

EXHIBIT 2
EXHIBIT "A"

HALLANDALE BEACH POLICE AND FIRE PENSION PLAN

ARTICLE I
DEFINITIONS

Unless a different meaning is plainly required by the context, the following words and phrases as used in this Ordinance shall have the following words and meanings:

- 1.01 **Accumulated Contributions** - shall mean the sum of all amounts deducted from a member's compensation or picked up on behalf of a member. Accumulated contributions shall also include buy-back amounts paid under sections 8.07 and 8.08.
- 1.02 **Active Membership** - shall mean membership in the Retirement Plan as an employee.
- 1.03 **Actuarial Equivalence** - shall mean that any benefit payable under the terms hereof in a form other than the normal form of benefit shall have the same actuarial present value on the date payment commences as the normal form of benefit. For purposes of establishing actuarial present value of any form of payment other than a lump sum distribution, all future payments shall be discounted for interest and mortality using eight percent (8%) interest and the 1983 Group Mortality Table for Males, with ages set ahead five (5) years in the case of disability retirees. In the case of a lump sum distribution, the actuarial present value shall be determined on the basis of the same mortality rates as just described and the pension benefit guaranty corporation's interest rates for terminating single employer plans which are in effect on the first day of the plan year in which the distribution is to be made.
- 1.04 **And** - shall have a conjunctive meaning.
- 1.05 **Beneficiary** - shall mean any person receiving a retirement allowance or other benefit from this Retirement Plan.
- 1.06 **Benefit** - shall mean a retirement allowance or other payment provided by the Retirement Plan.
- 1.07 **Board or Board of Trustees** - shall mean the Board of Trustees of the Retirement Plan.
- 1.08 **City** - shall mean the City of Hallandale Beach, Florida.

- 1.09 **Credited Service** - shall mean membership credit upon which a member's eligibility to receive benefits under the Retirement Plan is based or upon which the amount of such benefits is to be determined.
- 1.10 **Disability** - shall mean the permanent and total incapacity to perform regular and continuous duties as a police officer or firefighter for the City of Hallandale Beach.
- 1.11 **Early Service Retirement** - shall mean a member's withdrawal from service under circumstances permitting the payment of a retirement benefit before such member is eligible for normal service retirement.
- 1.12 **Employee** - shall mean a firefighter or police officer presently employed by the City.
- 1.13 **Final Average Compensation** - Effective January 1, 2006, Final Average Compensation shall mean a Police Officer's average monthly rate of pensionable earnings for the two most recent Calendar Years. Effective October 1, 2006, Final Average Compensation shall mean a Firefighter's average monthly rate of pensionable earnings for the two most recent Calendar Years. For purposes of this section, Calendar Year shall mean a one year period ending on December 31. Effective October 1, 2006, members entering the DROP or retiring prior to September 30, 2008 shall be allowed to select either two or three year averaging for calculating final average compensation. A Firefighter's Final Average Compensation, for benefit determination, shall include Outside Service Duty Detail Compensation up to a maximum of \$10,000.00 per Plan Year for Outside Service Duty Detail Compensation earned from October 1, 2006 through February 15, 2011. A Police Officer's Final Average Compensation, for benefit determination, shall include Outside Service Duty Detail Compensation up to a maximum of \$10,000.00 per Plan Year for Outside Service Duty Detail Compensation earned from October 1, 2006 through July 7, 2010. For Outside Service Duty Details worked by a Police Officer from October 1, 2006 through July 7, 2010 and worked by a Firefighter from October 1, 2006 through February 15, 2011 to be considered part of Final Average Compensation, they must have been worked during the two Calendar Years immediately preceding the date on which the Police Officer or the Firefighter retires or enters DROP. Effective July 8, 2010 for Police Officers and effective February 16, 2011 for Firefighters, Outside Service Duty Detail Compensation shall not be part of Final Average Compensation and, as such, shall not be considered pensionable earnings nor subject to pension fund contributions from Police Officers and Firefighters.. Prior to January 1, 2006 for Police Officers and prior to October 1, 2006 for Firefighters, final average compensation shall mean a member's average monthly rate of pensionable earnings from the City during the seventy-eight (78) highest consecutive bi-weekly pay periods of service proceeding actual retirement of the member or the termination of the member's service with the City, whichever shall occur earlier. For purposes of non-service disability

calculations, if a member shall have been employed for less than seventy-eight (78) consecutive bi-weekly pay periods, such average shall be taken only over the period of actual employment. The terms "Final Monthly Compensation" and "Final Average Compensation" shall have the same meaning and shall be interchangeable when used herein and within the bargaining unit contracts.

- 1.14 **Firefighter** - shall mean any person employed by the City who is certified as a firefighter as a condition of employment in accordance of the provisions of Section 633.35, Fla. Stat., and whose duty it is to extinguish fires, to protect life and to protect property.
- 1.15 **Fund** - shall mean the City of Hallandale Beach Police and Fire Personnel Retirement Trust Fund.
- 1.16 **May** - shall mean a permissive term.
- 1.17 **Member** - shall mean a police officer or firefighter actively employed by the City for whom contributions to the Retirement Plan are made as required by this Ordinance. A re-hired, retired member, except a reinstated member on disability, shall have the option to restore active membership as provided in this Plan.
- 1.18 **Option** - shall mean one of several choices available to members with respect to the manner in which a retirement allowance may be paid.
- 1.19 **Pension** - shall mean a series of periodic payments, usually for life, payable in monthly installments.
- 1.20 **Pensionable Earnings** - shall mean a member's base salary, including pick-up contributions for all straight time hours worked, overtime, assignment pay, payments received for vacation and sick leave taken in lieu of pay for actual services rendered, jury duty pay, bereavement leave taken in lieu of payment for actual services rendered, premium pay, longevity and educational incentive payments. Effective October 1, 2006 through February 15, 2011, Pensionable Earnings for Firefighters shall include Outside Service Duty Detail Compensation up to a maximum of \$10,000.00 per Plan Year for Outside Service Duty Detail Compensation earned from October 1, 2006 through February 15, 2011. Effective October 1, 2006 through July 7, 2010, Pensionable Earnings for Police Officers shall include Outside Service Duty Detail Compensation up to a maximum of \$10,000.00 per Plan Year for Outside Service Duty Detail Compensation earned from October 1, 2006 through July 7, 2010. Effective July 8, 2010 for Police Officers and effective February 16, 2011 for Firefighters, Pensionable Earnings shall not include Outside Service Duty Detail Compensation. All administrative cost for implementing the treatment of Service Duty Detail Compensation as pensionable earnings shall be paid by the Pension Fund. Pensionable Earnings shall not include payments for accrued sick leave, accrued vacation leave, sick leave buy back or accrued compensatory leave paid

as a lump sum upon separation from service, uniform allowances, expense allowances, commissions, and bonuses.

