

AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of December, 2009, by and between the **ST. LUCIE COUNTY FIRE DISTRICT MANAGEMENT**, on behalf of St. Lucie County Fire District (hereinafter referred to as "Fire District"), and **IAFF LOCAL 1377**, on behalf of the members of the Collective Bargaining Unit (hereinafter referred to as "Bargaining Unit").

WITNESSETH:

WHEREAS, the current version of the Articles of Agreement between the Fire District and Bargaining Unit were executed and effective as of October 1, 2009; and

WHEREAS, pursuant to Article 37, Section A, Articles of Agreement, the Fire District agreed to implement for its employees a 5-year DROP Plan, under the terms and conditions set forth by the St. Lucie County Fire District Firefighters Pension Trust Fund or the St. Lucie County Fire District General Employees Pension Trust Fund, where applicable; and

WHEREAS, on July 16, 2008, the Fire District adopted Resolution Nos. 479-08 and 480-08, under which said DROP Plans were enacted for the Firefighters and General Employees of the Fire District; and

WHEREAS, it has been determined by the Fire District and Bargaining Unit that there exists a need to clarify certain terms and conditions set forth in the DROP Plans adopted for the Fire District employees; and

WHEREAS, both the Fire District and Bargaining Unit desire to formalize this Agreement between the parties hereto.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. The Fire District agrees to revise Rule 14.17 of the District's Rules and Regulations to read as follows:

"14.17 DEFERRED RETIREMENT OPTION PLAN ("DROP")

A. Eligibility.

- 1) Any active member of the District retirement system may participate in the DROP upon becoming eligible for a normal retirement.
- 2) The maximum DROP participation period shall be five (5) years.
- 3) Any member who is eligible for normal retirement will be eligible to receive a lump sum payment equal to the monthly benefit annualized times a period of whole years as selected by the member, not to exceed the number of years that the member has worked beyond normal retirement, up to a maximum of five (5) years. In other words, a member who has worked three years beyond normal retirement will be eligible for up to a 3 year BacDROP. The BacDROP benefit shall be credited earnings at the actuarial rate of return as provided for in the most recent actuarial valuation. For purposes of calculating the retirement benefit, the final average salary for the member shall be calculated as of the date which is immediately prior to the beginning of the BacDROP period, so that no salary shall be included in a final average salary calculation for a period in which a member has received a BacDROP payment. In addition, the member who is eligible for normal retirement on the date of passage of this resolution may enter into the DROP for a period of years which when combined with the total number of years of BacDROP does not exceed five (5) years. The member who is eligible for normal retirement has six (6) months to elect this option.

B. Election to participate.

- 1) A member electing DROP participation shall execute such forms as the District pension board of trustees shall require. The DROP election shall be effective on the first day of the month following the date of election. A member shall also file with the Fire District a binding letter of resignation from Fire District employment. The binding letter of resignation shall establish a deferred termination date in accordance with the limitations of this DROP. The Application and the letter of resignation must be filed with the Fire District and District pension board of trustees not less than five (5) business days prior to the effective date of entry into the DROP.

C. Limitations on participation.

- 1) DROP election shall be irrevocable following deposit of the first payment into the member's account.
- 2) A member may participate in the DROP only once. After DROP participation commences, a member may not rejoin the retirement system as an active member nor shall the member be eligible to receive disability or pre retirement death benefits from the system.
- 3) A member shall continue to receive all other benefits guaranteed active members under any collective bargaining agreement or applicable Fire District policy, unless otherwise addressed in the applicable District pension plan.

D. Contributions.

- 1) Upon DROP commencement, the member contributions shall cease.

E. Benefit calculation.

- 1) Upon commencement of DROP participation, a member's active participation in the system shall cease. The normal service retirement shall be calculated using the member's final average salary and credited service as of the date of DROP participation. No further service shall be credited to a member. Members in the DROP are eligible for the cost-of-living (COLA) adjustment which shall be credited to the member's DROP account, if applicable.
- 2) Accrual of vacation, holiday pay, and sick leave will continue during DROP participation in accordance with the collective bargaining agreement or applicable Fire District policy.
- 3) Upon receipt of mustering-out pay and entering into one of the DROP Plans, a Fire District employee's accrued sick leave account shall thereupon be zeroed out.
- 4) If a Fire District employee: (a) enters into one of the DROP Plans; and (b) musters-out upon retirement, as contemplated under the DROP Plans; then the Fire District will grant that Fire District employee up to a maximum of 48/24 hours of sick leave, in order that said Fire District employee will be protected from immediate leave without pay if the Fire District employee needs to utilize sick leave after entering into one of the DROP Plans with a zeroed out accrued leave account. The Fire District employee will be required to immediately start to pay back to the Fire District the above granted hours from sick leave and vacation hours.

