

**MEMORANDUM OF UNDERSTANDING  
WITH  
FOP AND IAFF**

**Transfer of Leave Balances**

The City of Miami, the Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, having determined that leave balances normally paid upon retirement may be paid with pre-tax dollars, subject to certain IRS Rules, agree to implement the following provisions in the payment of leave balances.

It is agreed by the parties that the value of all accrued leave in the payroll account of any member of FIPO who retires will be transferred by member election to the FIPO Trust at the time of the member's retirement from service with the City.

Accrued leave is defined as accrued sick leave, accrued vacation leave, accrued compensatory leave or other accrued leave normally paid in accordance with the terms of an applicable labor agreement and/or leave payoff practices.

With the exception of the initial implementation of this program, the FIPO member will be required to make the transfer election no later than the year prior to the year in which the employee plans to retire. Failure to make a timely election may result in lump sum accrual pay out to the employee with resultant tax consequences.

Transferred leave balances may be used to pay for the purchase of years of creditable service or transferred to an eligible retirement plan or distributed to a member upon election of one of the following options:

- a) The member may receive a lump sum payment equal to the transferred leave balance, or
- b) The member may elect to transfer an amount equal to his/her transferred leave balance directly to an eligible retirement plan, or
- c) If the FIPO member does not elect to participate in the DROP, the transferred leave balances may be used to purchase years of creditable service in accordance with City Code Section 202(7). If the value of the City's transferred leave balance made on the FIPO member's behalf exceeds the amount necessary to purchase such service, such excess shall be paid to the member in a lump sum.

Any lump sum payments, transfers to an eligible retirement plan or purchases of creditable service made shall be made as soon as practicable following the 15<sup>th</sup> of the month in which the retirement system receives the transferred leave balances from the City. However, if a member on whose behalf the City makes a transferred leave balance to the retirement system fails to elect a distribution option as set out above within 30 days

of the date the member retires or otherwise leaves the service of the City, or such earlier or later time as the FIPO board may determine, the member will be deemed to have elected to receive a lump sum payment equal to the transferred leave balance.

If a member on whose behalf the City makes a transferred leave balance to the retirement system die after he/she retires or otherwise leaves the service of the City, but before he/she makes an election, as provided, or after he/she makes an election under this Section but before an amount equal to the transferred leave balance is paid to him in a lump sum, transferred to an eligible retirement plan or used to purchase years of creditable service, his election of an option, as provided herein, shall be void. In such an event, any person who would have received a death benefit under City Code Section 40-203(h)(1) had the member died in service immediately prior to the date the member retires or otherwise leaves the service of the City, shall be entitled to elect to receive an amount equal to the transferred leave balance in a lump sum payment or, if such person is the member's spouse or former spouse, to have such an amount transferred directly to an eligible retirement plan. If the spouse or former spouse fails to make an election to transfer the funds to an eligible retirement plan within 60 days of the member's death, he or she will be deemed to have elected to receive the amount in a lump sum payment.

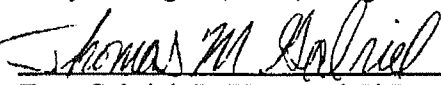
For purposes of this agreement, *earnable compensation*, as defined in City Code Section 40-191, shall not include accrued leave that is included in the employee's transferred leave balance.

For purposes of this agreement, *regular contributions*, as defined in City Code Section 40-191, shall not include transferred leave balances.

This agreement will be effective upon it's execution and implemented as soon as possible.

  
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Tony Rodriguez, FOP, Lodge No. 20

9/27/99  
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Date

  
\_\_\_\_\_  
Tom Gabriel, IAFF, Local 587

9/24/99  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
R. Sue Weller, City of Miami

9/24/99  
\_\_\_\_\_  
Date