

1 The Finance Committee offers the following Second Substitute to  
2 file no. 2014-386:

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4 Introduced by Council President at the request of the Mayor and  
5 Substituted by the Rules Committee:

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8 **ORDINANCE 2014-386**

9 AN ORDINANCE PERTAINING TO CHAPTER 121 (POLICE  
10 AND FIREFIGHTERS PENSION PLAN), ORDINANCE  
11 CODE; CREATING SECTION 121.101(F); AMENDING  
12 121.107 (D)(CREDIT FOR BROKEN SERVICE,  
13 CONTINUOUS SERVICE, PARTIAL YEARS  
14 TRANSFERABILITY, AND SERVICE AS A FLORIDA  
15 STATE CERTIFIED POLICE OFFICER OR FIRE  
16 FIGHTER); AMENDING SECTION 121.102(E) (POLICE  
17 AND FIRE PENSION PLANS) CREATING A NEW  
18 CATEGORY OF MEMBER KNOWN AS A "GROUP II  
19 MEMBER" BASED UPON A DATE OF HIRE ON OR AFTER  
20 THE PROSPECTIVE EFFECTIVE DATE OF ORDINANCE  
21 2014-386-E AND SECTION 121.113(A)(1),  
22 121.113(A)(2), AND (B) (CALCULATION OF PENSION  
23 CONTRIBUTIONS FOR POLICE AND FIRE PENSION  
24 FUND) REVISING THE CONTRIBUTION PERCENTAGES OF  
25 EXISTING POLICE AND FIRE PENSION PLAN MEMBERS;  
26 CREATING SECTION 121.114 (UNFUNDED ACTUARIAL  
27 LIABILITY; MUTUAL CONTRIBUTIONS) TO OUTLINE  
28 THE MUTUAL OBLIGATIONS OF THE CITY AND THE  
29 POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES  
30 IN ADDRESSING THE UNFUNDED LIABILITY; CREATING  
31 SECTION 121.115 (SUPPLEMENTAL SHARE PLAN);

1 CREATING SECTION 121.116 (BOARD OF TRUSTEES  
2 INVESTMENT AUTHORITY) TO OUTLINE THE  
3 INVESTMENT AUTHORITY OF THE POLICE AND FIRE  
4 PENSION FUND BOARD OF TRUSTEES; CREATING  
5 SECTION 121.117 (EXECUTIVE DIRECTOR  
6 ADMINISTRATOR) TO OUTLINE THE QUALIFICATIONS  
7 FOR FUTURE EXECUTIVE ADMINISTRATORS OF THE  
8 POLICE AND FIRE PENSION FUND; CREATING SECTION  
9 121.118 (USE OF GENERAL COUNSEL) TO OUTLINE  
10 THE POLICE AND FIRE PENSION FUND'S USE OF THE  
11 OFFICE OF GENERAL COUNSEL; AMENDING SECTION  
12 121.201 (RETIREMENT BENEFITS) TO CREATE  
13 SECTION 121.201A FOR "GROUP I MEMBERS" AND TO  
14 CREATE SECTION 121.201B FOR "GROUP II MEMBERS"  
15 TO OUTLINE THE PENSION BENEFITS EXTENDED TO  
16 EACH GROUP, SECTION 121.204 (SURVIVING  
17 SPOUSE'S BENEFITS), SECTION 121.206  
18 (CHILDREN'S BENEFITS), AND SECTION 121.209  
19 (DEFERRED RETIREMENT OPTION PROGRAM (DROP) FOR  
20 GROUP I MEMBERS); CREATING NEW SECTION 121.211  
21 (BACKDROP FOR GROUP II MEMBERS) TO ESTABLISH  
22 THE BACKDROP PROGRAM OF PENSION BENEFITS  
23 EXTENDED TO GROUP II MEMBERS; AMENDING CHAPTER  
24 121 TO CREATE A NEW PART 5 (FINANCIAL  
25 INVESTMENT AND ADVISORY COMMITTEE); AMENDING  
26 CHAPTER 121 TO CREATE A NEW PART 6 (ETHICS,  
27 FIDUCIARY RESPONSIBILITIES AND BEST  
28 PRACTICES); AMENDING ARTICLE 22 (JACKSONVILLE  
29 POLICE AND FIRE PENSION BOARD OF TRUSTEES) OF  
30 THE CHARTER OF THE CITY OF JACKSONVILLE;  
31 PROVIDING FOR RATIFICATION DISCLAIMER;

1 APPROVING THE 2014 RETIREMENT REFORM  
2 AGREEMENT; ATTACHING THE REQUIRED ACTUARIAL  
3 IMPACT STATEMENT; PROVIDING FOR A SUNSET  
4 PROVISION; PROVIDING FOR A PROSPECTIVE  
5 EFFECTIVE DATE OF THE ORDINANCE UNTIL A  
6 PERMANENT FUNDING SOURCE HAS BEEN PROVIDED BY  
7 THE MAYOR AND ENACTED BY ORDINANCE BY THE CITY  
8 COUNCIL; PROVIDING AN EFFECTIVE DATE.

9 **WHEREAS**, the consolidated City of Jacksonville (the "City") has  
10 both a Jacksonville Sheriff's Office and a Jacksonville Fire/Rescue  
11 Department and seeks to continue to offer a retirement Plan to law  
12 enforcement officers and firefighters that will provide appropriate  
13 benefits and be financially stable; and

14 **WHEREAS**, the City seeks to continue to offer a competitive but  
15 financially sustainable retirement Plan to law enforcement officers  
16 and firefighters; and

17 **WHEREAS**, the retirement Plan for Jacksonville law enforcement  
18 officers and firefighters is implemented by the Jacksonville Police  
19 and Fire Pension Fund Board of Trustees (also referred to as the  
20 "JPPFF", "Board" or "Pension Plan"), an independent agency of the  
21 City of Jacksonville created by special act of the Florida  
22 Legislature; and

23 **WHEREAS**, the Jacksonville Association of Firefighters (Local  
24 122, International Association of Firefighters), which is the  
25 collective bargaining agent for all firefighters and their ranked  
26 superiors, and Fraternal Order of Police Lodge 5-30, which is the  
27 collective bargaining agent for all law enforcement officers and  
28 their ranked superiors, hereinafter referred to as the "Unions",  
29 are bargaining units certified in accordance with Florida law that  
30 presented waivers as to their right to collective bargaining on  
31 pension benefits; and

1           **WHEREAS**, The Agreement, hereinafter known as the 2014  
2 Agreement or Agreement, supersedes and replaces a series of  
3 agreements commonly known as the "30 Year Settlement Agreement";  
4 and

5           **WHEREAS**, the City and the Board (collectively referred herein  
6 as "the Parties") have a shared desire to resolve those certain  
7 outstanding retirement issues as set forth herein for the benefit  
8 of taxpayers and Board members; and

9           **WHEREAS**, the Parties recognize and agree that it is in the  
10 best interest of the members of the Board as well as the citizens  
11 of the City of Jacksonville that those certain outstanding disputes  
12 as related to the provisions herein be comprehensively and fully  
13 resolved, without the need for further litigation; and

14           **WHEREAS**, the Parties represent that they will in good faith,  
15 present and support the terms of the 2014 Pension Reform Agreement  
16 (**attached hereto as Third Revised Exhibit 1**, labeled as "Third  
17 Revised Exhibit 1, Third Rev Agmt, December 2, 2014 - Finance") to  
18 their respective elected and/or appointed officials and use their  
19 best efforts to obtain the approval of said officials necessary for  
20 the implementation of the 2014 Pension Reform Agreement; and

21           **WHEREAS**, the Agreement and adoption of the ordinances  
22 suggested therein will save the City of Jacksonville taxpayers at  
23 least \$1.5 billion over the next 35 years; and

24           **WHEREAS**, the Parties agree to resolve these matters on the  
25 terms and conditions set forth in the Agreement; and

26           **WHEREAS**, all prior settlement agreements between the Parties  
27 and all amendments thereto are superseded and replaced by the terms  
28 and conditions set forth pursuant to the terms of this Agreement;  
29 and

30           **WHEREAS**, the Parties have agreed that the so-called "Thirty  
31 Year Agreement", which includes all prior settlement agreements

1 between the Parties and all amendments thereto (i.e., 2000-1164-E,  
2 2003-303-E, 2003-1338-E, and 2006-508-E), is superseded and  
3 replaced by this Agreement, which will expire ten years after the  
4 prospective effective date of this agreement, except for the  
5 provisions in the 2014 Agreement labeled "Governance of the Police  
6 and Fire Pension Fund," which will expire on September 30, 2030,  
7 and nothing herein shall be construed as ratification or approval  
8 of the "Thirty Year Agreement"; and

9 **WHEREAS**, upon the approval of the Agreement by both the Board  
10 and the City (inclusive of City Council and the Mayor), the  
11 Plaintiffs and Cross-Claim Plaintiff will file an agreed upon  
12 consent judgment in Randall Wyse, et al. vs. City of Jacksonville,  
13 et al., Case No.: 3:13-cv-121-J-34MCR; and

14 **WHEREAS**, the City of Jacksonville shall withdraw its impasse  
15 notices before the Florida Public Employees Relations Commission  
16 associated with 2012 pension negotiations with the Fraternal Order  
17 of Police, Lodge 5-30 and the Jacksonville Association of Fire  
18 Fighters, Local 122, case numbers SM-2012-078 and SM-2012-092  
19 respectfully; and

20 **WHEREAS**, the City Council, for the benefit of all parties,  
21 seeks to amend the ordinance code in order to incorporate some of  
22 the provisions of the Agreement; and

23 **WHEREAS**, the Agreement provides for the amendment of the  
24 Ordinance Code and Charter as necessary the issues resolved in the  
25 Agreement; now, therefore,

26 **BE IT ORDAINED** by the Council of the City of Jacksonville:

27 **Section 1. Part 1, Chapter 121, Ordinance Code Amended; New**  
28 **Section 121.101 (f) created; Sections 121.102(e), 121.107(d) and**  
29 **121.113 Amended; Sections 121.114, 121.115, 121.116, 121.117 and**  
30 **121.118 Created.** Part 1, Chapter 121, *Ordinance Code*, is hereby  
31 amended; Sections 121.101(f), 121.102(e), 121.107(d) and 121.113,

1 Ordinance Code, are hereby amended, and Sections 121.114, 121.115,  
2 121.116, 121.117 and 121.118, Ordinance Code, are hereby created,  
3 to read as follows:

4 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

5 **PART 1. POLICE AND FIRE PENSION FUND ADMINISTRATION**

6  
7 **Sec. 121.101. Control and Administration of Police and Fire**  
8 **Pension Fund.**

9 \* \* \*

10 (f) From and after the prospective effective date of Ordinance  
11 2014-386-E, the Board shall not engage in the determination of  
12 pension benefits and shall leave the negotiation and future  
13 modification of pension benefits to elected City officials and  
14 certified bargaining agents. Nothing in this section shall be  
15 construed to impair the rights provided under Article 1, Section 6  
16 of the Florida Constitution or Chapter 447, Florida Statutes. All  
17 subjects of collective bargaining including but not limited to  
18 pension or retirement benefits shall be subject to the requirements  
19 of Chapter 447, Florida Statutes. The City and any authorized  
20 certified bargaining agent shall have the rights and be subject to  
21 the provisions of Chapter 447, Florida Statutes, including but not  
22 limited to the requirement for negotiations, the term limitation  
23 set forth in Section 447.309(5), Florida Statute, and the impasse  
24 process. The City retains all rights to unilaterally take action  
25 that alters benefits (pension or otherwise) as authorized under  
26 Florida law. Nothing herein shall be construed to waive the City's  
27 or the certified bargaining agent's right to demand collective  
28 bargaining as authorized under Florida law.

29 **Sec. 121.102. Police and Fire Pension Plans.**

30 \* \* \*

31 (e) Definitions of Membership Classes:

1 (1) Members: Are employees of the City of Jacksonville who  
2 have enrolled in the Police and Fire Pension Plan and are  
3 contributing to the Plan through payroll deduction and are either  
4 classified as Group I Members or Group II Members.

5 (2) Group I Members: Are employees of the City of Jacksonville  
6 who were hired by the City for full time employment prior to the  
7 prospective effective date of Ordinance 2014-386-E and who have  
8 enrolled in the Police and Fire Pension Plan and are contributing  
9 to the Plan through payroll deduction.

10 (3) Group II Members: Are employees of the City of  
11 Jacksonville who are hired by the City for full time employment on  
12 or after the prospective effective date of Ordinance 2014-386-E and  
13 who have enrolled in the Police and Fire Pension Plan and are  
14 contributing to the Plan through payroll deduction.

15 (4) Group I Retirees: Are former Group I Members who are  
16 retired under the terms of the Plan.

17 (5) Group II Retirees: Are former Group II Members who are  
18 retired under the terms of the Plan.

19 (26) Qualified Members: Are ~~Group I Members~~ ~~employees of the~~  
20 City who have elected to participate in the deferred retirement  
21 option program under Section 121.209.

22 (37) Beneficiary or Beneficiaries: Are (i) with respect to  
23 Group I Members, former active Group I Members who have completed  
24 five or more years of credited service as active members and have  
25 either (1) vested their service for deferred retirement (Inactive  
26 Beneficiary) or (2) have met time and service requirements for  
27 retirement, or are retired as totally and permanently disabled  
28 while an active member, or anyone receiving benefits as a surviving  
29 spouse or minor child of a member (Active Beneficiary); or (ii)  
30 with respect to Group II Members, former active Group II Members  
31 who have completed ten or more years of credited service as active

1 members and have either (1) vested their service for retirement or  
2 (2) have met time and service requirements for retirement, or are  
3 retired as totally and permanently disabled while an active member,  
4 or anyone receiving benefits as a surviving spouse or minor child  
5 of a member (Active Beneficiary). In the case of the distribution  
6 of DROP benefits for Group I Members, the estate of the Qualified  
7 Member or former Qualified Member may also be considered to be a  
8 beneficiary in the event that there is no surviving spouse.