- 1.21 **Pick-Up Amounts** - shall mean employer contributions derived from a member's pensionable earnings through a reduction in the member's compensation.
- 1.22 **Plan Year** - shall mean the period from October 1 through September 30 of the following year.
- 1.23 **Police Officer** - shall mean any person who is appointed or employed full time by the City who is certified or required to be certified as a law enforcement officer in compliance with Section 943.1395, Fla. Stat., who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic or highway laws of the state.
- 1.24 **Retirement** - shall mean a member's withdrawal from active service with a benefit granted to the member pursuant to the provisions of this Ordinance. Unless otherwise provided herein, participants in the Deferred Retirement Option Plan (DROP) shall be treated as retired for pension purposes, with actual receipt of benefits deferred until separation from service.
- 1.25 **Retirement Allowance** - shall mean a pension provided by the Retirement Plan.
- 1.26 **Retirement Plan** - shall mean the City of Hallandale Beach Police Officer's and Firefighter's Personnel Retirement Trust.
- 1.27 **Service** - shall mean active service as an employee.
- 1.28 **Service Duty Detail** -shall mean police or firefighter related work or duties performed within the municipal corporation limits of Hallandale Beach and shall not include similar work engaged outside of said corporate limits nor shall it include any other type of work whether within or without the City. The terms "Service Duty Detail", "Outside Service Duty Detail" and "Off-duty Detail" shall have the same meaning and shall be interchangeable when used herein and within the bargaining unit contracts.
- 1.29 **Service Retirement** - shall mean a member's retirement from active service under circumstances permitting payment of a retirement allowance without reduction because of age or length of service and without special qualifications such as disability. Service retirement shall be considered normal retirement.
- 1.30 **Trustee** - shall mean a member of the Board of Trustees of the Retirement Plan.
- 1.31 **Vested Benefit** - shall mean an immediate or deferred benefit to which a member has gained a non-forfeitable right under the provisions of this Ordinance.

- 1.32 **Minimum Vesting** - shall mean ten (10) years of credited service before the member is entitled to retirement benefits except for service incurred disability retirement income or service incurred death benefits.

ARTICLE II

RETIREMENT PLAN ESTABLISHED; NAME; OPERATIVE DATE; MEMBERSHIP

- 2.01 A Retirement Plan is hereby established and placed under the exclusive administration and management of a Board of Trustees for the purpose of providing retirement benefits pursuant to the provisions of this Ordinance and for defraying the reasonable expenses of the Retirement Plan.
- 2.02 The Retirement Plan established by this Ordinance shall be known as the City of Hallandale Beach Police Officers and Firefighters Personnel Retirement Trust.
- 2.03 This Retirement Plan shall be effective on the date of adoption by the City.
- 2.04 All police officers and firefighters shall be members of the Retirement Plan as a condition of continued employment. The City may, at its option, provide for the exclusion of the Police Chief and Fire Chief from the Retirement Plan as permitted by state law.
- 2.05 Restoration of retired members. A member in receipt of a retirement benefit, except a disability retirement, shall have the right to again become a member of the system or to decline membership upon rejoining the City's workforce. The retired member shall elect to accept or decline membership in the Plan within thirty (30) days of a return to work status. In the case of an employee in receipt of a service retirement benefit who elects continued membership in the system, the payment of retirement benefits shall be suspended during the period of reemployment. The employee shall again become a contributing member of the Plan and shall earn credited service, up to the amount of any maximum accrual permitted by the Plan, during the period of reemployment. At the conclusion of the term of reemployment, a new retirement calculation shall be made, taking into account any additional credited service and any change in the salary calculation. The two calculated benefits shall then be combined for a single retirement payment. In the case of an employee who declines further membership, the employee shall be permitted to continue to receive the retirement benefit while employed by the City; but, shall receive no credited service, no salary recalculation and no adjustment for enhanced benefits during the period of reemployment.

ARTICLE III
ADMINISTRATION OF THE RETIREMENT PLAN

- 3.01 The sole and exclusive administration of, and the responsibility for, the proper effective operation of the Retirement Plan and for making the provisions of this Ordinance is vested in a Board of Trustees.
- 3.02 The Board of Trustees shall consist of five persons; two of whom shall be legal residents of the City of Hallandale Beach and who shall be appointed by the City Commission. One member of the Board of Trustees shall be a police officer who shall be elected by a majority of the police officers who are active members of the Plan. One member shall be a firefighter who shall be elected by a majority of the firefighters who are active employee members of the Plan. A fifth member of the Board shall be chosen by a majority of the previous four persons, and such person's name shall be submitted to the City Commission for appointment. The City Commission shall appoint the fifth member selected by the other four as a ministerial duty.
- 3.03 All Trustees shall serve a term of two years. If a vacancy shall occur prior to the expiration of a member's term, a replacement member shall be chosen in the same manner as the person who has left office. A replacement Trustee shall serve a full term measured from the date of replacement. All Trustees shall serve until their replacements are selected.
- 3.04 The Board of Trustees shall prescribe a uniform election procedure for the selection of the active member Trustees.
- 3.05 All Trustees shall serve without compensation, but they shall be reimbursed from the Fund for all necessary expenses authorized by the Board. The Board shall be permitted to prescribe uniform rules for reimbursement for travel expenditures.
- 3.06 The Board of Trustees shall annually select a Chairman and a Secretary who shall execute all documents on behalf of the Board.
- 3.07 A majority of the members of the Board shall constitute a quorum for the transaction of business and shall have full power to act under the terms of the Plan. Three concurring votes shall be required of the Board to take action.
- 3.08 The Board shall keep minutes of all meetings and a record of any action taken by the Board shall be kept in written form and maintained by the Board.

