

**PERTAINING TO THE THIRD AMENDMENT OF THE
 CALVERT COUNTY EMPLOYEES RETIREMENT PLAN**

WHEREAS, the Board of County Commissioners of Calvert County, Maryland (the “County”), approved Ordinance No. 52-10 which adopted the Calvert County Employees Retirement Plan (the “Plan”), as amended and restated effective as of July 1, 2010; and

WHEREAS, the County now desires to amend the Plan to add a deferred retirement option program (DROP), under which a participant (1) agrees to retire from County employment at the end of program participation; (2) consents to the calculation of retirement benefits as if the participant actually retired when program participation begins; and (3) consents to the accumulation and the delay of payment of retirement benefits during program participation; and

WHEREAS, Section 9.1 of the Plan authorizes the County to amend the Plan from time to time.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of County Commissioners of Calvert County, Maryland, that, effective upon recordation and publication of a fair summary of this Ordinance, the Plan be amended and hereby is amended by adding the following new Appendix C immediately after Appendix B:

CALVERT COUNTY EMPLOYEES RETIREMENT PLAN

APPENDIX C

DEFERRED RETIREMENT OPTION PROGRAM

The provisions of this Appendix C are incorporated by reference into the Calvert

County Employees Retirement Plan and will take precedence over any conflicting provisions of the Plan, effective as of _____, 2018.

C.1 **Definitions.** In this Appendix C, capitalized terms have the meanings indicated in this Section C.1 or in the Plan.

(a) **"DROP"** means the Deferred Retirement Option Program set forth in this Appendix C, under which a DROP Participant (1) agrees to retire from employment by the County at the end of the DROP Participation Period pursuant to Section C.5; (2) consents to the calculation (subject to the modifications in Section C.6(b)(1)) of his or her retirement benefits as if the DROP Participant actually retired at the beginning of the DROP Participation Period; (3) consents to the accumulation and the delay of payment of his or her retirement benefits during the DROP Participation Period, subject to adjustments for investment return during that period. Except as otherwise provided in Sections C.9 and C.10, each DROP Participant shall be paid the balance of his or her DROP Account at the end of the DROP Participation Period as specified in Section C.11.

(b) **"DROP Account"** means the separate account in the Trust established for each DROP Participant under the DROP and to which the retirement benefits for the DROP Participant, as adjusted for investment return, shall be credited, as described in Section C.7.

(c) **"DROP Participant"** means a Participant who is eligible for, elects to participate in, and is selected for participation in, the DROP pursuant to Section C.3.

(d) **"DROP Participation Period"** means the period during which a Participant participates in the DROP as described in Section C.5.

(e) **"Cost Neutral"** means that the DROP will not adversely affect the funding status of the Plan without taking into account the normal administrative cost for the DROP that will have an expected effect on the Plan funding.

C.2 **Cost Neutral.** The DROP program is intended to be Cost Neutral. In the event it is determined by the Plan's actuary, the County's Director of Human Resources, and the Director of Finance and Budget that the DROP is not Cost Neutral, the County officials shall meet with the County's Board of Trustees or its designee and cause the preparation and adoption of an amendment to the DROP as needed to achieve Cost Neutral status. When the DROP is determined not to be Cost Neutral, no new DROP Participants shall be enrolled until such

time as the parties agree to and implement the changes necessary to achieve Cost Neutral status.

C.3 **Eligibility.** A Participant may apply to participate in the DROP pursuant to Section C.4 at any time on or after his or her normal retirement date (as defined in Section 1.7(ab) of the Plan), so long as the Participant is eligible to continue employment with the County during the entirety of the three-year DROP Participation Period. Applicants shall be selected for participation by the Director of Human Resources. Not all eligible applicants need be selected for participation in the DROP.

C.4 **Applications.**

(a) **Application Required.** An eligible Participant who wants to participate in the DROP must complete an application on the form required by the Director of Human Resources and must include the Plan application form(s) for retirement benefits, including the election of the form of benefit payment. As part of the application, the applicant shall also designate a "lump sum beneficiary" who shall be entitled to receive payment of the applicant's DROP Account balance, if the applicant should die before the end of the applicable DROP Participation Period. The applicant may change the designated lump sum beneficiary or designate a contingent lump sum beneficiary at any time during the DROP Participation Period by filing a new lump sum beneficiary designation on a form approved by the Director of Human Resources.

(b) **Beginning Date.** A Participant who applies for participation in the DROP shall specify a notional retirement date for the beginning of the DROP Participation Period that is at least 120 days after the date the Participant's application is filed.

