

1 be limited to the actuarial equivalent determined as of the benefit commencement date, of
2 the subsequent year's dollar limit assumed to commence at age 65.

3 (56) For the purpose of adjusting benefits in accordance with this section,
4 actuarial equivalent shall be determined using the 1994 ~~1983~~-Group Annuity Mortality
5 Table (50/50 Unisex) and an interest rate of 9.5 ~~five~~-percent for adjustments under
6 subsections (3); and (4) and (5). For adjustment under subsections (3) and; ~~(4) and (5)~~,
7 no cost-of-living adjustment shall be taken into account before the year for which such
8 adjustment first takes effect.

9 (67) If a retirement benefit is payable to a member who has less than ten years
10 of plan participation, the limitation described in subsection (1), shall be multiplied by a
11 fraction, the numerator of which is the member's years of plan participation and the
12 denominator of which is 10.

13 ~~————(8)————~~ ~~If the city maintains a tax-qualified, defined contribution plan covering the~~
14 ~~same member, the total of such member's "Defined Contribution Fraction" and his~~
15 ~~"Defined Benefit Fraction" (both as defined in I.R.C. section 415) at the end of any~~
16 ~~limitation year shall not exceed 1.0. If a reduction in a member's benefits is required so~~
17 ~~that the sum of the two fractions described above will not exceed 1.0, the numerator of~~
18 ~~the "Defined Benefit Fraction" shall be adjusted downward sufficiently to insure that the~~
19 ~~two plan limitation described above is not exceeded. This limitation shall not be~~
20 ~~applicable for years beginning on and after January 1, 2000.~~

21 (i) Distribution rules. Notwithstanding any other provision of this plan to the
22 contrary, a form of retirement income payable from this plan after November 24, 1997,
23 shall satisfy the following conditions:

24 (1) If any retirement income is payable before the member's death:

- 1 a. It shall either be distributed or commence to the member not later
2 than April 1 of the calendar year following the later of the calendar
3 year in which the member attains age 70 1/2 years or the calendar
4 year in which he retires.
- 5 b. The distribution shall commence not later than the calendar year
6 defined in paragraph a. and (1) shall be paid over the life of the
7 member or over the lifetimes of the member and his spouse, issue
8 or dependent, or (2) shall be paid over the period extending not
9 beyond the life expectancy of the member and his spouse, issue or
10 dependent.

11 Where a form of retirement income payment has commenced in accordance with the
12 preceding paragraphs and the member dies before his entire interest in the plan has been
13 distributed, the remaining portion of such interest in the plan shall be distributed no less
14 rapidly than under the form of distribution in effect at the time of the member's death.

15 (2) If the member's death occurs before the distribution of his interest in the
16 plan has commenced, his entire interest in the plan shall be distributed within five years
17 of his death, unless it is to be distributed in accordance with the following rules:

- 18 a. The member's remaining interest in the plan is payable to his
19 spouse, issue or dependent.
- 20 b. The remaining interest is to be distributed over the life of the
21 spouse, issue, or dependent; and
- 22 c. Such distribution begins within one year of the member's death
23 unless the member's spouse, issue or dependent shall receive the
24 remaining interest in which case the distribution need not begin

1 before the date on which the member would have attained age 70
2 1/2 years, and if the spouse, issue or dependent dies before the
3 distribution to the spouse, issue or dependent begins, this section
4 shall be applied as if the spouse, issue or dependent were the plan
5 member.

6 (j) Direct transfers of eligible rollover distributions.

7 (1) General. Notwithstanding any provisions of the plan to the contrary that
8 would otherwise limit a distributee's election under this section, a distributee may elect, at
9 the time and in the manner prescribed by the board, to have any portion of an eligible
10 rollover paid directly to an eligible retirement plan specified by the distributee in a direct
11 rollover.

12 (2) Definitions.

13 a. Eligible rollover distribution. An eligible rollover distribution is
14 any distribution of all or any portion of the balance to the credit of
15 the distributee, except that an eligible rollover distribution does not
16 include: any distribution that is one of a series of substantially
17 equal periodic payments (not less frequently than annually) made
18 for life (or life expectancy) of the distributee, or the joint lives (or
19 joint life expectancies) of the distributee and the distributee's
20 designated beneficiary, or for a specified period of ten years or
21 more; any distribution to the extent such distribution is required
22 under I.R.C. section 401(a)(9); and the portion of any distribution
23 that is not includable in gross income, i.e., member contributions
24 made prior to 1998.

1 b. Eligible retirement plan. An eligible retirement plan as defined in
2 I.R.C. section 402(c)(8)(B), an individual eligible retirement
3 account described in I.R.C. section 408(a), an individual retirement
4 annuity described in I.R.C. section 408(b), an annuity plan
5 described in I.R.C. section 403(a), an annuity contract described in
6 I.R.C. section 403(b), a qualified trust described in I.R.C. section
7 401(a) that accepts the distributee's eligible rollover distribution, or
8 an eligible deferred compensation plan described in I.R.C. section
9 457(b).

