

ORDINANCE 42 - 24

AN ORDINANCE AMENDING THE CITY OF CAPE CORAL CODE OF ORDINANCES, CHAPTER 2, ADMINISTRATION, ARTICLE VI, PENSIONS, DIVISION 3, GENERAL EMPLOYEES PENSION; AMENDING SECTION 2-123.24, DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Cape Coral Municipal General Employees' Retirement Plan provides pension benefits under Ordinances of the City of Cape Coral; and

WHEREAS, the City of Cape Coral Municipal General Employees' Retirement Plan provides a deferred retirement option plan (DROP) and a BAC-DROP as optional retirement benefits;

WHEREAS, it is the desire of the City Council to increase the allowable participation period in either the DROP or BAC-DROP from five years (60 months) to eight years (96 months);

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAPE CORAL, FLORIDA, AS FOLLOWS:

SECTION 1: The City of Cape Coral Code of Ordinances, Chapter 2, Administration, Article VI, Pensions, Division 3, General Employees' Pension, is hereby amended at Section 2-123.24 as follows:

CHAPTER 2: - ADMINISTRATION

ARTICLE VI: - PENSIONS

DIVISION 3. – GENERAL EMPLOYEES PENSION

§ 2-123.24 Deferred retirement option plan (DROP).

(b) *Participation.*

- (3) *Period of participation.* A member who elects to participate in the DROP under subsection (b)(2)., shall participate in the DROP for a period not to exceed ~~60~~**96** months beginning at the time his or her election to participate in the DROP first becomes effective. An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the city not later than the date provided for in the previous sentence. Members participating in the DROP on the effective date of this ordinance, shall have their maximum DROP participation period extended, and date of irrevocable resignation as established in the previous sentence moved, to allow such members to participate in the DROP for a period not to exceed 96 months. A member may participate only once.

(c) *Funding.*

- (2) *Transfers from retirement system.*

- b. A member's DROP Account under this subsection (c)(2) shall be debited or credited after each fiscal year quarter with either:
1. Interest at an effective rate of 6.5% per annum **for the first 180 months a member has a DROP account, which time period shall include months of DROP participation and the number of months after termination of such participation, and 2.0% per annum thereafter with interest** compounded monthly **determined** on the last business day of the prior month's ending balance and credited to the member's DROP account as of such date (to be applicable to all current and future DROP participants); or
 2. Earnings, to be credited or debited to the member's DROP account, determined as of the last business day of each fiscal year quarter and debited or credited as of such date, determined as follows: The average daily balance in a member's DROP Account shall be credited or debited at a rate equal to the net investment return realized by the system for that quarter. "Net investment return" for the purpose of this paragraph is the total return of the assets in which the member's DROP Account is invested by the Board net of brokerage commissions, management fees and transaction costs. **A member who elects this option and who has had a DROP Account for at least 180 months, which time period shall include months of DROP participation and the number of months after termination of such participation, shall, for the remainder of the member's deferral period, earn the same "net investment return" but at a rate not to exceed 4.0% and not less than 0.0%; or**
 3. Earnings received on investment plans or on investment vehicles which the Board makes available to members for DROP investment purposes, so long as there is no additional cost to the system by making such choices available to the members.
 4. For purposes of calculating earnings on a member's DROP account pursuant to this subsection (c)(2)b.2., brokerage commissions, transaction costs, and management fees shall be determined for each quarter by the investment consultant pursuant to contracts with fund managers as reported in the custodial statement. The investment consultant shall report these quarterly contractual fees to the board. The investment consultant shall also report the net investment return for each manager and the net investment return for the total plan assets.
- c. Upon electing participation in the DROP, the member shall elect to receive either interest or earnings on his or her account to be determined as provided above. The member may, in writing, elect to change his or her election two times each 12-month period. An election to change must be made prior to the end of a quarter and shall be effective beginning the following quarter.
- d. A member's DROP Account shall only be credited or debited with earnings or interest and monthly benefits while the member is a participant in the DROP. A member's final DROP account value for distribution to the member upon termination of participation in the DROP shall be the value of the account at the end of the quarter immediately preceding termination of participation for participants electing the **"net investment return" pursuant to (c)(2)b.2. plan return**—and at the end of the month immediately preceding termination of participation for participants electing the flat interest rate return **pursuant to (c)(2)b.1.**, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter or month, as applicable, and prior to distribution. If a member fails to terminate employment after participating in the DROP for the permissible period of DROP participation, then beginning with the member's first month of employment following the last month of the permissible DROP participation, the member's DROP Account will no longer be credited or debited with earnings or interest, nor will monthly benefits be transferred to the DROP account. All such non-transferred amounts shall be forfeited and continue to be forfeited while the member is employed by the city, and no cost-of-living adjustments shall be applied to the member's credit during such period of continued employment. A member employed by the city after the permissible period of DROP participation will still not be eligible for pre-retirement death benefits, nor will he

or she accrue additional credited service except as provided for in § 2-123.27, Reemployment after retirement.

(f) *General provisions.*

(13) *BAC-DROP*. In lieu of participation in the DROP, a member may elect to participate in an actuarially equivalent BAC-DROP to a date of the member's choosing; provided that, the date is not further back than the member's normal retirement date. The total BAC-DROP period shall not exceed ~~60~~96 months and shall provide an immediate partial lump sum distribution, payable to the member's DROP Account. The lump sum shall be the accrued benefit, determined as if the member had entered the DROP retroactively, as described above, accumulated with interest at the annual fixed rate of 6.5%. The member may choose an actuarially equivalent form of benefit at the time of BAC-DROP entry, as described in § 2-123.8. Member contributions shall be returned for the period of the BAC-DROP participation. A member electing the BAC-DROP shall terminate employment not later than the first day of the month following his or her election to participate in the BAC-DROP. The member, and the member's DROP Account, shall then be treated in the same manner as a member who participated in the DROP and terminated such participation in accordance with (b)(4)a.2. above with the total months of the member's BAC-DROP period counting as months of DROP participation for purposes of (c)(2)b.1. and/or (c)(2)b.2. above. The Board's authority and power for administration of the BAC-DROP shall be the same as those provided for in the DROP.

SECTION 2: If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency, or other body with appropriate jurisdiction, the remaining section, subsection, sentences, clauses, or phrases under application shall not be affected thereby.

SECTION 3: All Ordinances or parts of Ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 4: This Ordinance shall become effective upon its adoption.

ADOPTED BY THE COUNCIL OF THE CITY OF CAPE CORAL AT ITS REGULAR SESSION
THIS 5th DAY OF June, 2024.



JOHN GUNTER, MAYOR

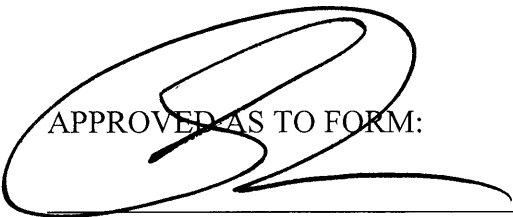
VOTE OF MAYOR AND COUNCILMEMBERS:

GUNTER aye
STEINKE aye
SHEPPARD aye
HAYDEN aye

CARR aye
WELSH aye
LONG aye
COSDEN aye

ATTESTED TO AND FILED IN MY OFFICE THIS 12th DAY OF June, 2024.


KIMBERLY BRUNS
CITY CLERK


APPROVED AS TO FORM:
ALEKSANDR BOKSNER
CITY ATTORNEY
ord/General Pension 8-Year DROP