

1 **ORDINANCE NO. 2019-11**

2
3 AN ORDINANCE OF THE VILLAGE COUNCIL OF THE VILLAGE OF
4 NORTH PALM BEACH, FLORIDA AMENDING DIVISION 4, "PENSION
5 AND CERTAIN OTHER BENEFITS FOR FIRE AND POLICE EMPLOYEES,"
6 OF ARTICLE V, "PENSIONS AND RETIREMENTS SYSTEMS," OF
7 CHAPTER 2, "ADMINISTRATION," OF THE VILLAGE CODE OF
8 ORDINANCES TO IMPLEMENT CHANGES TO RETIREMENT BENEFITS
9 RESULTING FROM COLLECTIVE BARGAINING WITH THE UNIONS
10 REPRESENTING THE VILLAGE'S FIREFIGHTER EMPLOYEES (IAFF)
11 AND POLICE OFFICER EMPLOYEES (PBA); PROVIDING FOR
12 AMENDMENTS AFFECTING THE CALCULATION OF POLICE OFFICER
13 AND FIREFIGHTER RETIREMENT BENEFITS; PROVIDING FOR AN
14 INCREASE TO THE MULTIPLIER USED TO CALCULATE BENEFITS;
15 ESTABLISHING A 75% CAP ON RETIREMENT BENEFITS; INCREASING
16 EMPLOYEE CONTRIBUTION RATES; CREATING A DEFERRED
17 RETIREMENT BENEFIT PLAN (DROP); APPLYING THE USE OF
18 INSURANCE PREMIUM TAX REVENUE TO THE VILLAGE'S ANNUAL
19 RETIREMENT CONTRIBUTION; PROVIDING FOR CODIFICATION;
20 PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; AND
21 PROVIDING FOR AN EFFECTIVE DATE.

22
23 WHEREAS, collective bargaining with the Unions that represent the Village's firefighter and
24 police officer employees has been concluded with the ratification of new Collective Bargaining
25 Agreements by the Village Council and the bargaining units; and

26
27 WHEREAS, the new Collective Bargaining Agreements provide for amendments to the
28 retirement benefits for police officers and firefighters; and

29
30 WHEREAS, a majority of bargaining unit employees ratified their respective Agreements,
31 including the provisions for increasing employee contributions; and

32
33 WHEREAS, the Village Council finds that the retirement benefit amendments hereinafter
34 described are fully consistent with the new Collective Bargaining Agreements; and

35
36 WHEREAS, Village Administration has complied with all conditions precedent to the adoption
37 of a pension plan amendment as required by Florida Statutes; and

38
39 WHEREAS, the Village Council determines that the adoption of this Ordinance is in the interests
40 of the public health, safety and welfare of the Village and its residents.

41 NOW, THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE
42 OF NORTH PALM BEACH, FLORIDA as follows:

43 Section 1. The foregoing "whereas" clauses are hereby ratified as true and are incorporated
44 herein.

1 Section 2. The Village Council hereby amends Chapter 2, "Administration," Article V,
2 "Pensions and Retirement Systems," Division 4, "Pension and Certain Other Benefits for Fire
3 and Police Employees," of the Village Code of Ordinance as follows (new language is
4 underlined and deleted language is ~~stricken through~~):

5
6 **Sec. 2-159. Creation of trust and definitions.**

7
8 (a) *Creation of trust.* A pension and retirement system for full-time
9 firefighters and police officers of the village is hereby established to provide
10 retirement, survivor and disability benefits as provided by this division. The
11 system shall be known as the Village of North Palm Beach Fire and Police
12 Retirement Fund and is intended to be a tax qualified plan under Internal Revenue
13 Code Section 401(a) and meet the requirements of a governmental plan as defined
14 in Internal Revenue Code Section 414(d).