(c) **When Submitted.** The application required under Section C.4(a) must be submitted to the Director of Human Resources at least 120 days before the proposed beginning date of the DROP Participation Period. An application may be submitted before a Participant is eligible to participate in the DROP, provided that the Participant will be eligible as of the beginning date of the DROP Participation Period.

C.5 **DROP Participation Period; Mandatory Retirement upon Expiration.**

(a) **Generally.** A DROP Participant's DROP Participation Period begins on the first day of the month coincident with or following the notional retirement date specified in the DROP Participant's application or any

later beginning date for the DROP Participation Period agreed to by the DROP Participant and the Director of Human Resources.

(b) ***Term of DROP Participation Period.*** The term of a DROP Participation Period is three (3) years from its beginning date.

(c) ***Expiration Before End of Term.*** A DROP Participation Period expires before the end of the three-year period if the DROP Participant dies, or his or her employment by the County terminates, or the DROP Participant becomes ineligible to participate in the Plan for any reason, including due to total and permanent disability (as defined in Section 5.4(e)(7) of the Plan).

(d) ***Expiration of DROP Participation Period.*** Except as otherwise provided in Sections C.9 and C.10, a DROP Participant shall terminate employment and begin receiving a retirement benefit at the expiration of the DROP Participation Period.

C.6 *Status During Participation.*

(a) ***Active Employee.*** A DROP Participant is an active County employee and, except as provided in this Appendix C, is entitled to the benefits of that employment other than participation in any other County retirement program, and is subject to the laws, regulations, and policies governing that employment.

(b) ***Plan Participation.*** A DROP Participant is a Participant under the Plan during the DROP Participation Period, except as follows:

(1) Solely for purposes of calculating a DROP Participant's accrued benefit (as defined in Section 1.7(a) of the Plan), the DROP Participant's average compensation (as defined in Section 1.7(d) of the Plan), covered compensation (as defined in Section 1.7(m), and years of creditable service (as defined in Section 1.7(aq) of the Plan) will be determined as if the DROP Participant's employment had terminated as of the beginning date of the DROP Participation Period.

(2) Solely for purposes of any Post-Retirement Pension Increase (as described in Section 5.8 of the Plan), a DROP Participant will be considered a Participant who has reached his or her benefit commencement date as of the beginning date of the DROP Participation Period, and his or her retirement benefit shall be adjusted by that Post-Retirement Pension Increase as if the DROP Participant were actually receiving monthly retirement income.

C.7 DROP Account.

(a) **Account Establishment.** The trustees (as defined in Section 1.7(ao) of the Plan) shall establish an individual DROP Account for each DROP Participant in the Trust for recording the retirement benefits credited to the DROP Participant during the DROP Participation Period, as adjusted for earnings and losses.

(b) **Account Balance.** The DROP Account balance credited to each DROP Participant is subject to the following:

(1) The DROP Account will be credited monthly with an amount equal to the DROP Participant's monthly retirement income under the Plan, calculated according to Article 5 of the Plan, subject to the modifications described in Section C.6(b) of this Appendix C.

(2) The DROP Account will be invested in one or more investment funds elected by the DROP Participant from among investment options under a group annuity contract(s) issued to the trustees (as defined in Section 1.7(ao) of the Plan) and selected by the Director of Human Resources and the Director of Finance and Budget, in their discretion. The DROP Account will be adjusted monthly for earnings or losses based on the investment fund(s) elected by the DROP Participant.

(c) **Statement of Account Balance.** At least once a year, the Director of Human Resources shall provide to each DROP Participant a statement of the DROP Account balance credited to that DROP Participant.

C.8 Early Withdrawal from Participation.

(a) **Election to Withdraw.** A DROP Participant may elect to withdraw from participation in the DROP only by terminating employment with the County at any time during the applicable DROP Participation Period.

(b) **Withdrawal Before End of Participation Period.** A DROP Participant whose participation ends prior to the end of the three-year DROP Participation Period because of a termination of employment or ineligibility to participate in the Plan for any reason other than total and permanent disability under Section C.9 is entitled to the balance accrued in the DROP Account and cannot again be eligible to be a Participant under the Plan.

C.9 Disability During Participation.

(a) **Permitted.** During the DROP Participation Period, a DROP Participant may apply for a disability benefits available under Section 5.4 of the Plan.

(b) **Effect of Disability Benefit.** If a DROP Participant becomes eligible to receive disability benefits under the Plan, the following conditions apply:

(1) years of creditable service and compensation during the DROP Participation Period shall be included for purposes of calculating the amount of the disability benefits, provided that those benefits shall be reduced by an amount that is the actuarial equivalent (as defined in Section 1.7(b) of the Plan) of any Participant contributions that would have been made under Section 4.5 of the Plan during the DROP Participation Period; and

(2) the DROP Participant shall be entitled to the disability benefits for which he or she is eligible under Section 5.4 of the Plan, as modified by Section C.9(b)(1).

