St. Pete Beach

The Sunset Capital of Florida

GENERAL PENSION BOARD – SPECIAL MEETING

CITY OF ST. PETE BEACH

155 Corey Avenue
St. Pete Beach, FL 33706

Wednesday, December 5, 2018
9:00 a.m.

Call to Order
Pledge of Allegiance
Roll Call

1. **Changes to the Agenda** – Agenda items to be added, moved or deleted will be addressed at this time. Items added will be assigned agenda item numbers and items that are moved will retain the same item numbers. A notation will be made that those items will be taken out of order.

2. **Audience Comments** – Three minutes per person to issues not on the agenda.

3. **Approval of Minutes**

    a. **10/18/2018**

4. **Presentations**

    There will be no presentations for this meeting.

5. **Action Items**

    a. Updating and amending the proposed ordinance for the City of St. Pete Beach General Employees' Retirement System

6. **Discussion Items**

    There will be no discussion items for this meeting.

7. **Adjournment** – Next Meeting: 01/17/2019 at 10:30 a.m.

The public is cordially invited to attend.

APPEAL: Florida Statutes Chapter 286.0105 Notices of meetings and hearings must advise that a record is required to appeal. Each board, commission, or agency of this state or of any political subdivision thereof shall include in the notice of any meeting or hearing, if notice of the meeting or hearing is required, of such board, commission, or agency, conspicuously on such notice, the advice that, if a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

AMERICANS WITH DISABILITIES ACT: Florida Statutes 286.26. Accessibility of public meetings to the physically handicapped. In accordance with the Americans with Disabilities Act and Florida Statutes, persons needing special accommodations to participate in a meeting should contact City Hall at (727) 367-2735 no later than forty-eight (48) hours prior to the meeting for assistance.

Electronic media must be submitted a minimum of 24 hours in advance to cityclerk@stpetebeach.org

All agenda material is available for review at City Hall.

GENERAL PENSION BOARD

MINUTES

OCTOBER 18, 2018

8:30 A.M.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

William Schroeder, Chairman
Samantha Brem, Vice Chair
Ray Gallant, Secretary
Tim McLean, Member

ALSO PRESENT:

Rebecca Haynes, City Clerk
David Wheeler, Graystone Consulting
Mark Rhein, Salem Trust
Lee Dehner, Christiansen & Dehner

1. Changes to the Agenda

There were no changes to the agenda.

2. Audience Comments

There were no comments from the audience.

3. Approval of Minutes

a. 7/31/2018 – Regular Meeting
b. 7/31/2018 – Special Meeting

Secretary Gallant made a motion to approve the minutes for July 31, 2018, Regular Meeting, and July 31, 2018, Special Meeting. The motion was seconded by Vice Chair Brem and unanimously approved by a voice vote, (4 yeses – 0 nos).

4. Presentations

Foster & Foster

There was no one present from Foster & Foster.

Graystone Consulting

David Wheeler, Graystone Consulting, reviewed the following reports entitled "Quarterly Performance Summary as of September 30, 2018" and "Summary of Relevant Facts, City of St. Pete Beach General Employees' Pension Plan as of September 30, 2018."

Salem Trust Company

Mark Rhein, Salem Trust, gave a presentation to the board in regard to Annual Verification Letters.

Chairman Schroeder instructed Mr. Rhein to send a second registered letter to participants that have not returned the Annual Verification Letter. The letter should include language stating that benefits will be suspended if the letter is not returned and if obtaining a notarized signature is a hardship, to contact Salem Trust. This item will be discussed during the January 2018 meeting.

