~~Substituted & Rereferred 11/12/14~~
~~Substituted, Amended & Enacted 12/9/14~~

Introduced by Council President at the request of the Mayor~~ and Substituted by the Rules Committee and Substituted by the Finance Committee and amended on the Floor of Council~~:

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ORDINANCE ~~2014-386-E~~2015-54

AN ORDINANCE PERTAINING TO CHAPTER 121 (POLICE AND FIREFIGHTERS PENSION PLAN), ORDINANCE CODE; CREATING SECTION 121.101(F); AMENDING 121.107 (D)(CREDIT FOR BROKEN SERVICE, CONTINUOUS SERVICE, PARTIAL YEARS TRANSFERABILITY, AND SERVICE AS A FLORIDA STATE CERTIFIED POLICE OFFICER OR FIRE FIGHTER); AMENDING SECTION 121.102(E) (POLICE AND FIRE PENSION PLANS) CREATING A NEW CATEGORY OF MEMBER KNOWN AS A "GROUP II MEMBER" BASED UPON A DATE OF HIRE ON OR AFTER THE PROSPECTIVE EFFECTIVE DATE OF ORDINANCE ~~2014-386~~2015-54-E AND SECTION 121.113(A)(1), 121.113(A)(2), AND (B) (CALCULATION OF PENSION CONTRIBUTIONS FOR POLICE AND FIRE PENSION FUND) REVISING THE CONTRIBUTION PERCENTAGES OF EXISTING POLICE AND FIRE PENSION PLAN MEMBERS; CREATING SECTION 121.114 (UNFUNDED ACTUARIAL LIABILITY; MUTUAL CONTRIBUTIONS) TO OUTLINE THE MUTUAL OBLIGATIONS OF THE CITY AND THE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES IN ADDRESSING THE UNFUNDED LIABLITY; CREATING SECTION 121.115 (SUPPLEMENTAL SHARE PLAN); CREATING SECTION 121.116 (BOARD OF TRUSTEES INVESTMENT AUTHORITY) TO OUTLINE THE

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INVESTMENT AUTHORITY OF THE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES; CREATING SECTION 121.117 (EXECUTIVE DIRECTOR ADMINISTRATOR) TO OUTLINE THE QUALIFICATIONS FOR FUTURE EXECUTIVE ADMINISTRATORS OF THE POLICE AND FIRE PENSION FUND; CREATING SECTION 121.118 (USE OF GENERAL COUNSEL) TO OUTLINE THE POLICE AND FIRE PENSION FUND'S USE OF THE OFFICE OF GENERAL COUNSEL; AMENDING SECTION 121.201 (RETIREMENT BENEFITS) TO CREATE SECTION 121.201A FOR "GROUP I MEMBERS" AND TO CREATE SECTION 121.201B FOR "GROUP II MEMBERS" TO OUTLINE THE PENSION BENEFITS EXTENDED TO EACH GROUP, SECTION 121.204 (SURVIVING SPOUSE'S BENEFITS), SECTION 121.206 (CHILDREN'S BENEFITS), AND SECTION 121.209 (DEFERRED RETIREMENT OPTION PROGRAM (DROP) FOR GROUP I MEMBERS); CREATING NEW SECTION 121.211 (BACKDROP FOR GROUP II MEMBERS) TO ESTABLISH THE BACKDROP PROGRAM OF PENSION BENEFITS EXTENDED TO GROUP II MEMBERS; AMENDING CHAPTER 121 TO CREATE A NEW PART 5 (FINANCIAL INVESTMENT AND ADVISORY COMMITTEE); AMENDING CHAPTER 121 TO CREATE A NEW PART 6 (ETHICS, FIDUCIARY RESPONSIBILITIES AND BEST PRACTICES); AMENDING ARTICLE 22 (JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES) OF THE CHARTER OF THE CITY OF JACKSONVILLE; ~~PROVIDING FOR RATIFICATION DISCLAIMER; APPROVING THE 2014 RETIREMENT REFORM AGREEMENT;~~ ATTACHING THE REQUIRED ACTUARIAL

IMPACT STATEMENT; PROVIDING FOR A SUNSET PROVISION; PROVIDING FOR A PROSPECTIVE EFFECTIVE DATE OF THE ORDINANCE UNTIL A PERMANENT FUNDING SOURCE HAS BEEN PROVIDED BY THE MAYOR AND ENACTED BY ORDINANCE BY THE CITY COUNCIL; PROVIDING AN EFFECTIVE DATE.

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

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

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

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

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~~**WHEREAS,** the~~ Agreement, hereinafter known as the ~~2014~~2015 Agreement or Agreement, supersedes ~~and replaces~~ a series of

agreements commonly known as the "30 Year Settlement Agreement"; and

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

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

WHEREAS, the Parties represent that they will in good faith, ~~present and support~~implement the terms of the ~~2014~~2015 Pension Reform Agreement (**attached hereto as ~~Fourth Revised~~ Exhibit 1,** ~~labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 — Floor") to their respective elected and/or appointed officials~~ and use their best efforts to obtain the approval of ~~said~~ the authorized officials necessary for the implementation of the ~~2014~~2015 Pension Reform Agreement; and

WHEREAS, the Agreement and adoption of the ordinances suggested therein will save the City of Jacksonville taxpayers at least $1.5 billion over the next ~~35~~30 years; and

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

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

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

between the Parties and all amendments thereto (i.e., 2000-1164-E, 2003-303-E, 2003-1338-E, and 2006-508-E), is superseded ~~and replaced by this Agreement, which will expire ten years after the prospective effective date of this Agreement, except for the provisions in the 2014 Agreement labeled "Governance of the Police and Fire Pension Fund," which will expire on September 30, 2030, and nothing herein shall be construed as ratification or approval of the "Thirty-Year Agreement",~~without a lapse in time by this Agreement; and

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

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

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

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

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

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

amended; Sections 121.101(f), 121.102(e), 121.107(d) and 121.113, *Ordinance Code*, are hereby amended, and Sections 121.114, 121.115, 121.116, 121.117 and 121.118, *Ordinance Code*, are hereby created, to read as follows:

Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN

PART 1. POLICE AND FIRE PENSION FUND ADMINISTRATION

Sec. 121.101. Control and Administration of Police and Fire Pension Fund.

* * *

(f) From and after the prospective effective date of Ordinance ~~2014-386~~2015-54-E: (1) the Board shall not engage in the determination of pension benefits and shall leave the negotiation and future modification of pension benefits to elected City officials and certified bargaining agents; (2) Nothing in this section shall be construed to impair the rights provided under Article 1, Section 6 of the Florida Constitution or Chapter 447, Florida Statutes; (3) All subjects of collective bargaining including but not limited to pension or retirement benefits shall be subject to the requirements of Chapter 447, Florida Statutes; (4) The City and any authorized certified bargaining agent shall have all of the rights and be subject to the provisions of Chapter 447, Florida Statutes, including but not limited to the requirement for negotiations, the term limitation set forth in Section 447.309(5), Florida Statute, and the impasse process~~; (5) The~~, provided however, that the City ~~retains all rights to~~shall not unilaterally ~~take action that alters~~ alter the pension benefits ~~(pension or otherwise)~~of Group I Members, as authorized ~~under~~by Section 447.403(4)(d), Florida ~~law~~Statutes, for a period of 10 years from the prospective effective date of Ordinance 2015-54-E; and (~~6~~5) Nothing herein shall be construed to waive the City's or

the certified bargaining agent's right to demand collective bargaining as authorized under Florida law.

Sec. 121.102. Police and Fire Pension Plans.

* * *

(e) Definitions of Membership Classes:

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

(2) Group I Members: Are employees of the City of Jacksonville who were hired by the City for full time employment prior to the prospective effective date of Ordinance ~~2014-386~~2015-54-E and who have enrolled in the Police and Fire Pension Plan and are contributing to the Plan through payroll deduction.

(3) Group II Members: Are employees of the City of Jacksonville who are hired by the City for full time employment on or after the prospective effective date of Ordinance ~~2014-386~~2015-54-E and who have enrolled in the Police and Fire Pension Plan and are contributing to the Plan through payroll deduction.

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

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

(~~2~~6) Qualified Members: Are Group I Members ~~employees of the City~~ who have elected to participate in the deferred retirement option program under Section 121.209.

(~~3~~7) Beneficiary or Beneficiaries: Are (i) with respect to Group I Members, former active Group I M~~m~~embers who have completed five or more years of credited service as active Members and have either (1) vested their service for deferred retirement (Inactive Beneficiary) or (2) have met time and service requirements for

retirement, or are retired as totally and permanently disabled while an active member, or anyone receiving benefits as a surviving spouse or minor child of a member (Active Beneficiary); or (ii) with respect to Group II Members, former active Group II Members who have completed ten or more years of credited service as active Members and have either (1) vested their service for retirement or (2) have met time and service requirements for retirement, or are retired as totally and permanently disabled while an active member, or anyone receiving benefits as a surviving spouse or minor child of a member (Active Beneficiary). In the case of the distribution of DROP benefits for Group I Members, the estate of the Q~~q~~ualified M~~m~~ember or former Q~~q~~ualified M~~m~~ember may also be considered to be a beneficiary in the event that there is no surviving spouse.

* * *

Sec. 121.107. Credit for broken service, continuous service, partial years transferability, and service as a Florida State Certified Police Officer or ~~Fire Fighter~~Firefighter.

* * *

(d) Any active Member of the Police and Fire Pension Fund who is not a retiree and who has not attained vested status under any other governmental retirement system shall be entitled to purchase time service credit for up to five years of full time employment as a Police Officer under the provisions of F.S. Ch. 943, or as a certified ~~Fire Fighter~~ Firefighter under the provisions of F.S. Ch. 633. Notwithstanding the preceding sentence, any active member of the Police and Fire Pension Fund who is not a retiree and seeks to purchase time service credit as a Police Officer under the provisions of F.S. Ch. 943, or as a certified Firefighter under the provisions of F.S. Ch. 633, under this paragraph for service with another government in Duval County, shall be entitled to purchase up

to 5 years of such time service credit provided such service has not been used for entitlement for benefits under any other pension system. To be entitled to pension credit, a Member shall make application to the Board at any time prior to retirement. Furthermore, the employee shall pay into the Pension Fund a sum equal to 20 percent of his or her current monthly salary multiplied by the number of months (60 months maximum) for which credit is being sought, on such terms as the Board shall determine.

* * *

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

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

(a) Salary Deductions.

(1) Group I Members. A deduction of ~~seven~~ eight percent per annum, plus an additional two percent subject to the conditions described within (i) and (ii) below, from all salaries (base salary, longevity, City college incentive, enhanced certification pay, emergency operation and hazardous duty pay; shift differential, and "upgrade" pay; and excluding all overtime, state incentive pay, reimbursed expenses and allowances such as cleaning/clothes allowances, and payments for unused accrued time), of all ~~members of the Police and Fire Departments participating in this fund, or who will become members hereafter~~ Group I Members, to be deducted in installments from each periodical paycheck of each ~~of these members~~ Group I Member.~~, together with a sum equal to not less than the minimum recommended contribution in the most recent actuarial valuation of the fund expressed as a percent per annum of all salaries (as defined above) of all members of the Police and Fire Departments participating in this fund according to the amount~~

~~thereof as set up in the current budget in each year hereafter, together with such additional sums as may be necessary to administer this fund, which two latter amounts shall be designated by the Board and certified to the Council for each fiscal year, and the Council shall thereupon place the amount so designated in the budget for the succeeding year and levy a tax therefor, if necessary; except that the City may in good faith challenge the City contribution designated by the Board. In the event of such a challenge, the Board's actuary and City's actuary shall agree on an impartial third actuary who shall resolve all disputes between the actuaries and whose decision shall be binding and final as between the Board and the City.~~ The foregoing eight percent deduction shall be increased by two percent as follows:

(i) For Fire Members: On October 1, 2010, fire Members received a general wage reduction of two percent. (See Agreement Between the City of Jacksonville and the International Association of Firefighters Local 122, October 1, 2009 through September 30, 2012.) In the first pay period, after the prospective effective date of Ordinance ~~2014-386~~2015-54-E, which reflects a total general wage increase of at least two percent over the general wages in effect for fire Members as of October 1, 2010 (an increase which fully restores the general wage reduction of October 1, 2010) the fire Member's salary deduction will simultaneously increase to ten percent.

(ii) For Police Members: On January 1, 2012, police Members received a general wage reduction of three percent. (See Agreement Between the City of Jacksonville and the Fraternal Order of the Police, October 1, 2011 through September 30, 2014.) In the first pay period, after the prospective effective date of Ordinance ~~2014-386~~2015-54-E, which reflects a total general wage increase of at least two percent over the general wages in effect for police

Members as of January 1, 2012 (an increase which fully restores two percent of the January 1, 2012 three percent general wage reduction) the police Member's salary deduction will simultaneously increase to ten percent.

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

(b) The City shall contribute a sum equal to an amount not less than the minimum recommended contribution in the most recent actuarial valuation of the fund expressed as a percent per annum of all salaries (as defined above) of all Members of the Police and Fire Departments participating in this fund according to the amount thereof as set up in the current budget in each year hereafter, together with such additional sums as may be necessary to administer this fund, which two latter amounts shall be designated by the Board and certified to the Council for each fiscal year, and the Council shall thereupon place the amount so designated in the budget for the succeeding year and levy a tax therefor, if necessary; except that the City may in good faith challenge the

City contribution designated by the Board. In the event of such a challenge, the Board's actuary and City's actuary shall agree on an impartial third actuary who shall resolve all disputes between the actuaries and whose decision shall be binding and final as between the Board and the City.

(~~b~~c) Notwithstanding the deduction provided in subsection (a)(1) of this Section, a deduction of two percent per annum shall be made from all salaries (as defined in Section 121.113(a)(1)) of Qualified Members in Group I who elect to participate in the deferred retirement option program, with such amount being credited to the Pension Fund's Ordinance 91-1017-60S, Base Benefit Fund ~~from qualified members who elect to participate in the Deferred Retirement Option Program~~.

