

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

1 Introduced by Council President at the request of the Mayor and  
2 Substituted by the Rules Committee and Substituted by the Finance  
3 Committee and amended on the Floor of Council:  
4  
5

6 **ORDINANCE 2014-386-E**

7 AN ORDINANCE PERTAINING TO CHAPTER 121 (POLICE  
8 AND FIREFIGHTERS PENSION PLAN), ORDINANCE  
9 CODE; CREATING SECTION 121.101(F); AMENDING  
10 121.107 (D)(CREDIT FOR BROKEN SERVICE,  
11 CONTINUOUS SERVICE, PARTIAL YEARS  
12 TRANSFERABILITY, AND SERVICE AS A FLORIDA  
13 STATE CERTIFIED POLICE OFFICER OR FIRE  
14 FIGHTER); AMENDING SECTION 121.102(E) (POLICE  
15 AND FIRE PENSION PLANS) CREATING A NEW  
16 CATEGORY OF MEMBER KNOWN AS A "GROUP II  
17 MEMBER" BASED UPON A DATE OF HIRE ON OR AFTER  
18 THE PROSPECTIVE EFFECTIVE DATE OF ORDINANCE  
19 2014-386-E AND SECTION 121.113(A)(1),  
20 121.113(A)(2), AND (B) (CALCULATION OF PENSION  
21 CONTRIBUTIONS FOR POLICE AND FIRE PENSION  
22 FUND) REVISING THE CONTRIBUTION PERCENTAGES OF  
23 EXISTING POLICE AND FIRE PENSION PLAN MEMBERS;  
24 CREATING SECTION 121.114 (UNFUNDED ACTUARIAL  
25 LIABILITY; MUTUAL CONTRIBUTIONS) TO OUTLINE  
26 THE MUTUAL OBLIGATIONS OF THE CITY AND THE  
27 POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES  
28 IN ADDRESSING THE UNFUNDED LIABILITY; CREATING  
29 SECTION 121.115 (SUPPLEMENTAL SHARE PLAN);  
30 CREATING SECTION 121.116 (BOARD OF TRUSTEES  
31 INVESTMENT AUTHORITY) TO OUTLINE THE  
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1 INVESTMENT AUTHORITY OF THE POLICE AND FIRE  
2 PENSION FUND BOARD OF TRUSTEES; CREATING  
3 SECTION 121.117 (EXECUTIVE DIRECTOR  
4 ADMINISTRATOR) TO OUTLINE THE QUALIFICATIONS  
5 FOR FUTURE EXECUTIVE ADMINISTRATORS OF THE  
6 POLICE AND FIRE PENSION FUND; CREATING SECTION  
7 121.118 (USE OF GENERAL COUNSEL) TO OUTLINE  
8 THE POLICE AND FIRE PENSION FUND'S USE OF THE  
9 OFFICE OF GENERAL COUNSEL; AMENDING SECTION  
10 121.201 (RETIREMENT BENEFITS) TO CREATE  
11 SECTION 121.201A FOR "GROUP I MEMBERS" AND TO  
12 CREATE SECTION 121.201B FOR "GROUP II MEMBERS"  
13 TO OUTLINE THE PENSION BENEFITS EXTENDED TO  
14 EACH GROUP, SECTION 121.204 (SURVIVING  
15 SPOUSE'S BENEFITS), SECTION 121.206  
16 (CHILDREN'S BENEFITS), AND SECTION 121.209  
17 (DEFERRED RETIREMENT OPTION PROGRAM (DROP) FOR  
18 GROUP I MEMBERS); CREATING NEW SECTION 121.211  
19 (BACKDROP FOR GROUP II MEMBERS) TO ESTABLISH  
20 THE BACKDROP PROGRAM OF PENSION BENEFITS  
21 EXTENDED TO GROUP II MEMBERS; AMENDING CHAPTER  
22 121 TO CREATE A NEW PART 5 (FINANCIAL  
23 INVESTMENT AND ADVISORY COMMITTEE); AMENDING  
24 CHAPTER 121 TO CREATE A NEW PART 6 (ETHICS,  
25 FIDUCIARY RESPONSIBILITIES AND BEST  
26 PRACTICES); AMENDING ARTICLE 22 (JACKSONVILLE  
27 POLICE AND FIRE PENSION BOARD OF TRUSTEES) OF  
28 THE CHARTER OF THE CITY OF JACKSONVILLE;  
29 PROVIDING FOR RATIFICATION DISCLAIMER;  
30 APPROVING THE 2014 RETIREMENT REFORM  
31 AGREEMENT; ATTACHING THE REQUIRED ACTUARIAL

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

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

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

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

21 ~~**WHEREAS**, the Jacksonville Association of Firefighters (Local~~  
22 ~~122, International Association of Firefighters), which is the~~  
23 ~~collective bargaining agent for all firefighters and their ranked~~  
24 ~~superiors, and Fraternal Order of Police Lodge 5-30, which is the~~  
25 ~~collective bargaining agent for all law enforcement officers and~~  
26 ~~their ranked superiors, hereinafter referred to as the "Unions",~~  
27 ~~are bargaining units certified in accordance with Florida law that~~  
28 ~~presented waivers as to their right to collective bargaining on~~  
29 ~~pension benefits; and~~

30 **WHEREAS**, the Agreement, hereinafter known as the 2014  
31 Agreement or Agreement, ~~supersedes and replaces~~ incorporates and  
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1 amends and incorporates a series of agreements commonly known as  
2 the "30 Year Settlement Agreement"; and

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

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

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

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

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

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

30 **WHEREAS**, the Parties have agreed that the so-called "Thirty  
31 Year Agreement", which includes all prior settlement agreements  
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1 between the Parties and all amendments thereto (i.e., 2000-1164-E,  
2 2003-303-E, 2003-1338-E, and 2006-508-E), is ~~superseded and~~  
3 ~~replaced~~ amended by this Agreement, which will expire ten years  
4 after the prospective effective date of this Agreement, except for  
5 the provisions in the 2014 Agreement labeled "Governance of the  
6 Police and Fire Pension Fund," which will expire on September 30,  
7 2030, and nothing herein shall be construed as ~~ratification or~~  
8 ~~approval~~ as questioning the validity of the prior versions of the  
9 "Thirty Year Agreement"; and

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

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

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

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

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

28 **Section 1. Part 1, Chapter 121, Ordinance Code Amended; New**  
29 **Section 121.101 (f) created; Sections 121.102(e), 121.107(d) and**  
30 **121.113 Amended; Sections 121.114, 121.115, 121.116, 121.117 and**  
31 **121.118 Created.** Part 1, Chapter 121, Ordinance Code, is hereby  
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1 amended; Sections 121.101(f), 121.102(e), 121.107(d) and 121.113,  
2 *Ordinance Code*, are hereby amended, and Sections 121.114, 121.115,  
3 121.116, 121.117 and 121.118, *Ordinance Code*, are hereby created,  
4 to read as follows:

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

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

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

10 \* \* \*

11 ~~(f) From and after the prospective effective date of Ordinance~~  
12 ~~2014-386-E: (1) the Board shall not engage in the determination of~~  
13 ~~pension benefits and shall leave the negotiation and future~~  
14 ~~modification of pension benefits to elected City officials and~~  
15 ~~certified bargaining agents; (2) Nothing in this section shall be~~  
16 ~~construed to impair the rights provided under Article 1, Section 6~~  
17 ~~of the Florida Constitution or Chapter 447, Florida Statutes; (3)~~  
18 ~~All subjects of collective bargaining including but not limited to~~  
19 ~~pension or retirement benefits shall be subject to the requirements~~  
20 ~~of Chapter 447, Florida Statutes; (4) The City and any authorized~~  
21 ~~certified bargaining agent shall have the rights and be subject to~~  
22 ~~the provisions of Chapter 447, Florida Statutes, including but not~~  
23 ~~limited to the requirement for negotiations, the term limitation~~  
24 ~~set forth in Section 447.309(5), Florida Statute, and the impasse~~  
25 ~~process; (5) The City retains all rights to unilaterally take~~  
26 ~~action that alters benefits (pension or otherwise) as authorized~~  
27 ~~under Florida law; and (6) Nothing herein shall be construed to~~  
28 ~~wave the City's or the certified bargaining agent's right to~~  
29 ~~demand collective bargaining as authorized under Florida law.~~