- 3.09 The Board of Trustees shall have the authority to make such uniform rules and regulations and to take such action as may be necessary to carry out the provisions of the Plan and all decisions of the Board of Trustees, made in good faith, and shall be final, binding and conclusive on all parties.
- 3.10 The Board of Trustees shall be deemed the named fiduciary of the Plan and shall discharge its responsibilities solely in the interest of the members and beneficiaries of the Plan for the exclusive purpose of providing benefits to the members and their beneficiaries and to defray the reasonable expenses of the Plan. The Trustees shall exercise those fiduciary responsibilities with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character and with similar aims.
- 3.11 The Board of Trustees shall have the following administrative duties:
- a. To maintain such records as are necessary for calculating and distributing retirement benefits;
 - b. To maintain such records as are necessary for financial accounting and reporting of retirement plan funds;
 - c. To maintain such records as are necessary for actuarial evaluation of the Retirement Plan, including investigations into the mortality, service and compensation experience of its members and beneficiaries;
 - d. To compile such other administrative or investment information as is necessary for the management of the Retirement Plan;
 - e. To process, certify and/or respond to all correspondence, bills and statement received by the Retirement Plan, as well as all applications submitted to the Board for retirement benefits;
 - f. To establish and maintain communication with City departments and other agencies of government as is necessary for the management of the Retirement Plan, including preparing, filing and distributing such reports and information as are required by law to be prepared, filed or distributed on behalf of the Retirement Plan;
 - g. To determine all questions relating to and process all applications for eligibility, participation and benefits;
 - h. To distribute at regular intervals to employees, a comprehensive Summary Plan Description and periodic reports at required by law;

- i. To retain and compensate such professional and technical experience as is necessary to fulfill its fiduciary responsibilities;
- j. To make recommendations regarding changes in the provisions of the Plan;
- k. To assure the prompt deposit of all member contributions, City contributions, Chapter 175 and 185 monies, and investment earnings;
- l. To establish a uniform set of rules and regulations for the management of the Trust;
- m. To take such other action as the Trustees shall deem, in their sole and exclusive discretion, as being necessary for the efficient management of the Plan.

3.12 The Board shall have the authority to retain its own legal counsel, accountants, actuaries and other professional advisors to assist the Board in the performance of its duties. The Board may act without independent investigation upon the professional advice of the advisors so retained.

3.13 The Board is authorized to prosecute or defend actions, claims or proceedings of any nature or kind for the protection of the Fund assets or for the protection of the Board in the performance of its duties.

3.14 Neither the Board nor any of its individual members shall have any personal liability for any action taken in good faith. The Trustees individually and the Board as a whole shall be entitled to the protections on Section 768.28, Fla., Stats. The Trustees shall also be authorized to purchase from the assets of the Fund, errors and omission insurance to protect the Trustees in the performance of their duties. Such insurance shall not provide protection against a Trustee's fraud, intentional misrepresentation, willful misconduct or gross negligence.

3.15 No Trustee shall be responsible at his or her own expense, to take legal action to correct the misconduct of any other member of the Board of Trustees. A Trustee shall have an affirmative obligation, however, to publicly reveal any misfeasance, malfeasance or nonfeasance by a co-Trustee, and upon making such revelation in a public meeting, shall be relieved further individual responsibility of the actions of that co-Trustee.

3.16 If an action of the Board has a impact on the City of Hallandale Beach contribution the action must be approved by the City Commission. The City retains the right to obtain independent actuarial services to determine financial impact .

ARTICLE IV
MEMBER CONTRIBUTIONS

- 4.01 The City shall pick-up, rather than deduct from each member's pay, beginning with the date of employment, eight (8%) percent of the member's pensionable earnings. Effective October 1, 2006, the employee contribution shall be ten percent (10%) of pensionable earnings. Effective July 8, 2010, the City shall pick-up, rather than deduct from each Police Officer's pay nine and one half percent (9.5%) of the Police Officer's pensionable earnings. Effective February 16, 2011, the City shall pick-up, rather than deduct from each Firefighter's pay nine and one half percent (9.5%) of the Firefighter's pensionable earnings. The monies so picked-up shall be deposited in the Fund on a bi-monthly basis. An account record shall be maintained continuously for each member. Pick-up contributions shall continue until death, entry into the DROP, disability or termination of service, whichever shall occur first. Contributions shall remain in the Fund unless withdrawn as provided in the Plan. No member shall have the option to choose to receive the contributed amounts directly instead of having them paid by the City directly to the Plan. All such pick-up contributions by the City shall be deemed and be considered as part of the member's accumulated contributions and subject to all provisions of the Plan pertaining to accumulated contributions of members. The intent of this provision is to comply with Section 414(h)(2) of the Internal Revenue Code. For the purpose of accruing and calculating pension benefits, social security benefits, overtime compensation, percentage increases to base pay, supplemental percentage payments for particular assignments, education, experience, longevity, years of service, payroll steps, licensure or training, and for paying social security taxes, and for such other purposes except as specified in this Plan, the amount of employee contributions "picked-up" or paid by the City will be added to the amount distributed on a current basis in order to determine total wages, salary, pay or compensation.
- 4.02 All benefits payable under this Plan are in lieu of a refund of accumulated contributions. In any event, however, each member shall be guaranteed the payment of benefits at least equal in total amount to the member's accumulated contributions.
- 4.03 Any monies received or receivable by reason of the laws of the State of Florida for the express purpose of funding or paying for retirement benefits for police officers and firefighters shall be deposited into the Fund immediately, but not later than five (5) business days after receipt by the City.

- 4.04 The City shall make such contribution under the Florida Protection of Public Employee Retirement Benefits Act and Chapters 175 and 185, Florida Statutes, which together with contributions picked-up on behalf of members, plan earnings and state insurance premium tax rebates will maintain the Fund on a sound actuarial basis, as determined by the Board in conjunction with its actuary.
- 4.05 Expenses, charges and fees attributable to the management of the Plan shall be paid from the Fund.
- 4.06 The City shall have no right, title or interest in the Fund or in any part thereof, and no contribution made thereto shall revert to the City, except such part of the Fund, if any, which remains therein after the satisfaction of all liabilities to persons entitled to benefits under the Plan.

ARTICLE V
FUND MANAGEMENT AND INVESTMENTS

- 5.01 The Plan is hereby established as an irrevocable Trust Fund into which shall be deposited all of the assets of the Plan of every kind and description.
- 5.02 The actual custody and supervision of the Fund shall be vested in the Board. All assets of the Plan may be co-mingled provided that accurate records are maintained at all times reflecting the financial composition of the Fund, including accurate accounts regarding the following:
- a. Current amounts of accumulated contributions of members, both on an individual and aggregate basis;
 - b. Receipts and disbursements;
 - c. Benefits payments;
 - d. All contributions from the City;
 - e. All contributions from the State of Florida pursuant to Chapters 175 and 185;
 - f. All interest, dividends, gains and losses from investment;
 - g. Such other entries as may be required for a clear, complete financial report of the status of the Fund.

