

ORDINANCE NO. 2006-27

AN ORDINANCE AMENDING THE POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, PERMITTING POLICE OFFICERS TO PURCHASE PERMISSIVE SERVICE CREDIT UP TO A MAXIMUM EQUIVALENT OF FOUR YEARS OF CREDITED SERVICE IN LIEU OF PURCHASING MILITARY OR OTHER LAW ENFORCEMENT SERVICE AND A SUPPLEMENTAL BENEFIT; 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 provides a pension plan for its Police Officers; and

WHEREAS, the police pension plan provides for the purchase, at full actuarial cost, of up to four years of military and/or other law enforcement services and a voluntary supplemental benefit; and

WHEREAS, the plan participants requested amendments to the plan to allow those officers without adequate military or other law enforcement services to purchase a higher multiplier up to the equivalent of four years of additional service; and

WHEREAS, the police officer participants, in a ballot conducted pursuant to plan provisions, have voted overwhelmingly in favor of these plan amendments; and

WHEREAS, the Plan actuary prepared a study and analysis concluding that these plan amendments would have an insignificant impact on fund liabilities and that adding these benefit enhancements, would be unlikely to significantly increase the contributions required by the City for the foreseeable future; and

WHEREAS, it has been determined that the City of North Miami Beach pension plan for police officers requires certain technical amendments to bring it into conformity with the federal Pension Protection Act of 2006; and

WHEREAS, the Mayor and City Council of the City of North Miami Beach wish to enact the plan enhancements requested by the plan participants and the technical amendments required to fully conform the plan to statutory requirements.

NOW, THEREFORE, 

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SECRETARY

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 6.01A Deferred Retirement Option Program (DROP) of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach shall be amended as follows:

§6.01A DEFERRED RETIREMENT OPTION PROGRAM (DROP)

- (e) A police officer is eligible to enter the DROP upon attaining twenty (20) years of service, or upon reaching age fifty-two (52) with the completion of 15 years of service. Years of service may be acquired by actual eligible credited service to the City, by the purchase of credited service for prior military or law enforcement service (§304(e)(1)), by the purchase of eligibility for earlier retirement permissive service credit (§304(g)) or any allowable combination thereof.

Section 3. Section 3.04(g) CREDITED SERVICE of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach shall be amended as follows:

§3.04 CREDITED SERVICE

- (g) ~~Purchase of Higher Multiplier & Earlier Retirement~~ Purchase of Permissive Service Credit.

- (2) In lieu of the purchase of credited service for prior military or law enforcement services, as provided above, a participant may purchase permissive service credit comprised of eligibility for earlier retirement combined with a higher benefit multiplier level for the participant's credited service which is the actuarial equivalent of up to 4 years of additional credited service under the following terms and conditions:

- a. The Participant contributes to the Retirement Plan the full actuarial cost of the higher benefit multiplier level combined with eligibility for earlier retirement (the benefit) purchased hereunder. As part of the application for the purchase of ~~such benefit~~ this type of permissive service credit, the Participant shall elect either to contribute to the Retirement Plan the cost of such purchased ~~benefit~~ permissive service credit or to have all or a portion of the contributions for the cost of said purchased ~~benefit~~ permissive service credit picked up by the City. If the Participant elects to have contributions picked up by the City, the Participant must execute an irrevocable, binding payroll deduction authorization form with respect to these participant contributions, the employee shall not be entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the City to the Retirement Plan and the employee while employed by the City shall not be able to make payment directly to the

Retirement Plan for such purchased benefit. With respect to any Participant's contributions, which are picked up by the City, the effective date of the pick-up by the City shall be the later of the adoption of this ordinance or the execution of the payroll deduction authorization form. Participant contributions made pursuant to such City pick-up shall be designated and considered as employee contributions, even though they are being paid by the city in lieu of the contributions paid directly by the Participant. The contributions made pursuant to this section are designated as being picked up by the City and paid from the same source as the payment of salary and wages to these Participants. Should, after termination of the Participant's employment a balance still remain due for the purchase of the benefit provided hereunder, at the Participant's option, the Retirement Plan shall reduce the amount of ~~benefit~~ such permissive service credit purchased to conform with the amount of contributions therefore picked up by the City and paid to the Retirement Plan or the Participant may elect to make a lump-sum contribution for the balance due subject to the limitations of Section 415 of the Internal Revenue Code. If the Participant elects to make a lump-sum contribution for the balance due, such payment shall be made by the Participant prior to the date that the Participant's first monthly pension benefit payment is due. The ~~benefit~~ permissive service credit purchase shall not be recognized or credited by the Pension Plan until the Participant has ~~completed ten (10) years of credited service~~ entered the DROP, retired, or terminated from employment with at least ten (10) years of credited service. If the Participant terminates employment before completing ten (10) years of service, all contributions made by the Participant for the ~~benefit~~ permissive service credit provided hereunder shall be refunded to the Participant.