Attorney Report

Attorney Dehner discussed the following with the Board:

- IRS step-by-step guidelines for a retiree or beneficiary in payment status that cannot be located
- Form 1's
- Update in regard to Melanie Johnson's claim

5. Action Items

a. Payment of invoices

There was board discussion in regard to two invoices received from the following entities:

Christiansen & Dehner, P.A.	Invoice No. 32272	$9,112.21
Foster & Foster	Invoice No. 13168	$5,260.00

Vice Chair Brem made a motion to approve the invoices for Christiansen & Dehner and Foster & Foster. The motion was seconded by Secretary Gallant and unanimously approved by a voice vote, (4 yeses – 0 nos).

b. Proposed ordinance amending the City of St. Pete Beach General Employees' Retirement System

In regard to the proposed ordinance, Attorney Dehner instructed the board of the following procedures:

- Review of the ordinance by the board
- Incorporate any changes by motion
- Make a recommendation to the City Commission for adoption

Chairman Schroeder stated that the board will set a special meeting to discuss the proposed ordinance.

c. Operating Rules & Procedures

Chairman Schroeder recommended that the board allow Attorney Dehner to update the Operating Rules & Procedures to match the IRS regulations and asked for a motion to approve the Operating Rules & Procedures with those changes.

Vice Chair Brem made a motion to approve the Operating Rules & Procedures subject to Attorney Dehner's further updates to bring it into compliance with the IRS requirements. The motion was seconded by Secretary Gallant and unanimously approved by a voice vote, (4 yeses – 0 nos).

d. Review of 4 submitted Request for Proposals: Pension Plan Administrator for the General Employees' Retirement System

Attorney Dehner suggested that the board discuss the possibility of the City providing the pension plan administrator duties for the General Pension Board with the City Manager, Human Resources, and the Finance Department. Additionally, Attorney Dehner recommended that the General Pension Board send a Request for Proposal to the City to respond.

Chairman Schroeder instructed Attorney Dehner to send an RFP to the City.

6. <u>Discussion Items</u>

a. Old Business

1. Election

Ray Gallant, Secretary, stated that due to time constraints, the election was not conducted, and the election will be held in December before the January meeting.

b. New Business
  1. Certificate of Liability Insurance – Marsh USA, Inc.
  2. Proposed 2019 Meeting Dates – Christiansen & Dehner
  3. Anchor Capital Advisors, LLC – Portfolio Summary
  4. Letter from U.S. Census Bureau

7. Adjournment - Next Meeting: 01/17/2019 at 10:30 a.m.

There being no further business, the meeting was adjourned at 9:42 a.m.

Attest:

Rebecca C. Haynes, City Clerk	William Schroeder, Chairman

Minutes approved on: ______________

Law Offices
Christiansen & Dehner, P.A.
63 Sarasota Center Blvd. Suite 107 Sarasota, Florida 34240 • 941-377-2200 • Fax 941-377-4848

July 10, 2017

Mr. Bill Palmer
St. Pete Beach General Employees' Retirement System
155 Corey Ave
St. Pete Beach, Florida 33706

Re: City of St. Pete Beach General Employees' Retirement System - Proposed Ordinance

Dear Mr. Palmer:

Enclosed please find a proposed ordinance amending the City of St. Pete Beach General Employees' Retirement System. With changes to the Internal Revenue Code (IRC) and its associated Regulations, as well as guidance from the Internal Revenue Service (IRS), the following amendments to the pension plan are proposed:

1. Section 66-26, Definitions, is being amended for IRC changes and requirements, to amend the definitions of:

    a. Actuarial Equivalent - to amend the definition to incorporate the Mortality Table and interest rate currently being used by the plan's actuary
    b. Credited Service - to clarify IRC regulations on leave conversions
    c. Spouse - To clarify the definition in accordance with a recent US Supreme Court ruling

2. Section 66-27, Membership, has been amended to limit those individuals eligible to opt-out of the system, to comply with recent IRC Treasury Regulation requirements.

3. Section 66-101, Benefit amounts and eligibility, is being amended to change the Normal Retirement Date to include IRC required language regarding Normal Retirement Age and Normal Retirement Date.

4. Section 66-103, Disability, is being amended to more clearly identify those individuals who may be eligible to apply for a disability pension who have been terminated by the City due to medical reasons.