10 c. Distributee. A distributee includes an employee, or a former
11 employee, a surviving spouse as described in I.R.C. section
12 402(c)(9), or ~~to~~ designated beneficiary as described in
13 ~~sections 2-526(g) and (h), receiving amounts contributed by the~~
14 ~~member (before 1/1/98) in excess of retirement benefits, if any,~~
15 ~~paid.~~

16 d. Direct rollover. A direct rollover is a payment by the plan to the
17 eligible retirement plan specified by the distributee.

18 (k) Deferred retirement option program plan.

19 (1) A deferred retirement option program plan is hereby created for eligible
20 employees.

21 (2) A member who is an eligible employee is eligible for participation in the
22 DROP on the first day of the month coincident with or next following the completion of
23 25 years of limited participant service, or meeting the rule of 70 including limited
24 participant service, and continuing up to 30 years of service as a regular employee, except

1 as provided in subsection (7) below. In the case of a reverse DROP, such requirement
2 must be met as of the effective date of commencement of participation in the DROP,
3 including if applicable the lesser of the sick leave balances described below. Upon
4 entering into a regular ~~the~~ DROP, members may elect to apply unused sick leave hours to
5 attain the requisite years of credited service for eligibility to enter and for determining
6 their accrued benefit, or retain some or all of their unused sick leave for use during their
7 employment while participating in the regular DROP. Sick leave hours used in
8 computing cash outs of sick leave balances upon retirement are considered already "used"
9 and may not be converted to credited service, or used as sick leave during participation in
10 the regular DROP. Sick leave balances retained upon entry into the regular DROP and
11 accrued while participating in the regular DROP shall not count as days or months of
12 credited service when determining the maximum period of participation in the DROP, in
13 accordance with subsections (6) and (7) below. Any unused sick leave remaining at the
14 expiration of the regular DROP participation or period will be forfeited. In the case of a
15 reverse DROP, members may utilize the lesser of the vacation and sick leave balances in
16 existence on the effective date of commencement of participation or the balances in
17 existence ninety (90) days after declaration of intention to enter the reverse DROP. Any
18 cash outs shall be included in the FAE calculations for the month prior to the effective
19 date of commencement of participation in the reverse DROP, at the member's base pay
20 rate on that date.

21 (3) On the date of a member's entry into the DROP or date of deemed entry
22 into a reverse DROP, the member's credited service, accrued benefit, and final average
23 earnings shall be calculated as if the member had actually separated from service on that
24 date and retired. There shall be no further member contributions after entry into the

1 DRO, except as a re-employed retiree, if applicable, and employee contributions made
2 after the effective date of commencement of participation in a reverse DRO shall be
3 returned without interest. No additional credited service shall be earned after entering the
4 DRO, except as re-employed retiree, if applicable. Any changes in plan benefits shall
5 not apply to members in the DRO, unless otherwise applicable to retired members of the
6 plan.

7 (4) Members otherwise eligible to receive longevity pay and who are eligible
8 to and who elect to enter a DRO must, in order to enter and to continue to participate in
9 the DRO, make an irrevocable election upon entry into the DRO as hereinafter
10 provided. The member may (1) continue to receive longevity payments and merit
11 increases (assuming merit increases are provided and applicable), but forego receipt of all
12 future general (COLA) salary increases, or (2) continue to receive general (COLA) salary
13 increases and merit increases (assuming merit increases are provided and applicable) but
14 become ineligible for future receipt of longevity pay, or (3) in the case where the
15 applicable pay plan does not provide separately for general and merit increases, the
16 member may forego either future receipt of longevity payments, or any and all future
17 salary increases. In those cases where the member elects to forego receipt of future
18 longevity payments, entry into the DRO shall be treated as separation from service for
19 the purposes of section 2-484. This subsection does not apply to members in a reverse
20 DRO.

21 (5) The member shall select the retirement option as provided for in section 2-
22 601 and shall designate any beneficiary in accordance with plan provisions and practices
23 applicable to normal and delayed retirements.

24 (6) The maximum period of participation in the DRO is 60 months from date

1 of entry, or in the case of a reverse DROP 60 months from the effective date of
2 commencement of participation. Except as provided in subsection (7), participation in
3 the DROP must cease at the conclusion of a total of 30 years of regular employment with
4 the City of Gainesville and, if applicable, a successor employer under F.S. § 112.0515
5 (1997). In the case of a reverse DROP, the end of the DROP period, and termination of
6 employment, must occur at no later than a total of 30 years of regular employment with
7 the City of Gainesville and, if applicable, a successor employer under F.S. § 112.0515
8 (1997)

9 (7) Members who have more than 27 years of limited participant service in
10 the Plan as of October 1, 1999, shall have until December 30, 1999 to elect to enter into
11 the DROP, on or before February 1, 2000, and to then be eligible to participate for a
12 maximum of 36 months from the date of entry. Such members making an election on or
13 after December 31, 1999, to enter into the DROP shall be governed by normal eligibility
14 and duration requirements described herein.