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

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

(~~e~~f) The application of the employer pick up provisions of

Section 414(h)(2) of the Internal Revenue Code, as described above in 121.113(e) shall also extend to elective contributions made by payroll deduction installment payments for the purpose of securing service credit for prior service or additional service. As used herein, "elective contributions" shall include contributions initiated under conditions wherein, (i) a member is eligible to purchase credit for prior service under 121.107, ~~of~~or (ii) a former member who received a refund of contributions previously made to the fund who was subsequently rehired and again becomes a member and elects to repurchase such prior broken service under 121.107, or (iii) a member who is eligible to purchase service as a police officer or firefighter within the State of Florida under 121.107(d), or (iv) a member who is eligible to purchase additional permissive service credit for wartime military service under 121.208. However, direct payments made by the member for elective contributions shall not qualify under the pick-up provisions. In order to qualify for pre-tax treatment under Section 414(h)(2), elective contributions paid via payroll deduction installment payments must be made pursuant to the completion of a binding irrevocable payroll authorization executed by the member. Such employee contributions made through payroll deduction will be picked up and paid by the City with the member having no option of receiving such picked up amounts directly instead of having such amounts contributed to the fund. The payroll deduction authorization will state the number of pay periods during which the deduction(s) will be made, the dollar amount of the deduction(s), and that the plan will not accept direct payments from the member while the payroll deduction is in effect.

(~~f~~g) For purposes of purchasing time service credits (or "elective contributions" as defined in 121.113(f)), the fund will additionally allow the lump sum amount of such purchases or

"elective contributions" to be alternatively made in the form of the acceptance of a direct rollover of an eligible rollover distribution from one or more of the providers of the Deferred Compensation Plan administered by the City under Section 457 of the I.R.C. effective January 1, 2002.

Sec. 121.114. Unfunded Actuarial Liability; Mutual Contributions; Florida Insurance Premium Tax Rebate Dollars.

(a) As of the prospective effective date of Ordinance ~~2014-386~~2015- -E, the Police and Fire Pension Fund has an unfunded actuarial liability. In order to begin alleviating such liability, contributions shall be made by both the Board of Trustees and the City, with each contribution contingent upon the other's contribution being made.

(b) Within 30 days following the prospective effective date of Ordinance ~~2014-386~~2015-54-E, the Board will apply the entire balances in the Enhanced Benefits Account and the City Budget Stabilization Account to reduce the unfunded actuarial liability of the Plan. As of October 1, 2013, the total balance of both accounts was $60,915,907.00; however, the amount applied pursuant to this section will be the actual balances of both accounts on the prospective effective date of Ordinance ~~2014-386~~2015-54-E, but shall not be less than $60,915,907.00.

(c) Beginning with the first fiscal year commencing after the prospective effective date of Ordinance ~~2014-386~~2015-54-E and ending with the tenth fiscal year or when the fund reaches an 80% funded status, whichever is sooner, the City shall contribute $40 million annually as an additional unfunded liability payment; provided, the application of the balances in the Enhanced Benefits Account and City Budget Stabilization Account provided in paragraph (b) shall reduce the City's contributions under this paragraph (c).

(d) The Florida Insurance Premium Tax Rebate Dollars (i.e.,

Chapter 175/185 Funds) will be allocated as follows: Beginning with the first fiscal year commencing after the prospective effective date of Ordinance ~~2014-386~~2015-54-E and ending with the seventh fiscal year, the Board shall annually allocate all Chapter 175/185 Funds, minus the Chapter 175/185 funds used to provide the holiday bonus, at the City's discretion for the benefit of the Plan, including without limitation to fund base benefits, reduce the unfunded actuarial accrued liability, or mitigate the City's annual required contribution to the Plan~~.~~; provided however, the Florida Insurance Premium Tax Rebate Dollars shall not be used as a funding source for the $40 million annual additional unfunded liability payment outlined in paragraph (c). (As used herein, "holiday bonus" refers to the annual discretionary Chapter 175/185 Fund bonus payment).

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

~~(2~~ (2) In any fiscal year immediately following a year in which the City does not make the contribution set forth in subsection (c) the City shall add to and include within its contribution in subsection (c) the following amount: the contribution due under subsection (d) from the previous year less the JPFPF pro rata amount due the previous year in subsection (e)(1).

(3) In any fiscal year in which the City does not make the contribution set forth in subsection (c), the Board may use the Chapter 175/185 funds to either: (i) pay down the unfunded liability as a contribution above those otherwise required or (ii) fund a share plan as established in Section 121.115 or (iii)

pay the holiday bonus. (As used herein, "holiday bonus" refers to the annual discretionary Chapter 175/185 Fund bonus payment identified in City Ordinance 2006-508-E.) The share plan created herein will be governed by the rules and regulation in Section 121.115. The share plan will remain unfunded until the requirements outlined in this section have been met.

(~~3~~4) After the seventh fiscal year after the prospective effective date of Ordinance ~~2014-386~~2015-54-E, the Board may use the Florida Insurance Premium Tax Rebate Dollars to either: (i) pay down the unfunded liability as a voluntary contribution or (ii) fund a share plan as established in Section 121.115 or (iii) pay the holiday bonus. (As used herein, "holiday bonus" refers to the annual discretionary Chapter 75/185 Fund bonus payment identified in City Ordinance 2006-508-E.)

(f) As an alternative to the provisions of subsection (c), the City may, at any time, contribute an additional unfunded liability payment in an amount equal to the then equivalent present value of payments due and owing under subsection (c~~).~~), said amount to be confirmed by the actuary for the Fund and the actuary for the City.

Sec. 121.115. Supplemental Share Plan.

(a) *Supplemental share plan retirement benefit*. A supplemental share plan retirement benefit ("Share Plan") is hereby created. The Share Plan shall consist of an individual share account for each active police officer or firefighter ("Participant") on or after the prospective effective date of Ordinance ~~2014-386~~2015-54-E. The sole source of funds for the Share Plan shall be Florida Premium Tax Dollars (i.e., Chapter 175/185 Funds) distributed pursuant to Section 121.114. The Board may deposit into the Share Plan only those monies identified in Section 121.114(e) and only when in conformance with the requirements of Section 121.114(d) and (e).

The Share Plan shall remain dormant until such time as the Board makes its first deposit pursuant to Section 121.114(e).

(b) Participant Share Plan accounts shall be credited with premium tax revenues and investment earnings or losses, and interest, and distributed as set forth in this Section.

(c) *Annual crediting.* Effective January 1 after the first year in which the Board has made its first contribution to the Share Plan pursuant to Section 121.114(e) and each January 1 thereafter, the Share Plan account of each active Participant on the city's payroll as of the preceding September 30th shall be credited as follows: Each active Participant who was employed on the preceding September 30th shall receive one share for the plan year ending on the same September 30th. The total number of shares thus determined shall be divided into the premium tax revenues received by the Share Plan during that plan year to determine the amount to be credited to the Share Plan account of each eligible Participant. Participants who had less than one year of service on September 30th shall receive prorated shares for each full month of service based on their partial year of service prior to September 30. Chapter 175 premium taxes shall be separately distributed to firefighter Participants and Chapter 185 premium taxes shall be separately distributed to police officer Participants.

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

(e) *Distribution of share accounts.* A Participant with ten

(10) or more years of credited service with the City, upon termination of creditable service employment, shall be eligible to receive a distribution of 100 percent of the balance in his or her Share Account, together with all earnings and losses and interest credited to the Share Account through the date of termination of employment. No benefit shall be payable to a Participant who terminates creditable service employment with fewer than ten (10) years of credited service. The Share Account balances of such non-vested terminated Members shall be redistributed among all eligible Participants' Share Accounts in the same manner as premium tax revenues in the following calendar year. The designated beneficiary of a Participant who has died shall receive the accumulated total of their Share Account balance. A Participant awarded a disability pension from the pension plan shall receive the accumulated total of their Share Account balance. Payment of Share Account benefits shall be by lump sum, which shall consist of the accumulated total balance of the active Participant's Share Account, or, at the Participant's direction, the Share Account balance may be rolled over to another qualified plan in accordance with the Internal Revenue Code, with an additional payment made for any amount credited in the year following termination of employment.

(f) The Board shall promulgate uniform rules and procedures for the administration of the Share Accounts and shall file a copy of those rules and procedures with the City Council Secretary.

Sec. 121.116. Board of Trustees' Investment Authority.

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

(b) Investments in hedge funds are prohibited.

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

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

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

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

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

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

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

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

Sec. 121.117. Executive Director-Administrator.

(a) The selection of any Executive Director-Administrator of the Jacksonville Police and Fire Pension Fund Board of Trustees shall be governed by a professional process subject to Florida law in which the candidate shall be selected by the Board using the City Employee Services Department's search and selection processes, and, if necessary, utilizing the assistance of an executive search firm retained by the Board of Trustees. A salary and benefits survey should be conducted prior to advertising for the position in order to establish a compensation level comparable to funds of similar size and complexity to the Fund. In addition to the requirements of applicable law, candidates will be required to have a minimum of five years of pension administration or institutional investment experience, expertise in the oversight of investment portfolios, and a degree in finance, economics, accounting or a related area of study from an accredited university. Comparable experience administering the activities of a state or local public pension plan will also be considered. Candidates who are CPAs or who have a JD, MBA or CFA degree will be preferred. This section shall not apply to anyone holding the position of Executive Director-Administrator at the time of the enactment of this section.

(b) As part of the selection of any future Board of Trustees' Executive Director-Administrator, the aggregate compensation of the Executive Director-Administrator shall be determined in accordance with the market analysis of comparably-sized public pension plans as noted in subsection (a). The City and Board of Trustees shall ensure that any future Executive Director-Administrator and any

senior management employee shall be placed in either the City General Employees' Pension Plan or a defined contribution plan with the Board of Trustees' employer contribution subject to the limits of federal law.

Sec. 121.118. Use of General Counsel. The City's Office of General Counsel (the "OGC") is the proper source for legal representation on routine matters (e.g., open records, public meetings, ~~and~~ other ordinary legal issues, and non-pension legal services) subject to the Charter and Ordinance Code. The Charter and Ordinance Code allow for separate counsel for other purposes.

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

Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN

PART 2. PENSION BENEFITS

Sec. 121.201. Retirement benefits.

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

~~(a) Time service retirement. Members shall be entitled to a time service retirement benefit equal to a maximum of 80 percent of the average salary (as defined in Section 121.113 (a)) received by the member for the 52 pay periods immediately preceding the time of retirement, upon the completion of 30 years of credited service. For each year prior to the thirtieth year of service that a member~~

~~retires, the 80 percent retirement benefit shall be reduced by two percent, of the average salary (as defined in Section 121.113 (a)) received by the member for the 52 pay periods immediately preceding the time of retirement, with the minimum normal retirement benefit being 60 percent after completion of 20 years of credited service.~~

~~(b) Disability retirement.~~

~~(1) Any member, who prior to reaching the minimum normal retirement becomes permanently and totally disabled from useful and efficient service as a police officer or firefighter, as established by competent medical evidence, shall be entitled to a disability retirement. The disability retirement benefit shall be equal to 60 percent of the average salary received by the member for the 52 pay periods immediately preceding the time of disability retirement. The Board shall establish the effective date on which the disability benefit shall commence. The Board shall, by rule, establish procedures for the examination of applicants for disability retirement, for the conduct of disability retirement hearings, for review of said hearings by a court of competent jurisdiction, and reexamination of retirees on disability pension. In the event the application for a disability pension is denied by the Board, then a new application for the same disability cannot be filed by the member within six months of the denial.~~

~~(2) Any member of the pension funds created by these acts who has been in the service of the City for a period of time equal to the minimum time necessary for time service retirement or more and becomes permanently and totally disabled from useful and efficient service shall be entitled to the same rate of pension benefit calculation of the average salary (as defined in Section 121.113 (a)) received by the member for the 52 pay periods immediately preceding the time of disability retirement as those members of his pension plan who retire on time service retirement. Any member who~~

~~elects to retire under a disability pension as provided in this Section shall be required to meet the same requirements for a disability pension as are required for any other member of the respective fund requesting a disability retirement. The Board shall establish the effective date on which the disability benefit shall commence.~~

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

~~(4) The Board shall establish the effective date on which the disability benefit shall commence. The Board shall, by rule, establish procedures for the examination of applicants for disability retirement, for the conduct of disability retirement hearings, for review of said hearings by a court of competent jurisdiction, and re-examination of retirees on disability pension. In the event the application for a disability pension is denied by the Board, a new application for the same disability cannot be filed by the member within six months of the denial.~~

~~(c) Vested retirement benefits.~~

~~(1) Members who terminate employment on or after the effective date of this Ordinance with five or more years of credited service and are not otherwise eligible to retire, are eligible to receive either a deferred retirement benefit of three percent of the average salary received by the member for the 52 pay periods immediately preceding the date of vesting, for each year of credited service prior to the date of vesting, to commence on the date the member would have been eligible to receive minimum time service benefits or be paid a refund of 100 percent of member contributions to the Plan without interest. Within 30 days of a~~

~~member leaving the payroll prior to normal service retirement, the member must make the election in writing to either vest or the refund will be issued automatically. Acceptance of the refund of employee contributions constitutes an irrevocable waiver of all rights to benefits from the Plan.~~

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

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

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

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

~~(2) In addition to the COLA, a minimum adjustment supplement of five (5) dollars per month for each year of actual credited service of the participant used to compute the pension benefit shall be provided for current and future retirees and their survivors, and it shall be paid beginning with the first full biweekly pay period after October 1, 2003, and continuously thereafter; provided however that such supplement shall be no less than twenty-five (25)~~

~~dollars nor more than one hundred and fifty (150) dollars per month. The adjustment supplement described herein shall be based upon the member's actual years of service rather than imputed years of service, which is used for purposes of calculating pension benefits under the disability retirement provisions of section 121.201(b) and the surviving spouse provision of section 121.204(a), and becomes operative in the event of the disability or death of a member, respectively. The Mayor shall annually, each January, evaluate the annual cost of the foregoing adjustment supplement by comparing it to the City's annual cost to provide single employee group health insurance. In the event that the City's cost to provide such health insurance per employee is less than the amount of such supplement per retiree, then the supplement shall be reduced to the amount of the insurance cost.~~

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

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

~~(g) Annual Compensation Limit. Section 401(a)(17) of the Internal Revenue Code establishes an annual compensation limit for each employee under a qualified plan. The provisions of Code Section 401(a)(17) are further described pursuant to Treasury Regulations~~

~~Section 1.401(a)(17)-1. The Police and Fire Pension Plan incorporates by reference the annual compensation limit described under Section 401 (a)(17) and Treasury Regulations Section 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the compensation taken into account for any Member of the Plan in determining plan allocations or benefit accruals for the plan is limited to the annual compensation limit as described in Internal Revenue Code Section 401(a)(17) and the Treasury Regulations related thereto. The Plan additionally elects to avail itself of the transition rule for governmental plans as described in Treasury Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that 'eligible participants', as such term is used in the regulations, will not be affected by the revised limit per the 1993 OBRA and accordingly such 'eligible participants' may have their contributions and benefits computed by using compensation of more than $150,000.00 (as adjusted), so long as it does not exceed the limit in effect on July 1, 1993. All other plan participants ('non-eligible participants') shall be subject to the revised limits for plan years beginning after December 31, 1995.~~

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

~~as described under Code Section 401(a)(25) and Treasury Regulations Section 1.401-1(b)(1)(i).~~

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

Sec. 121.201A Retirement Benefits for Group I Members.