15
16 (b) *Definitions.* As used herein, unless otherwise defined or required
17 by the context, the following words and phrases shall have the meaning indicated:

18
19 *Accrued benefit* means the portion of a member's normal retirement
20 benefit which is considered to have accrued as of any date. A member's accrued
21 benefit for years of credited service earned before October 1, 2018 as of any date
22 shall be equal to the sum of ~~two and one-half (2½)~~ 2.50 percent of ~~his the~~
23 member's average monthly earnings multiplied by ~~his the member's~~ credited
24 service for the first twenty-four (24) years; zero (0) percent of ~~his the member's~~
25 average monthly earnings multiplied by the member's credited service for each
26 year after twenty-four (24) years up to thirty (30) years; and two (2) percent of ~~his~~
27 the member's average monthly earnings multiplied by the member's credited
28 service for each year in excess of thirty (30) years. A member's accrued benefit
29 for years of credited service earned on and after October 1, 2018 (provided the
30 member was employed by the Village on or after July 11, 2019) shall be equal to
31 2.75 percent per year of service. The total accrued benefit shall not be greater
32 than 75.00 percent of average monthly earnings at the time of retirement
33 (including entry into the DROP), but in all cases the accrued benefit earned on
34 and after October 1, 2018 shall be at least 2.75 percent per year of service on and
35 after October 1, 2018. For purposes of this calculation, average monthly earnings
36 and credited service as of the date of determination shall be used. The accrued
37 benefit is considered to be payable in the plan's normal form commencing on the
38 member's normal retirement date, with such date determined as through the
39 member remains in full-time employment with the employer.

40
41 *Accumulated contributions* means a member's own contributions plus
42 interest credited thereto, if any, by the board.

43
44 *Actuarial equivalence or actuarially equivalent* means that any benefit
45 payable under the terms of this plan in a form other than the normal form of
46 benefit shall have the same actuarial present value on the date payment

1 commences as the normal form of benefit. For purposes of establishing the
2 actuarial present value of any form of payment, all future payments shall be
3 discounted for interest and mortality by using seven (7) percent interest and the
4 1983 Group Annuity Mortality Table for Males, with ages set ahead five (5) years
5 in the case of disability retirees.
6

7 *Average monthly earnings* means one-sixtieth of earnings of a member
8 during the five (5) years of his employment within the last ten (10) years of
9 employment, which is greater than the total during any other five (5) years during
10 the ten-year period; provided that if a member shall have been employed for
11 fewer than five (5) years, such average shall be taken over the period of his actual
12 employment.
13

14 *Beneficiary* means the person or persons entitled to receive benefits
15 hereunder at the death of a member who has or have been designated in writing
16 by the member and filed with the board. If no such designation is in effect at the
17 time of death of the member, or if no person so designated is living at that time,
18 the beneficiary shall be the estate of the member.
19

20 *Board* means the board of trustees which shall administer and manage the
21 plan herein provided and serve as trustee of the fund.
22

23 *Credited service* means the total number of years and fractional parts of
24 years of service expressed as years and completed months, during which a person
25 serves as an employee as defined below, omitting intervening years and fractional
26 parts of years, when such person may not be employed by the employer;
27 provided, however, such person may have, without interrupting his other years of
28 credited service, up to one (1) year's leave of absence.
29

30 Notwithstanding the foregoing, no employee will receive credit for years
31 or fractional parts of years of service for which he has withdrawn his
32 contributions to the pension fund for those years or fractional parts of years of
33 service unless he repays into the pension fund the contributions he has withdrawn,
34 with interest, within ninety (90) days after his reemployment, as provided in
35 section 2-160 below.
36

37 Further, an employee may voluntarily leave his contributions in the
38 pension fund for a period of five (5) years after leaving the employ of the
39 employer, pending the possibility of his being rehired, without losing credit for
40 the time he has participated actively as an employee. Should he not be re-
41 employed within five (5) years, his contributions shall be returned to him without
42 interest.
43

