



Bill No. _____

Concerning: Amendment to Frederick County

Uniformed Employees Retirement Plan

Introduced: _____

Revised: _____ Draft No. _____

Enacted: _____

Effective: _____

Expires: _____

Frederick County Code, Chapter _____

Section(s) _____

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council President Brad W. Young on behalf of County Executive Jessica Fitzwater

AN ACT to: amend the Frederick County Uniformed Employees Retirement Plan, effective July 1, 2024, to reflect the terms of the Deferred Retirement Option Program for Career Fire Fighters implemented pursuant to the Memorandum of Understanding dated March 29, 2023, between Frederick County, Maryland, and The Frederick County Professional Fire Fighters Association I.A.F.F. Local 3666 and to reflect the updated performance rating standards for Corrections Officers.

Date Council Approved: _____ Date Transmitted to Executive: _____

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

Date returned to Council by County Executive with no action: _____

By amending:

Frederick County Code, _____ Section(s) _____

Other: Frederick County Uniformed Employees Retirement Plan

Boldface

Underlining

[Single boldface brackets]

Heading or defined term.

Added to existing law.

Deleted from existing law.

Existing law unaffected by bill.

1 Bill No. **-**

2 The County Council of Frederick County, Maryland, finds it necessary and appropriate to
3 amend the Frederick County Uniformed Employees Retirement Plan to implement the changes to
4 the Deferred Retirement Option Program for Career Fire Fighters.

5 .

6 NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF
7 FREDERICK COUNTY, MARYLAND, that the Frederick County Uniformed Employees
8 Retirement Plan be, and it is hereby, amended as shown on the attached Exhibit 1.

9
10 AND BE IT FURTHER ENACTED, that the amendments shown on Exhibit 1 will be
11 effective as provided in the Exhibit 1 on or after the effective date of this Bill.

12
13
14
15 _____
16 Brad W. Young, President
17 County Council of Frederick County,
18 Maryland

Article XVI of the Frederick County Uniformed Employees Retirement Plan is amended to read as follows effective July 1, 2024:

ARTICLE XVI

DEFERRED RETIREMENT OPTION PROGRAM - LAW ENFORCEMENT OFFICERS
AND CORRECTIONS OFFICERS

16.1 Definitions - In this section, the following words have the meanings indicated:

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

(b) "DROP Account" means the account established for the DROP Participant in accordance with Section 16.7.

(c) "DROP Effective Date" means July 1, 2021.

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

(i) is eligible to participate in DROP as provided in this Article XVI; and

(ii) elects to participate in DROP as provided in this Article XVI.

16.2 Eligibility

Underlining indicates matter added to existing law.
[Single boldface brackets] indicates matter deleted from existing law.
*** - indicates existing law unaffected by bill.

1 A Participant in the Plan is eligible to participate in DROP if the Participant:

2
3 (a) Is a Uniformed Participant in the category of law enforcement
4 officer or corrections officer,

5
6 (b) Either:

7
8 (i) Has attained the service requirement for the Participant's
9 Normal Retirement Date, as of the DROP Effective Date, or

10
11 (ii) Attains the service requirement for the Participant's
12 Normal Retirement Date after the DROP Effective Date;

13
14 (c) Has earned no more than 27.0 Years of Eligibility Service as of
15 the DROP Effective Date;

16
17 and

18
19 (d) Has

20
21 (i) an acceptable performance rating from the Sheriff's
22 Office [with respect to law enforcement officers; or

23
24 (ii) a performance rating of at least 3.0 from the Sheriff's
25 Office with respect to corrections officers; or

26
27 (iii) a performance rating of at least 2.5 from the Division of
28 Fire and Rescue Services, as applicable, at the time of the election to participate in DROP].

29
30 16.3 Election; Duration of Participation

31
32 An eligible Participant may elect to participate in DROP for a period of
33 between 12 and 36 months; provided, however, that the elected DROP participation period

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1 cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP
2 participation period to exceed 28.0 Years of Eligibility Service.

3
4 16.4 Application; Limitation on Enrollment

5
6 (a) Participant's Election: An eligible Participant who elects to
7 participate in DROP shall:

8
9 (i) provide a written application to the employee designated
10 by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or
11 acceptable to the Retirement Plan Committee, stating:

12
13 (A) the Participant's intention to participate in DROP;

14
15 (B) the date, which shall be the first day of a month,
16 when the Participant desires to begin participation in DROP; and

17
18 (C) such other information required by the
19 Retirement Plan Committee to implement DROP with respect to the Participant, including a
20 binding letter of resignation accepted by the Sheriff [or Fire Chief, as applicable,] in
21 accordance with the Sheriff's Office [or Division of Fire and Rescue Services] policies and
22 procedures then in effect, setting forth the date the Participant intends to terminate
23 employment following completion of the Participant's elected DROP period; and

24
25 (ii) submit the application to the DROP Coordinator no later
26 than the first day of the month that is no less than two and no more than three months prior
27 to the first day of the month coincident with the date the Participant elects to begin
28 participation in DROP. If the due date for the election falls on a Saturday, Sunday or day
29 when the County's offices are closed, the due date shall be the next day during which the
30 County's offices are open.

31
32 (b) Limitation on Enrollment in DROP

33
34 (i) The application to participate in DROP by no more than
35 one percent of the Frederick County Sheriff's Office Uniformed Law Enforcement officers
36 workforce will be accepted for any one month. The application to participate in DROP by no

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1 more than one percent of the Frederick County Sheriff's Office Uniformed Corrections
2 officers workforce will be accepted for any one month. [The application to participate in
3 DROP by no more than one percent of the Frederick County Division of Fire and Rescue
4 Services Uniformed Participant workforce will be accepted for any one month.] In
5 determining this one percent limitation, the number of Participants eligible to elect to enter
6 DROP will be rounded up to the next highest whole number and will be determined as of the
7 first day of the payroll period that is two months in advance of the elected DROP
8 participation date.

9
10 (ii) If more Participants submit an application to participate
11 in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the
12 Participants whose applications will be accepted will be determined on the basis of seniority
13 within the Frederick County Sheriff's Office[or Division of Fire and Rescue Services, as
14 applicable.]

15
16 (iii) The applications of Participants whose applications are
17 deferred pursuant to subsection (b)(ii) above will be considered for the following months on
18 the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a
19 Participant whose application is deferred past the date the Participant earns 27.0 Years of
20 Eligibility Service will not be eligible to participate in DROP.

21 22 16.5 Irrevocability of Election

23
24 A Participant's election to participate in DROP is irrevocable as of the fifteenth
25 day following the DROP Coordinator's receipt of the Participant's election to participate in
26 DROP, provided that the acceptance of the Participant's election is not deferred pursuant to
27 Section 16.4(b). In the event the Participant's application to participate in DROP is deferred
28 pursuant to Section 16.4(b), the election is irrevocable as of the fifteenth calendar day
29 following the acceptance of the Participant's election to participate in DROP and notification
30 of the acceptance being provided to the Participant. If the due date for the revocation of an
31 election to participate in DROP falls on a Saturday, Sunday or day when the County's offices
32 are closed, the due date shall be the next day during which the County's offices are open.

33 34 16.6 Suspension of Participation; Termination of Participation

35
36 (a) Suspension of Participation - Participation in DROP is
37 suspended upon the Participant receiving a performance rating from the Sheriff's Office of
38 less than acceptable [for law enforcement officers or less than 3.0 for corrections officers, or

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1 less than 2.5 from the Division of Fire and Rescue Services, as applicable]. During the time
2 of suspension, no additions will be made to the Participant's DROP Account. The suspension
3 will be lifted and the Participant will be reinstated to DROP for the remaining DROP
4 participation period elected by the Participant upon the reinstatement of an acceptable
5 performance rating[,] from the Sheriff's Office [for law enforcement officers, or at least 3.0 for
6 corrections officers, or at least 2.5 from the Division of Fire and Rescue Services, as
7 applicable,] after exhaustion of the Participant's appeal rights under the Frederick County
8 Personnel Rules in effect at the time; provided, however, that the credits to the Participant's
9 DROP Account provided for in Section 16.7(b)(i) during the period of suspension will be
10 reinstated to the DROP Participant's DROP Account following a Participant's successful
11 appeal of his or her performance rating. In the event that the DROP Participant does not
12 appeal the assignment of the performance rating or is unsuccessful in the appeal of the
13 assignment of the performance rating, the DROP Participant's DROP Account will be
14 reduced to zero dollars and the DROP Participant's retirement benefit determined as of the
15 Participant's Termination Date will be determined in accordance with Section 16.8(c) as if the
16 DROP Participant reached a Termination Date prior to the end of the DROP Participant's
17 elected DROP participation period.

