



NOTICE OF PUBLIC HEARING

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NOTICE IS HEREBY GIVEN that the Commissioners of St. Mary's County will hold a Public Hearing on **February 26, 2019 at 9:00 am in the Chesapeake Building located at 41770 Baldrige Street in Leonardtown, Maryland**, to consider a correction to the Fifteenth Amendment to rectify the discrepancy between the amendment as currently written and the DROP Plan and to restate the Sheriff's Office Retirement Plan document by incorporating amendments one through fifteen.

Citizens are encouraged to attend and participate in the public hearing.

Note, that as a result of the evidence and comments made at the public hearing, a correction may be made to the 15th amendment.

Written comments, questions and suggestions may be submitted on or before March 5, 2019, to: Commissioners of St. Mary's County, P.O. Box 653, Leonardtown, MD 20650.

Copies of the correction to the 15th Amendment is available in the Department of Human Resources, Potomac Building, 3rd floor, 23115 Leonard Hall Drive, Leonardtown, MD 20650, www.stmarysmd.com.

Any reasonable accommodation for persons with disabilities should be requested by contacting the St. Mary's County Communications Director at (301) 475-4200, *1342.

COMMISSIONERS OF ST. MARY'S COUNTY

By: Catherine Pratson, Director of Human Resources

**AMENDED
FIFTEENTH AMENDMENT
TO THE
ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN**

First Change – Section 1.07 of the Plan is amended to read as follows:

Section 1.07. Reemployment.

Subject to Section 4.09(j)(3) pertaining to the reemployment of a DROP Participant, if an Employee or Participant who reaches a Termination Date is subsequently reemployed as a Covered Employee, his or her status with respect to the Plan shall be governed by the following:

(a) *Eligibility.* The participation of a reemployed Covered Employee shall commence immediately upon the resumption of status as a Covered Employee.

(b) *Aggregation of Service Credit.* Subject to subsection (d) below, if the reemployed Employee was a Participant prior to his or her termination, that Employee's prior Years of Credited Service and Years of Eligibility Service shall be aggregated with Years of Credited Service and Years of Eligibility Service performed after his or her Reemployment Commencement Date.

(c) *Benefit payments.* If, at the time of reemployment, the Participant is receiving benefits under the Plan, such benefits shall cease until such time as they may be paid in conjunction with the benefits accrued with respect to the Participant's subsequent employment with St. Mary's County as a Covered Employee. In any event, any benefits payable with respect to the Participant's subsequent employment shall be reduced or offset if and as necessary to avoid duplication of any benefits payable or paid with respect to his or her prior employment.

(d) *Cash-Out.*

(1) If, after his or her Termination Date:

- (i) the Participant receives a Cash-Out of his or her Employee Contributions Benefit, and
- (ii) the Participant resumes status as a Covered Employee,

then, notwithstanding the commencement of a new period of employment, the Years of Credited Service and, except as otherwise provided in this Section 1.07(d), the Years of Eligibility Service with respect to which the distribution was received shall be disregarded in subsequent determinations of the amount of, and vested percentage of, the Participant's Accrued Benefit and shall be disregarded for purposes of determining eligibility for benefits pursuant to Sections 4.04 and 5.01. Years of Eligibility Service for purposes of determining the Participant's Normal Retirement Date and Early Retirement Date shall not be disregarded.

- (2) However, if the Participant:
- (i) resumes status as a Covered Employee, and
 - (ii) within 90 days of the resumption of such status, repays to the Trust the full amount of the Cash-Out, plus interest from date of distribution to date of repayment at the rate of 4% per annum compounded annually, the Participant's Years of Credited Service and Years of Eligibility Service before the Termination Date and after the Participant's Reemployment Commencement Date will be counted for all purposes under this Plan (subject to the other provisions of this Plan).

Second Change Article IV of the Plan is amended by the addition of a new Section 4.09 as follows:

Section 4.09. Deferred Retirement Option Program

(a) *Definitions.* In this section, the following words have the meanings indicated:

(1) "DROP" means the Deferred Retirement Option Program established pursuant to this Section.

