

44 savings shall be recognized in a contribution reserve account within the Pension Plan. Any savings
45 accumulated in the contribution reserve account shall be held in trust to be used to offset
46 unanticipated COLA costs in future years.

47 Section 3: Section 18-194 of the Code of Ordinances of the City of Boynton Beach is
48 hereby amended to read as follows:

49 **Sec. 18-194 Deferred retirement option plan.**

50 (a) The following provisions shall apply to all members ~~hired prior to January 21, 2020~~:

51 (1) A deferred retirement option plan ("DROP") is hereby created.

52 (2) Eligibility to participate in the DROP is based upon eligibility for normal service
53 retirement in the plan.

54 (3) Participation in the DROP must be exercised within the first 30 years of employment;
55 provided, however, that participation in the DROP, when combined with participation in the
56 retirement plan as an active member, may not exceed 30 years. The maximum period of
57 participation in the DROP is five years. An employee's election to participate in the DROP plan
58 shall be irrevocable and shall be made by executing a resignation notice on a form prescribed by
59 the city. Effective October 1, 2023 the maximum period of DROP participation shall be eight (8)
60 years; provided that the maximum period of active membership when combined with DROP
61 participation shall not exceed thirty-three (33) years. DROP participants electing to remain in
62 DROP during years six (6) through eight (8) shall resume employee "pick-up" contributions at the
63 rate of six percent (6%) as follows: Five percent (5%) shall be allocated to COLA funding under
64 Section 18-180.2(c) and the remaining one percent (1%) shall be applied to unfunded liabilities in
65 the retirement system.

66 (4) Upon exercising the right to participate in the DROP, an employee's creditable service,
67 accrued benefits and compensation calculation shall be frozen and shall utilize the average of the
68 ~~three~~ five highest of the ten years immediately preceding participation in the DROP as the
69 compensation basis. Accumulated, unused sick and vacation leave shall be included in the
70 compensation calculation; provided, however, that a minimum balance of 120 hours of sick leave
71 and 120 hours of vacation leave shall be maintained by the employee and excluded from this
72 calculation. The retained leave balance, including any additions, shall be distributed at the
73 conclusion of DROP participation and separation from service.

74 (5) Payment shall be made into the employee's DROP account as if the employee had
75 terminated employment in the city in an amount determined by the employee's selection of the
76 payment option.

77 (6) An employee's account in the DROP program shall earn interest in one of three ways. The
78 selection of the earnings program shall be irrevocable and shall be made prior to the first deposit
79 in the DROP account. The options are:

80 a. Gain or lose interest at the same rate as the plan; or

81 b. At an annual fixed rate of 7%; or

82 c. In a self-directed account utilizing mutual funds selected by the Board.

83 Effective October 1, 2023, DROP participants electing to remain in the DROP after five years shall
84 receive interest on deposits (and earnings thereon) made into the DROP during years six (6)
85 through eight (8), at a rate equal to the overall net (earning less costs) investment rate of return on
86 the retirement plan assets. Notwithstanding fund performance, the crediting rate will be no less
87 than 0% and no more than 8% for deposits made during years 6 through 8, whereas the interest on
88 deposits (and earnings thereon) made during years 1 through 5 shall be at the rate selected by the
89 member prior to entry into DROP pursuant to section 6a. or 6b. DROP deposits accumulated
90 during years 1 to 5 will be segregated from DROP deposits accumulated during years 6 to 8 for
91 interest crediting purposes. After separation from service, DROP assets from each period will be
92 separately credited with earnings, as appropriate. The crediting of interest shall occur annually as
93 of the end of the fiscal year for assets accumulated during years 6 to 8, based on the net (earnings
94 less cost) investment rate of return provided by the Plan's investment consultant.

95 (7) An employee shall terminate service with the city at the conclusion of five years in the
96 DROP. Effective October 1, 2023 DROP participants shall terminate service with the City at the
97 conclusion of eight (8) years in the DROP.

98 (8) All interest shall be credited to the employee's DROP account on the last day of the month
99 in which the member separates from service. In the event that a member dies while in the DROP,
100 interest shall be pro-rated to the last business day of the month preceding the death of the member.

101 (9) Upon termination with the city, an employee may receive payment within 45 days of the
102 member requesting payment or may defer payment until a time not later than the latest date
103 authorized by Section 401(a)(9) of the Internal Revenue Code at the option of the member.