18 (b) Termination of Participation - Participation in DROP terminates
19 when the DROP Participant reaches a Termination Date.

20
21 16.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition
22 of Other Benefits During DROP Participation.

23
24 (a) Calculation of Retirement Benefit - As of the effective date of
25 participation in DROP, the DROP Participant's normal retirement benefit as provided for in
26 Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2
27 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be
28 determined.

29
30 (b) Credit to DROP Account - During the period of the DROP
31 Participant's participation in DROP, the Plan Administrator shall:

32
33 (i) Credit the DROP Participant's monthly retirement
34 income determined pursuant to Section 16.7(a) determined as of the DROP Participant's date
35 of participation in DROP, to a DROP Account for the benefit of the DROP Participant;

36
37 (ii) Credit the DROP Participant's DROP Account with the
38 investment gains and losses arising out of the individually-directed accounts maintained for
39 this purpose in accordance with Section 16.10; and

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(iii) Annually adjust the DROP Participant's credit to the DROP account for monthly retirement income under Section 16.7(b)(i) for cost of living increases in accordance with Section 6.8.

(c) No Increase in Years of Eligibility or Credited Service - A DROP Participant will not accrue credit for additional Years of Eligibility or Credited Service during the period of DROP participation.

(d) Compensation during DROP Participation - A DROP Participant's Compensation earned during the period of DROP participation:

(i) Subject to Section 5.4(b), shall be subject to the County pick up contributions provided for in Section 5.4(a)(i), which contributions shall not be added to the Participant's DROP Account; and

(ii) Shall not be used to increase the DROP Participant's Final Average Earnings.

(e) 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 6.4(a) ("Ordinary Disability"), the Participant shall receive the benefit calculated pursuant to Section 16.7(a), plus the Participant's DROP Account, calculated as of the Participant's Termination Date. 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 6.4(b) ("Line of Duty[" Disability"]), the Participant shall receive payment of the DROP Account, plus the greater of: (i) the monthly retirement income calculated pursuant to Section 16.7(a) or (ii) the monthly retirement income calculated pursuant to Section 6.4(b).

(f) 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 the benefit described in Section 7.1, based upon the Participant's Years of Eligibility Service and Highest Average Earnings earned at the DROP participation date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated for purposes of receipt of the death benefits described in Section 7.1 shall be the same Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no valid Beneficiary on file for the Participant, payment will be made in accordance with Section 9.1.

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1
2 16.8 Payment of Retirement Income and DROP Account At Termination
3 Date.
4

5 (a) Payment of DROP Account - Termination Following End of
6 Elected DROP Participation Period: Upon the termination of a DROP Participant's
7 employment with the County, for reasons other than death or Total and Permanent
8 Disability, as of or following the end of the Participant's DROP participation period, the
9 Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP
10 Participant, determined in accordance with Section 16.7, as adjusted for investment gains and
11 losses determined pursuant to Section 16.10 through as soon as reasonably practical before
12 the date of payment, and as elected by the DROP Participant, in the form of:

13
14 (i) An Eligible Rollover Distribution, pursuant to Section
15 8.4;

16
17 (ii) A lump sum distribution, reduced by any elected or
18 required withholding for taxes; or

19
20 (iii) Any other form of payment allowed under the
21 individually-directed account.
22

23 (b) Payment of Retirement Benefit - Termination Following End of
24 Elected DROP Participation Period: Upon the termination of a DROP Participant's
25 employment with the County for reasons other than death or Total and Permanent Disability,
26 as of or following the end of the Participant's DROP participation period, the Participant will
27 receive the monthly retirement income determined in accordance with Section 16.7, in the
28 form of payment elected by the Participant pursuant to Section 8.2 when the Participant
29 elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8
30 during the DROP participation period and as adjusted for hours of unused sick leave,
31 pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the
32 DROP Participant's Termination Date. The DROP Participant's DROP Account will not be
33 affected by the changes in the DROP Participant's unused sick leave during the period of
34 participation in DROP.
35

36 (c) Termination Before End of Elected DROP Participation Period -
37 Upon the DROP Participant's reaching a Termination Date, for reasons other than death or
38 Total and Permanent Disability, prior to the end of the DROP Participant's elected DROP

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1 participation period, the Participant will receive the monthly retirement income determined
2 in accordance with Section 6.1, as adjusted for unused sick leave, pursuant to Section 6.8,
3 based upon the DROP Participant's unused sick leave as of the DROP Participant's
4 Termination Date, all determined as if the Participant had never elected to participate in
5 DROP, but payable in the form of benefit elected by the Participant when the DROP
6 Participant elected to participate in DROP. The Participant's DROP Account will then be
7 reduced to zero dollars.

8
9 16.9 Limitations; Other Benefits of Employment; Segregation of Assets

10
11 (a) The benefits payable pursuant to this Article [16]XVI shall be
12 adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to
13 Section 6.6.

14
15 (b) During the period of a DROP Participant's participation in
16 DROP, the DROP Participant shall continue to be eligible to participate in any health and
17 welfare plan and deferred compensation plan, and receive any other benefits otherwise
18 available to employees of the Frederick County Sheriff's Office[or Division of Fire and Rescue
19 Services] and shall continue to be subject to the personnel laws, regulations and policies
20 applicable to an Employee.

21
22 (c) The DROP Account is maintained solely for purposes of
23 accounting for the DROP Participant's benefit from DROP. The Trustees shall be under no
24 obligation to segregate funds from the Plan assets for the Participant's DROP Account.

25
26 16.10 Establishment of Investment Accounts

27
28 The DROP Account will be invested in one or more investment funds elected
29 by the DROP Participant from among investment options provided by the Trustees, in their
30 discretion. The DROP account will be adjusted monthly for earnings or losses based on the
31 investment fund(s) selected by the DROP Participant.

32
33 [6.11]16.11 Review of DROP

34
35 The Administrator will engage the Plan's actuaries to review the operations of the
36 DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

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END OF ARTICLE XVI

The Frederick County Uniformed Employees Retirement Plan is amended by the addition of the following Article XVII effective July 1, 2024:

ARTICLE XVII

DEFERRED RETIREMENT OPTION PROGRAM - FIRE AND RESCUE SERVICES

17.1 Definitions - In this section, the following words have the meanings indicated:

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

(b) "DROP Account" means the account established for the DROP Participant in accordance with Section 17.7.

(c) "DROP Effective Date" means July 1, 2024.

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

(i) is eligible to participate in DROP as provided in this Article XVII; and

(ii) elects to participate in DROP as provided in this Article XVII.

17.2 Eligibility

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1 A Participant in the Plan is eligible to participate in DROP if the Participant:

2
3 (a) Is a Uniformed Participant who is a classified as a firefighter,

4
5 (b) Either:

6
7 (i) Has attained the service requirement for the Participant's
8 Normal Retirement Date, as of the DROP Effective Date, or

9
10 (ii) Attains the service requirement for the Participant's
11 Normal Retirement Date after the DROP Effective Date;

12
13 (c) Has earned no more than 30.0 Years of Eligibility Service as of
14 the DROP Effective Date;

15
16 and

17
18 (d) Has a performance rating of at least 2.5 from the Division of Fire
19 and Rescue Services at the time of the election to participate in DROP.

20
21 17.3 Election; Duration of Participation

22
23 An eligible Participant may elect to participate in DROP for a period of
24 between 12 and 36 months; provided, however, that the elected DROP participation period
25 cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP
26 participation period to exceed 31.0 Years of Eligibility Service.