15 (8) A member may cease participating in the regular DROP prior to the
16 expiration of the agreed upon (not to exceed the maximum allowed) DROP period only
17 by terminating regular employment with the city. In the event that a member participating
18 in the DROP fails to terminate regular employment on or before the conclusion of the
19 DROP period, then the member's monthly retirement benefit shall cease at the conclusion
20 of the DROP period until such time as the member terminates regular employment. In
21 the case of a reverse DROP, a member's employment terminates simultaneously with
22 commencement of participation in the reverse DROP, which is ninety (90) days after the
23 member makes a declaration of his/her intention to enter the reverse DROP.

24 (9) For members entering the regular DROP prior to July 10, 2007, d~~During~~

1 ~~such a~~ member's participation in the DROP, an amount equal to the member's monthly
2 retirement benefit shall be transferred to an account within the plan designated by the
3 member for investment. ~~Such m~~Members may direct their DROP money to any of the
4 investment options offered by the third party administrator approved by the board.
5 Monthly retirement benefits paid into DROP accounts shall be adjusted to take into
6 account any retiree cost-of-living adjustments available under the plan to retired
7 members. There shall be no guaranteed rate of investment return on these DROP
8 accounts. Upon transfer of the DROP money to the account designated by the member,
9 neither the city nor the board shall have any obligation to the member concerning
10 investment gains or losses. Transfers between accounts shall be in accordance with the
11 rules of the third party administrator.

12 (10) Members entering a regular DROP or declaring his/her entry into a reverse
13 DROP on or after July 10 , 2007 shall have his/her monthly benefits accrue in the fund on
14 behalf of the member, plus interest at 5.5% compounded monthly on the prior months
15 accumulated ending balance up to the month of termination, or death, or established
16 termination date, whichever occurs first. If the Plan's 2006-2007 assumed rate of return
17 of 8.5% changes, then the interest rate will be prospectively adjusted from the date of the
18 change to 65% of the Plan's new assumed rate of return compounded monthly on the
19 prior months accumulated ending balance up to the month of termination, or death, or
20 established termination date, whichever occurs first. A separate accounting of each
21 participant's accrued benefits shall be calculated and provided to the participants
22 annually. Monthly retirement benefits paid into DROP accounts shall be adjusted to take
23 into account any retiree cost-of-living adjustments available under the plan to retired
24 members.

1 (11) The decision to participate in the regular DROP is irrevocable once DROP
2 payments begin. Once the employee has completed participation in the DROP, his/her
3 regular employment will end and he/she shall be separated from employment; this
4 separation shall be processed as a voluntary resignation.

5 (12) Upon entry into the DROP, a member shall no longer be eligible for
6 disability benefits under the Plan or the City of Gainesville Employees Disability Plan. In
7 the event of death during the DROP period or thereafter, the member shall be presumed
8 to have retired on a normal ~~or delayed~~ retirement upon entry into the DROP for the
9 purposes of section 2-600(a)(3)(d)(1), ~~(3) or (4)~~. Distribution from the DROP account
10 shall be made to the member, or in the case of the member's death, to the member's
11 designated beneficiary.

12 (13) Upon the termination of a member's (who has entered a DROP) regular
13 City employment (for any reason, whether by retirement, resignation, discharge or death),
14 the retirement benefits payable to the member or to the member's beneficiary (if the
15 member selected an optional form of retirement benefit which provides for payments to
16 the beneficiary) shall be paid to the member or beneficiary and shall not be deposited into
17 the member's deferred retirement option account or continue to accrue in the Plan.
18 Following the termination of a member's regular employment, the balance in the
19 member's DROP account shall be payable in accordance with options made available by
20 the third party administrator, or in the case of accounts accruing within the Plan,
21 distributed in accordance with the rules of the Plan. Regardless of the option selected by
22 the member, the board of trustees has the right to accelerate payments in order to comply
23 with Section 401(A)(9) of the Internal Revenue Code and the right to defer payments to
24 comply with Section 415 of the Internal Revenue Code.

1 (14) Nothing herein shall be construed to remove members who have entered
2 the DROP from the scope of § 8(d), Art. II of the State Constitution, and § 112.3173,
3 paragraph (5)(f). Members who commit a specified offense while employed will be
4 subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those
5 provisions of law.

6 (15) During regular DROP participation, a member shall be considered a
7 retiree with deferred receipt of benefits for all plan purposes. A member who fails to
8 terminate regular employment during or at the conclusion of the regular DROP period
9 shall be considered a retiree for all plan purposes, except that the member shall not be
10 entitled to receive, or defer receipt of, monthly retirement benefits while continuing to
11 remain employed as a regular employee. For other purposes, the employee shall be
12 considered an active employee of the city entitled to all rights of employment, except as
13 otherwise provided.

14 (l) Lump-sum payment of small retirement income. Notwithstanding any provisions
15 of the plan to the contrary, if the monthly retirement income payable to any person
16 entitled to benefits hereunder is less than \$100.00, or if the single-sum value of the
17 accrued retirement income is less than \$5,000.00 for a firefighter or \$2,500.00 for a
18 member, as of the date of retirement or termination of service, whichever is applicable,
19 the board of trustees, in the exercise of its discretion, may specify that the actuarial
20 equivalent of such retirement income be paid in a lump sum.

