

ORDINANCE NO. 2026-17

AN ORDINANCE OF THE CITY OF VENICE, FLORIDA, AMENDING CHAPTER 50, PERSONNEL, ARTICLE III, PENSIONS AND RETIREMENT, DIVISION 2, MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND BY ADDING NEW SECTION 50-110, DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF ALL ORDINANCES IN CONFLICT HERewith; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Venice and the International Association of Firefighters (IAFF) have a Collective Bargaining Agreement (CBA) that runs from October 1, 2025 to September 28, 2028; and

WHEREAS, the CBA contains a provision whereby the pension plan shall be amended to provide members who have qualified for normal retirement or who qualify for normal retirement in the future the option to participate in a Deferred Retirement Option Program (DROP) for a period not to exceed 96 months provided the actuarial determined cost of the DROP doesn't increase the requirement plan funding; and

WHEREAS, the Attorneys for the Fire Pension Board and the City have assisted in drafting this mutually acceptable ordinance to effect the agreed-upon CBA provision; and

WHEREAS, the City Council desires to amend the Municipal Firefighters' Pension Trust Fund to establish a DROP for eligible firefighters, setting forth the terms and conditions under which retirement benefits may be deferred while continued employment occurs.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA:

SECTION 1. The above Whereas clauses are ratified and confirmed as true and correct.

SECTION 2. The Code of Ordinances, City of Venice, Florida, is hereby amended by adding a section to be numbered 50-110 to Chapter 50, Personnel, Article III, Pensions and Retirement, Division 2, Municipal Firefighters' Pension Trust Fund, which shall read as follows:

Sec. 50-110. - Deferred Retirement Option Plan (DROP).

(a) Definitions. As used in this section, the following definitions apply:

(1) DROP. The City of Venice Municipal Firefighters' Deferred Retirement Option Plan.

(2) DROP account. The account established for each DROP participant under subsection (c).

(3) Total return of the assets. For purposes of calculating earnings on a member's DROP account pursuant to subsection (c)(2)b.2., for each fiscal year quarter, the percentage increase (or decrease) in the interest and dividends earned on investments, including realized and unrealized gains (or losses), of the total plan assets.

(4) Participant. As used in this section, participant shall mean an active firefighter employee who has enrolled in the DROP.

(b) Participation in DROP

(1) Eligibility to participate. In lieu of terminating his employment as a firefighter, any member who is eligible for normal retirement under the system may elect to defer receipt of such service retirement pension and to participate in the DROP.

(2) Election to participate. A member's election to participate in the DROP must be made in writing in a time and manner determined by the board and shall be effective on the first day of the first calendar month which is at least 15 business days after it is received by the board.

(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 96 months beginning at the time his 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. A member may participate only once.

(4) Termination of participation.

a. A member participating in the DROP shall cease participating in the DROP by:

1. Terminating his employment as a firefighter.

b. Upon the member's termination of participation in the DROP, pursuant to subsection 1 above, all amounts provided for in subsection (c)(2), including monthly benefits and investment earnings or losses, shall cease

to be credited from the system to his DROP account. Any amounts remaining in his DROP account shall be paid to him in accordance with the provisions of subsection (d) when he terminates his employment as a firefighter.

- c. A member who terminates his participation in the DROP under this subsection (b)(4) shall not be permitted to again become a participant in the DROP or the Fund.

(5) Effect of DROP participation on the system.

- a. A member's credited service and his accrued benefit under the system shall be determined on the date his election to participate in the DROP first becomes effective. The member shall not accrue any additional credited service or any additional benefits under the system (except for any additional benefits provided under any cost-of-living adjustment in the system) while he is a participant in the DROP. After a member commences participation, he shall not be permitted to again contribute to the system nor shall he be eligible for disability or pre-retirement death benefits.
- b. No amounts shall be paid to a member from the system while the member is a participant in the DROP. Amounts credited from the system to the member's DROP account shall be paid directly to the member only on the termination of his employment as a firefighter.

(c) Funding.

(1) Establishment of DROP account. A DROP account shall be established for each member participating in the DROP. A member's DROP account shall consist of amounts credited to the DROP under subsection (c)(2), and earnings on those amounts.

(2) Crediting to DROP accounts.

- a. As of the first day of each month of a member's period of participation in the DROP, the monthly retirement benefit he would have received under the system had he terminated his employment as a firefighter and elected to receive monthly benefit payments thereunder shall be credited to his DROP account. A member's period of participation in the DROP shall be determined in accordance with the provisions of subsections (b)(3) or

(b)(4), and in no event shall it continue past the date he terminates his employment as a firefighter.