(2) "DROP Account" means the account established for the DROP Participant in accordance with Section 4.09(g).

(3) "DROP Effective Date" means January 1, 2019.

(4) "DROP Participant" means a Participant in the Plan who:

(1) is eligible to participate in DROP as provided in this Section 4.09; and

(2) elects to participate in DROP as provided in this Section 4.09.

(5) "DROP Participation Date" means the first day of the month elected by the Participant as of which the DROP Participant's DROP participation begins .

(6) "DROP Participation Period" means the period of time elected by a DROP Participant to participate in DROP.

(b) *Eligibility.*

(1) General Provisions - A Participant in the Plan is eligible to participate in DROP if the Participant is credited with at least 25 Years of Creditable Service but, subject to Section 4.09(b)(2), no more than 27 Years of Creditable Service, under the Plan. For these purposes, Years of Creditable Service will include Years of Creditable Service credited under Article II of the Plan,

including transferred service credit and purchased service credit, but excluding credit for unused sick leave and military service credit.

(2) Transition Provisions – A Participant in the Plan who, as of the DROP Effective Date, is credited with at least 27 Years of Creditable Service under the Plan may elect to participate in DROP during the 90-day period beginning on the DROP Effective Date. For these purposes, Years of Creditable Service will include Years of Creditable Service credited under Article II of the Plan, including transferred service credit and purchased service credit, but excluding credit for unused sick leave and military service credit.

(c) *Election.*

(1) General Provisions - Subject to Section 4.09(c)(2), a Participant eligible to participate in DROP may elect to participate in DROP for a period of no less than three years and no more than five years. A Participant eligible to participate in DROP may elect a DROP Participation Period that includes fractional years.

(2) Transition Provisions - A Participant in the Plan who, as of the DROP Effective Date, is credited with at least 27 Years of Creditable Service and who elects to participate in DROP pursuant to Section 4.09(b)(2), may elect to participate in DROP for a period of no more than three years, including fractional years.

(d) *Application.*

An eligible Participant who elects to participate in DROP shall:

(1) complete a written election form to the employee designated by the Board of Trustees (the “DROP Coordinator”) on a form approved by or acceptable to the Board of Trustees, stating or including:

(A) the Participant’s intention to participate in DROP;

(B) the date, which shall be the first day of a month, when the Participant desires to begin participation in DROP;

(C) an irrevocable election of the form of benefit payment in which the Participant desires to receive the benefit payment pursuant to Section 6.02 including, if applicable, the Beneficiary under a joint and survivor option form of payment; and

(D) such other information required by the Board of Trustees to implement DROP with respect to the Participant, including a binding letter of resignation, prepared in accordance with the Sheriff’s Office policies and procedures then in effect, setting forth the date the Participant intends to terminate employment following completion of the DROP Participation Period;

and

(2) submit the application to the DROP Coordinator no later than date that is at least 30 days before the Participant's elected DROP Participation Date. If the due date for the election falls on a Saturday, Sunday or day when the County's offices are closed, the due date shall be the next day during which the County's offices are open.

(e) *Irrevocability of Election.*

A Participant's election to participate in DROP is irrevocable as of the fifteenth day following the DROP Coordinator's receipt of the Participant's election to participate in DROP. If the due date for the revocation of an election falls on a Saturday, Sunday or day when the County's offices are closed, the due date shall be the next day during which the County's offices are open.

(f) *Termination of Participation.*

Participation in DROP terminates when the DROP Participant reaches a Termination Date.

(g) *Payment of Retirement Benefit, Accrual of Service Credit, Disposition of Other Benefits During DROP Participation.*

(1) As of the DROP Participation Date, the DROP Participant's normal retirement benefit as provided for in Section 4.01, with the adjustment for unused sick leave pursuant to Section 4.01(b), and further adjusted for the form of benefit payment elected by the DROP Participant, shall be determined.