b. For each month's equivalent of higher ~~multiplier~~ benefit level purchased hereunder, the participant's multiplier for the final year of credited service will be increased by (0.25%) one-quarter of one percent.

c. Years and months of earlier retirement eligibility purchased under this section will be treated as credited service for the purpose of determining eligibility for normal retirement, under section 6.01(b), early retirement, under section 6.02(a), or entry into DROP, under section 6.01A(e).

d. The maximum combined credit or equivalent credit which may be purchased by a Participant for any prior military service in the Armed Forces of the United States, other law enforcement service or higher multiplier benefit under this section shall be four years.

e. A participant who purchases the higher multiplier benefit provided hereunder shall make the following series of elections with regard to these actions:

- (i) The Participant may elect a lump sum payment, installment payments, or a partial lump sum payment ("down payment") followed by installments;

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- (ii) If installment payments are elected by the Participant, the Participant shall execute a binding irrevocable payroll deduction authorization to have these installment contributions picked up by the City.

f. To the extent permitted by law, including relevant Internal Revenue Code provisions, as amended from time to time, in lieu or in addition to irrevocable employer pickup of employee contributions, the plan will accept inter-plan transfers (“rollovers”) as provided in §3.04(f) to fund the purchase of the permissive service credit comprised of a higher benefit level and eligibility for earlier retirement provided herein.

Section 4. Section 6.11 VOLUNTARY SUPPLEMENTAL BENEFIT of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach shall be amended as follows:

(A) A Participant ~~who has completed ten years of credited service~~ may elect to purchase permissive service credit in the form of an increase to his or her retirement benefit by an amount no greater than 5% of his or her final monthly compensation (also referred to herein as “Voluntary Supplemental Benefit”) under the following conditions:

- (1) The Participant contributes to the Retirement Plan the full actuarial cost of the ~~supplemental higher benefit level~~ purchased hereunder. As part of the application for the purchase of such higher benefit level, the Participant shall elect either (i) to contribute to the Retirement Plan the cost of such purchased ~~supplemental higher benefit level~~, which contribution may include, in whole or part, the diversion of payments due to the Participant from the Deferred Retirement Option Plan (DROP), or (ii) to have all or a portion of the contributions for the cost of said higher benefit level picked up by the City. If the Participant elects to have contributions picked up by the City, the Participant must execute an irrevocable, binding payroll deduction authorization form with respect to these contributions, the employee shall not be entitled any option of choosing to receive the contributed amounts directly instead of having them paid by the City to the Retirement Plan and the employee while employed by the City shall not be able to make payment directly to the Retirement Plan for such ~~supplemental higher benefit level~~. With respect to any Participant’s contributions which are picked up by the City, the effective date of the pick-up by the City shall be the later of the adoption of this ordinance or the execution of the payroll deduction authorization form. This pick-up does not apply to any contributions made before the effective date or to any contribution that relates to compensation earned for services before the effective date. Participant contributions made pursuant to a binding irrevocable payroll deduction authorization to have such contributions picked up for the purpose of purchasing a ~~supplemental higher benefit level~~ hereunder shall be designated and considered as employee contributions, even though they are being paid by the City in lieu of the contributions paid directly by the Participant. Any payroll deduction authorizations in effect for the purchase of such ~~supplemental higher benefit level~~ as of the effective date of this ordinance are void. The contributions made pursuant to this section are designated as being picked up by the City and paid from the same source as the payment of salary and wages to these Participants. ~~On the cost of the purchased supplemental higher benefit level is not paid in full prior to the termination of the Participant’s employment (or by the conclusion of participation in the DROP, if the Participant elected to~~

divert payments from the DROP), then the balance due to the Retirement Plan for the purchased supplemental higher benefit level shall be picked up by the City from any payment due to the Participant by the City for unused accrued leave (termination pay) and the irrevocable payroll deduction authorization form described above, shall so provide, except pick up from termination pay is allowed only if said form was signed three (3) months or more before the employee's termination date. Should, after termination of the Participant's employment (or participation in the DROP) and the City pick-up of any remaining contribution due from the Participant's payment for accrued unused leave (*which only includes payments available upon termination which would be reportable on Form W-2 as taxable wages but for the pickup*) a balance still remain due for the purchase of the supplemental higher benefit level, then, at the Participant's option, the Retirement Plan shall reduce the amount of the supplemental higher benefit level purchased to conform with the amount of contributions therefore picked up by the City and paid to the Retirement Plan or the Participant may elect to make an after-tax lump-sum contribution for the balance due subject to the limitations of Section 415 of the Internal Revenue Code. If the Participant elects to make a lump-sum contribution for the balance due, such payment shall be made by the Participant prior to the date that the Participant's first monthly pension benefit payment is due, or if the Participant elected to divert payments from the DROP, then within 30 days of the conclusion of participation in the DROP. To the extent permitted by law, including relevant Internal Revenue Code provisions, as amended from time to time, in lieu or in addition to irrevocable employer pickup of employee contributions and diversions from the Participant's DROP account, the plan will accept inter-plan transfers ("rollovers") as provided in §3.04(f) to fund the purchase of the permissive service credit in the form of a higher benefit level provided herein. The supplemental higher benefit level purchase shall not be recognized or credited by the Pension Plan until the Participant has completed ten (10) years of credited service. If the Participant terminates employment before completing ten (10) years of service, all contributions made by the Participant for a supplemental higher benefit level shall be refunded to the Participant.