27
28 17.4 Application; Limitation on Enrollment

29
30 (a) Participant's Election: An eligible Participant who elects to
31 participate in DROP shall:

32

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1 (i) provide a written application to the employee designated
2 by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or
3 acceptable to the Retirement Plan Committee, stating:

4
5 (A) the Participant's intention to participate in DROP;

6
7 (B) the date, which shall be the first day of a month,
8 when the Participant desires to begin participation in DROP; and

9
10 (C) such other information required by the
11 Retirement Plan Committee to implement DROP with respect to the Participant, including a
12 binding letter of resignation accepted by the Fire Chief, in accordance with the Division of
13 Fire and Rescue Services policies and procedures then in effect, setting forth the date the
14 Participant intends to terminate employment following completion of the Participant's
15 elected DROP period; and

16
17 (ii) submit the application to the DROP Coordinator no later
18 than the first day of the month that is no less than two and no more than three months prior
19 to the first day of the month coincident with the date the Participant elects to begin
20 participation in DROP. If the due date for the election falls on a Saturday, Sunday or day
21 when the County's offices are closed, the due date shall be the next day during which the
22 County's offices are open.

23
24 (b) Limitation on Enrollment in DROP

25
26 (i) The application to participate in DROP by no more than
27 one percent of the Frederick County Division of Fire and Rescue Services Uniformed
28 Participant workforce will be accepted for any one month. In determining this one percent
29 limitation, the number of Participants eligible to elect to enter DROP will be rounded up to
30 the next highest whole number and will be determined as of the first day of the payroll period
31 that is two months in advance of the elected DROP participation date.

32
33 (ii) If more Participants submit an application to participate
34 in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the
35 Participants whose applications will be accepted will be determined on the basis of seniority
36 within the Division of Fire and Rescue Services.

37

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1 (iii) The applications of Participants whose applications are
2 deferred pursuant to subsection (b)(ii) above will be considered for the following months on
3 the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a
4 Participant whose application is deferred past the date the Participant earns 30.0 Years of
5 Eligibility Service will not be eligible to participate in DROP.

6 7 17.5 Irrevocability of Election

8

9 A Participant's election to participate in DROP is irrevocable as of the fifteenth
10 day following the DROP Coordinator's receipt of the Participant's election to participate in
11 DROP, provided that the acceptance of the Participant's election is not deferred pursuant to
12 Section 17.4(b). In the event the Participant's application to participate in DROP is deferred
13 pursuant to Section 17.4(b), the election is irrevocable as of the fifteenth calendar day
14 following the acceptance of the Participant's election to participate in DROP and notification
15 of the acceptance being provided to the Participant. If the due date for the revocation of an
16 election to participate in DROP falls on a Saturday, Sunday or day when the County's offices
17 are closed, the due date shall be the next day during which the County's offices are open.

18 19 17.6 Suspension of Participation; Termination of Participation

20

21 (a) Suspension of Participation - Participation in DROP is
22 suspended upon the Participant receiving a performance rating of less than 2.5 from the
23 Division of Fire and Rescue Services. During the time of suspension, no additions will be
24 made to the Participant's DROP Account. The suspension will be lifted and the Participant
25 will be reinstated to DROP for the remaining DROP participation period elected by the
26 Participant upon the reinstatement of an acceptable performance rating, of at least 2.5 from
27 the Division of Fire and Rescue Services after exhaustion of the Participant's appeal rights
28 under the Frederick County Personnel Rules in effect at the time; provided, however, that the
29 credits to the Participant's DROP Account provided for in Section 17.7(b)(i) during the period
30 of suspension will be reinstated to the DROP Participant's DROP Account following a
31 Participant's successful appeal of his or her performance rating. In the event that the DROP
32 Participant does not appeal the assignment of the performance rating or is unsuccessful in
33 the appeal of the assignment of the performance rating, the DROP Participant's retirement
34 benefit determined as of the Participant's Termination Date will be determined in accordance
35 with Section 17.8(c) as if the DROP Participant reached a Termination Date prior to the end
36 of the DROP Participant's elected DROP participation period.

37
38 (b) Termination of Participation - Participation in DROP terminates
39 when the DROP Participant reaches a Termination Date.

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1
2 17.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition
3 of Other Benefits During DROP Participation.
4

5 (a) Calculation of Retirement Benefit - As of the effective date of
6 participation in DROP, the DROP Participant's normal retirement benefit as provided for in
7 Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2
8 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be
9 determined.
10

11 (b) Credit to DROP Account - During the period of the DROP
12 Participant's participation in DROP, the Plan Administrator shall:
13

14 (i) Credit the DROP Participant's monthly retirement
15 income determined pursuant to Section 17.7(a) determined as of the DROP Participant's date
16 of participation in DROP, to a DROP Account for the benefit of the DROP Participant;
17

18 (ii) Credit the DROP Participant's DROP Account with the
19 investment gains and losses arising out of the individually-directed accounts maintained for
20 this purpose in accordance with Section 17.10;
21

22 (iii) Annually adjust the DROP Participant's credit to the
23 DROP account for monthly retirement income under Section 17.7(b)(i) for cost of living
24 increases in accordance with Section 6.8; and
25

26 (iv) Credit the DROP Participant's DROP Account with 5%
27 out of the 9% of Compensation made as a pick-up contribution to the Plan pursuant to
28 Section 5.4(a)(i).
29

30 (c) No Increase in Years of Eligibility or Credited Service - A DROP
31 Participant will not accrue credit for additional Years of Eligibility or Credited Service during
32 the period of DROP participation.
33

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1 (d) Compensation during DROP Participation - A DROP
2 Participant's Compensation earned during the period of DROP participation:

3
4 (i) Subject to Section 5.4(b), shall be subject to the County
5 pick up contributions provided for in Section 5.4(a)(i), which contributions shall be added to
6 the Participant's DROP Account to the extent provided for in Section 17.7(b)(4)(iv). The
7 remaining 4% of Compensation paid as a pick-up contribution shall be added to the Trust;
8 and

9
10 (ii) Shall not be used to increase the DROP Participant's Final
11 Average Earnings.

12
13 (e) If during the period of a DROP Participant's participation in
14 DROP, the Participant reaches a Termination Date by reason of Total and Permanent
15 Disability in accordance with Section 6.4(a) ("Ordinary Disability"), the Participant shall
16 receive the benefit calculated pursuant to Section 17.7(a), plus the Participant's DROP
17 Account, calculated as of the Participant's Termination Date. If during the period of a DROP
18 Participant's participation in DROP, the Participant reaches a Termination Date by reason of
19 Total and Permanent Disability in accordance with Section 6.4(b) ("Line of Duty Disability"),
20 the Participant shall receive payment of the DROP Account, plus the greater of: (i) the
21 monthly retirement income calculated pursuant to Section 17.7(a) or (ii) the monthly
22 retirement income calculated pursuant to Section 6.4(b).

23
24 (f) If during the period of a DROP Participant's participation in
25 DROP, the Participant reaches a Termination Date by reason of death, the Participant's
26 Beneficiary will receive the benefit described in Section 7.1, based upon the Participant's
27 Years of Eligibility Service and Highest Average Earnings earned at the DROP participation
28 date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated
29 for purposes of receipt of the death benefits described in Section 7.1 shall be the same
30 Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no
31 valid Beneficiary on file for the Participant, payment will be made in accordance with Section
32 9.1.

33
34 17.8 Payment of Retirement Income and DROP Account At Termination
35 Date

36
37 (a) Payment of DROP Account - Termination Following End of
38 Elected DROP Participation Period: Upon the termination of a DROP Participant's
39 employment with the County, for reasons other than death or Total and Permanent

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1 Disability, as of or following the end of the Participant's DROP participation period, the
2 Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP
3 Participant, determined in accordance with Section 17.7, as adjusted for investment gains and
4 losses determined pursuant to Section 17.10 through as soon as reasonably practical before
5 the date of payment, and as elected by the DROP Participant, in the form of:

6
7 (i) An Eligible Rollover Distribution, pursuant to Section
8 8.4;

9
10 (ii) A lump sum distribution, reduced by any elected or
11 required withholding for taxes; or

12
13 (iii) Any other form of payment allowed under the
14 individually-directed account.

