

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF NEW PORT RICHEY AMENDING CHAPTER 17, PENSIONS AND RETIREMENT, ARTICLE III, FIREFIGHTERS' RETIREMENT SYSTEM, OF THE CODE OF ORDINANCES OF THE CITY OF NEW PORT RICHEY; AMENDING SECTION 17-36, DEFINITIONS, BY AMENDING THE DEFINITIONS OF "ACTUARIAL EQUIVALENT", "CREDITED SERVICE", "FIREFIGHTER" AND "SPOUSE"; AMENDING SECTION 17-40, CONTRIBUTIONS; AMENDING SECTION 17-41, BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING SECTION 17-43, DISABILITY; AMENDING SECTION 17-50, MAXIMUM PENSION; AMENDING SECTION 17-50.10, PRIOR FIRE SERVICE; AMENDING SECTION 17-50.17, DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR SEVERABILITY OF PROVISION; PROVIDING FOR CODIFICATION; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEW PORT RICHEY, FLORIDA:

SECTION 1: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-36, Definitions, by amending the definitions of *Actuarial Equivalent*, *Credited Service*, *Firefighter* and *Spouse*, to read as follows:

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Actuarial equivalent means a benefit or amount of equal value, based upon the RP-2000 Combined Healthy Unisex Mortality Table modified as appropriate for disabled members and an interest rate of ~~eight (8) percent per annum~~ equal to the investment return assumption set forth in the last actuarial valuation report approved by the board. This definition may only be amended by the city pursuant to the recommendation of the board using the assumptions adopted by the board with the advice of the plan's actuary, such that actuarial assumptions are not subject to city discretion.

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Credited service means the total number of years and fractional parts of years of service as a firefighter with member contributions, when required, omitting intervening years or fractional parts of years when such member was not employed by the city as a firefighter. A member may voluntarily leave his accumulated contributions in the fund for a period of five (5) years after leaving the employ of the fire department pending the possibility of being reemployed as a firefighter, without losing credit for the time that he was a member of the system. If a vested member leaves the employ of the fire department, his accumulated contributions will be returned only upon his written request. If a member who is not vested is not reemployed as a firefighter with the fire department within five (5) years, his accumulated contributions, if one-thousand dollars (\$1,000.00) or less, shall be returned. If a Member who is not vested is not reemployed within five (5) years, his Accumulated Contributions, if more than one-thousand dollars (\$1,000.00), will be returned only upon the written request of the Member and upon completion of a written election to receive a cash

lump sum or to rollover the lump sum amount on forms designated by the Board. Upon return of a member's accumulated contributions, all of his rights and benefits under the system are forfeited and terminated. Upon any reemployment, a firefighter shall not receive credit for the years and fractional parts of years of service for which he has withdrawn his accumulated contributions from the fund, unless the firefighter repays into the fund the contributions he has withdrawn, with interest, as determined by the board, within ninety (90) days after his reemployment.

The years or fractional parts of a year that a member performs "Qualified Military Service: consisting of voluntary or involuntary "service in the uniformed services" defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA) (P.L. 103-353), after separation from employment as a firefighter with the city to perform training or service, shall be added to his years of credited service for all purposes, including vesting, provided that:

- (1) The member is entitled to reemployment under the provisions USERRA
- (2) The member returns to his employment as a firefighter within one (1) year from the earlier of the date of his military discharge or his release from active service, unless otherwise required by USERRA.
- (3) The maximum credit for military service pursuant to this paragraph shall be five (5) years.
- (4) This paragraph is intended to satisfy the minimum requirements of USERRA. To the extent that this paragraph does not meet the minimum standards of USERRA, as it may be amended from time to time, the minimum standards shall apply.

In the event a member dies on or after January 1, 2007, while performing USERRA Qualified Military Service, the beneficiaries of the member are entitled to any benefits (other than benefit accruals relating to the period of qualified military service) as if the member had resumed employment and then died while employed.

Beginning January 1, 2009, to the extent required by section 414(u)(12) of the code, an individual receiving differential wage payments (as defined under section 3401(h)(2) of the code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

Leave conversions of unused accrued paid time off shall not be permitted to be applied toward the accrual of credited service either during each plan year of a member's employment with the city or in the plan year in which the member terminates employment.