30 Nothing in this section shall impair the rights of public employees  
31 to collective bargaining guaranteed in Article I, Section 6 of the

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1 Florida Constitution and implemented through Chapter 447, Part II,  
2 Florida Statutes or any rights conferred upon the City by that  
3 statute, except as otherwise provided in this section. In any  
4 future collective bargaining between the City and any labor  
5 organization representing any of the participants in this Fund, the  
6 City agrees that it will not use any legislative authority in  
7 Section 447.309 to alter the benefits of Group I members for a  
8 period of ten years from the prospective effective date of this  
9 provision.

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

11 \* \* \*

12 (e) Definitions of Membership Classes:

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

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

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

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

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

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

3       (37) Beneficiary or Beneficiaries: Are (i) with respect to  
4 Group I Members, former active Group I Members who have completed  
5 five or more years of credited service as active Members and have  
6 either (1) vested their service for deferred retirement (Inactive  
7 Beneficiary) or (2) have met time and service requirements for  
8 retirement, or are retired as totally and permanently disabled  
9 while an active member, or anyone receiving benefits as a surviving  
10 spouse or minor child of a member (Active Beneficiary); or (ii)  
11 with respect to Group II Members, former active Group II Members  
12 who have completed ten or more years of credited service as active  
13 Members and have either (1) vested their service for retirement or  
14 (2) have met time and service requirements for retirement, or are  
15 retired as totally and permanently disabled while an active member,  
16 or anyone receiving benefits as a surviving spouse or minor child  
17 of a member (Active Beneficiary). In the case of the distribution  
18 of DROP benefits for Group I Members, the estate of the Qualified  
19 Member or former Qualified Member may also be considered to be a  
20 beneficiary in the event that there is no surviving spouse.

21                               \* \* \*

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

25                               \* \* \*

26 (d) Any active Member of the Police and Fire Pension Fund who is  
27 not a retiree and who has not attained vested status under any  
28 other governmental retirement system shall be entitled to  
29 purchase time service credit for up to five years of full time  
30 employment as a Police Officer under the provisions of F.S.

31 Ch. 943, or as a certified ~~Fire Fighter~~ Firefighter under the  
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1 provisions of F.S. Ch. 633. Notwithstanding the preceding  
2 sentence, any active member of the Police and Fire Pension  
3 Fund who is not a retiree and seeks to purchase time service  
4 credit as a Police Officer under the provisions of F.S. Ch.  
5 943, or as a certified Firefighter under the provisions of  
6 F.S. Ch. 633, under this paragraph for service with another  
7 government in Duval County, shall be entitled to purchase up  
8 to 5 years of such time service credit provided such service  
9 has not been used for entitlement for benefits under any other  
10 pension system. To be entitled to pension credit, a Member  
11 shall make application to the Board at any time prior to  
12 retirement. Furthermore, the employee shall pay into the  
13 Pension Fund a sum equal to 20 percent of his or her current  
14 monthly salary multiplied by the number of months (60 months  
15 maximum) for which credit is being sought, on such terms as  
16 the Board shall determine.

17 \* \* \*

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

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

22 (a) Salary Deductions.

23 (1) Group I Members. A deduction of ~~seven~~ eight percent  
24 per annum, plus an additional two percent subject to the conditions  
25 described within (i) and (ii) below, from all salaries (base  
26 salary, longevity, City college incentive, enhanced certification  
27 pay, emergency operation and hazardous duty pay; shift  
28 differential, and "upgrade" pay; and excluding all overtime, state  
29 incentive pay, reimbursed expenses and allowances such as  
30 cleaning/clothes allowances, and payments for unused accrued time),  
31 of all ~~members of the Police and Fire Departments participating in~~  
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1 ~~this fund, or who will become members hereafter Group I Members, to~~  
2 ~~be deducted in installments from each periodical paycheck of each~~  
3 ~~of these members Group I Member., together with a sum equal to not~~  
4 ~~less than the minimum recommended contribution in the most recent~~  
5 ~~actuarial valuation of the fund expressed as a percent per annum of~~  
6 ~~all salaries (as defined above) of all members of the Police and~~  
7 ~~Fire Departments participating in this fund according to the amount~~  
8 ~~thereof as set up in the current budget in each year hereafter,~~  
9 ~~together with such additional sums as may be necessary to~~  
10 ~~administer this fund, which two latter amounts shall be designated~~  
11 ~~by the Board and certified to the Council for each fiscal year, and~~  
12 ~~the Council shall thereupon place the amount so designated in the~~  
13 ~~budget for the succeeding year and levy a tax therefor, if~~  
14 ~~necessary; except that the City may in good faith challenge the~~  
15 ~~City contribution designated by the Board. In the event of such a~~  
16 ~~challenge, the Board's actuary and City's actuary shall agree on an~~  
17 ~~impartial third actuary who shall resolve all disputes between the~~  
18 ~~actuaries and whose decision shall be binding and final as between~~  
19 ~~the Board and the City. The foregoing eight percent deduction shall~~  
20 ~~be increased by two percent as follows:~~

21 (i) For Fire Members: On October 1, 2010, fire Members  
22 received a general wage reduction of two percent. (See Agreement  
23 Between the City of Jacksonville and the International Association  
24 of Firefighters Local 122, October 1, 2009 through September 30,  
25 2012.) In the first pay period, after the prospective effective  
26 date of Ordinance 2014-386-E, which reflects a total general wage  
27 increase of at least two percent over the general wages in effect  
28 for fire Members as of October 1, 2010 (an increase which fully  
29 restores the general wage reduction of October 1, 2010) the fire  
30 Member's salary deduction will simultaneously increase to ten  
31 percent.

1       (ii) For Police Members: On January 1, 2012, police Members  
2 received a general wage reduction of three percent. (See Agreement  
3 Between the City of Jacksonville and the Fraternal Order of the  
4 Police, October 1, 2011 through September 30, 2014.) In the first  
5 pay period, after the prospective effective date of Ordinance 2014-  
6 386-E, which reflects a total general wage increase of at least two  
7 percent over the general wages in effect for police Members as of  
8 January 1, 2012 (an increase which fully restores two percent of  
9 the January 1, 2012 three percent general wage reduction) the  
10 police Member's salary deduction will simultaneously increase to  
11 ten percent.

12       (2) Group II Members. A deduction of ten percent per  
13 annum from all salaries (base salary, longevity, City college  
14 incentive, enhanced certification pay, emergency operation and  
15 hazardous duty pay; shift differential(provided that, the shift pay  
16 included in the calculation may not exceed 125 percent of the shift  
17 pay earned during the five years prior to the beginning of the  
18 130th pay period immediately preceding retirement, adjusted for  
19 promotion), and upgrade pay; and excluding all overtime, state  
20 incentive pay, reimbursed expenses and allowances such as  
21 cleaning/clothes allowances, and payments for unused accrued time),  
22 of all Group II Members, to be deducted in installments from each  
23 periodical paycheck of each Group II Member. The foregoing ten  
24 percent per annum salary deduction shall also apply during the  
25 BACKDROP period described in Section 121.211 for all eligible Group  
26 II Members who elect the BACKDROP.