- 5) If a Fire District employee: (a) enters into one of the DROP Plans; and (b) musters-out upon retirement, as contemplated under the DROP Plans; and (c) is a member of the Sick Leave Bank, as described in Article 12, Section J, Articles of Agreement and Section 12.09 (J), above; then the Fire District will grant that Fire District employee up to a maximum of 240/200 hours of sick leave, in order that said Fire District employee's accrued leave account will be sufficient, after its use, to allow said Fire District employee to thereafter apply for a Sick Leave Bank withdrawal. The Fire District employee will be required to immediately start to pay back to the Fire District the above granted hours from sick leave and vacation hours.
- 6) While in one of the DROP Plans, a Fire District employee's accrued sick leave account may be supplemented by the Fire District, as described in subsection (5) above, only once.
- 7) Employees who have entered into one of the DROP Plans shall be permitted to rollover vacation hours accrued as of the date of entry into one of the DROP Plans, up to a maximum of 120 hours.
- 8) While in one of the DROP Plans, a Fire District employee will be eligible for participation in the Sick Incentive Program, under Article 12, Section F, Articles of Agreement, and Section 12.09 (F), above, as applicable, if the employee has a minimum of 720/555 hours of accrued sick leave hours, after mustering out, on the date on which the Fire District employee entered one of the DROP Plans. An employee will remain eligible for participation in the Sick Incentive Program during subsequent years if the employee has a minimum of 720/555 hours of accrued sick leave hours as of the last pay period in May of a given year, including their total number of accrued sick leave hours on the date on which the employee entered into one of the DROP Plans. During the final year that a Fire District employee remains in one of the DROP Plans, the employee will be eligible to receive a pro-rated Sick Incentive Program check, based upon the employee's total number of accrued sick leave hours, as of the date the employee leaves the Fire District's employment.
- 9) While in one of the DROP Plans, Fire District employees will not be eligible to use accumulated sick leave hours towards "early retirement," as may be contemplated under Article 12, Section G, Articles of Agreement, and Section 12.09 (G), above, since the Fire District employee in one of the DROP Plans would already be considered retired.
- 10) If a Fire District employee entered the BacDROP Plan on or before January 16, 2009, that Fire District employee's accrued leave account shall be calculated as if zeroed out as of the specified date the Fire District employee entered the BacDROP Plan, plus those leave hours accrued by other DROP Plan participants from that date to the then current date,

minus those leave hours actually used by that Fire District employee during that time frame.

- 11) If a Fire District employee entered the BacDROP Plan on or before January 16, 2009, and thereafter remains in one of the DROP Plans, the provisions of Subsections 3 through 9 above would apply to that Fire District employee.
- 12) Upon retirement from the Fire District, whether a Fire District employee enters one of the DROP Plans or leaves the employ of the Fire District, the Fire District employee will be paid for total accumulated sick leave not to exceed 720/555 hours, at their regular pay rate.
- 13) Separating DROP employees shall only be compensated for accrued salary, holiday pay, and pro-rated Sick Incentive Program check, as specified in subsection (8) above, subject to deductions for any indebtedness owed to the Fire District, pursuant to the Fire District's Rules and Regulations and the Articles of Agreement, as applicable.

F. Payments to the DROP account.

- 1) Payments shall be made monthly to a member's DROP account in the amount which would be paid had the member separated from the Fire District and commenced normal retirement.

G. DROP earnings.

- 1) At time of application to participate in the DROP, the member shall make an irrevocable election as to how his/her DROP contributions will be invested.
- 2) The member shall choose one (1) of the following two options:
 - a) Member accounts shall be credited/debited quarterly with the interest earned/lost at a rate equal to the fund's actual investment return, net of investment expenses.
 - b) Members accounts shall be credited earnings at the actuarial rate of return as provided for in the most recent actuarial valuation.
- 3) Members must separate from service upon end of DROP term. If a member stays beyond the end of DROP eligibility, no interest shall be paid on any DROP account after termination of DROP eligibility and there shall be no future DROP deposits. No member shall receive DROP payment until actually separated from Fire District employment.

H. DROP payout.

- 1) Upon termination of employment for any reason, DROP participation shall cease and any future retirement benefits shall be paid directly to the member, or in the case of death to the designated beneficiary.
- 2) Members may elect to begin to receive payment within 30 days of termination of employment or defer payment of DROP until the latest day as provided for in IRC §401(a)(9). Payment shall be made:
 - a) In a lump-sum;
 - b) In equal annual installments;
 - c) In equal monthly installments;
 - d) To rollover to another qualified plan; or
 - e) In any combination of rollover, lump-sum and periodic payments.
- 3) The District pension board of trustees may accelerate or alter any payment schedule as may be required to comply with the provisions of IRC Sections 401(a)(9) and 415.
- 4) No DROP payment may be made in a manner inconsistent with state or federal law.

I. Promotions.

- 1) Members shall be eligible for promotion during DROP participation; provided, however, that no such promotion shall affect the benefit rate calculated upon DROP commencement.

J. Death/disability during DROP.

- 1) Should a member die during DROP participation, the DROP account proceeds shall be distributed to the named beneficiary in a lump-sum amount in accordance with IRS regulations and the member's retirement benefit shall be distributed to the named beneficiary as if the member had retired on the day the member entered the DROP. If no beneficiary is named or alive, the DROP account proceeds shall be deemed as part of the member's estate as if he/she had retired on the day prior to death.
- 2) Should a member become disabled during DROP participation, the member's DROP participation shall cease and said member shall be

entitled to DROP proceeds and begin receiving his retirement benefit as outlined within this program. DROP participants are not eligible for pension disability benefits.

K. Benefit amounts not guaranteed.

1) All benefits payable under this DROP program shall be paid solely from DROP assets. Neither the Fire District nor the District pension board of trustees shall have any duty to pay the member, except as set forth in this program. No rate of return on DROP assets is guaranteed unless the member chooses the guaranteed rate and by their participation, members consent to the terms of this program and discharge the Fire District and District pension board of trustees from any and all liability.”

2. The Bargaining Unit agrees to abide by the revised provisions of Rule 14.17 of the District’s Rules and Regulations, as set forth above.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ON BEHALF OF FIRE DISTRICT:

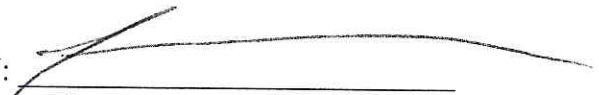
ON BEHALF OF BARGAINING
UNIT, IAFF LOCAL 1377:

BY:



Ron Parrish, Fire Chief

BY:



Tim Munson, President