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

(a) Time service retirement.

(1) For Members with 10 or more years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, those Members shall be entitled to a time service retirement benefit equal to a maximum of 80 percent of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 52 pay periods immediately preceding the time of retirement, upon the completion of 30 years of credited service. For each year prior to the thirtieth year of service that a member retires, the 80 percent retirement benefit shall be reduced by two percent, of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 52 pay periods immediately preceding the time of

retirement, with the minimum normal retirement benefit being 60 percent after completion of 20 years of credited service.

(2) For Members with fewer than ~~10~~5 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, those Members shall be entitled to a time service retirement benefit equal to a maximum of 80 percent of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 104 pay periods immediately preceding the time of retirement, upon the completion of 30 years of credited service. For each year prior to the thirtieth year of service that a member retires, the 80 percent retirement benefit shall be reduced by two percent, of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 104 pay periods immediately preceding the time of retirement, with the minimum normal retirement benefit being 60 percent after completion of 20 years of credited service. However, in no event shall the average salary be less than it would have been using the 52 pay periods ending on the prospective effective date of Ordinance ~~2014-386~~2015-54-E.

(b) Disability retirement.

(1) A Group I member, who prior to reaching the minimum normal retirement becomes permanently and totally disabled from useful and efficient service as a police officer or firefighter, as established by competent medical evidence, shall be entitled to a disability retirement. The disability retirement benefit for Members with ~~10~~5 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E shall be equal to 60 percent of the average salary received by the Member for the 52 pay periods immediately preceding the time of disability retirement. The disability retirement benefit for Members with fewer than ~~10~~5 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E shall be equal to 60 percent of the average salary

received by the member for the 104 pay periods immediately preceding the time of disability retirement. However, in no event shall the average salary be less than it would have been using the 52 pay periods ending on the prospective effective date of Ordinance ~~2014-386~~2015-54-E. The Board shall establish the effective date on which the disability benefit shall commence. The Board shall, by rule, establish procedures for the examination of applicants for disability retirement, for the conduct of disability retirement hearings, for review of said hearings by a court of competent jurisdiction, and reexamination of retirees on disability pension. In the event the application for a disability pension is denied by the Board, then a new application for the same disability cannot be filed by the member within six months of the denial.

(2) For Group I Members with ~~10~~5 or more years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, who have been in the service of the City for a period of time equal to the minimum time necessary for time service retirement or more and become permanently and totally disabled from useful and efficient service shall be entitled to the same rate of pension benefit calculation of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 52 pay periods immediately preceding the time of disability retirement as those Members of his pension plan who retire on time service retirement. For Group I Members with fewer than ~~10~~5 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, who have been in the service of the City for a period of time equal to the minimum time necessary for time service retirement or more and become permanently and totally disabled from useful and efficient service shall be entitled to the same rate of pension benefit calculation of the average salary (as defined in Section 121.113 (a)(1)) received by the member for the 104 pay periods immediately

preceding the time of disability retirement as those Members of his pension plan who retire on time service retirement. However, in no event shall the average salary be less than it would have been using the 52 pay periods ending on the prospective effective date of Ordinance ~~2014-386~~2015-54-E. Any member who elects to retire under a disability pension as provided in this Section shall be required to meet the same requirements for a disability pension as are required for any other member of the respective fund requesting a disability retirement. The Board shall establish the effective date on which the disability benefit shall commence.

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

(c) Vested retirement benefits.

(1) For Group I Members with ~~10~~5 or more years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, who terminate employment on or after the prospective effective date of Ordinance ~~2014-386~~2015-54-E with five or more years of credited service and are not otherwise eligible to retire, are eligible to receive either a deferred retirement benefit of three percent of the average salary received by the member for the 52 pay periods immediately preceding the date of vesting, for each year of credited service prior to the date of vesting, to commence on the date the member would have been eligible to receive minimum time service benefits or be paid a refund of 100 percent of member contributions to the Plan without interest. For Group I Members with fewer than ~~10~~5 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, who terminate employment on or after the prospective effective date of Ordinance

~~2014-386~~2015-54-E with five or more years of credited service and are not otherwise eligible to retire, are eligible to receive either a deferred retirement benefit of three percent of the average salary received by the member for the 104 pay periods immediately preceding the date of vesting, for each year of credited service prior to the date of vesting, to commence on the date the member would have been eligible to receive minimum time service benefits or be paid a refund of 100 percent of member contributions to the Plan without interest. However, in no event shall the average salary be less than it would have been using the 52 pay periods ending on the prospective effective date of Ordinance ~~2014-386~~2015-54-E. Within 30 days of a member leaving the payroll prior to normal service retirement, the member must make the election in writing to either vest or the refund will be issued automatically. Acceptance of the refund of employee contributions constitutes an irrevocable waiver of all rights to benefits from the Plan.

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

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

(d) Cost of Living Adjustments.

(1) A Cost of Living Adjustment (COLA) based on each prior annual benefit amount actually received (exclusive of onetime bonuses or

adjustments) shall be provided for retirees and survivors. For Members with 20 or more years of credited service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January, the recipient shall be granted a COLA in the amount of three percent. For Members with fewer than 20 years of credited service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January, the Member shall be granted a COLA equal to three percent applied to the portion of the accrued benefit based on credited service prior to the prospective effective date of Ordinance ~~2014-386~~2015-54-E, and equal to the Social Security COLA for the same plan year, but not to exceed ~~four~~six percent, applied to the portion of the accrued benefit based on credited service on and after the prospective effective date of Ordinance ~~2014-386~~2015-54-E.

(2) In addition to the COLA, a minimum adjustment supplement of five (5) dollars per month for each year of actual credited service of the Participant used to compute the pension benefit shall be provided for current and future retirees and their survivors, and it shall be paid beginning with the first full biweekly pay period after October 1, 2003, and continuously thereafter; provided however, that such supplement shall be no less than twenty-five (25) dollars nor more than one hundred and fifty (150) dollars per month. The adjustment supplement described herein shall be based upon the member's actual years of service rather than imputed years of service, which is used for purposes of calculating pension benefits under the disability retirement provisions of section 121.201A (b) and the surviving spouse provision of section

121.204(a)(1), and becomes operative in the event of the disability or death of a member, respectively. The Mayor shall annually, each January, evaluate the annual cost of the foregoing adjustment supplement by comparing it to the City's annual cost to provide single employee group health insurance. In the event that the City's cost to provide such health insurance per employee is less than the amount of such supplement per retiree, then the supplement shall be reduced to the amount of the insurance cost.

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

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

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

limited to the annual compensation limit as described in Internal Revenue Code Section 401(a)(17) and the Treasury Regulations related thereto. The Plan additionally elects to avail itself of the transition rule for governmental plans as described in Treasury Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that 'eligible participants', as such term is used in the regulations, will not be affected by the revised limit per the 1993 OBRA and accordingly such 'eligible participants' may have their contributions and benefits computed by using compensation of more than $150,000.00 (as adjusted), so long as it does not exceed the limit in effect on July 1, 1993. All other plan Participants ('non-eligible participants') shall be subject to the revised limits for plan years beginning after December 31, 1995.

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

(i) Required distributions. Distributions from the Plan will be made in accordance with the requirements of the regulations under Internal Revenue Code Section 401(a)(9) and that any provisions in the Plan that are contradictory to the distribution requirements

shall be overridden. In accordance therewith, distributions to Participants must commence by the later of April 1 of the calendar year following the calendar year in which the employee attains the age of 70 ½, or April 1 of the calendar year following the calendar year in which the employee retires. In addition to meeting the minimum distribution amount, the distribution must also meet the incidental benefit requirements of Internal Revenue Code Section 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and 1.401(a)(9)-2 if applicable.

Sec. 121.201B Retirement Benefits for Group II Members

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

(a) Time service retirement. Upon reaching 30 years of credited service, Group II Members shall be entitled to a time service retirement with a benefit equal to 2.5 percent of average salary multiplied by the number of years of credited service, but not exceeding a maximum of 75 percent of average salary. The term "average salary" as used in the foregoing sentence means the average "salaries" (as defined in Section 121.113(a)(2)) received by the Group II Member during the 130 bi-weekly pay periods immediately preceding the date of retirement. Notwithstanding the foregoing, the annual retirement benefit shall not exceed $99,999.99, which amount shall be adjusted January 1 of each year beginning with the first January after the prospective effective date of Ordinance ~~2014-386~~2015-54-E, by the most recent cost of living adjustment applicable to recipients of Social Security retirement benefits, as determined by the U.S. Social Security Administration each calendar year, but not exceeding 1.5 percent.

(b) Disability retirement.

(1) A Group II Member who, prior to reaching the minimum normal

retirement eligibility of 30 years of credited service, becomes permanently and totally disabled from useful and efficient service as a police officer or firefighter, as established by competent medical evidence, shall be entitled to a disability retirement. The disability retirement benefit shall be equal to 50 percent of the average "salaries" (as defined in Section 121.113(a)(2)) received by the Group II Member for the 130 pay periods immediately preceding the time of disability retirement. The Board shall establish the effective date on which the disability benefit shall commence. The Board shall, by rule, establish procedures for the examination of applicants for disability retirement, for the conduct of disability retirement hearings, for review of said hearings by a court of competent jurisdiction, and reexamination of retirees on disability pension. In the event the application for a disability pension is denied by the Board, then a new application for the same disability cannot be filed by the Group II Member within six months of the denial.

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

(c) Vested retirement benefits.

(1) Group II Members who terminate employment with at least 10 but less than 25 years of credited service are eligible to receive a

deferred retirement benefit of 2.0 percent of the average "salaries" (as defined in Section 121.113(a)(2)) received by the member during the 130 pay periods immediately preceding the date of separation, for each year of credited service. The benefit shall commence at age 62. In the alternative, and in lieu of any other benefit from the Fund, a vested member may elect to be paid a refund of 100 percent of member contributions to the Plan without interest. Within 30 days of a member leaving the payroll prior to normal service retirement, the vested member must elect in writing to vest or else the refund will be issued automatically after the end of such 30-day period. Acceptance of the refund of employee contributions constitutes an irrevocable waiver of all rights to benefits from the Plan.

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

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

(4) Group II Members with at least 25 but less than 30 years of credited service shall be eligible for early retirement, provided that for each year or partial year prior to reaching 30 years of credited service, the Group II Member who retires early shall incur a 2.5% accrual rate penalty for any year or part thereof short of 30 years. Notwithstanding this provision, the minimum pension a

person taking early retirement under this section will not be less than 52.5% of employee's final average compensation. Early retirement benefits pursuant to this section will be calculated as follows:

Number of Years of Credited Service:	Retirement Benefit as a Percentage of Final Average Salary as defined in 121.113(a)(2):
25, but less than 26	52.50%
26, but less than 27	55.00%
27, but less than 28	60.00%
28, but less than 29	65.00%
29, but less than 30	70.00%

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

(2) In addition to the COLA, a minimum adjustment supplement of five (5) dollars per month for each year of actual credited service of the Participant used to compute the pension benefit shall be provided for current and future retirees and their survivors, and it shall be paid beginning with the first full biweekly pay period

after October 1, 2003, and continuously thereafter; provided however, that such supplement shall be no less than twenty-five (25) dollars nor more than one hundred and fifty (150) dollars per month. The adjustment supplement described herein shall be based upon the member's actual years of service rather than imputed years of service, which is used for purposes of calculating pension benefits under the disability retirement provisions of section 121.201A (b) and the surviving spouse provision of section 121.204(a)(1), and becomes operative in the event of the disability or death of a member, respectively. The Mayor shall annually, each January, evaluate the annual cost of the foregoing adjustment supplement by comparing it to the City's annual cost to provide single employee group health insurance. In the event that the City's cost to provide such health insurance per employee is less than the amount of such supplement per retiree, then the supplement shall be reduced to the amount of the insurance cost.

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

(f) Annual Compensation Limit. Section 401(a)(17) of the Internal Revenue Code establishes an annual compensation limit for each employee under a qualified plan. The provisions of Code Section 401(a)(17) are further described pursuant to Treasury Regulations Section 1.401(a)(17)-1. The Police and Fire Pension Plan incorporates by reference the annual compensation limit described under Section 401 (a)(17) and Treasury Regulations Section 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the compensation taken into account for any Member of the Plan in determining plan allocations or benefit accruals for the plan is

limited to the annual compensation limit as described in Internal Revenue Code Section 401(a)(17) and the Treasury Regulations related thereto. The Plan additionally elects to avail itself of the transition rule for governmental plans as described in Treasury Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that 'eligible participants', as such term is used in the regulations, will not be affected by the revised limit per the 1993 OBRA and accordingly such 'eligible participants' may have their contributions and benefits computed by using compensation of more than $150,000.00 (as adjusted), so long as it does not exceed the limit in effect on July 1, 1993. All other plan Participants ('non-eligible participants') shall be subject to the revised limits for plan years beginning after December 31, 1995.