5.03

The Board shall establish a written investment policy, with the advice and counsel of such advisors as the Board deems necessary and said investment policy shall set forth the types of securities and other types of investments into which shall be placed the assets of the Fund. The policy shall further set forth appropriate limitations on those investments, including but not limited to, anticipated rate of return, quality of investment, class of investment and acceptable risk. The investment policy shall comply with the provisions of Florida Statutes, ' 112.661. The Board shall have the authority to invest and reinvest the assets of the Plan in such securities or property, real or personal, as the Board deems appropriate, including but not limited to:

- a. Bonds, notes or other obligations of the United States or any of its agencies, or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof;
- b. Accounts or certificates of deposit in any bank or other financial institution incorporated under the laws of the State of Florida, or any national bank organized under the laws of the United States, or authorized to do business and situated in the State of Florida to the extent that such certificates of deposit are secured by the deposits of securities of the United States government;
- c. Notes secured by first mortgages on real property insured or guaranteed by the Federal Housing Administration or the Veterans Administration;
- d. Interest bearing obligations with a fixed maturity of any corporation organized under the laws of the United States, any state or organized territory of the United States and the District of Columbia; provided that the entire fixed income portfolio has a mean quality rating of investment grade or higher;
- e. Foreign investments, including bonds issued by the State of Israel, in an amount not to exceed 10% of the portfolio at cost;
- f. Real estate, which may be in the form of co-mingled ownership and financial institutional futures, listed options, stock index futures, which may be used under specific instruction of managers;
- g. Common stock, preferred stock and interest bearing obligations of domestic corporations having an option to convert into common stock, trading on a national exchange and issued by a corporation organized under the laws of the United States, any state or organized territory of the

United States or any state or organized territory of the United States and the District of Columbia.

- h. Co-mingled or common trust funds and mutual funds.
- 5.04 The Board may determine the percentage of each type of investment to be held without regard to the limitations set forth in Section 175.071, Fla. Stats., and Section 185.06, Fla., Stats.
- 5.05 The Board shall be authorized to retain one or more money managers for the management of property held in the Plan and the Board shall convey property of the Plan to such money managers for investment and reinvestment in accordance with the terms of this Ordinance and the investment policies established by the Board. Any such money manager contracting with the Board for the investment of its assets shall be deemed a fiduciary of the Plan.
- 5.06 The Board shall have a continuing duty to observe and evaluate the performance of any money manager retained by the Board. The Board shall, in selecting a money manager or other investment advisor, exercise all judgment and care in the circumstances then prevailing which persons of prudence, discretion and intelligence, familiar with such matters, and in the management of an activity of a like character and purpose.
- 5.07 The Board shall require that any money manager or other agent who has custody or control of any property of the Plan to keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions pertaining to such Trust property and the Board shall further require that all accounts, books and records pertaining thereto be open for inspecting and audit at all reasonable times by the City, the Board or the designees.
- 5.08 The Board shall also keep accurate and detailed accounts of all investments, receipts, disbursements or other transactions pertaining to the Trust property and all accounts, books and records pertaining thereto shall be open to inspection and audit at all reasonable times by the City or its designees.

ARTICLE VI
SERVICE RETIREMENT BENEFITS

- 6.01 A member may retire on the first day of the month coincident with or next following the earlier of: the date upon which the member completes 25 years of credited service, regardless of age; or the date upon which the member attains age fifty-two (52) with ten years of credited service. There shall be no mandatory retirement age.
- 6.02 For members retiring on or after October 1, 2002, the normal retirement benefit shall be determined by multiplying three and two-tenths (3.2%) percent of final average compensation by the number of years of credited service. For members retiring on or after October 1, 2002, the amount provided in this section shall not exceed eighty (80%) percent of final average compensation, except as may be required to meet the minimum standards of Chapters 175 and 185, Florida Statutes.
- 6.03 A service retirement benefit shall be payable on the first day of each month. The benefit shall commence on the first day of the month coincident with or next following the member's actual retirement and shall continue until the death of the member. No member shall be permitted to accrue more than the equivalent of forty (40) years of credited service at the minimum benefit level provided in Chapters 175 and 185, Florida Statutes.
- 6.04 A member shall be guaranteed a benefit equal to one hundred twenty (120) payments. If the member shall die prior to receiving one hundred twenty (120) payments, the remaining benefit shall be paid to the beneficiary designated by the member or pursuant to an option providing a survivor benefit, if any, which has been selected by the member prior to actual retirement. In the event that no survivor has been designated, the member's estate shall be the recipient of the remaining balance of payments.
- 6.05 Early retirement shall be available to a member on the first day of the month coincident with or next following the attainment of age forty-five (45) and a completion of ten years of credited service.
- 6.06 A member electing early retirement may receive either a deferred payment or an immediate payment under the following formula:
- a. A deferred payment shall commence on the normal retirement date of the member. This shall mean the earlier of the date upon which the member would have completed 25 years of credited service or the date upon which the member attains age fifty-two (52) with ten years of credited service. A deferred payment shall be determined in the same manner as

a normal retirement, except that final monthly compensation and credited service shall be based upon the early retirement date.

- b. An immediate retirement benefit may commence on the first day of the month coincident with or next following the date of early retirement. The benefit shall be determined for normal retirement and then actuarially reduced for the number of actual years and months at which the starting date of the benefit precedes the normal retirement date. The normal retirement date shall be the earlier of the date upon which the member would have completed 25 years of credited service or attained age fifty-two (52) with ten years of credited service. The actuarial reduction factor applied to the benefit shall be a reduction of one-half percent for each month by which the early retirement date preceded the normal retirement date.

6.07 The payment of the early retirement income shall be subject to the same conditions as normal retirement income.

6.08 In the event a member elects early retirement, the benefit formula in effect on the early retirement date shall be applicable to the member.

6.09 A member entitled to a normal or early service retirement benefit shall have the right at any time prior to the date upon which the first payment is received to elect to have the benefit payable under one of the options provided in this plan. A member shall be permitted to revoke any such election and to elect a new option at any time prior to the receipt of the first payment. Each retirement option shall be the actuarial equivalent of the other retirement options available. The present value of payments to a retiring member must be equal to at least 50 percent of the total value of payments to a retiring member and designated beneficiary. Election of the retirement option shall be on a form prescribed by the Board.

- a. Joint and Last Survivor Option.

A member may elect to receive a benefit for life and to have the benefit (or a designated fraction of the benefit) continued after the member's death and during the lifetime of a designated survivor. A designated survivor may be any natural person or persons, named jointly or sequentially, but need not be the spouse of the member. In the event that the designated survivor dies before the member's benefit payments begin, this option shall be canceled automatically and a retirement income shall be payable to the member as if the election had never been made.