21 (m) Rollovers to IRA's. A mandatory distribution in excess of \$1,000.00 made
22 pursuant to subsection 2-600(k)(1), or an involuntary return of employee contributions in
23 excess of \$1,000.00, shall be paid in a direct rollover to an IRA designated by the plan
24 administrator if, after notice, the member does not elect to either receive the distribution

1 directly or have it paid in a direct rollover to an eligible retirement plan.

2 (n) Public Safety and Military service prior to employment. Members who are
3 regular employees actively employed after July 9, 2007, and not then participating in the
4 regular DROP, may have the year(s) that the member served as a police officer or
5 firefighter, as defined in subsections (8) and (9), and years of military service, prior to
6 initial employment with the city, added to his or her years of credited service provided
7 that:

8 (1) The member contributes to the fund an actuarially determined amount so
9 that crediting of the purchased service does not result in any cost to the plan. The
10 multiplier applied to purchased credited service shall correspond to the multiplier in
11 effect at the time the purchase is completed. The Plan shall absorb the cost of
12 professional services for obtaining one actuarial estimate for a member. Any subsequent
13 estimates shall be paid for in advance by the requesting member.

14 (2) Purchase of credited service for service as a police officer or firefighter, or
15 military service, prior to employment, shall be in increments of one or more whole years,
16 except where the remaining service available to be purchased is less than one (1) year.
17 Lump sum purchases may not be made more frequently than once every 12 months.
18 Such purchase of service may be made during 2007 and during the months of November,
19 December and January each year thereafter. "Financed" purchases may be arranged
20 during 2007 and during the months of November, December and January each year
21 thereafter. Failure to complete a "financed" purchase shall preclude any future
22 "financed" purchases by the member. Lump sum purchase of service and complete
23 payment of "financed" service must occur prior to entry into a regular DROP and prior to
24 declaration of intention to enter a reverse DROP.

1 (3) Payment by the member of the required amount may be made in one lump
2 sum payment or “financed” at the plans assumed rate of interest as follows: 4-5 years
3 may be paid for over a maximum sixty month period from the date purchase is first
4 arranged (Subsection 2 above); 3 plus years – 48 month maximum; 2 plus years – 36
5 month maximum, 1 plus year – 24 month maximum. Outstanding balances shall be
6 charged interest compounded monthly at the plan’s assumed rate of return for that month,
7 thus the total “financed” payment, and required monthly payments will change. In no
8 event shall any credit be given until total payment is completed. Failure to complete
9 payment within the prescribed period shall result in amounts paid being then returned
10 without interest and no credit given.

11 (4) The maximum credit purchased under this subsection (n) shall be five
12 years, provided that no more than four years of prior military service may be purchased.

13 (5) Credited service purchased pursuant to this subsection (n) shall count for
14 all purposes under the Plan.

15 (6) Members may pay for prior service as provided in (2) and (3) above;
16 however, credit for such shall not be granted unless and until the member has otherwise
17 earned 10 years of credited service. A member who has paid for such service and whose
18 employment terminates prior to the completion of 10 years of credited service shall have
19 the amount paid returned without interest to the member, or as applicable to the
20 member’s beneficiary, including as provided in subsection 2-606.

21 (7) A member may not obtain a benefit, nor base the amount of benefit
22 received, upon service purchased under this subsection (n) if such service is claimed for
23 retirement purposes under any other federal, state, or local retirement or pension system
24 where “length of service” is a factor in determining the eligibility for, or the amount of

1 compensation received, except where credit for such service has been granted in a
2 pension system providing retired pay for non-regular service in the Armed Forces of the
3 United States as provided in 10 U.S.C. Chapter 1223. Any member claiming credit under
4 this subsection (n) must certify on a form prescribed by the Plan that credit for such
5 service has not and will not be claimed for retirement purposes under any other federal,
6 state, or local retirement or pension system where “length of service” is a factor in
7 determining the eligibility for, or the amount of compensation received, except where
8 credit for such service has been granted in a pension system providing retired pay for
9 non-regular service in the Armed Forces of the United States as provided in 10 U.S.C.
10 Chapter 1223. Such certification shall also include written authorization for the Plan to
11 have access to information from any above-described pension systems to confirm that the
12 requirements of this subsection are being complied with. If the member dies prior to
13 retirement, the member’s beneficiary must make the required certification before credit
14 may be claimed. If such certification is not made by the member or the member’s
15 beneficiary, credit for prior police officer, firefighter, or military service shall not be
16 allowed. If it is determined that a benefit based upon such service leave has been claimed
17 in violation of this section, no credit for such service will be allowed under this plan,
18 which may effect the eligibility for, or amount of, any benefit provided under this Plan,
19 and amounts contributed for purchase of such service shall be forfeited.

20 (8) Except as provided in subsection (9) below, the following words and
21 phrases as used in this subsection (n) shall have the respective meanings set forth:

22 a. Military service means active duty in the military service of the
23 Armed Forces of the United States, the United States Merchant Marine or the United
24 States Coast Guard, voluntarily or involuntarily, and honorably or under honorable

1 conditions.

