

**ORDINANCE NO. 2004-3**

**AN ORDINANCE AMENDING THE POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, CHANGING THE ELIGIBILITY CRITERIA FOR ENTERING THE POLICE DEFERRED RETIREMENT OPTION PROGRAM (DROP); PERMITTING POLICE OFFICERS TO PURCHASE A HIGHER MULTIPLIER UP TO A MAXIMUM EQUIVALENT FOUR YEARS OF CREDITED SERVICE IN LIEU OF PURCHASING MILITARY OR OTHER LAW ENFORCEMENT SERVICE; ENACTING TECHNICAL AMENDMENTS TO THE PLAN IN ORDER TO COMPLY WITH THE REQUIREMENTS OF CHAPTER 99-1, LAWS OF FLORIDA; 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, providing for Normal Retirement at age 52 or upon completion of 20 years of service; and

**WHEREAS,** the Police Officers Pension Plan provides for a Deferred Retirement Option Program (DROP) with established eligibility criteria; and

**WHEREAS,** the plan participants requested amendments to the plan to more closely conform the DROP eligibility criteria to the criteria for normal retirement eligibility; 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 service; 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,** Chapter 99-1, Laws of Florida, established benefit minimums for police pension plans; 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 full technical conformity with Chapter 99-1; and

**WHEREAS**, the City Council has received and reviewed an actuarial impact statement showing that it has been determined by the Plan Actuary that these required technical amendments will have no significant financial impact on the Retirement Plan or on the City's required contributions to the Retirement Plan; 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,**

**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, and or upon reaching age ~~forty-five (45)~~ 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 (§304(g)) or any allowable combination thereof.

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

**§3.04 CREDITED SERVICE**

- (g) Purchase of Higher Multiplier & Earlier Retirement.
  - (2) In lieu of the purchase of credited service for prior military or law enforcement services, as provided above, a participant may purchase eligibility for earlier retirement combined with a higher benefit multiplier 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 combined with eligibility for earlier retirement (the benefit) purchased hereunder. As part of the application for the purchase of such benefit, the Participant shall elect either to contribute to the Retirement Plan the cost of such purchased benefit or to have all or a portion of the contributions for the cost of said purchased benefit 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 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 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 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 the benefit provided hereunder shall be refunded to the Participant.

b. For each month of higher multiplier 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;

(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, the plan will accept inter-plan transfers as provided in §3.04(f) to fund the purchase of the benefit provided herein.

**Section 4.** Section 3.04(c) Military Service of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach is hereby amended as follows:

#### **§3.04 CREDITED SERVICE**

(c) Military Service.

(1) First Two Five Years of Absence – The first 2 5 years of any absence due to the employee's or participant's engagement in military service will be included in his credited service, if: ~~such absence is covered by a leave of absence granted by the City or is by reason of compulsory military service~~

(a) The police officer is in the active employ of the municipality prior to such service and leaves a position, other than a temporary position, for the purpose of voluntary or involuntary service in the Armed Forces of the United States.

(b) The police officer is entitled to reemployment under the provisions of the Uniformed Services Employment and Reemployment Rights Act.

(c) The police officer returns to his or her employment as a police officer of the municipality within 1 year from the date of his or her release from such active service.

(3) No employee contributions shall be required with regard to credited service for military service provided in this section.

**Section 5.** Section 4.02(b)(1) of the Retirement Plan for Police Officers and Firefighters of the City of North Miami Beach is hereby deleted in its entirety as obsolete. Section 4.02(b)(2) shall be renumbered as Section 4.02(b)(1).

**Section 6.** Section 6.04(a)(1) of the Retirement Plan for Police Officers and Firefighters

of the City of North Miami Beach is hereby amended as follows:

**§6.04 BENEFITS OTHER THAN ON RETIREMENT**

(a) Benefit on Termination of Service.