27       (b) The City shall contribute a sum equal to an amount not  
28 less than the minimum recommended contribution in the most recent  
29 actuarial valuation of the fund expressed as a percent per annum of  
30 all salaries (as defined above) of all Members of the Police and  
31 Fire Departments participating in this fund according to the amount  
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1 thereof as set up in the current budget in each year hereafter,  
2 together with such additional sums as may be necessary to  
3 administer this fund, which two latter amounts shall be designated  
4 by the Board and certified to the Council for each fiscal year, and  
5 the Council shall thereupon place the amount so designated in the  
6 budget for the succeeding year and levy a tax therefor, if  
7 necessary; except that the City may in good faith challenge the  
8 City contribution designated by the Board. In the event of such a  
9 challenge, the Board's actuary and City's actuary shall agree on an  
10 impartial third actuary who shall resolve all disputes between the  
11 actuaries and whose decision shall be binding and final as between  
12 the Board and the City.

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

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

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

7 (ef) The application of the employer pick up provisions of  
8 Section 414(h)(2) of the Internal Revenue Code, as described above  
9 in 121.113(e) shall also extend to elective contributions made by  
10 payroll deduction installment payments for the purpose of securing  
11 service credit for prior service or additional service. As used  
12 herein, "elective contributions" shall include contributions  
13 initiated under conditions wherein, (i) a member is eligible to  
14 purchase credit for prior service under 121.107, ~~or~~ (ii) a former  
15 member who received a refund of contributions previously made to  
16 the fund who was subsequently rehired and again becomes a member  
17 and elects to repurchase such prior broken service under 121.107,  
18 or (iii) a member who is eligible to purchase service as a police  
19 officer or firefighter within the State of Florida under  
20 121.107(d), or (iv) a member who is eligible to purchase additional  
21 permissive service credit for wartime military service under  
22 121.208. However, direct payments made by the member for elective  
23 contributions shall not qualify under the pick-up provisions. In  
24 order to qualify for pre-tax treatment under Section 414(h)(2),  
25 elective contributions paid via payroll deduction installment  
26 payments must be made pursuant to the completion of a binding  
27 irrevocable payroll authorization executed by the member. Such  
28 employee contributions made through payroll deduction will be  
29 picked up and paid by the City with the member having no option of  
30 receiving such picked up amounts directly instead of having such  
31 amounts contributed to the fund. The payroll deduction  
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1 authorization will state the number of pay periods during which the  
2 deduction(s) will be made, the dollar amount of the deduction(s),  
3 and that the plan will not accept direct payments from the member  
4 while the payroll deduction is in effect.

5 (~~f~~g) For purposes of purchasing time service credits (or  
6 "elective contributions" as defined in 121.113(f)), the fund will  
7 additionally allow the lump sum amount of such purchases or  
8 "elective contributions" to be alternatively made in the form of  
9 the acceptance of a direct rollover of an eligible rollover  
10 distribution from one or more of the providers of the Deferred  
11 Compensation Plan administered by the City under Section 457 of the  
12 I.R.C. effective January 1, 2002.

13 **Sec. 121.114. Unfunded Actuarial Liability; Mutual**  
14 **Contributions; Florida Premium Tax Dollars.**

15 (a) As of the prospective effective date of Ordinance 2014-  
16 386-E, the Police and Fire Pension Fund has an unfunded actuarial  
17 liability. In order to begin alleviating such liability,  
18 contributions shall be made by both the Board of Trustees and the  
19 City, with each contribution contingent upon the other's  
20 contribution being made.

21 (b) Within 30 days following the prospective effective date of  
22 Ordinance 2014-386-E, the Board will apply the entire balances in  
23 the Enhanced Benefits Account and the City Budget Stabilization  
24 Account to reduce the unfunded actuarial liability of the Plan. As  
25 of October 1, 2013, the total balance of both accounts was  
26 \$60,915,907.00; however, the amount applied pursuant to this  
27 section will be the actual balances of both accounts on the  
28 prospective effective date of Ordinance 2014-386-E, but shall not  
29 be less than \$60,915,907.00.

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

7 (d) The Florida Insurance Premium Tax Rebate Dollars (i.e.,  
8 Chapter 175/185 Funds) will be allocated as follows: Beginning with  
9 the first fiscal year commencing after the prospective effective  
10 date of Ordinance 2014-386-E and ending with the seventh fiscal  
11 year, the Board shall annually allocate all Chapter 175/185 Funds,  
12 minus the Chapter 175/185 funds used to provide the holiday bonus,  
13 which may be used at the City's discretion for the benefit of the  
14 Plan, including without limitation to fund base benefits, reduce  
15 the unfunded actuarial accrued liability, or mitigate the City's  
16 annual required contribution to the Plan. (As used herein, "holiday  
17 bonus" refers to the annual discretionary Chapter 175/185 Fund  
18 bonus payment).

19 (e) (1) The contributions in subsection (c) and (d) shall be  
20 contingent upon the other party making the payment noted in each  
21 subsection. Should the contribution in subsection (c) or (d) be  
22 less than that set forth in subsection (c) or (d), then the other  
23 contribution shall be reduced pro rata. In an year in which the  
24 City does not make the required contribution, that amount shall be  
25 added to the next succeeding year's actuarially required  
26 contribution and the City shall authorize the payment of that  
27 amount to the Fund directly from any source, including but not  
28 limited to funds derived from the State of Florida as state revenue  
29 sharing money, however described, otherwise payable to the City.

30 (2) In any fiscal year in which the City does not make  
31 the contribution set forth in subsection (c), the Board may use the  
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1 Chapter 175/185 funds to either: (i) pay down the unfunded  
2 liability as a contribution above those otherwise required or  
3 (ii) fund a share plan as established in Section 121.115 or (iii)  
4 pay the holiday bonus. (As used herein, "holiday bonus" refers to  
5 the annual discretionary Chapter 175/185 Fund bonus payment  
6 identified in City Ordinance 2006-508-E.) The share plan created  
7 herein will be governed by the rules and regulation in Section  
8 121.115. The share plan will remain unfunded until the  
9 requirements outlined in this section have been met.

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

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

23 **Sec. 121.115. Supplemental Share Plan.**

24 (a) Supplemental share plan retirement benefit. A supplemental  
25 share plan retirement benefit ("Share Plan") is hereby created. The  
26 Share Plan shall consist of an individual share account for each  
27 active police officer or firefighter ("Participant") on or after  
28 the prospective effective date of Ordinance 2014-386-E. The sole  
29 source of funds for the Share Plan shall be Florida Premium Tax  
30 Dollars (i.e., Chapter 175/185 Funds) distributed pursuant to



1 Section 121.114. The Board may deposit into the Share Plan only  
2 those monies identified in Section 121.114(e) and only when in  
3 conformance with the requirements of Section 121.114(d) and (e).  
4 The Share Plan shall remain dormant until such time as the Board  
5 makes its first deposit pursuant to Section 121.114(e).

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

9 (c) Annual crediting. Effective January 1 after the first year  
10 in which the Board has made its first contribution to the Share  
11 Plan pursuant to Section 121.114(e) and each January 1 thereafter,  
12 the Share Plan account of each active Participant on the city's  
13 payroll as of the preceding September 30th shall be credited as  
14 follows: Each active Participant who was employed on the preceding  
15 September 30th shall receive one share for the plan year ending on  
16 the same September 30th. The total number of shares thus determined  
17 shall be divided into the premium tax revenues received by the  
18 Share Plan during that plan year to determine the amount to be  
19 credited to the Share Plan account of each eligible Participant.  
20 Participants who had less than one year of service on September 30<sup>th</sup>  
21 shall receive prorated shares for each full month of service based  
22 on their partial year of service prior to September 30. Chapter  
23 175 premium taxes shall be separately distributed to firefighter  
24 Participants and Chapter 185 premium taxes shall be separately  
25 distributed to police officer Participants.

