

## Baur, J Scott

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**From:** "Bonni Jensen" <bonni@robertdklausner.com>  
**Date:** Tuesday, March 2, 2021 7:29 PM  
**To:** <KSabol@slcfd.org>  
**Cc:** <nspera@slcfd.org>; "bsjteam" <bsjteam@robertdklausner.com>; "Baur, J Scott" <scott@resourcecenters.com>; "Shane Kozac" <kozac439@gmail.com>; <JLee@slcfd.org>; "bsjteam" <bsjteam@robertdklausner.com>  
**Attach:** 2021 Plan Restatement DRAFT (00179317xBC171).DOCX  
**Subject:** RE: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

Kim,

Attached is the revised restated Firefighters Plan. See my responses below in **green**.

- Pages 3 and 4 - Section 2 Definitions has been amended at the definition of Final Average Salary (FAS) to provide for a 5 year final average salary, effective October 1, 2021. Years are 12 consecutive months and the 5 years need not be consecutive. **The five years were intended to be consecutive. Added.** Members who are employed on September 30, 2021 will be entitled to the greater of the 4 year FAS as of September 30, 2021 or the 5 year FAS at retirement. Members who are at Normal Retirement as of September 30, 2021 and still employed will get the 4 year FAS regardless of retirement date. **These changes were not need for the GE plan because the 5-year final average salary was already consecutive.**
- Page 14 and 15 – Section 6 Contributions
  - Section 6 1 – I kept in the language regarding the DROP member contributions, even though the language was struck from Article 38 of the CBA, based on the 11:15 am February 12, 2021 email from Jeff Lee. **Chief Lee's email is below. OKAY**
    - **NOTE:** This is different than what is in the CBA. Paragraph 4 of Section A of Article 38 specifically deletes DROP participants. **Chief Lee or Chief Spera may have some clarification re: this NOTE. OKAY, let me know if additional changes are needed.**
  - Section 6 2 – The provision that the 175 money is to be used to pay for certain enumerated benefits was removed based on the CBA language in the third paragraph of Section A of Article 38. The paragraph providing for the 175 money to be used for Retirees or offset of employee contributions was removed because this section was deleted from Article 38, Section B. **Chief Lee or Chief Spera may have some clarification re: this bullet. OKAY, let me know if additional changes are needed.**
- Page 22 – Section 9 Disability 9 B (1) effective upon passage the disability benefit is 66 2/3%. Pension benefits cannot be reduced retroactively.
- Page 41 - Section 24 4 – corrected title
- Page 44 – Section 28 – DROP Plan
  - Expanded to 72 months (6 years)
  - Allows members with between 25 and 26 years to participate for the full 6 years. 72 month participation period declines by 1 month for each month that the member begins participating after 26 years. No member can enter the DROP once they have completed 32 years of service.
    - **NOTE:** this is different than what is in the CBA and the plan currently. The CBA and the Plan say that members with between 25 and 32 years of service can participate for a full DROP, but that is contradicted by the following sentence which reduces the DROP participation by one month for each month beyond 26 years of service. **Chief Lee or Chief Spera may have some clarification re: this NOTE. OKAY, let me know if additional changes are needed.**
  - Members who are in the DROP on January 21, 2021 can elect into staying in the DROP for the additional year at the new rate of interest.
  - Members who enter into the DROP after the passage of the Resolution **(I removed the highlighting.)** adopting the new interest rate for the DROP, interest will be .5% below the assumed rate of return and

balances can be transferred to a spouse of minor children. Members in the DROP upon passage have until March 31, 2021 to elect to stay until 6 years and change the interest rate to the new rate.