Firefighter means an actively employed full-time person employed by the city, including his initial probationary employment period, who is certified as a firefighter as a condition of employment in accordance with the provisions of section 633.35 408, Florida Statutes, and whose duty it is to extinguish fires, to protect life and to protect property. The term includes all certified, supervisory, and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full-time firefighters, part-time firefighters, or auxiliary firefighters but does not include part-time firefighters or auxiliary firefighters.

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Spouse means the ~~lawful wife or husband of a member's~~ or retiree's spouse under applicable law at the time benefits become payable.

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SECTION 2: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-40, Contributions, adding subsection (d) *Other*, to read as follows:

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(d) *Other.* Private donations, gifts and contributions may be deposited to the fund, but such deposits must be accounted for separately and kept on a segregated bookkeeping basis. Funds arising from these sources may be used only for additional benefits for members, as determined by the board, and may not be used to reduce what would have otherwise been required city contributions.

SECTION 3: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-41, Benefit amounts and eligibility, to read as follows:

Sec. 17-41. Benefit amounts and eligibility.

~~— (a) *Normal Retirement date.* A member's normal retirement date shall be the first day of the month coincident with, or next following the earlier of the attainment of age fifty-two (52) and accrual of ten (10) years of credited service or the attainment of age forty-eight (48) and accrual of twenty-five (25) years of credited service; provided, however, that any member who has completed at least ten (10) years of credited service as of the effective date of Ordinance No. 2013-2016, shall be eligible for normal retirement upon the earlier of the attainment of age fifty (50) and the completion of ten (10) years of credited service or the attainment of age forty (40) and the completion of twenty (20) years of credited service. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become one hundred (100) percent vested in his accrued benefit on the member's normal retirement date. Normal retirement under the system is retirement from employment with the city on or after the normal retirement date.~~

(a) *Normal retirement age and date.* A member's normal retirement age is the earlier of the attainment of age fifty-two (52) and accrual of ten (10) years of credited service or the attainment of age forty-eight (48) and accrual of twenty-five (25) years of credited service; provided, however, that any member who has completed at least ten (10) years of credited service as of September 4, 2013, shall be eligible for normal retirement upon the earlier of the attainment of age fifty (50) and the completion of ten (10) years of credited service or the attainment of age forty (40) and the completion of twenty (20) years of credited service. Each member shall become one hundred percent (100%) vested in his accrued benefit at normal retirement age. A member's normal retirement date shall be the first day of the month coincident with or next following the date the member retires from the city after attaining normal retirement age.

(b) *Normal retirement benefit.* A member retiring hereunder on or after his normal retirement date shall receive a monthly benefit which shall commence on the first day of the month coincident with or next following his retirement and be continued thereafter during member's lifetime, ceasing upon death, but with one hundred twenty (120) monthly payments guaranteed in any event. The monthly retirement benefit shall equal three and one-half (3 ½) percent of average final compensation, for each year of credited service ~~for each year of credited service~~ accrued through September 30, 2013; however, the monthly retirement benefit for any member shall not exceed seventy-five (75) percent of average final compensation; provided, however, that in any event the benefit shall equal at least two (2) percent of average final compensation for each year of credited service averaged over the entire period of credited service of the member. The monthly retirement benefit shall equal three (3) percent of average final compensation for each year or part thereof of credited service accrued after September 30, 2013. An additional benefit of two hundred dollars

(\$200.00) per month shall be paid to all normal retirees, ceasing at death. An optional form of benefit may be elected by member as provided in section 17-45.

(c) *Required distribution date.* The member's benefit under this section must begin to be distributed to the member no later than April 1 of the calendar year following the later of the calendar year in which the member attains age seventy and one-half (70½) or the calendar year in which the member terminates employment with the city.