- b. Other Options.

The Trustees may authorize the payment of the retirement benefit in any form which is the actuarial equivalent of the other forms of retirement provided in this plan. An interest only option or an option providing guaranteed payments over a period in excess of 20 years or beyond age eighty-five (85) may not be offered. The Board, in its sole discretion, may make a lump sum distribution which is the actuarial equivalent of the monthly benefit if the lump sum is not greater than \$1,750.00.

c. Pop-up option.

Upon retirement, including entry into the DROP, a member may select an actuarially equivalent pop-up option as part of the joint and last survivor annuity. An eligible member, by electing this option, consents to the actuarial adjustment of the member's retirement benefits sufficient to cover the cost of this option. Notwithstanding the provisions of subsection 6.09(a), in the event that a member has selected a joint and last survivor option with a pop-up, and the member's designated joint annuitant predeceases the member, the survivorship benefit shall be deemed cancelled and the member's annuity shall be recalculated as the normal form of benefit without adjustment for optional forms of payment, and shall be paid for the life of the participant.

6.10 Medical Stipend: Members hired prior to January 1, 1996 who have terminated employment and are receiving pension benefits shall be entitled to receive a monthly stipend of \$10 per year of service to a maximum of \$200 per month. The benefit shall continue for the life of the eligible retiree and any surviving spouse, if the spouse was chosen with the survivor option. Eligible stipend recipients shall no longer be required to provide annual proof of health insurance. The Medical Stipend is eliminated for all members hired after January 1, 1996.

6.11 Each member employed on or after October 1, 2002 shall be eligible, upon retirement or entry into DROP, to receive a cost of living adjustment (COLA) as follows: on January 1 of the first year after a member retires or enters the DROP and every January 1 thereafter a two (2%) percent annual COLA shall be paid, provided that the Consumer Price Index for Urban Areas (CPIU) is equal to or greater than 0.5% for the immediately preceding 12 month period on or about September 30. The COLA hereby created shall apply to benefits paid to joint annuitants of members employed on or after October 1, 2002.

ARTICLE VII
DISABILITY

- 7.01 A member shall be disabled under the terms of the plan if the member has suffered an illness, injury or disease which renders the member permanently and totally incapacitated, physically or mentally, from regular and continuous duty as a police officer or firefighter. Disability shall not be determined based solely on the fact that a member cannot perform all of the duties of a police officer or a firefighter as set forth in the job description. The definition of disability shall be applied to an individual who because of illness, injury, or disease, cannot perform any job in the police or fire department which is within the member's physical or mental capabilities and further provided that a vacancy exists which will be made available by the City. The City shall be required to accommodate disabled workers in accordance with state and federal law. A disability benefit cannot be based on a condition which pre-existed membership in the plan unless the course of the disability would reasonably be expected to give rise to a disability in a person without the pre-existing condition.
- 7.02 A member shall be eligible for a service incurred disability retirement from the entry date into the plan. A service incurred disability retirement shall mean that the disability arose as a result of an act occurring in the performance of service with the City.
- 7.03 A member shall be eligible for a non-service incurred disability retirement upon the completion of ten years of credited service. A non-service incurred disability shall be an illness, injury, or disease, which did not occur as a result of an act in the performance of service with the City.
- 7.04 The service incurred disability benefit shall be paid in equal monthly installments in an amount equal to 75 percent of the member's pensionable earnings at the time of the disability. A disability retiree may select any of the optional forms of payment available to service retirees. The disability benefit shall be subject to an offset against disability benefits received from the Social Security Administration in an amount equal to 64 percent of the Social Security benefit. The member's disability benefit shall be subject to an offset against worker's compensation benefits received from the City and a member's outside income at the rate of one dollar (\$1.00) for each three dollars (\$3.00) earned, to the extent that the sum of the worker's compensation benefit and the disability benefit exceed 100 percent of the member's earnable compensation. If a member receives a cost of living adjustment to the Social Security disability benefit or to the worker's compensation benefit, those cost of living benefits shall not be used in the calculation of the offset. In no event shall the disability benefit payable under this Plan, net

of all offsets, be less than the greater of the member's accrued benefit or forty-two (42%) percent of the member's earnable compensation.

- 7.05 In the case of a lump sum settlement of worker's compensation, the application of the lump sum payment shall be applied to the offset provisions in Section 7.04 in accordance with the terms of this section. Only that portion of a lump sum settlement attributable to lost wages shall be applied to the offset. Offsets shall not apply to that portion of a lump sum settlement attributable to future medical benefits and attorney's fees. The lump sum payment received shall be divided the number of months in which the payment would have been received had the lump sum not been offered, and that amount shall be applied on a monthly basis to the determination of the offset. In the case of a lifetime worker's compensation benefit, the lump sum amount shall be divided by the number of months remaining in the member's actuarial lifetime, and that fraction shall be applied on a monthly basis to the determination of the offset. The Board may prescribe uniform rules for the application of this Section.
- 7.06 The non-service incurred disability benefit shall be paid on a monthly basis in an amount equal to 3.2 percent of final average compensation multiplied by the number of years of credited service. This amount shall be subject to an offset against the member's Social Security disability benefit in an amount equal to 64 percent of that Social Security benefit. In no event shall a non-service incurred disability benefit exceed 50 percent of the member's final average compensation; provided however, that the minimum benefit shall be the greater of the member's accrued retirement benefit or twenty-five percent (25%) of the member's final average compensation. For the purposes of a non-service incurred disability benefit, final average compensation shall be determined as of the last day the member was actively at work for the City. A disability retiree may select any of the optional forms of payment available to service retirees.
- 7.07 Disability benefits shall be paid on the first day of each month. Entitlement to a disability benefit shall accrue on the first day of the month coincident with or next following the later of the date upon which the disability has existed for ninety (90) days or the date upon which the member has made written application for disability benefits on the form prescribed by the Board of Trustees. No benefit shall be paid until the Board of Trustees has actually considered and voted upon entitlement to disability.
- 7.08 Disability retirement income shall continue until the death of the member or recovery from disability, as determined by the Board of Trustees. In the event of the death of a member who is retired on a disability benefit

and has not received one hundred twenty (120) payments, the remaining unpaid benefits shall be paid to a designated beneficiary selected by the member and communicated to the Board on the form prescribed by the Board. In the event that there is no designated beneficiary, the remaining unpaid benefits shall be paid to the estate of the deceased member.

