

## City of Boynton Beach Municipal Firefighters Pension Trust Fund

### MINUTES

May 16, 2022  
3:30 P.M.

Chairman Raybuck called to Order the remote meeting<sup>1</sup> of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund, on May 16, 2022, at 3:30 P.M.

#### **TRUSTEES PRESENT:**

Mr. Jon Raybuck – Chairman; Mr. Stan Cale – Board Secretary; Mr. Conner Flechaus – Trustee & Mrs. Desirae Patterson, Board Trustee.

#### **ABSENT:**

Mr. Christopher Simmons, Trustee.

#### **OTHERS PRESENT:**

Mr. Georgio Salome; Mr. Hugh Bruder; Mr. Pete Strong, Board Actuary – GRS Consulting; Mr. Adam Levinson, Board Attorney – Klausner, Kaufman, Jensen and Levinson; Mr. Dave Williams, Plan Administrator.

It should be noted that there was a quorum for the Board to have an official meeting.

#### **PUBLIC DISCUSSION:**

None

#### **NEW BUSINESS:**

- Review of Proposed Pension Ordinance.

Mr. Raybuck thanked everyone for attending in short notice. Mr. Raybuck advised a collective bargaining agreement was reached between the city and the union. As a result, a pension ordinance revision would be required. He felt it was important to review the proposed ordinance as a whole in order to provide input to the city and the union. After review and discussion, the following was language was developed.

The changes in the ordinance relate to the following:

Sec. 18-180.2. Cost of living increase – (a) Effective October 1, 2023, COLA benefits will commence beginning on the October 1 following separation from service, for DROP participants who elect to extend their DROP participation beyond five (5) years.

Sec. 18-194 Deferred retirement option plan – (3) Effective October 1, 2023 the maximum period of DROP participation shall be eight (8) years; provided that the maximum period of active membership when combined with DROP participation shall not exceed thirty-three (33) years. DROP participants electing to remain in DROP during years six (6) through eight (8) shall resume employee “pick-up” contributions at the rate of six percent (6%) as follows: Five percent (5%) shall

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<sup>1</sup> [http://bbffp.org/docs/minutes/CityNotice\\_20220516\\_special.pdf#zoom=100](http://bbffp.org/docs/minutes/CityNotice_20220516_special.pdf#zoom=100)

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be allocated to COLA funding under Section 18-180.2(c) and the remaining one percent (1%) shall be applied to unfunded liabilities in the retirement system<sup>2</sup>.

(4) Housekeeping correction from 5 to 3 years

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

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

(13) (b) Language to be stricken from the ordinance - The following provisions of the "Consolidated Deferred Retirement Option Plan" shall apply to members hired on or after January 1, 2020.

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

(2) Employees who reach eligibility for normal service retirement in the employee's retirement plan may elect to enter DROP.

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

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

(5) Employees may elect to participate by submitting an election to enter DROP to the city's Human Resource Department ("Department") on a form available from the Department for that purpose. On receipt of the election to enter DROP the Department will notify the administrator of the pension plan in which the employee participates.

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

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

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<sup>2</sup> Mr. Williams will work with payroll to designate payroll deduction identifiers to properly track drop members who begin contributions as outlined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3: In order to remain in the DROP beyond the current five-year cap, existing DROP participants shall provide written notice of their intent to extend their DROP participation. The deadline for providing written notice shall expire thirty (30) days after second reading of this ordinance.

The updated proposed ordinance will be provided to the city and the union. Upon first reading, if approved, and formal impact statement will be sought.

Mr. Strong also advised that he would give consideration on the change in delaying the COLA in his impact study.

Mr. Raybuck asked the Board to formally approve the verbiage. As a result, Mrs. Patterson made a motion to approve the revised language based on final review of Mr. Strong and Mr. Levinson. Mr. Cale seconded the motion. The motion passed 4-0.

**ACTUARY'S REPORT:**

No Formal Report.

**ATTORNEY'S REPORT:**

No Formal Report.

**PLAN ADMINISTRATOR:**

No Formal Report.

**OPEN DISCUSSION:**

No Discussion Ensued.

**ADJOURN:**

Meeting adjourned at 4:48 P.M.

Next next regular meeting is August 3, 2022 at 9:00 A.M.

DocuSigned by:

*Jon Raybuck*

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**FOR THE BOARD**

DocuSigned by:

*Stan Cale*

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