

ORDINANCE NO. 2006-25

AN ORDINANCE ENACTING AMENDMENTS TO THE RETIREMENT PLAN AND TRUST FOR THE GENERAL MANAGEMENT EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, ADOPTION AGREEMENT, ADMINISTERED BY THE FLORIDA LEAGUE OF CITIES; ADDING A DEFERRED RETIREMENT OPTION PROGRAM (DROP); PROVIDING FOR SEVERABILITY, PROVIDING FOR THE REPEAL OF ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR THE CODIFICATION OF THIS ORDINANCE.

WHEREAS, the City of North Miami Beach has established and maintains Retirement Plans for all eligible employees of the City; and

WHEREAS, Deferred Retirement Option Programs (“DROP”) provides an additional benefit option to employees, without increasing contribution levels of the City; and

WHEREAS, pursuant to City of North Miami Beach Ordinance No. 96-9, the City approved and established a “DROP” plan for eligible firefighter members of the City’s Police and Firefighters Pension Plan; and

WHEREAS, pursuant to City of North Miami Beach Ordinance No. 2002-28, the City approved and established a “DROP” plan for eligible Police Officers in the City’s Police and Firefighters Pension Plan; and

WHEREAS, pursuant to City of North Miami Beach Ordinance No. 2006-6, the City approved and established a “DROP” plan for eligible General Employees in the City’s General Employees Pension Plan; and

WHEREAS, the Mayor and City Council desire to provide the same benefit option of a “DROP” program for eligible members of the General Management Employees Retirement Plan and Trust established by City of North Miami Beach Ordinance No. 2002-30, and administered by the Florida League of Cities; and

WHEREAS, it has been determined by the Plan Actuary that this amendment will have no significant financial impact on the City’s plan; and

WHEREAS, the Plan Retirement Committee for the General Management Employees Retirement Plan & Trust voted on December 14, 2006 to recommend adoption of the DROP Program described herein; and

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WHEREAS, the active plan participants voted by overwhelming majority (97%) to approve amendment of the Plan by the adoption of a DROP Program; and

WHEREAS, the Mayor and City Council of the City of North Miami Beach wish to amend the Retirement Plan and Trust for the General Management Employees of the City of North Miami Beach to add a Deferred Retirement Option Program.

NOW, THEREFORE,

BE IT ORDAINED by the City Council of the City of North Miami Beach, Florida.

Section 1. The foregoing recitals are true and correct.

Section 2. Section M. Deferred Retirement Option Program (DROP) of the Retirement Plan and Trust for the General Management Employees of the City of North Miami Beach Adoption Agreement shall be amended by the addition of the following:

M. DEFERRED RETIREMENT OPTION PROGRAM.

In general, and subject to the provisions of this section, the Deferred Retirement Option Program, hereinafter referred to as the DROP, is a program under which an eligible member of the Retirement Plan & Trust for the Management Employees of the City of North Miami Beach may elect to participate, deferring receipt of retirement benefits while continuing employment with the City of North Miami Beach. The deferred monthly benefits shall accrue in the Trust Fund on behalf of the participant, plus interest compounded monthly, for the specified period of the DROP participation, as provided in paragraph (c). Upon termination of employment, the participant shall receive the total DROP benefits and begin to receive the previously determined normal retirement benefits.

(a) Eligibility of member to participate in the DROP

All active members are eligible to elect participation in the DROP provided that:

Election to participate is made anytime following the date on which the member first reaches normal retirement eligibility. The member shall advise the Board of Trustees of the Retirement Plan & Trust for the Management Employees of the City of North Miami Beach (the Retirement Committee) in writing of the date on which the DROP shall begin.

(b) Participation in the DROP

1. An eligible member may elect to participate in the DROP for a period not to exceed a maximum of 60 calendar months immediately following the date on which the member first elects to participate as provided in subparagraph (a).

2. Upon deciding to participate in the DROP, the member shall submit, on forms:

- a. A written election to participate in the DROP;
- b. Selection of the DROP participation and termination dates, which satisfy the limitations stated in paragraph (a) and subparagraph (b)1. Such termination date shall be in a binding letter of resignation with the employer, establishing a deferred termination date. The member may change the termination date within the limitations of subparagraph (b)1.
- c. A properly completed DROP application for service retirement as provided in this section; and
- d. Any other information required.

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3. The DROP participant shall be a retiree under the Retirement Plan & Trust for the Management Employees of the City of North Miami Beach. However, participation in the DROP does not alter the participant's employment status and such employee shall not be deemed retired from employment until his or her deferred resignation is effective and termination occurs.