- 7.09 The Board of Trustees shall have the continuing right to require disabled members to submit to a medical examination to determine that the member remains disabled. In order for a member to be deemed recovered, the medical board must recommend to the Board of Trustees that the member has sufficiently recovered to again engage in the duties of a police officer or firefighter and that the City has certified that it has a position within the police or fire service available for the member consistent with the member's medical condition.
- 7.10 Upon finding that a member is no longer disabled, the member shall return to work for the City at the same rank and position previously occupied and shall be placed into the appropriate step in the pay plan which the member would have occupied but for the disability. The member shall again become an active member of the plan but shall receive no creditable service for any period of time in which the member was receiving disability benefits. If the member declines re-employment within the City, the member shall be deemed to have terminated employment on the date that the disability benefit commenced.
- 7.11 No member shall be eligible to receive disability benefits from the retirement plan during any period of time that the member is receiving a salary from the City. This section shall not apply to the receipt of worker's compensation benefits.
- 7.12 Application for disability retirement shall be made on a form prescribed by the Board of Trustees. The member shall execute such medical releases as are necessary to permit the Board of Trustees to review the medical records needed to determine the question of disability and to discuss said records at a public meeting. Upon receipt of an application for disability, the Board shall appoint a medical committee to be composed of not less than one nor more than three licensed physicians. The applicant for disability shall be required to submit to examination by the medical committee. The medical committee shall report its findings to the Board of the Trustees which shall include a determination, to the extent reasonably possible, the origin of the disability, whether the disability is permanent, and whether the disability is total. In making that determination, the medical committee shall be bound by the definition of disability set forth in this plan.

- 7.13 As a part of the disability application, notice of the application shall be forwarded to the Personnel Department of the City together with a questionnaire seeking information from the City concerning any available job openings for the applicant in the appropriate department, consistent with the applicant's physical limitations. In addition, the city shall be requested to provide a copy of any worker's compensation records. The Board is not bound in its deliberations by any worker's compensation proceeding, but should be apprised of any medical or other information contained in those records which bears on the questions of the permanency, totality, and causation of the disability.
- 7.14 Upon receipt of the report of the medical committee, the Trustees shall schedule a public hearing at which time the Board shall review all reports of the medical committee, together with any such documentary evidence as the applicant may wish to submit. The Board shall conduct a preliminary determination as to whether the member is permanently and totally disabled based upon the written documentation presented. If the Board does not grant the application based on the written documentation, it shall inform the member in writing of the reasons for the denial of the application. The member may, within thirty (30) days of receipt of the Board's preliminary denial, request a full evidentiary hearing before the Board. Said hearing will be conducted consistent with the principles of due process and the rules of evidence generally applicable to administrative proceedings shall apply. The Board shall have the power to issue subpoenas compelling the attendance of witnesses. At said hearing the applicant may present such oral and written evidence as the applicant deems necessary to establish its burden of proof. The Board may appoint special counsel as an advocate to cross-examine witnesses and to offer argument in opposition to the application. The attorney for the Board shall not serve both as advocate and as advisor to the Board in the same proceeding. The applicant and the Board shall have the right to examine and cross-examine all witnesses. The decision of the Board shall be based solely upon the evidence presented and the law applicable to this plan. Following the conclusion of the hearing, the Board shall render an opinion in writing setting forth the reasons for the grant or denial of the benefit. In the event that the disability benefit is denied, the applicant shall have the right to judicial review by complaint for common law certiorari in the Circuit Court of Broward County.
- 7.15 The Board of Trustees may prescribe rules of procedure to implement the provisions of this plan relating to the conduct of disability hearings.
- 7.16 No member shall be granted a disability pension upon a determination by the Board that the disability resulted from:
- a. Excessive and habitual use of drugs, intoxicants or narcotics;

- b. Injury or disease sustained while willfully and illegally participating in fights, riots, civil insurrections or while committing a crime;
- c. Intentionally self-inflicted wounds, injuries or ailments;
- d. Any occurrence arising from compensable employment unrelated to regular City employment, and such employment having been undertaken without prior permission of the appropriate department head having been granted to such member in writing.

ARTICLE VIII
VESTING AND TERMINATION

- 8.01 Except as otherwise provided in this section, all rights to benefits under this plan shall terminate when a member's employment terminates for any reason other than normal service retirement, early service retirement, or disability retirement. Any member who completes ten years of credited service and whose contributions remain in the plan has a vested right to accrued benefits from the plan. No member who has completed less than ten years of credited service shall have a vested interest in any accrued benefit.
- 8.02 A member who shall leave the service of the City prior to eligibility for normal service retirement or early service retirement, but who has completed ten years of creditable service shall be entitled to receive retirement benefits commencing at the regular normal service retirement date. Such benefits will be based on final monthly compensation and credited service as of the date of termination.
- 8.03 Every member shall have the right to elect to receive, in lieu of all benefits under the plan, a return of the member's accumulated contributions. If the member terminates with less than five years of credited service, the member shall be entitled to a return of the contributions with no interest. If a member has completed more than five years of credited service and elects a lump sum return of contributions, the member shall receive interest at the rate of three percent for each full year of credited service, to be prorated for the final year of employment.
- 8.04 A member who elects a lump sum return of contributions releases and discharges the City of Hallandale Beach and the Retirement Plan from the right to any other benefits from the plan.
- 8.05 If a member of the plan has completed ten years of credited service and dies prior to retirement, the beneficiary of the vested member shall receive a monthly retirement income for one hundred twenty (120)

months based on final monthly compensation and credited service as of the date of the member's death. In the event that there is no beneficiary designated on a form prescribed by the Board, the benefits otherwise payable will be paid to the estate of the deceased member.

8.06 If a member who has terminated service prior to retirement re-enters the police or fire service of the City, the member will be entitled to reinstate the credited service that the member had on the date of termination in lieu of the benefits to which the member became entitled at time of separation. If, at the time of separation, the member withdrew the member's accumulated contributions, credited service can only be restored by repaying to the pension plan an amount equal to the accumulated contributions plus five percent interest from the date the contributions were withdrawn.

8.07 A member with prior police or firefighter service with another employer or who has served on active military duty in the Armed Forces of the United States may purchase up to a maximum of four (4) years of service credit, provided that for each year being purchased the member pays to the pension plan eight and four tenths (8.4%) percent of the member's current salary for each year being purchased. A member who is receiving, or will receive a pension benefit for prior service in any other pension plan supported by public funds, except a military pension, shall not be eligible for buy-back of that prior service, under the provisions of this section. In order to be permitted to purchase prior service under this Section, the member must submit proof to the Board that the member is not receiving and will not receive a pension benefit from another plan based on the prior service. Members hired after October 1, 2001 must exercise this option within ninety (90) days of completion of probation. All payments must be completed within five (5) years and may be made by payroll deduction or by rollover from a qualified plan, including the city's 457 plan. Purchased service shall count towards vesting. A member may not purchase in excess of five years of combined service credit and/or accrual service under this Section and Section 8.08. Effective October 1, 2006, police officers shall not be credited with prior service under this Section until the police officer has earned ten (10) years of actual service as a member of the Plan. Effective November 1, 2006, firefighters shall not be credited with prior service under this Section until the firefighter has earned ten (10) years of actual service as a member of the Plan.

