



GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

301 East Las Olas Blvd. • Suite 200 • Ft. Lauderdale, FL 33301-2254 • 954-527-1616 • FAX 954-525-0083

September 12, 2005

Mr. Dave Williams, Administrator
Sunrise Police Officers Pension Board
City of Sunrise
13790 N W. 4th Street, Suite 105
Sunrise, Florida 33325

Re: Plan Changes to Be Effective January 1, 2006

Dear Dave:

The collective bargaining agreement provides that the following changes will be made effective January 1, 2006:

- Members will be able to remain in the DROP for 60 months as long as they enter within 60 months after normal retirement date.
- The monthly supplemental benefit will be raised to \$16.25 per year of service until age 65 and \$10.00 per year of service thereafter. The present rates are \$10.00 and \$6.25, respectively.
- An annual 2% COLA starting five years after retirement will apply to those who retire or enter the DROP on or after January 1, 2006.
- The normal retirement benefit will be 3% for each of the first ten years of service, 4% for each of the next 10 years, 2% for each year after 20 years, subject to a cap of 80% of average final compensation.
- Those who were in employment on October 1, 2003 and who retire or enter the DROP on or after January 1, 2006 will receive the greater of the old benefit plus 2% of average final compensation, or the new benefit.

The amount of additional funding for these new benefits will have to begin October 1, 2006. Our October 1, 2005 Actuarial Valuation Report will determine the amounts payable.

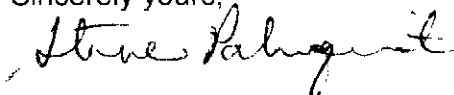
In order to administer the Plan properly, the amendment implementing these changes should be passed by the City Commission before January 1, 2006. Those retiring or entering the DROP thereafter will not be able to receive the agreed upon benefits until the amending ordinance is passed. If passage occurs after December 31st, there will have to be two calculations done for each new retiree. There will also have to be retroactive payments to make up any differences.

Mr. Dave Williams
Sunrise Police Officers' Pension Board
September 12, 2005
Page Two

Extra expense due to these factors will be avoided if the amendment is passed before the effective date.

We welcome your questions and comments.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Steve Palmquist".

J. Stephen Palmquist

JSP/or

cc: Lee Dehner