SECTION 4: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-43, Disability, subsections (a) *Disability benefits in line of duty* and (b) *Disability benefits not in line of duty* and (g) *Workers' compensation*, to read as follows:

(a) *Disability benefits in line of duty.* Any member who shall become totally and permanently disabled to the extent he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a firefighter, which disability was directly caused by the performance of his duty as a firefighter, shall, upon establishing the same to the satisfaction of the board, be entitled to a monthly pension equal to sixty (60) percent of his regular base salary in effect as of the date of disability, but such monthly installment shall not be less than forty-two (42) percent of his average final compensation at the time of disability. The benefits shall be paid from the date of disability until recovery, as determined by the board, or for life and continued to the spouse for life upon death of the retiree. In the event of death of the disabled member without a surviving spouse, or upon the subsequent death of the spouse, the benefits shall be continued to the member's children in equal shares until each such child has attained the eighteenth birthday, or the twenty-second birthday if enrolled in a fully accredited college or university. An additional benefit of one hundred dollars (\$100.00) per month, ceasing at the earlier of age sixty-five (65) or death, shall be paid to all disabled retirees. Terminated persons, either vested or nonvested, are not eligible for disability benefits, ~~except that those terminated by the city for medical reasons may apply for a disability within thirty (30) days after termination. Disability retirement benefits paid shall not be less than the accrued retirement benefit at the time of disability.~~ Notwithstanding the previous sentence, if a member is terminated by the city for medical reasons, the terminated person may apply for a disability benefit if the application is filed with the board within thirty (30) days from the date of termination. If a timely application is received, it shall be processed and the terminated person shall be eligible to receive a disability benefit if the board otherwise determines that he is totally and permanently disabled as provided for above.

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(c) *Disability benefits not in line of duty.* Any member with one (1) year or more credited service who shall become totally and permanently disabled to the extent that he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a firefighter, which disability is not directly caused by the performance of his duties as a firefighter shall, upon establishing the same to the satisfaction of the board, be entitled to a monthly pension equal to thirty (30) percent of his regular base salary in effect as of the date of disability, but such monthly installment shall not be less than twenty-five (25) percent of his average final compensation at the time of disability. The benefit shall be paid from the date of disability and be continued thereafter during his lifetime, or until the earlier of recovery, as determined by the board, or death, but with one hundred twenty (120) monthly payments guaranteed in any event. An additional benefit of one hundred dollars (\$100.00) per month, ceasing at age sixty-five (65), shall be paid to all disabled retirees. An optional form of benefit may be elected by member. Terminated persons, either vested or nonvested, are not eligible for disability benefits, ~~except that those terminated by the city for medical reasons may apply for a disability within thirty (30) days after termination. Disability retirement benefits paid shall not be less than the accrued retirement benefit at the time of disability.~~ Notwithstanding the previous sentence, if a member is terminated by the city for medical reasons, the terminated person may apply for a disability benefit if the application is filed with the board

within thirty (30) days from the date of termination. If a timely application is received, it shall be processed and the terminated person shall be eligible to receive a disability benefit if the board otherwise determines that he is totally and permanently disabled as provided for above.

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(g) *Worker's s' compensation.* When a retiree is receiving a disability pension and workers' compensation benefits pursuant to F.S. chapter 440, for the same disability, and the total monthly benefits received from both exceed one hundred (100) percent of the member's average monthly wage, as defined in F.S. chapter 440, the disability pension benefits shall be reduced so that the total monthly amount received by the retiree does not exceed one hundred (100) percent of such wage. The amount of any lump sum workers' compensation payment shall be converted to an equivalent monthly benefit payable for ten (10) years certain by dividing the lump sum amount by 83.9692. Notwithstanding the foregoing, in no event shall the disability pension benefit be reduced below the greater of forty-two (42) percent of average final compensation and two and three-quarters (2.75) percent of average final compensation times years of credited service.

SECTION 5: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-50, Maximum Pension, subsections (f) *Less than Ten (10) Years of Participation or Service*, (l) *Additional Limitation on Pension Benefits* and adding subsection (m) *Effect of direct rollover on 415(b) limit*, to read as follows:

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(f) *Less than Ten (10) Years of Participation ~~or Service~~.* The maximum retirement benefits payable under this section to any member who has completed less than ten (10) years of ~~credited service with the City participation~~ shall be the amount determined under subsection (a) of this section multiplied by a fraction, the numerator of which is the number of the member's years of ~~credited service~~ participation and the denominator of which is ten (10). The reduction provided by this subsection cannot reduce the maximum benefit below 10% of the limit determined without regard to this subsection. The reduction provided for in this subsection shall not be applicable to pre-retirement disability benefits paid pursuant to Sec. 17-43, or pre-retirement death benefits paid pursuant to Sec. 17-42.

