

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD,
FLORIDA, AMENDING SECTION 33.025 RELATED TO
PROVIDING THE AVAILABILITY OF PARTICIPATION IN A
DEFERRED RETIREMENT OPTION PLAN FOR ALL
MEMBERS OF THE CITY OF HOLLYWOOD EMPLOYEES
RETIREMENT FUND AND TO PROVIDE FOR
DISTRIBUTION OF DROP ACCOUNT BALANCES.

WHEREAS, only certain members of the City of Hollywood Employees Retirement Fund ("COHERF"), specifically those hired before July 15, 2009, and meeting other criteria, are eligible to participate in the Deferred Retirement Option Plan ("DROP") offered as a benefit to those members; and

WHEREAS, through impact bargaining, representatives of the City and AFSCME Local 2432 ("AFSCME") agreed to draft Memorandums of Understanding ("MOUs") to allow all COHERF members to participate in the DROP, and to remove language from the Collective Bargaining Agreements that require AFSCME members to separate from the City upon completion of their DROP; and

WHEREAS, this draft language was incorporated into three separate MOUs with AFSCME for the members of the General, Professional, and Supervisory Bargaining Units; and

WHEREAS, on February 12, 2025, the Board of Trustees of COHERF voted to recommend changes and draft language for the purpose of interpreting, clarifying and revising Section 33.025(H) of the Code of Ordinances governing DROP to allow members of COHERF to request a distribution of their DROP account balances upon completion of their DROP, regardless of whether they separate from employment with the City; and

WHEREAS, a proposed ordinance was drafted to implement the revisions described above, namely, to allow all members of COHERF to participate in the DROP, and to provide COHERF members with the ability to be able to request disbursement of their DROP account balances upon completion of their DROP regardless of whether they continue in or separate from employment with the City; and

WHEREAS, the MOUs between the City and AFSCME and this proposed ordinance revision to make participation in the DROP eligible to all members of AFSCME ~~was will be~~ voted upon by the AFSCME voting members following the first reading of this proposed ordinance, but prior to second reading and adoption of the ordinance; and

WHEREAS, the City Commission wishes to consider the proposed ordinance that ~~has been~~ will be voted upon by members of AFSCME and members of COHERF.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That the foregoing "WHEREAS" clauses are ratified and confirmed as being true and correct and are incorporated into this Ordinance.

Section 2: That Chapter 33, Section 33.025 of the Code of Ordinances, entitled "Deferred Retirement Option Plan," is amended to read as follows¹:

§ 33.025 PENSIONS AND RETIREMENT.

(A) *Establishment and purpose.*

[. . .]

(5)

(a) The benefit structure in effect on September 30, 2011 is frozen at midnight on that date for general fund members. All general fund members will be vested in benefits accrued to that date and payable under the terms and conditions of plan provisions then in effect. No additional benefits of any kind shall accrue to general fund members under the frozen benefit structure. Effective October 1, 2011, general fund members are subject to a new benefit structure applicable to future service as set forth in this § 33.025.

(b) Notwithstanding any provision contained in this § 33.025 to the contrary, for any general fund member who becomes eligible to retire with normal retirement benefits on or before September 30, 2011 and is so eligible on September 30, 2011, the benefit structure in effect on September 30, 2011 shall remain in effect beyond September 30, 2011 and shall not be frozen; ~~provided, however, that any such member who does not enter the DROP on or before September 30, 2011 shall not be eligible to participate in the DROP.~~

(6)

(a) The benefit structure in effect on March 4, 2014 is frozen at midnight on that date for non-general fund members. All non-general fund members will be vested in benefits accrued to that date and payable under the terms and conditions of plan provisions then in effect. No

¹ Coding: Words and figures underscored are additions to existing law; words and figures ~~struck-through~~ are deletions, and words that are shaded are changes between first and second readings.

additional benefits of any kind shall accrue to non-general fund members under the frozen benefit structure. Effective March 5, 2014, non-general fund members are subject to a new benefit structure applicable to future service as set forth in this section.