9 \* \* \*

10 **Sec. 121.107. Credit for broken service, continuous service,**  
11 **partial years transferability, and service as a Florida State**  
12 **Certified Police Officer or Fire Fighter.**

13 \* \* \*

14 (d) Any active Member of the Police and Fire Pension Fund who is  
15 not a retiree and who has not attained vested status under any  
16 other governmental retirement system shall be entitled to  
17 purchase time service credit for up to five years of full time  
18 employment as a Police Officer under the provisions of F.S.  
19 Ch. 943, or as a certified Fire Fighter under the provisions  
20 of F.S. Ch. 633. Notwithstanding the preceding sentence, any  
21 active member of the Police and Fire Pension Fund who is not a  
22 retiree and seeks to purchase time service credit as a Police  
23 Officer under the provisions of F.S. Ch. 943, or as a  
24 certified Fire Fighter under the provisions of F.S. Ch. 633,  
25 under this paragraph for service with another government in  
26 Duval County, shall be entitled to purchase up to 5 years of  
27 such time service credit provided such service has not been  
28 used for entitlement for benefits under any other pension  
29 system. To be entitled to pension credit, a Member shall make  
30 application to the Board at any time prior to retirement.  
31 Furthermore, the employee shall pay into the Pension Fund a



1 sum equal to 20 percent of his or her current monthly salary  
2 multiplied by the number of months (60 months maximum) for  
3 which credit is being sought, on such terms as the Board shall  
4 determine.

5 \* \* \*

6 **Sec. 121.113 Calculation of pension contributions for Police**  
7 **and Fire Pension Fund.**

8 The Pension Fund created by Laws of Fla. Ch. 18615 (1937), as  
9 amended, shall consist of moneys derived as follows:

10 (a) Salary Deductions.

11 (1) Group I Members. A deduction of ~~seven~~ eight percent  
12 per annum, plus an additional two percent subject to the conditions  
13 described within (i) and (ii) below, from all salaries (base  
14 salary, longevity, City college incentive, enhanced certification  
15 pay, emergency operation and hazardous duty pay; shift  
16 differential, and "upgrade" pay; and excluding all overtime, state  
17 incentive pay, reimbursed expenses and allowances such as  
18 cleaning/clothes allowances, and payments for unused accrued time),  
19 of all ~~members of the Police and Fire Departments participating in~~  
20 ~~this fund, or who will become members hereafter~~ Group I Members, to  
21 be deducted in installments from each periodical paycheck of each  
22 of these members Group I Member., ~~together with a sum equal to not~~  
23 ~~less than the minimum recommended contribution in the most recent~~  
24 ~~actuarial valuation of the fund expressed as a percent per annum of~~  
25 ~~all salaries (as defined above) of all members of the Police and~~  
26 ~~Fire Departments participating in this fund according to the amount~~  
27 ~~thereof as set up in the current budget in each year hereafter,~~  
28 ~~together with such additional sums as may be necessary to~~  
29 ~~administer this fund, which two latter amounts shall be designated~~  
30 ~~by the Board and certified to the Council for each fiscal year, and~~  
31 ~~the Council shall thereupon place the amount so designated in the~~

1 ~~budget for the succeeding year and levy a tax therefor, if~~  
2 ~~necessary; except that the City may in good faith challenge the~~  
3 ~~City contribution designated by the Board. In the event of such a~~  
4 ~~challenge, the Board's actuary and City's actuary shall agree on an~~  
5 ~~impartial third actuary who shall resolve all disputes between the~~  
6 ~~actuaries and whose decision shall be binding and final as between~~  
7 ~~the Board and the City. The foregoing eight percent deduction shall~~  
8 ~~be increased by two percent as follows:~~

9 (i) For Fire Members: On October 1, 2010, fire Members  
10 received a general wage reduction of two percent. (See Agreement  
11 Between the City of Jacksonville and the International Association  
12 of Firefighters Local 122, October 1, 2009 through September 30,  
13 2012.) In the first pay period, after the prospective effective  
14 date of Ordinance 2014-386-E, which reflects a total general wage  
15 increase of at least two percent over the general wages in effect  
16 for fire Members as of October 1, 2010 (an increase which fully  
17 restores the general wage reduction of October 1, 2010) the fire  
18 Member's salary deduction will simultaneously increase to ten  
19 percent.

20 (ii) For Police Members: On January 1, 2012, police Members  
21 received a general wage reduction of three percent. (See Agreement  
22 Between the City of Jacksonville and the Fraternal Order of the  
23 Police, October 1, 2011 through September 30, 2014.) In the first  
24 pay period, after the prospective effective date of Ordinance 2014-  
25 386-E, which reflects a total general wage increase of at least two  
26 percent over the general wages in effect for police Members as of  
27 January 1, 2012 (an increase which fully restores two percent of  
28 the January 1, 2012 three percent general wage reduction) the  
29 police Member's salary deduction will simultaneously increase to  
30 ten percent.

1           (2) Group II Members. A deduction of ten percent per  
2 annum from all salaries (base salary, longevity, City college  
3 incentive, enhanced certification pay, emergency operation and  
4 hazardous duty pay; shift differential(provided that, the shift pay  
5 included in the calculation may not exceed 125 percent of the shift  
6 pay earned during the five years prior to the beginning of the  
7 130th pay period immediately preceding retirement, adjusted for  
8 promotion), and upgrade pay; and excluding all overtime, state  
9 incentive pay, reimbursed expenses and allowances such as  
10 cleaning/clothes allowances, and payments for unused accrued time),  
11 of all Group II Members, to be deducted in installments from each  
12 periodical paycheck of each Group II Member. The foregoing ten  
13 percent per annum salary deduction shall also apply during the  
14 BACKDROP period described in Section 121.211 for all eligible Group  
15 II Members who elect the BACKDROP.

16           (b) The City shall contribute a sum equal to an amount not  
17 less than the minimum recommended contribution in the most recent  
18 actuarial valuation of the fund expressed as a percent per annum of  
19 all salaries (as defined above) of all members of the Police and  
20 Fire Departments participating in this fund according to the amount  
21 thereof as set up in the current budget in each year hereafter,  
22 together with such additional sums as may be necessary to  
23 administer this fund, which two latter amounts shall be designated  
24 by the Board and certified to the Council for each fiscal year, and  
25 the Council shall thereupon place the amount so designated in the  
26 budget for the succeeding year and levy a tax therefor, if  
27 necessary; except that the City may in good faith challenge the  
28 City contribution designated by the Board. In the event of such a  
29 challenge, the Board's actuary and City's actuary shall agree on an  
30 impartial third actuary who shall resolve all disputes between the

1 actuaries and whose decision shall be binding and final as between  
2 the Board and the City.

3 (bc) Notwithstanding the deduction provided in subsection  
4 (a)(1) of this Section, a deduction of two percent per annum shall  
5 be made from all salaries (as defined in Section 121.113(a)(1)) of  
6 Qualified Members in Group I who elect to participate in the  
7 deferred retirement option program, with such amount being credited  
8 to the Pension Fund's Ordinance 91-1017-605, Base Benefit Fund ~~from~~  
9 ~~qualified members who elect to participate in the Deferred~~  
10 ~~Retirement Option Program.~~

11 (ed) In addition to the above described pension  
12 contributions, the fund shall receive all proceeds from the sale of  
13 surplus, lost, abandoned and unclaimed property held by the Office  
14 of the Sheriff, 30 percent of fines and court costs from charges of  
15 violations heard in County Court and 30 percent of all parking  
16 fines.

17 (de) The contributions made by each employee hereunder,  
18 effective January 1, 1988, shall be designated as City  
19 contributions pursuant to Section 414(h)(2) of the Internal Revenue  
20 Code of 1986, as amended. Such designation is contingent upon the  
21 contributions being excluded from the employee's gross income for  
22 federal income tax purposes. The City's Section 414(h)(2)  
23 contributions for each employee, effective January 1, 1988, shall  
24 be considered as the employee's accumulated contributions subject  
25 to refund under this subsection and to be taxable on return to the  
26 employee either in a retirement allowance or upon refund at  
27 termination pursuant to Section 72 or 402, IRC, as amended.

28 (ef) The application of the employer pick up provisions of  
29 section 414(h)(2) of the Internal Revenue Code, as described above  
30 in 121.113(e) shall also extend to elective contributions made by  
31 payroll deduction installment payments for the purpose of securing

1 service credit for prior service or additional service. As used  
2 herein, "elective contributions" shall include contributions  
3 initiated under conditions wherein, (i) a member is eligible to  
4 purchase credit for prior service under 121.107, ~~or~~ (ii) a former  
5 member who received a refund of contributions previously made to  
6 the fund who was subsequently rehired and again becomes a member  
7 and elects to repurchase such prior broken service under 121.107,  
8 or (iii) a member who is eligible to purchase service as a police  
9 officer or firefighter within the State of Florida under  
10 121.107(d), or (iv) a member who is eligible to purchase additional  
11 permissive service credit for wartime military service under  
12 121.208. However, direct payments made by the member for elective  
13 contributions shall not qualify under the pick-up provisions. In  
14 order to qualify for pre-tax treatment under Section 414(h)(2),  
15 elective contributions paid via payroll deduction installment  
16 payments must be made pursuant to the completion of a binding  
17 irrevocable payroll authorization executed by the member. Such  
18 employee contributions made through payroll deduction will be  
19 picked up and paid by the City with the member having no option of  
20 receiving such picked up amounts directly instead of having such  
21 amounts contributed to the fund. The payroll deduction  
22 authorization will state the number of pay periods during which the  
23 deduction(s) will be made, the dollar amount of the deduction(s),  
24 and that the plan will not accept direct payments from the member  
25 while the payroll deduction is in effect.

26 (fg) For purposes of purchasing time service credits (or  
27 "elective contributions" as defined in 121.113(f)), the fund will  
28 additionally allow the lump sum amount of such purchases or  
29 "elective contributions" to be alternatively made in the form of  
30 the acceptance of a direct rollover of an eligible rollover  
31 distribution from one or more of the providers of the Deferred

1 Compensation Plan administered by the City under Section 457 of the  
2 I.R.C. effective January 1, 2002.

3 **Sec. 121.114. Unfunded Actuarial Liability; Mutual**  
4 **Contributions; Florida Premium Tax Dollars.**

5 (a) As of the prospective effective date of Ordinance 2014-  
6 386-E, the Police and Fire Pension Fund has an unfunded actuarial  
7 liability. In order to begin alleviating such liability,  
8 contributions shall be made by both the Board of Trustees and the  
9 City, with each contribution contingent upon the other contribution  
10 being made.

11 (b) Within 30 days following the prospective effective date of  
12 Ordinance 2014-386-E, the Board will apply the entire balances in  
13 the Enhanced Benefits Account and the City Budget Stabilization  
14 Account to reduce the unfunded actuarial accrued liability of the  
15 Plan. As of October 1, 2013, the total balance of both accounts was  
16 \$60,915,907.00; however, the amount applied pursuant to this  
17 section will be the actual balances of both accounts on the  
18 prospective effective date of Ordinance 2014-386-E, but shall not  
19 be less than \$60,915,907.00.

20 (c) Subject to implementation of a permanent funding source  
21 in accordance with Section 12, herein and beginning with the first  
22 fiscal year commencing after the prospective effective date of  
23 Ordinance 2014-386-E and ending ten fiscal years later or when the  
24 fund reaches an 80% funded status, whichever is sooner, the City  
25 shall contribute \$40 million annually as an additional unfunded  
26 liability payment; provided, the application of the balances in the  
27 Enhanced Benefits Account and City Budget Stabilization Account  
28 provided in paragraph (b) shall reduce the City's contributions  
29 under this paragraph (c).

30 (d) The Florida Premium Tax Dollars (i.e., Chapter 175/185  
31 Funds) will be allocated as follows: Beginning with the first

1 fiscal year commencing after the prospective effective date of  
2 Ordinance 2014-386-E and ending seven fiscal years later, Board  
3 shall annually allocate all Chapter 175/185 Funds, minus the  
4 Chapter 175/185 funds used to provide the holiday bonus, at the  
5 City's discretion for the benefit of the Plan, including without  
6 limitation to fund base benefits, reduce the unfunded actuarial  
7 accrued liability, or mitigate the City's annual required  
8 contribution to the Plan. (As used herein, "holiday bonus" refers  
9 to the annual discretionary Chapter 175/185 Fund bonus payment).

10 (e) (1) The contributions in subsection (c) and (d) shall be  
11 contingent upon the other party making the payment noted in each  
12 subsection. Should the contribution in subsection (c) or (d) be  
13 less than that set forth in subsection (c) or (d), then the other  
14 contribution shall be reduced pro rata.

15 (2) In any fiscal year in which the City does not make  
16 the contribution set forth in subsection (c), the Board may use the  
17 Chapter 175/185 funds to either: (i) pay down the unfunded  
18 liability as a contribution above those otherwise required or  
19 (ii) fund a share plan as established in Section 121.115 or (iii)  
20 pay the holiday bonus. (As used herein, "holiday bonus" refers to  
21 the annual discretionary Chapter 175/185 Fund bonus payment  
22 identified in City Ordinance 2006-508-E.) The share plan created  
23 herein will be governed by the rules and regulation in Section  
24 121.115. The share plan will remain unfunded until the  
25 requirements outlined in this section have been met.

26 (3) After the Seventh fiscal year after the prospective  
27 effective date of Ordinance 2014-386-E, the Board may use the  
28 Florida Premium Tax Dollars to either: (i) pay down the unfunded  
29 liability as a voluntary contribution or (ii) fund a share plan  
30 as established in Section 121.115 or (iii) pay the holiday bonus.  
31 (As used herein, "holiday bonus" refers to the annual

1 discretionary Chapter 75/185 Fund bonus payment identified in  
2 City Ordinance 2006-508-E.)