- The CBA deletes the language that terminates the crediting of interest and stops DROP deposits if a members stays beyond the end of the DROP and deleting the language that no DROP distributions will be made until separation from employment. This language is highlighted yellow and not yet deleted. I removed the highlighting.
  - **NOTE:** I recommend that this language be retained to comply with the IRS stance on DROP Plans and whether they can be treated as a defined benefit plan for purposes of measurement of the amount distributed rather than the amount contributed. One of the check list items is that the DROP provides for cessation of interest and uses the language here as an example. See attached memo. Please see Chief Lee's email is below. I believe the intent was not to remove this language from the Plan document, but to move toward a CBA that refers to and adopts the Plan document and only contains yearly strike thru/underlined negotiated changes to the Plan document. OKAY Again, Chief Lee or Chief Spera may have some clarification re: this bullet. Let me know if additional changes are needed.
- Section 28 7 DROP Payout was added but is not new language in the CBA

To expedite the handling of your email, please be sure to copy [bsjteam@robertdklausner.com](mailto:bsjteam@robertdklausner.com) on your emails.

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**From:** KSabol@slcfd.org <KSabol@slcfd.org>

**Sent:** Tuesday, March 2, 2021 8:36 AM

**To:** Bonni Jensen <bonni@robertdklausner.com>

**Cc:** nspera@slcfd.org; bsjteam <bsjteam@robertdklausner.com>; Baur, J Scott <scott@resourcecenters.com>; Shane Kozac <kozac439@gmail.com>; JLee@slcfd.org

**Subject:** Re: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract

Changes)

Bonni,

[See comments inserted below.](#)

Jeff and Kim,

Per the CBA and the attached MOU, as modified by the questions below, the Firefighters Pension Plan document has been amended as follows:

- Pages 3 and 4 - Section 2 Definitions has been amended at the definition of Final Average Salary (FAS) to provide for a 5 year final average salary, effective October 1, 2021. Years are 12 consecutive months and the 5 years need not be consecutive. [The five years were intended to be consecutive.](#) Members who are employed on September 30, 2021 will be entitled to the greater of the 4 year FAS as of September 30, 2021 or the 5 year FAS at retirement. Members who are at Normal Retirement as of September 30, 2021 and still employed will get the 4 year FAS regardless of retirement date.
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    - **NOTE:** This is different than what is in the CBA. Paragraph 4 of Section A of Article 38 specifically deletes DROP participants. [Chief Lee or Chief Spera may have some clarification re: this NOTE.](#)
  - Section 6 2 – The provision that the 175 money is to be used to pay for certain enumerated benefits was removed based on the CBA language in the third paragraph of Section A of Article 38. The paragraph providing for the 175 money to be used for Retirees or offset of employee contributions was removed because this section was deleted from Article 38, Section B. [Chief Lee or Chief Spera may have some clarification re: this bullet.](#)
- Page 22 – Section 9 Disability 9 B (1) effective upon passage the disability benefit is 66 2/3%. Pension benefits cannot be reduced retroactively.
- Page 41 - Section 24 4 – corrected title
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  - Allows members with between 25 and 26 years to participate for the full 6 years. 72 month participation period declines by 1 month for each month that the member begins participating after 26 years. No member can enter the DROP once they have completed 32 years of service.
    - **NOTE:** this is different than what is in the CBA and the plan currently. The CBA and the Plan say that members with between 25 and 32 years of service can participate for a full DROP, but that is contradicted by the following sentence which reduces the DROP participation by one month for each month beyond 26 years of service. [Chief Lee or Chief Spera may have some clarification re: this NOTE.](#)
  - Members who are in the DROP on January 21, 2021 can elect into staying in the DROP for the additional year at the new rate of interest.
  - Members who enter into the DROP after the passage of the Resolution adopting the new interest rate for the DROP, interest will be .5% below the assumed rate of return and balances can be transferred to a spouse of minor children. Members in the DROP upon passage have until March 31, 2021 to elect to stay until 6 years and change the interest rate to the new rate.
  - The CBA deletes the language that terminates the crediting of interest and stops DROP deposits if a members stays beyond the end of the DROP and deleting the language that no DROP distributions will be made until separation from employment. This language is highlighted yellow and not yet deleted.
    - **NOTE:** I recommend that this language be retained to comply with the IRS stance on DROP Plans and

whether they can be treated as a defined benefit plan for purposes of measurement of the amount distributed rather than the amount contributed. One of the check list items is that the DROP provides for cessation of interest and uses the language here as an example. See attached memo. [Please see Chief Lee's email is below. I believe the intent was not to remove this language from the Plan document, but to move toward a CBA that refers to and adopts the Plan document and only contains yearly strike thru/underlined negotiated changes to the Plan document. Again, Chief Lee or Chief Spera may have some clarification re: this bullet.](#)