While a participant in the DROP, a member's DROP account under this subsection (c)(2) shall be debited or credited with

1. 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, transaction costs and management fees.

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.

- b. 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.

(d) Distribution of DROP accounts on termination of employment.

- (1) Eligibility for benefits. A member shall receive the balance in his DROP account in accordance with the provisions of this subsection (d) upon his termination of employment as a firefighter. Except as provided in subsection (d)(5), no amounts

shall be paid to a member from the DROP prior to his termination of employment as a firefighter.

(2) Form of distribution.

- a. Distribution of a member's DROP account shall be made in a cash lump sum or an eligible rollover distribution. A member may elect, in such time and manner as the board shall prescribe, to receive an optional form of benefit described below:

In the event that the member dies before the distributions have been paid, the remaining balance in his DROP account shall be paid in an immediate cash lump sum to his beneficiary, or if none is designated, then to the member's estate.

- b. If a member dies before his benefits commence, his DROP account shall be paid to his beneficiary in such optional form as his beneficiary may select. If no beneficiary designation is made, the DROP account shall be distributed to the member's estate.

(3) Date of payment of distribution. Distribution of a member's DROP account shall begin as soon as administratively practicable following the member's termination of employment as a firefighter. Distribution of the amount in a member's DROP account will not be made unless the member completes a written request for distribution and a written election, on forms designated by the board, to either receive a cash lump sum or a rollover of the lump sum amount, provided, however, if no election is made within sixty days after termination of employment as a firefighter, the member will receive a cash lump sum distribution, minus applicable withholding.

(4) Proof of death and right of beneficiary or other person. The board may require and rely upon such proof of death and such evidence of the right of any beneficiary or other person to receive the value of a deceased member's DROP account as the board may deem proper and its determination of the right of that beneficiary or other person to receive payment shall be conclusive.

(5) Distribution limitation. Notwithstanding any other provision of this subsection (d), all distributions from the DROP shall conform to the "minimum distribution of benefits" provisions as provided for herein.

(6) Direct rollover of certain distributions. This subsection applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the DROP to the contrary a distributee may elect to have any portion of an eligible rollover distribution paid in a direct rollover as otherwise provided under the system in section 50-106 of this Code.

(e) Administration of DROP.

(1) Board administers the DROP. The general administration of the DROP, the responsibility for carrying out the provisions of the DROP and the responsibility of overseeing the investment of the DROP's assets shall be placed in the board. The members of the board may appoint from their number such subcommittees with such powers as they shall determine. Additionally, and, as long as in accordance with the Ordinance, the Board may adopt such administrative procedures and regulations as they deem desirable for the conduct of their affairs; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, actuarial and consulting services as they may require in carrying out the provisions of the DROP; and may allocate among themselves as they, in their sole discretion, shall decide. A trustee shall not vote on any question relating exclusively to himself.

(2) Individual accounts, records and reports. The board shall maintain, or cause to be maintained, records showing the operation and condition of the DROP, including records showing the individual balances in each member's DROP account, and the board shall keep, or cause to be kept, in convenient form such data as may be necessary for the valuation of the assets and liabilities of the DROP. The board shall prepare or cause to be prepared and distributed to members participating in the DROP and other individuals or filed with the appropriate governmental agencies, as the case may be, all necessary descriptions, reports, information returns, and data required to be distributed or filed for the DROP pursuant to the code, and any other applicable laws or regulations.

(3) Establishment of rules. Subject to the limitations of the DROP, and the terms of this Ordinance, the board from time to time shall establish rules for the administration of the DROP and the transaction of its business. The board shall have discretionary authority to construe and interpret the DROP (including but not limited to determination of an individual's eligibility for DROP participation, the right and amount of any benefit payable under the DROP and the date on which any individual ceases to be a participant in the DROP). The determination of the board

as to the interpretation of the DROP or its determination of any disputed questions shall be conclusive and final to the extent permitted by applicable law. The board shall also oversee the investment of the DROP's assets.

(4) Limitation of liability.