44 It is provided further that credited service shall include any service,
45 voluntary or involuntary, in the armed forces of the United States, provided the
46 employee is legally entitled to re-employment under the provisions of the federal

1 USERRA provisions or any similar law; and provided further that the employee
2 shall apply for reemployment within the time and under the conditions prescribed
3 by law. Effective January 1, 2007, members who die or become disabled while
4 serving on active duty military service which intervenes the member's
5 employment shall be entitled to the rights of this section even though such
6 member was not re-employed by the village. Members who die or become
7 disabled while on active duty military service shall be treated as though re-
8 employed the day before the member became disabled or died, was credited with
9 the service they would have been entitled to under this section, and then either
10 died a non-duty death while employed or became disabled from a non-duty
11 disability.

12
13 *Early retirement date* means for each member the first day of the month
14 coincident with or next following the date on which he attains his fiftieth (50th)
15 birthday.

16
17 *Earnings* means a member's gross salary, including overtime as provided
18 below, public safety pay increment and special pay, but excluding bonuses, such
19 as longevity, safety and attendance awards and any other non-regular payments
20 such as unused sick leave or vacation time pay. Beginning with earnings after
21 December 31, 2008 and pursuant to Internal Revenue Code Section 414(u)(7), the
22 definition of earnings includes amounts paid by the village as differential wages
23 to members who are absent from employment while serving in qualified military
24 service. For Police Officer members only, effective the first full payroll following
25 October 1, 2013, Police Officers will be limited to three hundred (300) hours of
26 overtime per officer per fiscal year. For Firefighter members only, effective the
27 first full payroll following December 11, 2014, Firefighters will be limited to two
28 hundred (200) hours of overtime per firefighter per fiscal year.

29
30 *Effective date* means March 1, 1967, the date on which this plan initially
31 became effective. The effective date of this restated plan is the date as of which
32 the village council adopts the plan.

33
34 *Employee* means each actively employed full-time firefighter and police
35 officer of the village.

36
37 *Employer* means the Village of North Palm Beach, Florida.

38
39 *Firefighter* means any person employed in the fire department who is
40 certified as a firefighter as a condition of employment in accordance with the
41 provisions of F.S. § 633.35, and whose duty it is to extinguish fires, to protect life,
42 and to protect property. The term firefighter includes all certified, supervisory,
43 and command personnel whose duties include, in whole or in part, the
44 supervision, training, guidance, and management responsibilities of full-time
45 firefighters, part-time firefighters, or auxiliary firefighters but does not include
46 part-time firefighters or auxiliary firefighters.

1
2 *Fund* means the trust fund established herein as part of the plan.
3

4 *Member* means an employee who fulfills the prescribed participation
5 requirements.
6

7 *Normal retirement date* means for each member the first day of the month
8 coincident with or next following the date on which the member attains age fifty-
9 five (55) or the date on which the member attains age fifty-two (52) and has
10 twenty-five (25) years of credited service. A member may retire on this normal
11 retirement date or on the first day of any month thereafter.
12

13 *Plan or system* means the Village of North Palm Beach Fire and Police
14 Retirement Fund as contained herein and all amendments thereto.
15

16 *Plan year* means each year commencing on October 1, and ending on
17 September 30.
18

19 *Police officer* means any person employed in the police department who is
20 certified as a law enforcement officer as a condition of employment in accordance
21 with the provisions of F.S. § 943.14, and who is vested with authority to bear
22 arms and make arrests, and whose primary responsibility is the prevention and
23 detection of crime or the enforcement of the penal, criminal, traffic or highway
24 laws of the state. This definition includes all certified supervisory and command
25 personnel whose duties include, in whole or in part, the supervision, training,
26 guidance, and management responsibilities of full-time law enforcement officers,
27 part-time law enforcement officers, or auxiliary law enforcement officers, but
28 does not include part-time law enforcement officers or auxiliary law enforcement
29 officers as the same are defined in F.S. §§ 943.10(6) and 943.10(8), respectively.
30 Any public safety officer who is responsible for performing both police and fire
31 services and who is certified as a police officer or firefighter shall be considered a
32 police officer.
33