2 b. Police officer means any person who was elected, appointed, or
3 employed full time by any municipality, in the State of Florida who is certified or
4 required to be certified as a law enforcement officer in compliance with sec. 943.1395,
5 F.S., who is vested with authority to bear arms and make arrests, and whose primary
6 responsibility is the prevention and detection of crime or the enforcement officer of the
7 penal, criminal, traffic, or highway laws of the state. This definition includes all certified
8 supervisory and command personnel whose duties included, in whole or in part, the
9 supervision, training, guidance, and management responsibilities of full-time law
10 enforcement officers, part-time law enforcement officers, or auxiliary law enforcement
11 officers, but does not include part-time law enforcement officers or auxiliary law
12 enforcement officers as the same are defined in sec. 943.10(6) and (8), respectively.
13 Police officer also includes a person who meets the above requirements and who was
14 responsible for performing both police and fire services (public safety officer).

15 c. Firefighter means any person employed solely by a constituted fire
16 department of any municipality or special fire control district in the State of Florida who
17 was certified as a firefighter as a condition of employment in accordance with the
18 provisions of sec. 633.35, F.S., and whose duty it was to extinguish fires, to protect life,
19 or to protect property.

20 (9) To the extent allowed by law, the Board of Trustees may permit purchase
21 of credited service based upon service prior to employment with the City as a firefighter,
22 certified in accordance with Section 633.35, Florida Statutes (2006), when the prior
23 service was for a county, or state agency, of the State of Florida. To the extent allowed
24 by law, the Board of Trustees may permit purchase of credited service based upon service

1 prior to employment with the City as a law enforcement officer, as defined in Section
2 943.10, Florida Statutes (2006), when the prior service was for a county, or state agency,
3 of the State of Florida. The purchase of prior service as described in this subsection (9)
4 shall be in accordance with, and subject to the limitations of, the procedures set forth in
5 this section (n), as if the prior service was based upon prior service as a firefighter or
6 police officer described in subsections (8)(b) and/or (c).

7 Provided further that in the event that the City of Gainesville or the Board of
8 Trustees is notified by a regulatory agency, such as the Department of Management
9 Services of the State of Florida, that permitting purchase of credited service as described
10 in this subsection (9) is unlawful, or that such makes the Plan non-compliant with
11 applicable statutory or regulatory requirements, then the City may unilaterally, after
12 meeting and conferring with certified bargaining representatives of employees who are
13 members of the Plan, direct the Board that further implementation of this subsection (9)
14 cease, and amend the Plan to eliminate this subsection (9). Upon such direction, those
15 members not yet retired who have availed themselves of the opportunity to purchase or
16 arrange for purchase of credited service under this subsection (9) shall have any
17 payments made returned without interest and shall receive no credited service for any
18 service sought to be purchased under this subsection (9).

19 (o) *Sources of funds for purchase of credited service.* The plan will accept cash,
20 direct rollover contributions, direct transfers and/or direct cash rollovers of distributions
21 for the purchase of credited service under the plan, as follows:

22 (1) *Direct Rollovers or Transfers from Other Plans.* The plan will
23 accept a direct rollover of an eligible rollover distribution or a member contribution of an
24 eligible rollover distribution from a qualified plan described in section 403(a) of the Code

1 or an annuity contract described in section 403(b) of the Code, cash, or a direct transfer
2 from a 401(a) qualified plan, or from an eligible plan under section 457(b) of the Code
3 that is maintained by a state, political subdivision of a state, or any agency or
4 instrumentality of a state or political subdivision of a state.

5 (2) Member Rollover Contribution from 401(a) plans and IRAs. The plan
6 will accept a member rollover contribution of the portion of a distribution from a
7 qualified plan described in section 401(a) of the Code, or from an individual retirement
8 account or annuity described in section 408(a) of the Code, that is eligible to be rolled
9 over and would otherwise be includible in the member's gross income.

10 **Section 5.** Section 2-601, Optional forms of benefit, City of Gainesville Code of
11 Ordinances, is amended to read as follows:

12 **Sec. 2-601. Optional forms of retirement income~~benefit~~.**

13 (a)(1) In lieu of the amount and form of retirement income payable in the event of
14 normal or early retirement as specified in section 2-600, a member, upon written request
15 to the board of trustees, submitted at least three (3) months prior to the date of benefit
16 commencement, and subject to the approval of the board of trustees, may elect to receive
17 a retirement income or benefit of equivalent actuarial value payable in accordance with
18 one of the following options:

19 a. A retirement income of larger monthly amount, payable to the
20 member for his or her lifetime only.

21 b. A retirement income of a modified monthly amount, payable to the
22 member during the joint lifetime of the member and a joint pensioner designated by the
23 member, and following the death of either of them, 100 percent, 75 percent, 66²/₃ percent,

1 or 50 percent of such monthly amount payable to the survivor for the lifetime of the
2 survivor.

3 c. A reduced monthly retirement benefit which shall be payable during the
4 joint lifetime of the member and his/her beneficiary, with two-thirds of such reduced
5 annuity amount continuing after the death of the member during the lifetime of the
6 beneficiary. If the beneficiary predeceases the member, 100 percent of the reduced
7 benefit will continue to be received by the member.