- (2) The election to purchase permissive service credit in the form of a supplemental higher benefit level is completely voluntary. The amount of supplemental higher benefit level purchased shall be a whole percent of final monthly compensation no less than 1% of final monthly compensation and no greater than 5% of final monthly compensation. The Voluntary Supplemental Benefit purchase shall not be limited by the purchase of additional permissive service credit or purchase of a higher multiplier benefit level under Section 3.04.
- (3) The Voluntary Supplemental Benefit shall be paid monthly at retirement.
- (4) If a Participant who purchases a supplemental higher benefit level retires under the early retirement provisions of Section 6.02, his Voluntary Supplemental Benefit shall be reduced in accordance with Section 6.02 (b) (3).
- (5) If a Participant who has completed the purchase of a supplemental higher benefit level retires under the disability provisions of Section 6.03, the supplemental higher benefit level shall count as part of the accrued benefit and shall increase the benefit paid to the Participant only to the extent that the accrued benefit (including the purchased supplemental benefit) is greater than 60% of the Participant's final monthly compensation.
- (6) If a Participant who has completed the purchase of a supplemental higher benefit level elects an Optional Form of Retirement Benefit under Section 6.06, the Voluntary Supplemental Benefit shall be reduced in a manner consistent with the Retirement Benefit paid to the Participant.

- (7) The Voluntary Supplemental Benefit shall increase with Cost of Living Adjustments in a manner consistent with the Retirement Benefit paid to the Participant.
- (8) A Participant who purchases a ~~supplemental~~ higher benefit level shall make the following series of elections with regard to these actions:
 - (i) The Participant may elect a lump sum payment, installment payments, or a partial lump sum payment (“down payment”) followed by installments;
 - (ii) If installment payments are elected by the Participant, the Participant shall execute a binding irrevocable payroll deduction authorization to have these installment contributions picked up by the City or execute a binding irrevocable authorization for diversion of DROP account credits.

Section 5. All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

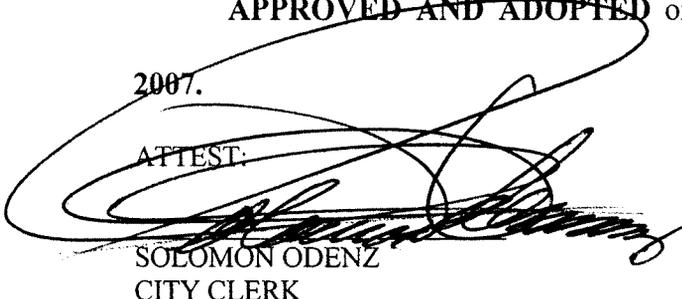
Section 6. If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

Section 7. 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.

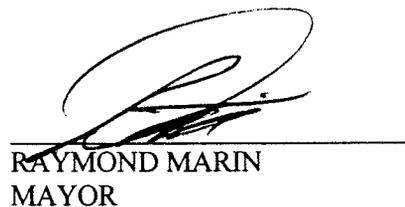
APPROVED BY TITLE ONLY on first reading this 19th day of December, 2006.

~~APPROVED AND ADOPTED~~ on second reading this 16th day of January, 2007.

ATTEST:



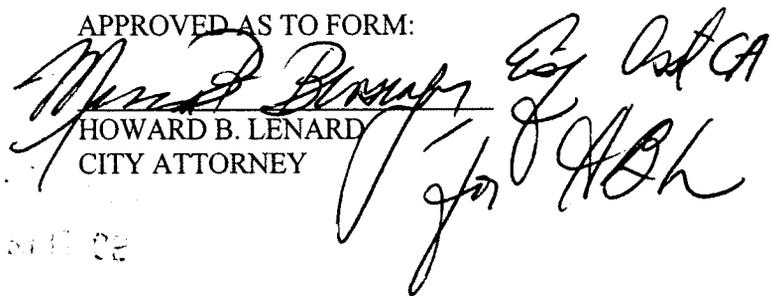
SOLOMON ODENZ
CITY CLERK



RAYMOND MARIN
MAYOR

(CITY SEAL)

APPROVED AS TO FORM:



HOWARD B. LENARD
CITY ATTORNEY

SPONSORED BY: Mayor and City Council

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