- (b) Notwithstanding any provision contained in this section to the contrary, for any non-general fund member who becomes eligible to retire with normal retirement benefits on or before March 4, 2014 and is so eligible on March 4, 2014, the benefit structure in effect on March 4, 2014 shall remain in effect beyond March 4, 2014 and shall not be frozen; ~~provided, however, that any such member who does not enter the DROP on or before March 4, 2014 shall not be eligible to participate in the DROP.~~

[. . .]

(H) *Deferred retirement option plan.*

- (1) A deferred retirement option plan ("DROP plan") is hereby created.
- (2) An employee covered by this plan with ten years of credited service and hired prior to July 15, 2009 may enter into the DROP plan on the ~~earlier of the first day of any month by selecting an entry date on or after the day the member attains normal retirement date.~~ following the employee's 55th birthday and tenth-year anniversary of credited service, or the first day of any month following the completion of a total of 25 years of credited service.

~~Notwithstanding anything to the contrary contained in this retirement plan, any member hired prior to July 15, 2009 who was a member continuously from July 14, 2009 to June 19, 2019 and who has not yet attained normal retirement date on June 19, 2019, shall be eligible to participate in the DROP plan by selecting an entry date on or after the day the member attains normal retirement date.~~

~~Notwithstanding anything to the contrary contained in this retirement plan, any member employed on June 19, 2019 and hired prior to July 15, 2009 who was a member continuously from July 14, 2009 to June 19, 2019 who attained normal retirement date and who was not already participating in the planned retirement benefit before June 19, 2019 who wants to participate retroactively in the DROP plan must submit an irrevocable written election/decision within 60 days after June 19, 2019 to participate retroactively in the DROP plan starting on or after the date the member attained normal retirement date. Such members shall receive a return of their contributions made from the dates they designate as the commencement of their DROP plan participation period, and continuing~~

~~through the dates of their election/decision, which shall be added to the participant's DROP plan account.~~

~~Notwithstanding anything to the contrary contained in this retirement plan, any member employed on June 19, 2019 and hired prior to July 15, 2009 who was a member continuously from July 14, 2009 to June 19, 2019 who became eligible to retire with normal retirement benefits and who was already participating in the planned retirement benefit before June 19, 2019 who wants to change from the planned retirement benefit to the DROP plan must submit an irrevocable written election/decision within 60 days after June 19, 2019 to change retroactively to the DROP plan starting on or after the date the member attained normal retirement date. Such members shall receive a return of their contributions made from the dates they designate as the commencement of their DROP plan participation period, and continuing through the dates of their election/decision, which shall be added to the participant's DROP plan account.~~

~~No member shall receive any benefits from both the DROP plan and the planned retirement benefit. An employee hired on or after July 15, 2009 shall not be eligible to participate in the DROP plan.~~

- (3) ~~An employee electing to participate in the DROP plan must complete and execute the proper forms supplied by the pension coordinator. The effective date of participation in the DROP plan must commence prior to the attainment of 30 years of credited service, or the right of election to participate in the DROP plan shall be forfeited.~~
- (4) ~~For an employee hired prior to July 15, 2009, the~~ The duration and participation in the DROP plan shall be specified and shall not exceed a number of years which, when added to the number of years of all credited service that the member has in the retirement system prior to entry into DROP, exceeds a total of 32 years. An employee may continue to be employed after conclusion of the DROP, by mutual agreement of the employee and the City, subject to approval of the City Manager. In any event, the total participation in the DROP plan shall not exceed five years and participation will end if the employee is terminated for just cause, dies or retires.

