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REPLY TO:  
Gainesville Office

TO: The City of North Port, attention: Peter Lear, City Manager

FROM: Donnelly + Gross, P.A.

DATE: October 26, 2017

RE: Proposed technical amendment to the North Port Firefighters' Pension—Local Option Plan for Internal Revenue Code provision on qualified military service.

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In July of this year the Internal Revenue Service extended an offer to the City and Plan to enter a "closing agreement" to issue final routine confirmation of the Plan's tax qualification status. A copy of the closing agreement is attached here. Numerous plans throughout the United States were also called up to make a technical change regarding qualified military service. The IRS asserts the change should have made to this plan (and others) at the end of this past decade. The resolution also includes a \$7,500 non-negotiable sanction.

To this end, the Ordinance must be amended by adding a section that satisfies the Internal Revenue Code and the IRS examiner assigned to this matter. As requested, we have drafted a proposed Ordinance amendment, Section 2-319(i), regarding contributions, benefits, and service credits for qualified military service:

*Military service.* Effective October 1, 2017, notwithstanding any provision of this plan to the contrary, contributions, benefits and service credits with respect to qualified military service will be provided in accordance with section 414(u) of the Internal Revenue Code.

Furthermore, effective January 1, 2007, the survivors of any participant who dies on or after January 1, 2007, while performing qualified military service, are entitled to any additional benefits (other than contributions relating to the period of qualified military service, but including vesting service credit for such period and any ancillary life insurance or other survivor benefits) that would have been provided

under the plan had the participant resumed employment on the day preceding the participant's death and then terminated employment on account of death.

This language has been approved by the IRS examiner. The IRS will issue a favorable determination letter upon the City's adoption of the ordinance amendment. A response to the IRS's closing agreement is due February 1, 2018.

/s/ Paul Donnelly

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