104 (10) Payments from the DROP may be received as a lump sum installment payment or
105 annuity, provided, however, that at all times, the DROP shall be subject to the provisions of the
106 Internal Revenue Service.

107 (11) No payment may be made from the DROP until the employee actually separates from
108 service with the city.

109 (12) If an employee shall die during participation in the DROP, a survivor benefit shall be
110 payable in accordance with the form of benefit chosen at the time of entry into the DROP.

111 (13) Upon commencement of participation in the DROP, the member shall no longer be
112 eligible for disability retirement from the pension plan. If a member becomes disabled during the
113 DROP period, the member shall be treated as if he/she retired on the day prior to the date of
114 disability.

115 (14) In order to remain in the DROP beyond the current five-year cap, existing DROP
116 participants shall provide written notice of their intent to extend their DROP participation. The
117 deadline for providing written notice shall expire thirty (30) days after second reading of this
118 ordinance.

119

120 ~~(b) The following provisions of the “Consolidated Deferred Retirement Option Plan” shall apply~~
121 ~~to members hired on or after January 1, 2020.~~

122 ~~—(1) A city employee deferred retirement option plan (DROP) is hereby created, amending,~~
123 ~~implementation, all conflicting provisions in existing DROP plans for general employees, police~~
124 ~~officer employees, and fire/rescue employees.~~

125 ~~—(2) Employees who reach eligibility for normal service retirement in the employee’s~~
126 ~~retirement plan may elect to enter DROP.~~

127 ~~—(3) An employee may elect to participate in the deferred retirement option plan (DROP)~~
128 ~~provided they make the election no later than 30 days after reaching their normal retirement date.~~
129 ~~Notwithstanding the foregoing, upon enactment of this section, employees who have reached~~
130 ~~normal retirement date and did not enter DROP may make their initial election to participate in the~~
131 ~~DROP no later than 90 days after the implementation date of this section.~~

132 ~~—(4) An election to participate in the DROP plan is irrevocable.~~

133 ~~—(5) Employees may elect to participate by submitting an election to enter DROP to the city’s~~
134 ~~Human Resource Department (“Department”) on a form available from the Department for that~~
135 ~~purpose. On receipt of the election to enter DROP the Department will notify the administrator of~~
136 ~~the pension plan in which the employee participates.~~

137 ~~—(6) Participation in the DROP must be exercised within the first 30 years of combined credited~~
138 ~~service (25 for law enforcement officers).~~

139 ~~—(7) An employee shall not participate in the DROP for more than five years.~~

140 ~~—(8) Upon an employee’s election to participate in the DROP, the employee shall cease to be~~
141 ~~an employee of the retirement plan and is precluded from accruing any additional benefit under~~
142 ~~the Pension Fund. For all fund purposes, the employee becomes a “retiree” (which term shall be~~
143 ~~synonymous with “employees” who elect to enter DROP). The amount of credited service and~~
144 ~~final average salary freeze as of the date of entry into the DROP.~~

145 ~~—(9) Accumulated, unused sick (over 120 hours) and vacation leave (over 120 hours) shall be~~
146 ~~deemed cashed out and included in the compensation calculation; provided however, that a~~
147 ~~minimum balance of 120 hours of sick leave and 120 hours of vacation leave shall be maintained~~
148 ~~by the employee and excluded from this calculation. The retained leave balance, including any~~
149 ~~additions, shall be paid to the employee at the conclusion of DROP participation and separation~~
150 ~~from service.~~

151 ~~—(10) DROP plan account shall be established for each employee who elects to participate.~~
152 ~~These are not actual accounts but nominal accounts and balances are kept as a bookkeeping~~
153 ~~process.~~

154 ~~—(11) Payment shall be made into the employee’s DROP account as if the employee had retired~~
155 ~~from the employ of the city. Payments into the DROP will be made monthly over the period the~~
156 ~~employee participates in the DROP, up to a maximum of 60 months or, pursuant to 401(A)(9) of~~
157 ~~the Internal Revenue Code, whichever occurs first.~~

158 —(12) An employee's participation in the DROP shall terminate at the end of five years, and
159 the employee shall separate from city employment. Upon entering into the DROP, an employee
160 shall file with the Board a binding non-revocable letter of resignation from city employment. The
161 binding letter of resignation shall establish a deferred termination date in accordance with the
162 limitations of this DROP which may be amended if an employee wished to separate from
163 employment earlier than the deferred termination date.