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

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

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

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

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

5 (b) Investments in hedge funds are prohibited.

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

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

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

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

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

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

1 vehicles.

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

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

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

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

30 (b) As part of the selection of any future Board of Trustees'  
31 Executive Director-Administrator, the aggregate compensation of the  
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1 Executive Director-Administrator shall be determined in accordance  
2 with the market analysis of comparably-sized public pension plans  
3 as noted in subsection (a). The City and Board of Trustees shall  
4 ensure that any future Executive Director-Administrator and any  
5 senior management employee shall be placed in either the City  
6 General Employees' Pension Plan or a defined contribution plan with  
7 the Board of Trustees' employer contribution subject to the limits  
8 of federal law. ~~The existing defined benefit plan for the current~~  
9 ~~Executive Director, and other former staff members, known as the~~  
10 ~~Senior Staff Voluntary Retirement Plan, shall be closed to new~~  
11 ~~members and benefits shall be paid in accordance with the plan~~  
12 ~~terms and applicable provisions of the Internal Revenue Code.~~

13 **Sec. 121.118. Use of General Counsel.** The City's Office of  
14 General Counsel (the "OGC") is ~~the~~ a proper source for legal  
15 representation on routine matters (e.g., open records, public  
16 meetings, ~~and other ordinary legal issues~~ ~~collections and other non-~~  
17 ~~pension legal services~~) subject to the Charter and Ordinance Code.  
18 ~~The State law, the~~ Charter and Ordinance Code allow for separate  
19 ~~counsel, selected by the Board, for other purposes.~~

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20 **Section 2. Part 2, Chapter 121 Amended; Section 121.201**  
21 **Amended; Sections 121.201A and 121.201B Created; Sections 121.204,**  
22 **121.206 and 121.209 Amended; Section 121.211 Created.** Part 2,  
23 Chapter 121, *Ordinance Code*, is hereby amended; Section 121.201,  
24 *Ordinance Code*, is hereby amended; Sections 121.201A and 121.201B,  
25 *Ordinance Code*, are hereby created; Sections 121.204, 121.206 and  
26 121.209, *Ordinance Code*, are amended; and Section 121.211,  
27 *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.**

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

4 ~~(a) Time service retirement. Members shall be entitled to a time~~  
5 ~~service retirement benefit equal to a maximum of 80 percent of the~~  
6 ~~average salary (as defined in Section 121.113 (a)) received by the~~  
7 ~~member for the 52 pay periods immediately preceding the time of~~  
8 ~~retirement, upon the completion of 30 years of credited service.~~  
9 ~~For each year prior to the thirtieth year of service that a member~~  
10 ~~retires, the 80 percent retirement benefit shall be reduced by two~~  
11 ~~percent, of the average salary (as defined in Section 121.113 (a))~~  
12 ~~received by the member for the 52 pay periods immediately preceding~~  
13 ~~the time of retirement, with the minimum normal retirement benefit~~  
14 ~~being 60 percent after completion of 20 years of credited service.~~

15 ~~(b) Disability retirement.~~

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

1 ~~(2) Any member of the pension funds created by these acts who has~~  
2 ~~been in the service of the City for a period of time equal to the~~  
3 ~~minimum time necessary for time service retirement or more and~~  
4 ~~becomes permanently and totally disabled from useful and efficient~~  
5 ~~service shall be entitled to the same rate of pension benefit~~  
6 ~~calculation of the average salary (as defined in Section 121.113~~  
7 ~~(a)) received by the member for the 52 pay periods immediately~~  
8 ~~preceding the time of disability retirement as those members of his~~  
9 ~~pension plan who retire on time service retirement. Any member who~~  
10 ~~elects to retire under a disability pension as provided in this~~  
11 ~~Section shall be required to meet the same requirements for a~~  
12 ~~disability pension as are required for any other member of the~~  
13 ~~respective fund requesting a disability retirement. The Board shall~~  
14 ~~establish the effective date on which the disability benefit shall~~  
15 ~~commence.~~

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

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

30 ~~(e) Vested retirement benefits.~~

31 ~~(1) Members who terminate employment on or after the effective date~~  
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1 ~~of this Ordinance with five or more years of credited service and~~  
2 ~~are not otherwise eligible to retire, are eligible to receive~~  
3 ~~either a deferred retirement benefit of three percent of the~~  
4 ~~average salary received by the member for the 52 pay periods~~  
5 ~~immediately preceding the date of vesting, for each year of~~  
6 ~~credited service prior to the date of vesting, to commence on the~~  
7 ~~date the member would have been eligible to receive minimum time~~  
8 ~~service benefits or be paid a refund of 100 percent of member~~  
9 ~~contributions to the Plan without interest. Within 30 days of a~~  
10 ~~member leaving the payroll prior to normal service retirement, the~~  
11 ~~member must make the election in writing to either vest or the~~  
12 ~~refund will be issued automatically. Acceptance of the refund of~~  
13 ~~employee contributions constitutes an irrevocable waiver of all~~  
14 ~~rights to benefits from the Plan.~~

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

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

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

27 ~~(1) A Cost of Living Adjustment (COLA) based on each prior annual~~  
28 ~~benefit amount actually received (exclusive of onetime bonuses or~~  
29 ~~adjustments) shall be provided for retirees and survivors.~~  
30 ~~Beginning with the first bi weekly pay period after January 1,~~  
31 ~~2007, and for the first bi-weekly pay period after each succeeding~~  
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1 ~~January 1, the recipient shall be granted a COLA in the amount of~~  
2 ~~three (3) percent.~~

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

24 ~~(c) Deferred Retirement Option Program (DROP). A member eligible~~  
25 ~~to receive normal retirement benefits as provided in Section~~  
26 ~~121.201 (a), may remain in the employment of the City until the~~  
27 ~~elected termination date by electing to participate in the DROP, as~~  
28 ~~provided in Section 121.209, deferring the receipt of such~~  
29 ~~retirement benefits for a maximum of 130 full bi weekly pay periods~~  
30 ~~(60 months) from the date of participation in the Deferred~~  
31 ~~Retirement Option Program.~~

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

6 ~~(g) Annual Compensation Limit. Section 401(a)(17) of the Internal~~  
7 ~~Revenue Code establishes an annual compensation limit for each~~  
8 ~~employee under a qualified plan. The provisions of Code Section~~  
9 ~~401(a)(17) are further described pursuant to Treasury Regulations~~  
10 ~~Section 1.401(a)(17) 1. The Police and Fire Pension Plan~~  
11 ~~incorporates by reference the annual compensation limit described~~  
12 ~~under Section 401 (a)(17) and Treasury Regulations Section~~  
13 ~~1.401(a)(17) 1. Accordingly, the Plan acknowledges that the~~  
14 ~~compensation taken into account for any Member of the Plan in~~  
15 ~~determining plan allocations or benefit accruals for the plan is~~  
16 ~~limited to the annual compensation limit as described in Internal~~  
17 ~~Revenue Code Section 401(a)(17) and the Treasury Regulations~~  
18 ~~related thereto. The Plan additionally elects to avail itself of~~  
19 ~~the transition rule for governmental plans as described in Treasury~~  
20 ~~Regulation Section 1.401(a)(17) 1(d)(4)(ii) which provides that~~  
21 ~~'eligible participants', as such term is used in the regulations,~~  
22 ~~will not be affected by the revised limit per the 1993 OBRA and~~  
23 ~~accordingly such 'eligible participants' may have their~~  
24 ~~contributions and benefits computed by using compensation of more~~  
25 ~~than \$150,000.00 (as adjusted), so long as it does not exceed the~~  
26 ~~limit in effect on July 1, 1993. All other plan participants ('non-~~  
27 ~~eligible participants') shall be subject to the revised limits for~~  
28 ~~plan years beginning after December 31, 1995.~~

