EXHIBIT A

ORDINANCE NO. 2026-____

AN ORDINANCE OF THE VILLAGE OF PALM SPRINGS, FLORIDA, AMENDING ORDINANCE NO. 2017-26 ADOPTED OCTOBER 12, 2017; AMENDING SECTION 46, PROVIDING FOR CREATION OF A DEFERRED RETIREMENT OPTION PROGRAM; PROVIDING FOR SEVERABILITY OF PROVISIONS; PROVIDING FOR PUBLICATION; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Village Council ("Council") of the Village of Palm Springs, Florida ("Village") has adopted and maintained a General Employees' Pension Fund, cited as the "General Employees' Pension Plan" ("Plan"); and

WHEREAS, Ordinance No. 2017-26 was previously amended by Ordinance Nos. 2020-27 and 2022-04; and

WHEREAS, the Village Council desires to create a Deferred Retirement Option Program within the Plan; and

WHEREAS, the Village has determined that such amendments serve a valid public purpose and promote the health, safety, and welfare.

NOW THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE OF PALM SPRINGS, FLORIDA:

<u>Section 1.</u> The foregoing recitals are adopted herein as true and correct findings of fact and conclusions of law of the Village Council.

<u>Section 2.</u> Ordinance No. 2017-26 is amended to create a new Section 46 as follows:

<u>Section 46.</u> <u>Deferred Retirement Option Program ("DROP") for Employees.</u>

a. The Effective date of this ordinance shall be the date on which it is approved by the Village Council at second reading, a deferred retirement option plan ("DROP") is established for eligible Participants, as provided in this section. DROP, is a program under which an eligible Participant of the Plan may elect to participate, deferring receipt of retirement benefits while continuing employment with the Village, as more fully described herein. The deferred monthly benefits shall accrue in the Plan on behalf of the Participant, plus interest compounded monthly, for the specified period of the DROP participation, as provided herein. Upon termination of employment, the Participant shall receive the total DROP benefits and begin to receive the previously determined normal retirement benefits. Participation in the DROP does not guarantee employment for the specified period of DROP.

b. Eligibility and participation.

(1) A Participant shall be eligible to participate in the DROP provided the Participant is an Employee or a “Member or Participant” as defined in Section 7, which includes certain Elected Officers, upon attaining the normal retirement date as defined in Section 18(a).

(2) A Participant’s election to participate in DROP shall be irrevocable. A Participant must submit an irrevocable written DROP election on a form provided by and submitted to the Village’s third party administrator prior to entering the DROP. A Participant who elects to enter the DROP must also submit an irrevocable letter of resignation to the third party administrator stating the anticipated employment termination date, not to exceed sixty (60) months from the Participant’s DROP entry date.

(3) An eligible Participant may participate in DROP for a maximum of sixty (60) months, or until the Participant sooner dies, retires or terminates employment. A Participant who elects to participate in the DROP may elect to terminate DROP Participation and Village employment sooner than the maximum DROP period, with thirty (30) days’ advance written notice to the Village.

(4) DROP participation is final and may not be canceled by the participant after the first payment is credited during the DROP participation period. However, participation in DROP does not alter the Participant’s employment status, and the Participant is not deemed retired from employment until his or her deferred resignation is effective and termination occurs.

(5) The amount of credited service and final average salary shall freeze as of the date of entry into the DROP.

c. DROP program features

(1) The effective date of DROP participation shall be the first day of the month selected by the Participant to begin participation in DROP, provided such date is properly established, on forms required by the Village and as approved by the Village.

(2) Effective on the date of DROP participation, the Participant’s initial normal monthly benefit, including creditable service, optional form of payment, average final compensation, and the effective date of retirement are fixed.

(3) An eligible Participant who elects to participate in the DROP will be considered to have retired for purposes of the Plan. The Participant's monthly retirement benefit, determined in accordance with the Participant’s election of Option 1,2, 3, or 4 set forth in Section 18(b), will be paid into his or her DROP account every month during the DROP period. No Participant contributions shall be required after a participant enters the DROP, and

the Participant will not accrue any additional vesting credits, service or additional benefits under the plan after entering the DROP, other than cost-of-living adjustments as provided in Section 19, if applicable.

(4) Although individual DROP accounts may not be established, a separate accounting of each Participant’s accrued benefits under DROP shall be calculated and provided to the Participant.

(5) Participants electing to enroll in DROP remain employees of the Village subject to the terms and conditions within the Village’s Employment Regulations as amended from time to time and are not paid out any accrued and unused personal leave time (PLT) at the time of enrolling in DROP.

(6) A Participant who elects to participate in the DROP shall not be eligible for preretirement death benefits (Section 21) under the Plan after entry into the DROP.