(c) Benefits payable under the DROP

1. Effective with the date of DROP participation, the member's initial normal monthly retirement benefit, including creditable service, optional form of payment, and average final compensation, and the effective date of retirement shall be fixed. The beneficiary shall be the beneficiary eligible to receive any DROP benefits payable if the DROP participant dies prior to the completion of the period of DROP participation. In the event a joint annuitant predeceases the member, the member may name a beneficiary to receive accumulated DROP benefits payable. Retirement benefits, including Cola adjustments, shall accrue monthly in the Trust Fund. Interest, as adjusted by the Florida League, shall accrue at an effective annual rate of 6.5 percent compounded monthly, on the prior month's accumulated ending balance, up to the month of termination or death.

2. The effective date of DROP participation and the effective date of retirement of a DROP participant shall be the first day of the month selected by the member to begin participation in the DROP, provided such date is properly established, with the written confirmation of the employer.

3. Retirement benefits and interest thereon shall continue to accrue in the DROP until the established termination date of the DROP or until the participant terminates employment or dies prior to such date. Although individual DROP accounts shall not be established, a separate accounting of each participant's accrued benefits under the DROP shall be calculated and provided to participants as of September 30 of each year.

4. At the conclusion of the participant's DROP, the TRUST shall distribute the participant's total accumulated DROP benefits, subject to the following provisions:

a. The terminated DROP participant or, if deceased, such participant's named beneficiary, shall elect on forms to receive payment of the DROP benefits in accordance with one of the options listed below. For a participant or beneficiary who fails to elect a method of payment within 60 days of termination of the DROP, the Retirement Plan & Trust for the Management Employees of the City of North Miami Beach will pay a lump sum as provided in sub-sub-subparagraph (I).

(I) Lump sum - All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

(II) Direct rollover - All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code.

(III) Partial lump sum - A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code.

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The proportions shall be specified by the DROP participant or surviving beneficiary.

b. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the Internal Revenue Code.

c. A DROP participant who fails to terminate employment shall be deemed not to have retired, and the DROP election shall be null and void. Retirement Plan & Trust for the Management Employees of the City of North Miami Beach membership shall be reestablished retroactively to the date of the commencement of the DROP provided the employee makes the required employee contribution to the fund for the period of time they were participating in the DROP in a lump sum payment.

5. The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal process whatsoever, except for qualified domestic relations orders by a court of competent jurisdiction, income deduction orders and federal income tax levies.

6. DROP participants shall not be eligible for disability retirement benefits.

(d) Death benefits under the DROP

1. Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP.

2. The normal retirement benefit accrued to the DROP during the month of a participant's death shall be the final monthly benefit credited for such DROP participant.

3. Eligibility to participate in the DROP terminates upon death of the participant. If the participant dies on or after the effective date of enrollment in the DROP, but prior to the first monthly benefit being credited to the DROP, Retirement Plan & Trust for the Management Employees of the City of North Miami Beach benefits shall be paid in accordance with regular retirement benefit provisions.

4. A DROP participants' survivors shall not be eligible to receive Retirement Plan & Trust for the Management Employees of the City of North Miami Beach active member death benefits.

(e) Forfeiture of retirement benefits

Nothing in this section shall be construed to remove DROP participants from the scope of s. 8(d), Art. II of the State Constitution, s. 112.3173. DROP participants who commit a specified felony offense while employed will be subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those provisions of law.

Section 3. All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

Section 4. If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

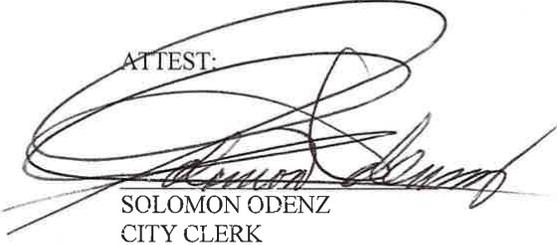
Section 5. It is the intention of the City Council of the City of North Miami Beach and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami Beach, Florida. The Sections of this Ordinance may be

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 **19th day of December, 2006.**

APPROVED AND ADOPTED on second reading this **20th day of February, 2007.**

ATTEST:



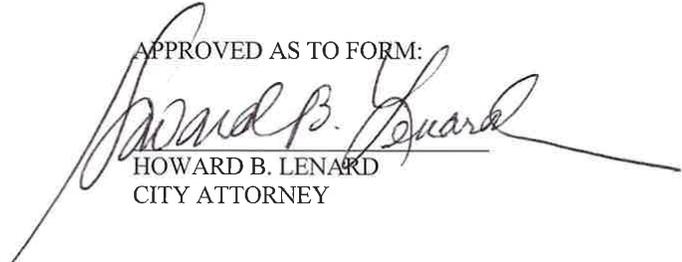
SOLOMON ODENZ
CITY CLERK



RAYMOND F. MARIN
MAYOR

(CITY SEAL)

APPROVED AS TO FORM:



HOWARD B. LENARD
CITY ATTORNEY

SPONSORED BY: Mayor and City Council

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