C.10 **Death During Participation.**

(a) **Pension Beneficiary.** If a DROP Participant dies during the DROP Participation Period, the DROP Participant's designated Beneficiary (as defined under Section 1.7(e) of the Plan) shall be entitled to the death benefit, if any, provided by the form of payment elected by the DROP Participant at the time the retirement application is filed according to Section C.4(a).

(b) **DROP Beneficiary.** If a DROP Participant dies during the DROP Participation Period, the DROP Participant's lump sum beneficiary designated pursuant to Section C.4(a) is entitled to a lump-sum payment in cash, payable as soon as administratively feasible after the DROP Participant's death. The amount payable is equal to the DROP Account balance credited to the DROP Participant as of the date of distribution. If no designated lump sum beneficiary survives the DROP Participant, the lump sum benefit shall be paid to the DROP Participant's designated Beneficiary.

C.11 **Retirement Benefits of Participants.**

(a) **Generally.** Except as provided in Sections C.9 and C.10, at the expiration of the DROP Participation Period and the DROP Participant's termination from County employment, the DROP Participant shall be entitled to receive future payments of monthly retirement income, in the monthly amount

that was being credited to the DROP Participant's DROP Account at the end of the DROP Participation Period, and as provided under the form of payment elected in the DROP Participant's application for the DROP.

(b) **Payment.** The DROP Participant shall also receive payment of the DROP Account balance as of the end of the DROP Participation Period.

C.12 **Manner of Payment.**

(a) **Lump-Sum Payment.** Unless elected otherwise by a DROP Participant, payment of the DROP Account balance shall be made in a lump sum to the DROP Participant as soon as administratively feasible after the end of the DROP Participation Period and the DROP Participant's termination from County employment.

(b) **Payment in Cash; Exception.** The lump-sum payment under Section C.12(a) shall be made in cash to the DROP Participant or paid by transfer or direct rollover for the DROP Participant's benefit to an "eligible retirement plan" (as defined under Section 6.4(a)(2) of the Plan), as elected by the DROP Participant. Selection of the eligible retirement plan and the tax consequences of a transfer or direct rollover under Section C.12(b) are the sole responsibility of the DROP Participant and, upon transfer or direct rollover of the DROP Account balance to the eligible retirement plan, the County has no further obligation regarding the DROP Account balance credited to the DROP Participant.

C.13 **Retiree Health Care.**

(a) If the DROP Participant so elects at the expiration of the DROP Participation Period, health care as provided by the County's retiree health plan will begin for the DROP Participant.

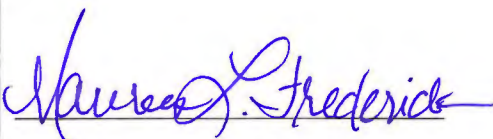
(b) If applicable, additional service during the DROP Participation Period will be credited toward the retiree subsidy for retiree health benefits.

C.14 **Future Employment.** Once a Participant is enrolled as a DROP Participant, he or she shall not be eligible to participate at any time thereafter in the Plan. But his or her participation in the DROP shall not prevent the Participant's subsequent participation in any other retirement plan of the County if the Participant satisfies that plan's eligibility requirements.

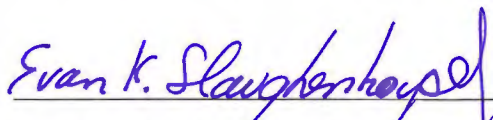
DONE, this 10th day of February, 2018, by the Board of County Commissioners of Calvert County, Maryland, sitting in regular session.

ATTEST:

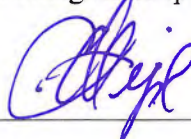
BOARD OF COUNTY COMMISSIONERS
OF CALVERT COUNTY, MARYLAND



Maureen L. Frederick, Clerk

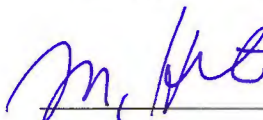


Evan K. Slaughenhaupt, Jr., President



Tom Hejl, Vice President

Approved for Form and Legal
Sufficiency on:

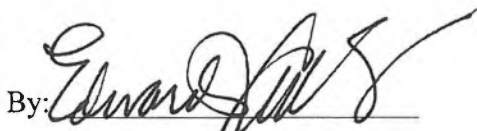


Mike Hart

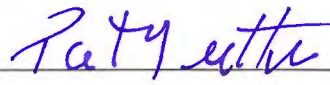
December 21, 2017



Steven R. Weems

By: 

Edward J. Adkins, Plan Attorney



Pat Nutter

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ORDINANCES AND RESOLUTION.