(7) During a Participant's participation in the DROP, the Participant's monthly retirement benefit will be paid into the DROP account. A participant's DROP account will earn the actual earnings of the plan up to an annualized rate of four percent (4%), compounded quarterly, on the prior quarter’s accumulated ending balance, however, should the Plan's net investment return be negative in any quarter, DROP accounts shall be credited with zero (0) return for that quarter. Any such interest earnings shall be prorated based upon a member’s actual withdrawal date. The third party administrator shall issue quarterly statements.

(8) Within thirty (30) days following a DROP Participant's termination of Village employment or death, the Participant, or in the event of the Participant's death the Participant's designated beneficiary shall receive the Participant's entire DROP account balance, which shall be distributed to the Participant (or in the event of the Participant's death to the Participant's designated beneficiary or, in the event no beneficiary was named, to the Participant’s estate), in a cash lump sum, unless the Participant or Participant’s designated beneficiary elects to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the Participant or Participant’s designated beneficiary in a direct rollover, or a combination of partial lump sum payment and partial direct rollover (“Partial lump sum”). In the unlikely event of any delay in distribution of the Participant's DROP account balance within thirty (30) days following the Participant's termination of Village employment or death, the DROP account shall be maintained but shall not earn interest. Any form of payment selected by a Participant or Participant’s designated beneficiary must comply with the minimum distribution requirements of section 401(A)(9) of the Internal Revenue Code as amended from time to time. The terms of this Section (c)(8) shall apply to the beneficiary designated by the

Participant's beneficiary in the event the Participant's beneficiary predeceases the date of distribution. The forms of payment from which the election must be made are as follows:

(a) Lump Sum - All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

(b) Direct rollover.—All accrued DROP benefits, plus interest, shall be paid from DROP directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased Participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the Internal Revenue Code.

(c) Partial lump sum.—A portion of the accrued DROP benefits shall be paid to DROP participant or surviving spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits must be transferred directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased Participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the Internal Revenue Code. The proportions must be specified by the DROP participant or surviving beneficiary.

(9) If a DROP Participant dies before his or her DROP account is distributed, the Participant's designated beneficiary shall have the same rights as the Participant with respect to the distribution of the DROP account. If the Participant has not designated a beneficiary, the DROP account balance shall be paid to the Participant's estate.

d. Death benefits under DROP

(1) Upon the death of a DROP participant, the named beneficiary is entitled to receive the accrued benefits in DROP as provided in Paragraph (c)(9).

(2) The normal retirement benefit accrued to DROP during the month of a Participant's death is the final monthly benefit credited for such DROP participant.

e. 415 limitations. All benefit payments and accruals under the DROP shall be in accordance with subsection 415(b) of the Internal Revenue Code and all regulations thereunder, to the extent applicable, which subsections and regulations are incorporated herein by reference.

f. The accrued benefits of any DROP participant, and any contributions accumulated under the program, are not subject to assignment, execution, attachment, or any legal process except for domestic relations court orders, income deduction orders as provided in Florida Statute section 61.1301, and federal income tax levies.

g. Forfeiture of retirement benefits.—This section does not remove DROP participants from the scope of s. 8(d), Art. II of the State Constitution and Florida Statute Section 112.3173. DROP participants who commit a specified felony offense while employed are subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those provisions of law.

h. The Powers and Duties of Trustees as set forth in Section 12 are applicable to this Deferred Retirement Option Program ("DROP") for Employees.

Section 4. Repeal of Conflicting Ordinances. All Ordinances or portions thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. Severability. If any word, clause, sentence, paragraph, section or part thereof contained in this Ordinance is declared to be unconstitutional, unenforceable, void or inoperative by a court of competent jurisdiction, such declaration shall not affect the validity of the remainder of this ordinance.

Section 6. Effective Date. This Ordinance shall become effective upon adoption.

Council Member ______________________, offered the foregoing Ordinance, and moved its adoption. The motion was seconded by Council Member ____________________, and upon being put to a vote, the vote was as follows:

	Aye	Nay	Absent
BEV SMITH, MAYOR	ϒ	ϒ	ϒ
KIM SCHMITZ, VICE MAYOR	ϒ	ϒ	ϒ
GARY READY, MAYOR PRO TEM	ϒ	ϒ	ϒ
PATTI WALLER, COUNCIL MEMBER	ϒ	ϒ	ϒ
JOHNNIE TIECHE, COUNCIL MEMBER	ϒ	ϒ	ϒ

The Mayor thereupon declared this Ordinance approved and adopted by the Village Council of the Village of Palm Springs, Florida, on second reading, the _____ day of _______________, 2026.

VILLAGE OF PALM SPRINGS, FLORIDA

BY:_________________________________
BEV SMITH, MAYOR

First Reading:___________________

Second Reading:________________

ATTEST:

BY: ____
KIMBERLY M. WYNN, CMC, VILLAGE CLERK

REVIEWED FOR LEGAL FORM AND SUFFICIENCY

BY: ____
CHRISTY GODDEAU, VILLAGE ATTORNEY