164 —(13) All interest shall be credited to the employee's DROP account less any outstanding loan
165 balances on a quarterly basis with quarterly statements provided. In the event that an employee
166 dies while in the DROP, interest shall be pro-rated to the last business day of the month preceding
167 the death of the employee.

168 —(14) During the period of the employee's participation in the DROP plan, the employee's
169 normal retirement benefit shall be accounted for and paid into the employee's DROP plan account.

170 —(15) The employee's DROP plan account shall be invested with the retirement plan assets
171 and credited with interest equal to the overall net (earning less costs) investment rate of return on
172 the retirement plan assets during the period of the employee's participation in the DROP plan.
173 Notwithstanding fund performance, the crediting rate will be no less than 0% and no more than
174 8%.

175 —(16) At the conclusion of the retiree's participation in the DROP plan, and as a condition of
176 participating in such plan, the retiree will continue retirement and terminate city employment. The
177 retiree will thereafter receive a normal monthly retirement benefit at the same rate as previously
178 calculated upon entry into the DROP but the monthly amount will be paid to the retiree and no
179 longer accounted for in the DROP plan account. If the employee does not terminate participation
180 in the DROP plan at the end of the 60-month maximum participation period, no earnings will be
181 credited on the DROP balance and no further DROP deposits will be made.

182 —(17) No amount can be paid from the retirement plan until the DROP employee terminates
183 employment.

184 —(18) Upon termination, the retiree's DROP plan account will thereafter be distributed to the
185 retiree in a cash lump sum, which can be rolled over or paid in cash unless the retiree elects an
186 alternative distribution (also known as a rollover). Direct rollover may be accomplished by any
187 reasonable means determined by the Pension Board.

188 —(19) If a retiree dies before distribution of the retiree's DROP plan account commences, the
189 account balance shall be distributed paid to the retiree's designated beneficiary in a lump sum,
190 which can be rolled over or paid in cash at the beneficiary's discretion.

191 —(20) Distribution of an employee's DROP plan account shall begin as soon as
192 administratively practicable following the employee's termination of employment. The employee
193 must elect the distribution within but in no event later than 45 days following the employee's
194 termination date. If the employee does not timely request the withdrawal of the asset in the DROP
195 plan, no further earnings will be credited on the DROP balance.

196 ~~—(21) Any form of payment selected by the employee must comply with the minimum~~
197 ~~distribution requirements of IRC 401(A)(9), which states that payments must commence by age~~
198 ~~70 1/2, or age 72 for retirees who attain age 70 1/2 on or after January 1, 2020.~~

199 Section 4: It is the intention of the City Council, and it is hereby ordained that the provisions
200 of this Ordinance shall become and be made a part of the Code of Ordinances of the City of
201 Boynton Beach, that the sections of the Ordinance may be renumbered or relettered to accomplish
202 such intentions; and that the word “Ordinance” shall be changed to “Section” or other appropriate
203 word.

204 Section 5: If any clause, section, or other part or application of this Ordinance shall be held in
205 any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or
206 invalid part or application shall be considered as eliminated and shall not affect the validity of the
207 remaining portions or applications which shall remain in full force and effect.

208 Section 6: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict
209 herewith are hereby repealed to the extent of such conflict.

210 Section 7: This Ordinance shall become effective immediately upon adoption, unless
211 otherwise provided.


212 FIRST READING this 21st day of June, 2022.

213 SECOND, FINAL READING AND PASSAGE this 5th day of July, 2022.

214 CITY OF BOYNTON BEACH, FLORIDA

	YES	NO
215		
216	Mayor – Ty Penserga	<input checked="" type="checkbox"/>
217	Vice Mayor – Angela Cruz	<input checked="" type="checkbox"/>
218	Commissioner – Woodrow L. Hay	<input checked="" type="checkbox"/>
219	Commissioner – Thomas Turkin	<input checked="" type="checkbox"/>
220	Commissioner – Aimee Kelley	<input checked="" type="checkbox"/>

221 VOTE 5-0

222 ATTEST:
223 
224 _____
225 Maylee De Jesús, MMC
226 City Clerk



227
228
229 (Corporate Seal)