(2) During the period of the DROP Participant's participation in DROP, the Trustees shall:

(A) Credit the DROP Participant's monthly retirement income determined pursuant to Section 4.09(g)(1), as adjusted for cost of living adjustments pursuant to Section 4.09(g)(2)(D), to a DROP Account for the benefit of the DROP Participant;

(B) Credit the County pick-up contributions made on behalf of the DROP Participant pursuant to Section 3.04 to a DROP Account for the benefit of the DROP Participant;

(C) Credit the DROP Participant's DROP Account with interest at a rate equal to the actuarial rate of return as of the prior July 1, less four percent, with a minimum annual rate of interest of 3.5%, compounded monthly as of the first day of each month following the DROP Participant's DROP Participation Date. The monthly interest crediting rate shall equal the annual interest rate divided by 12; and

(D) Annually adjust the DROP Participant's credit to the DROP account for monthly retirement income under Section 4.09(g)(1) for cost of living adjustments determined in accordance with Section 4.08.

(3) A DROP Participant will not accrue credit for Years of Eligibility Service or Years of Creditable Service during the period of DROP participation.

(4) A DROP Participant's Compensation during the period of DROP participation:

(A) Shall be subject to the County pick up contributions provided for in Section 3.04(a)(1); and

(B) Shall not be used to increase the DROP Participant's Average Compensation.

(5) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of total and permanent disability in accordance with Section 4.04, the Participant may elect either:

(A) to receive the benefit calculated pursuant to Section 4.04, based upon the Participant's actual Years of Eligibility Service and Years of Creditable Service, sick leave balance, and Average Compensation earned through the Termination Date, all as calculated as if the DROP Participant had not elected to participate in DROP. The DROP Account of a DROP Participant who reaches a Termination Date by reason of total and permanent disability and elects to receive the benefit pursuant to this Section 4.09(g)(5)(A) will be reduced to zero dollars. The benefits payable pursuant to this Section 4.09(g)(5)(A) shall commence being paid when benefits would otherwise be payable pursuant to Section 4.04 and shall be paid in the form elected when the DROP Participant elected to participate in DROP; or

(B) to receive the monthly retirement benefit determined pursuant to Section 4.09(g)(1) determined as of the Participant's DROP Participation Date, and paid in the form elected when the DROP Participant elected to participate in DROP, and adjusted for changes in the DROP Participant's sick leave balance as of the DROP Participant's Termination Date, plus the Participant's DROP Account determined as of the Participant's Termination Date.

(6) If during the period of a DROP Participant's participation in DROP, the Participant reaches a Termination Date by reason of death, the Participant's Beneficiary will receive payment of the Participant's DROP Account, determined as of the date of the DROP Participant's death, as adjusted for interest determined pursuant to Section 4.09(g)(2)(C) through the first day of the month following the date of the DROP Participant's death, and paid as soon as administratively practical following the date of the DROP Participant's death in one of the forms described in Section 4.09(h), as elected by the DROP Participant's Beneficiary. Payment of additional monthly benefits to a Beneficiary following the death of the Participant will depend on the form of benefit payment elected by the DROP Participant as of the DROP Participation Date in accordance with Section 4.09(d)(1)(C) and whether, and the extent to which, the elected form of benefit payment provides for a continuation of benefits following the DROP Participant's death. The monthly retirement benefit, if any, paid to the Beneficiary under a joint and survivor option, will be determined in accordance with 4.09(g)(1), as adjusted for changes in the DROP Participant's sick leave balance as the DROP Participant's date of death.

(h) *Payment of Retirement Income and DROP Account At Termination Date.*

(1) Upon the DROP Participant's reaching a Termination Date, for reasons other than death or disability, as of or following the earlier of: (A) the completion of three full years of DROP participation, or (B) the DROP Participant's elected DROP Participation Period, the Trustees shall pay to the DROP Participant the amount accrued in the DROP Account for the DROP Participant, determined in accordance with Section 4.09(g)(2), as adjusted for interest determined pursuant to Section 4.09(g)(2)(C) through the first day of the month following the end of the DROP Participation Period, and as elected by the DROP Participant, in the form of:

- (A) An Eligible Rollover Distribution, pursuant to Section 6.04;
- (B) A lump sum distribution; or
- (C) A combination of an Eligible Rollover Distribution or lump sum distribution.