8 d. Such other amount and form of retirement payments or benefit as,
9 in the opinion of the board of trustees, will best meet the circumstances of the retiring
10 member.

11 (2) The member upon electing any option of this section will designate the
12 joint pensioner or beneficiary (or beneficiaries) to receive the benefit, if any, payable
13 under the plan in the event of the member's death, and will have the power to change
14 such designation only twice, but any such change shall be deemed a new election and will
15 be subject to approval by the board. Such designation will name a joint pensioner or one
16 or more primary beneficiaries where applicable. If a member has elected an option with a
17 joint pensioner or beneficiary and his or her retirement income benefits have commenced,
18 he or she may thereafter change the designated joint pensioner or beneficiary but only if
19 allowed by law and if the board of trustees consents to such change and if the joint
20 pensioner last previously designated by the member is alive when he or she files with the
21 board of trustees a request for such change. Except as otherwise required by law, the
22 consent of a member's joint pensioner or beneficiary to any such change shall not be
23 required. To the extent allowed by law, the board of trustees may request such evidence
24 of the good health of the joint pensioner that is being removed as it may require and to

1 the extent allowed by law, the amount of the retirement income payable to the member
2 upon the designation of a new joint pensioner shall be actuarially redetermined taking
3 into account the ages and sex of the former joint pensioner, the new joint pensioner, and
4 the member. Each such designation will be made in writing on a form prepared by the
5 board of trustees, and on completion will be filed with the board of trustees. In the event
6 that no designated beneficiary survives the member, such benefits as are payable in the
7 event of the death of the member subsequent to his or her retirement shall be paid as
8 provided in section 2-606.

9 (b) Retirement income payments shall be made under the option elected in
10 accordance with the provisions of this section and shall be subject to the following
11 limitations:

12 (1) If a member dies prior to his or her normal retirement date or early
13 retirement date, whichever first occurs, no benefit will be payable under the option to any
14 person, but the benefits, if any, will be determined under section 2-600(d).

15 (2) If the designated beneficiary (or beneficiaries) or joint pensioner dies
16 before the member's retirement under the plan, the option elected will be canceled
17 automatically and a retirement income of the normal form and amount will be payable to
18 the member upon his or her retirement as if the election had not been made, unless a new
19 election is made in accordance with the provisions of this section or a new beneficiary is
20 designated by the member prior to his or her retirement and within 90 days after the death
21 of the beneficiary.

22 (3) If both the retired member and the designated beneficiary (or
23 beneficiaries) die before the full payment has been effected under any option providing
24 for payments for a period certain and life thereafter, made pursuant to the provisions of

1 subparagraph (a)(1)c. of this section, the board of trustees may, in its discretion, direct
2 that the commuted value of the remaining payments be paid in a lump sum and in
3 accordance with section 2-606.

4 (4) If a member continues beyond his or her normal retirement date and dies
5 prior to actual retirement and while an option made pursuant to the provisions of this
6 section is in effect, monthly retirement income payments will be made, or a retirement
7 benefit will be paid, under the option to a beneficiary (or beneficiaries) designated by the
8 member in the amount or amounts computed as if the member had retired under the
9 option on the date on which death occurred.

10 (c) No member may make any change in his or her retirement option within three (3)
11 months prior to benefit commencement, except that for a period of ninety (90) days after
12 adoption of Ordinance No. 070012 a member may change his or her retirement option
13 any time prior to benefit commencement.

14 ~~Upon a member becoming eligible to receive an annuity he/she may elect to receive~~
15 ~~annuity benefits payable under the plan in the form of a joint survivor annuity instead of a~~
16 ~~normal annuity form, which shall be the actuarial equivalent of the annuity he/she would~~
17 ~~receive under the normal form. If any member who has a spouse at his/her~~
18 ~~commencement date, fails to make such an election, it will be assumed that he/she elected~~
19 ~~Option A below with his/her spouse as the beneficiary; and if the member does not have a~~
20 ~~spouse at his/her benefit commencement date, that the member elected the normal form.~~

21 ~~*Option A—Joint Annuity Option.* A reduced monthly retirement benefit which shall be~~
22 ~~payable during the joint lifetime of the member and his/her beneficiary, with two-thirds~~
23 ~~of such reduced annuity amount continuing after the death of the member during the~~

1 lifetime of the beneficiary. If the beneficiary predeceases the member, 100 percent of the
2 reduced benefit will continue to be received by the member.

3 ~~Option B—Joint and Last Survivor Annuity Option.~~ A reduced monthly retirement benefit
4 which shall be payable during the joint lifetime of the member and his/her beneficiary,
5 with two thirds of such reduced benefit amount continuing automatically after the death
6 of either member or beneficiary, payable for the lifetime of the survivor.