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

(h) Required distributions. Distributions from the Plan will be made in accordance with the requirements of the regulations under Internal Revenue Code Section 401(a)(9) and any provisions in the Plan that are contradictory to the distribution requirements shall

be overridden. In accordance therewith, distributions to Participants must commence by the later of April 1 of the calendar year following the calendar year in which the employee attains the age of 70 ½, or April 1 of the calendar year following the calendar year in which the employee retires. In addition to meeting the minimum distribution amount, the distribution must also meet the incidental benefit requirements of Internal Revenue Code Section 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and 1.401(a)(9)-2.

* * *

Sec. 121.204 Surviving Spouse Benefits.

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

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

(1) The following shall apply only to Group I Members' spouse benefits: ~~Any~~ M~~m~~ember of the fund hereafter who shall be killed or die from effects of an injury or of any illness or disease and any such M~~m~~ember so killed or dying shall have a spouse living with such M~~m~~ember at time of death, the Board shall direct the payment from the fund of the following sum to the surviving spouse, 75 percent of the pension benefit the deceased M~~m~~ember would be entitled to receive, had the M~~m~~ember completed 20 years of credited service ~~(60 percent of the average salary as defined in Section 121.113(a) received by the member for the 52 pay periods immediately preceding the time of death)~~ and survived to receive such pension. If a deceased M~~m~~ember served in excess of 20 years, the 75 percent of the pension benefit shall be based upon the actual years of service. In applying the provisions of this Section, the adjustment supplement described in 121.201A(d)(2) that

is calculated for the benefit of the surviving spouse of a Group I Member shall be based upon the actual years of credited service, subject to the minimum and maximum provisions, rendered by the member rather than the assumed completion of 20 years of credited service otherwise acknowledged in this Section. The pension benefit as used herein shall be comprised of the base pension benefit as adjusted for the COLA, but exclusive of the adjustment supplement described in 121.201A(d)(2) which shall be 100 percent allocable to the surviving spouse.

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

(b) If any such beneficiary of the fund shall hereafter be killed or die and any such member so killed or dying shall have a spouse living with such beneficiary at time of death, the Board shall direct the payment from the fund of the following sum to the surviving spouse, 75 percent of the pension benefit the beneficiary was receiving. The pension benefit as used herein shall be

comprised of the base pension benefit as adjusted for the COLA's previously credited to the record of the former member, but exclusive of the adjustment supplement described in 121.201A(d)(2) for Group I Members and in 121.201B(d)(2) for Group II Members which shall be 100 percent allocable to the surviving spouse.

* * *

(g) A spouse shall be deemed living with the Member if the Member or spouse is confined to a nursing or hospital facility at the time of the Member's death, provided that the Member was living with the spouse at the time of admission to the nursing or hospital facility.

* * *

Sec. 121.206 Children's Benefits.

* * *

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

(c) If there is no surviving spouse, each child under the age of 18 shall receive the greater of either; (a) $200 per month plus, for each child of a former Group I Member or Group II Member, the minimum adjustment supplement provided in Section 121.201A(d)(2) or 121.201B(d)(2), or (b) a proportionate share of the surviving spouse's benefit (including the supplement where applicable) until

(i) each child reaches age 18 years, whether or not the child is a qualified student, or (ii) each child becomes married, whereupon the children's benefits described herein shall cease. If there is no surviving spouse, each child who is age 18 or over and who is a qualified student shall be entitled to the payment of a child's benefit of $200 per month until (i) each child reaches age 22, or (ii) each child becomes married, whereupon the child's benefit described herein shall cease. In the event of multiple children causing the payment of a prorated benefit as each child no longer becomes eligible for the payment of children's benefits the remaining eligible children shall receive the greater of the benefits provided for in this Section up to the limits provided.

* * *

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

This Section 121.209 applies only to Group I Members, and the term "Member" as used in this Section means "Group I Member". In general, and subject to the provisions of this Section, the Deferred Retirement Option Program, hereinafter referred to as the DROP, is a program under which an eligible M~~m~~ember of the plan, may elect to participate, deferring receipt of normal retirement benefits while continuing employment with the City without loss of any other employee benefits. Upon an eligible M~~m~~ember's election to participate in the DROP, the amount of credited service and final average salary becomes frozen for purposes of determining pension benefits. Additional service beyond the date of entry into the DROP shall no longer accrue any additional benefits under the Pension Fund. The deferred monthly retirement benefits under the DROP shall accrue in the fund on behalf of the Participant, plus interest compounded monthly, as provided in subsection (c)(1) of this Section, for the specified period of the DROP participation, as

provided in subsection (b)(1) of this Section. Upon termination of employment, the Participant shall receive the total DROP benefits, as provided in Section 121.209(c) and begin to receive the previously determined normal retirement benefits.

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

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

* * *

(b) *Participation in the DROP.*

* * *

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

* * *

(c) *Benefits payable under the DROP.*

(1) Effective with the date of DROP participation, the M~~m~~ember's initial normal retirement benefit, including creditable service and average compensation, as provided in Section 121.201A(a) and the effective date of retirement shall be fixed. Such normal retirement benefits, together with annual cost of living adjustments as provided in Section 121.201A(d), and interest, shall accrue monthly in the fund for the benefit of the DROP Participant. For Members with 20 or more years of creditable service, as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, s~~S~~uch interest shall produce an annual rate of return of 8.40 percent. For Members with less than 20 years of creditable service, as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, such interest shall

accrue based on the actual net rate of return after the deduction of all related and direct expenses for the preceding year rate of return; provided however, that the minimum interest shall be ~~0~~2.0 percent and the maximum interest shall be ~~10.00~~14.40 percent. Interest calculations shall be administered in accordance with rules prescribed by the board and interest distributions shall be credited using the 30-day month/360-day year method of calculation.

* * *

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

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

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

* * *

d. Monthly distribution. The account balance shall be distributed in a monthly amount paid biweekly of substantially equal amounts, until the DROP account is depleted, over a stipulated number of bi-

weekly periods to be selected by the Participant or the surviving spouse, less withholding taxes remitted to the Internal Revenue Service. Such selection once made, cannot be changed, unless changed to Option (a) or (b), above. The annual rate of interest to be factored into such distribution period shall be based on the actual rate of return; provided however, that the minimum interest shall be ~~0~~2.0 percent and the maximum interest shall be ~~10.008~~14.40~~8.4~~ percent for Members with less than 20 years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E. For Members with 20 or more years of service as of the prospective effective date of Ordinance ~~2014-386~~2015-54-E, the annual rate of interest to be factored into such distribution period shall be 8.4 percent. Notwithstanding the foregoing, in the event that the Participant selected a payout period over the Participant's life expectancy or over the joint life expectancies of the Participant and the Participant's spouse in order to avoid the application of the ten percent additional tax on early distributions reflected in Section 72(t) of the Internal Revenue Code, such Participant may shorten the number of biweekly payout periods originally selected by the Participant, provided that the timing of such modification conforms to the standards described in Section 72(t)(4) of the Internal Revenue Code.

* * *

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

* * *

(e) Cost of living adjustment. On the first full biweekly pay period after April 1, 2000 or as soon as administratively practical thereafter, and for the first full biweekly pay period after each succeeding April 1st, the deferred retirement benefit may be

increased, under the provisions of Section 121.201A(d)(1), if applicable.

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

* * *

(i) *Contributions and deductions.*

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

(2) A deduction of two percent per annum shall be made from all salaries (as defined in Section 121.113(a)(1)) of DROP Participants as the contribution from the Participant during the period of DROP participation, with such amount being credited to the Base Benefits Fund.

* * *

Sec. 121.211 BACKDROP for Group II Members.

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

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

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

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

member.

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

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

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

(2) For purposes of this Section, each eligible member who elects to participate in the BACKDROP and satisfies all of the requirements of this Section shall be referred to as a "BACKDROP Participant".

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

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

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

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

(2) Upon retirement, the BACKDROP Participant thereafter shall be

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

Number of years of Credited Service at Commencement of BACKDROP:	Retirement Benefit as a of Percentage of Average Salary as defined in Sec. 121.113(a)(2):
25 but less than 26	52.50%
26 but less than 27	57.00%
27 but less than 28	61.50%
28 but less than 29	66.00%
29 but less than 30	70.50%

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

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

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

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

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

Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN

* * *

PART 5. FINANCIAL INVESTMENT AND ADVISORY COMMITTEE

Sec. 121.501. Financial Investment and Advisory Committee Created. There is hereby created a Jacksonville Police and Fire Pension Fund Board of Trustees Financial Investment and Advisory Committee of five persons.

Sec. 121.502. General Responsibilities and Duties of Financial Investment and Advisory Committee. The Financial Investment and Advisory Committee shall have the responsibility and duty to provide advisory oversight and advice to the Jacksonville Police and Fire Pension Board of Trustees ("Board") on: (1) financial matters; (2) actuarial practices and assumptions; (3) investment strategy and policy; (4) the selection of outside financial services providers, including investment managers and advisors; and (5) such other matters as requested by the Board.

Sec. 121.503. Financial Investment and Advisory Committee;

Membership, Appointment and Terms.

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

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

(c) The term of office shall be three years. No person shall serve more than three consecutive terms. Of the five persons selected to serve on the initial Committee two members shall serve initial terms of two years. In its confirmation of the Committee Member nominee, the City Council shall designate whether the initial term is for two or for three years.

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

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

(b) With regard to the selection (or deselection) of individual investment managers, the Board of Trustees shall not select any investment manager without first obtaining the advice and recommendation of the Financial Investment and Advisory Committee

which, with the assistance of the professional staff of the Board, shall review any and all potential asset/investment managers. In selecting (or deselecting) the Board will then make its decision(s) taking into account Financial Investment and Advisory Committee recommendations as well as other information available to the Board.

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

(d) Notwithstanding any provision of this section, nothing shall prohibit the Board from immediately removing a financial advisor, manager, consultant or custodian, when in the opinion of the Board, with the advice of the Investment Consultant, such action is necessary to safeguard the Fund from loss. The assets held by any such deselected manager shall be placed in a pre-selected index fund for the same class of investment until a replacement manager can be selected as provided for in this section.

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

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

(b) Financial Investment and Advisory Committee members shall comply with all requirements of state law with regard to annual public conflict disclosure statements required by members of other

public agencies and boards.

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

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

Sec. 121.506. Financial Investment and Advisory Committee; Miscellaneous Provisions.

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

(b) The Board shall provide administrative support to the Financial

Investment and Advisory Committee.

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

Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN

* * *

PART 6. ETHICS, FIDUCIARY RESPONSIBILITIES AND BEST PRACTICES

Sec. 121.601. Police and Fire Pension Fund Board of Trustees and Executive Director; Fiduciary Responsibilities; Improper Business Relationships.

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

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

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

~~(2) The Board may waive the prohibition in Subsection (c)(1) if, (a) such potential conflict is fully disclosed to the Board and (b) the Board, by unanimous vote, finds that (i) the Police and Fire Pension Fund will not be adversely impacted by such contract or~~

~~services; and (ii) that the allowance of such contract or services together with service by the Board of Trustees member is in the best interest of the Police and Fire Pension Fund.~~

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

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

Sec. 121.603. Actuarial and investment reports.

(a) The Police and Fire Pension Fund Board of Trustees shall have the duty to have an annual actuarial valuation of the Police and Fire Pension Fund performed by the Board of Trustee's actuary. This valuation shall be performed as of October 1 of each year. The annual actuarial valuations shall be completed and delivered as expeditiously as possible to the Board, the Financial Investment and Advisory Committee, the City's Director of Finance and to the City Council Auditor promptly upon completion but, in any event, the Board of Trustees shall have the valuation analyses and reports completed and delivered no later than 120 days after October 1. The 120-day deadline set forth herein is conditioned upon the City promptly responding to reasonable requests made by the Board of Trustees to the City for information necessary for the preparation of such valuations.

(b) In addition to following all professional standards and

requirements for actuarial analysis and reporting, the Board of Trustees will utilize the following approaches and assumptions:

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

(2) ~~Alternative~~No fewer than two alternative funding scenarios based on variable investment performance in addition to the base case, that extend to future years and incorporate volatility;

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

(4) Consistency in actuarial methods;

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

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

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

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

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

Sec. 121.604. Annual Financial Statements.

(a) On or before January 31 of each year, commencing with the first January following the prospective effective date of Ordinance ~~2014-386~~2015-54-E, the Board of Trustees shall prepare annual financial statements for the fiscal year ending the previous September 30 and submit such annual financial statements electronically or as otherwise agreed to the Mayor, City Council President, City Director of Finance, City Council Auditor, and the Treasurer of the Board; and, on or before March 15 of each year, to the Florida Department of Management Services (the "Department") in format(s) prescribed by the Department.

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

(c) The annual financial statements shall report funding status, contribution rates and expected normal cost of new benefits earned using both the current assumed rate of return on investments and ~~the greater of 5.4% or~~ an assumed discount rate that is 200 basis points less than the Fund's assumed rate of return.

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

Sec. 121.605. Public Information. The Board of Trustees

shall publish on its website on a timely basis:

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

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

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

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

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

(1) The investment manager ~~or~~, advisor, custodian, or investment consultant acknowledges that the manager or advisor serves as a fiduciary to the Police and Fire Pension Fund and agrees to be bound by all responsibilities of a fiduciary;

(2) All investment decisions made by the investment manager ~~or~~, advisor, custodian, or investment consultant on behalf of the Police and Fire Pension Fund are made in the best interests of the Fund and not made in a manner to the advantage of such investment ~~adviser or~~advisor, manager, custodian, investment consultant, other persons, or clients to the detriment of the Fund;

(3) Appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager ~~or~~, advisor, custodian, or investment consultant to ensure that relationships with any affiliated persons or entities do not adversely influence

the investment decisions made on behalf of the Police and Fire Pension Fund;

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

(5) A written code of ethics, conduct, or other set of standards, as submitted by the investment manager or advisor to the Financial Investment and Advisory Committee and the Board of Trustees and accepted by both the Financial Investment and Advisory Committee and the Board of Trustees, (i) governs the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment ~~adviser or~~advisor, manager, custodian, or investment consultant; (ii) has been adopted and implemented; and (iii) is effectively monitored and enforced; and

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

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

(1) Any known circumstances or situations that a prudent person could expect to create an actual or potential conflict of

interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the Police and Fire Pension Fund, and (ii) any personal financial or investment positions of the investment manager~~ of~~, advisor, custodian, or investment consultant that could be related to the performance of an investment program of the Police and Fire Pension Fund over which the investment manager, advisor, custodian, or ~~manager~~investment consultant has discretionary investment authority on behalf of the Police and Fire Pension Fund; and

(2) All direct or indirect pecuniary interests that the investment manager~~ or~~, advisor, custodian, or investment consultant has in or with any party to a transaction with the Police and Fire Pension Fund if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the Police and Fire Pension Fund.