5. Section 66-108, Maximum Pension, has had several subsections amended to comply with IRC changes.

6. Section 66-113, Deferred Retirement Option Plan, is being amended in accordance with recent direction from the IRS in connection with the issuance of several recent Favorable Determination Letters to clarify investment returns on DROP accounts and add several sections clarifying the DROP provisions as required by the IRS.

   We have also amended the provisions regarding when interest is calculated and paid, which will avoid a participant's forfeiture of interest accrued during the first or second month of the quarter should the member terminate DROP participation at the end of the first or second month of the quarter.

7. Section 66-114, Prior Government Service, subsection (5), is being amended to correct a reference.

8. Section 66-116, Benefits effective October 1, 2012, is being amended to change the Normal Retirement Date to include IRC required language regarding Normal Retirement Age and Normal Retirement Date.

By copy of this letter to the Board's actuary, Foster & Foster, Inc., I am requesting that they provide you with a letter indicating the cost, if any, associated with the adoption of this ordinance. Please provide a copy of the document to the members of the Board for review at the next meeting. If you have any questions with regard to this ordinance, please feel free to give me a call.

Yours very truly,

Scott R. Christiansen

SRC/ksh
enclosure

cc: Patrick Donlan, with enclosure

CITY OF ST. PETE BEACH, FLORIDA
Ordinance No. 2017-

AN ORDINANCE OF THE CITY OF ST. PETE BEACH, FLORIDA, AMENDING CHAPTER 66, PENSIONS AND RETIREMENT, ARTICLE II GENERAL EMPLOYEES' RETIREMENT SYSTEM, DIVISION 1, GENERALLY AND DIVISION 3, BENEFITS, OF THE CODE OF ORDINANCES OF THE CITY OF ST. PETE BEACH; AMENDING SECTION 66-26 DEFINITIONS, BY AMENDING THE DEFINITIONS OF "ACTUARIAL EQUIVALENT", "CREDITED SERVICE" AND "SPOUSE"; AMENDING SECTION 66-27, MEMBERSHIP; AMENDING SECTION 66-101, BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING SECTION 66-103, DISABILITY; AMENDING SECTION 66-108 MAXIMUM PENSION; AMENDING SECTION 66-113, DEFERRED RETIREMENT OPTION PLAN; AMENDING SECTION 66-114, PRIOR GOVERNMENT SERVICE; AMENDING SECTION 66-116, BENEFITS EFFECTIVE OCTOBER 1, 2012; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT HEREWITH, TO THE EXTENT OF SUCH CONFLICT; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF ST. PETE BEACH, FLORIDA:

SECTION 1: That Chapter 66, Article II General Employees' Retirement System, Division 1 Generally, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-26 Definitions, by amending the definitions of *Actuarial Equivalent*, *Credited Service* and *Spouse*, to read as follows:

* * *

Actuarial equivalent means a benefit or amount of equal value, based upon the RP 2000 Combined Healthy Unisex Mortality Table and an interest rate ~~of seven and three quarters 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.

* * *

Credited service means the total number of years and fractional parts of years of service as a general employee and member contributions to the plan from the date when contributions were first required, omitting intervening years or completed months when such member was not employed by the city as a general employee. A member may voluntarily leave his accumulated contributions in the fund for a period of five years after leaving the employ of the city pending the possibility of being reemployed as a general employee, without losing credit for the time that he was a member of the system. If a non-vested member is not reemployed as a general employee with the City of St. Pete Beach within five years, his accumulated contributions, if $1,000.00 or less, will be returned. If a member who is not vested is not reemployed within five years, his accumulated contributions, if more than $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. If a vested member does not remain employed for a period of three years after reemployment within five years, his accumulated contributions will be returned only upon his written request. However, the credited service shall not be deemed to be interrupted by and a member shall receive credited service for periods during which the member is on an authorized leave of absence for a period not to exceed one year, but only if the member deposits into the fund, within 90 days after his return, the same sum that he would have contributed if he had been a general employee during his absence, plus an amount of interest equal to the actuarial valuation interest rate assumption in effect on the date of redeposit, plus payment of costs for all professional services rendered to the board in connection with the purchase of the periods of credited service for authorized leave time.