34 *Spouse* shall mean the lawful wife or husband of a member at time of
35 preretirement death or retirement.
36

37 * * *

38
39 **Sec. 2-161. Benefit amounts.**
40

41 (a) *Normal retirement benefit.*
42

43 (1) *Amount.* Each member who retires on or after ~~his~~ the
44 member's normal retirement date shall be eligible to
45 receive a normal retirement benefit commencing on ~~his~~ the
46 member's actual retirement date. A retiree's maximum

1 monthly pension benefit shall not exceed 75.00 percent of
2 the retiree's average monthly earnings as that term is
3 defined in Section 2-159 above. In all cases, the benefit
4 provided for years of service on and after October 1, 2018
5 shall be at least 2.75 percent of average monthly earnings
6 per year of service (provided the member was employed by
7 the village on and after July 11, 2019). The monthly
8 normal retirement benefit shall be calculated as follows:

9
10 For Police Officer members:

11
12 ~~an~~ An amount equal to the sum of two and one half (2½)
13 2.50 percent of his the member's average monthly earnings
14 multiplied by the member's credited service prior to
15 October 1, 2018; and 2.75 percent for credited service on or
16 after October 1, 2018 (provided the member remained
17 employed by the Village as a police officer on or after July
18 11, 2019) for the first twenty-four (24) years; zero (0)
19 percent of his average monthly earnings multiplied by the
20 member's credited service for each year after twenty-four
21 (24) years up to thirty (30) years; and two (2) percent of his
22 average monthly earnings multiplied by the member's
23 credited service for each year in excess of thirty (30) years.

24
25 For Firefighter members:

26 An amount equal to the sum of 2.50 percent of the
27 member's average monthly earnings multiplied by the
28 member's credited service prior to October 1, 2018; and
29 2.75 percent for credited service on or after October 1,
30 2018 (provided the member remained employed by the
31 Village as a firefighter on or after July 11, 2019).

32
33 * * *

34
35 **Sec. 2-163. Contributions.**

36
37 (a) *Member contributions.*

38
39 (1) *Amount.* Members of the plan shall make regular
40 contributions to the fund at rate equal to ~~two (2)~~ 2.00
41 percent of their respective earnings.

42
43 *For Police Officer members only:*

44
45 (i) Effective at the beginning of the first full payroll
46 period after October 1, 2013, the Police Office
47

1 member contribution shall increase to two and
2 sixty-seven one hundredths (2.67) percent;

3
4 (ii) Effective the first full payroll period after October
5 1, 2014, the Police Officer member contribution
6 shall increase to three and thirty-three one
7 hundredths (3.33) percent; and

8
9 (iii) Effective the first full payroll period after October
10 1, 2015, the Police Officer member contribution
11 shall increase to four (4) percent.

12 (iv) Effective the second payroll period following the
13 adoption of Ordinance 2019-11, the Police Officer
14 member shall contribute 6.00 percent of earnings.

15 (v) Effective the first payroll period after October 1,
16 2020, the Police Officer member shall contribute
17 7.00 percent of earnings.

18 (vi) During participation in the DROP, Police Officer
19 members shall contribute 4.00 percent of earnings,
20 with 3.00 percent credited to the member's DROP
21 account and 1.00 percent applied to the Pension
22 Plan Unfunded Actuarial Accrued Liability
23 ("UAAL").

24 For Firefighter members only:

25 (i) Effective the beginning of the first full payroll
26 period after April 1, 2015, the Firefighter member
27 contribution shall increase to three and one-half
28 (3.50) percent; and

29 (ii) Effective the first full payroll period after April 1,
30 2016, the Firefighter member contribution shall
31 increase to five (5.00) percent.