7 The election of either joint survivor option (for an unmarried member), or the election of
8 Option B or the normal form (by a married member) must be requested by the member at
9 least three months prior to the date of benefit commencement. Such election, if made,
10 may not be changed by the member within three months prior to the date of benefit
11 commencement. The election of a joint survivor option shall be deemed automatically
12 canceled at the death of the proposed beneficiary prior to the member's benefit
13 commencement date. Provided, however, anything otherwise contained in this or any
14 other section of the Pension Ordinance to the contrary notwithstanding, a retired
15 pensioner, including a member who has entered a DROP, may change his/her option after
16 benefit commencement either from a retirement annuity option or to a retirement annuity
17 option in the event of: (1) divorce or legal separation, when the same has been considered
18 and approved by the court granting same as a part of the settlement; or (2) the marriage of
19 an unmarried employee who becomes married after the date of benefit commencement.
20 Such change shall be effective not sooner than three months after the filing of a written
21 election to effect such change with the personnel department. The benefits paid under
22 such changed annuity shall be the actuarial equivalent to the remaining value of the
23 former annuity determined as of the date of the benefit change.

24 **Section 6.** Subsections (n), (s) and (t) of section 2-602, Administration of the

1 Plan, are amended to read as follows:

2 **Sec. 2-602. Administration of the Plan.**

3 (n) *Deposits and disbursements.* Predecessor plan assets, gifts, bequests, devises and
4 appropriations to the fund shall be received by the director of the department of
5 management and financial services, who shall be liable for the safekeeping of the funds
6 under his/her bond. The director of the finance department ~~of management and financial~~
7 ~~services~~ shall transfer to the pension fund all pension funds appropriated by the city
8 commission. City contributions shall be deposited in the plan fund as soon as practicable
9 after they are received, provided, however, that in no event shall the contributions be
10 deposited in the plan fund later than 30 days after the close of the budget or fiscal year of
11 the plan. The director of the finance department ~~of management and financial services~~
12 shall be responsible for making all payments and disbursements from pension funds.

13 (s) *Investment of funds.* The trustees shall, in acquiring, investing, reinvesting,
14 exchanging, retaining, selling and managing property for the benefit of the City of
15 Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan, exercise the
16 judgment and care under the circumstances then prevailing, which persons of prudence,
17 discretion and intelligence exercise in the management of their own affairs, not in regard
18 to speculation but in regard to the permanent disposition of their funds, considering the
19 probable income as well as the probable safety of their capital. The foregoing standard of
20 care shall not apply to, nor shall the board be responsible for, account investment options
21 selected by the third party administrator or the gains or losses resulting from DROP
22 participants' selections from among those options. Within the limitations of the foregoing
23 standard, the trustees are authorized to acquire and retain all types of investments
24 permitted by F.S. Chs. 175 and 185 and additionally may invest in the stocks, preferred

1 or common, of any company regardless of the rating or lack thereof, assigned by a major
2 rating service, which persons of prudence, discretion, and intelligence acquire or retain
3 for their own account. Anything the contrary notwithstanding, the board of trustees shall
4 not invest more than 70 percent of the fund at market value in equities. If at any time the
5 market value of equities exceeds 70 percent of the total fund, the fund shall be adjusted to
6 be in compliance with the 70% allocation within a reasonable and prudent period of time.
7 ~~at the beginning of the next quarter,~~ Individual DROP accounts established prior to July
8 10, 2007 balances shall not be considered part of the "total fund" when evaluating
9 percentages or types of investments in the fund.

10 (t) *Method of making payments.* Except as otherwise provided in the plan, all
11 payments from the fund shall be made according to charter provisions governing the
12 disbursement of moneys from the city's general fund provided that no payment shall be
13 made from the funds of the plan unless the payment has been previously authorized by
14 the board. All payments shall be made monthly except that payments which would
15 amount to less than \$100.00 ~~10.00~~ may be made quarterly, semiannually or annually, as
16 the case may be. The board of trustees may, upon written request by the retiree of the
17 plan, or by a dependent, when authorized by the retiree or the retiree's beneficiary,
18 authorize the plan administrator to withhold from the monthly retirement payment those
19 funds that are necessary to pay for the benefits being received through the city, including
20 payments to the Retiree Health Insurance Trust Fund, to pay the certified bargaining
21 agent of the governmental entity, and to make any payments for child support or alimony.
22 A member who is retired pursuant to section 2-600(b) or (c) and has separated as an
23 eligible employee may then elect to have some or all of the annuity she or he receives as
24 a result of normal or disability retirement distributed directly to an accident or health

1 insurance plan, as payment of qualified health insurance premiums for her or him and her
2 or his spouse and dependents, to the extent such distribution complies with the
3 requirements of section 402(1) of the Internal Revenue Code 2006.

4 **Section 7.** Section 2-606, Miscellaneous, is amended to read as follows:

5 **Sec. 2-606. Miscellaneous.**

6 (a) *Beneficiaries.*

7 (1) Each member shall, on a form provided for that purpose, signed and filed
8 with the board of trustees, designate a choice of one or more persons, named sequentially
9 or jointly, as his or her beneficiary (or beneficiaries) to receive the benefit, if any, which
10 may be payable in the event of the member's death, and to the extent allowed, each
11 designation may be revoked by such member by signing and filing with the board of
12 trustees a new designation or beneficiary form.