Section 5. Article 22 of the Charter Amended. As authorized by Sections 175.061 and 185.05 Florida Statutes and the Charter of the City of Jacksonville, Section 22.02 of the Charter of the City of Jacksonville is amended to read as follows:

ARTICLE 22. JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES.

* * *

Sec. 22.02. - Membership.

(a) The membership of the Jacksonville Police and Fire Pension Board of Trustees shall consist of five members, of whom two shall be legal residents of the City of Jacksonville appointed by the city council; one shall be a police officer elected by a majority vote of the police officers who are members of the pension fund, and one shall be a firefighter elected by a majority of the firefighters who are members of the pension fund, and the last

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

* * *

Section 6. ~~**Ratification Disclaimer.** Notwithstanding any references to the "Thirty Year Agreement" contained herein or in the Agreement attached hereto as **Fourth Revised Exhibit 1,** labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014~~

~~Floor", nothing herein or in **Fourth Revised Exhibit 1** shall be construed as ratification or approval of said "Thirty Year Agreement." This Agreement supersedes and replaces all previous agreements.~~

~~**Section 7.**~~ **Approval of ~~2014~~2015 Retirement Reform Agreement; Authorization to Execute and Implement.**

There is hereby approved and the Mayor, or his designee, and the Corporation Secretary are authorized to execute and deliver, for and on behalf of the City, the ~~2014~~2015 Retirement Reform Agreement in the form attached as ~~**Fourth Revised**~~ **Exhibit 1,** ~~labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 – Floor",~~ and take, or cause to be taken, for and on behalf of the City, such further action as is necessary to effectuate the purpose of this Ordinance. The Agreement as set forth in ~~**Fourth Revised**~~ **Exhibit 1,** ~~labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 – Floor"~~ herein ~~replaces and~~ supersedes the terms of the existing Police and Fire Pension Plan. It is intended that (1) rather than having multiple agreements regarding Police and Fire Pension Fund governance, administration, and benefits, there be one agreement, i.e., the Agreement attached hereto as Exhibit 1, which incorporates unchanged provisions of previous agreements regarding Police and Fire Pension Fund governance, administration, and benefits as well as all amended and additional provisions; (2) there be no lapse either in time or effect between this plan and such superseded plans; and (3) there be no lapse either in time or effect between Ordinance 2015-54-E and Ordinances 2000-1164-E, 2003-303-E, 2003-1338-E, 2006-508-E.

Section ~~8~~7. Actuarial Impact Statement. The actuarial impact statement required by Section 112.63(3), Florida Statutes, as a condition to any proposed change in retirement benefits, is **attached as Exhibit 2.**

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

Section ~~10~~9. Savings Clause. The Agreement as set forth in ~~**Fourth Revised**~~ **Exhibit 1,** ~~labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 – Floor"~~ herein ~~replaces and~~ supersedes the terms of the existing Police and Fire Pension Plan. It is intended that there be no lapse either in time or effect between this plan and such superseded plans. Any Ordinance or part of any Ordinance in conflict with the provisions hereof is repealed to the extent of the conflict and should any part of this Ordinance or Agreement attached hereto as ~~**Fourth Revised Exhibit 1**, labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 – Floor"~~**Exhibit 1** be held invalid by a Court of competent jurisdiction, the remainder of this Ordinance and the Agreement shall continue in full force and effect and it shall be presumed that this Ordinance and the Agreement were adopted without the invalid provision. ~~In particular, should the term of the attached Agreement be determined to be inconsistent with Section 447.309(5), *Florida Statutes*, and therefore invalid as applied to one or more provisions of the attached Agreement, then the term of those provisions of the attached Agreement shall be modified so that the term of those provisions shall not exceed the requirements of Section 447.309(5), *Florida Statutes*, or a term as adjudicated by a court of competent jurisdiction and all other provisions shall continue with such term as set forth in the Agreement.~~ To the

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extent that anything contained herein may be inconsistent with state or federal law, such law will control.

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

Section ~~12~~11. Sunset. Ordinance ~~2014-386~~2015-54-E shall sunset, be repealed, be null and void, and be of no further effect if the Police and Fire Pension Fund Board of Trustees does not approve and execute the Agreement (~~**Fourth Revised**~~ **Exhibit 1,** ~~labeled as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 - Floor"),~~ as approved by ~~2014-386~~2015-54-E, on or before ~~January 15,~~ _____, 2015.

Section ~~13~~12. Prospective Effective Date of Ordinance ~~2014-386~~2015-54-E. Notwithstanding the terms of Section ~~14~~13, the provisions of this Ordinance other than Sections ~~11~~10 and ~~12~~11, shall not become effective until such time as implementation of a permanent funding source has been advanced by the Mayor and enacted by Ordinance by the City Council, that provides a minimum payment of $40 million each year for ten consecutive years, or an equivalent present value amount, in addition to the City's annual

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

Section ~~14~~13. Effective Date. This Ordinance shall become effective upon signature by the Mayor or upon becoming effective without the Mayor's signature.

Form Approved:

/s/ ~~Margaret M. Sidman~~

Office of General Counsel

Legislation Prepared By: ~~Margaret M. Sidman~~Ashley Benson

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~~2014~~

2015 Retirement Reform Agreement

Revised on ~~December 9, 2014~~January 21, 2015

By

THE CITY OF JACKSONVILLE

And

THE JACKSONVILLE POLICE AND FIRE PENSION FUND

BOARD OF TRUSTEES

Moderated by Rod Smith, Esquire

SETTLEMENT AGREEMENT

WHEREAS, the City of Jacksonville is consolidated within the State of Florida; and

WHEREAS, the retirement Plan for Jacksonville law enforcement officers and firefighters is administered by the Jacksonville Police and Fire Pension Fund Board of Trustees (hereinafter referred to as the "JPFPF", "Board" or "Pension Plan"), an independent agency of the City of Jacksonville created by special act of the Florida Legislature; and

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

WHEREAS, the City and the JPFPF (collectively referred herein as "the Parties") have a shared desire to resolve ~~those certain~~all retirement issues as specifically set forth herein for the benefit of taxpayers and JPFPF members; and

WHEREAS, the Parties recognize that the modifications made within this Agreement (hereinafter referred to as the "~~2014~~2015 Agreement" or "this Agreement") will achieve significant financial savings for taxpayers and improved JPFPF solvency for its members; and

WHEREAS, the Parties recognize and agree that it is in the best interest of the members of the JPFPF as well as the citizens of the City of Jacksonville that ~~those certain~~all disputes as related to the provisions specifically herein be resolved, without the need for further litigation; and

WHEREAS, the Parties represent that they will in good faith, present and support the terms of this ~~2014~~2015 Agreement to their respective elected and/or appointed officials and use their best efforts to obtain the approval of said officials necessary for the implementation of the ~~2014~~2015 Agreement.

WHEREAS, the Parties wish and intend to compromise and resolve the instant dispute without further negotiation, adversarial proceedings or litigation, and each without admitting any wrongdoing or liability to the others;

NOW, THEREFORE, in consideration of the premises, mutual covenants and promises set forth herein, and for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties agree to the following:

I. DEFINITIONS:

As used in this agreement the following terms shall be defined as follows:

A. Actuarial Assumptions - Assumptions as to the occurrence of future events affecting the plan costs. Demographic assumptions include (but are not limited to) rates of mortality, withdrawal, disablement, retirement, marital status and spousal age; economic assumptions include (but are not limited to} rate of future inflation, rates of investment earnings (based on actuarial value of assets and including asset appreciation or depreciation) and rate of salary increases; demographic/economic combination assumptions include rate of

future plan payroll growth. Methods of valuing assets and actuarial cost methods are also defined for purposes of this Agreement as actuarial assumptions.

B. **Actuarial Gain and Loss** - A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with the frozen entry age actuarial cost method. The effect on the actuarial present value of future normal costs resulting from changes in the actuarial assumptions, the actuarial cost method, or plan provisions should be described as such, and are not treated as actuarial gains or losses. Actuarial gains and losses are recognized through a reduction or increase in future normal cost. The elements of experience generally include but are not limited to:

- Rate of investment return (based on actuarial value of assets)
- Rate of salary increase
- Rate of Member deaths, disabilities, withdrawals, and retirements
- Expense Levels
- Marital status and age of spouse

C. **Base Benefits** - Those benefits provided by the Plan that are considered the standard or base level of benefits provided to Members.

D. **Base Benefits Fund** – The assets pledged to provide Plan benefits. The Base Benefits Fund shall exclude the Enhanced Benefits Account and the City Budget Stabilization Account.

E. **Board** – The Jacksonville Police and Fire Pension Fund Board of Trustees.

F. **Chapter Funds** - Insurance premium tax rebate monies collected pursuant to Chapter 175 and 185, Florida Statutes.

G. **City** - The consolidated City of Jacksonville/Duval County now collectively known as the City of Jacksonville.

H. **City Actuary** - The actuary designated by the City who shall perform such duties and responsibilities as are required for the successful implementation of the ~~2014~~2015 Agreement, and assisting the City in determining appropriate contributions to the Fund.

I. **City Contribution Rate** - The percentage of Valuation Payroll payable to the Base Benefits Fund by the City. The rate shall be determined as the City Funding Requirement, less revenues derived from fines and forfeitures, the Qualified Member Contribution Rate, the use of Chapter Funds as further outlined in this agreement, and any assessment against the City Budget Stabilization Account.

J. **City Funding Requirement** – The minimum contribution requirements of the Plan that is the responsibility of the City equal to the total Base Benefit funding requirement, less the revenues derived from the Member Funding Requirement.

K. **Enhanced Benefits** – Retirement Benefits in excess of Base Benefits.

L. **Enhanced Benefit Account** – The account established to hold the Enhanced Benefit revenues until they are assigned to provide Enhanced Benefits.

M. **Enhanced Benefit Revenues** – Those uncommitted Chapter Funds recognized in this Agreement and earnings thereon.

N. **Fund** – The entire Police and Fire Pension Fund, including its corpus and earnings which is regulated by City Ordinance and State law. The funds shall include the Base Benefits Fund, the Enhanced Benefits Account, and the City Budget Stabilization Account.

O. **Member** – As distinguished from Participant, the active police officers and firefighters contributing revenue to the Plan.

P. **Member Contribution Rate** - The percentage of payroll payable to the Base Benefits Fund by the Member.

Q. **Member Funding Requirement** – Those funds required to be provided by the Member to meet minimum contribution requirements applicable to provide Base Benefits under the Plan.

R. **Participant** - As distinguished from Member, the inactive beneficiaries of the Plan, either retired receiving benefits or vested inactive and awaiting eligibility for benefits or surviving spouses and minor or disabled children.

S. **Payroll** - The Salaries of police officers and firefighters who comprise the Members of the Pension Fund upon which contributions and benefits are based.

T. **Pension Fund** – See Fund above.

U. **Plan** - The enabling ordinance code provisions and this Agreement which together define assignments of funds in the Fund and the benefits provided to covered Members and Participants.

V. **Plan Actuary** – The actuary designated by the Board to prepare such analyses as are required by law and this Agreement and as may be necessary in the conduct of the Board's business. The Plan Actuary shall prepare

valuation reports in satisfaction of Florida Statues using established actuarial assumptions and actuarial cost methods.

W. **Annual Discretionary Bonus** – This bonus is identified in Ordinance 2006-508-E and is also sometimes referred to as the "holiday bonus".

X. **Salary** – This includes Member's base salary, longevity, City college incentive, enhanced certification pay, emergency operation and hazardous duty pay; shift differential, and "upgrade" pay; and excludes all overtime, state incentive pay, reimbursed expenses and allowances such as cleaning/clothes allowances, and payments for unused accrued time.

Y. **Trustees** – Same as Board above.

Z. **Uncommitted Chapter Funds** – Those past and future Chapter Funds that have not been assigned to the Base Benefits Account or a specific reserve account, or which have not been committed to the fund Enhanced Benefits.

AA. **DROP** – The Deferred Retirement Option Program as set forth in 121.209, Ordinance Code.

BB. **Qualified Members** – Employees of the City of Jacksonville who have elected to participate in the Deferred Retirement Option Program.

CC. **Qualified Member Contribution Rate** – The Qualified Member Contribution Rate is two percent (2%) and shall be payable to the Base Benefits Fund.

DD. **City Budget Stabilization Account** – The account established to hold funds transferred from balances maintained in the previously established reserve accounts for use in fulfilling a portion of the City Funding Requirements. The corpus and earnings generated from such account balance shall be utilized

until exhausted to provide stability in the periodic establishment of the City Contribution Rate and in giving to the City greater flexibility in its funding options.

EE. **Year** – The last 26 consecutive pay periods, for purposes of the benefit provisions of this Agreement only.