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.

<u>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.</u>

* * *

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

* * *

<u>SECTION 2</u>: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-27 Membership, to read as follows:

(a) *Conditions of eligibility.* Conditions of eligibility of members in the general employees' retirement system shall be as follows:

(1) All members of the system on September 2, 1992 shall continue participating under this article. Beginning October 1, 1992, all current and future new general employees shall become members of this system as a condition of employment unless they are employed as the city manager or as "department directors," as defined in the City St. Pete Beach Personnel Rules and Regulations Manual, and they elect not to participate<u>, pursuant to subsection (2) below</u>.

(2) Notwithstanding paragraph (1) above, employees in positions characterized as "department directors" may, ~~by the later of April 15, 2005 or the end of the first payroll period following their date of hire~~ <u>upon employment</u>, notify the board and the city, in writing, of their election to not be a member of the system. This election is an irrevocable, one-time election. <u>Current employees of the City are not eligible for the opt-out provided for herein.</u> In the event of any such election, ~~(i)~~ they shall be barred from future membership in the system, ~~(ii)~~ <u>and</u> they shall become eligible for the city's deferred compensation plan under Internal Revenue Code Section 457(b)<u>. Contributions to the plan in accordance with section 66-69 shall not be required, they shall not be eligible to be elected as a member trustee on the board or vote for a member trustee, and they shall not be eligible for any other benefits from the plan.</u> ~~, and (iii) any accumulated employee and employer contributions (for which it shall be assumed that there was an employer contribution equal to 12 percent of each~~

~~participant's compensation for each year of participation, prorated based on the number of months of actual participation, and on which no earnings, gains or losses shall be applied) made after employment and prior to opting out shall be transferred to that deferred compensation plan upon completion by the employee of the necessary administrative forms. In no event will the total amounts transferred for any member opting out of the system be in excess of the actuarially determined amount that would result in any additional costs to the system. Deferred compensation plan participants shall be 100 percent vested in all such transferred amounts unless otherwise provided in the recipient plan, and notwithstanding anything in this plan to the contrary.~~

(3) Notwithstanding paragraph (1) above, employees in positions classified in the St. Pete Beach Personnel Rules and Regulations Manual as "Managerial," "Administrative," "professional," or "supervisory" (commonly referred to as "MAPS employees") may, ~~by the later of March 30, 2007 or the end of the first month following their date of hire~~ upon employment, notify the board and the city, in writing of their election to ~~cease or elect~~ opt out of participation in this plan. Current employees of the City are not eligible for the opt-out provided for herein. In the event of any such election, he shall be barred from future membership in the system. Contributions to the plan in accordance with section 66-69 shall not be required, he shall not be eligible to be elected as a member trustee on the board or vote for a member trustee, and he shall not be eligible for any other benefits from the plan.

~~a. MAPS employees who are active participants in this plan and who elect to opt out of this plan shall have the opportunity to make an irrevocable, one-time election to transfer assets into the city's money purchase plan. Such an election will result in any accumulated employee and employer contributions (for which it shall be assumed that there was an employer contribution equal to ten percent of each participant's compensation for each year of participation, prorated based on the number of months of actual participation, and on which no earnings, gains or losses shall be applied) made after employment and prior to opting out being transferred to that money purchase plan upon completion by the employee of the necessary administrative forms. In no event will the total amount transferred for any member opting out of the system be in excess of the actuarially determined amount that would result in any additional cost to the system. Money purchase plan participants shall be 100 percent vested in all such transferred amounts unless otherwise provided in the recipient plan, and notwithstanding anything in the system to the contrary, such participants shall have no further rights to any benefits under this plan.~~

~~b. Any and all elections under this section shall be effective on the first of the month following the date of the election.~~