For an employee hired on or after July 15, 2009, the duration and participation in the DROP plan shall be specified and shall not exceed a number of years which, when added to the number of years of all credited service that the member has in the retirement system prior to entry into DROP, exceeds a total of 37 years. An employee may continue to be employed after conclusion of the DROP, by mutual agreement of the employee and the City, subject to approval of the City Manager. In any event, the total participation in the DROP plan shall not exceed five years

and participation will end if the employee is terminated for just cause, dies or retires.

- (5) A member may participate in the DROP plan only once, and after commencement, the employee shall not again have the right to be a contributing member of the retirement plan.
- (6) Upon the effective date of employee commencement of participation in the DROP plan, neither the employee nor the employer contribution will continue to be paid.
- (7) For purposes of this retirement plan, average final compensation and credited service shall be determined as of the effective date of commencement of participation in the DROP plan. The monthly retirement benefits ("DROP payments") that would have been payable, had the member elected to cease employment and receive a service retirement benefit, shall be paid into a deferred retirement option account.
- (8) DROP payments shall earn interest at a rate set by the Board of Trustees, through the date of termination of the member's participation in the DROP. Notwithstanding the preceding sentence, effective July 1, 2006 for members included in the AFSCME General bargaining unit, May 1, 2007 for members included in the AFSCME Professional and Supervisory units, and July 1, 2007 for members not included in any bargaining unit, DROP payments shall earn interest at the same rate as the net market rate of return on plan assets. For purposes of this section ~~division~~ (H), NET MARKET RATE OF RETURN means the rate of return on a market value basis net of investment related expenses for each year ending September 30; however, in no event shall DROP payments earn interest at a rate of less than 0%. Upon the conclusion ~~termination~~ of a member's participation in the DROP ~~and separation from city employment~~, a permissible distribution of the DROP account balance credited to the member shall be distributed to the member under one or a combination of the following options selected by the member in accordance with procedures established by the Board:
 - (a) A single lump sum payment equal to the balance in the member's DROP account as of the date of termination from the DROP plan; or
 - (b) A direct rollover to a qualified plan or a direct trustee to trustee transfer to an eligible plan.
- (9) The member's selection of a distribution option shall be irrevocable. If the member does not select a distribution option within 60 days following separation from City ~~city~~ employment, the DROP account shall be distributed in accordance with option (a) above.

- (10) If a participant dies during the period of participation in the DROP plan, a lump sum equal to DROP payments including earned interest to the date of the member's death shall be paid to the named beneficiary or, if no beneficiary is named, to the estate of the employee in addition to any other normal survivorship benefits that would be paid.
- (11) A DROP participant may terminate DROP participation and resign from City ~~city~~ employment prior to the end of the maximum DROP period and receive a distribution of the participant's DROP account balance. ~~Upon termination of DROP participation and separation from city employment~~ At the conclusion of the maximum DROP participation period and upon termination of DROP participation, a DROP participant who has attained normal retirement age or age 59.5 or older, regardless of whether the participant separates from City employment, ~~a member shall~~ may choose to receive a distribution of his/her the participant's DROP account balance in accordance with section division (H)(8) above, and regular monthly service retirement benefit payments shall thereafter commence. If a DROP participant does not separate from City ~~city~~ employment at the end of the maximum DROP period, and does not choose to receive a distribution of the participant's DROP account balance, the DROP account will not be credited with additional interest. Regardless of age, ~~and~~ the member's monthly retirement benefit will not be paid until the member separates from City ~~city~~ employment following participation in the DROP.
- (12) If an employee becomes disabled during the period of DROP participation and employment is terminated because of disability, the employee shall receive payment of the DROP account balance as set forth in this section. Thereafter, such member shall receive, at the member's election, a normal retirement benefit calculated in accordance with sections division (E) and (F) ~~above,~~ or a disability retirement benefit calculated in accordance with section division (L) ~~below,~~ based on the compensation and years of credited service in effect on the date the DROP participation began.
- (13) The Commission may, by ordinance, implement the provisions of the DROP plan.

[. . .]

