

**VILLAGE OF NORTH PALM BEACH
HUMAN RESOURCES DEPARTMENT**

TO: Honorable Mayor and Members of the Village Council

THRU: Chuck Huff, Village Manager

FROM: Jennifer Cain, Human Resources Director
Leonard G. Rubin, Village Attorney

DATE: October 23, 2025

SUBJECT: **ORDINANCE 1ST Reading** – Amending Division 4 of Article V of Chapter 2 of the Village Code to extend the Deferred Option Benefit Plan (DROP) for police officer and firefighter employees

At its September 24th, 2025, meeting, the Village Council approved and ratified Memorandums of Understanding with the Palm Beach County Police Benevolent Association, Inc. and the Professional Firefighters/Paramedics of Palm Beach County, Local 2928, IAFF, Inc. to extend the Deferred Option Retirement Plan (DROP) from five years to eight years. Section 2-170.1 of the Village Code currently limits the DROP period to five years.

The attached Ordinance proposes the following revisions to Division 4, Article V, Chapter 2 of the Village Code of Ordinances to implement the approved Memorandums of Understanding (deleted language ~~stricken through~~ and additional language underlined):

Sec. 2-170.1. Deferred option benefit plan (DROP).

(a) Effective October 24, 2019 ~~upon the adoption of the Ordinance from which this section derived~~, a Deferred Retirement Option Plan ("DROP") benefit is created and added to the Plan and shall be available to employees upon reaching their normal retirement date.

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(e) Effective [insert effective date of Ordinance], an employee who elects to participate in the DROP may participate in the plan for a maximum of ninety-six (96) months. An employee who entered the DROP before [insert effective date] elects to participate could participate in the DROP may participate in the plan for a maximum of sixty (60) months. The application to enter into the DROP shall include an irrevocable letter of resignation effective upon the last day of DROP participation. Employees who participate in the DROP may elect to terminate their participation prior to ninety-six (96) sixty (60) months of participation, but may not continue participation beyond ninety-six (96) sixty (60) months from the date of entry into the DROP. All DROP participants who are actively employed and in the DROP on [insert effective date of Ordinance], can elect into the ninety-six (96) month DROP by completing and filing a form with the Board making that election within 90 days of the adoption of the Ordinance creating the ninety-six (96) month DROP.

* * *

(k) At the conclusion of the employee's participation in the DROP, and as a condition of participating in such plan, the employee will terminate Village employment. The retiree will thereafter receive a normal monthly retirement benefit 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 account. If the employee does not terminate participation in the DROP at the end of the ~~sixty (60) month~~ employee's maximum participation period (sixty (60) or ninety-six (96) months, as applicable), no earnings shall be credited on the DROP balance and no further DROP deposits shall be made.

* * *

(p) Any form of payment selected by the employee must comply with the minimum distribution requirements of the IRC 401(A)(9), ~~i.e., payments must commence by age seventy-two (72).~~

The attached Ordinance has been prepared and/or reviewed for legal sufficiency by the Village Attorney.

As previously discussed, the Pension Plan actuary (Foster & Foster) has determined that the extension of the DROP as set forth in the Ordinance will have no impact on the funding requirements of the plan. The Police and Fire Pension Board has not yet reviewed the proposed Ordinance; consequently, Staff will not bring the Ordinance forward for adoption on second reading until the Board has an opportunity to provide comments.

Recommendation:

Village Staff requests Council consideration and adoption on first reading of the attached Ordinance amending Division 4, Article V, Chapter 2 of the Village Code of Ordinances by amending Section 2-170.1 to extend the Deferred Option Benefit Plan for police officer and firefighter employees in accordance with Village policies and procedures.