

ORDINANCE NO. 2002-28

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, AMENDING THE DEFINITION SECTION OF THE CITY OF NORTH MIAMI BEACH RETIREMENT PLAN FOR POLICE OFFICERS AND FIREFIGHTERS; CREATING A DEFERRED RETIREMENT OPTION PLAN (“DROP”) FOR POLICE OFFICERS; CLARIFYING THE STATUS OF ACCRUED LEAVE ACCOUNTS; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of North Miami Beach has established a retirement plan for police officers and firefighters; and

WHEREAS, the Retirement Committee of the Retirement Plan for Police Officers and Firefighters has recommended that the City Council adopt a Deferred Retirement Option Program (“DROP”) for Police Officers; and

WHEREAS, the City of North Miami Beach believes that an enactment of a DROP will provide an additional benefit option in which some police officers may choose to participate; and

WHEREAS, the Mayor and City Council desire to enact a DROP plan for the benefit of the City’s police officers and to clarify the status of accrued leave account balances for those officers entering the DROP.

NOW THEREFORE,

BE IT ORDAINED by the City Council of the City of North Miami Beach as follows:

Section 1. Article II of the City of North Miami Beach Retirement Plan for Police Officers and Firefighters is hereby amended to add the following definition:

DROP Participant means a member of the Deferred Retirement Option Program. Upon the resignation of the police officer, after entering the DROP, or upon conclusion of five years in the DROP program, a person is no longer a DROP participant.

Section 2. Article VI of the City of North Miami Beach Retirement Plan for Police Officers and Firefighters is hereby amended by the creation of new section **6.01A Deferred Retirement Option Program (DROP)** to provide as follows:

1. There is hereby created a deferred retirement option program (“DROP”) for police officers.

2. The DROP is a retirement option in which a police officer may choose to participate or not to participate, at his or her own discretion.

3. DROP participants will be considered a retiree for all purposes of the plan, pursuant to Chapter 185, Florida Statutes.

4. A DROP participant will remain an employee of the City of North Miami Beach while a member of the DROP.

5. A police officer is eligible to enter the DROP upon attaining twenty-three (23) years of service and reaching age forty-five (45), or attaining twenty (20) years of service and reaching age fifty-two (52).

6. The total years of participation in the DROP may not exceed five (5) years.

7. A police officer's credited service and final average monthly compensation for calculation of benefits will freeze as of the date the police officer enters the DROP. Credited service that is purchased pursuant to Section 3.04(e) which has been paid for at the time the police officer enters the DROP will be used as credited service for the purpose of computing the retirement benefit. A DROP participant may not purchase credited service after entry into the DROP. The police officer's retirement benefit will be based on the Plan provisions in effect at the time the member entered the DROP, unless subsequent Plan amendments specifically provide otherwise. To the extent that the age of the member or the age of the beneficiary of a member is taken into account in the calculation of the monthly benefit, the ages will be calculated as of the beginning of the DROP period. All contributions required under Article IV, s.4.01(b) shall cease upon entry into the DROP.

8. Monthly retirement benefits that would have been payable had the police officer terminated employment and elected to receive monthly retirement benefits will be credited to police officer's DROP account while the police officer remains employed as a police officer with the City of North Miami Beach.

9. The DROP account is a bookkeeping account within the Fund. The money that is credited to a member's DROP account will be commingled with all other monies in the fund. Each member's DROP account will be credited with interest at the assumed interest assumption for the Plan, as it may change from time to time.

10. No payments or loans will be made from the DROP account to any DROP participant until the police officer actually terminates employment from the City. Upon termination of employment, the DROP participant will be eligible to receive the entire balance in his or her DROP account. Alternatively, the police officer may elect to roll-over the DROP account into a qualified plan. The police officer shall have up to sixty days from termination of employment to make his or her selection. Failure to make a selection shall be construed as a request for a distribution directly to the former DROP participant. Whichever distribution method the employee chooses must comply with the Internal Revenue Code and rules and regulations promulgated thereunder.

11. If a DROP participant dies prior to receiving a distribution of all money in the participant's DROP account, the money in the participant's DROP account shall be paid to the designated beneficiary for the DROP account. The monthly retirement benefit which would otherwise be payable to the retiree, or to his or her designated beneficiary, will be paid in accordance with the form of benefit and beneficiary designation filed by the police officer.

12. The normal form of benefit will be a monthly benefit for life with a guarantee of at least one-hundred twenty (120) monthly payments. The ten (10) year guarantee period will commence as of the end of the DROP period. The member may elect to receive the benefit in any of the optional forms offered by the Plan. The amount that the member receives in an alternative form of benefit will be calculated based on the age of the member and the beneficiary at the end of the DROP period.