32 (iii) Effective with the second payroll period following
33 adoption of Ordinance No. 2019-11, the Firefighter
34 member contribution shall increase from 5.00
35 percent of earnings to 7.00 of earnings.

36 (iv) During DROP, the Firefighter member shall
37 contribute 4.00 percent of earnings, with 3.00
38 percent credited to the member's DROP account
39 and 1.00 percent applied to the Pension Plan
40 UAAL.

1
2

* * *

1 **Sec. 2-170.1 Deferred Option Benefit Plan (DROP)**
2

3 (a) Effective upon the adoption this Ordinance, a Deferred Retirement
4 Option Plan (“DROP”) benefit is created and added to the Plan and shall be
5 available to employees upon reaching their normal retirement date.
6

7 (b) Upon entry into the DROP, an employee is considered retired for
8 pension plan purposes.
9

10 (c) An employee may elect to participate in the DROP provided the
11 employee makes the election no later than thirty (30) days after reaching the
12 employee’s normal retirement date. Notwithstanding the foregoing, upon first
13 enactment of this Ordinance, members must make their initial election to
14 participate in the DROP by the later of:
15

16 (1) Thirty (30) days after reaching their normal retirement date; or
17

18 (2) Ninety (90) days after creation of the DROP.
19

20 (d) An election to participate in the DROP must be made in writing
21 and shall become irrevocable thirty (30) days following the date it is received by
22 the Pension Administrator and the Village’s Director of Human Resources.
23

24 (e) An employee who elects to participate in the DROP may
25 participate in the plan for a maximum of sixty (60) months. The application to
26 enter into the DROP shall include an irrevocable letter of resignation effective
27 upon the last day of DROP participation. Employees who participate in the DROP
28 may elect to terminate their participation prior to sixty (60) months of
29 participation, but may not continue participation beyond sixty (60) months from
30 the date of entry into the DROP.
31

32 (f) An eligible employee who elects to participate in the DROP shall
33 have the employee’s benefit calculated based on credited service, multiplier, and
34 average monthly earnings determined as of the effective date of the employee’s
35 election to participate in the DROP. No further credited service, benefit changes,
36 or changes in earnings shall be considered for pension purposes.
37

38 (g) After entering the DROP, a participant shall not be eligible for
39 disability or pre-retirement death benefits under the Plan. This provision is not
40 intended to limit entitlement to any statutory line of duty death benefit under state
41 or federal law.
42

43 (h) A DROP account shall be established for each employee who
44 elects to participate. These are not actual accounts; rather they are nominal
45 accounts and balances kept as a bookkeeping process.
46

1 (i) During the period of the employee's participation in the DROP, the
2 employee's normal retirement benefit shall be accounted for in the employee's
3 DROP account.

4
5 (j) The employee's DROP account shall be invested with the
6 retirement plan assets and credited with the overall net (earnings less costs)
7 investment rate of return on the retirement plan assets during the period of the
8 employee's participation in the DROP and the crediting rate will be no less than
9 0.00 percent and no more than 6.40 percent.

10
11 (k) At the conclusion of the employee's participation in the DROP, and
12 as a condition of participating in such plan, the employee will terminate Village
13 employment. The retiree will thereafter receive a normal monthly retirement
14 benefit as previously calculated upon entry into the DROP, but the monthly
15 amount will be paid to the retiree and no longer accounted for in the DROP
16 account. If the employee does not terminate participation in the DROP at the end
17 of the sixty (60) month maximum participation period, no earnings shall be
18 credited on the DROP balance and no further DROP deposits shall be made.

19
20 (l) No amount can be paid from the retirement plan until the DROP
21 employee terminates employment.

22
23 (m) Upon termination, the retiree's DROP account will be distributed
24 to the retiree in a lump sum, which can be rolled over or paid in cash at the
25 retiree's discretion. Direct rollover may be accomplished by any reasonable
26 means determined by the Board.