(1) Deferred Payment of Benefits – In the event of the termination of a participant’s service prior to his normal retirement date for any reason other than his death, early retirement (as described in Section 6.02) or disability retirement (as described in Section 6.03) after he has completed ten (10) years of credited service (hereinafter referred to as a “terminated participant”), he will be entitled to a monthly retirement income. That monthly retirement income will be payable for 10 years certain and life thereafter and will commence either

a. on his normal retirement date (if he shall then be living) in an amount equal to 3% (.0300) of his final monthly compensation multiplied by his years of credited service ~~multiplied by his vested percentage as of the date of termination of service as shown in the schedule below or~~

b. upon attaining age 50 years or more, in an amount computed as described in section (a) to be actuarially reduced to take into account the Police Officer’s younger age and earlier commencement of retirement income payment.

<del>Credited Service as of Date of Termination of Service</del>	<del>Vested Percentage of Accrued-Deferred Retirement Income</del>
<del>Less than 10 years</del>	<del>0%</del>
<del>10 years or more</del>	<del>100%</del>

**Section 8.** Section 6.04(a)(2) of the Retirement Plan for Police Officers and Firefighters

of the City of North Miami Beach is hereby amended as follows:

**§6.04 BENEFITS OTHER THAN ON RETIREMENT**

(a) Benefit on Termination of Service.

(2) Immediate Monthly Payment of Benefits – If a participant has attained at least age 50 with at least ten (10) years of credited service ~~20 years of credited service~~ on his date of termination of service as described in this paragraph, he may elect to receive immediate monthly payments of his benefits in lieu of a deferred vested benefit commencing at his normal retirement date.

a. This immediate monthly benefit will equal the deferred vested benefit calculated above, multiplied by the actuarial reduction factor to take into account the participant’s younger age at commencement of benefits.

- b. This immediate benefit will be payable commencing as of the first day of the month coincident with or next following the date on which the Retirement Committee receives from the participant his election in writing, and will be payable monthly thereafter for 10 years certain and life.

**Section 9.** Section 6.04(a)(4) of the Retirement Plan for Police Officers and Firefighters

of the City of North Miami Beach is hereby amended as follows:

**§6.04 BENEFITS OTHER THAN ON RETIREMENT**

(a) Benefit on Termination of Service.

- (3) Terminated Employee's Death Prior to the Commencement of Retirement Income - In the event a terminated participant dies prior to the commencement of his retirement income at his normal retirement date (without having received, in accordance with Section 6.07. the value of the benefit in Section 6.04(a)(1) (Deferred Payment of Benefits) above, without having elected and begun to receive his monthly benefits prior to his normal retirement date as described in Section 6.04(a)(1) above, or without his having received a refund of his contributions with interest, as described in Section 6.04(a)(1) above), his beneficiary (or beneficiaries) shall be given the option to receive either:

- a. will receive the monthly retirement income payable for 10 years certain and life thereafter and beginning on the date of the participant's death, which can be provided by the single-sum value of the participant's accrued deferred monthly retirement income as of the date of termination of the participant's service, accumulated at interest from the date of termination of the participant's service to the date of his death; or
- b. The benefit otherwise payable to the police officer commencing at his normal or early retirement, beginning on said date.

**Section 10.** Section 6.04(b)(1) of the Retirement Plan for Police Officers and

Firefighters of the City of North Miami Beach is hereby amended as follows:

**§6.04 BENEFITS OTHER THAN ON RETIREMENT**

(b) Benefit Payable in the Event of Death On or Prior to Normal Retirement Date While In Service.

- (1) Amount - If the service of a participant is terminated by reason of death on or prior to his normal retirement date, his beneficiary (or beneficiaries) shall be given the option to receive either (a) or (b):

a. ~~there shall be payable to the participant's designated beneficiary (or beneficiaries) the monthly retirement income, beginning on the first day of the month coincident with or next following the date of his death which can be provided by (i) or (ii), whichever is greater, where:~~

(i) is the single-sum value of his accrued deferred retirement income commencing at his normal retirement date, which sum has accrued to the date of his death, where this single-sum value will be calculated in a manner similar to the way the reserve is accumulated under a typical retirement income contract, and

(ii) is (a) or (b), whichever is smaller, where (a) is 24 times his rate of monthly compensation on the October 1<sup>st</sup> preceding the date of his death; and (b) is 100 times the participant's anticipated monthly retirement income commencing at normal retirement date.