- o Section 28 7 DROP Payout was added but is not new language in the CBA

I believe that this version is ready for review. Once finalized, this document will need to be presented to Pete at GRS for an impact statement.

I will be making the changes to the General Employee Pension Plan and sending separately. Based on Kim's 12:00 pm February 12, 2021 email the changes are the 6 year DROP, the 5 year FAS and the 66 2/3 disability.

Kim Sabol  
Fire District Attorney  
5160 N.W. Milner Drive  
Port Saint Lucie, Florida 34983  
(772) 621- 3313

From: Jeffrey Lee/slcfcd  
To: "Bonni Jensen" <[bonni@robertdklausner.com](mailto:bonni@robertdklausner.com)>  
Cc: "[KSabol@slcfd.org](mailto:KSabol@slcfd.org)" <[KSabol@slcfd.org](mailto:KSabol@slcfd.org)>, "[nspera@slcfd.org](mailto:nspera@slcfd.org)" <[nspera@slcfd.org](mailto:nspera@slcfd.org)>, "bsjteam" <[bsjteam@robertdklausner.com](mailto:bsjteam@robertdklausner.com)>, "Baur, J Scott" <[scott@resourcecenters.com](mailto:scott@resourcecenters.com)>, "Shane Kozac" <[kozac439@gmail.com](mailto:kozac439@gmail.com)>  
Date: 02/12/2021 11:15 AM  
Subject: Re: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

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2. Section A of the CBA provides for the change in contribution rate for the DROP members and provides that it is retro to October 1, 2020. What happens to the DROP contributions that have been made since then?

[Bonnie, after further review and discussions with the local, the intent of removing the drop member contribution language from the contract was not to extent to the Plan Document. The plan document language that is in place for drop member contributions is correct and the latest bargaining agreement does not remove it nor was it intended to do so.](#)

Sorry for the confusion.



411  
Assistant Fire Chief Jeff Lee  
St. Lucie County Fire District  
Office: 772-621-3415  
Cell: 772-528-2521

From: Jeffrey Lee/slcfcd  
To: "Bonni Jensen" <[bonni@robertdklausner.com](mailto:bonni@robertdklausner.com)>  
Cc: "KSabol@slcfcd.org" <[KSabol@slcfcd.org](mailto:KSabol@slcfcd.org)>, "nspera@slcfcd.org" <[nspera@slcfcd.org](mailto:nspera@slcfcd.org)>, "bsjteam" <[bsjteam@robertdklausner.com](mailto:bsjteam@robertdklausner.com)>, "Baur, J Scott" <[scott@resourcecenters.com](mailto:scott@resourcecenters.com)>  
Date: 02/12/2021 10:50 AM  
Subject: Re: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

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Bonnie,

1. Paragraph 3 of Section A of the CBA indicates that the employer will make the contributions required for certain benefits. On this basis, I deleted the Section 6 paragraph 2 language that provided for benefits to be paid for by the 175 money. Please verify that this is correct.

As the FAC has changed to 5 years and the early retirement provision was to be paid initially by the excess funds, I believe your interpretation is correct. There are other amendments and benefit changes referenced in the 479-08 resolution, however, I believe that the collective bargaining agreement changes since 2008 makes this language obsolete.

2. Section A of the CBA provides for the change in contribution rate for the DROP members and provides that it is retro to October 1, 2020. What happens to the DROP contributions that have been made since then?

Previous response was under the assumption the intent was in line with the question, There was no intent to change any contribution rates in this contract.