29 ~~(h) Requirements that Actuarial Assumptions be specified. Section~~  
30 ~~401(a)(25) of the Internal Revenue Code provides that whenever the~~  
31 ~~amount of any benefit is to be determined on the basis of actuarial~~  
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1 ~~assumptions, such assumptions are specified in the plan in a way~~  
2 ~~which precludes employer discretion. The provisions of Code~~  
3 ~~Section 401(a)(25) and the linkage between the proper use of~~  
4 ~~actuarial assumptions and the conclusion that the plan is~~  
5 ~~established and maintained primarily to provide systematically for~~  
6 ~~the payment of 'definitely determinable benefits' to employees, is~~  
7 ~~further described pursuant to Treasury Regulations Section 1.401-~~  
8 ~~1(b)(1)(i). The Police and Fire Pension Plan incorporates by~~  
9 ~~reference the requirements that actuarial assumptions be specified~~  
10 ~~as described under Code Section 401(a)(25) and Treasury Regulations~~  
11 ~~Section 1.401-1(b)(1)(i).~~

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

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

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

29 (a) Time service retirement.

30 (1) For Members with 10 or more years of service as of the  
31 prospective effective date of Ordinance 2014-386-E, those Members  
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1 shall be entitled to a time service retirement benefit equal to a  
2 maximum of 80 percent of the average salary (as defined in Section  
3 121.113 (a)(1)) received by the member for the 52 pay periods  
4 immediately preceding the time of retirement, upon the completion  
5 of 30 years of credited service. For each year prior to the  
6 thirtieth year of service that a member retires, the 80 percent  
7 retirement benefit shall be reduced by two percent, of the average  
8 salary (as defined in Section 121.113 (a)(1)) received by the  
9 member for the 52 pay periods immediately preceding the time of  
10 retirement, with the minimum normal retirement benefit being 60  
11 percent after completion of 20 years of credited service.

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

28 (b) Disability retirement.

29 (1) A Group I member, who prior to reaching the minimum normal  
30 retirement becomes permanently and totally disabled from useful and  
31 efficient service as a police officer or firefighter, as  
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1 established by competent medical evidence, shall be entitled to a  
2 disability retirement. The disability retirement benefit for  
3 Members with ~~10~~ 5 years of service as of the prospective effective  
4 date of Ordinance 2014-386-E shall be equal to 60 percent of the  
5 average salary received by the Member for the 52 pay periods  
6 immediately preceding the time of disability retirement. The  
7 disability retirement benefit for Members with fewer than ~~10~~ 5  
8 years of service as of the prospective effective date of Ordinance  
9 2014-386-E shall be equal to 60 percent of the average salary  
10 received by the member for the 104 pay periods immediately  
11 preceding the time of disability retirement. However, in no event  
12 shall the average salary be less than it would have been using the  
13 52 pay periods ending on the prospective effective date of  
14 Ordinance 2014-386-E. The Board shall establish the effective date  
15 on which the disability benefit shall commence. The Board shall,  
16 by rule, establish procedures for the examination of applicants for  
17 disability retirement, for the conduct of disability retirement  
18 hearings, for review of said hearings by a court of competent  
19 jurisdiction, and reexamination of retirees on disability pension.  
20 In the event the application for a disability pension is denied by  
21 the Board, then a new application for the same disability cannot be  
22 filed by the member within six months of the denial.

23 (2) For Group I Members with ~~10~~ 5 or more years of service as of  
24 the prospective effective date of Ordinance 2014-386-E, who have  
25 been in the service of the City for a period of time equal to the  
26 minimum time necessary for time service retirement or more and  
27 become permanently and totally disabled from useful and efficient  
28 service shall be entitled to the same rate of pension benefit  
29 calculation of the average salary (as defined in Section 121.113  
30 (a)(1)) received by the member for the 52 pay periods immediately  
31 preceding the time of disability retirement as those Members of his  
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1 pension plan who retire on time service retirement. For Group I  
2 Members with fewer than ~~10~~ 5 years of service as of the prospective  
3 effective date of Ordinance 2014-386-E, who have been in the  
4 service of the City for a period of time equal to the minimum time  
5 necessary for time service retirement or more and become  
6 permanently and totally disabled from useful and efficient service  
7 shall be entitled to the same rate of pension benefit calculation  
8 of the average salary (as defined in Section 121.113 (a)(1))  
9 received by the member for the 104 pay periods immediately  
10 preceding the time of disability retirement as those Members of his  
11 pension plan who retire on time service retirement. However, in no  
12 event shall the average salary be less than it would have been  
13 using the 52 pay periods ending on the prospective effective date  
14 of Ordinance 2014-386-E. Any member who elects to retire under a  
15 disability pension as provided in this Section shall be required to  
16 meet the same requirements for a disability pension as are required  
17 for any other member of the respective fund requesting a disability  
18 retirement. The Board shall establish the effective date on which  
19 the disability benefit shall commence.

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

25 (c) Vested retirement benefits.

26 (1) For Group I Members with ~~10~~ 5 or more years of service as of  
27 the prospective effective date of Ordinance 2014-386-E, who  
28 terminate employment on or after the prospective effective date of  
29 Ordinance 2014-386-E with five or more years of credited service  
30 and are not otherwise eligible to retire, are eligible to receive  
31 either a deferred retirement benefit of three percent of the  
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1 average salary received by the member for the 52 pay periods  
2 immediately preceding the date of vesting, for each year of  
3 credited service prior to the date of vesting, to commence on the  
4 date the member would have been eligible to receive minimum time  
5 service benefits or be paid a refund of 100 percent of member  
6 contributions to the Plan without interest. For Group I Members  
7 with fewer than ~~10~~ 5 years of service as of the prospective  
8 effective date of Ordinance 2014-386-E, who terminate employment on  
9 or after the prospective effective date of Ordinance 2014-386-E  
10 with five or more years of credited service and are not otherwise  
11 eligible to retire, are eligible to receive either a deferred  
12 retirement benefit of three percent of the average salary received  
13 by the member for the 104 pay periods immediately preceding the  
14 date of vesting, for each year of credited service prior to the  
15 date of vesting, to commence on the date the member would have been  
16 eligible to receive minimum time service benefits or be paid a  
17 refund of 100 percent of member contributions to the Plan without  
18 interest. However, in no event shall the average salary be less  
19 than it would have been using the 52 pay periods ending on the  
20 prospective effective date of Ordinance 2014-386-E. Within 30  
21 days of a member leaving the payroll prior to normal service  
22 retirement, the member must make the election in writing to either  
23 vest or the refund will be issued automatically. Acceptance of the  
24 refund of employee contributions constitutes an irrevocable waiver  
25 of all rights to benefits from the Plan.

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

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

6 (d) Cost of Living Adjustments.

7 (1) A Cost of Living Adjustment (COLA) based on each prior annual  
8 benefit amount actually received (exclusive of onetime bonuses or  
9 adjustments) shall be provided for retirees and survivors. For  
10 Members with 20 or more years of credited service as of the  
11 prospective effective date of Ordinance 2014-386-E, beginning with  
12 the first bi-weekly pay period in the first January after  
13 commencement of benefit and in each subsequent first bi-weekly pay  
14 period in January, the recipient shall be granted a COLA in the  
15 amount of three percent. For Members with fewer than 20 years of  
16 credited service as of the prospective effective date of Ordinance  
17 2014-386-E, beginning with the first bi-weekly pay period in the  
18 first January after commencement of benefit and in each subsequent  
19 first bi-weekly pay period in January, the Member shall be granted  
20 a COLA equal to three percent applied to the portion of the accrued  
21 benefit based on credited service prior to the prospective  
22 effective date of Ordinance 2014-386-E, and equal to the Social  
23 Security COLA for the same plan year, but not to exceed ~~four~~ ~~six~~  
24 percent, applied to the portion of the accrued benefit based on  
25 credited service on and after the prospective effective date of  
26 Ordinance 2014-386-E.