II. INTRODUCTORY MATTERS

A. The above recitals are true and correct and are incorporated herein; and

B. The Parties have had the opportunity to obtain legal counsel of their choice; and

C. The Parties acknowledge and agree that this settlement is a compromise of disputed allegations, claims and demands, and that the ~~2014~~2015 Agreement shall not be construed as, or deemed to be evidence of, an admission or concession of any fault, liability or damage whatsoever by the Parties; and

D. Except as otherwise provided herein, the ~~2014~~2015 Agreement shall take effect on the Prospective Effective Date and expire on September 30, ten calendar years after the Prospective Effective Date; and

E. The ~~2014~~2015 Agreement supersedes ~~and replaces~~ all prior settlement agreements between the Parties and all amendments thereto without lapse in time; and

F. Upon the Prospective Effective Date, the provisions of the ~~2014~~2015 Agreement shall be incorporated into a consent judgment in the case of *Randall Wyse, et al vs. City of Jacksonville*, et al., Case No.: 3:13-cv-121-J-34MCR. The Federal court shall retain jurisdiction for the enforcement of the Agreement and the resolution of any disputes arising thereafter. The Parties acknowledge the Court's power to enforce the ~~2014~~2015 Agreement, and move for the Court to provide an annual review of the Parties' compliance with the Agreement's terms. To

the extent that the Court declines the annual review obligation, the parties agree to meet and choose a mutually acceptable judge, attorney or special master to serve in this monitoring role; and

~~G. Upon the Effective Date, the City of Jacksonville shall withdraw the impasse notices before the Florida Public Employees Relations Commission (PERC) related to past pension negotiations with the Fraternal Order of Police, Lodge 5-30 (Case SM-2012-078) and the Jacksonville Association of Fire Fighters, Local 122 (Case SM-2012-092).~~

III. CITY ORDINANCE CODE/JPFPF POLICIES AND REVISIONS THERETO

The City of Jacksonville and the JPFPF agree to the following matters to be incorporated into the City Ordinance Code and any applicable JPFPF policies and/or procedures on the Prospective Effective Date, or as soon as possible thereafter, upon approval by the Board, City Council, and Mayor:

A. PENSION DESIGN

The Parties hereby agree to the following pension design and modifications:

1. EMPLOYEES HIRED ON OR AFTER THE PROSPECTIVE EFFECTIVE DATE ("~~New~~Group II Employees")

a. ***Vesting***. The vesting period will be 10 years.

b. ***Retirement Age***. Employees may retire with 30 years of service.

c. ***Accrual Rate***. Employees will earn their pension with an accrual rate of 2.5% for each year of service, subject to a cap of 75% of Final Average Compensation.

d. ***Early Retirement***. An employee may take early retirement only between 25 years and 30 years of service, and incur a 2.5% accrual rate penalty for any year or part thereof short of 30 years.

i. Notwithstanding this provision, the minimum pension for a person taking early retirement under this section will be less than 52.5% of employee's Final Average Compensation.

ii. For any employee who leaves before completing 25 years of service, the benefit accrual rate would be 2%. No benefit would paid until age 62 for an employee who retires before reaching 25 years of service.

iii. Prior to reaching 10 years of service, the Member receives a refund of 100% of Member Contributions.

e. ***DROP***. The Deferred Retirement Option Program ("DROP") is eliminated.

f. ***Back-DROP***. Back-DROP may be employed up to five years, upon reaching 30 years of service.

i. Any employee whose Back-DROP period includes years of service less than 30 will incur a 2% accrual rate penalty for each of those years.

ii. The interest rate for the Back-DROP is the actual rate of return of the Plan; provided however, in no year will the employee earn less than 0%, and in no year will the employee earn more than 10% regardless of the actual rate of return of the Plan.

g. ***Cost of Living Adjustment (COLA) on Retirement Benefits.*** Retirees will receive a COLA that is the lesser of 1.5% or the Social Security COLA, applied each January, beginning on the third January following the commencement of the retiree's benefits.

h. ***Final Average Compensation.*** Final Average Compensation (FAC) is based on the last 60 months (130 pay periods) of employment. Shift and differential pay are

included in the wages for pension calculation. However, the shift pay included in the calculation may not exceed 125% of the shift pay earned during the five years prior to the FAC period, adjusted for promotion.

i. ***Employee Contribution.*** Employees will make a pre-tax contribution of 10% of salary.

j. ***Spousal Benefits.*** A spouse will be paid 75% of the retiree's pension without cost (following retiree death).

k. ***Child Benefit.*** $200.00 per month per child, up to maximum member benefit, prorated if exceeding maximum member benefit, until child turns 18 years of age. Child benefit includes that benefits defined in Section 121.206, Ordinance Code.

l. ***Orphan Benefit.*** Same as spouse. Combination of benefits prorated for orphaned children cannot exceed maximum member benefit. Benefits end when orphan turns 18 years of age, unless orphan meets the requirements of Section 121.207, Ordinance Code.

m. ***Child Disability Benefit.*** Shall be that as defined in Section 121.206(d), Ordinance Code.

n. ***Preretirement Death Benefits.*** Spouse's benefit of 75% of projected normal retirement benefit, plus $200.00 for each child to age 18, prorated if necessary, with overall maximum benefit of 100% of projected normal retirement benefit.

o. ***Adjustment Supplement.*** Members will receive an adjustment supplement of $5.00 per month for each year of service; provided, however, the supplement shall not be less than $25.00 per month or more than $150.00 per month.

p. ***Disability Pensions.*** Disability pensions will be provided at 50% of earnings base.

q. ***Benefit Cap.*** The maximum annual benefit paid will not exceed $99,999. This cap will be indexed to inflation, with the annual cap increase set at the lesser of 1.5% or the Social Security COLA.

2. CURRENT EMPLOYEES ("Group I Employees")

a. ***Vesting.*** The vesting period will be 5 years.

b. ***Retirement Age.*** Employees may retire with 20 years of service.

c. ***Accrual Rate.*** Employees will earn their pension with an accrual rate of 3% for the first 20 years of service then 2% for each additional year of service with a maximum of 80% of Final Average Compensation.

d. ***Early Retirement.*** Prior to reaching 5 years of service, the Member receives a 100% refund of Member contributions. After 5 years of service, the Member may elect to vest their accrued benefit at a rate of 3% of average salary of the last 2 years of service times the years of service with payments to begin at normal time service date.

e. ***Spousal Benefit.*** A spouse will be paid 75% of the retiree's pension without cost (following retiree death).

f. ***Child Benefit.*** $200.00 per month per child, up to maximum member benefit, prorated if exceeding maximum member benefit, until child turns 18 years of age. Child benefit includes that benefits defined in Section 121.206, Ordinance Code.

g. ***Orphan Benefit.*** Same as spouse. Combination of benefits prorated for orphaned children cannot exceed maximum member benefit. Benefits end when orphan turns 18 years of age, unless orphan meets the requirements of Section 121.207, Ordinance Code.

h. ***Child Disability Benefit.*** Shall be that as defined in Section 121.206(d), Ordinance Code.

i. ***Disability Pensions.*** Disability pensions will be provided at 60% of the average salary for the last 2 years.

j. ***Preretirement Death Benefits.*** Spouse's benefit of 75% of projected normal retirement benefit, plus $200.00 for each child to age 18, prorated if necessary, with overall maximum benefit of 100% of projected normal retirement benefit.

k. ***Adjustment Supplement.*** Members will receive and adjustment supplement of $5.00 per month for each year of service; provided, however, the supplement shall not be less than $25.00 per month or more than $150.00 per month.

l. ***Employee Contribution***. Upon the Prospective Effective Date, current employees will immediately pay an additional 1% contribution, which is 8% in lieu of the present 7%. Thereafter, the employee contribution shall increase to 10% as set forth below:

i. **Fire Employees.** On October 1, 2010, wages for fire members were reduced by 2%. Once the 2% reduction is restored, the member's contribution (collected by payroll deduction) will simultaneously increase to 10%; and

ii. **Police Employees.** On January 1, 2012, wages for police members were reduced by 3%. Once 2% of this 3% reduction is restored, the member's contribution (collected by payroll deduction) will simultaneously increase to 10%; and

m. ***Final Average Compensation Period.*** For employees with ~~10~~5 or more years of services as of the Prospective Effective Date, the Final Average Compensation (FAC) amount is based on the last ~~24 months.~~52 pay periods. For employees with less than ~~10~~5 years of service as of the Prospective Effective Date, FAC amount is based on the last ~~48 months~~104 pay periods. However, in no event shall the FAC amount be less than it would have been using the 24 month period ending on the Prospective Effective Date;

n. *DROP.* For employees with less than 20 years of service as of the Prospective Effective Date, the interest rate for DROP is the actual net rate of return of the Plan, after the deduction of all related and direct expenses, for the preceding year of the Plan, provided that in no year will the employee earn less than ~~0~~2%, and in no year will the employee earn more than ~~10~~14.4% regardless of the actual rate of return of the Plan. For employees with 20 or more years of service as of the Prospective Effective Date, the interest rate for DROP is unchanged and will remain 8.4%;

o. *Cost of Living Adjustment (COLA) on Retirement Benefits.* A Cost of Living Adjustment (COLA) based on each prior annual benefit amount actually received (exclusive of onetime bonuses or adjustments) shall be provided for retirees and survivors. For Members with 20 or more years of credited service as of the Prospective Effective Date, beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January, the recipient shall be granted a COLA in the amount of three percent. For Members with fewer than 20 years of credited service as of the Prospective Effective Date, beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January, the Member shall be granted a COLA equal to three percent applied to the portion of the accrued benefit based on credited service prior to the Prospective Effective Date, and equal to the Social Security COLA for the same plan year, but not to exceed ~~four~~six percent, applied to the portion of the accrued benefit based on credited service on and after the Prospective Effective Date.

3. CITY CONTRIBUTION RATE

The rate shall be set to meet the City Funding Requirement, as defined by this Agreement, after consideration of all the City sources of funding, including transfers of funds

from the City Budget Stabilization Account, provided however, that the City Contribution Rate shall be at least 7% of Payroll until the entry-age actuarial liabilities of the Plan are fully funded. The City's contribution will be deposited into the Fund's Pooled Cash Account on a reasonably timely basis consistent with actuarial requirements. In the event that favorable actuarial events in the future result in the entry age actuarial liabilities of the plan being fully funded and cause the City Contribution Rate before consideration of transfers of funds from the CBSA to fall to a level below 7% of Valuation Payroll, the parties agree to institute a sharing arrangement wherein any reductions in the City Contribution Rate below 7% shall be matched by an equal reduction in the Member Contribution Rate.

4. CITY BUDGET STABILIZATION ACCOUNT ("CBSA")

The City may use monies in the in the CBSA to help meet the City Funding Requirements in lieu of additional City contributions; however, the use of the CBSA shall be limited to an amount equivalent to 3.25% of Valuation Payroll thereafter until the unfunded liability is fully amortized, plus an amount equivalent to the amortization of any net actuarial loss per year. The Board shall submit an annual report to City Council and the Council Auditors on the beginning balance, additions, deductions, and ending balance of the CBSA. This shall be submitted as part of the Board's annual financial statements.

5. ACTUARIAL GAIN AND LOSS SHARING ("AG&(L)")

The parties agree that "AG&(L)" associated with Base Benefits are the full responsibility of the City, subject to other provisions herein.

6. OPERATION OF THE ENHANCED BENEFITS ACCOUNT

a. It is the intent of the parties that the purpose of the Enhanced Benefits Account is to establish a funding account for Uncommitted Chapter Funds. The parties also

acknowledge that exact cost determinations of Enhanced Benefits payable in the future are not possible, and therefore, no absolute assurance of fully funding the cost can be made in advance. Therefore, the Enhanced Benefits Account is recognized for the purpose of holding Uncommitted Chapter Funds, until an assignment of those funds is made to provide Enhanced Benefits to fund future costs of new enhanced benefits, at which time the appropriate amount of funds in the Enhanced Benefits Account will be transferred to the Base Benefit Fund. The Board shall submit an annual report to City Council and the council Auditors on the beginning balance, additions, deductions and ending balance of the Enhanced Benefits Account. This report shall be submitted as part of the Board's annual financial statements.

b. The parties agree that the estimate of costs for new Enhanced Benefits enacted subsequent to the date of this Agreement, will be apportioned according to the actuarial cost method into two components: First, the increase in the accumulated value of past normal costs (actuarial accrued liability); second, the increase in the actuarial present value of future normal costs, both associated with a particular Enhanced Benefit being considered for inclusion. The Enhanced Benefit under consideration shall not be approved unless amounts from the Enhanced Benefits account are transferred to the Base Benefits Fund equal to the full value of accumulated past normal costs plus the current year's portion of future normal costs associated with the increase. Also, a commitment must be made to provide for future transfers from the Enhanced Benefit Account to the Base Benefits Fund for each future year's portion of future normal costs associated with the increase. Such transfers would take place on or about July 1 of each year.

c. At each actuarial review, any actuarial losses due to the increase in the actuarial accrued liability over that expected for any Enhanced Benefit will be met through transfer of assets in an amount equal to the entire actuarial loss from the Enhanced Benefits

Account. Similarly, when there are actuarial gains due to actuarial accrued liabilities that are less than expected for such Enhanced Benefits, assets equal to such difference will be transferred back to the Enhanced Benefits Account. Similarly, any increase in normal cost associated with adverse experience due to the Enhanced Benefit will be met through additional assets transferred from the Enhanced Benefits Account to the Base Benefit Fund; any decrease in normal cost will be recognized through fewer assets transferred from the Enhanced Benefits Account to the Base Benefits Fund.

d. Deficits in Enhanced Benefits shall not be paid by increased City Contributions but shall be paid by members of the Fund.

e. Any proposed ordinance, enhancing benefits pursuant to this Section shall be accompanied, as a condition precedent to enactment by the Council, by the Plan Actuary's certificate that (1) there are sufficient monies available and uncommitted in the existing Enhanced Benefits Account to fully provide for the increased contribution requirements associated with the new Enhanced Benefit, so that the City's obligation to the Plan shall not be increased by virtue of any benefit change, nor shall the City's right to a reduction of its obligations, as set forth in this Agreement, be affected, and (2) the Actuarial Assumptions which support the Enhanced Benefits shall be consistent with all Actuarial Assumptions used in the previously most recent assumptions adopted in establishing the City's Contribution Rate and, (3) reasonable efforts have been made to inform the City Actuary of the proposed legislation and the actuarial support for the legislation. The full actuarial valuation by the Plan Actuary shall be approved by the State of Florida Department of Administration, Division of Retirement, to be reasonable and acceptable under applicable state standards.