13. COLA payments pursuant to Section 6.01(c) shall commence on the October 1 coincident with or next following three years after the DROP participant's actual separation from service with the City as a police officer.

14. The decision to enter the DROP is irrevocable. Each police officer who enters the DROP is required to execute whatever documents the Retirement Committee promulgates, which shall include, at a minimum, an agreement that he or she will resign from the City no later than five (5) years from actual date of entering the DROP.

15. If for any reason, a court of competent jurisdiction determines that the irrevocable election is not enforceable, and a police officer chooses to remain in the employment of the City

beyond five (5) years, the police officers' retirement benefit will be calculated as if the police officer had never entered the DROP , and the police officer will be required to make contributions to the Pension Fund in an amount sufficient to cover the employee and City contributions that would have been made had the police officer not elected to participate in the DROP, along with interest, as determined by the Retirement Committee upon the advice of the actuary.

16. At the police officer's option, payouts for all or a portion of each officer's pensionable accrued compensatory leave time will be paid to the participant at the time the participant enters the DROP and will be used to calculate the amount of the DROP participant's pension and will be included in the police officer's final average monthly compensation for pension purposes.

17. Upon entry into the DROP, the DROP participant will not be eligible to receive a disability retirement benefit.

18. The Retirement Committee shall have the power to make administrative rules as are necessary for the efficient implementation and operation of the DROP and to ensure its continued compliance with the tax qualification requirements of the Internal Revenue Code.

19. The City Council of the City of North Miami Beach shall have the unilateral authority, at its absolute discretion, to extend temporarily the term of the DROP plan in effect for up to two additional years, to address what it considers, at its sole discretion, emergency management/personnel issues.

Section 3. There will be no payouts for accrued sick leave or for accrued vacation at the time the police officer enters the DROP (except as may be required to finance Internal Revenue Service approved buy-backs of credited service.) The remaining balance of sick leave and vacation time that a police officer has earned upon entry into the DROP will remain on the books for the police officers' use during his continued employment with the City pursuant to bargaining unit contracts and personnel regulations.

Section 4. All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

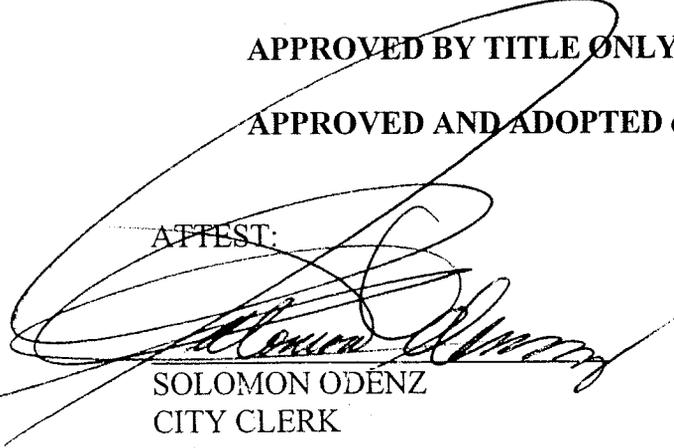
Section 5. If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

Section 6. It is the intention of the City Council of the City of North Miami Beach and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami Beach, Florida. The Sections of this Ordinance may be renumbered or relettered to accomplish this intention and the word "Ordinance" may be changed to "Section", "Article" or other appropriate word as the codifier may deem fit.

APPROVED BY TITLE ONLY on first reading this **17th day of December, 2002.**

APPROVED AND ADOPTED on second reading this **7th day of January, 2003.**

ATTEST:



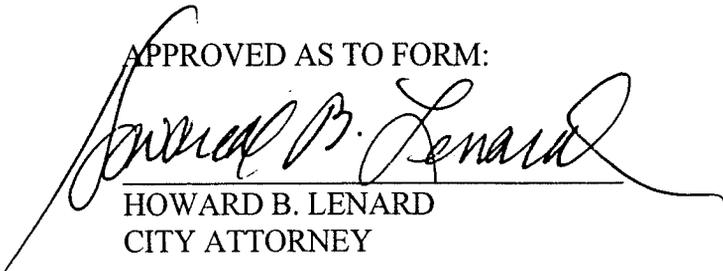
SOLOMON ODENZ
CITY CLERK



JEFFREY A. MISHCON
MAYOR

(CITY SEAL)

APPROVED AS TO FORM:



HOWARD B. LENARD
CITY ATTORNEY

SPONSORED BY: Mayor and City Council