~~c. Failure to make an election shall be treated as a deemed election to continue participating in the system and to keep such assets in the system. Any MAPS employees who elect to transfer into the money purchase plan, but who do not elect to transfer plan assets into the money purchase plan shall continue to earn service credit under the system for vesting purposes, but shall not earn additional service credit for benefit accrual purposes.~~

~~d. Former MAPS employees who are retired are not eligible to make this election. MAPS employees who are participating in the DROP as of the effective date of this section are treated as retirees under this plan, which~~

~~means that such individuals are not entitled to elect to transfer funds into the money purchase pension plan.~~

* * *

SECTION 3: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-101 Benefit amounts and eligibility, subsection (a) *Normal retirement date*, to read as follows:

~~(a) *Normal retirement date.* Under this article, a member's normal retirement date for members who retired, entered the DROP or terminated employment with the right to a deferred vested benefit prior to October 1, 2012; and members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be the first day of the month coincident with or next following the earlier of the attainment of age 55 years, regardless of years of credited service, or the completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100 percent vested in his accrued benefit on the member's normal retirement date.~~

(a) *Normal retirement age and date.* Under this article, a member's normal retirement date for members who retired, entered the DROP or terminated employment with the right to a deferred vested benefit prior to October 1, 2012; and members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be the earlier of the attainment of age 55 years, regardless of years of credited service, or the completion of 25 years of credited service, regardless of age. 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.

Normal retirement under the system is retirement from employment with the city on or after the normal retirement date. The normal retirement date for members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date, and members hired on or after October 1, 2012, shall be as provided in section 66-116; provided, members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date shall be eligible to receive their frozen accrued benefit through September 30, 2012 upon attaining age 55 or 25 years of credited service, and terminating city employment.

* * *

SECTION 4: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-103 Disability, subsection (a) *Generally*, to read as follows:

(a) *Generally.* Any member with ten years or more credited service who shall become totally and permanently disabled to the extent that he is unable, because of a medically determinable physical or mental impairment, to render useful and efficient service as a general employee shall, upon establishing the same to the satisfaction of the board, be entitled to a monthly pension equal to two and one-quarter percent of his average final compensation multiplied by his total years of credited service. 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 30 days after termination~~. 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.

* * *

SECTION 5: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-108 Maximum Pension, to read as follows:

* * *

(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. 66-103 or pre-retirement death benefits paid pursuant to Sec. 66-102.

* * *

(l) *Additional Limitation on Pension Benefits.* Notwithstanding anything herein to the contrary:

(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 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-113 Deferred retirement option plan, to read as follows:

Sec. 66-113. Deferred retirement option plan.

(a) *Definitions.* As used in this section 66-113, the following definitions apply:

(1) *DROP* means the City of St. Pete Beach General Employees' Deferred Retirement Option Plan.

(2) *DROP account* means 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 general employee, any member who is eligible for normal retirement under section 66-101(a), of the system may, prior to October 1, 2012, elect to defer receipt of such service retirement pension and to participate in the DROP. Notwithstanding any other provision of this section, the DROP shall be closed to new participants effective October 1, 2012, and no member may enter the DROP on or after that date; provided, a member who is employed on September 30, 2012 and has attained age 55 or 25 years of credited service on that date may enter and participate in the DROP on or after October 1, 2012 in accordance with the provisions of this section.

(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 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 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 at 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 general employee.

b. Upon the member's termination of participation in the DROP, pursuant to subsection 1. above, all amounts provided for in this subsection (c)(2), including monthly benefits and investment earnings or losses or interest, as applicable, 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 general employee.

c. A member who terminates his participation in the DROP under 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 additional benefits provided under any cost-of-living adjustment 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, nor shall his estate or beneficiary be eligible for pre-retirement death benefits.

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 general employee, no amounts shall be paid to him from the system until he terminates his employment as a general employee. 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 general employee.

(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 general employee 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 general employee.

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 ~~after each fiscal year quarter~~ with either:

1. Interest at an effective rate of seven and one-half 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 actual net rate of 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.