3. Section B of the CBA provides that there is a 1% contribution deposited to the 175 Fund – this is old language from when there were two funds. I believe that the 1% is included in the now 6% contribution and not in addition to it. Please confirm.

I would agree, the language is old and not only when the funds were completely separate but when the plan members had no other required contributions. The 6% is inclusive of the 1%, we have maintained the 1% language in the contract to memorialize the need to make a contribution in order to comply with 175.



411  
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From: "Bonni Jensen" <[bonni@robertdklausner.com](mailto:bonni@robertdklausner.com)>  
To: "'KSabol@slcfd.org'" <[KSabol@slcfd.org](mailto:KSabol@slcfd.org)>  
Cc: "[JLee@slcfd.org](mailto:JLee@slcfd.org)" <[JLee@slcfd.org](mailto:JLee@slcfd.org)>, "'nspera@slcfd.org'" <[nspera@slcfd.org](mailto:nspera@slcfd.org)>, "bsjteam" <[bsjteam@robertdklausner.com](mailto:bsjteam@robertdklausner.com)>, "Baur, J Scott" <[scott@resourcecenters.com](mailto:scott@resourcecenters.com)>  
Date: 02/11/2021 01:31 PM  
Subject: RE: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

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Kim,

Attached is a first draft of the changes which I have provided as a restatement. I have the following questions.

1. Paragraph 3 of Section A of the CBA indicates that the employer will make the contributions required for certain benefits. On this basis, I deleted the Section 6 paragraph 2 language that provided for benefits to be paid for by the 175 money. Please verify that this is correct.
2. Section A of the CBA provides for the change in contribution rate for the DROP members and provides that it is retro to October 1, 2020. What happens to the DROP contributions that have been made since then?
3. Section B of the CBA provides that there is a 1% contribution deposited to the 175 Fund – this is old language from when there were two funds. I believe that the 1% is included in the now 6% contribution and not in addition to it. Please confirm.

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**From:** [KSabol@slcfd.org](mailto:KSabol@slcfd.org) <[KSabol@slcfd.org](mailto:KSabol@slcfd.org)>  
**Sent:** Thursday, February 4, 2021 9:50 AM  
**To:** Baur, J Scott <[scott@resourcecenters.com](mailto:scott@resourcecenters.com)>  
**Cc:** Bonni Jensen <[bonni@robertdklausner.com](mailto:bonni@robertdklausner.com)>; [JLee@slcfd.org](mailto:JLee@slcfd.org)  
**Subject:** Re: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

Hi Scott,

The contract was ratified at the January fire board meeting. I will get with Bonni next week re: Resolution.

Thanks,  
Kim

Kim Sabol  
Fire District Attorney  
5160 N.W. Milner Drive  
Port Saint Lucie, Florida 34983  
(772) 621- 3313

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From: "Baur, J Scott" <[scott@resourcecenters.com](mailto:scott@resourcecenters.com)>  
To: <[KSabol@slcfd.org](mailto:KSabol@slcfd.org)>  
Cc: <[JLee@slcfd.org](mailto:JLee@slcfd.org)>, <[bonni@robertdklausner.com](mailto:bonni@robertdklausner.com)>  
Date: 02/03/2021 02:13 PM  
Subject: St Lucie County Fire District Firefighters Pension Fund (Proposed Amendment: Bargaining Contract Changes)

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Kim:

Please provide the proposed amendment to the Plan Document for the recent changes from collective bargaining.

Thank you!

Scott Baur

**J. Scott Baur, Managing Partner**  
**Resource Centers, LLC**

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THE RESOURCE CENTERS

[attachment "Logo%20Email[3].jpg" deleted by Kim Sabol/slcfd] [attachment "article 38 2020 changes (00179468xBC171).docx" deleted by Jeffrey Lee/slcfd] [attachment "2021 Plan Restatement DRAFT (00179317xBC171).docx" deleted by Jeffrey Lee/slcfd]

[attachment "image001.jpg" deleted by Jeffrey Lee/slcfd] [attachment "image002.jpg" deleted by Jeffrey Lee/slcfd]