Payment of the DROP Participant's DROP Account will be made as soon as practical following receipt of the Participant's election as to the form of payment of the DROP Account.

As of the first day of the month following the Participant's Termination Date, the Participant will begin to receive payment of the monthly retirement benefit determined in accordance with Section 4.09(g)(1), as adjusted for changes in the DROP Participant's sick leave balance as of the DROP Participant's Termination Date.

(2) Upon the DROP Participant's reaching a Termination Date, for reasons other than death or disability, prior to the DROP Participant's completion of at least three full years of the DROP Participant's elected DROP Participation Period, the Participant will receive the monthly retirement income determined in accordance with Section 4.01, as adjusted for unused sick leave, pursuant to Section 4.01(b), based upon the DROP Participant's unused sick leave as of the DROP Participant's Termination Date, all determined as if the Participant had never elected to participate in DROP, but payable in the form of benefit elected by the Participant when the DROP Participant elected to participate in DROP. The Participant's DROP Account will be reduced to zero dollars.

(i) *Limitations; Other Benefits of Employment; Segregation of Assets.*

(1) The benefits payable pursuant to this Section 4.09 shall be adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to Section 4.06.

(2) During the period of a DROP Participant's participation in DROP, the DROP Participant shall continue to be eligible to participate in any health and welfare plan and deferred compensation plan, and receive any other benefits otherwise available to Sheriff's Office employees who are Sworn Participants and shall continue to be subject to the personnel laws, regulations and policies applicable to an Employee.

(3) The DROP Account is maintained solely for purposes of accounting for the DROP Participant's benefit from DROP. The Trustees shall be under no obligation to segregate funds from the Plan assets for the Participant's DROP Account.

(j) *Continuation of Employment Following DROP Participation; Re-Employment*

(1) Provisions for DROP Participants Other Than the Sheriff - In the event a DROP Participant, with the permission of the Sheriff, continues to be an Employee following the end of the DROP Participant's DROP Participation Period:

(A) The DROP Participant's DROP Account will be frozen and no additional accruals of the calculated monthly retirement income, pick-up contributions, or interest will be made to the DROP Account;

(B) The DROP Participant's retirement annuity determined pursuant to Section 4.09(g) will be frozen and not increased by reason of additional Years of Creditable Service earned by the DROP Participant for service following the end of the DROP Participant's DROP Participation Period; and

(C) The DROP Participant's pick-up contributions made pursuant to Section 3.04 will cease as of the end of the DROP Participation Period.

(2) Provisions for Sheriff as a DROP Participant - In the event a DROP Participant elected to the office of Sheriff continues in service to the County following the end of the Sheriff's DROP Participation Period:

(A) No additional accruals of the calculated monthly retirement income or pick-up contributions will be added to the Sheriff's DROP Account;

(B) Interest calculated pursuant to Section 4.09(g)(2)(C) will continue to be added to the Sheriff's DROP Account until the Sheriff no longer holds the elected office of Sheriff;

(C) The DROP Participant's retirement annuity determined pursuant to Section 4.09(g) will be frozen and not increased by reason of additional Years of Creditable Service earned by the Sheriff for service following the end of the Sheriff's DROP Participation Period; and

(D) The Sheriff's pick-up contributions made pursuant to Section 3.04 will cease as of the end of the DROP Participation Period.

(3) Reemployment: If a DROP Participant reaches a Termination Date and is subsequently re-employed as a Covered Employee, the former DROP Participant will not be eligible to again participate in this Plan and the benefit suspension provisions of Section 1.07(c) shall not apply to the former DROP Participant.

(k) *Sunset Provision*

No Participant shall be eligible to elect to participate in DROP after June 30, 2026. The Board of Trustees shall request that an actuarial study of the

DROP be completed on or about December 31, 2026 to assess the effectiveness of the DROP in meeting the County's goals and the cost neutrality of the DROP in consideration of reinstating the DROP for periods after June 30, 2026.