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 only once 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 or interest 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 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 is employed by the city as a general employee 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 of the permissible period of DROP participation, the member's DROP account will no longer be credited or debited with earnings or interest, 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 as a general employee. A member employed by the city as a general employee after the permissible period of DROP participation will still not be eligible for disability benefits, nor shall his estate or beneficiary be eligible for pre-retirement death benefits, nor will he accrue additional credited service.

(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 general employee. 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 general employee.

(2) *Form of distribution.*

a. Unless the member elects otherwise, distribution of his DROP account shall be made in a cash lump sum. A member may elect, in such time and manner as the board shall prescribe, to receive ~~an~~ the optional form of benefit described below.

1. Until the value of the member's DROP account is completely depleted, payments in approximately equal quarterly or annual installments over a period, designated by the member, not to exceed the life expectancy of the last survivor of the member and his beneficiary. In the event that the member dies before all installments

have been paid, the remaining balance in his DROP account shall be paid in an immediate cash lump sum to his beneficiary, or if none is designated, then to the member's estate.

2. The purchase of a nonforfeitable fixed annuity payable in such form as the member may elect. Elections under this clause 2. shall be in writing and shall be made in such time or manner as the board shall determine.

b. Notwithstanding the preceding, if a member dies before his benefits commence, 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 begin 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 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 66-110.

(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, or cause to be maintained, 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, or cause to be kept, in convenient form such data as may be necessary for the valuation of the assets and liabilities of the DROP. The board shall prepare or cause to be prepared and distributed 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, the applicable portions of the Act 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. The board shall also oversee the investment of the DROP'S assets.

(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 66-108 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 the board shall find that 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 may direct that any benefit due him, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides. 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 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 months of the date of the mailing, the board may, if it so elects and upon receiving advice from counsel to the DROP, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the DROP. Upon such cancellation, the DROP 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 and 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 66-113 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 7: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-114 Prior government service, subsection (5), to read as follows:

(5) In no event, however, may credited service be purchased pursuant to this section for prior service with any other governmental agency, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in section 66-108, subsection (~~k~~ l)(2).

SECTION 8: That Chapter 66, Article II General Employees' Retirement System, Division 3 Benefits, of the Code of Ordinances of the City of St. Pete Beach, is hereby amended by amending Section 66-116 Benefits Effective October 1, 2012, subsection (b) *Benefit amounts and eligibility*, (1) *Normal retirement date*, to read as follows:

(b) (1) ~~*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 60 and completion of 10 years of credited service, or 30 years of credited service regardless of age. Provided, a member with 10 or more years of credited service on September 30, 2012 shall be eligible for normal retirement at age 55 or upon completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 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.~~

<u>*Normal retirement age and date.* A member's normal retirement age is the earlier of the attainment of age 60 and completion of 10 years of credited service, or 30 years of credited service regardless of age. Provided, a member with 10 or more years of credited service on September 30, 2012 shall be eligible for normal retirement at age 55 or upon completion of 25 years of credited service, regardless of age. 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.</u>

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<u>SECTION 9</u>: Codification.

This Ordinance shall be codified in the Code of Ordinances of the City of St. Pete Beach.

<u>SECTION 10</u>: Severability.

If any portion, part or section of this ordinance is declared invalid, the valid remainder hereof shall remain in full force and effect.

<u>SECTION 11</u>: Repeal of Ordinances in Conflict.

All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

<u>SECTION 12</u>: Effective Date.

This ordinance shall become effective immediately upon final passage as provided by law.

____
Alan Johnson, Mayor

FIRST READING : __________________

PUBLISHED : __________________

SECOND READING : __________________

PUBLIC HEARING : __________________

I, Rebecca Haynes, City Clerk of the City of St. Pete Beach, Florida, do hereby certify that the foregoing Ordinance was duly adopted in accordance with the provisions of applicable law this ________ day of ____________________, 2017.

____
Rebecca Haynes, City Clerk

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