(DD) *Benefits for general fund members hired on or after October 1, 2011, and non-general fund members hired on or after March 5, 2014.*

- (1) Members hired on or after March 5, 2014 shall receive the same retirement benefits as members hired on or after October 1, 2011 but prior to March 5, 2014, except as follows:

- (a) The normal retirement date shall be age 65 or older with seven years of credited service; age 62 or older with 25 years of credited service; or age 60 or older with 30 years of credited service; provided, however, that effective April 6, 2016, the normal retirement date shall be age 65 or older with seven years of credited service; age 62 or older with 25 years of credited service; or 30 years of credited service, regardless of age;
- (b) The vesting period shall be seven years of credited service;
- (c) Upon reaching his/her normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation;
- (d) Average final compensation shall be based on the highest 130 consecutive bi-weekly pay periods of the last 260 bi-weekly pay periods of credited service;
- (e) Compensation shall include only the member's base pay which includes longevity pay and certification pay, but no other payments shall be included. Compensation shall not include the one-time, lump sum \$1,500 payment made to any participant as a result of the collective bargaining agreements ratified on June 19, 2019;
- (f) Eligibility for non-duty disability benefits shall commence upon attaining seven years of credited service;
- (g) A member who (i) separates from City ~~city~~ employment prior to his or her normal retirement date after having completed at least seven years of credited service and (ii) does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 65 based on the benefit formula in effect on the date of separation from City ~~city~~ employment and years of credited service and average final compensation on that date;
- (h) The member shall be eligible to participate in the DROP but shall not be eligible to participate in the planned retirement benefit DROP;
- (i) The member shall not be eligible for a COLA.

[. . .]

(JJ) *Benefits for members hired prior to March 5, 2014 and employed by the City ~~city~~ as of June 19, ~~2019~~.*

Notwithstanding any provision contained in this section, general fund members hired prior to October 1, 2011 and employed on June 19, 2019 shall continue to receive the same retirement benefits under the benefit structure effective October 1, 2011 that they received immediately prior to October 1, 2011.

Notwithstanding any provision contained in this section, non-general fund members hired prior to March 5, 2014 and employed on June 19, 2019 shall continue to receive the same retirement benefits under the benefit structure effective March 5, 2014 that they received immediately prior to March 5, 2014.

Notwithstanding any provision contained in this section, general fund members hired on or after October 1, 2011 but prior to March 5, 2014 and employed on June 19, 2019 shall continue to receive the same retirement benefits under the benefit structure effective March 5, 2014 that they received immediately prior to March 5, 2014.

Notwithstanding any provision contained in this section, members hired prior to July 15, 2009, shall not be obligated to make payment of contributions for overtime hours that were earned by general fund members on and after October 1, 2011 through June 19, 2019, and for overtime hours that were earned by non-general fund members on and after March 5, 2014 through June 19, 2019.

(1) *Benefits and employee contributions for members hired prior to July 15, 2009.*

(a) Notwithstanding any other provision contained in this section to the contrary, members hired prior to July 15, 2009 and employed by the City ~~city~~ on June 19, 2019 shall receive as follows:

1. The normal retirement dates shall be age 55 with five years of service or 25 years of credited service regardless of age;
2. The vesting period shall be five years of credited service;
3. Upon reaching the normal retirement date, a member is entitled to a normal retirement benefit of 3% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation;
4. Average final compensation shall be based on the member's highest 78 consecutive bi-weekly pay periods of credited service. Payments for accumulated sick and annual leave received by such member following separation from employment and included in compensation in accordance with the definition of compensation below shall be deemed to have been received in the final pay period;