7. PLAN ACTUARY

a. There shall be a Plan Actuary who shall be designated by the Board to prepare such analyses as required by law and this Agreement, and as may be necessary in the conduct of the Board's business. The Plan Actuary shall prepare valuation reports in satisfaction of Florida Statutes using established actuarial assumptions and actuarial cost methods.

b. The parties recognize that one of the functions of an actuary is to make various discretionary actuarial assumptions which may have impacts on the City budget process.

c. In order to protect the Board and the City, the Board and the City may each have their own actuary to address Fund matters. The Board's actuary shall be designated as the Plan Actuary and the City's actuary shall be designated as the City Actuary. Both the Plan Actuary and the City Actuary shall be an enrolled actuary who is enrolled under subtitle C of Title III of the Employee Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries.

d. The Parties recognize that valid Actuarial Assumptions may fall within legitimate ranges and since these assumptions are in reality an expression of fiscal policy, the parties agree to the following protocol for the manner of adopting Actuarial Assumptions and having the City's contribution set:

i. Changes to the Actuarial Assumptions shall be proposed by the Plan Actuary and endorsed by the City Actuary. In the event the Plan Actuary and the City Actuary cannot reach agreement on actuarial assumptions, the Plan Actuary and City Actuary shall agree on an impartial third actuary (who also meets the qualification in subparagraph c. above), who shall resolve all disputes between the actuaries and whose decision shall be final between the Board and the City.

ii. Changes made to actuarial assumptions shall be recognized as actuarial gains or losses and ratably shared as provided for in this Agreement.

iii. Contribution rates developed pursuant to annual actuarial evaluations shall be implemented in the next fiscal year in which it may be reasonably incorporated in the City budget. (e.g. the rates developed for the 1992 actuarial review would be implemented in the fiscal year 1993-94 budget.)

8. MANDATORY PARTICIPATION

The City agrees to require police officer and firefighter applicants for employment to comply with Board medical standards, including waiver requirements, prior to employment, consistent with federal law. The Board agrees that all applicants cleared for employment in the City shall be admitted into the Pension Fund subject to lawful waiver provisions and that the Board will establish a due process procedure for applicants to challenge waivers imposed by the Board.

9. COOPERATION

The Parties agree to make available to each other on a continuing basis all information that is necessary to insure the success of this Agreement and to avoid the creation of any further disputes, to execute any and all documents necessary to fulfill the terms of this Agreement, and to work harmoniously to enforce the provisions of this Agreement, and all pension ordinances and statutes, and to avoid obstruction of either party's rights under the law or this Agreement. The Parties further agree to harmoniously recodify existing police and fire pension ordinances consistent with the intent of this Agreement and existing practice.

Both the City and the Board hereby covenant and agree that they shall neither take any action nor fail to take any action, nor, to the extent that they may do so, permit any person to take

any action which, if either taken or not taken, would adversely affect the terms of this Agreement.

10. FUND ACCOUNTING

The City shall, upon the request of the Board, promptly withdraw from the Fund's Pooled Cash Account maintained by the City, all biweekly and other contributions to the Fund, which are in excess of bi-weekly distribution requirements and liabilities, and deposit them into a Fund account designated by the Board. Similarly, the Board agrees that the Fund's Pooled Cash Account maintained by the City shall be maintained with a positive balance and, upon request of the City, agrees to transfer funds to the Fund's Pooled Cash account to address any deficit in said account and to compensate for negative earnings associated with the Pooled Cash Account, from other Fund accounts when necessary to preserve the positive cash balance.

11. BUDGET, TRAVEL, AND PURCHASING

The obligations of the Board and its trustees, officers, agents, and employees, with regard to budget and purchasing shall be in accordance with Article 22 of the City Charter. However, the Board shall prepare and submit its budget for approval each year to the City Council by the first of July of each year. Approval of said budget shall not be unreasonably withheld. Additionally, the Board agrees to follow the Purchasing Code of the City of Jacksonville. Travel of the aforedescribed persons shall be regulated and in accordance with Chapter 112, Florida Statutes.

The Board, in recognition of its fiduciary responsibility to the City, which is the sponsor of the Plan, will establish rules, policies, and procedures including, but not limited to, budget, personnel, and accounting. In establishing those rules, policies, and procedures, the Board agrees to take notice of the provisions of the City of Jacksonville Ordinance Code.

A copy of any rules, policies, and procedures and amendments thereto will be filed for informational purposes with the Secretary of the City Council.

The Board recognizes its function as a public agency and its accountability to the public through public records, public meetings, and other laws in the conduct of its business. The Board has in the past and will in the future welcome and respond to any City Council audit.

12. CITY FUNDING SOURCES

The parties agree that for the purposes of defining the sources of City funding for all past and future years, the sources included those funds (1) payable by annual appropriation ordinances, (2) received from county court fines and forfeitures, (3) provided by the Member Contribution Rate, (4) provided by the Chapter Funds as otherwise described in this agreement, and (5) available and applied from the City Budget Stabilization Account. Each source shall be separately identified.

13. MISCELLANEOUS TIME SERVICE PURCHASE PROVISIONS

Any active Member of the Police and Fire Pension Fund who is not a retiree and who has not attained vested status under any other governmental retirement system shall be entitled to purchase time service credit for up to five years of full-time employment as a Police Officer under the provisions of F.S. Ch. 943, or as a certified Firefighter under the provisions of F.S. Ch. 633. Notwithstanding the preceding sentence, any active member of the Police and Fire Pension Fund who is not a retiree and seeks to purchase time service credit as a Police Officer under the provisions of F.S. Ch. 943, or as a certified Firefighter under the provisions of F.S. Ch. 633, under this paragraph for service with another government in Duval County, shall be entitled to purchase up to 5 years of such time service credit provided such service ~~has~~is not ~~been used~~utilized for entitlement for benefits under any other pension system. To be entitled to pension credit, a Member shall make application to the Board at any time prior to retirement.

Furthermore, the employee shall pay into the Pension Fund a sum equal to 20 percent of his or her current monthly salary multiplied by the number of months (60 months maximum) for which credit is being sought, on such terms as the Board shall determine.

B. NEGOTIATION OF PENSION BENEFITS

From and after the Prospective Effective Date, the JPFPF shall not engage in the determination of pension benefits and shall leave the negotiation and future modification of pension benefits to elected City officials and certified bargaining agents. Nothing in the ~~2014~~2015 Agreement shall be construed to impair the rights provided under Article 1, Section 6 of the Florida Constitution or Chapter 447, Florida Statutes. All subjects of collective bargaining, including but not limited to pension or retirement benefits, shall be subject to the requirements of Chapter 447, Florida Statutes. The City and any authorized certified bargaining agent shall have the rights under and be subject to, the provisions of Chapter 447, Florida Statutes, including but not limited to, the requirement for negotiations, the term limitation set forth in Section 447.309(5), Florida Statutes, and the impasse process. The City ~~retains all rights to~~agrees that it will not unilaterally ~~take action that alters~~ alter the pension benefits ~~(pension or otherwise)~~of Group I Employees, as authorized ~~under~~by Section 447.403(4)(d), Florida ~~law~~Statutes, for a period of 10 years from the Prospective Effective Date of this Agreement. Nothing herein shall be construed to waive the City's or the certified bargaining agent's right to demand collective bargaining as authorized under Florida law.

C. GOVERNANCE OF THE POLICE AND FIRE PENSION FUND

Notwithstanding the overall term of the ~~2014~~2015 Agreement, the following provisions of this section entitled "Governance of the Police and Fire Pension Fund" shall remain in effect until September 30, 2030.

1. FINANCIAL AND INVESTMENT ADVISORY COMMITTEE

The City and the PFPF agree that the Jacksonville Municipal Code (the "Ordinance Code") shall be amended to require the JPFPF to appoint a financial and investment advisory committee (the "Financial Advisory and Investment Committee") of five (5) persons who will be charged with advisory oversight to the JPFPF on financial matters, actuarial practices and assumptions, investment strategy and policy, and the selection of outside financial services providers, including investment managers and advisors. Financial Advisory and Investment Committee members will serve in a volunteer capacity and be financially sophisticated professionals who bring expertise to the JPFPF's actuarial needs, fiscal operations and investment practices. Criteria for service will include knowledge of and experience and familiarity with portfolio and/or pension fund management, institutional investment and fiduciary responsibilities. Members of the Financial Advisory and Investment Committee must be residents of Duval, Nassau, St. Johns, Baker or Clay County, Florida. Financial Advisory and Investment Committee members will be nominated for service by the JPFPF and confirmed by majority vote of the Jacksonville City Council. The term of office will be three years, with the possibility of two additional consecutive three-year terms. The initial terms will be staggered, with two persons to serve initial terms of two years and three persons to serve initial terms of three years. The Financial Advisory and Investment Committee shall annually elect a chair and secretary from its members. The JPFPF shall provide administrative support to the Financial Advisory and Investment Committee.

Financial Advisory and Investment Committee members shall be deemed to be fiduciaries of the JPFPF and will be required to undergo periodic fiduciary training as required by the JPFPF and, together with members of the JPFPF, shall submit to the proper authority the "Form 1" annual public conflict disclosure statements as do members of other public agencies and boards.

Any business organization or affiliate thereof that is owned by or employs a member or a spouse, child or sibling of a member of the Financial Advisory and Investment Committee shall not directly or indirectly contract with or provide services for the investment of JPFPF's assets during the time of such member's service on the Financial Advisory and Investment Committee or for two (2) years thereafter ~~(unless such potential conflict is fully disclosed to all Trustees of the Board of Trustees as well as to all existing members of the Financial Advisory Investment Committee and all such Trustees and committee members who have no apparent conflict in the matter unanimously approve and agree that the JPFPF will not be adversely impacted by such contract or services and that the allowance of such contract or services together with service by the Committee member or potential Committee member are in the best interest of the JPFPF).~~.

For general strategy matters (*e.g.,* actuarial practices and assumptions, asset allocation, accounting determinations, risk management, actuarial assumptions, etc.) the Financial Advisory and Investment Committee will provide advice and recommendations to the JPFPF, which shall receive and act upon such advice and recommendations as the JPFPF, in its fiduciary capacity, shall determine. For the selection of individual investment managers, the Financial Advisory and Investment Committee will work with the JPFPF's professional staff to rank all potential asset/investment managers and recommend particular selection(s). Following its review the Financial Advisory and Investment Committee shall make its recommendations to the JPFPF. The JPFPF will then make its decision(s) taking into account such recommendations and other information which is available to the JPFPF. For the selection of other financial professionals, including actuaries, the Financial Advisory and Investment Committee will furnish advice to the JPFPF following such processes as may be determined with respect to the particular selection. The Financial Advisory and Investment Committee's work will be subject to Sunshine and Public Records Laws.

2. ETHICS, CERTIFICATION AND DISCLOSURE REQUIREMENTS FOR INVESTMENT MANAGERS AND ADVISORS

The City and the JPFPF intend to assure that investment managers and advisors (including custodians and investment consultants for all purposes of this Agreement) employed by the JPFPF will reflect the highest ethical standards and investment performance, and that they will report regularly to the Financial Advisory and Investment Committee and the JPFPF on matters within their engagement. Consequently: any investment manager or advisor of the JPFPF who has discretionary authority for any investment of the JPFPF shall agree to certify and/or disclose annually to the Financial Advisory and Investment Committee and to the JPFPF, no later than the January 31 following the previous calendar year, that:

a. ***Certifications.***

i. The investment manager or advisor serves as a fiduciary to the JPFPF, and all investment decisions made by the investment manager or advisor on behalf of the JPFPF are made in the best interests of the JPFPF and not made in a manner to the advantage of such investment adviser or manager, other persons, or clients to the detriment of the JPFPF;

ii. Appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager or advisor to ensure that relationships with any affiliated persons or entities do not adversely influence the investment decisions made on behalf of the JPFPF;

iii. The investment manager or advisor is not the subject of a claim or litigation brought by a present or former client or by a regulatory agency asserting that such investment manager or advisor has breached its fiduciary responsibilities, or, if such be the case, disclosing the particulars of each such claim or litigation;

iv. A written code of ethics, conduct, or other set of standards, as submitted to the Financial Advisory and Investment Committee and the JPFPF and acceptable to them, governs

the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment adviser or manager, has been adopted and implemented, and that such standards are effectively monitored and enforced; and

v. Policies of the JPFPF concerning prohibited business relationships among family members and other related parties have been complied with.

b. ***Disclosures.***

i. Any known circumstances or situations that a prudent person could expect to create an actual or potential conflict of interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the JPFPF, and (ii) any personal financial or investment positions of the investment manager of advisor that could be related to the performance of an investment program of the JPFPF over which the investment advisor or manager has discretionary investment authority on behalf of the JPFPF; and

ii. All direct or indirect pecuniary interests that the investment manager or advisor has in or with any party to a transaction with the JPFPF if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the JPFPF.

3. USE OF OFFICE OF GENERAL COUNSEL

The Parties agree that while the Charter gives the JPFPF the authority to employ separate legal counsel, the City's Office of General Counsel (the "OGC") is the proper source for legal representation on routine matters (*e.g.*, open records, public meetings, ~~and~~ other ordinary legal issues, and non-pension legal services). The Parties acknowledge and agree that separate counsel is and will be necessary regarding investments, pension and/or retirement related matters. The JPFPF and the OGC shall consult on needs for separate counsel for other specific purposes. The

Parties agree that the current legal counsel structure and fees is reasonable and appropriate. In the event that Parties should in the future be unable to agree regarding the selection or use of separate legal counsel nothing contained in this provision is intended to be nor should be construed as a waiver of any rights either Party may otherwise have under the Charter or Florida Law.

4. QUALIFICATIONS FOR COUNCIL-APPOINTED TRUSTEES AND THE FIFTH TRUSTEE

Persons chosen and appointed to serve as Trustees of the JPFPF by the City, as well as any persons selected as the fifth member of the Trustees by the other four trustees, shall continue to be persons with professional financial experience and/or public pension experience, governance experience, institutional investment experience, community experience and wisdom, or comparable professional training, knowledge, and expertise. Any Trustee chosen and appointed by the City Council shall not be a participant in or enrolled in any City of Jacksonville pension plan, shall serve for a maximum of 2, 4 year terms, and shall have at least 10 years of professional financial experience.

