

ORDINANCE NO. 2006-6

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, AMENDING THE DEFINITION SECTION OF THE RETIREMENT PLAN FOR GENERAL EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH; CREATING A DEFERRED RETIREMENT OPTION PROGRAM ("DROP") FOR GENERAL EMPLOYEES; 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 the Retirement Plan for General Employees of the City of North Miami Beach; and

WHEREAS, the Retirement Committee of the Retirement Plan for General Employees of the City of North Miami Beach has recommended that the City Council adopt a Deferred Retirement Option Program ("DROP") for General Employees; and

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

WHEREAS, a majority of plan participants have approved by referendum the establishment of a DROP program; and

WHEREAS, the Mayor and City Council desire to enact a DROP for the benefit of the City's General Employees and to clarify the status of accrued leave account balances for those General Employees 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 Retirement Plan for General Employees of the City of North Miami Beach is hereby amended to add the following definition:

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

**Section 2.** Article VI of the Retirement Plan for General Employees of the City of North Miami Beach is hereby amended by the creation of new section **6.14 Deferred Retirement Option Program (DROP)** to provide as follows:

1. There is hereby created a deferred retirement option program ("DROP") for Employees.

2. The DROP is a retirement option in which an Employee 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.

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

5. An Employee is eligible to enter the DROP upon attaining twenty (20) years of service and reaching age fifty five (55), or attaining age 62, regardless of the number of years of service.

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

7. An Employee's credited service and final average monthly compensation for calculation of benefits will freeze as of the date the Employee enters the DROP. Credited service that is purchased pursuant to Section 3.05 which has been paid for at the time the Employee 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 Employee'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 s.4.01 (b) shall cease upon entry into the DROP.

8. Monthly retirement benefits that would have been payable had the Employee terminated employment and elected to receive monthly retirement benefits will be credited to the Employee's DROP account while the Employee remains employed as an Employee.

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 rate of 6.5%, compounded monthly. This amount may be changed from time to time by the Retirement Committee. Any change will be prospective only. The interest credited to the DROP account may never be greater than the investment return actuarial assumption.

10. No payments or loans will be made from the DROP account to any DROP participant until the Employee 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 Employee may elect to roll-over the DROP account into a qualified plan. The Employee 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. If a DROP participant elects to receive all or a portion of their balance in a direct payment, the Fund will withhold such funds as are required by the Internal Revenue code 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 Employee.

12. A DROP participant must choose the form of benefit prior to entering the DROP. Unless the DROP participant chooses an optional form of payment, the DROP participant will be paid benefits in a normal form. There will be no change in the form of benefit after the first DROP payment is credited to the DROP member's account.

13. COLA payments pursuant to Section 6.13 shall not accrue and will not be paid until the October 1 coincident with or next following one year after the DROP participant's actual separation from service with the City as an Employee.

14. The decision to enter the DROP is irrevocable. Each Employee 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 an Employee chooses to remain in the employment of the City beyond five (5) years, the Employee's retirement benefit will be calculated as if the Employee had never entered the DROP, and the Employee 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 Employee not elected to participate in the DROP, along with interest, as determined by the Retirement Committee upon the advice of the actuary.

16. Upon entry into the DROP, the DROP participant will not be eligible to receive a disability retirement benefit or a pre-retirement death benefit.

17. 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.

18. 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 in effect for up to two additional years, to address what it considers, at its sole discretion, emergency management/personnel issues.

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

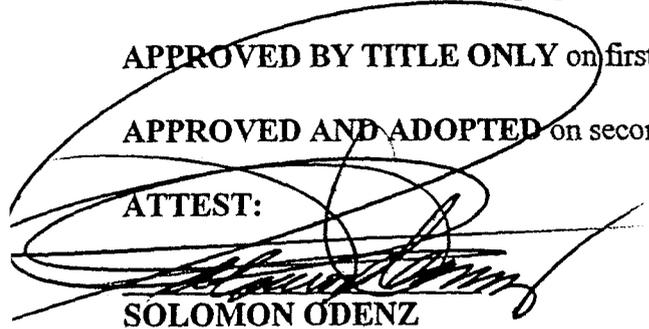
**Section 4.** If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

**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.

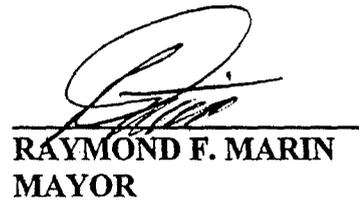
**APPROVED BY TITLE ONLY** on first reading this 21<sup>st</sup> day of March , 2006.

**APPROVED AND ADOPTED** on second reading this 4<sup>th</sup> day of April, 2006.

**ATTEST:**

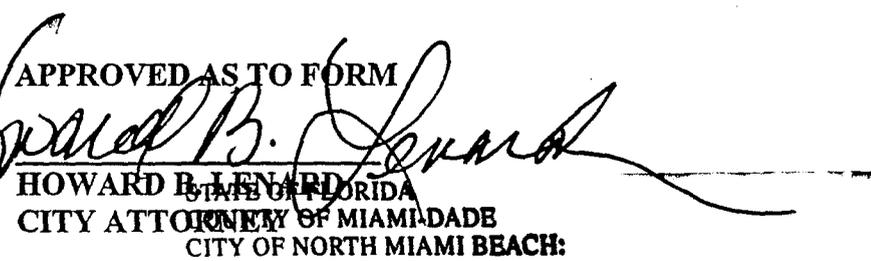


**SOLOMON ODENZ  
CITY CLERK**



**RAYMOND F. MARIN  
MAYOR**

(CITY SEAL)



**APPROVED AS TO FORM**  
**HOWARD B. LEONARD**  
**CITY ATTORNEY OF MIAMI DADE COUNTY**  
**CITY OF NORTH MIAMI BEACH:**

Sponsored by: Mayor and City Council

I, SOLOMON ODENZ, City Clerk of the City of North Miami Beach, do hereby certify that the attached and foregoing is a true and correct copy of the original thereof on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on this 7<sup>th</sup> day of April, A.D. 2006

**ORDINANCE NO. 2006-6** City Clerk of the City of North Miami Beach, Florida

