIREFIGHTERS' PENSION PLAN," IN ACCORDANCE WITH THE SECURING A STRONG RETIREMENT ACT OF 2022 (SECURE ACT 2.0) AND AUTHORIZED INVESTMENT PROCEDURES UNDER CHAPTER 175, FLORIDA STATUTES; BY AMENDING SECTION 22-55 "FINANCES AND FUND MANAGEMENT" AND SECTION 22-65 "INTERNAL REVENUE CODE COMPLIANCE"; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.**

### **Summary of Proposed Ordinance and Statement of Public Purpose to be Served**

In 2022, the Biden Administration signed the Securing a Strong Retirement Act of 2022 (SECURE 2.0 Act) as part of the Consolidated Appropriations Act of 2023. The SECURE 2.0 Act introduces several changes to the Internal Revenue Code that affect qualified retirement plans, which include the City of Marco Island Firefighters' Pension Plan (the Pension Plan). This amendment complies with the mandates in the SECURE 2.0 Act by increasing the applicable age required for minimum distribution requirements. To ensure conformity with the SECURE 2.0 Act, the proposed ordinance amendment has been prepared. Additionally, the Board of Trustees for the Pension Plan desires to modify the investment procedures set forth in Section 175.071, Florida Statutes, by requesting a variance to permit it to invest up to eighty percent (80%) of the fund in stocks at market value. Further, the Board will be authorized under the amendment to invest up to twenty-five percent (25%) of plan assets in foreign securities on a market-value basis. .

The amendment ensures conformity with federal regulations and, as it relates to the changes to the Board's investment authority, allows for flexibility in investing public monies to potentially decrease the need for City aid in providing retirement benefits.

This amendment has been reviewed by the General Counsel for the Pension Plan, as well as the City Attorney's Office

### **Estimate of Direct Economic Impact on Private/For Profit Businesses**

None

### **Good Faith Estimate of Number of Businesses Likely Impacted:**

None

### **Any Additional Information:**

An actuarial impact statement issued by the Plan's actuary opined that the investment amendments to Section 22-55 Finance and Fund management (allocation up to 80% of the fund value in stocks with up to 25% in foreign securities) will not have an actuarial impact on the cost of the Retirement System for prefunding purposes. See attached letter from GRS.

<sup>1</sup> Business Impact Estimate does not apply to the following:

1. Ordinances required for compliance with federal or state law or regulation.
2. Ordinances related to the issuance or refinancing of debt.

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3. Ordinances relating to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget.
  4. Ordinances required to implement a contract/agreement.
  5. Emergency ordinances.
  6. Ordinances relating to procurement.
  7. Ordinances enacted to implement the following:
    - a. Part II of Chapter 163, F.S.
    - b. Sec. 190.005, F.S. and Sec. 190.046, F.S.
    - c. Sec. 553.73, F.S. (Fla. Building Code).
    - d. Sec. 633.202, F.S. (Fla. Fire Prevention Code).



May 6, 2024

Mr. Toby Rabelo  
Plan Administrator  
Resource Centers, LLC  
4100 Center Pointe Dr., Suite 108  
Fort Myers, Florida 33916

**Re: City of Marco Island Firefighters Pension Plan**

Dear Toby:

As requested, we have reviewed the proposed ordinance which would amend City of Marco Island Firefighters Pension Plan as follows:

- Amend Section 22-55, Finances and Fund Management, to allow the Board of Trustees to invest the fund as they deem advisable including an allocation of up to 80% of the fund value in stocks with up to 25% in foreign securities, in accordance with the investment procedures of the Florida Statutes.

In our opinion, these changes will not have an actuarial impact on the cost of the Retirement System for prefunding purposes. It is our opinion that a formal Actuarial Impact Statement is not required. However, we recommend that you send a copy of this letter and the ordinance to the Bureau of Local Retirement Systems.

Jeffrey Amrose is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuary is independent of the plan sponsor.

We welcome your questions and comments.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink, appearing to read 'Jeff Amrose', written over a printed name and title.

Jeffrey Amrose, EA, MAAA  
Senior Consultant and Actuary

The above communication shall not be construed to provide tax advice, legal advice or investment advice.