5. ACTUARIAL STANDARDS, TRANSPARENCY AND DISCLOSURE

The City and JPFPF agree that the assumed annual actuarial rate of return should remain at 7.0% through the term of the ~~2014~~2015 Agreement, defined below, unless otherwise agreed by the City and JPFPF based on sound actuarial practices, or as otherwise required by applicable law. An actuarial valuation of the JPFPF shall be performed by the JPFPF actuary annually, as of October 1 of each fiscal year. The annual actuarial valuations shall be completed and delivered as expeditiously as possible to the Board of Trustees, the Financial Advisory and Investment Committee, the City's Director of Finance and to the City Council Auditor promptly upon completion but in any event the JPFPF shall complete and deliver such analyses and reports no

later than 120 days after the end of each fiscal year, provided the City has responded promptly to requests made by the JPFPF for information from the City that is necessary for the preparation of such valuations.

A. Actuarial analysis and reporting by the JPFPF will utilize the following standards in addition to other standards governing its work:

1. Annual ARC calculations based on most recent actuarial assumptions;

2. ~~Alternative~~Not less than two alternative funding scenarios based on variable investment performance in addition to the base case, that extend to future years and incorporate volatility;

3. The latest "experience studies" prepared by the JPFPF actuary;

4. Consistency in actuarial methods;

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

6. Annual normal cost disclosure for each pension design tier (current employees and future employees);

B. Actuarial practices will be consistent from year to year unless changed through an "experience study" or decision of the JPFPF, with advice from the Financial Advisory and Investment Committee, or unless necessary for compliance with applicable laws or regulations;

C. Unfunded liabilities will be amortized as separate annual bases over closed 30-year periods or less, unless otherwise required by law; and

D. Clear and transparent disclosure of actuarial and financial matters, including distributing to City's Chief Financial Officer and City Council Auditor, and prompt posting on the JPFPF's website, the JPFPF's quarterly investment return reports showing results both gross and net of investment fees and with comparisons to assumption and benchmarks of the JPFPF, and to results of comparable pension funds.

E. In addition to the foregoing regarding the standards for actuarial and financial studies, on or before 120 days after the end of each fiscal year of the JPFPF, currently September 30 of each year, commencing with the end of the first fiscal year following the Prospective Effective Date, the JPFPF shall prepare annual financial statements and submit them electronically or as otherwise agreed to the Mayor, City Council President, City Director of Finance, City Council Auditor, and the Treasurer of the JPFPF; and, on or before March 15 of each year, to the Florida Department of Management Services (the "Department") in format(s) prescribed by the Department. The financial statements will:

1. Be in compliance with the requirements of the Government Accounting and Standard Board's Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68, Accounting and Financial Reporting for Pensions, using the mortality tables and generational projections by gender most recently available from qualified actuarial sources. If yet unaccepted updates also are available that suggest longevity improvements beyond accepted tables, then such updates shall be used in lieu of accepted tables so long as such usage remains acceptable within GASB requirements and is permitted by applicable law;

2. Report funding status, contribution rates and expected normal cost of new benefits earned using both the current assumed rate of return on investments and ~~the greater of 5.4% or~~ an assumed discount rate that is 200 basis points less than the JPFPF's assumed rate of return; and

3. Provide information indicating the projected assets, liabilities and actuarially required contributions to the JPFPF over the next 30 years based on the JPFPF's latest valuations and actuarial assumptions.

F. In addition to the above information, the JPFPF shall also make available on a timely basis on its website prior actuarial studies and reports in order that accurate comparisons

can be made, minutes of its meetings for the past 3 years on a rolling basis, and copies of all reports or studies commissioned by the JPFPF that are matters of public interest, including experience studies and investment performance reports.

6. SELECTION OF EXECUTIVE DIRECTOR-ADMINISTRATOR

The selection of any future JPFPF's Executive Director-Administrator shall be governed by a professional process subject to Florida law in which the candidate shall be selected by the JPFPF using the City Employee Services Department's search and selection processes, and, if necessary, utilizing the assistance of an executive search firm retained by the JPFPF. A salary and benefits survey should be conducted prior to advertising for the position in order to establish a compensation level comparable to funds of similar size and complexity to the JPFPF. In addition to the requirements of applicable law, candidates will be required to have a minimum of five years of pension administration or institutional investment experience, expertise in the oversight of investment portfolios, and a degree in finance, economics, accounting or a related area of study from an accredited university. Comparable experience administering the activities of a state or local public pension plan will also be considered. Candidates who are CPAs or who have a JD, MBA or CFA degree will be preferred.

7. FUTURE ADMINISTRATION OF THE JPFPF

As part of the selection of the next JPFPF's Executive Director-Administrator, the aggregate compensation of the JPFPF's Executive Director-Administrator shall be determined in accordance with the market analysis of comparably-sized public pension plans provided for in the provision entitled "Selection of Executive Director-Administrator." The City and/or JPFPF shall ensure that any future Executive Director-Administrator and/or senior management employee shall be placed in either the City General Employees' Pension Fund or a defined

contribution plan with the JPFPF's employer contribution subject to the limits of federal law. The JPFPF's Senior Staff Pension Plan is closed to new members as of August 15, 2014.

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

8. ENHANCED INVESTMENT AUTHORITY

Provided the investment is permitted in the written investment policy adopted by the Board as provided in chapter 112, part VII, Florida Statutes, and is otherwise allowed by state and federal law, the JPFPF is authorized to invest and reinvest the assets of the Pension Fund in:

A. Any lawful investment as provided in applicable provisions of Sections 112.661, 175.071, 185.06, 215.47, Florida Statutes. In applying this section, the following definitions govern the investments authorized:

i. "Alternative investment" means an investment by the Board in a private equity fund to include all of the private equity sub-strategies, including venture capital, distressed investing, private debt/ mezzanine debt, private real assets/natural resources/energy, venture fund, or distress fund or a direct investment in a portfolio company through an investment manager or general partner .

ii. "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure or investment manager through which the Board invests in a portfolio company.

iii. "Portfolio company" means a corporation or other issuer, any of whose securities are owned or held by an alternative investment vehicle or the Board and any subsidiary of such corporation or other issuer.

iv. "Portfolio positions" means individual investments in portfolio companies which are made by the alternative investment vehicles.

v. "Proprietor" means an alternative investment vehicle, a portfolio company in which the alternative investment vehicle is invested.

B. Investments authorized for the General Employee Pension Fund or the Correctional Offices Pension Fund.

C. Notwithstanding the foregoing, investments in "hedge funds" are prohibited.

D. Prior to considering any investment policy changes in accordance with this Agreement, the JPFPF Board shall give the City Council Finance Committee 10 days written notice of the Board meeting at which the proposed investment policy change shall be considered.

D. ADDITIONAL UNFUNDED LIABILITY PAYMENTS

1. Within 30 days of the Prospective Effective Date, the JPFPF will apply the balances in the Enhanced Benefits Account and the City Stabilization Account to the City to reduce the unfunded actuarial accrued liability of the Plan. As of October 1, 2013, the total balance of both accounts was $60,915,907.00; however, the amount applied pursuant to this section will be the actual balances of both accounts on the Prospective Effective Date, but shall not be less than $60,915,907.00.

2. As a condition precedent to this Agreement becoming effective the City will designate a permanent funded source to reduce the unfunded liability with a targeted additional contribution of $40 million per year over the next 10 years or an equivalent net present value amount. The amounts applied in paragraph 1 above shall count towards any amount required by this paragraph. As much as legally possible, the City agrees to protect and codify such a funding source to assure this obligation is met. –Should the City not pay an equivalent net present value amount and opt to pay an additional $40 million a year over the next 10 years toward the

unfunded actuarial accrued liability, in any fiscal year in which the City did not contribute an additional $40 million per year, the payment by the JPFPF below shall be reduced on a proportional basis. Further, in any fiscal year immediately following a year in which the City did not contribute an additional $40 million per year, the City agrees to contribute an additional amount equivalent to the pro rata amount the JPFPF was not required to pay in the previous fiscal year.

3. Beginning with the first fiscal year after the Prospective Effective Date, the JPFPF shall apply at the City's discretion the Chapter 175/185 funds received annually, less the annual discretionary bonus payment authorized in Ordinance 2006-508-E, for the benefit of the Plan, including without limitation, to fund base benefits, to reduce the unfunded actuarial accrued liability, or to mitigate the City's annual required contribution to the Plan, provided however, the City may not use the Chapter 175/185 funds as a funding source for the additional $40 million per year payment towards unfunded liability as established in paragraph 2 above. The Chapter 175/185 funds shall continue to be used in this manner until the Chapter 175/185 funds have been used in this manner for a total of 7 consecutive fiscal years. If the City fails to make the minimum additional payment to the Plan during the seven year term where the Chapter 175/185 funds are used as described above, the Board of the JPFPF shall have the option to distribute Chapter 175/185 funds received that year to the Share Plan described in Section E below, pay the annual discretionary bonus, or pay down the unfunded actuarial accrued liability as a contribution above those otherwise required.

E. ESTABLISHMENT OF SHARE PLAN

On the Prospective Effective Date, the JPFPF is authorized to create a share plan for active members. The Share Plan will be funded solely from revenues received pursuant to Chapters 175 and Chapter 185, Florida Statutes. The PFPF shall not fund any such share plan

unless and until the following circumstances occur: (1) The City fails to meet its full funding obligation under the ~~2014~~2015 Agreement in a particular fiscal year, and the JPFPF is thus relieved of its payment obligations, as outlined in paragraph D.3. above, on a proportional basis, at which time the Board shall have the option to use the funds it would have provided pursuant to paragraph D.3. above to either pay down the unfunded liability, provide the annual discretionary bonus payment authorized in Ordinance 2006-508-E, or fund a share plan; or (2) the JPFPF satisfies its funding obligations under this Agreement, at which time the Board may use the Chapter 175/185 revenues to pay down the unfunded liability, provide the annual discretionary bonus payment authorized in Ordinance 2006-508-E, or fund a share plan.

III. MISCELLANEOUS MATTERS

A. Reliance on Representations. The City and JPFPF have each relied upon the representations of the other to ascertain the Parties' positions established herein. The failure to accurately supply material information which resulted in a misrepresentation that cannot be overcome at the time of discovery shall result in this Agreement being deemed voidable at the discretion of the other Party.

B. Consultation among Parties. The City and the JPFPF should consult on an ongoing basis related to their performance under the ~~2014~~2015 Agreement, public records, open government issues and other matters. Senior representatives of each should meet monthly to discuss matters of importance to either, and the Parties should proceed in a spirit of good faith and cooperation. In that regard, the Parties should make available to each other on a continuing basis, all information that is necessary to assure their mutual understanding and success. The City and the JPFPF should endeavor to work harmoniously to enforce their respective obligations under the ~~2014~~2015 Agreement and applicable Charter, statutory and Ordinance Code

provisions, and to avoid obstruction of their respective rights. Meetings will be in accordance with applicable federal, state, and local laws.

C. **Expression by Charter and Ordinance.** The City and the JPFPF will support and promulgate the ~~2014~~2015 Agreement through appropriate revisions to the Charter and Ordinance Code.

D. **Provision of Information.** The City and the JPFPF agree to make available to each other on a continuing basis, all information that is necessary to insure the success of the ~~2014~~2015 Agreement and to work harmoniously to enforce the provisions of the ~~2014~~2015 Agreement and all pension ordinances, the City Charter, and statutes, and to avoid obstruction of all parties' rights under the law or the ~~2014~~2015 Agreement. The Parties further agree to recodify existing municipal ordinance code consistent with the intent of the ~~2014~~2015 Agreement, including but not limited to the benefit, administrative and investment provisions necessary for their mutual benefit.

E. **Savings Clause.** Should any part of this Agreement be held invalid by a Court of competent jurisdiction, the remainder of this Agreement shall continue in full force and effect and it shall be presumed that this Agreement were adopted without the invalid provision. ~~In particular, should the term of the Agreement be determined to be inconsistent with Section 447.309(5), *Florida Statutes*, and therefore invalid as applied to one or more provisions of the Agreement, then the term of those provisions of the Agreement shall be modified so that the term of those provisions shall not exceed the requirements of Section 447.309(5), *Florida Statutes*, or a term as adjudicated by a court of competent jurisdiction and all other provisions shall continue with such term as set forth in the Agreement.~~

F. **Adequate Time to Confer.** The Parties signing below have had adequate time to confer with counsel or their clients in order to be informed on the matters within the ~~2014~~2015 Agreement.

G. **Recommendation of Approval.** The City and JPFPF each represent that they will urge the approval of the ~~2014~~2015 Agreement, and the implementation of its terms, by each of their governing bodies.

H. **Resolution of Disputes.** The City and The JPFPF agree that this Agreement resolves ~~those certain~~all retirement issues and disputes between the Parties, as specifically related to the provisions herein, and existing on the Prospective Effective Date.

I. **Prospective Effective Date.** The terms of this Agreement shall not become effective until such time as implementation of a permanent funding source has been advanced by the Mayor and enacted by Ordinance by the City Council, that provides a minimum payment of $40 million each year for ten consecutive years, or an equivalent present value amount, in addition to the City's annual required contribution to the Police and Fire Pension Fund, to be used solely to reduce the unfunded liability of the police and fire pension fund.

J. **Previous Agreements.** Notwithstanding any references to previous settlement agreements or amendments thereto by the Parties, ~~nothing herein shall be construed as ratification or approval of any previous settlement agreement by the parties or amendments thereto. The~~the Parties agree that the so-called "Thirty Year Agreement", which includes all prior settlement agreements between the Parties and all amendments thereto (i.e., 2000-1164-E, 2003-303-E, 2003-1338-E, and 2006-508-E), is superseded ~~and replaced~~ by this Agreement and that all unchanged provisions from the previous agreements are incorporated herein.

K. **Sunset Provision.** If this Agreement is not approved by the PFPF on or before ~~January 15,~~ _____, 2015, this Agreement will be deemed rejected and be of no further effect.

Agreed upon on _____, ~~2014~~2015, and executed on _____, ~~2014~~2015, by:

CITY OF JACKSONVILLE, a Florida municipal corporation

By: _____
Alvin Brown, Mayor
Date: _____

JPFP Board of Trustees:

_____
John Keane, Executive Director
Jacksonville Police and Fire Pension Fund
Date: _____

ATTEST:

_____
James B. McCain, Jr.
Corporation Secretary

Form Approved:

_____
Office of General Counsel

L:\General Litigation\ABenson\~~Fourth Revised Exhibit~~2015 Agreement 1.21.15 CLEAN.docx