3 (f) As an alternative to the provisions of subsection (c), the  
4 City may, at any time, contribute an additional unfunded liability  
5 payment in an amount equal to the then equivalent present value of  
6 payments due and owing under subsection (c).

7 **Sec. 121.115. Supplemental Share Plan.**

8 (a) Supplemental share plan retirement benefit. A supplemental  
9 share plan retirement benefit ("Share Plan") is hereby created. The  
10 Share Plan shall consist of an individual share account for each  
11 active police officer or firefighter ("Participant") on or after  
12 the prospective effective date of Ordinance 2014-386-E. The sole  
13 source of funds for the Share Plan shall be Florida Premium Tax  
14 Dollars (i.e., Chapter 175/185 Funds) distributed pursuant to  
15 Section 121.114. The Board may deposit into the Share Plan only  
16 those monies identified in Section 121.114(e)(3) and only when in  
17 conformance with the requirements of Section 121.114(d) and (e).  
18 The Share Plan shall remain dormant until such time as the Board  
19 makes its first deposit pursuant to Section 121.114(e)(3).

20 (b) Participant Share Plan accounts shall be credited with  
21 premium tax revenues and investment earnings or losses, and  
22 interest, and distributed as follows:

23 (c) Annual crediting. Effective January 1 after the first year  
24 in which the Board has made its first contribution to the Share  
25 Plan pursuant to Section 121.114(e)(3) and each January 1  
26 thereafter, the Share Plan account of each active Participant on  
27 the city's payroll as of the preceding September 30th shall be  
28 credited as follows: Each active Participant who was employed on  
29 the preceding September 30th shall receive one share for the plan  
30 year ending on the same September 30th. The total number of shares  
31 thus determined shall be divided into the premium tax revenues



1 received by the Share Plan during that plan year to determine the  
2 amount to be credited to the Share Plan account of each eligible  
3 Participant. Participants who had less than one year of service on  
4 September 30<sup>th</sup> shall receive prorated shares for each full month of  
5 service based on their partial year of service prior to September  
6 30. Chapter 175 premium taxes shall be separately distributed to  
7 firefighter Participants and Chapter 185 premium taxes shall be  
8 separately distributed to police officer Participants.

9 (d) *Investment earnings and losses, or interest.* Effective the  
10 first January 1 after the Board makes its first contribution to the  
11 Share Plan, and each January 1 thereafter, the Share Account of  
12 each active Participant shall be credited or debited with earnings  
13 or losses based upon the amount in the Share Account at the close  
14 of the immediately preceding calendar year at a rate equal to the  
15 pension plan's actual net rate of investment return for the  
16 preceding plan year.

17 (e) *Distribution of share accounts.* A Participant with ten  
18 (10) or more years of credited service with the City, upon  
19 termination of creditable service employment, shall be eligible to  
20 receive a distribution of 100 percent of the balance in his or her  
21 Share Account, together with all earnings and losses and interest  
22 credited to the Share Account through the date of termination of  
23 employment. No benefit shall be payable to a Participant who  
24 terminates creditable service employment with fewer than ten (10)  
25 years of credited service. The Share Account balances of such non-  
26 vested terminated members shall be redistributed among all eligible  
27 Participants' Share Accounts in the same manner as premium tax  
28 revenues in the following calendar year. The designated beneficiary  
29 of a Participant who has died shall receive the accumulated total  
30 of their Share Account balance. A Participant awarded a disability  
31 pension from the pension plan shall receive the accumulated total

1 of their Share Account balance. Payment of Share Account benefits  
2 shall be by lump sum, which shall consist of the accumulated total  
3 balance of the active Participant's Share Account, or, at the  
4 Participant's direction, the Share Account balance may be rolled  
5 over to another qualified plan in accordance with the Internal  
6 Revenue Code, with an additional payment made for any amount  
7 credited in the year following termination of employment.

8 **Sec. 121.116. Board of Trustees' Investment Authority.**

9 (a) The Board of Trustees is authorized to invest and reinvest  
10 the assets of the Pension Fund in any lawful investment as provided  
11 in applicable provisions of s.112.661, 175.071, 185.06, 215.47,  
12 Florida Statutes, and, is further authorized to invest in  
13 alternative investments, alternative investment vehicles and  
14 portfolio positions, as those terms are defined in this section.

15 (b) Investments in hedge funds are prohibited.

16 (c) No investment shall be permitted except pursuant to a  
17 written investment policy adopted by the Board of Trustees as  
18 provided in chapter 112, part VII, Florida Statutes. Prior to the  
19 adoption of any change in asset allocation or the introduction of a  
20 new asset class, the Board of Trustees shall give 10 days written  
21 notice of the meeting at which the proposed change shall be  
22 considered to the City Council Finance Committee.

23 (d) For the purposes of this section, the following terms have  
24 the following definitions:

25 (1) "Alternative investment" means an investment by the  
26 Board of Trustees in a private equity fund to include all of the  
27 private equity sub-strategies, including venture capital,  
28 distressed investing, private debt/mezzanine debt, private real  
29 assets/natural resources/energy, venture fund, or distress fund or  
30 a direct investment in a portfolio company through an investment  
31 manager or general partner.

1           (2) "Alternative investment vehicle" means the limited  
2 partnership, limited liability company, or similar legal structure  
3 or investment manager through which the board invests in a  
4 portfolio company.

5           (3) "Portfolio company" means a corporation or other  
6 issuer, any of whose securities are owned by an alternative  
7 investment vehicle or the Board of Trustees and any subsidiary of  
8 such corporation or other issuer.

9           (4) "Portfolio positions" means individual investments in  
10 portfolio companies which are made by the alternative investment  
11 vehicles.

12           (5) "Proprietor" means an alternative investment vehicle,  
13 a portfolio company in which the alternative investment vehicle is  
14 invested.

15           (e) The Board of Trustees is authorized to make the same  
16 investments the General Employee Pension Fund or the Correctional  
17 Officers Pension Fund are permitted to make.

18           **Sec. 121.117. Executive Director-Administrator.**

19           (a) The selection of any Executive Director-Administrator of  
20 the Jacksonville Police and Fire Pension Fund Board of Trustees  
21 shall be governed by a professional process subject to Florida law  
22 in which the candidate shall be selected by the Board using the  
23 City Employee Services Department's search and selection processes,  
24 and, if necessary, utilizing the assistance of an executive search  
25 firm retained by the Board of Trustees. A salary and benefits  
26 survey should be conducted prior to advertising for the position in  
27 order to establish a compensation level comparable to funds of  
28 similar size and complexity to the Fund. In addition to the  
29 requirements of applicable law, candidates will be required to have  
30 a minimum of five years of pension administration or institutional  
31 investment experience, expertise in the oversight of investment

1 portfolios, and a degree in finance, economics, accounting or a  
2 related area of study from an accredited university. Comparable  
3 experience administering the activities of a state or local public  
4 pension plan will also be considered. Candidates who are CPAs or  
5 who have a JD, MBA or CFA degree will be preferred. This section  
6 shall not apply to anyone holding the position of Executive  
7 Director-Administrator at the time of the enactment of this  
8 section.

9 (b) As part of the selection of any future Board of Trustees'  
10 Executive Director-Administrator, the aggregate compensation of the  
11 Executive Director-Administrator shall be determined in accordance  
12 with the market analysis of comparably-sized public pension plans  
13 as noted in subsection (a). The City and Board of Trustees shall  
14 ensure that any future Executive Director-Administrator and any  
15 senior management employee shall be placed in either the City  
16 General Employees' Pension Fund or a defined contribution plan with  
17 the Board of Trustees' employer contribution subject to the limits  
18 of federal law.

19 **Sec. 121.118. Use of General Counsel.** The parties agree that  
20 while the Charter gives the Board the authority to employ separate  
21 legal counsel, the City's Office of General Counsel (the "OGC") is  
22 the proper source for legal representation on routine matters  
23 (e.g., open records, public meetings, and other ordinary legal  
24 issues). The parties acknowledge and agree that separate counsel is  
25 and will be necessary regarding investments, pension and/or  
26 retirement related matters. The Board and the OGC shall consult on  
27 needs for separate counsel for other specific purposes. The parties  
28 agree that the current legal counsel structure and fees is  
29 reasonable and appropriate. In the event that parties should in the  
30 future be unable to agree regarding the selection or use of  
31 separate legal counsel nothing contained in this provision is

1 intended to be nor should be construed as a waiver of any rights  
2 either party may otherwise have under the Charter or Florida Law.

3 **Section 2. Part 2, Chapter 121 Amended; Section 121.201**  
4 **Amended; Sections 121.201A and 121.201B Created; Sections 121.204,**  
5 **121.206 and 121.209 Amended; Section 121.211 Created.** Part 2,  
6 Chapter 121, *Ordinance Code*, is hereby amended; Section 121.201,  
7 *Ordinance Code*, is hereby amended; Sections 121.201A and 121.201B,  
8 *Ordinance Code*, are hereby created; Sections 121.204, 121.206 and  
9 121.209, *Ordinance Code*, are amended; and Section 121.211,  
10 *Ordinance Code*, is hereby created; to read as follows:

11 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

12 **PART 2. PENSION BENEFITS**

13 **Sec. 121.201. Retirement benefits.**

14 Notwithstanding any provisions to the contrary in Chapter 18615,  
15 Laws of Fla. Ch. 18615 (1937), ~~and to provide for an increase in~~  
16 ~~the benefits thereby provided:~~ retirement benefits shall be as  
17 defined and set forth in Section 121.201A and Section 121.201B.

18 ~~(a) Time service retirement. Members shall be entitled to a time~~  
19 ~~service retirement benefit equal to a maximum of 80 percent of the~~  
20 ~~average salary (as defined in Section 121.113 (a)) received by the~~  
21 ~~member for the 52 pay periods immediately preceding the time of~~  
22 ~~retirement, upon the completion of 30 years of credited service.~~  
23 ~~For each year prior to the thirtieth year of service that a member~~  
24 ~~retires, the 80 percent retirement benefit shall be reduced by two~~  
25 ~~percent, of the average salary (as defined in Section 121.113 (a))~~  
26 ~~received by the member for the 52 pay periods immediately preceding~~  
27 ~~the time of retirement, with the minimum normal retirement benefit~~  
28 ~~being 60 percent after completion of 20 years of credited service.~~

29 ~~(b) Disability retirement.~~

30 ~~(1) Any member, who prior to reaching the minimum normal retirement~~  
31 ~~becomes permanently and totally disabled from useful and efficient~~

1 ~~service as a police officer or firefighter, as established by~~  
2 ~~competent medical evidence, shall be entitled to a disability~~  
3 ~~retirement. The disability retirement benefit shall be equal to 60~~  
4 ~~percent of the average salary received by the member for the 52 pay~~  
5 ~~periods immediately preceding the time of disability retirement.~~  
6 ~~The Board shall establish the effective date on which the~~  
7 ~~disability benefit shall commence. The Board shall, by rule,~~  
8 ~~establish procedures for the examination of applicants for~~  
9 ~~disability retirement, for the conduct of disability retirement~~  
10 ~~hearings, for review of said hearings by a court of competent~~  
11 ~~jurisdiction, and reexamination of retirees on disability pension.~~  
12 ~~In the event the application for a disability pension is denied by~~  
13 ~~the Board, then a new application for the same disability cannot be~~  
14 ~~filed by the member within six months of the denial.~~

15 ~~(2) Any member of the pension funds created by these acts who has~~  
16 ~~been in the service of the City for a period of time equal to the~~  
17 ~~minimum time necessary for time service retirement or more and~~  
18 ~~becomes permanently and totally disabled from useful and efficient~~  
19 ~~service shall be entitled to the same rate of pension benefit~~  
20 ~~calculation of the average salary (as defined in Section 121.113~~  
21 ~~(a)) received by the member for the 52 pay periods immediately~~  
22 ~~preceding the time of disability retirement as those members of his~~  
23 ~~pension plan who retire on time service retirement. Any member who~~  
24 ~~elects to retire under a disability pension as provided in this~~  
25 ~~Section shall be required to meet the same requirements for a~~  
26 ~~disability pension as are required for any other member of the~~  
27 ~~respective fund requesting a disability retirement. The Board shall~~  
28 ~~establish the effective date on which the disability benefit shall~~  
29 ~~commence.~~

30 ~~(3) In applying the provisions of this Section, the adjustment~~  
31 ~~supplement described in 121.201 (d)(2) that is calculated for the~~

1 benefit of a member and a surviving spouse shall be based upon the  
2 actual years of credited service, subject to the minimum and  
3 maximum provisions, rendered by the member.