b. the monthly benefit otherwise payable to the police officer commencing at his normal or early retirement, beginning on said date.

c. For the purpose of computing the amounts in Section 6.04(b), the following definitions will apply:

**(A) Computation of Accrued Deferred Monthly Retirement Income** – The amount of such accrued deferred monthly retirement income in Section 6.04(b)(1)(a)(i) above shall be computed as for normal retirement under Section 6.01(d)(1) (Amount of Retirement Income: To Participant Who Retires on Normal Retirement Date), based upon the participant's number of years of credited service and final monthly compensation at the date of his death.

**(B) Computation of Anticipated Monthly Retirement Income** – The amount of anticipated monthly retirement income commencing at normal retirement date in Section 6.04(b)(1)(a)(ii)(b) above shall be computed as for normal retirement under Section 6.01(d), based on his anticipated number of years of credited service at his normal retirement date and his projected final monthly compensation at normal retirement date.

**(C) Determination of Anticipated Number of Years of Credited Service** – The participant's anticipated number of years of credited service at his normal retirement date shall be determined in accordance with Section 3.04 (Credited Service), based on the assumption that his employment with the City would have continued uninterrupted from his date of death to his normal retirement date.

**(D) Determination of Projected Final Monthly Compensation** - The participant's projected final monthly compensation at his normal retirement date shall be determined as of the participant's normal retirement date, based on the assumption that the participant's rate of monthly basic compensation as of his date of death would have continued without change to his normal retirement date.

**Section 11.** All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

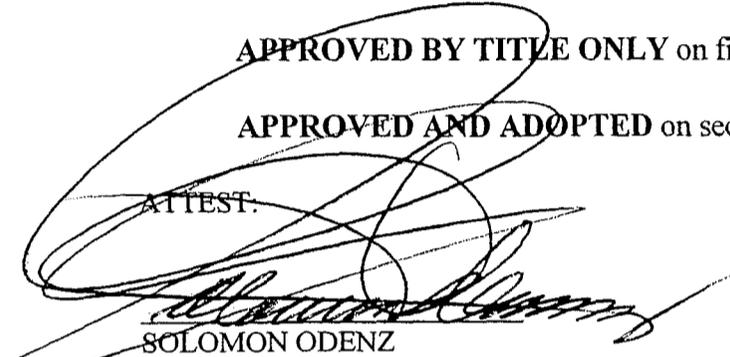
**Section 12.** If any section, subsection, clause or provision of this ordinance is held invalid the remainder shall not be affected by such invalidity.

**Section 13.** 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.

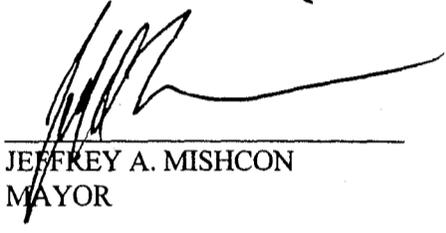
**APPROVED BY TITLE ONLY** on first reading this **16th day of March, 2004.**

**APPROVED AND ADOPTED** on second reading this **20th day of April, 2004.**

ATTEST:



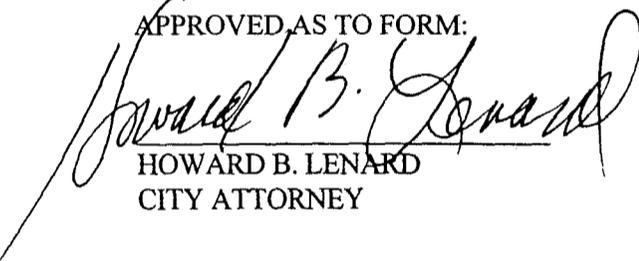
SOLOMON ODENZ  
CITY CLERK



JEFFREY A. MISHCON  
MAYOR

(CITY SEAL)

APPROVED AS TO FORM:



HOWARD B. LENARD  
CITY ATTORNEY

SPONSORED BY: Mayor and City Council