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



1 after October 1, 2003, and continuously thereafter; provided  
2 however, that such supplement shall be no less than twenty-five  
3 (25) dollars nor more than one hundred and fifty (150) dollars per  
4 month. The adjustment supplement described herein shall be based  
5 upon the member's actual years of service rather than imputed years  
6 of service, which is used for purposes of calculating pension  
7 benefits under the disability retirement provisions of section  
8 121.201A (b) and the surviving spouse provision of section  
9 121.204(a)(1), and becomes operative in the event of the disability  
10 or death of a member, respectively. The Mayor shall annually, each  
11 January, evaluate the annual cost of the foregoing adjustment  
12 supplement by comparing it to the City's annual cost to provide  
13 single employee group health insurance. In the event that the  
14 City's cost to provide such health insurance per employee is less  
15 than the amount of such supplement per retiree, then the supplement  
16 shall be reduced to the amount of the insurance cost.

17 (e) Deferred Retirement Option Program (DROP). A member eligible  
18 to receive normal retirement benefits as provided in Section  
19 121.201A (a), may remain in the employment of the City until the  
20 elected termination date by electing to participate in the DROP, as  
21 provided in Section 121.209, deferring the receipt of such  
22 retirement benefits for a maximum of 130 full bi-weekly pay periods  
23 (60 months) from the date of participation in the Deferred  
24 Retirement Option Program.

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

30 (g) Annual Compensation Limit. Section 401(a)(17) of the Internal  
31 Revenue Code establishes an annual compensation limit for each  
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1 employee under a qualified plan. The provisions of Code Section  
2 401(a)(17) are further described pursuant to Treasury Regulations  
3 Section 1.401(a)(17)-1. The Police and Fire Pension Plan  
4 incorporates by reference the annual compensation limit described  
5 under Section 401 (a)(17) and Treasury Regulations Section  
6 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the  
7 compensation taken into account for any Member of the Plan in  
8 determining plan allocations or benefit accruals for the plan is  
9 limited to the annual compensation limit as described in Internal  
10 Revenue Code Section 401(a)(17) and the Treasury Regulations  
11 related thereto. The Plan additionally elects to avail itself of  
12 the transition rule for governmental plans as described in Treasury  
13 Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that  
14 'eligible participants', as such term is used in the regulations,  
15 will not be affected by the revised limit per the 1993 OBRA and  
16 accordingly such 'eligible participants' may have their  
17 contributions and benefits computed by using compensation of more  
18 than \$150,000.00 (as adjusted), so long as it does not exceed the  
19 limit in effect on July 1, 1993. All other plan Participants ('non-  
20 eligible participants') shall be subject to the revised limits for  
21 plan years beginning after December 31, 1995.

22 (h) Requirements that Actuarial Assumptions be specified. Section  
23 401(a)(25) of the Internal Revenue Code provides that whenever the  
24 amount of any benefit is to be determined on the basis of actuarial  
25 assumptions, such assumptions are specified in the plan in a way  
26 which precludes employer discretion. The provisions of Code  
27 Section 401(a)(25) and the linkage between the proper use of  
28 actuarial assumptions and the conclusion that the plan is  
29 established and maintained primarily to provide systematically for  
30 the payment of 'definitely determinable benefits' to employees, is  
31 further described pursuant to Treasury Regulations Section 1.401-

1 1(b)(1)(i). The Police and Fire Pension Plan incorporates by  
2 reference the requirements that actuarial assumptions be specified  
3 as described under Code Section 401(a)(25) and Treasury Regulations  
4 Section 1.401-1(b)(1)(i).

5 (i) Required distributions. Distributions from the Plan will be  
6 made in accordance with the requirements of the regulations under  
7 Internal Revenue Code Section 401(a)(9) and that any provisions in  
8 the Plan that are contradictory to the distribution requirements  
9 shall be overridden. In accordance therewith, distributions to  
10 Participants must commence by the later of April 1 of the calendar  
11 year following the calendar year in which the employee attains the  
12 age of 70 ½, or April 1 of the calendar year following the calendar  
13 year in which the employee retires. In addition to meeting the  
14 minimum distribution amount, the distribution must also meet the  
15 incidental benefit requirements of Internal Revenue Code Section  
16 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and  
17 1.401(a)(9)-2 if applicable.

18 **Sec. 121.201B Retirement Benefits for Group II Members**

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

22 (a) Time service retirement. Upon reaching 30 years of credited  
23 service, Group II Members shall be entitled to a time service  
24 retirement with a benefit equal to 2.5 percent of average salary  
25 multiplied by the number of years of credited service, but not  
26 exceeding a maximum of 75 percent of average salary. The term  
27 "average salary" as used in the foregoing sentence means the  
28 average "salaries" (as defined in Section 121.113(a)(2)) received  
29 by the Group II Member during the 130 bi-weekly pay periods  
30 immediately preceding the date of retirement. Notwithstanding the  
31 foregoing, the annual retirement benefit shall not exceed

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1 \$99,999.99, which amount shall be adjusted January 1 of each year  
2 beginning with the first January after the prospective effective  
3 date of Ordinance 2014-386-E, by the most recent cost of living  
4 adjustment applicable to recipients of Social Security retirement  
5 benefits, as determined by the U.S. Social Security Administration  
6 each calendar year, but not exceeding 1.5 percent.

7 (b) Disability retirement.

8 (1) A Group II Member who, prior to reaching the minimum normal  
9 retirement eligibility of 30 years of credited service, becomes  
10 permanently and totally disabled from useful and efficient service  
11 as a police officer or firefighter, as established by competent  
12 medical evidence, shall be entitled to a disability retirement.  
13 The disability retirement benefit shall be equal to 50 percent of  
14 the average "salaries" (as defined in Section 121.113(a)(2))  
15 received by the Group II Member for the 130 pay periods immediately  
16 preceding the time of disability retirement. The Board shall  
17 establish the effective date on which the disability benefit shall  
18 commence. The Board shall, by rule, establish procedures for the  
19 examination of applicants for disability retirement, for the  
20 conduct of disability retirement hearings, for review of said  
21 hearings by a court of competent jurisdiction, and reexamination of  
22 retirees on disability pension. In the event the application for a  
23 disability pension is denied by the Board, then a new application  
24 for the same disability cannot be filed by the Group II Member  
25 within six months of the denial.

26 (2) A Group II Member who has been in the service of the City for a  
27 period of time at least equal to the minimum time necessary for  
28 time service retirement and who becomes permanently and totally  
29 disabled from useful and efficient service, shall be entitled to  
30 the same pension calculation as a Group II Member who retires  
31 pursuant to a time service retirement as described in Section

1 121.201B(a). Any Group II Member who elects to retire under a  
2 disability pension as provided in this Section shall be required to  
3 meet the same requirements for a disability pension as are required  
4 for any other Member of the Fund requesting a disability  
5 retirement.

6 (c) Vested retirement benefits.

7 (1) Group II Members who terminate employment with at least 10 but  
8 less than 25 years of credited service are eligible to receive a  
9 deferred retirement benefit of 2.0 percent of the average  
10 "salaries" (as defined in Section 121.113(a)(2)) received by the  
11 member during the 130 pay periods immediately preceding the date of  
12 separation, for each year of credited service. The benefit shall  
13 commence at age 62. In the alternative, and in lieu of any other  
14 benefit from the Fund, a vested member may elect to be paid a  
15 refund of 100 percent of member contributions to the Plan without  
16 interest. Within 30 days of a member leaving the payroll prior to  
17 normal service retirement, the vested member must elect in writing  
18 to vest or else the refund will be issued automatically after the  
19 end of such 30-day period. Acceptance of the refund of employee  
20 contributions constitutes an irrevocable waiver of all rights to  
21 benefits from the Plan.