4 ~~(4) The Board shall establish the effective date on which the~~  
5 ~~disability benefit shall commence. The Board shall, by rule,~~  
6 ~~establish procedures for the examination of applicants for~~  
7 ~~disability retirement, for the conduct of disability retirement~~  
8 ~~hearings, for review of said hearings by a court of competent~~  
9 ~~jurisdiction, and re-examination of retirees on disability pension.~~

10 ~~In the event the application for a disability pension is denied by~~  
11 ~~the Board, a new application for the same disability cannot be~~  
12 ~~filed by the member within six months of the denial.~~

13 ~~(c) Vested retirement benefits.~~

14 ~~(1) Members who terminate employment on or after the effective date~~  
15 ~~of this Ordinance with five or more years of credited service and~~  
16 ~~are not otherwise eligible to retire, are eligible to receive~~  
17 ~~either a deferred retirement benefit of three percent of the~~  
18 ~~average salary received by the member for the 52 pay periods~~  
19 ~~immediately preceding the date of vesting, for each year of~~  
20 ~~credited service prior to the date of vesting, to commence on the~~  
21 ~~date the member would have been eligible to receive minimum time~~  
22 ~~service benefits or be paid a refund of 100 percent of member~~  
23 ~~contributions to the Plan without interest. Within 30 days of a~~  
24 ~~member leaving the payroll prior to normal service retirement, the~~  
25 ~~member must make the election in writing to either vest or the~~  
26 ~~refund will be issued automatically. Acceptance of the refund of~~  
27 ~~employee contributions constitutes an irrevocable waiver of all~~  
28 ~~rights to benefits from the Plan.~~

29 ~~(2) In the event that the Member who is entitled to vested~~  
30 ~~retirement benefits becomes deceased prior to the scheduled date~~  
31 ~~for the commencement of the payment of retirement benefits, the~~

1 ~~surviving spouse and/or children of such Member shall not be~~  
2 ~~entitled to a refund of contributions nor shall they be entitled to~~  
3 ~~the payment of survivors benefits otherwise extended to Members who~~  
4 ~~completed the required number of years of service to become~~  
5 ~~eligible for minimum time service benefits.~~

6 ~~(3) Members who are entitled to receive vested retirement benefits~~  
7 ~~are not eligible to qualify for potential enhancements pursuant to~~  
8 ~~the minimum monthly pension provisions of section 121.301.~~

9 ~~(d) Cost of Living Adjustments.~~

10 ~~(1) A Cost of Living Adjustment (COLA) based on each prior annual~~  
11 ~~benefit amount actually received (exclusive of onetime bonuses or~~  
12 ~~adjustments) shall be provided for retirees and survivors.~~  
13 ~~Beginning with the first bi-weekly pay period after January 1,~~  
14 ~~2007, and for the first bi-weekly pay period after each succeeding~~  
15 ~~January 1, the recipient shall be granted a COLA in the amount of~~  
16 ~~three (3) percent.~~

17 ~~(2) In addition to the COLA, a minimum adjustment supplement of~~  
18 ~~five (5) dollars per month for each year of actual credited service~~  
19 ~~of the participant used to compute the pension benefit shall be~~  
20 ~~provided for current and future retirees and their survivors, and~~  
21 ~~it shall be paid beginning with the first full biweekly pay period~~  
22 ~~after October 1, 2003, and continuously thereafter; provided~~  
23 ~~however that such supplement shall be no less than twenty-five (25)~~  
24 ~~dollars nor more than one hundred and fifty (150) dollars per~~  
25 ~~month. The adjustment supplement described herein shall be based~~  
26 ~~upon the member's actual years of service rather than imputed years~~  
27 ~~of service, which is used for purposes of calculating pension~~  
28 ~~benefits under the disability retirement provisions of section~~  
29 ~~121.201(b) and the surviving spouse provision of section~~  
30 ~~121.204(a), and becomes operative in the event of the disability or~~  
31 ~~death of a member, respectively. The Mayor shall annually, each~~



1 ~~January, evaluate the annual cost of the foregoing adjustment~~  
2 ~~supplement by comparing it to the City's annual cost to provide~~  
3 ~~single employee group health insurance. In the event that the~~  
4 ~~City's cost to provide such health insurance per employee is less~~  
5 ~~than the amount of such supplement per retiree, then the supplement~~  
6 ~~shall be reduced to the amount of the insurance cost.~~

7 ~~(e) Deferred Retirement Option Program (DROP). A member eligible~~  
8 ~~to receive normal retirement benefits as provided in Section~~  
9 ~~121.201 (a), may remain in the employment of the City until the~~  
10 ~~elected termination date by electing to participate in the DROP, as~~  
11 ~~provided in Section 121.209, deferring the receipt of such~~  
12 ~~retirement benefits for a maximum of 130 full bi-weekly pay periods~~  
13 ~~(60 months) from the date of participation in the Deferred~~  
14 ~~Retirement Option Program.~~

15 ~~(f) Limitations on benefits. Notwithstanding any benefit granted~~  
16 ~~hereunder or under any other provision relating to benefits under~~  
17 ~~the Police and Fire Pension Plan, benefit payments for any Member~~  
18 ~~shall not exceed the maximum amount permitted under Section 415 of~~  
19 ~~the Internal Revenue Code of 1986, as amended.~~

20 ~~(g) Annual Compensation Limit. Section 401(a)(17) of the Internal~~  
21 ~~Revenue Code establishes an annual compensation limit for each~~  
22 ~~employee under a qualified plan. The provisions of Code Section~~  
23 ~~401(a)(17) are further described pursuant to Treasury Regulations~~  
24 ~~Section 1.401(a)(17)-1. The Police and Fire Pension Plan~~  
25 ~~incorporates by reference the annual compensation limit described~~  
26 ~~under Section 401 (a)(17) and Treasury Regulations Section~~  
27 ~~1.401(a)(17)-1. Accordingly, the Plan acknowledges that the~~  
28 ~~compensation taken into account for any Member of the Plan in~~  
29 ~~determining plan allocations or benefit accruals for the plan is~~  
30 ~~limited to the annual compensation limit as described in Internal~~  
31 ~~Revenue Code Section 401(a)(17) and the Treasury Regulations~~

1 related thereto. The Plan additionally elects to avail itself of  
2 the transition rule for governmental plans as described in Treasury  
3 Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that  
4 'eligible participants', as such term is used in the regulations,  
5 will not be affected by the revised limit per the 1993 OBRA and  
6 accordingly such 'eligible participants' may have their  
7 contributions and benefits computed by using compensation of more  
8 than \$150,000.00 (as adjusted), so long as it does not exceed the  
9 limit in effect on July 1, 1993. All other plan participants ('non-  
10 eligible participants') shall be subject to the revised limits for  
11 plan years beginning after December 31, 1995.

12 (h) Requirements that Actuarial Assumptions be specified. Section  
13 401(a)(25) of the Internal Revenue Code provides that whenever the  
14 amount of any benefit is to be determined on the basis of actuarial  
15 assumptions, such assumptions are specified in the plan in a way  
16 which precludes employer discretion. The provisions of Code  
17 Section 401(a)(25) and the linkage between the proper use of  
18 actuarial assumptions and the conclusion that the plan is  
19 established and maintained primarily to provide systematically for  
20 the payment of 'definitely determinable benefits' to employees, is  
21 further described pursuant to Treasury Regulations Section 1.401-  
22 1(b)(1)(i). The Police and Fire Pension Plan incorporates by  
23 reference the requirements that actuarial assumptions be specified  
24 as described under Code Section 401(a)(25) and Treasury Regulations  
25 Section 1.401-1(b)(1)(i).

26 (i) Required distributions. Distributions from the Plan will be  
27 made in accordance with the requirements of the regulations under  
28 Internal Revenue Code Section 401(a)(9) and that any provisions in  
29 the Plan that are contradictory to the distribution requirements  
30 shall be overridden. In accordance therewith, distributions to  
31 participants must commence by the later of April 1 of the calendar

1 ~~year following the calendar year in which the employee attains the~~  
2 ~~age of 70 ½, or April 1 of the calendar year following the calendar~~  
3 ~~year in which the employee retires. In addition to meeting the~~  
4 ~~minimum distribution amount, the distribution must also meet the~~  
5 ~~incidental benefit requirements of Internal Revenue Code Section~~  
6 ~~401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and~~  
7 ~~1.401(a)(9)-2.~~

8 **Sec. 121.201A Retirement Benefits for Group I Members.**

9 This Section 121.201A applies solely to Group I members.  
10 Nothing herein shall be construed to apply to Group II members.  
11 The following definitions are applicable to Group I members:

12 (a) Time service retirement.

13 (1) For members with 10 or more years of service as of the  
14 prospective effective date of Ordinance 2014-386-E, those Members  
15 shall be entitled to a time service retirement benefit equal to a  
16 maximum of 80 percent of the average salary (as defined in Section  
17 121.113 (a)(1)) received by the member for the 52 pay periods  
18 immediately preceding the time of retirement, upon the completion  
19 of 30 years of credited service. For each year prior to the  
20 thirtieth year of service that a member retires, the 80 percent  
21 retirement benefit shall be reduced by two percent, of the average  
22 salary (as defined in Section 121.113 (a)(1)) received by the  
23 member for the 52 pay periods immediately preceding the time of  
24 retirement, with the minimum normal retirement benefit being 60  
25 percent after completion of 20 years of credited service.

26 (2) For members with fewer than 10 years of service as of the  
27 prospective effective date of Ordinance 2014-386-E, those Members  
28 shall be entitled to a time service retirement benefit equal to a  
29 maximum of 80 percent of the average salary (as defined in Section  
30 121.113 (a)(1)) received by the member for the 104 pay periods  
31 immediately preceding the time of retirement, upon the completion

1 of 30 years of credited service. For each year prior to the  
2 thirtieth year of service that a member retires, the 80 percent  
3 retirement benefit shall be reduced by two percent, of the average  
4 salary (as defined in Section 121.113 (a)(1)) received by the  
5 member for the 104 pay periods immediately preceding the time of  
6 retirement, with the minimum normal retirement benefit being 60  
7 percent after completion of 20 years of credited service. However,  
8 in no event shall the average salary be less than it would have  
9 been using the 52 pay periods ending on the prospective effective  
10 date of Ordinance 2014-386-E.

11 (b) Disability retirement.

12 (1) A Group I member, who prior to reaching the minimum normal  
13 retirement becomes permanently and totally disabled from useful and  
14 efficient service as a police officer or firefighter, as  
15 established by competent medical evidence, shall be entitled to a  
16 disability retirement. The disability retirement benefit for  
17 members with 10 years of service as of the prospective effective  
18 date of Ordinance 2014-386-E shall be equal to 60 percent of the  
19 average salary received by the member for the 52 pay periods  
20 immediately preceding the time of disability retirement. The  
21 disability retirement benefit for members with fewer than 10 years  
22 of service as of the prospective effective date of Ordinance 2014-  
23 386-E shall be equal to 60 percent of the average salary received  
24 by the member for the 104 pay periods immediately preceding the  
25 time of disability retirement. However, in no event shall the  
26 average salary be less than it would have been using the 52 pay  
27 periods ending on the prospective effective date of Ordinance 2014-  
28 386-E. The Board shall establish the effective date on which the  
29 disability benefit shall commence. The Board shall, by rule,  
30 establish procedures for the examination of applicants for  
31 disability retirement, for the conduct of disability retirement

1 hearings, for review of said hearings by a court of competent  
2 jurisdiction, and reexamination of retirees on disability pension.  
3 In the event the application for a disability pension is denied by  
4 the Board, then a new application for the same disability cannot be  
5 filed by the member within six months of the denial.

6 (2) For Group I members with 10 or more years of service as of the  
7 prospective effective date of Ordinance 2014-386-E, who have been  
8 in the service of the City for a period of time equal to the  
9 minimum time necessary for time service retirement or more and  
10 become permanently and totally disabled from useful and efficient  
11 service shall be entitled to the same rate of pension benefit  
12 calculation of the average salary (as defined in Section 121.113

13 (a)(1)) received by the member for the 52 pay periods immediately  
14 preceding the time of disability retirement as those members of his  
15 pension plan who retire on time service retirement. For Group I  
16 members with fewer than 10 years of service as of the prospective  
17 effective date of Ordinance 2014-386-E, who have been in the  
18 service of the City for a period of time equal to the minimum time  
19 necessary for time service retirement or more and become  
20 permanently and totally disabled from useful and efficient service  
21 shall be entitled to the same rate of pension benefit calculation  
22 of the average salary (as defined in Section 121.113 (a)(1))  
23 received by the member for the 104 pay periods immediately  
24 preceding the time of disability retirement as those members of his  
25 pension plan who retire on time service retirement. However, in no  
26 event shall the average salary be less than it would have been  
27 using the 52 pay periods ending on the prospective effective date  
28 of Ordinance 2014-386-E. Any member who elects to retire under a  
29 disability pension as provided in this Section shall be required to  
30 meet the same requirements for a disability pension as are required  
31 for any other member of the respective fund requesting a disability

1 retirement. The Board shall establish the effective date on which  
2 the disability benefit shall commence.

3 (3) In applying the provisions of this Section, the adjustment  
4 supplement described in 121.201A(d)(2) that is calculated for the  
5 benefit of a member and a surviving spouse shall be based upon the  
6 actual years of credited service, subject to the minimum and  
7 maximum provisions, rendered by the member.

8 (c) Vested retirement benefits.

9 (1) For Group I members with 10 or more years of service as of the  
10 prospective effective date of Ordinance 2014-386-E, who terminate  
11 employment on or after the prospective effective date of Ordinance  
12 2014-386-E with five or more years of credited service and are not  
13 otherwise eligible to retire, are eligible to receive either a  
14 deferred retirement benefit of three percent of the average salary  
15 received by the member for the 52 pay periods immediately preceding  
16 the date of vesting, for each year of credited service prior to the  
17 date of vesting, to commence on the date the member would have been  
18 eligible to receive minimum time service benefits or be paid a  
19 refund of 100 percent of member contributions to the Plan without  
20 interest. For Group I members with fewer than 10 years of service  
21 as of the prospective effective date of Ordinance 2014-386-E, who  
22 terminate employment on or after the prospective effective date of  
23 Ordinance 2014-386-E with five or more years of credited service  
24 and are not otherwise eligible to retire, are eligible to receive  
25 either a deferred retirement benefit of three percent of the  
26 average salary received by the member for the 104 pay periods  
27 immediately preceding the date of vesting, for each year of  
28 credited service prior to the date of vesting, to commence on the  
29 date the member would have been eligible to receive minimum time  
30 service benefits or be paid a refund of 100 percent of member  
31 contributions to the Plan without interest. However, in no event

1 shall the average salary be less than it would have been using the  
2 52 pay periods ending on the prospective effective date of  
3 Ordinance 2014-386-E. Within 30 days of a member leaving the  
4 payroll prior to normal service retirement, the member must make  
5 the election in writing to either vest or the refund will be issued  
6 automatically. Acceptance of the refund of employee contributions  
7 constitutes an irrevocable waiver of all rights to benefits from  
8 the Plan.

9 (2) In the event that the Member who is entitled to vested  
10 retirement benefits becomes deceased prior to the scheduled date  
11 for the commencement of the payment of retirement benefits, the  
12 surviving spouse and/or children of such Member shall not be  
13 entitled to a refund of contributions nor shall they be entitled to  
14 the payment of survivors benefits otherwise extended to Members who  
15 completed the required number of years of service to become  
16 eligible for minimum time service benefits.