15
16 (b) Payment of Retirement Benefit - Termination Following End of
17 Elected DROP Participation Period: Upon the termination of a DROP Participant's
18 employment with the County for reasons other than death or Total and Permanent Disability,
19 as of or following the end of the Participant's DROP participation period, the Participant will
20 receive the monthly retirement income determined in accordance with Section 17.7, in the
21 form of payment elected by the Participant pursuant to Section 8.2 when the Participant
22 elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8
23 during the DROP participation period and as adjusted for hours of unused sick leave,
24 pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the
25 DROP Participant's Termination Date. The DROP Participant's DROP Account will not be
26 affected by the changes in the DROP Participant's unused sick leave during the period of
27 participation in DROP.

28
29 (c) Termination Before End of Elected DROP Participation Period -
30 Upon the DROP Participant's reaching a Termination Date, for reasons other than death or
31 Total and Permanent Disability, prior to the end of the DROP Participant's elected DROP
32 participation period, the Participant will receive the monthly retirement income determined
33 in accordance with Section 17.7, in the form of payment elected by the Participant pursuant
34 to Section 8.2 when the Participant elected to participate in DROP, as adjusted for cost of
35 living increases pursuant to Section 6.8 during the DROP participation period and as adjusted
36 for hours of unused sick leave, pursuant to Section 6.1(d), based upon the DROP Participant's
37 unused sick leave as of the DROP Participant's Termination Date. The DROP Participant's
38 DROP Account will not be affected by the changes in the DROP Participant's unused sick
39 leave during the period of participation in DROP. The Participant's DROP Account will be

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1 adjusted for investment gains and losses determined pursuant to Section 17.10 through as
2 soon as reasonably practical before the date of payment, but reduced by the principal amount
3 of Participant pick-up contributions made to the DROP Account pursuant to Section
4 17.7(b)(iv). The principal amount of Participant pick-up contributions made to the Plan
5 pursuant to Section 17.7(b)(iv) will be retained in the Trust. The balance of the DROP will be
6 paid as elected by the DROP Participant, in the form of:

7
8 (i) An Eligible Rollover Distribution, pursuant to Section
9 8.4;

10
11 (ii) A lump sum distribution, reduced by any elected or
12 required withholding for taxes; or

13
14 (iii) Any other form of payment allowed under the
15 individually-directed account.

16
17 17.9 Limitations; Other Benefits of Employment; Segregation of Assets

18
19 (a) The benefits payable pursuant to this Article XVII shall be
20 adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to
21 Section 6.6.

22
23 (b) During the period of a DROP Participant's participation in
24 DROP, the DROP Participant shall continue to be eligible to participate in any health and
25 welfare plan and deferred compensation plan, and receive any other benefits otherwise
26 available to employees of the Frederick County Sheriff's Office or Division of Fire and Rescue
27 Services and shall continue to be subject to the personnel laws, regulations and policies
28 applicable to an Employee.

29
30 (c) The DROP Account is maintained solely for purposes of
31 accounting for the DROP Participant's benefit from DROP. The Trustees shall be under no
32 obligation to segregate funds from the Plan assets for the Participant's DROP Account.

33
34 17.10 Establishment of Investment Accounts

35

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1 The DROP Account will be invested in one or more investment funds elected
2 by the DROP Participant from among investment options provided by the Trustees, in their
3 discretion. The DROP account will be adjusted monthly for earnings or losses based on the
4 investment fund(s) selected by the DROP Participant.

5
6 17.11 Review of DROP

7
8 The Administrator will engage the Plan's actuaries to review the operations of the
9 DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

10
11 END OF ARTICLE XVII

12 ***

13

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[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill.



Frederick County, Maryland

Staff Report Concurrence Form

To: Office of the County Executive

Date: 10/24/2023

Division Director: Erin White

Approved: Erin White

DocuSigned by:

2138DCA88D9E4DA...

From: Erin White

Division: Finance

Phone #: 301-600-1193

Please verify you have attached the correct documents

Staff Report Topic:

Staff Memo: ☒

Attachments: Yes: ☒ No: ☐

No: ☐

PROPOSED BILL - Amendment to the Frederick County Uniformed Employees Retirement Plan - Deferred Retirement Option Program (DROP) for Career Fire Fighters

Time Sensitive? Yes ☒ (if yes, deadline for approval: 10/30/2023) No ☐

Action Requested by Executive's Office: Signature Requested ☒ OR Information Only ☐

Staff Report Review:

This staff report has been thoroughly reviewed first by the appropriate divisions/agencies noted on Page 2 followed by those outlined below:

	Name	Signature	Date
Budget Office	Kelly Weaver	DocuSigned by: <u>Kelly Weaver</u> 15B09697D28946D...	10/24/2023
Finance Division	Erin White	DocuSigned by: <u>Erin White</u> 2138DCA88D9E4DA...	10/24/2023
County Attorney's Office	Catherine Keller	DocuSigned by: <u>Catherine Keller</u> C8844E6B7260455...	10/25/2023

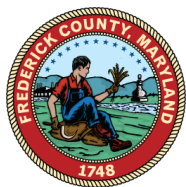
Refer to County Council? Yes ☒ No ☐

(County Attorney's Office to complete)

Chief Administrative Officer	John Peterson	DocuSigned by: <u>John Peterson</u> 0090FF05084D471...	10/25/2023
County Executive	Jessica Fitzwater	DocuSigned by: <u>Jessica Fitzwater</u> 32F7AAE4DF204E6...	10/25/2023

Forward to Council? Yes ☒ No ☐

(County Executive to complete)



Frederick County, Maryland

Staff Report Concurrence Form

Other Reviewers:

	Title	Name	Signature	Date
3.	Division Director of Human Resources	Emily Fiftal	DocuSigned by: <i>Emily Fiftal</i> 0F7AA712FCA24A5...	10/24/2023
4.	Director of Government Relations	Victoria Venable	DocuSigned by: <i>Victoria Venable</i> 2D089227B21D4E5...	10/24/2023
5.				
6.				
7.				
8.				
9.				
10.				

Comments:

From	Date	Comment

**FREDERICK COUNTY GOVERNMENT****DIVISION OF FINANCE**Jessica Fitzwater
County Executive

Erin White, CPA, Division Director

TO: County Council**THROUGH:** County Executive Jessica Fitzwater**FROM:** Erin White, CPA, Director, Division of Finance
Emily Fiftal, Director, Division of Human Resources**DATE:** October 24, 2023**SUBJECT:** Proposed Bill - Amendment to the Frederick County Uniformed Employees Retirement Plan (Plan) – Deferred Retirement Option Program (DROP) for Career Fire Fighters**ISSUE:**

Should the County Executive approve the attached Council bill (Attachment 1) and forward it to the County Council to amend the Frederick County Uniformed Employees Retirement Plan?

BACKGROUND:

A Deferred Retirement Option Plan (DROP) is a pension plan provision that provides an incentive for employees to continue to work, generally for a few years, after they are eligible for normal retirement. After the date that they elect to join DROP, employees receive retirement benefit payments as if they had retired at that time. Those “retirement” payments are deposited and invested in a separate DROP Account while the employee continues to work and receive their regular wages and benefits. Then, at the time of actual retirement, the employee receives a lump sum distribution for the accumulated DROP Account, as well as their regular retirement benefits based on their salary and service, also calculated as of the date the employee entered DROP.

On March 29, 2023, the County Executive signed a Memorandum of Understanding (MOU) with the Career Fire Fighters Association of Frederick County, IAFF Local #3666. Section 14.3 (Attachment 2) of the MOU requires the County Executive, on or before January 1, 2024, to submit proposed legislation seeking the following changes to the County’s existing DROP for firefighters, applicable only to those retirement applications filed after the adoption of the legislation:

- i. The DROP participant’s anticipated years of eligibility service at the end of the DROP participation period shall be extended not to exceed 31 years of eligibility service. (The current DROP participation period is not to exceed 28 years of eligibility service; the change would enable individuals to participate in DROP for a longer period.)
- ii. A DROP participant shall contribute four percent (4%) by payroll deduction to the Frederick County Uniformed Employees Retirement Plan.
- iii. A DROP participant shall contribute five percent (5%) by payroll deduction to their DROP Account. (Currently DROP participants contribute nine percent (9%) by payroll deduction solely to the Plan; these changes would shift 5% of their contribution to the DROP plan.)