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

30 (3) Former Group II Members who separate from service and are  
31 entitled to receive vested retirement benefits are not eligible to

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1 qualify for potential enhancements pursuant to the minimum monthly  
2 pension provisions of Section 121.301.

3 (4) Group II Members with at least 25 but less than 30 years of  
4 credited service shall be eligible for early retirement, provided  
5 that for each year or partial year prior to reaching 30 years of  
6 credited service, the Group II Member who retires early shall incur  
7 a 2.5% accrual rate penalty for any year or part thereof short of  
8 30 years. Notwithstanding this provision, the minimum pension a  
9 person taking early retirement under this section will not be less  
10 than 52.5% of employee's final average compensation. Early  
11 retirement benefits pursuant to this section will be calculated as  
12 follows:

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

23 (d) Cost of Living Adjustments. (1) A Cost of Living  
24 Adjustment (COLA) based on each prior annual benefit amount  
25 actually received (exclusive of one-time bonuses or adjustments)  
26 shall be provided for Group II Retirees and their eligible  
27 survivors, on the first bi-weekly pay period in each January  
28 beginning in the third January following commencement of benefit.  
29 Group II Retirees and their eligible survivors shall be granted a  
30 COLA in the amount of COLA applicable to recipients of Social

1 Security retirement benefits, as determined by the U.S. Social  
2 Security Administration each calendar year, but not exceeding 1.5  
3 percent.

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

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

30 (f) Annual Compensation Limit. Section 401(a)(17) of the Internal  
31 Revenue Code establishes an annual compensation limit for each  
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1 employee under a qualified plan. The provisions of Code Section  
2 401(a)(17) are further described pursuant to Treasury Regulations  
3 Section 1.401(a)(17)-1. The Police and Fire Pension Plan  
4 incorporates by reference the annual compensation limit described  
5 under Section 401 (a)(17) and Treasury Regulations Section  
6 1.401(a)(17)-1. Accordingly, the Plan acknowledges that the  
7 compensation taken into account for any Member of the Plan in  
8 determining plan allocations or benefit accruals for the plan is  
9 limited to the annual compensation limit as described in Internal  
10 Revenue Code Section 401(a)(17) and the Treasury Regulations  
11 related thereto. The Plan additionally elects to avail itself of  
12 the transition rule for governmental plans as described in Treasury  
13 Regulation Section 1.401(a)(17)-1(d)(4)(ii) which provides that  
14 'eligible participants', as such term is used in the regulations,  
15 will not be affected by the revised limit per the 1993 OBRA and  
16 accordingly such 'eligible participants' may have their  
17 contributions and benefits computed by using compensation of more  
18 than \$150,000.00 (as adjusted), so long as it does not exceed the  
19 limit in effect on July 1, 1993. All other plan Participants ('non-  
20 eligible participants') shall be subject to the revised limits for  
21 plan years beginning after December 31, 1995.

22 (g) Requirements that Actuarial Assumptions be specified. Section  
23 401(a)(25) of the Internal Revenue Code provides that whenever the  
24 amount of any benefit is to be determined on the basis of actuarial  
25 assumptions, such assumptions are specified in the plan in a way  
26 which precludes employer discretion. The provisions of Code  
27 Section 401(a)(25) and the linkage between the proper use of  
28 actuarial assumptions and the conclusion that the plan is  
29 established and maintained primarily to provide systematically for  
30 the payment of 'definitely determinable benefits' to employees, is  
31 further described pursuant to Treasury Regulations Section 1.401-  
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1 1(b)(1)(i). The Police and Fire Pension Plan incorporates by  
2 reference the requirements that actuarial assumptions be specified  
3 as described under Code Section 401(a)(25) and Treasury Regulations  
4 Section 1.401-1(b)(1)(i).

5 (h) Required distributions. Distributions from the Plan will be  
6 made in accordance with the requirements of the regulations under  
7 Internal Revenue Code Section 401(a)(9) and any provisions in the  
8 Plan that are contradictory to the distribution requirements shall  
9 be overridden. In accordance therewith, distributions to  
10 Participants must commence by the later of April 1 of the calendar  
11 year following the calendar year in which the employee attains the  
12 age of 70 ½, or April 1 of the calendar year following the calendar  
13 year in which the employee retires. In addition to meeting the  
14 minimum distribution amount, the distribution must also meet the  
15 incidental benefit requirements of Internal Revenue Code Section  
16 401(a)(9)(g) and Proposed Regulations Sections 1.401(a)(9)-1 and  
17 1.401(a)(9)-2.

18 \* \* \*

19 **Sec. 121.204 Surviving Spouse Benefits.**

20 Notwithstanding the provisions of Laws of Fla. Ch. 18615  
21 (1937), as amended; or Laws of Fla. Ch. 23259 (1945), as amended,  
22 and to increase the benefits thereby provided:

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

25 (1) The following shall apply only to Group I Members' spouse  
26 benefits: Any Member of the fund hereafter who shall be killed or  
27 die from effects of an injury or of any illness or disease and any  
28 such Member so killed or dying shall have a spouse living with  
29 such Member at time of death, the Board shall direct the payment  
30 from the fund of the following sum to the surviving spouse, 75  
31 percent of the pension benefit the deceased Member would be  
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1 entitled to receive, had the ~~M~~member completed 20 years of credited  
2 service ~~(60 percent of the average salary as defined in Section~~  
3 ~~121.113(a) received by the member for the 52 pay periods~~  
4 ~~immediately preceding the time of death)~~ and survived to receive  
5 such pension. If a deceased ~~M~~member served in excess of 20 years,  
6 the 75 percent of the pension benefit shall be based upon the  
7 actual years of service. In applying the provisions of this  
8 Section, the adjustment supplement described in 121.201A(d)(2) that  
9 is calculated for the benefit of the surviving spouse of a Group I  
10 Member shall be based upon the actual years of credited service,  
11 subject to the minimum and maximum provisions, rendered by the  
12 member rather than the assumed completion of 20 years of credited  
13 service otherwise acknowledged in this Section. The pension benefit  
14 as used herein shall be comprised of the base pension benefit as  
15 adjusted for the COLA, but exclusive of the adjustment supplement  
16 described in 121.201A(d)(2) which shall be 100 percent allocable to  
17 the surviving spouse.

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

1 the adjustment supplement described in 121.201B(d)(2) which shall  
2 be 100 percent allocable to the surviving spouse.

3  
4 (b) If any such beneficiary of the fund shall hereafter be killed  
5 or die and any such member so killed or dying shall have a spouse  
6 living with such beneficiary at time of death, the Board shall  
7 direct the payment from the fund of the following sum to the  
8 surviving spouse, 75 percent of the pension benefit the beneficiary  
9 was receiving. The pension benefit as used herein shall be  
10 comprised of the base pension benefit as adjusted for the COLA's  
11 previously credited to the record of the former member, but  
12 exclusive of the adjustment supplement described in 121.201A(d)(2)  
13 for Group I Members and in 121.201B(d)(2) for Group II Members  
14 which shall be 100 percent allocable to the surviving spouse.

15 \* \* \*

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

21 \* \* \*

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

23 \* \* \*

24 (b) If there is a surviving spouse, each child's benefit shall be  
25 \$200 per month until (i) each child reaches age 18 years, whether  
26 or not the child is a qualified student, or (ii) each child reaches  
27 age 22, provided the child is a qualified student, or (iii) each  
28 child becomes married, whereupon the children's benefits described  
29 herein shall cease, provided that the total of the surviving spouse  
30 and children's benefits do not exceed the total of the deceased  
31 Member's projected benefit. In addition thereto, each child of a

1 surviving spouse of a Group I Member or Group II Member shall be  
2 entitled to the receipt of the minimum adjustment supplement  
3 provided in Section 121.201A(d)(2) or Section 121.201B(d)(2).