13 (2) If no beneficiary is named in the manner provided by subsection (1), or if
14 no beneficiary designated by the member survives him or her, the death benefit, if any,
15 which may be payable under the plan with respect to such deceased member shall be paid
16 by the board of trustees to the estate of such deceased member, provided that in any of
17 such cases the board of trustees, in its discretion, may direct that the commuted value of
18 the remaining monthly income payments be paid in a lump sum. Any payment made to
19 any person pursuant to this subsection shall operate as a complete discharge of all
20 obligations under the plan with regard to such deceased member and beneficiaries and
21 shall not be subject to review by anyone, but shall be final, binding and conclusive on all
22 persons ever interested hereunder.

23 (3) Notwithstanding any other provision of law to the contrary, the surviving
24 spouse of any pension participant member killed in the line of duty shall not lose survivor

1 retirement benefits if the spouse remarries.

2 ~~(b)(a)~~ *Exemption from execution.* The pensions, annuities, or any other benefits accrued
3 or accruing to any person under this plan and the accumulated contributions and the cash
4 securities in the funds created under this plan are hereby exempted from any state,
5 county, or municipal tax and shall not be subject to execution or attachment or to any
6 legal process whatsoever, and shall be unassignable.

7 ~~(c)~~ *Payments to legally incompetent.* If any member or beneficiary is a minor, or, in
8 the judgment of the board of trustees is otherwise legally incapable of personally
9 receiving and giving a valid receipt for any payment due him/her, the board of trustees
10 may, unless claim shall have been made by a duly appointed guardian, direct that
11 payments be made to the person's spouse, child, parent, brother, or sister, or other person
12 deemed by the board to have assumed responsibility for the expenses of the member or
13 beneficiary.

14 ~~(d)~~ *Disappearance of member or beneficiary.* If any member or beneficiary,
15 receiving or entitled to receive benefits under the plan, should disappear and fail to
16 respond within 60 days to a written notice sent by the board of trustees by registered or
17 certified mail informing the member or beneficiary of his/her settlement to receive
18 benefits under the plan, the board of trustees may pay the benefits, or any portion thereof
19 which the board determines to be appropriate, to the dependents of the member or
20 beneficiary, whichever is applicable, having regard to the needs of the dependents, until
21 the member or beneficiary is located or until the benefits have been paid in full,
22 whichever event shall first occur.

23 **Section 8.** Section 2-607(d), Cost of living adjustment of benefits, City of
24 Gainesville Code of Ordinances, is amended to read as follows:

1 **Sec. 2-607. Cost of living adjustment of benefits.**

2 (d) A retired member who first receives a monthly normal or delayed retirement
3 benefit for October, 1999, or later (first payable November 1, 1999, or later) which
4 benefit is based upon 20 or more years of credited service but less than 25, or by retiring
5 under the "Rule of 70" with less than 20 years of service, shall, upon the attainment of
6 age 62 on or before October 1st, have his/her next monthly retirement benefit adjusted by
7 two percent beginning with the benefit for the month of October next following or
8 coincident with (October 1st birthday) the retiree's attainment of age 62. The monthly
9 benefit payable to the retired member or the retired member's beneficiary, as the case
10 may be, shall be adjusted by two percent each October thereafter for the duration of the
11 annuity.

12 **Section 9.** Section 2-633(d), City contributions for participants, City of
13 Gainesville Code of Ordinances, is amended to read as follows:

14 **Sec. 2-633. City contributions for participants.**

15 (d) *DROP service.* Employees who enter a DROP shall have benefit commencement
16 for the purposes of determining the city contribution fixed and determined as the years of
17 credited service and age upon entry into the regular DROP, or effective date of
18 commencement of participation in a reverse DROP, and shall not earn credited service
19 while participating in the DROP or thereafter.

20 **Section 10.** It is the intention of the City Commission that the provisions of
21 sections 1 through 9 of this ordinance shall become and be made a part of the Code of
22 Ordinances of the City of Gainesville, Florida, and that the Sections and Paragraphs of
23 this Ordinance may be renumbered or relettered in order to accomplish such intentions.

24 **Section 11.** If any section, sentence, clause or phrase of this ordinance is held to

1 be invalid or unconstitutional by any court of competent jurisdiction, then said holding
2 shall in no way affect the validity of the remaining portions of this ordinance.

3 **Section 12.** All ordinances, or parts of ordinances, in conflict herewith are to the
4 extent of such conflict hereby repealed.

5 **Section 13.** This ordinance shall become effective immediately upon final
6 adoption and the changes herein shall apply prospectively to eligible employees so
7 employed, and not participating in the regular DROP on and after the effective date,
8 except that such eligible employees' Accrued Benefit shall include the increased
9 multiplier as described in Section 1 hereof.

10 **PASSED AND ADOPTED** this 9th day of July, 2007.


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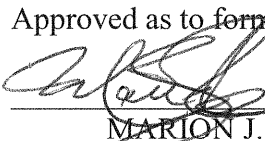
PEGEEN HANRAHAN
MAYOR

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ATTEST:



KURT M. ZANNON
CLERK OF THE COMMISSION

Approved as to form and legality


MARION J. RADSON
CITY ATTORNEY
JUL 10 2007

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This Ordinance passed on first reading this 14th day of May, 2007.
This Ordinance passed on second reading this 9th day of July, 2007.