17 (3) Members who are entitled to receive vested retirement benefits  
18 are not eligible to qualify for potential enhancements pursuant to  
19 the minimum monthly pension provisions of section 121.301.

20 (d) Cost of Living Adjustments.

21 (1) A Cost of Living Adjustment (COLA) based on each prior annual  
22 benefit amount actually received (exclusive of onetime bonuses or  
23 adjustments) shall be provided for retirees and survivors. For  
24 Members with 20 or more years of credited service as of the  
25 prospective effective date of Ordinance 2014-386-E, beginning with  
26 the first bi-weekly pay period in the first January after  
27 commencement of benefit and in each subsequent first bi-weekly pay  
28 period in January, the recipient shall be granted a COLA in the  
29 amount of three percent. For Members with fewer than 20 years of  
30 credited service as of the prospective effective date of Ordinance  
31 2014-386-E, beginning with the first bi-weekly pay period in the

1 first January after commencement of benefit and in each subsequent  
2 first bi-weekly pay period in January, the Member shall be granted  
3 a COLA equal to three percent applied to the portion of the accrued  
4 benefit based on credited service prior to the prospective  
5 effective date of Ordinance 2014-386-E, and equal to the Social  
6 Security COLA for the same plan year, but not to exceed four  
7 percent, applied to the portion of the accrued benefit based on  
8 credited service on and after the prospective effective date of  
9 Ordinance 2014-386-E.

10 (2) In addition to the COLA, a minimum adjustment supplement of  
11 five (5) dollars per month for each year of actual credited service  
12 of the participant used to compute the pension benefit shall be  
13 provided for current and future retirees and their survivors, and  
14 it shall be paid beginning with the first full biweekly pay period  
15 after October 1, 2003, and continuously thereafter; provided  
16 however that such supplement shall be no less than twenty-five (25)  
17 dollars nor more than one hundred and fifty (150) dollars per  
18 month. The adjustment supplement described herein shall be based  
19 upon the member's actual years of service rather than imputed years  
20 of service, which is used for purposes of calculating pension  
21 benefits under the disability retirement provisions of section  
22 121.201A (b) and the surviving spouse provision of section  
23 121.204(a)(1), and becomes operative in the event of the disability  
24 or death of a member, respectively. The Mayor shall annually, each  
25 January, evaluate the annual cost of the foregoing adjustment  
26 supplement by comparing it to the City's annual cost to provide  
27 single employee group health insurance. In the event that the  
28 City's cost to provide such health insurance per employee is less  
29 than the amount of such supplement per retiree, then the supplement  
30 shall be reduced to the amount of the insurance cost.

31 (e) Deferred Retirement Option Program (DROP). A member eligible



1 to receive normal retirement benefits as provided in Section  
2 121.201A (a), may remain in the employment of the City until the  
3 elected termination date by electing to participate in the DROP, as  
4 provided in Section 121.209, deferring the receipt of such  
5 retirement benefits for a maximum of 130 full bi-weekly pay periods  
6 (60 months) from the date of participation in the Deferred  
7 Retirement Option Program.

8 (f) Limitations on benefits. Notwithstanding any benefit granted  
9 hereunder or under any other provision relating to benefits under  
10 the Police and Fire Pension Plan, benefit payments for any Member  
11 shall not exceed the maximum amount permitted under Section 415 of  
12 the Internal Revenue Code of 1986, as amended.

13 (g) Annual Compensation Limit. Section 401(a)(17) of the Internal  
14 Revenue Code establishes an annual compensation limit for each  
15 employee under a qualified plan. The provisions of Code Section  
16 401(a)(17) are further described pursuant to Treasury Regulations  
17 Section 1.401(a)(17)-1. The Police and Fire Pension Plan  
18 incorporates by reference the annual compensation limit described  
19 under Section 401 (a)(17) and Treasury Regulations Section  
20 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the  
21 compensation taken into account for any Member of the Plan in  
22 determining plan allocations or benefit accruals for the plan is  
23 limited to the annual compensation limit as described in Internal  
24 Revenue Code Section 401(a)(17) and the Treasury Regulations  
25 related thereto. The Plan additionally elects to avail itself of  
26 the transition rule for governmental plans as described in Treasury  
27 Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that  
28 'eligible participants', as such term is used in the regulations,  
29 will not be affected by the revised limit per the 1993 OBRA and  
30 accordingly such 'eligible participants' may have their  
31 contributions and benefits computed by using compensation of more

1 than \$150,000.00 (as adjusted), so long as it does not exceed the  
2 limit in effect on July 1, 1993. All other plan participants ('non-  
3 eligible participants') shall be subject to the revised limits for  
4 plan years beginning after December 31, 1995.

5 (h) Requirements that Actuarial Assumptions be specified. Section  
6 401(a)(25) of the Internal Revenue Code provides that whenever the  
7 amount of any benefit is to be determined on the basis of actuarial  
8 assumptions, such assumptions are specified in the plan in a way  
9 which precludes employer discretion. The provisions of Code  
10 Section 401(a)(25) and the linkage between the proper use of  
11 actuarial assumptions and the conclusion that the plan is  
12 established and maintained primarily to provide systematically for  
13 the payment of 'definitely determinable benefits' to employees, is  
14 further described pursuant to Treasury Regulations Section 1.401-  
15 1(b)(1)(i). The Police and Fire Pension Plan incorporates by  
16 reference the requirements that actuarial assumptions be specified  
17 as described under Code Section 401(a)(25) and Treasury Regulations  
18 Section 1.401-1(b)(1)(i).

19 (i) Required distributions. Distributions from the Plan will be  
20 made in accordance with the requirements of the regulations under  
21 Internal Revenue Code Section 401(a)(9) and that any provisions in  
22 the Plan that are contradictory to the distribution requirements  
23 shall be overridden. In accordance therewith, distributions to  
24 participants must commence by the later of April 1 of the calendar  
25 year following the calendar year in which the employee attains the  
26 age of 70 ½, or April 1 of the calendar year following the calendar  
27 year in which the employee retires. In addition to meeting the  
28 minimum distribution amount, the distribution must also meet the  
29 incidental benefit requirements of Internal Revenue Code Section  
30 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and  
31 1.401(a)(9)-2 if applicable.

1           Sec. 121.201B Retirement Benefits for Group II Members

2   This Section 121.201B sets forth the pension benefits that are  
3   applicable solely to Group II Members, and the term "Member" as  
4   used in this Section means "Group II Member".

5   (a) Time service retirement. Upon reaching 30 years of credited  
6   service, Group II Members shall be entitled to a time service  
7   retirement with a benefit equal to 2.5 percent of average salary  
8   multiplied by the number of years of credited service, but not  
9   exceeding a maximum of 75 percent of average salary. The term  
10   "average salary" as used in the foregoing sentence means the  
11   average "salaries" (as defined in Section 121.113(a)(2)) received  
12   by the Group II Member during the 130 bi-weekly pay periods  
13   immediately preceding the date of retirement. Notwithstanding the  
14   foregoing, the annual retirement benefit shall not exceed  
15   \$99,999.99, which amount shall be adjusted January 1 of each year  
16   beginning with the first January after the prospective effective  
17   date of Ordinance 2014-386-E, by the most recent cost of living  
18   adjustment applicable to recipients of Social Security retirement  
19   benefits, as determined by the U.S. Social Security Administration  
20   each calendar year, but not exceeding 1.5 percent.

21           (b) Disability retirement.

22   (1) A Group II Member who, prior to reaching the minimum normal  
23   retirement eligibility of 30 years of credited service, becomes  
24   permanently and totally disabled from useful and efficient service  
25   as a police officer or firefighter, as established by competent  
26   medical evidence, shall be entitled to a disability retirement.  
27   The disability retirement benefit shall be equal to 50 percent of  
28   the average "salaries" (as defined in Section 121.113(a)(2))  
29   received by the Group II Member for the 130 pay periods immediately  
30   preceding the time of disability retirement. The Board shall  
31   establish the effective date on which the disability benefit shall

1 commence. The Board shall, by rule, establish procedures for the  
2 examination of applicants for disability retirement, for the  
3 conduct of disability retirement hearings, for review of said  
4 hearings by a court of competent jurisdiction, and reexamination of  
5 retirees on disability pension. In the event the application for a  
6 disability pension is denied by the Board, then a new application  
7 for the same disability cannot be filed by the Group II Member  
8 within six months of the denial.

9 (2) A Group II Member who has been in the service of the City for a  
10 period of time at least equal to the minimum time necessary for  
11 time service retirement and who becomes permanently and totally  
12 disabled from useful and efficient service, shall be entitled to  
13 the same pension calculation as a Group II Member who retires  
14 pursuant to a time service retirement as described in Section  
15 121.201B(a). Any Group II Member who elects to retire under a  
16 disability pension as provided in this Section shall be required to  
17 meet the same requirements for a disability pension as are required  
18 for any other Member of the Fund requesting a disability  
19 retirement.

20 (c) Vested retirement benefits.

21 (1) Group II Members who terminate employment with at least 10 but  
22 less than 25 years of credited service are eligible to receive a  
23 deferred retirement benefit of 2.0 percent of the average  
24 "salaries" (as defined in Section 121.113(a)(2)) received by the  
25 member during the 130 pay periods immediately preceding the date of  
26 separation, for each year of credited service. The benefit shall  
27 commence at age 62. In the alternative, and in lieu of any other  
28 benefit from the Fund, a vested member may elect to be paid a  
29 refund of 100 percent of member contributions to the Plan without  
30 interest. Within 30 days of a member leaving the payroll prior to  
31 normal service retirement, the vested member must elect in writing

1 to vest or else the refund will be issued automatically after the  
2 end of such 30-day period. Acceptance of the refund of employee  
3 contributions constitutes an irrevocable waiver of all rights to  
4 benefits from the Plan.

5 (2) In the event that a former Group II Member who separates from  
6 service and is entitled to vested retirement benefits dies prior to  
7 the scheduled date for the commencement of the payment of  
8 retirement benefits, the surviving spouse and/or children of such  
9 member shall not be entitled to a refund of contributions nor shall  
10 they be entitled to the payment of survivors benefits otherwise  
11 extended to members who complete the required number of years of  
12 service to become eligible for minimum time service benefits.

13 (3) Former Group II Members who separate from service and are  
14 entitled to receive vested retirement benefits are not eligible to  
15 qualify for potential enhancements pursuant to the minimum monthly  
16 pension provisions of Section 121.301.

17 (4) Group II Members with at least 25 but less than 30 years of  
18 credited service shall be eligible for early retirement, provided  
19 that for each year or partial year prior to reaching 30 years of  
20 credited service, the Group II Member who retires early shall incur  
21 a 2.5% accrual rate penalty for any year or part thereof short of  
22 30 years. Notwithstanding this provision, the minimum pension a  
23 person taking early retirement under this section will not be less  
24 than 52.5% of employee's final average compensation. Early  
25 retirement benefits pursuant to this section will be calculated as  
26 follows:

Number of Years of	Retirement Benefit as a Percentage
Credited Service:	of Final Average Salary as defined
in 121.113(a)(2):	
25, but less than 26	52.50%

1	26, but less than 27	55.00%
2	27, but less than 28	60.00%
3	28, but less than 29	65.00%
4	29, but less than 30	70.00%

5  
6       (d) Cost of Living Adjustments. (1) A Cost of Living  
7 Adjustment (COLA) based on each prior annual benefit amount  
8 actually received (exclusive of one-time bonuses or adjustments)  
9 shall be provided for Group II Retirees and their eligible  
10 survivors, on the first bi-weekly pay period in each January  
11 beginning in the third January following commencement of benefit.  
12 Group II Retirees and their eligible survivors shall be granted a  
13 COLA in the amount of COLA applicable to recipients of Social  
14 Security retirement benefits, as determined by the U.S. Social  
15 Security Administration each calendar year, but not exceeding 1.5  
16 percent.

17 (2) In addition to the COLA, a minimum adjustment supplement of  
18 five (5) dollars per month for each year of actual credited service  
19 of the participant used to compute the pension benefit shall be  
20 provided for current and future retirees and their survivors, and  
21 it shall be paid beginning with the first full biweekly pay period  
22 after October 1, 2003, and continuously thereafter; provided  
23 however that such supplement shall be no less than twenty-five (25)  
24 dollars nor more than one hundred and fifty (150) dollars per  
25 month. The adjustment supplement described herein shall be based  
26 upon the member's actual years of service rather than imputed years  
27 of service, which is used for purposes of calculating pension  
28 benefits under the disability retirement provisions of section  
29 121.201A (b) and the surviving spouse provision of section  
30 121.204(a)(1), and becomes operative in the event of the disability  
31 or death of a member, respectively. The Mayor shall annually, each

1 January, evaluate the annual cost of the foregoing adjustment  
2 supplement by comparing it to the City's annual cost to provide  
3 single employee group health insurance. In the event that the  
4 City's cost to provide such health insurance per employee is less  
5 than the amount of such supplement per retiree, then the supplement  
6 shall be reduced to the amount of the insurance cost.

7 (e) Limitations on benefits. Notwithstanding any benefit granted  
8 hereunder or under any other provision relating to benefits under  
9 the Police and Fire Pension Plan, benefit payments for any Member  
10 shall not exceed the maximum amount permitted under Section 415 of  
11 the Internal Revenue Code of 1986, as amended.