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- (1) (2) No member of the system shall be allowed to receive a retirement benefit or pension which is in part or in whole based upon any service with respect to which the member is already receiving, or will receive in the future, a retirement benefit or pension from a different employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter ~~67~~ 1223, Title 10, U.S. Code.

(m) *Effect of direct rollover on 415(b) limit.* If the plan accepts a direct rollover of an employee's or former employee's benefit from a defined contribution plan qualified under Code Section 401(a) which is maintained by the employer, any annuity resulting from the rollover amount that is determined using a more favorable actuarial basis than required under Code Section 417(e) shall be included in the annual benefit for purposes of the limit under Code Section 415(b).

SECTION 6: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-50.10, Prior fire service, subsection (5), to read as follows:

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(5) In no event, however, may credited service be purchased pursuant to this section for prior service with any other municipal, county or special district fire department, if such prior service forms or will form the basis of a retirement benefit or pension from another retirement system or plan as set forth in Sec. 17-50, subsection (k)(2).

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SECTION 7: That Chapter 17, Pensions and Retirement, Article III, Firefighters' Retirement System, of the Code of Ordinances of the City of New Port Richey, is amended by amending Sec. 17-50.17, Deferred retirement option plan, to read as follows:

Sec. 17-50.17. Deferred retirement option plan.

- (a) *Definitions.* As used in this section, the following definitions apply:
- (1) "DROP"--The City of New Port Richey Firefighters Retirement System Deferred Retirement Option Plan.
 - (2) "DROP account"--The account established for each DROP participant under subsection (c).
 - (3) "Total return of the assets" -- For purposes of calculating earnings on a member's DROP account pursuant to subsection (c)(2)b.2., for each fiscal year quarter, the percentage increase (or decrease) in the interest and dividends earned on investments, including realized and unrealized gains (or losses), of the total Plan assets.
- (b) *Participation.*
- (1) *Eligibility to participate.* In lieu of terminating his employment as a firefighter, any member who is eligible for normal retirement under the system may elect to defer receipt of such service retirement pension and to participate in the DROP. A member who does not commence participation in the DROP prior to October 1, 2013, shall not be eligible to participate in the DROP, regardless of the date of election to participate in the DROP, except as expressly provided otherwise in section 17-36.1.
 - (2) *Election to participate.* A member's election to participate in the DROP must be made in writing in a time and manner determined by the board and shall be effective on the first day of the first calendar month which is at least fifteen (15) business days after it is received by the board.
 - (3) *Period of participation.* A member who elects to participate in the DROP under subsection (b)(2), shall participate in the DROP for a period not to exceed sixty (60) months beginning at the time his election to participate in the DROP first becomes effective. An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the city not later than the date provided for in the previous sentence. A member may participate only once.
 - (4) *Termination of participation.*
 - a. A member's participation in the DROP shall cease the earlier of:
 1. the end of his permissible period of participation in the DROP as determined under subsection (b)(3); or
 2. Termination of his employment as a firefighter.