8.08 Police officers hired after January 1, 2006 and firefighters hired after January 1, 2007, shall have the option to purchase up to five years of additional accrual service, which shall be calculated in the form of an enhanced multiplier of an additional three and two-tenths (3.2%) percent, resulting in a total multiplier of six and four-tenths (6.4%) percent for each completed year during the sixteenth through twentieth years of service, if

five years of additional accrual service are purchased. Where less than five years are purchased, the enhanced multiplier shall be applied, as appropriate, during the final years of service corresponding with the number of years purchased. In order to qualify for this benefit, the member must have been employed as a Police Officer or Firefighter for at least one year. Members must exercise this option within ninety (90) days after completion of probation. Members electing this option shall contribute the full actuarial cost of the benefit for each year of enhanced multiplier purchased. Members must complete the required contribution within ten (10) years or prior to entry into the DROP, whichever shall occur first. Payments may be made by payroll deduction. A member may not purchase in excess of five years of total service credit and/or accrual service under this Section and Section 8.07. Service purchased under this section shall not count for vesting purposes.

ARTICLE IX
DEATH BENEFITS

- 9.01 A member shall be eligible for service incurred death benefits from the date of entry into the plan.
- 9.02 A member who is killed or dies as a direct result of an occurrence arising in the performance of the service of the City shall be entitled to a service incurred death benefit. The benefit shall be an amount equal to the greater of 30 percent of the member's rate of pensionable earnings at the time of death or the member's accrued monthly retirement benefit at the time of death. The benefit shall be paid on a monthly basis to the member's designated beneficiary on a ten year certain and life thereafter basis. In the event that the member has not designated a beneficiary on a form prescribed by the Board, the death benefit shall be payable for a guaranteed one hundred twenty (120) months to the estate of the deceased member.
- 9.03 A non-service incurred death benefit shall be available to a member who has completed ten years of credited service in the plan.
- 9.04 The non-service incurred death benefit shall be equal to the member's accrued monthly retirement benefit at the time of death. The benefit shall be paid on a monthly basis to the member's designated beneficiary on the basis of a ten year certain and life thereafter calculation. In the event that the member has not designated a beneficiary on the form prescribed by the Board, the benefits shall be payable for one hundred twenty (120) months to the estate of the deceased member.

ARTICLE X
COMPLIANCE WITH THE INTERNAL REVENUE CODE

10.01 It is the intention of the City and of the Board that the plan remain at all times a qualified plan as that term is defined under the Internal Revenue Code.

10.02 No member's annual benefit may exceed the limitations set forth in Section 415 of the Internal Revenue Code.

10.03 In no event may a member's retirement benefit be delayed beyond the later of April 1st following the calendar year in which the member attains age seventy and one-half (70-1/2), or April 1st of the year following the calendar year in which the member retires.

When a distribution of the participant's entire interest is not made in a lump sum, the distribution will be made in one of the following ways: over the life of the participant; over the life of the participant and designated beneficiary; over a period certain not extending beyond the life expectancy of the participant; or over a period certain not extending beyond the joint life and last survivor expectancy of the participant and a designated beneficiary.

10.04 If the distribution has commenced before the participant's death, the remaining interest will be distributed at least as rapidly as under the method of distribution being used as of the date of the participant's death.

The method of distribution, if the participant dies before distribution is commenced, must satisfy the following requirements:

- a. Any remaining portion of the participant's interest that is not payable to a beneficiary designated by the participant will be distributed within five years after the participant's death;
- b. Any portion of the participant's interest that is payable to a beneficiary designated by the participant will be distributed either: (i) within five years after the participant's death; or (ii) over the life of the beneficiary, or over a period certain not extending beyond the life expectancy of the beneficiary, commencing not later than the end of the calendar year following the calendar year in which the participant died (or, if a designated beneficiary is the participant's surviving spouse, commencing not later than the end of the calendar year following the calendar year in which the participant would have attained age seventy and one-half (70-1/2)).

10.05 Direct transfers of eligible distributions shall be made as follows:

a. General.

This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this subsection, a distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an eligible rollover distribution made directly to an eligible retirement plan specified by the distributee in a direct rollover.

b. Definitions.

- (1) **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of a distributee, except that an eligible rollover distribution does not include: any distribution that is one (1) of a series of a substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includable in gross income.
- (2) **Eligible Retirement Plan.** An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, an Individual Retirement Annuity described in Section 408(b) of the Internal Revenue Code, an Annuity Plan described in Section 403(a) of the Internal Revenue Code, or a Qualified Trust described in Section 401(a) of the Internal Revenue Code that accepts a distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.
- (3) **Distributee.** A Distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse is a distributee with regard to the interest of the spouse.
- (4) **Direct Rollover.** A Direct Rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE XI
AMENDMENT OR TERMINATION OF THE SYSTEM

11.01 It is the intention of the City and the Board that this pension plan shall constitute an irrevocable trust and no portion of the assets may revert to the employer until all other obligations of the plan, including the payment to the last surviving member and beneficiary has been paid.

11.02 In the event of termination or partial termination of the plan, each participant's accrued pension benefit shall become nonforfeitable (100 percent vested) to the extent funded. At such time, the funds shall be appropriated and distributed in accordance with the provisions of Chapters 175 and 185.

In the event that the plan is terminated, the assets of the plan shall first be distributed to retired members and their beneficiaries. If there is any asset value remaining after the apportionment to retired members and their beneficiaries, apportionment shall next be made to each member in the service who has completed at least ten years of credited service and has contributed to the fund for at least ten years and who is not otherwise eligible to retire. If there is any asset value after the apportionments to retirees and their beneficiaries and to vested members of the plan, apportionment shall lastly be made in respect of each member in the service of the City in an amount not to exceed the total value of the member's contributions. In the event that there is any asset value remaining after full apportionment to all members and beneficiaries of the plan, the excess, if any, shall revert proportionately to the City and the State of Florida on the basis of contributions to the plan.