12 (f) Annual Compensation Limit. Section 401(a)(17) of the Internal  
13 Revenue Code establishes an annual compensation limit for each  
14 employee under a qualified plan. The provisions of Code Section  
15 401(a)(17) are further described pursuant to Treasury Regulations  
16 Section 1.401(a)(17)-1. The Police and Fire Pension Plan  
17 incorporates by reference the annual compensation limit described  
18 under Section 401 (a)(17) and Treasury Regulations Section  
19 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the  
20 compensation taken into account for any Member of the Plan in  
21 determining plan allocations or benefit accruals for the plan is  
22 limited to the annual compensation limit as described in Internal  
23 Revenue Code Section 401(a)(17) and the Treasury Regulations  
24 related thereto. The Plan additionally elects to avail itself of  
25 the transition rule for governmental plans as described in Treasury  
26 Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that  
27 'eligible participants', as such term is used in the regulations,  
28 will not be affected by the revised limit per the 1993 OBRA and  
29 accordingly such 'eligible participants' may have their  
30 contributions and benefits computed by using compensation of more  
31 than \$150,000.00 (as adjusted), so long as it does not exceed the

1 limit in effect on July 1, 1993. All other plan participants ('non-  
2 eligible participants') shall be subject to the revised limits for  
3 plan years beginning after December 31, 1995.

4 (g) Requirements that Actuarial Assumptions be specified. Section  
5 401(a)(25) of the Internal Revenue Code provides that whenever the  
6 amount of any benefit is to be determined on the basis of actuarial  
7 assumptions, such assumptions are specified in the plan in a way  
8 which precludes employer discretion. The provisions of Code  
9 Section 401(a)(25) and the linkage between the proper use of  
10 actuarial assumptions and the conclusion that the plan is  
11 established and maintained primarily to provide systematically for  
12 the payment of 'definitely determinable benefits' to employees, is  
13 further described pursuant to Treasury Regulations Section 1.401-  
14 1(b)(1)(i). The Police and Fire Pension Plan incorporates by  
15 reference the requirements that actuarial assumptions be specified  
16 as described under Code Section 401(a)(25) and Treasury Regulations  
17 Section 1.401-1(b)(1)(i).

18 (h) Required distributions. Distributions from the Plan will be  
19 made in accordance with the requirements of the regulations under  
20 Internal Revenue Code Section 401(a)(9) and any provisions in the  
21 Plan that are contradictory to the distribution requirements shall  
22 be overridden. In accordance therewith, distributions to  
23 participants must commence by the later of April 1 of the calendar  
24 year following the calendar year in which the employee attains the  
25 age of 70 ½, or April 1 of the calendar year following the calendar  
26 year in which the employee retires. In addition to meeting the  
27 minimum distribution amount, the distribution must also meet the  
28 incidental benefit requirements of Internal Revenue Code Section  
29 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and  
30 1.401(a)(9)-2.

31 \* \* \*



1           **Sec. 121.204 Surviving Spouse Benefits.**

2 Notwithstanding the provisions of Laws of Fla. Ch. 18615 (1937), as  
3 amended; or Laws of Fla. Ch. 23259 (1945), as amended, and to  
4 increase the benefits thereby provided:

5 (a) Benefits under this section for Group I and Group II members  
6 will be as follows:

7 (1) The following shall apply only to Group I Members' spouse  
8 benefits: Any Mmember of the fund hereafter who shall be killed or  
9 die from effects of an injury or of any illness or disease and any  
10 such Mmember so killed or dying shall have a spouse living with  
11 such Mmember at time of death, the Board shall direct the payment  
12 from the fund of the following sum to the surviving spouse, 75  
13 percent of the pension benefit the deceased Mmember would be  
14 entitled to receive, had the Mmember completed 20 years of credited  
15 service (~~60 percent of the average salary as defined in Section~~  
16 ~~121.113(a) received by the member for the 52 pay periods~~  
17 ~~immediately preceding the time of death)~~ and survived to receive  
18 such pension. If a deceased Mmember served in excess of 20 years,  
19 the 75 percent of the pension benefit shall be based upon the  
20 actual years of service. In applying the provisions of this  
21 Section, the adjustment supplement described in 121.201A(d)(2) that  
22 is calculated for the benefit of the surviving spouse of a Group I  
23 Member shall be based upon the actual years of credited service,  
24 subject to the minimum and maximum provisions, rendered by the  
25 member rather than the assumed completion of 20 years of credited  
26 service otherwise acknowledged in this Section. The pension benefit  
27 as used herein shall be comprised of the base pension benefit as  
28 adjusted for the COLA, but exclusive of the adjustment supplement  
29 described in 121.201A(d)(2) which shall be 100 percent allocable to  
30 the surviving spouse.

1 (2) The following shall apply only to Group II Members' spouse  
2 benefits: A Member of the fund hereafter who shall be killed or die  
3 from effects of an injury or of any illness or disease and any such  
4 Member so killed or dying shall have a spouse living with such  
5 Member at time of death, the Board shall direct the payment from  
6 the fund of the following sum to the surviving spouse, 75 percent  
7 of the pension benefit the deceased Member would be entitled to  
8 receive, had the Member completed 30 years of credited service, as  
9 defined in 121.201B(c)(4), and survived to receive such pension. If  
10 a deceased Member served in excess of 30 years, the 75 percent of  
11 the pension benefit shall be based upon the actual years of  
12 service. The pension benefit as used herein shall be comprised of  
13 the base pension benefit as adjusted for the COLA, but exclusive of  
14 the adjustment supplement described in 121.201B(d)(2) which shall  
15 be 100 percent allocable to the surviving spouse.

16  
17 (b) If any such beneficiary of the fund shall hereafter be killed or  
18 die and any such member so killed or dying shall have a spouse living  
19 with such beneficiary at time of death, the Board shall direct the  
20 payment from the fund of the following sum to the surviving spouse, 75  
21 percent of the pension benefit the beneficiary was receiving. The  
22 pension benefit as used herein shall be comprised of the base pension  
23 benefit as adjusted for the COLA's previously credited to the record  
24 of the former member, but exclusive of the adjustment supplement  
25 described in 121.201A(d)(2) for Group I Members and in 121.201B(d)(2)  
26 for Group II Members which shall be 100 percent allocable to the  
27 surviving spouse.

28 \* \* \*

29 (g) A spouse shall be deemed living with the Member if the Member or  
30 spouse is confined to a nursing or hospital facility at the time of

1 the Member's death, provided that the Member was living with the  
2 spouse at the time of admission to the nursing or hospital facility.

3  
4 \* \* \*

5 **Sec. 121.206 Children's Benefits.**

6 \* \* \*

7 (b) If there is a surviving spouse, each child's benefit shall be  
8 \$200 per month until (i) each child reaches age 18 years, whether  
9 or not the child is a qualified student, or (ii) each child reaches  
10 age 22, provided the child is a qualified student, or (iii) each  
11 child becomes married, whereupon the children's benefits described  
12 herein shall cease, provided that the total of the surviving spouse  
13 and children's benefits do not exceed the total of the deceased  
14 Member's projected benefit. In addition thereto, each child of a  
15 surviving spouse of a Group I Member shall be entitled to the  
16 receipt of the minimum adjustment supplement provided in Section  
17 121.201A(d)(2).

18 (c) If there is no surviving spouse, each child under the age of  
19 18 shall receive the greater of either; (a) \$200 per month plus,  
20 for each child of a former Group I Member, the minimum adjustment  
21 supplement provided in Section 121.201A(d)(2), or (b) a  
22 proportionate share of the surviving spouse's benefit (including  
23 the supplement where applicable) until (i) each child reaches age  
24 18 years, whether or not the child is a qualified student, or (ii)  
25 each child becomes married, whereupon the children's benefits  
26 described herein shall cease. If there is no surviving spouse, each  
27 child who is age 18 or over and who is a qualified student shall be  
28 entitled to the payment of a child's benefit of \$200 per month  
29 until (i) each child reaches age 22, or (ii) each child becomes  
30 married, whereupon the child's benefit described herein shall  
31 cease. In the event of multiple children causing the payment of a

1 prorated benefit as each child no longer becomes eligible for the  
2 payment of children's benefits the remaining eligible children  
3 shall receive the greater of the benefits provided for in this  
4 Section up to the limits provided.

5 \* \* \*

6 **Sec. 121.209 Deferred Retirement Option Program (DROP) for**  
7 **Group I Members**

8 This Section 121.209 applies only to Group I Members, and the term  
9 "Member" as used in this Section means "Group I Member". In  
10 general, and subject to the provisions of this Section, the  
11 Deferred Retirement Option Program, hereinafter referred to as the  
12 DROP, is a program under which an eligible Mmember of the plan, may  
13 elect to participate, deferring receipt of normal retirement  
14 benefits while continuing employment with the City without loss of  
15 any other employee benefits. Upon an eligible Mmember's election to  
16 participate in the DROP, the amount of credited service and final  
17 average salary becomes frozen for purposes of determining pension  
18 benefits. Additional service beyond the date of entry into the DROP  
19 shall no longer accrue any additional benefits under the Pension  
20 Fund. The deferred monthly retirement benefits under the DROP shall  
21 accrue in the fund on behalf of the participant, plus interest  
22 compounded monthly, as provided in subsection (c)(1) of this  
23 Section, for the specified period of the DROP participation, as  
24 provided in subsection (b)(1) of this Section. Upon termination of  
25 employment, the participant shall receive the total DROP benefits,  
26 as provided in Section 121.209(c) and begin to receive the  
27 previously determined normal retirement benefits.

28 (a) *Eligibility of member to participate in the DROP.* All members  
29 who are eligible to, may elect participation in the DROP, provided  
30 members comply administratively with the rules and regulations  
31 established by the board for the administration of the DROP.

1 (1) A member who is eligible to receive normal retirement benefits  
2 under Section 121.201A(a) may participate in the DROP providing the  
3 member elects to participate within the time limits contained in  
4 Section 121.209(b)(1).

5 \* \* \*

6 (b) *Participation in the DROP.*

7 \* \* \*

8 (2) Upon participation in the DROP, the member shall be deemed a  
9 "qualified member" as defined in Section 121.102(e)(~~6~~2).

10 \* \* \*

11 (c) *Benefits payable under the DROP.*

12 (1) Effective with the date of DROP participation, the ~~M~~member's  
13 initial normal retirement benefit, including creditable service and  
14 average compensation, as provided in Section 121.201A(a) and the  
15 effective date of retirement shall be fixed. Such normal retirement  
16 benefits, together with annual cost of living adjustments as  
17 provided in Section 121.201A(d), and interest, shall accrue monthly  
18 in the fund for the benefit of the DROP participant. As of the  
19 prospective effective date of Ordinance 2014-386-E, for Members  
20 with 20 or more years of creditable service, sSuch interest shall  
21 produce an annual rate of return of 8.40 percent. As of the  
22 prospective effective date of Ordinance 2014-386-E, for Members  
23 with less than 20 years of creditable service, such interest shall  
24 accrue based on the actual net rate of return after the deduction  
25 of all related and direct expenses for the preceding year rate of  
26 return; provided however, that the minimum interest shall be 0.0  
27 percent and the maximum interest shall be 10.00 percent. Interest  
28 calculations shall be administered in accordance with rules  
29 prescribed by the board and interest distributions shall be  
30 credited using the 30-day month/360-day year method of calculation.

31 \* \* \*

1 (3) At the conclusion of the participant's DROP and termination of  
2 employment with the City, the Board shall distribute the  
3 participant's total accumulated DROP benefits, as soon as  
4 administratively practical, subject to the following provisions:

5 (i) The board shall receive written verification by the  
6 participant's employer that such participant has terminated  
7 employment as provided in subsection (b)(4)(ii) of this Section.

8 (ii) The terminated DROP participant or if deceased, such  
9 participant's surviving spouse or representative, shall elect on  
10 forms provided by the Board to receive payment of the DROP benefits  
11 in accordance with one of the options listed below. For a DROP  
12 participant who fails to elect a method of payment within 30 days  
13 of termination of the DROP, the Board will pay a lump sum as  
14 provided in subsection (a), below, as soon as administratively  
15 practical. For a surviving spouse of a current or former DROP  
16 participant who fails to elect a method of payment within 90 days  
17 of the date of death of the current or former DROP participant, the  
18 Board will pay a lump sum as provided in subsection a., below, as  
19 soon as administratively practical.

20 \* \* \*

21 d. Monthly distribution. The account balance shall be distributed  
22 in a monthly amount paid biweekly of substantially equal amounts,  
23 until the DROP account is depleted, over a stipulated number of bi-  
24 weekly periods to be selected by the participant or the surviving  
25 spouse, less withholding taxes remitted to the Internal Revenue  
26 Service. Such selection once made, cannot be changed, unless  
27 changed to Option (a) or (b), above. The annual rate of interest to  
28 be factored into such distribution period shall be based on the  
29 actual rate of return; provided however, that the minimum interest  
30 shall be 0.0 percent and the maximum interest shall be 10.008-4  
31 percent. Notwithstanding the foregoing, in the event that the

1 participant selected a payout period over the participant's life  
2 expectancy or over the joint life expectancies of the participant  
3 and the participant's spouse in order to avoid the application of  
4 the ten percent additional tax on early distributions reflected in  
5 Section 72(t) of the Internal Revenue Code, such participant may  
6 shorten the number of biweekly payout periods originally selected  
7 by the participant, provided that the timing of such modification  
8 conforms to the standards described in Section 72(t)(4) of the  
9 Internal Revenue Code.

10 \* \* \*

11 (5) DROP participants shall not be eligible for the disability  
12 retirement benefits provided in Section 121.201A(b) of this  
13 Chapter.

14 \* \* \*

15 (e) Cost of living adjustment. On the first full biweekly pay  
16 period after April 1, 2000 or as soon as administratively practical  
17 thereafter, and for the first full biweekly pay period after each  
18 succeeding April 1st, the deferred retirement benefit may be  
19 increased, under the provisions of Section 121.201A(d)(1), if  
20 applicable.

21 (f) Health insurance subsidy. DROP participants are not eligible  
22 for the health insurance subsidy as provided in Section  
23 121.201A(d)(2) of this Chapter until termination of employment is  
24 effectuated.

25 \* \* \*

26 (i) *Contributions and deductions.*

27 (1) The employer contributions on the salary, as defined in Section  
28 121.113(a)(1) of DROP participants shall be zero percent.