- b. Upon the member's termination of participation in the DROP, pursuant to subsection 1 above, all amounts provided for in subsection (c)(2), including monthly benefits and investment earnings and losses or interest, shall cease to be transferred from the system to his DROP account. Any amounts remaining in his DROP account shall be paid to him in accordance with the provisions of subsection (d) when he terminates his employment as a firefighter.
 - c. A member who terminates his participation in the DROP under this subsection (b)(4) shall not be permitted to again become a participant in the DROP.
- (5) *Effect of DROP participation on the system.*
- a. A member's credited service and his accrued benefit under the system shall be determined on the date his election to participate in the DROP first becomes effective. The member shall not accrue any additional credited service or any additional benefits under the system (except for any supplemental benefit payable to DROP participants or any additional benefits provided under any cost-of-living adjustment for retirees in the system) while he is a participant in the DROP. After a member commences participation, he shall not be permitted to again contribute to the system nor shall he be eligible for disability or pre-retirement death benefits, except as provided for in Sec. 17-50.18, Reemployment after retirement.
 - b. No amounts shall be paid to a member from the system while the member is a participant in the DROP. Unless otherwise specified in the system, if a member's participation in the DROP is terminated other than by terminating his employment as a firefighter, no amounts shall be paid to him from the system until he terminates his employment as a firefighter. Unless otherwise specified in the system, amounts transferred from the system to the member's DROP account shall be paid directly to the member only on the termination of his employment as a firefighter.
- (c) *Funding.*
- (1) *Establishment of DROP account.* A DROP account shall be established for each member participating in the DROP. A member's DROP account shall consist of amounts transferred to the DROP under subsection (c)(2), and earnings or interest on those amounts.
- (2) *Transfers from retirement system.*
- a. As of the first day of each month of a member's period of participation in the DROP, the monthly retirement benefit he would have received under the system had he terminated his employment as a firefighter and elected to receive monthly benefit payments thereunder shall be transferred to his DROP account, except as otherwise provided for in subsection (b)(4)b. A member's period of participation in the DROP shall be determined in accordance with the provisions of subsections (b)(3) and (b)(4), but in no event shall it continue past the date he terminates his employment as a firefighter.

b. Except as otherwise provided in subsection (b)(4)b., a member's DROP account under this subsection (c)(2) shall be debited or credited with earnings after each fiscal year quarter with either:

1. Interest at an effective rate of six and five-tenths (6.5) percent per annum compounded monthly determined on the last business day of the prior month's ending balance and credited to the member's DROP account as of such date (to be applicable to all current and future DROP participants); or
2. Earnings, to be credited or debited to the member's DROP account, determined as of the last business day of each fiscal year quarter and debited or credited as of such date, determined as follows:

The average daily balance in a member's DROP account shall be credited or debited at a rate equal to the net investment return realized by the system for that quarter. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the member's DROP account is invested by the board net of brokerage commissions, transaction costs and management fees.

For purposes of calculating earnings on a member's DROP account pursuant to this subsection (c)(2)b.2., brokerage commissions, transaction costs, and management fees shall be determined for each quarter by the investment consultant pursuant to contracts with fund managers as reported in the custodial statement. The investment consultant shall report these quarterly contractual fees to the board. The investment consultant shall also report the net investment return for each manager and the net investment return for the total plan assets.

3. Earnings received on investment plans or on investment vehicles which the board makes available to members for DROP investment purposes, so long as there is no additional cost to the system by making such choices available to the members.

Upon electing participation in the DROP, the member shall elect to receive either interest or earnings on his account to be determined as provided above. The member may, in writing, elect to change his election twice during his DROP participation. An election to change must be made prior to the end of a quarter and shall be effective beginning the following quarter.

c. A member's DROP account shall only be credited or debited with earnings and monthly benefits while the member is a participant in the DROP. A member's final DROP account value for distribution to the member upon termination of participation in the DROP shall be the value of the account at the end of the quarter immediately preceding termination of participation date for participants electing the net plan return and at the end of the month immediately preceding termination of participation for participants electing the flat interest rate return, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter or month, as applicable, and prior to distribution. If a member fails to terminate employment after participating in the DROP for the permissible period of DROP participation, then beginning with the member's first month of

employment following the last month the permissible period of DROP participation, the member's DROP account will no longer be credited or debited with earnings, nor will monthly benefits be transferred to the DROP account. All such non-transferred amounts shall be forfeited and continue to be forfeited while the member is employed by the city fire department. A member employed by the city fire department after the permissible period of DROP participation will still not be eligible for pre-retirement death or disability benefits, nor will he accrue additional credited service, except as provided for in Sec. 17-50.18, Reemployment after retirement.