RE: Staff Memo - Proposed Bill - Amendment to the Frederick County Uniformed Employees Retirement Plan - DROP Career Fire Fighters
October 24, 2023

Page 2

- iv. A DROP participant who voluntarily separates from employment with the County prior to the completion of their DROP period, for any reason other than death or Total and Permanent Disability, shall be paid the amount accrued in their DROP Account, as calculated in section 17.7, as adjusted for investment gains and losses determined pursuant to Section 17.10 through as soon as reasonably practical before the date of payment, and shall forfeit an amount equal to the amount contributed in number iii (referencing the 5% employee contribution). (Currently, such DROP participants who separate prior to the completion of their DROP period forfeit their DROP Account, which reverts to the Frederick County Uniformed Employees Retirement Plan.)

The changes outlined do not affect the current Supplemental Agreements signed in 2022 by the Sheriff of Frederick County and Fraternal Order of Police Lodges 102 and 102A. Therefore, the DROP for Law Enforcement Officers and Corrections Officers remains in Article XVI of the Frederick County Uniformed Employees Retirement Plan. A new Article XVII, addressing solely the firefighters, has been added to separate the two different DROP programs.

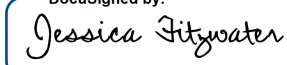
The proposed legislation was approved by both parties of the MOU prior to submission to the Frederick County Council and will be effective July 1, 2024.

RECOMMENDATION:

Staff requests that the County Executive approve the attached Council bill and move it forward to the County Council to amend the Frederick County Uniformed Employees Retirement Plan.

Approve?

Yes X No

DocuSigned by:

32F7AAE4DF204E6...
Jessica Fitzwater, County Executive
Frederick County, Maryland

10/25/2023

Date

FINANCIAL IMPACT: Yes - Indirect

1. Fiscal Year of Financial Impact: FY 2025
2. Existing Account Unit / Activity & Account: Various DFRS Account Units/5XXXX
3. New Account Unit / Activity & Account:
4. Budget Balance as of (Date):
5. Budget Journal Required: No
6. Amount of County Funding Requested:
7. Other Pertinent Information: The Plans Actuary estimates the County's Actuarially Determined Contribution (ADC) to increase by approximately \$150,000 annually.

ATTACHMENT(S):

Attachment 1 – Proposed Bill Amendment

Attachment 2 – Section 14.3 of the MOU with Frederick County Professional Fire Fighters Association

Frederick County: Rich History, Bright Future

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www.FrederickCountyMD.gov



Bill No. _____

Concerning: Amendment to Frederick CountyUniformed Employees Retirement Plan

Introduced: _____

Revised: _____ Draft No. _____

Enacted: _____

Effective: _____

Expires: _____

Frederick County Code, Chapter _____

Section(s) _____

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council President Brad Young on behalf of County Executive Jessica Fitzwater

AN ACT to: amend the Frederick County Uniformed Employees Retirement Plan effective July 1, 2024 to reflect the terms of the Deferred Retirement Option Program for Career Fire Fighters implemented pursuant to the Memorandum of Understanding dated March 29, 2023 between Frederick County, Maryland and The Frederick County Professional Fire Fighters Association I.A.F.F. Local 3666 and to reflect the updated performance rating standards for Corrections Officers.

Date Council Approved: _____ Date Transmitted to Executive: _____

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

Date returned to Council by County Executive with no action: _____

By amending:

Frederick County Code, _____ Section(s) _____

Other: Frederick County Uniformed Employees Retirement Plan**Boldface**Underlining

[Single boldface brackets]

* * *

*Heading or defined term.**Added to existing law.**Deleted from existing law.**Existing law unaffected by bill.*

1 Bill No. **-**-**

2 The County Council of Frederick County, Maryland, finds it necessary and appropriate to
3 amend the Frederick County Uniformed Employees Retirement Plan to implement the changes to
4 the Deferred Retirement Option Program for Career Fire Fighters.

5 .

6 NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF
7 FREDERICK COUNTY, MARYLAND, that the Frederick County Uniformed Employees
8 Retirement Plan be, and it is hereby, amended as shown on the attached Exhibit 1.

9
10 AND BE IT FURTHER ENACTED, that the amendments shown on Exhibit 1 will be
11 effective as provided in the Exhibit 1 on or after the effective date of this Bill.

12
13
14
15 _____
16 Brad Young, President
17 County Council of Frederick County,
18 Maryland

Exhibit 1

Article XVI of the Frederick County Uniformed Employees Retirement Plan is amended to read as follows effective July 1, 2024:

ARTICLE XVI

DEFERRED RETIREMENT OPTION PROGRAM - LAW ENFORCEMENT OFFICERS
AND CORRECTIONS OFFICERS

16.1 Definitions - In this section, the following words have the meanings indicated:

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

(b) "DROP Account" means the account established for the DROP Participant in accordance with Section 16.7.

(c) "DROP Effective Date" means July 1, 2021.

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

(i) is eligible to participate in DROP as provided in this Article XVI; and

(ii) elects to participate in DROP as provided in this Article XVI.

16.2 Eligibility

Underlining indicates matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill.

A Participant in the Plan is eligible to participate in DROP if the Participant:

(a) Is a Uniformed Participant in the category of law enforcement officer or corrections officer,

(b) Either:

(i) Has attained the service requirement for the Participant's Normal Retirement Date, as of the DROP Effective Date, or

(ii) Attains the service requirement for the Participant's Normal Retirement Date after the DROP Effective Date;

(c) Has earned no more than 27.0 Years of Eligibility Service as of the DROP Effective Date;

and

(d) Has

(i) an acceptable performance rating from the Sheriff's Office [with respect to law enforcement officers; or

(ii) a performance rating of at least 3.0 from the Sheriff's Office with respect to corrections officers; or

(iii) a performance rating of at least 2.5 from the Division of Fire and Rescue Services, as applicable, at the time of the election to participate in DROP].

16.3 Election; Duration of Participation

An eligible Participant may elect to participate in DROP for a period of between 12 and 36 months; provided, however, that the elected DROP participation period

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cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP participation period to exceed 28.0 Years of Eligibility Service.

16.4 Application; Limitation on Enrollment

(a) Participant's Election: An eligible Participant who elects to participate in DROP shall:

(i) provide a written application to the employee designated by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or acceptable to the Retirement Plan Committee, stating:

(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; and

(C) such other information required by the Retirement Plan Committee to implement DROP with respect to the Participant, including a binding letter of resignation accepted by the Sheriff [or Fire Chief, as applicable,] in accordance with the Sheriff's Office [or Division of Fire and Rescue Services] policies and procedures then in effect, setting forth the date the Participant intends to terminate employment following completion of the Participant's elected DROP period; and

(ii) submit the application to the DROP Coordinator no later than the first day of the month that is no less than two and no more than three months prior to the first day of the month coincident with the date the Participant elects to begin participation in DROP. 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.

(b) Limitation on Enrollment in DROP

(i) The application to participate in DROP by no more than one percent of the Frederick County Sheriff's Office Uniformed Law Enforcement officers workforce will be accepted for any one month. The application to participate in DROP by no

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more than one percent of the Frederick County Sheriff's Office Uniformed Corrections officers workforce will be accepted for any one month. [The application to participate in DROP by no more than one percent of the Frederick County Division of Fire and Rescue Services Uniformed Participant workforce will be accepted for any one month.] In determining this one percent limitation, the number of Participants eligible to elect to enter DROP will be rounded up to the next highest whole number and will be determined as of the first day of the payroll period that is two months in advance of the elected DROP participation date.

(ii) If more Participants submit an application to participate in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the Participants whose applications will be accepted will be determined on the basis of seniority within the Frederick County Sheriff's Office[or Division of Fire and Rescue Services, as applicable.]