29 (2) A deduction of two percent per annum shall be made from all  
30 salaries (as defined in Section 121.113(a)(1)) of DROP participants  
31 as the contribution from the participant during the period of DROP

1 participation, with such amount being credited to the Base Benefits  
2 Fund.

3 \* \* \*

4 **Sec. 121.211 BACKDROP for Group II Members.**

5 (a) There is hereby created a BACKDROP retirement option (the  
6 "BACKDROP") to the Retirement Plan, which shall allow any Group II  
7 Member who has 30 or more years of credited service, to elect to  
8 enter the BACKDROP plan. By electing to participate in the  
9 BACKDROP, that Member's retirement benefits are calculated as if  
10 the member had actually retired at an earlier date, provided  
11 however the BACKDROP period shall not exceed five years.

12 (b) (1) An eligible Group II Member may elect to participate in  
13 the BACKDROP by submitting the following to the Fund:

14 (i) One copy of a signed and submitted letter of resignation dated  
15 effective as of the date of election to participate in the  
16 BACKDROP.

17 (ii) A properly completed BACKDROP application on forms provided by  
18 the Fund, which, once submitted, shall be irrevocable by the  
19 member.

20 (iii) Subject to Section 121.211(d), selection of the dates that  
21 begin and end the period of participation in the BACKDROP (the  
22 "BACKDROP Period"). The BACKDROP period shall not exceed five  
23 years.

24 (iv) An agreement to replace the retirement benefits otherwise  
25 applicable with BACKDROP benefits and a reduced time service  
26 benefit calculated as of the beginning of the BACKDROP Period as if  
27 the BACKDROP Participant had retired as of that date, but payable  
28 starting as of actual retirement at the end of the BACKDROP Period.

29 (v) Any other documents or information as may be reasonably  
30 required by the Fund.

31 (2) For purposes of this Section, each eligible member who elects



1 to participate in the BACKDROP and satisfies all of the  
2 requirements of this Section shall be referred to as a "BACKDROP  
3 Participant".

4 (c) A BACKDROP Participant must resign and retire from the City as  
5 of the date of election to participate in the BACKDROP. No  
6 benefits shall be paid under this Section unless and until the  
7 BACKDROP Participant has resigned and retired from the City.

8 (d) (1) Provided the BACKDROP Participant has satisfied all  
9 requirements set forth in this Section, the BACKDROP Participant  
10 shall be entitled to receive a BACKDROP amount equal to:

11 (i) The time service retirement benefits pursuant to Section  
12 121.201B the BACKDROP Participant Member would have received had  
13 the BACKDROP Participant actually retired at the commencement of  
14 the BACKDROP Period, and

15 (ii) Interest on benefits credited pursuant to Section 121.211(a).  
16 The amount of interest to be credited shall be determined pursuant  
17 to Section 121.211(e).

18 (2) Upon retirement, the BACKDROP Participant thereafter shall be  
19 eligible to receive a reduced time service benefit determined as of  
20 the beginning of the BACKDROP period, as defined in Section  
21 121.211(b)(1)(iii). Should the Member elect to use any year or  
22 partial year of service which occurred prior to reaching 30 years  
23 of credited service in their BACKDROP period, the retirement  
24 benefit otherwise calculated for those years will be reduced by two  
25 percent of average salary as defined in Section 121.113(a)(2). The  
26 reduced time service benefit will be calculated as follows:

28	<u>Number of years of</u>	<u>Retirement Benefit as a of</u>
29	<u>Credited Service at</u>	<u>Percentage of Average</u>
30	<u>Commencement of BACKDROP:</u>	<u>Salary as defined in Sec.</u>
31		<u>121.113(a)(2):</u>

1	25 but less than 26	52.50%
2	26 but less than 27	57.00%
3	27 but less than 28	61.50%
4	28 but less than 29	66.00%
5	29 but less than 30	70.50%

6

7 (e) Interest shall be credited starting from the hypothetical date  
8 the payment would have been made had the BACKDROP Participant  
9 retired as of the beginning of the BACKDROP period to the end of  
10 the BACKDROP period at an annual rate of return, compounded  
11 annually, equivalent to the actual rate of return on the Fund  
12 assets during the BACKDROP period, provided that such rate of  
13 return shall not be less than zero nor more than ten percent.

14 (f) A BACKDROP Participant shall not be entitled to receive any  
15 cost-of-living increase during the BACKDROP Period. The waiting  
16 period to receive cost-of-living increases, as set forth in Section  
17 121.201B(d), shall commence upon retirement.

18 (g) Provided the BACKDROP Participant has satisfied all  
19 requirements set forth in this Section, within 30 days from the  
20 date of expiration of the BACKDROP Period or as soon as practical  
21 thereafter, the Retirement Plan shall disburse the amount of the  
22 BACKDROP Participant's BACKDROP benefits to the BACKDROP  
23 Participant.

24 (h) All disbursements made pursuant to Section 121.211(g) shall be  
25 made subject to and in accordance with all applicable provisions of  
26 the Internal Revenue Code.

27

28 **Section 3. Part 5, Chapter 121 Created.** Part 5, Financial  
29 Investment and Advisory Committee, Chapter 121, *Ordinance Code*, is  
30 hereby created to read as follows:

31 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

1 \* \* \*

2 PART 5. FINANCIAL INVESTMENT AND ADVISORY COMMITTEE

3  
4 Sec. 121.501. Financial Investment and Advisory Committee

5 Created. There is hereby created a Jacksonville Police and Fire  
6 Pension Fund Board of Trustees Financial Investment and Advisory  
7 Committee of five persons.

8 Sec. 121.502. General Responsibilities and Duties of  
9 Financial Investment and Advisory Committee. The Financial

10 Investment and Advisory Committee shall have the responsibility and  
11 duty to provide advisory oversight and advice to the Jacksonville  
12 Police and Fire Pension Board of Trustees ("Board") on: (1)  
13 financial matters; (2) actuarial practices and assumptions; (3)  
14 investment strategy and policy; (4) the selection of outside  
15 financial services providers, including investment managers and  
16 advisors; and (5) such other matters as requested by the Board.

17 Sec. 121.503. Financial Investment and Advisory Committee;  
18 Membership, Appointment and Terms.

19 (a) Financial Investment and Advisory Committee members shall be  
20 financially sophisticated professionals with expertise in any or  
21 all of the following competencies: actuarial science, fiscal  
22 operations, or investment practices. Criteria for service will  
23 include knowledge of and experience and familiarity with portfolio  
24 and/or pension fund management, institutional investment and  
25 fiduciary responsibilities.

26 (b) Members of the Financial Investment and Advisory Committee  
27 must be residents of Duval, Nassau, St. Johns, Baker or Clay  
28 County, Florida. Each member will be nominated by the Board and  
29 confirmed by the Council to serve in a voluntary capacity.

30 (c) The term of office shall be three years. No person shall  
31 serve more than three consecutive terms. Of the five persons

1 selected to serve on the initial Committee two members shall serve  
2 initial terms of two years. In its confirmation of the Committee  
3 Member nominee, the Council shall designate whether the initial  
4 term is for two or for three years.

5 **Sec.121.504. Financial Investment and Advisory Committee;**  
6 **Relationship with Police and Fire Pension Fund Board of Trustees.**

7 (a) With regard to general strategy matters such as actuarial  
8 practices and assumptions, asset allocation, accounting  
9 determinations, risk management, actuarial assumptions, the  
10 Financial Investment Advisory Committee may at any time provide  
11 advice and recommendations to the Board, which shall receive and  
12 act upon such advice and recommendations as the Board, in its  
13 fiduciary capacity, shall determine.

14 (b) With regard to the selection (or de-selection) of individual  
15 investment managers, the Board of Trustees shall not select any  
16 investment manager without first obtaining the advice and  
17 recommendation of the Financial Investment and Advisory Committee  
18 which, with the assistance of the professional staff of the Board,  
19 shall review any and all potential asset/investment managers. In  
20 selecting or de-selecting, the Board will then make its decision(s)  
21 taking into account Financial Investment and Advisory Committee  
22 recommendations as well as other information available to the  
23 Board.

24 (c) With regard to the selection of other professionals or  
25 professional services, including, but not limited to, actuaries,  
26 the Financial Investment and Advisory Committee shall furnish  
27 advice and recommendations to the Board as requested by the Board,  
28 following such processes as may be determined with respect to the  
29 particular selection.

30 **Sec. 121.505. Financial Investment and Advisory Committee;**  
31 **Fiduciary Responsibilities; Improper Business Relationships.**

1 (a) Financial Investment and Advisory Committee members shall be  
2 deemed to be fiduciaries of the Police and Fire Pension Fund. Each  
3 member individually and the Financial Investment and Advisory  
4 Committee as a whole shall be required to undergo periodically any  
5 and all fiduciary and ethical training required by the Board or by  
6 ordinance.

7 (b) Financial Investment and Advisory Committee members shall  
8 comply with all requirements of state law with regard to annual  
9 public conflict disclosure statements required by members of other  
10 public agencies and boards.

11 (c) (1) No business organization or affiliate thereof that is owned  
12 or controlled by, or employs, a member of the Financial Advisory  
13 and Investment Committee or a spouse, child or sibling of a member  
14 of the Financial Investment and Advisory Committee shall directly  
15 or indirectly contract with or provide services for the investment  
16 of Police and Fire Pension Fund assets during the time of such  
17 member's service on the Financial Investment and Advisory Committee  
18 or for two (2) years thereafter.

19 (2) The Board may waive the prohibition in Subsection (c)(1) if,  
20 (a) such potential conflict is fully disclosed to the Board as well  
21 as the Financial Investment and Advisory Committee, and (b) only  
22 after the Financial Investment and Advisory Committee members who  
23 have no apparent conflict in the matter unanimously recommend  
24 waiver of the prohibition upon a finding that (i) the Police and  
25 Fire Pension Fund will not be adversely impacted by such contract  
26 or services; and (ii) that the allowance of such contract or  
27 services together with service by the Financial Investment and  
28 Advisory Committee member is in the best interest of the Police and  
29 Fire Pension Fund. The waiver by the Board must be by unanimous  
30 vote and must contain a finding that (i) the Police and Fire  
31 Pension Fund will not be adversely impacted by such contract or

1 services; and (ii) that the allowance of such contract or services  
2 together with service by the Financial Investment and Advisory  
3 Committee member is in the best interest of the Police and Fire  
4 Pension Fund.

5 **Sec. 121.506. Financial Investment and Advisory Committee;**  
6 **Miscellaneous Provisions.**

7 (a) The Financial Investment and Advisory Committee shall annually  
8 elect a chair and secretary from its members.

9 (b) The Board shall provide administrative support to the Financial  
10 Investment and Advisory Committee.

11  
12 **Section 4. Part 6, Chapter 121 Created.** Part 6, Ethics,  
13 Fiduciary Responsibilities and Best Practices, Chapter 121,  
14 *Ordinance Code*, is hereby created to read as follows:

15 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

16 \* \* \*

17 **PART 6. ETHICS, FIDUCIARY RESPONSIBILITIES AND BEST PRACTICES**

18  
19 **Sec. 121.601. Police and Fire Pension Fund Board of Trustees**  
20 **and Executive Director; Fiduciary Responsibilities; Improper**  
21 **Business Relationships.**

22 (a) Police and Fire Pension Fund Board of Trustees members shall be  
23 deemed to be fiduciaries of the Police and Fire Pension Fund. Each  
24 member individually and the Board of Trustees as a whole shall be  
25 required to undergo periodically any and all fiduciary and ethical  
26 training required by the Board or by ordinance.

27 (b) Board of Trustee members shall comply with all requirements of  
28 state law with regard to annual public conflict disclosure  
29 statements required by members of other public agencies and boards.

30 (c) (1) No business organization or affiliate thereof that is owned  
31 or controlled by, or employs, a member of the Board of Trustees or

1 a spouse, child or sibling of a member of the Board of Trustees  
2 shall directly or indirectly contract with or provide services for  
3 the investment of Police and Fire Pension Fund assets during the  
4 time of such member's service on the Financial Investment and  
5 Advisory Committee or for two (2) years thereafter.

6 (2) The Board may waive the prohibition in Subsection (c)(1) if,  
7 (a) such potential conflict is fully disclosed to the Board and (b)  
8 the Board, by unanimous vote, finds that (i) the Police and Fire  
9 Pension Fund will not be adversely impacted by such contract or  
10 services; and (ii) that the allowance of such contract or services  
11 together with service by the Board of Trustees member is in the  
12 best interest of the Police and Fire Pension Fund.

13 (d) The provisions of F.S. Ch. 112, Part III, including §§ 112.311-  
14 112.3175 relating to financial disclosure, shall apply to all Board  
15 members and the Executive Director. All Board members and the  
16 Executive Director shall be required to file the limited financial  
17 disclosure form (Form 1) as required by F.S. §112.3145(1)(a)(2)(e)  
18 and §112.3145 (1)(a)3.

19 **Sec. 121.602. Actuarial Assumptions.** The assumed annual  
20 actuarial rate of return Jacksonville Police and Fire Pension Fund  
21 at the date of the adoption of this section shall be 7.0%. This  
22 rate shall be modified only as required by law or upon agreement by  
23 the Mayor and City Council and the Police and Fire Pension Fund  
24 Board of Trustees, based on sound actuarial practices.

25 **Sec. 121.603. Actuarial and investment reports.**  
26 (a) The Police and Fire Pension Fund Board of Trustees shall have  
27 the duty to have an annual actuarial valuation of the Police and  
28 Fire Pension Fund performed by the Board of Trustee's actuary.  
29 This valuation shall be performed as of October 1 of each year. The  
30 annual actuarial valuations shall be completed and delivered as  
31 expeditiously as possible to the Board, the Financial Investment

1 and Advisory Committee, the City's Director of Finance and to the  
2 City Council Auditor promptly upon completion but, in any event,  
3 the Board of Trustees shall have the valuation analyses and reports  
4 completed and delivered no later than 120 days after October 1. The  
5 120-day deadline set forth herein is conditioned upon the City  
6 promptly responding to reasonable requests made by the Board of  
7 Trustees to the City for information necessary for the preparation  
8 of such valuations.