5. *Compensation.* A member's gross wages received from the City ~~city~~, including overtime and payments for accumulated annual leave and accumulated sick leave (subject to limitations set forth in state law), except as provided below:
- A. For members hired prior to October 1, 2002 and employed by the City ~~city~~ on that date, compensation shall include payments for accumulated annual leave, but the amount of accumulated sick leave included in such member's compensation shall not exceed the amount accumulated as of October 1, 2002 (including the maximum limitation as of October 1, 1994). Such accumulated sick and annual leave shall be calculated at the member's total rate of pay at the time of retirement, or entry into the DROP plan or planned retirement benefit.
 - B. For members hired after October 1, 2002 compensation shall include payments for accumulated annual leave, but no payment for accumulated sick leave shall be included in such member's compensation. Such accumulated annual leave shall be calculated at the member's total rate of pay at the time of retirement, or entry into the DROP plan or planned retirement benefit.
 - C. For members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009, compensation shall exclude all earnings and payouts for blood time and compensatory time. In addition, the payouts for accumulated annual leave that may be counted as compensation for such members shall not exceed 125 hours for employees who retire from a position covered by the general employees' bargaining unit; and shall not exceed 60 hours per year for employees who retire from a position not covered by the general employees' bargaining unit.
 - D. Employee-elective salary reductions or deferrals to any salary reduction, deferred compensation, or tax-sheltered annuity program authorized under the rules of the Internal Revenue Service Code shall be included in compensation for retirement purposes. Compensation in excess of the limitations set forth in section 401(a)(17) of the Internal Revenue Code,

adjusted in accordance with U.S. Treasury Department regulations, shall be disregarded.

- E. For the purposes of this section ~~division~~, the terms accumulated annual leave and accumulated sick leave shall be capped at the amount reflected in the payroll records of the City ~~city~~ for each member of the plan in the first full pay period of March 2014.
- 6. Eligibility for non-duty disability benefits shall commence upon attaining five years of credited service. Except as set forth in section ~~division~~ (L)(3) above, upon total and permanent disability of a member hired prior to July 15, 2009 having at least five years of credited service, from causes other than the performance of an act of duty as an employee of the City ~~city~~, resulting in the inability of the member to perform the specific duties of his or her position in the service of the City ~~city~~, such member shall be entitled to a disability retirement benefit equal in rate to that provided for service retirement, but not less than 20% of average salary. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position.
- 7. A member who separates from City ~~city~~ employment prior to his or her normal retirement date after having completed at least five years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 55 based on the benefit formula in effect on the date of separation from City ~~city~~ employment and years of credited service and average final compensation on that date.
- 8. A member shall be eligible to participate in the DROP plan or the planned retirement benefit.
- 9. For members hired prior to July 15, 2009 who retire on or after August 17, 2009 without entering the DROP, a 2% COLA shall be payable annually commencing three years after retirement benefits begin. For members hired prior to July 15, 2009 who enter the DROP on or after August 17, 2009, a 2% COLA will be payable annually, commencing the later of three years after retirement benefits begin or one year after separation from employment following participation in the DROP.

- (b) Notwithstanding any other provision of the plan, such members shall contribute 9% of their compensation to the plan.
- (2) *Benefits and employee contributions for general fund members hired on or after July 15, 2009 but prior to October 1, 2011.*
 - (a) Notwithstanding any other provision contained in this section to the contrary, members hired on or after July 15, 2009 but prior to October 1, 2011 shall receive the same retirement benefits as members hired prior to July 15, 2009. except as follows:
 - 1. The normal retirement dates shall be age 57 or older with 25 years of credited service; age 60 or older with seven years of credited service; or 30 years of credited service, regardless of age.
 - 2. The vesting period shall be seven years of credited service.
 - 3. Upon reaching the normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation.
 - 4. Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.
 - 5. Compensation shall include only the member's base pay, which includes longevity pay, and certification pay, but no other payments shall be included.
 - 6. Eligibility for non-duty disability benefits shall commence upon attaining seven years of credited service. Except as set forth in section ~~division~~ (L)(3) above, upon total and permanent disability of a member hired as defined in this section ~~division~~ (2) having at least seven years of credited service, from causes other than the performance of an act of duty as an employee of the City ~~city~~, resulting in the inability of the member to perform the specific duties of his or her position in the service of the City ~~city~~, such member shall be entitled to a disability retirement benefit equal in rate to that provided for service retirement, but not less than 20% of average salary. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position.