(iii) The applications of Participants whose applications are deferred pursuant to subsection (b)(ii) above will be considered for the following months on the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a Participant whose application is deferred past the date the Participant earns 27.0 Years of Eligibility Service will not be eligible to participate in DROP.

16.5 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, provided that the acceptance of the Participant's election is not deferred pursuant to Section 16.4(b). In the event the Participant's application to participate in DROP is deferred pursuant to Section 16.4(b), the election is irrevocable as of the fifteenth calendar day following the acceptance of the Participant's election to participate in DROP and notification of the acceptance being provided to the Participant. If the due date for the revocation of an election to participate in DROP 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.

16.6 Suspension of Participation; Termination of Participation

(a) Suspension of Participation - Participation in DROP is suspended upon the Participant receiving a performance rating from the Sheriff's Office of less than acceptable [for law enforcement officers or less than 3.0 for corrections officers, or

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less than 2.5 from the Division of Fire and Rescue Services, as applicable]. During the time of suspension, no additions will be made to the Participant's DROP Account. The suspension will be lifted and the Participant will be reinstated to DROP for the remaining DROP participation period elected by the Participant upon the reinstatement of an acceptable performance rating[,] from the Sheriff's Office [for law enforcement officers, or at least 3.0 for corrections officers, or at least 2.5 from the Division of Fire and Rescue Services, as applicable,] after exhaustion of the Participant's appeal rights under the Frederick County Personnel Rules in effect at the time; provided, however, that the credits to the Participant's DROP Account provided for in Section 16.7(b)(i) during the period of suspension will be reinstated to the DROP Participant's DROP Account following a Participant's successful appeal of his or her performance rating. In the event that the DROP Participant does not appeal the assignment of the performance rating or is unsuccessful in the appeal of the assignment of the performance rating, the DROP Participant's DROP Account will be reduced to zero dollars and the DROP Participant's retirement benefit determined as of the Participant's Termination Date will be determined in accordance with Section 16.8(c) as if the DROP Participant reached a Termination Date prior to the end of the DROP Participant's elected DROP participation period.

(b) Termination of Participation - Participation in DROP terminates when the DROP Participant reaches a Termination Date.

16.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition of Other Benefits During DROP Participation.

(a) Calculation of Retirement Benefit - As of the effective date of participation in DROP, the DROP Participant's normal retirement benefit as provided for in Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be determined.

(b) Credit to DROP Account - During the period of the DROP Participant's participation in DROP, the Plan Administrator shall:

(i) Credit the DROP Participant's monthly retirement income determined pursuant to Section 16.7(a) determined as of the DROP Participant's date of participation in DROP, to a DROP Account for the benefit of the DROP Participant;

(ii) Credit the DROP Participant's DROP Account with the investment gains and losses arising out of the individually-directed accounts maintained for this purpose in accordance with Section 16.10; and

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(iii) Annually adjust the DROP Participant's credit to the DROP account for monthly retirement income under Section 16.7(b)(i) for cost of living increases in accordance with Section 6.8.

(c) No Increase in Years of Eligibility or Credited Service - A DROP Participant will not accrue credit for additional Years of Eligibility or Credited Service during the period of DROP participation.

(d) Compensation during DROP Participation - A DROP Participant's Compensation earned during the period of DROP participation:

(i) Subject to Section 5.4(b), shall be subject to the County pick up contributions provided for in Section 5.4(a)(i), which contributions shall not be added to the Participant's DROP Account; and

(ii) Shall not be used to increase the DROP Participant's Final Average Earnings.

(e) 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 6.4(a) ("Ordinary Disability"), the Participant shall receive the benefit calculated pursuant to Section 16.7(a), plus the Participant's DROP Account, calculated as of the Participant's Termination Date. 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 6.4(b) ("Line of Duty[" Disability"]), the Participant shall receive payment of the DROP Account, plus the greater of: (i) the monthly retirement income calculated pursuant to Section 16.7(a) or (ii) the monthly retirement income calculated pursuant to Section 6.4(b).

(f) 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 the benefit described in Section 7.1, based upon the Participant's Years of Eligibility Service and Highest Average Earnings earned at the DROP participation date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated for purposes of receipt of the death benefits described in Section 7.1 shall be the same Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no valid Beneficiary on file for the Participant, payment will be made in accordance with Section 9.1.

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16.8 Payment of Retirement Income and DROP Account At Termination

Date.

(a) Payment of DROP Account - Termination Following End of

Elected DROP Participation Period: Upon the termination of a DROP Participant's employment with the County, for reasons other than death or Total and Permanent Disability, as of or following the end of the Participant's DROP participation period, the Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP Participant, determined in accordance with Section 16.7, as adjusted for investment gains and losses determined pursuant to Section 16.10 through as soon as reasonably practical before the date of payment, and as elected by the DROP Participant, in the form of:

(i) An Eligible Rollover Distribution, pursuant to Section

8.4;

(ii) A lump sum distribution, reduced by any elected or

required withholding for taxes; or

(iii) Any other form of payment allowed under the

individually-directed account.

(b) Payment of Retirement Benefit - Termination Following End of

Elected DROP Participation Period: Upon the termination of a DROP Participant's employment with the County for reasons other than death or Total and Permanent Disability, as of or following the end of the Participant's DROP participation period, the Participant will receive the monthly retirement income determined in accordance with Section 16.7, in the form of payment elected by the Participant pursuant to Section 8.2 when the Participant elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8 during the DROP participation period and as adjusted for hours of unused sick leave, pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the DROP Participant's Termination Date. The DROP Participant's DROP Account will not be affected by the changes in the DROP Participant's unused sick leave during the period of participation in DROP.

(c) Termination Before End of Elected DROP Participation Period -

Upon the DROP Participant's reaching a Termination Date, for reasons other than death or Total and Permanent Disability, prior to the end of the DROP Participant's elected DROP

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participation period, the Participant will receive the monthly retirement income determined in accordance with Section 6.1, as adjusted for unused sick leave, pursuant to Section 6.8, 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 then be reduced to zero dollars.

16.9 Limitations; Other Benefits of Employment; Segregation of Assets

(a) The benefits payable pursuant to this Article [16]XVI shall be adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to Section 6.6.

(b) 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 employees of the Frederick County Sheriff's Office[or Division of Fire and Rescue Services] and shall continue to be subject to the personnel laws, regulations and policies applicable to an Employee.

(c) 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.

16.10 Establishment of Investment Accounts

The DROP Account will be invested in one or more investment funds elected by the DROP Participant from among investment options provided by the Trustees, in their discretion. The DROP account will be adjusted monthly for earnings or losses based on the investment fund(s) selected by the DROP Participant.

[6.11]16.11 Review of DROP

The Administrator will engage the Plan's actuaries to review the operations of the DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

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END OF ARTICLE XVI

The Frederick County Uniformed Employees Retirement Plan is amended by the addition of the following Article XVII effective July 1, 2024:

ARTICLE XVII

DEFERRED RETIREMENT OPTION PROGRAM - FIRE AND RESCUE SERVICES

17.1 Definitions - In this section, the following words have the meanings indicated:

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

(b) "DROP Account" means the account established for the DROP Participant in accordance with Section 17.7.

(c) "DROP Effective Date" means July 1, 2024.

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

(i) is eligible to participate in DROP as provided in this Article XVII; and

(ii) elects to participate in DROP as provided in this Article XVII.

17.2 Eligibility

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A Participant in the Plan is eligible to participate in DROP if the Participant:

(a) Is a Uniformed Participant who is classified as a firefighter,

(b) Either:

(i) Has attained the service requirement for the Participant's Normal Retirement Date, as of the DROP Effective Date, or

(ii) Attains the service requirement for the Participant's Normal Retirement Date after the DROP Effective Date;

(c) Has earned no more than 30.0 Years of Eligibility Service as of the DROP Effective Date;

and

(d) Has a performance rating of at least 2.5 from the Division of Fire and Rescue Services at the time of the election to participate in DROP.