9 (b) In addition to following all professional standards and  
10 requirements for actuarial analysis and reporting, the Board of  
11 Trustees will utilize the following approaches and assumptions:

12 (1) Annual actuarially required contributions  
13 calculations based on most recent actuarial assumptions;

14 (2) Alternative funding scenarios based on variable  
15 investment performance in addition to the base case, that extend to  
16 future years and incorporate volatility;

17 (3) The latest "experience studies" prepared by the  
18 Board's actuary;

19 (4) Consistency in actuarial methods;

20 (5) Accrual method: Entry Age Normal (EAN);

21 (6) Annual normal cost disclosure, using a separate  
22 annual normal cost disclosure for each pension group as those  
23 groups are defined in Part 2, Chapter 121, Ordinance Code; and

24 (7) Unfunded liabilities will be amortized as separate  
25 annual bases over closed 30-year periods or less, unless otherwise  
26 required by law.

27 (c) The actuarial practices will be consistent from year to year  
28 unless changed through an "experience study" or decision of the  
29 Board, with advice from the Financial Investment and Advisory  
30 Committee, or unless necessary for compliance with applicable laws  
31 or regulations.



1 (d) The Board of Trustees must distribute to City's Chief Financial  
2 Officer and City Council Auditor the Police and Fire Pension Fund's  
3 quarterly investment return reports. These reports must, at a  
4 minimum, show gross gain/loss results as well as gain/loss results  
5 net of investment fees. These quarterly reports must also include  
6 comparisons to (1) assumption and benchmarks of the Police and Fire  
7 Pension Fund, and (2) results of comparable pension funds.

8 **Sec. 121.604. Annual Financial Statements.**

9 (a) On or before January 31 of each year, commencing with the first  
10 January following the prospective effective date of Ordinance 2014-  
11 386-E, the Board of Trustees shall prepare annual financial  
12 statements for the fiscal year ending the previous September 30 and  
13 submit such annual financial statements electronically or as  
14 otherwise agreed to the Mayor, City Council President, City  
15 Director of Finance, City Council Auditor, and the Treasurer of the  
16 Board; and, on or before March 15 of each year, to the Florida  
17 Department of Management Services (the "Department") in format(s)  
18 prescribed by the Department.

19 (b) The annual financial statements shall be in compliance with the  
20 requirements of the Government Accounting and Standard Board's  
21 Statement No. 67, Financial Reporting for Pension Plans and  
22 Statement No. 68, Accounting and Financial Reporting for Pensions,  
23 using the mortality tables and generational projections by gender  
24 most recently available from qualified actuarial sources. If yet  
25 unaccepted updates also are available that suggest longevity  
26 improvements beyond accepted tables, then such updates shall be  
27 used in lieu of accepted tables so long as such usage remains  
28 acceptable within GASB requirements and is permitted by applicable  
29 law.

30 (c) The annual financial statements shall report funding status,  
31 contribution rates and expected normal cost of new benefits earned

1 using both the current assumed rate of return on investments and  
2 the greater of 5.4% or an assumed discount rate that is 200 basis  
3 points less than the Fund's assumed rate of return.

4 (d) The annual financial statements shall provide information  
5 indicating the projected assets, liabilities and actuarially  
6 required contributions to the Fund over the following 30 years  
7 based on the Fund's latest valuations and actuarial assumptions.

8 **Sec. 121.605. Public Information.** The Board of Trustees  
9 shall publish on its website on a timely basis:

10 (a) all financial and actuarial studies and reports created  
11 pursuant to this Chapter or other law;

12 (b) minutes of its meetings for the past 3 years on a rolling  
13 basis; and

14 (c) copies of all reports or studies commissioned by the Board of  
15 Trustees, including, but not limited to, experience studies and  
16 investment performance reports.

17 **Sec. 121.606. Ethics, Certification and Disclosure**  
18 **Requirements for Investment Managers and Advisors.**

19 (a) Any investment manager or advisor of the Police and Fire  
20 Pension Fund who has discretionary authority for any investment of  
21 the fund shall agree to certify, annually, to the Financial  
22 Investment and Advisory Committee and to the Board of Trustees, no  
23 later than the January 31 following the previous calendar year,  
24 that:

25 (1) The investment manager or advisor acknowledges that the  
26 manager or advisor serves as a fiduciary to the Police and Fire  
27 Pension Fund and agrees to be bound by all responsibilities of a  
28 fiduciary;

29 (2) All investment decisions made by the investment manager or  
30 advisor on behalf of the Police and Fire Pension Fund are made in  
31 the best interests of the Fund and not made in a manner to the

1 advantage of such investment adviser or manager, other persons, or  
2 clients to the detriment of the Fund;

3 (3) Appropriate policies, procedures, or other safeguards  
4 have been adopted and implemented by such manager or advisor to  
5 ensure that relationships with any affiliated persons or entities  
6 do not adversely influence the investment decisions made on behalf  
7 of the Police and Fire Pension Fund;

8 (4) The investment manager or advisor is not the subject of a  
9 claim or litigation brought by a present or former client or by a  
10 regulatory agency asserting that such investment manager or advisor  
11 has breached its fiduciary responsibilities, or, if such be the  
12 case, the investment manager or advisor shall disclose the  
13 particulars of each such claim or litigation;

14 (5) A written code of ethics, conduct, or other set of  
15 standards, as submitted by the investment manager or advisor to the  
16 Financial Investment and Advisory Committee and the Board of  
17 Trustees and accepted by both the Financial Investment and  
18 Advisory Committee and the Board of Trustees, governs the  
19 professional behavior and expectations of owners, general partners,  
20 directors or managers, officers, and employees of the investment  
21 adviser or manager, has been adopted and implemented, and that such  
22 standards are effectively monitored and enforced; and

23 (6) Policies of the Board concerning prohibited business  
24 relationships among family members and other related parties have  
25 been complied with.

26 (b) Any investment manager or advisor of the Police and Fire  
27 Pension Fund who has discretionary authority for any investment of  
28 the Police and Fire Pension Fund shall agree to disclose annually  
29 to the Financial Investment and Advisory Committee and to the  
30 Board, no later than the January 31 following the previous calendar  
31 year:



1 firefighters who are members of the pension fund, and the last  
2 shall be chosen by a majority of the previous four members. The  
3 fifth member's name shall be submitted to the City Council, which  
4 shall, as a ministerial act, appoint such person as the fifth  
5 member of the board. Effective for all new appointments after July  
6 1, 2005, each resident member shall serve as a trustee for a period  
7 of 4 years, unless sooner replaced by the City Council at whose  
8 pleasure he or she shall serve, and may succeed himself or herself  
9 as a trustee. Effective for all elections after July 1, 2005, the  
10 police officer and firefighter members shall serve as trustees for  
11 a period of 4 years, unless they shall sooner leave the employment  
12 of the city as a police officer or firefighter, whereupon the class  
13 of employees whose elected representative has left office shall  
14 elect a successor to fill the unexpired term of office as provided  
15 for in this section. Each employee member may succeed himself or  
16 herself in office. Members shall continue to serve until their  
17 respective successors are appointed, elected, or selected. Trustees  
18 appointed by the City, as well as any persons selected as the fifth  
19 member of the Trustees by the other four trustees, shall continue  
20 to be persons with professional financial experience and/or public  
21 pension experience, governance experience, institutional investment  
22 experience, community experience and wisdom, or comparable  
23 professional training, knowledge, and expertise. Trustees chosen  
24 and appointed by the City Council shall not be a participant or be  
25 enrolled in a city pension, shall be limited to a maximum of two  
26 four year terms, and shall have at least 10 years of professional  
27 financial experience.

28 \* \* \*

29 **Section 6. Ratification Disclaimer.** Notwithstanding any  
30 references to the "Thirty Year Agreement" contained herein or in  
31 the Agreement attached hereto as **Third Revised Exhibit 1**, labeled

1 as "Third Revised Exhibit 1, Third Rev Agmt, December 2, 2014 -  
2 Finance", nothing herein or in **Third Revised Exhibit 1** shall be  
3 construed as ratification or approval of said "Thirty Year  
4 Agreement." This Agreement supersedes and replaces all previous  
5 agreements.

6 **Section 7. Approval of 2014 Retirement Reform Agreement;**  
7 **Authorization to Execute and Implement.**

8 There is hereby approved and the Mayor, or his designee, and the  
9 Corporation Secretary are authorized to execute and deliver, for  
10 and on behalf of the City, the 2014 Retirement Reform Agreement in  
11 the form **attached as Third Revised Exhibit 1**, labeled as "Third  
12 Revised Exhibit 1, Third Rev Agmt, December 2, 2014 - Finance", and  
13 take, or cause to be taken, for and on behalf of the City, such  
14 further action as is necessary to effectuate the purpose of this  
15 Ordinance. The Agreement as set forth in **Third Revised Exhibit 1**,  
16 labeled as "Third Revised Exhibit 1, Third Rev Agmt, December 2,  
17 2014 - Finance" herein replaces and supersedes the terms of the  
18 existing Police and Fire Pension Plan. It is intended that there  
19 be no lapse either in time or effect between this plan and such  
20 superseded plans.

21 **Section 8. Actuarial Impact Statement.** The actuarial impact  
22 statement required by Section 112.63(3), Florida Statutes, as a  
23 condition to any proposed change in retirement benefits, is  
24 **attached as Exhibit 2.**

25 **Section 9. Transfer of Funds.** On the prospective effective  
26 date of Ordinance 2014-386-E, the Board will apply the entire  
27 balances in the Enhanced Benefits Account and the City  
28 Stabilization Account to the City for the benefit of the Plan. As  
29 of October 1, 2013, the total balance of both accounts was  
30 \$60,915,907.00; however, the amount applied pursuant to this  
31 section will be the actual balances of both accounts on the

1 prospective effective date of Ordinance 2014-386-E, but shall not  
2 be less than \$60,915,907.00.

3       **Section 10. Interpretation.** Any Ordinance or part of any  
4 Ordinance in conflict with the provisions hereof is repealed to the  
5 extent of the conflict. Should any part of this Ordinance be held  
6 invalid by a court of competent jurisdiction, the remainder of this  
7 Ordinance shall continue in full force and effect and it shall be  
8 presumed that this Ordinance was adopted without the invalid  
9 provision.

10       **Section 11. Savings Clause.** The Agreement as set forth in  
11 **Third Revised Exhibit 1**, labeled as "Third Revised Exhibit 1, Third  
12 Rev Agmt, December 2, 2014 - Finance" herein replaces and  
13 supersedes the terms of the existing Police and Fire Pension Plan.  
14 It is intended that there be no lapse either in time or effect  
15 between this plan and such superseded plans. Any Ordinance or part  
16 of any Ordinance in conflict with the provisions hereof is repealed  
17 to the extent of the conflict and should any part of this Ordinance  
18 or Agreement attached hereto as **Third Revised Exhibit 2**, labeled as  
19 "Third Revised Exhibit 2, Third Rev Agmt, December 2, 2014 -  
20 Finance" be held invalid by a Court of competent jurisdiction, the  
21 remainder of this Ordinance and the Agreement shall continue in  
22 full force and effect and it shall be presumed that this Ordinance  
23 and the Agreement were adopted without the invalid provision. In  
24 particular, should the term of the attached Agreement be determined  
25 to be inconsistent with Section 447.309(5), *Florida Statutes*, and  
26 therefore invalid as applied to one or more provisions of the  
27 attached Agreement, then the term of those provisions of the  
28 attached Agreement shall be modified so that the term of those  
29 provisions shall not exceed the requirements of Section 447.309(5),  
30 *Florida Statutes*, or a term as adjudicated by a court of competent  
31 jurisdiction and all other provisions shall continue with such term

1 as set forth in the Agreement. To the extent that anything  
2 contained herein may be inconsistent with state or federal law,  
3 such law will control.

4 **Section 12. Authorizing the Council Auditor's and General**  
5 **Counsel's Office to make "Technical Amendments"**. The Council  
6 Auditors and the General Counsel's Offices are authorized to take  
7 all necessary action in connection with this legislation, to  
8 execute the finalization and codification of the legislation to  
9 effectuate the purposes of this Ordinance as recommended by the  
10 Council Committees and enacted by Council, without further Council  
11 action, provided such changes and amendments are limited to  
12 "technical amendments" including updating division, and  
13 departmental name changes throughout the code, and do not change  
14 the fiscal impact and, further provided, that all such amendments  
15 shall be subject to appropriate legal review and approval by the  
16 General Counsel, or designee, and all other appropriate official  
17 action required by law.

18 **Section 13. Sunset.** Ordinance 2014-386-E shall sunset, be  
19 repealed, be null and void, and be of no further effect if the  
20 Police and Fire Pension Fund Board of Trustees does not approve and  
21 execute the Agreement (**Third Revised Exhibit 1**, labeled as "Third  
22 Revised Exhibit 1, Third Rev Agmt, December 2, 2014 - Finance"  
23 attached hereto), as approved by 2014-386-E, on or before January  
24 15, 2015.

25 **Section 14. Prospective Effective Date of Ordinance 2014-386-**  
26 **E.** The provisions of this Ordinance other than Sections 12 and 13,  
27 shall not become effective until such time as implementation of a  
28 permanent funding source has been advanced by the Mayor and enacted  
29 by Ordinance by the City Council, that provides a minimum payment  
30 of \$40 million each year for ten consecutive years, or an  
31 equivalent present value amount, in addition to the City's annual



1 required contribution to the Police and Fire Pension Fund, to be  
2 used solely to reduce the unfunded liability of the police and fire  
3 pension fund.

4 **Section 15. Effective Date.** This Ordinance shall become  
5 effective upon signature by the Mayor or upon becoming effective  
6 without the Mayor's signature.

7  
8

9 Form Approved:

10

11 /s/ *Margaret M. Sidman*

12 Office of General Counsel

13 Legislation Prepared By: Margaret M. Sidman

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