- a. The trustees shall not incur any liability individually or on behalf of any other individuals for any act or failure to act, made in good faith in relation to the DROP or the funds of the DROP.
- b. Neither the board nor any trustee of the board shall be responsible for any reports furnished by any expert retained or employed by the board, but they shall be entitled to rely thereon as well as on certificates furnished by an accountant or an actuary, and on all opinions of counsel. The board shall be fully protected with respect to any action taken or suffered by it in good faith in reliance upon such expert, accountant, actuary or counsel, and all actions taken or suffered in such reliance shall be conclusive upon any person with any interest in the DROP.

(f) General provisions.

- (1) The DROP is not a separate retirement plan. Instead, it is a program under which a member who is eligible for normal retirement under the system may elect to freeze the accrual of future retirement benefits, except for the value in his DROP account, in the manner provided in this section 50-110 for the remainder of his employment, rather than in the normal manner provided under the plan. Upon termination of employment, a member is entitled to a lump sum distribution of his or her DROP account balance or may elect a rollover. The DROP account distribution is in addition to the member's monthly benefit.
- (2) Notional account. The DROP account established for such a member is a notional account, used only for the purpose of calculating the DROP distribution amount. It is not a separate account in the system. There is no change in the system's assets, and there is no distribution available to the member until the member's participation is terminated.
- (3) No employer discretion. The DROP benefit is determined pursuant to a specific formula which does not involve employer discretion.

(4) IRC limit. The DROP account distribution, along with other benefits payable from the system, is subject to limitation under Internal Revenue Code Section 415(b).

(5) Amendment of DROP. The DROP may be amended by an ordinance of the city at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the DROP. However, except as otherwise provided by law, no amendment shall make it possible for any part of the DROP's funds to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the DROP or to defray the reasonable expenses of administering the DROP. No amendment shall be made which has the effect of decreasing the balance of the DROP account of any member.

(6) Information. Each member, beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the DROP, shall file with the board the information that it shall require to establish his rights and benefits under the DROP.

(7) Written elections, notification.

a. Any elections, notifications or designations made by a member pursuant to the provisions of the DROP shall be made in writing and filed with the board in a time and manner determined by the board under rules uniformly applicable to all employees similarly situated. The board reserves the right to change from time to time and manner for making notifications, elections or designations by members under the DROP if it determines after due deliberation that such action is justified in that it improves the administration of the DROP and is consistent with the terms of this Ordinance.

b. Each member or retiree who has a DROP account shall be responsible for furnishing the board with his current address and any subsequent changes in his address. Any notice required to be given to a member or retiree hereunder shall be deemed given if directed to him at the last such address given to the board and mailed by registered or certified United States Mail. If any check mailed by registered or certified United States Mail to such address is returned, mailing of checks will be suspended until such time as the member or retiree notifies the board of his address.

(8) Benefits not guaranteed. All benefits payable to a member from the DROP shall be paid only from the assets of the member's DROP account and neither the city nor the board shall have any duty or liability to furnish the DROP with any funds, securities or other assets except to the extent required by any applicable law.

(9) Construction.

a. The DROP shall be construed, regulated and administered under the laws of Florida, except where other applicable law controls.

b. The titles and headings of the subsections in this section 50-110 are for convenience only. In the case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

(10) Forfeiture of retirement benefits. Nothing in this section shall be construed to remove DROP participants from the application of any forfeiture provisions applicable to the system. DROP participants shall be subject to forfeiture of all retirement benefits, including DROP benefits.

(11) Effect of DROP participation on employment. Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.

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

SECTION 4: If any part, section, subsection, or other portion of this ordinance or any application thereof to any person or circumstance, is declared void, unconstitutional, or invalid for any reason, such part, section, subsection, or other portion, or the prescribed application thereof, shall be severable, and the remaining provisions of this ordinance, and all applications thereof not having been declared void, unconstitutional, or invalid, shall remain in full force and effect.

SECTION 5: Effective date. This Ordinance shall become effective immediately upon its approval and adoption as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA THIS 28TH DAY OF APRIL 2026.

First Reading: April 14, 2026

Second Reading: April 28, 2026

Adoption: April 28, 2026

Nick Pachota, Mayor

ATTEST:

Kelly Michaels, City Clerk

I, KELLY MICHAELS, City Clerk of the City of Venice, Florida, a municipal corporation in Sarasota County, Florida, do hereby certify that the foregoing is a full and complete, true and correct copy of an Ordinance duly adopted by the Venice City Council, at a meeting thereof duly convened and held on the 28th day of April 2026, a quorum being present.

WITNESS my hand and the official seal of said City this 28th day of April 2026.

Kelly Michaels, City Clerk

Kelly Fernandez, City Attorney