- (d) *Distribution of DROP accounts on termination of employment.*
- (1) *Eligibility for benefits.* A member shall receive the balance in his DROP account in accordance with the provisions of this subsection (d) upon his termination of employment as a Firefighter . Except as provided in subsection (d) (5), no amounts shall be paid to a member from the DROP prior to his termination of employment as a Firefighter .
- (2) *Form of distribution.*
 - a. Unless the member elects otherwise, distribution of his DROP account shall be made in a cash lump sum, subject to the direct rollover provisions set forth in subsection (d) (6). Elections under this paragraph shall be in writing and shall be made in such time or manner as the board shall determine.
 - b. If a member dies before his benefit is paid, his DROP account shall be paid to his beneficiary in such optional form as his beneficiary may select. If no beneficiary designation is made, the DROP account shall be distributed to the member's estate.
- (3) *Date of payment of distribution.* Except as otherwise provided in this subsection (d), distribution of a member's DROP account shall be made as soon as administratively practicable following the member's termination of employment. Distribution of the amount in a Member's DROP account will not be made unless the Member completes a written request for distribution and a written election, on forms designated by the Board, to either receive a cash lump sum or a rollover of the lump sum amount.
- (4) *Proof of death and right of beneficiary or other person.* The board may require and rely upon such proof of death and such evidence of the right of any beneficiary or other person to receive the value of a deceased member's DROP account as the board may deem proper and its determination of the right of that beneficiary or other person to receive payment shall be conclusive.
- (5) *Distribution limitation.* Notwithstanding any other provision of this subsection (d), all distributions from the DROP shall conform to the "Minimum Distribution of Benefits" provisions as provided for herein.
- (6) *Direct rollover of certain distributions.* This subsection applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the DROP to the contrary, a distributee may elect to have any portion of an eligible rollover distribution paid in a direct rollover as otherwise provided under the system in section 17-50.12.

- (e) *Administration of DROP.*
- (1) *Board administers the DROP.* The general administration of the DROP, the responsibility for carrying out the provisions of the DROP and the responsibility of overseeing the investment of the DROP's assets shall be placed in the board. The members of the board may appoint from their number such subcommittees with such powers as they shall determine; may adopt such administrative procedures and regulations as they deem desirable for the conduct of their affairs; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, actuarial and consulting services as they may require in carrying out the provisions of the DROP; and may allocate among themselves or delegate to other persons all or such portion of their duties under the DROP, other than those granted to them as trustee under any trust agreement adopted for use in implementing the DROP, as they, in their sole discretion, shall decide. A trustee shall not vote on any question relating exclusively to himself.
- (2) *Individual accounts, records and reports.* The board shall maintain records showing the operation and condition of the DROP, including records showing the individual balances in each member's DROP account, and the board shall keep in convenient form such data as may be necessary for the valuation of the assets and liabilities of the DROP. The board shall prepare and distribute to members participating in the DROP and other individuals or filed with the appropriate governmental agencies, as the case may be, all necessary descriptions, reports, information returns, and data required to be distributed or filed for the DROP pursuant to the code and any other applicable laws.
- (3) *Establishment of rules.* Subject to the limitations of the DROP, the board from time to time shall establish rules for the administration of the DROP and the transaction of its business. The board shall have discretionary authority to construe and interpret the DROP (including but not limited to determination of an individual's eligibility for DROP participation, the right and amount of any benefit payable under the DROP and the date on which any individual ceases to be a participant in the DROP). The determination of the board as to the interpretation of the DROP or its determination of any disputed questions shall be conclusive and final to the extent permitted by applicable law.
- (4) *Limitation of liability.*
- a. The trustees shall not incur any liability individually or on behalf of any other individuals for any act or failure to act, made in good faith in relation to the DROP or the funds of the DROP.
- b. Neither the board nor any trustee of the board shall be responsible for any reports furnished by any expert retained or employed by the board, but they shall be entitled to rely thereon as well as on certificates furnished by an accountant or an actuary, and on all opinions of counsel. The board shall be fully protected with respect to any action taken or suffered by it in good faith in reliance upon such expert, accountant, actuary or counsel, and all actions taken or suffered in such reliance shall be conclusive upon any person with any interest in the DROP.