17.3 Election; Duration of Participation

An eligible Participant may elect to participate in DROP for a period of between 12 and 36 months; provided, however, that the elected DROP participation period cannot cause the Participant's anticipated Years of Eligibility Service at the end of the DROP participation period to exceed 31.0 Years of Eligibility Service.

17.4 Application; Limitation on Enrollment

(a) Participant's Election: An eligible Participant who elects to participate in DROP shall:

Underlining indicates matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill.

1 (i) provide a written application to the employee designated
 2 by the Retirement Plan Committee (the "DROP Coordinator") on a form approved by or
 3 acceptable to the Retirement Plan Committee, stating:

4
 5 (A) the Participant's intention to participate in DROP;

6
 7 (B) the date, which shall be the first day of a month,
 8 when the Participant desires to begin participation in DROP; and

9
 10 (C) such other information required by the
 11 Retirement Plan Committee to implement DROP with respect to the Participant, including a
 12 binding letter of resignation accepted by the Fire Chief, in accordance with the Division of
 13 Fire and Rescue Services policies and procedures then in effect, setting forth the date the
 14 Participant intends to terminate employment following completion of the Participant's
 15 elected DROP period; and

16
 17 (ii) submit the application to the DROP Coordinator no later
 18 than the first day of the month that is no less than two and no more than three months prior
 19 to the first day of the month coincident with the date the Participant elects to begin
 20 participation in DROP. If the due date for the election falls on a Saturday, Sunday or day
 21 when the County's offices are closed, the due date shall be the next day during which the
 22 County's offices are open.

23
 24 (b) Limitation on Enrollment in DROP

25
 26 (i) The application to participate in DROP by no more than
 27 one percent of the Frederick County Division of Fire and Rescue Services Uniformed
 28 Participant workforce will be accepted for any one month. In determining this one percent
 29 limitation, the number of Participants eligible to elect to enter DROP will be rounded up to
 30 the next highest whole number and will be determined as of the first day of the payroll period
 31 that is two months in advance of the elected DROP participation date.

32
 33 (ii) If more Participants submit an application to participate
 34 in DROP than can be accepted due to the limitations set forth in subsection (b)(i) above, the
 35 Participants whose applications will be accepted will be determined on the basis of seniority
 36 within the Division of Fire and Rescue Services.

37

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(iii) The applications of Participants whose applications are deferred pursuant to subsection (b)(ii) above will be considered for the following months on the same basis as set forth in subsections (b)(i) and (b)(ii); provided, however, that a Participant whose application is deferred past the date the Participant earns 30.0 Years of Eligibility Service will not be eligible to participate in DROP.

17.5 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, provided that the acceptance of the Participant's election is not deferred pursuant to Section 17.4(b). In the event the Participant's application to participate in DROP is deferred pursuant to Section 17.4(b), the election is irrevocable as of the fifteenth calendar day following the acceptance of the Participant's election to participate in DROP and notification of the acceptance being provided to the Participant. If the due date for the revocation of an election to participate in DROP 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.

17.6 Suspension of Participation; Termination of Participation

(a) Suspension of Participation - Participation in DROP is suspended upon the Participant receiving a performance rating of less than 2.5 from the Division of Fire and Rescue Services. During the time of suspension, no additions will be made to the Participant's DROP Account. The suspension will be lifted and the Participant will be reinstated to DROP for the remaining DROP participation period elected by the Participant upon the reinstatement of an acceptable performance rating, of at least 2.5 from the Division of Fire and Rescue Services after exhaustion of the Participant's appeal rights under the Frederick County Personnel Rules in effect at the time; provided, however, that the credits to the Participant's DROP Account provided for in Section 17.7(b)(i) during the period of suspension will be reinstated to the DROP Participant's DROP Account following a Participant's successful appeal of his or her performance rating. In the event that the DROP Participant does not appeal the assignment of the performance rating or is unsuccessful in the appeal of the assignment of the performance rating, the DROP Participant's retirement benefit determined as of the Participant's Termination Date will be determined in accordance with Section 17.8(c) as if the DROP Participant reached a Termination Date prior to the end of the DROP Participant's elected DROP participation period.

(b) Termination of Participation - Participation in DROP terminates when the DROP Participant reaches a Termination Date.

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1
2 17.7 Payment of Retirement Benefit, Accrual of Service Credit, Disposition
3 of Other Benefits During DROP Participation.
4

5 (a) Calculation of Retirement Benefit - As of the effective date of
6 participation in DROP, the DROP Participant's normal retirement benefit as provided for in
7 Section 6.1, in the form of payment elected by the Participant in accordance with Section 8.2
8 and without the adjustment for unused sick leave pursuant to Section 6.1(d), shall be
9 determined.
10

11 (b) Credit to DROP Account - During the period of the DROP
12 Participant's participation in DROP, the Plan Administrator shall:
13

14 (i) Credit the DROP Participant's monthly retirement
15 income determined pursuant to Section 17.7(a) determined as of the DROP Participant's date
16 of participation in DROP, to a DROP Account for the benefit of the DROP Participant;
17

18 (ii) Credit the DROP Participant's DROP Account with the
19 investment gains and losses arising out of the individually-directed accounts maintained for
20 this purpose in accordance with Section 17.10;
21

22 (iii) Annually adjust the DROP Participant's credit to the
23 DROP account for monthly retirement income under Section 17.7(b)(i) for cost of living
24 increases in accordance with Section 6.8; and
25

26 (iv) Credit the DROP Participant's DROP Account with 5%
27 out of the 9% of Compensation made as a pick-up contribution to the Plan pursuant to
28 Section 5.4(a)(i).
29

30 (c) No Increase in Years of Eligibility or Credited Service - A DROP
31 Participant will not accrue credit for additional Years of Eligibility or Credited Service during
32 the period of DROP participation.
33

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(d) Compensation during DROP Participation - A DROP Participant's Compensation earned during the period of DROP participation:

(i) Subject to Section 5.4(b), shall be subject to the County pick up contributions provided for in Section 5.4(a)(i), which contributions shall be added to the Participant's DROP Account to the extent provided for in Section 17.7(b)(4)(iv). The remaining 4% of Compensation paid as a pick-up contribution shall be added to the Trust; and

(ii) Shall not be used to increase the DROP Participant's Final Average Earnings.

(e) 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 6.4(a) ("Ordinary Disability"), the Participant shall receive the benefit calculated pursuant to Section 17.7(a), plus the Participant's DROP Account, calculated as of the Participant's Termination Date. 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 6.4(b) ("Line of Duty Disability"), the Participant shall receive payment of the DROP Account, plus the greater of: (i) the monthly retirement income calculated pursuant to Section 17.7(a) or (ii) the monthly retirement income calculated pursuant to Section 6.4(b).

(f) 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 the benefit described in Section 7.1, based upon the Participant's Years of Eligibility Service and Highest Average Earnings earned at the DROP participation date, plus the Participant's DROP Account. The DROP Participant's Beneficiary designated for purposes of receipt of the death benefits described in Section 7.1 shall be the same Beneficiary designated for purposes of receipt of the DROP Account. In the event there is no valid Beneficiary on file for the Participant, payment will be made in accordance with Section 9.1.

17.8 Payment of Retirement Income and DROP Account At Termination Date

(a) Payment of DROP Account - Termination Following End of Elected DROP Participation Period: Upon the termination of a DROP Participant's employment with the County, for reasons other than death or Total and Permanent

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1 Disability, as of or following the end of the Participant's DROP participation period, the
 2 Trustees shall pay to the Participant the amount accrued in the DROP Account for the DROP
 3 Participant, determined in accordance with Section 17.7, as adjusted for investment gains and
 4 losses determined pursuant to Section 17.10 through as soon as reasonably practical before
 5 the date of payment, and as elected by the DROP Participant, in the form of:

6
 7 (i) An Eligible Rollover Distribution, pursuant to Section
 8 8.4;

9
 10 (ii) A lump sum distribution, reduced by any elected or
 11 required withholding for taxes; or

12
 13 (iii) Any other form of payment allowed under the
 14 individually-directed account.