ARTICLE XII
QUALIFIED DOMESTIC RELATIONS ORDERS

12.01 In the event that the Board is served with a qualified domestic relations order or other legal process purporting to require the payment of any portion of a member's benefit to another person as a result of dissolution of marriage, the Board shall cause such order to be reviewed to determine compliance with the provisions of the plan.

12.02 The Board of Trustees shall be authorized to intervene in any such dissolution of marriage proceeding to ensure that such qualified domestic relations order is otherwise consistent with the distribution of an interest in a public employee's retirement plan under state law.

12.03 Any cost associated with the modification or correction of such qualified domestic relations orders shall be the responsibility of the plan member.

ARTICLE XIII
MISCELLANEOUS

- 13.01 The present or future right of a person to money in the Pension Fund or to a retirement allowance, an optional allowance, a death benefit, the return of contributions, or any other right accrued or accruing under the provisions of this plan shall not be assignable and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency law or any other process of law whatsoever, except with respect to alimony, child support or medical payments to a former spouse.
- 13.02 The Board shall have the power to examine into the facts upon which any pension has been granted under any prior or existing law or which may be granted in the future or obtained erroneously, fraudulently, or illegally for any reason. The Board is empowered to purge the pension rolls of any person who has been granted a pension under a prior or existing law, or who is hereafter granted a benefit under this ordinance if the granting of that pension is found to be erroneous, fraudulent, or illegal for any reason; and to reclassify any pensioner who has under any prior or existing law or who may under this ordinance be erroneously, improperly or illegally classified.
- 13.03 Should any change or error in retirement system records be discovered or result in any member or beneficiary receiving from the retirement plan more or less than he or she would have been entitled to receive had the records been correct, the Board shall have the power to correct such error and, as far as possible, adjustment the payments in such a manner that the actuarial equivalent of a benefit to which such member or beneficiary was correctly entitled shall be paid.
- 13.04 If any member or beneficiary is a minor or is under any other legal disability, the Board of Trustees shall have the power to withhold payment of benefits until the Board is presented with proof satisfactory to the Board of the appointment of a guardian. If the Board becomes aware that any member or beneficiary is incapable of personally receiving and giving a valid receipt for any payment due under the plan, the Board shall cause notice to be given to that participant or beneficiary of a hearing to determine whether said benefits should continue to be paid until the appointment of a guardian. During the pendency of any such hearing, however, the Board may continue to pay benefits to the member or beneficiary and that such payment shall be a complete discharge of any liability under the plan for such payment.

ARTICLE XIV
DEFERRED RETIREMENT OPTION PLAN

- 14.01 A deferred retirement option plan (“DROP”) was created, effective January 1, 1998.
- 14.02 Any erroneous contributions picked up on behalf of members after entry into the DROP shall be refunded to the member.
- 14.03 Eligibility to participate in the DROP is based upon the attainment of age fifty-two (52) with twenty (20) years of service (including purchases of service credit and buyback), the completion of twenty-five (25) years of credited service (including purchases of service credit and buyback), regardless of age, or, effective October 1, 2002, for members entering the DROP after October 1, 2002, the date that a member’s service credit reaches the eighty (80%) percent benefit accrual limitation set forth in Section 6.02.
- 14.04 Participation in the DROP must be exercised within ninety (90) days of the date of a member’s twenty-fifth anniversary of employment, the completion of twenty-five (25) years of credited service (including purchases of service credit and buyback), attainment of age fifty-two (52) with twenty (20) years of service (including purchases of service credit and buyback), or the date that a member’s service credit reaches eighty (80%) percent benefit accrual, or the right to participate in the DROP is forfeited. The maximum period of participation in the DROP is five (5) years or a total of thirty (30) years of service (including purchases of service credit and buyback). Notice of election to DROP must be accompanied by a post-dated letter of resignation which shall be fully binding upon the member. Any subsequent election to voluntarily terminate employment, prior to the maximum limit of the DROP, shall be by binding written notice to the employer at least thirty days in advance.
- 14.05 Upon exercising the right to participate in the DROP, an employee’s creditable service, accrued benefits and compensation calculation shall be frozen and shall utilize Final Average Compensation for determining the benefit.
- 14.06 Payment shall be made into the employee’s DROP account as if the employee had terminated employment in the City in an amount determined by the employee’s selection of Options 1 and 2 as enumerated in Section 6.09.

- 14.07 Subject to Sections 14.16 and 14.17 of this Ordinance, a member's account in the DROP program shall earn or lose interest based upon the actual earnings of the retirement plan for the preceding year or the most recent Assumed Rate of Return of the actuarial valuation. The member must choose an irrevocable earnings option at the time of entry into the DROP. The Board may, by uniform administrative rule, establish an employee-directed investment program.
- 14.08 DROP participant shall terminate service with the City at the conclusion of five (5) years in the DROP or a total of thirty (30) years of service (including purchases of service credit and buyback).
- 14.09 All interest shall be credited to the employee's DROP account at the end of the DROP period.
- 14.10 Upon termination with the City, an employee may receive payment within forty-five (45) days of the member requesting payment or may defer payment until a time not later than the latest date authorized by Section 401(a)(9) of the Internal Revenue Code at the option of the member.
- 14.11 Payments from the DROP may be received as a lump sum, rollover, installment payment, annuity or combination of payments, provided, however, that at all times, the DROP shall be subject to the provisions of the Internal Revenue Code.
- 14.12 No payment may be made from the DROP until the employee actually separates from service with the City.
- 14.13 If an employee shall die during participation in the DROP, the employee shall be treated as any other vested member in the plan who dies after retirement.
- 14.14 Upon commencement of participation in the DROP, the member shall no longer be eligible for disability retirement from the pension plan. If a member becomes disabled during the DROP period, the member shall be treated as if he/she voluntarily terminated DROP participation on the day prior to the date of disability.
- 14.15 An administrative fee of one-half percent (1/2%) will be assessed on the DROP account balance to cover the administrative costs of the DROP.
- 14.16 If a Firefighter DROP participant selected the fixed rate option, upon exiting the DROP the firefighter DROP participant's investment rate shall revert to the actual earnings method set forth in 14.07. This provision

shall not apply for Firefighter members who entered the DROP prior to October 3, 2006.

- 14.17 Effective July 8, 2010, Police Officers who have not yet entered the DROP and upon entering the DROP select to have their DROP accounts earn interest on the most recent Assumed Rate of Return of the actuarial valuation shall have their DROP investment rate revert to the actual earnings of the Plan for the preceding year upon exiting the DROP. This provision shall not apply to those Police Officers who entered the DROP prior to July 8, 2010.