27
28 (n) If a retiree dies before distribution of the retiree's DROP account
29 commences, the account balance shall be distributed to the retiree's designated
30 beneficiary in a lump sum, which can be rolled over or paid in cash at the
31 beneficiary's discretion.

32
33 (o) Distribution of an employee's DROP account shall begin as soon
34 as administratively practicable following the employee's termination of
35 employment. The employee must elect the distribution within forty-five (45) days
36 following the employee's termination date. If the employee does not timely
37 request the withdrawal of the asset in the DROP, no further earnings shall be
38 credited on the DROP balance.

39
40 (p) Any form of payment selected by the employee must comply with
41 the minimum distribution requirements of the IRC 401(A)(9), i.e., payments must
42 commence by age 70.50.

1 **Sec. 2-170.2. Use of Insurance Premium Tax Revenue.**
2

3 The 2015 Florida Legislature enacted Chapter 2015-39, Laws of Florida
4 (hereinafter “Legislation”) regarding the use of insurance premium tax revenue
5 (“IPTR”). The Fund meets or exceeds the minimum benefits and minimum
6 standards established by the State of Florida for public employee police officer
7 and firefighter pension plans as set forth in chapters 175 and 185, Florida Statutes.
8 The Legislation provides that use of IPTR, including any accumulations of
9 additional premium tax revenues which have not been allocated to fund benefits
10 in excess of the minimum benefits, may deviate from the provisions of the
11 Legislation by mutual consent of the collective bargaining agents of the police
12 officer and firefighter employees. This provision of the Plan reflects the mutual
13 agreement of the Village and the respective collective bargaining agents that all
14 IPTR, whether base premium at revenue or additional premium tax revenue,
15 received by the Village will be used by the Village to meet its annual actuarially
16 required contribution (“ARC”) to the Fund.
17

18 **Sec. 2-170.3. Defined contribution component.**
19

20 Pursuant to the requirements of Sections 175.351(6) and 185.35(6),
21 Florida Statutes, a defined contribution component is established in addition to the
22 defined benefit component of this local law plan. This defined contribution
23 component is not currently funded. Once the plan is funded, the Board has the
24 authority to adopt rules regarding the operation of the defined contribution
25 component of the local law plan.
26

27 Section 3. All other provisions of Division 4 of Article V of Chapter 2 of the Village Code
28 of Ordinances not expressly amended as set forth above shall remain unchanged by the adoption
29 of the Ordinance. The Code sections set forth in Division 5, “Length of Service Award Plan for
30 Volunteer Firefighters,” and Division 6, “ICMA Defined Contribution Pension Plan,” shall be
31 renumbered from Section 2-170.01 through 2-170.15 to Section 170.5 through 170.20.
32

33 Section 4. The provisions of this Ordinance shall become and be made a part of the Code of
34 the Village of North Palm Beach, Florida.
35

36 Section 5. If any section, paragraph, sentence, clause, phrase or word of this Ordinance is for
37 any reason held by a court of competent jurisdiction to be unconstitutional, inoperative or void,
38 such holding shall not affect the remainder of this Ordinance.
39

40 Section 6. All ordinances or parts of ordinances and resolutions or parts of resolutions in
41 conflict with this Ordinance are hereby repealed to the extent of such conflict.
42

43 Section 7. This Ordinance shall take effect immediately upon adoption.
44
45

1 PLACED ON FIRST READING THIS ____ DAY OF _____, 2019.
2
3 PLACED ON SECOND, FINAL READING AND PASSED THIS ____ DAY OF
4 _____, 2019.

5
6
7 (Village Seal) _____
8 MAYOR

9
10 ATTEST:
11
12 _____
13 VILLAGE CLERK

14
15
16 APPROVED AS TO FORM AND
17 LEGAL SUFFICIENCY:
18
19 _____
20 VILLAGE ATTORNEY
21