15
 16 (b) Payment of Retirement Benefit - Termination Following End of
 17 Elected DROP Participation Period: Upon the termination of a DROP Participant's
 18 employment with the County for reasons other than death or Total and Permanent Disability,
 19 as of or following the end of the Participant's DROP participation period, the Participant will
 20 receive the monthly retirement income determined in accordance with Section 17.7, in the
 21 form of payment elected by the Participant pursuant to Section 8.2 when the Participant
 22 elected to participate in DROP, as adjusted for cost of living increases pursuant to Section 6.8
 23 during the DROP participation period and as adjusted for hours of unused sick leave,
 24 pursuant to Section 6.1(d), based upon the DROP Participant's unused sick leave as of the
 25 DROP Participant's Termination Date. The DROP Participant's DROP Account will not be
 26 affected by the changes in the DROP Participant's unused sick leave during the period of
 27 participation in DROP.

28
 29 (c) Termination Before End of Elected DROP Participation Period -
 30 Upon the DROP Participant's reaching a Termination Date, for reasons other than death or
 31 Total and Permanent Disability, prior to the end of the DROP Participant's elected DROP
 32 participation period, the Participant will receive the monthly retirement income determined
 33 in accordance with Section 17.7, in the form of payment elected by the Participant pursuant
 34 to Section 8.2 when the Participant elected to participate in DROP, as adjusted for cost of
 35 living increases pursuant to Section 6.8 during the DROP participation period and as adjusted
 36 for hours of unused sick leave, pursuant to Section 6.1(d), based upon the DROP Participant's
 37 unused sick leave as of the DROP Participant's Termination Date. The DROP Participant's
 38 DROP Account will not be affected by the changes in the DROP Participant's unused sick
 39 leave during the period of participation in DROP. The Participant's DROP Account will be

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adjusted for investment gains and losses determined pursuant to Section 17.10 through as soon as reasonably practical before the date of payment, but reduced by the principal amount of Participant pick-up contributions made to the DROP Account pursuant to Section 17.7(b)(iv). The principal amount of Participant pick-up contributions made to the Plan pursuant to Section 17.7(b)(iv) will be retained in the Trust. The balance of the DROP will be paid as elected by the DROP Participant, in the form of:

(i) An Eligible Rollover Distribution, pursuant to Section 8.4;

(ii) A lump sum distribution, reduced by any elected or required withholding for taxes; or

(iii) Any other form of payment allowed under the individually-directed account.

17.9 Limitations; Other Benefits of Employment; Segregation of Assets

(a) The benefits payable pursuant to this Article XVII shall be adjusted, if necessary, to conform to the limitations on the accrual of benefits pursuant to Section 6.6.

(b) 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 employees of the Frederick County Sheriff's Office or Division of Fire and Rescue Services and shall continue to be subject to the personnel laws, regulations and policies applicable to an Employee.

(c) 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.

17.10 Establishment of Investment Accounts

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1 The DROP Account will be invested in one or more investment funds elected
2 by the DROP Participant from among investment options provided by the Trustees, in their
3 discretion. The DROP account will be adjusted monthly for earnings or losses based on the
4 investment fund(s) selected by the DROP Participant.

5
6 17.11 Review of DROP

7
8 The Administrator will engage the Plan's actuaries to review the operations of the
9 DROP as of July 1, 2026 to determine the level of the DROP's cost neutrality to the Plan.

10
11 END OF ARTICLE XVII

12 ***

13

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A. Except as provided herein, the County shall continue in effect the Frederick County Uniformed Employees Retirement Plan, (the Plan) as restated in Bill No. 21-05 and as may be amended from time to time in accordance with this MOU.

B. The County shall continue a pension “pick-up” program whereby an employee’s contributions to the Frederick County Uniformed Employees Retirement Plan, as restated in Bill No. 21-05 and as may be amended from time to time in accordance with this MOU, will be deducted on a pre-tax basis.

C. Neither the County’s administration of the Plan, including but not limited to, the procedures for determining entitlement to rights, status, or benefits, nor any disputes relating to the Plan shall be subject to the grievance procedure pursuant to Article 23 of the MOU.

14.2 SICK LEAVE CALCULATION FOR PENSION CREDIT PURPOSES

The County agrees to continue using 9.6 hours versus 12 hours (their sick leave accrual rate) in the pension calculation formula for firefighters. This would result in 211.2 hours (22 days multiplied by 9.6 hours) being required for a month of service credit versus the existing 264 hours required. The County also agrees to continue the current favorable practice of converting excess annual leave (over 30 days) which is earned at a rate of 9.6 hours to 12 hours of sick leave.

14.3 DEFERRED RETIREMENT OPTION PROGRAM (“DROP”)

A. On or before January 1, 2024, the County Executive will submit proposed legislation seeking the following changes to the County’s existing DROP program for fire fighters (as described in the Frederick County Uniformed Employees Retirement Plan, as restated in Bill No. 21-05), applicable only to those retirement applications filed after the adoption of the legislation:

i. The Participant’s anticipated Years of Eligibility Service at the end of the DROP participation period shall be extended not to exceed 31.0 Years of Eligibility Service.

ii. A DROP Participant shall contribute four percent (4%) by payroll deduction to the Frederick County Uniformed Employees Retirement Plan related to administration of the plans.

iii. A DROP Participant shall contribute five percent (5%) by payroll deduction to their DROP Account on a bi-weekly basis for the duration of their DROP participation period.

iv. A DROP Participant that voluntarily separates from employment with the County prior to the completion of their Drop period, for any reason other than death or Total and Permanent Disability, shall be paid the amount accrued in their DROP Account, determined in accordance with Section 16.7, as adjusted for investment gains and losses determined pursuant to Section 16.10 through as soon as reasonably practical before the date of payment and shall forfeit an amount equal to the amount contributed in number iii.

B. Proposed legislation drafted pursuant to this MOU will be reviewed and approved by both parties prior to submission to the Frederick County Council.

C. The parties agree to fully support the legislative proposals drafted pursuant to this MOU and make a good faith effort to obtain their approval by the Frederick County Council.

15 POST EMPLOYMENT HEALTH INSURANCE

15.1 POST EMPLOYMENT HEALTH INSURANCE CONTRIBUTIONS

The parties agree to continue a Post Employment Health Plan ("PEHP") for bargaining unit employees that qualifies under Section 501(c)(9) of the Internal Revenue Code. The County will make an annual contribution to the PEHP subject to the conditions outlined below.

Beginning calendar year 2017, a maximum of two floating holidays to which an employee becomes eligible at the beginning of the calendar year will be the basis for the annual contribution to the PEHP but is contingent upon funding in the fiscal year budget for cash payout to the members. If the floating holiday is specifically funded for payout to members, the County will then contribute the amount of holiday compensation that would be payable based on each member's floating holiday eligibility on January 1 and their active employment on the date that the PEHP contribution is scheduled to be transferred to the PEHP. No PEHP contribution will be made for new hires who become eligible for a floating holiday(s) during the calendar year. (Unless specifically funded in the budget, floating holidays are not eligible for cash payout and unused holidays will not be paid to employees.)

If the floating holiday is not funded for cash payout and is therefore not contributed to the employee's PEHP account for the calendar year, the County will instead contribute to the PEHP the equivalent of the holiday compensation that members would otherwise have received for the Thanksgiving and the day after Thanksgiving holidays in that calendar year. In this case, employees who are employed on those dates will not receive holiday compensation directly.

For purposes of this MOU, "holiday compensation" is defined as a 9.6 hour day for 48-hour employees, and an 8 hour day for 40-hour employees.

For the purposes of this plan only, those employees who do not meet their standard weekly hours of service and therefore receive fractional credit for pension creditable service purposes due to the Thanksgiving and day after Thanksgiving holiday contributions to the PEHP, will be permitted to use available annual leave or accrued holiday hours to make up the difference of the holiday contribution hours.

This PEHP will be administered by Nationwide Retirement Solutions, Inc. ("NRS"), which will provide administrative services in exchange for a fee as agreed upon by the County and NRS. This fee will be paid entirely by an annual charge assessed to each participant's account.

Other than making the annual contribution to the PEHP as outlined above, the County will not pay any other fees, expenses or assessments associated with the PEHP unless mandated by law.