- (f) *General provisions.*
- (1) *The DROP is not a separate retirement plan.* Instead, it is a program under which a member who is eligible for normal retirement under the system may elect to accrue future retirement benefits in the manner provided in this section 17-50.17 for the remainder of his employment, rather than in the normal manner provided under the plan. Upon termination of employment, a member is entitled to a lump sum distribution of his or her DROP account balance or may elect a rollover. The DROP account distribution is in addition to the member's monthly benefit.
- (2) *Notional account.* The DROP account established for such a member is a notional account, used only for the purpose of calculation of the DROP distribution amount. It is not a separate account in the system. There is no change in the system's assets, and there is no distribution available to the member until the member's termination from the DROP. The member has no control over the investment of the DROP account.
- (3) *No employer discretion.* The DROP benefit is determined pursuant to a specific formula which does not involve employer discretion.
- (4) *IRC limit.* The DROP account distribution, along with other benefits payable from the system, is subject to limitation under Internal Revenue Code Section 415(b).
- (1 5) *Amendment of DROP.* The DROP may be amended by an ordinance of the city at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the DROP. However, except as otherwise provided by law, no amendment shall make it possible for any part of the DROP's funds to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the DROP. No amendment shall be made which has the effect of decreasing the balance of the DROP account of any member.
- (2 6) *Facility of payment.* If a member or other person entitled to a benefit under the DROP is unable to care for his affairs because of illness or accident or is a minor, the board shall direct that any benefit due him shall be made only to a duly appointed legal representative. Any payment so made shall be a complete discharge of the liabilities of the DROP for that benefit.
- (3 7) *Information.* Each member, beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the DROP, shall file with the board the information that it shall require to establish his rights and benefits under the DROP.
- (4 8) *Prevention of escheat.* If the board cannot ascertain the whereabouts of any person to whom a payment is due under the DROP, the board may, no earlier than three (3) years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person, as shown on the records of the board or the city. If such person has not made written claim therefor within three (3) months of the date of the mailing, the board may, if it so elects and upon receiving advice from counsel to the System, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the System. Upon such cancellation, the System shall have no further liability therefor except that, in the event such person or his beneficiary later notifies the board of his whereabouts and requests the payment or payments due to him under the DROP, the amount so applied shall be paid to him in accordance with the provisions of the DROP.

(5 9) *Written elections, notification.*

- a. Any elections, notifications or designations made by a member pursuant to the provisions of the DROP shall be made in writing and filed with the board in a time and manner determined by the board under rules uniformly applicable to all employees similarly situated. The board reserves the right to change from time to time the manner for making notifications, elections or designations by members under the DROP if it determines after due deliberation that such action is justified in that it improves the administration of the DROP. In the event of a conflict between the provisions for making an election, notification or designation set forth in the DROP and such new administrative procedures, those new administrative procedures shall prevail.
- b. Each member or retiree who has a DROP account shall be responsible for furnishing the board with his current address and any subsequent changes in his address. Any notice required to be given to a member or retiree hereunder shall be deemed given if directed to him at the last such address given to the board and mailed by registered or certified United States mail. If any check mailed by registered or certified United States mail to such address is returned, mailing of checks will be suspended until such time as the member or retiree notifies the board of his address.

(6 10) *Benefits not guaranteed.* All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the city nor the board shall have any duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law.

(7 11) *Construction.*

- a. The DROP shall be construed, regulated and administered under the laws of Florida, except where other applicable law controls.
- b. The titles and headings of the subsections in this section 17-50.17 are for convenience only. In the case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

(8 12) *Forfeiture of retirement benefits.* Nothing in this section shall be construed to remove DROP participants from the application of any forfeiture provisions applicable to the system. DROP participants shall be subject to forfeiture of all retirement benefits, including DROP benefits.

(9 13) *Effect of DROP participation on employment.* Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.

SECTION 8: If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency, or other body with appropriate jurisdiction, the remaining section, subsection, sentences, clauses, or phrases under application shall not be affected thereby.

SECTION 9: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of New Port Richey.

SECTION 10: All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 11: That this Ordinance shall become effective upon its adoption.

The above and foregoing Ordinance was read and adopted on second and final reading by the City Council of the City of New Port Richey, at a duly convened meeting thereof, at the Municipal Building, New Port Richey, Florida, which was held on the ____ day of _____, 2017.

Mayor-Councilman

ATTEST:

City Clerk

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