7. A member who separates from City ~~city~~ employment prior to his or her normal retirement date after having completed at least seven years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 60 based on the benefit formula in effect on the date of separation from City ~~city~~ employment and years of credited service and average final compensation on that date.
 8. The member shall be eligible to participate in the DROP but shall not be eligible to participate in the DROP plan or the planned retirement benefit.
 9. The member shall not be eligible for a COLA.
- (b) Notwithstanding any other provision of the plan, such members shall contribute 9% of their compensation to the plan.
- (3) *Benefits and employee contributions for non-general fund members hired after July 15, 2009 but prior to March 5, 2014.*
- (a) Notwithstanding any other provision contained in this section to the contrary, members hired after July 15, 2009 but prior to March 5, 2014 shall receive the same retirement benefits as members hired prior to July 15, 2009, except as follows:
1. The normal retirement dates shall be age 57 or older with 25 years of credited service; age 60 or older with seven years of credited service; or 30 years of credited service, regardless of age.
 2. The vesting period shall be seven years of credited service.
 3. Upon reaching the normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation.
 4. Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.
 5. Compensation shall include only the member's base pay, which includes longevity pay, and certification pay, but no other payments shall be included.

6. Eligibility for non-duty disability benefits shall commence upon attaining seven years of credited service. Except as set forth in section ~~division~~ (L)(3) above, upon total and permanent disability of a member hired as defined in this section ~~division~~ (3) having at least seven years of credited service, from causes other than the performance of an act of duty as an employee of the City ~~city~~, resulting in the inability of the member to perform the specific duties of his or her position in the service of the City ~~city~~, such member shall be entitled to a disability retirement benefit equal in rate to that provided for service retirement, but not less than 20% of average salary. Based on the available medical information, the Human Resources Director shall make the final determination regarding the ability of the member to perform the specific duties of his or her position.
 7. A member who separates from City ~~city~~ employment prior to his or her normal retirement date after having completed at least seven years of credited service and does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 60 based on the benefit formula in effect on the date of separation from City ~~city~~ employment and years of credited service and average final compensation on that date.
 8. The member shall be eligible to participate in the DROP but shall not be eligible to participate in the DROP plan or the planned retirement benefit.
 9. The member shall not be eligible for a COLA.
- (b) Notwithstanding any other provision of the plan, such members shall contribute 9% of their compensation to the plan.

[. . .]

Section 3: That it is the intention of the City Commission that the provisions of this Ordinance shall be made a part of the Code of Ordinances of the City of Hollywood, Florida, and the sections of the Code may be renumbered to accomplish such intention.

Section 4: That if any word, phrase, clause, subsection, or section of this Ordinance is for any reason held unconstitutional or invalid, such invalidity shall not affect the validity of any remaining portions of this Ordinance.

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING SECTION 33.025 RELATED TO PROVIDING THE AVAILABILITY OF PARTICIPATION IN A DEFERRED RETIREMENT OPTION PLAN ("DROP") FOR ALL MEMBERS OF THE CITY OF HOLLYWOOD EMPLOYEES RETIREMENT FUND AND TO PROVIDE FOR DISTRIBUTION OF DROP ACCOUNT BALANCES.

Section 5: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict are repealed to the extent of such conflict.

Section 6: That this Ordinance shall be in full force and effect immediately upon its passage and adoption.

Advertised _____, 2025.

PASSED on first reading this _____ day of _____, 2025.

PASSED AND ADOPTED on second reading this _____ day of _____, 2025.

RENDERED this _____ day of _____, 2025.

JOSH LEVY, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM:

DAMARIS HENLON
INTERIM CITY ATTORNEY