4 (c) If there is no surviving spouse, each child under the age of  
5 18 shall receive the greater of either; (a) \$200 per month plus,  
6 for each child of a former Group I Member or Group II Member, the  
7 minimum adjustment supplement provided in Section 121.201A(d)(2) or  
8 121.201B(d)(2), or (b) a proportionate share of the surviving  
9 spouse's benefit (including the supplement where applicable) until  
10 (i) each child reaches age 18 years, whether or not the child is a  
11 qualified student, or (ii) each child becomes married, whereupon  
12 the children's benefits described herein shall cease. If there is  
13 no surviving spouse, each child who is age 18 or over and who is a  
14 qualified student shall be entitled to the payment of a child's  
15 benefit of \$200 per month until (i) each child reaches age 22, or  
16 (ii) each child becomes married, whereupon the child's benefit  
17 described herein shall cease. In the event of multiple children  
18 causing the payment of a prorated benefit as each child no longer  
19 becomes eligible for the payment of children's benefits the  
20 remaining eligible children shall receive the greater of the  
21 benefits provided for in this Section up to the limits provided.

22 \* \* \*

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

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

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

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

22 \* \* \*

23 (b) *Participation in the DROP.*

24 \* \* \*

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

27 \* \* \*

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

29 (1) Effective with the date of DROP participation, the Mmember's  
30 initial normal retirement benefit, including creditable service and  
31 average compensation, as provided in Section 121.201A(a) and the  
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1 effective date of retirement shall be fixed. Such normal retirement  
2 benefits, together with annual cost of living adjustments as  
3 provided in Section 121.201A(d), and interest, shall accrue monthly  
4 in the fund for the benefit of the DROP Participant. For Members  
5 with 20 or more years of creditable service, as of the prospective  
6 effective date of Ordinance 2014-386-E, sSuch interest shall  
7 produce an annual rate of return of 8.40 percent. For Members with  
8 less than 20 years of creditable service, as of the prospective  
9 effective date of Ordinance 2014-386-E, such interest shall accrue  
10 based on the actual net rate of return after the deduction of all  
11 related and direct expenses for the preceding year rate of return;  
12 provided however, that the minimum interest shall be ~~9~~ 2.0 percent  
13 and the maximum interest shall be ~~10.00~~ 14.40 percent. Interest  
14 calculations shall be administered in accordance with rules  
15 prescribed by the board and interest distributions shall be  
16 credited using the 30-day month/360-day year method of calculation.

17 \* \* \*

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

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

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

6 \* \* \*

7 d. Monthly distribution. The account balance shall be distributed  
8 in a monthly amount paid biweekly of substantially equal amounts,  
9 until the DROP account is depleted, over a stipulated number of bi-  
10 weekly periods to be selected by the Participant or the surviving  
11 spouse, less withholding taxes remitted to the Internal Revenue  
12 Service. Such selection once made, cannot be changed, unless  
13 changed to Option (a) or (b), above. The annual rate of interest to  
14 be factored into such distribution period shall be based on the  
15 actual rate of return; provided however, that the minimum interest  
16 shall be ~~2.0~~ percent and the maximum interest shall be ~~10.008.4~~  
17 14.40 percent for Members with less than 20 years of service as of  
18 the prospective effective date of Ordinance 2014-386-E. For Members  
19 with 20 or more years of service as of the prospective effective  
20 date of Ordinance 2014-386-E, the annual rate of interest to be  
21 factored into such distribution period shall be 8.4 percent.

22 Notwithstanding the foregoing, in the event that the Participant  
23 selected a payout period over the Participant's life expectancy or  
24 over the joint life expectancies of the Participant and the  
25 Participant's spouse in order to avoid the application of the ten  
26 percent additional tax on early distributions reflected in Section  
27 72(t) of the Internal Revenue Code, such Participant may shorten  
28 the number of biweekly payout periods originally selected by the  
29 Participant, provided that the timing of such modification conforms  
30 to the standards described in Section 72(t)(4) of the Internal  
31 Revenue Code.

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\* \* \*

(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



1 the member had actually retired at an earlier date, provided  
2 however the BACKDROP period shall not exceed five years.

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

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

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

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

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

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

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

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

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

2 (i) The time service retirement benefits pursuant to Section  
3 121.201B the BACKDROP Participant Member would have received had  
4 the BACKDROP Participant actually retired at the commencement of  
5 the BACKDROP Period, and

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

9 (2) Upon retirement, the BACKDROP Participant thereafter shall be  
10 eligible to receive a reduced time service benefit determined as of  
11 the beginning of the BACKDROP period, as defined in Section  
12 121.211(b)(1)(iii). Should the Member elect to use any year or  
13 partial year of service which occurred prior to reaching 30 years  
14 of credited service in their BACKDROP period, the retirement  
15 benefit otherwise calculated for those years will be reduced by two  
16 percent of average salary as defined in Section 121.113(a)(2). The  
17 reduced time service benefit will be calculated as follows:

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

28  
29 (e) Interest shall be credited starting from the hypothetical date  
30 the payment would have been made had the BACKDROP Participant

1 retired as of the beginning of the BACKDROP period to the end of  
2 the BACKDROP period at an annual rate of return, compounded  
3 annually, equivalent to the actual rate of return on the Fund  
4 assets during the BACKDROP period, provided that such rate of  
5 return shall not be less than zero nor more than ten percent.

6 (f) A BACKDROP Participant shall not be entitled to receive any  
7 cost-of-living increase during the BACKDROP Period. The waiting  
8 period to receive cost-of-living increases, as set forth in Section  
9 121.201B(d), shall commence upon retirement.

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

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

19  
20 **Section 3. Part 5, Chapter 121 Created.** Part 5, Financial  
21 Investment and Advisory Committee, Chapter 121, *Ordinance Code*, is  
22 hereby created to read as follows:

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

24 \* \* \*

25 **PART 5. FINANCIAL INVESTMENT AND ADVISORY COMMITTEE**

26  
27 **Sec. 121.501. Financial Investment and Advisory Committee**  
28 **Created.** There is hereby created a Jacksonville Police and Fire  
29 Pension Fund Board of Trustees Financial Investment and Advisory  
30 Committee of five persons.

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

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9 Sec. 121.503. Financial Investment and Advisory Committee;  
10 Membership, Appointment and Terms.

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

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

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

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

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

6 (b) With regard to the selection (or deselection) of individual  
7 investment managers, the Board of Trustees shall not select any  
8 investment manager without first obtaining the advice and  
9 recommendation of the Financial Investment and Advisory Committee  
10 which, with the assistance of the professional staff of the Board,  
11 shall review any and all potential asset/investment managers. In  
12 selecting (or deselecting) the Board will then make its decision(s)  
13 taking into account Financial Investment and Advisory Committee  
14 recommendations as well as other information available to the  
15 Board.

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

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

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

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

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

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

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

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~~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.~~

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**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

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

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

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

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

24 **Sec. 121.603. Actuarial and investment reports.**  
25 (a) The Police and Fire Pension Fund Board of Trustees shall have  
26 the duty to have an annual actuarial valuation of the Police and  
27 Fire Pension Fund performed by the Board of Trustee's actuary.  
28 This valuation shall be performed as of October 1 of each year. The  
29 annual actuarial valuations shall be completed and delivered as  
30 expeditiously as possible to the Board, the Financial Investment  
31 and Advisory Committee, the City's Director of Finance and to the  
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1 City Council Auditor promptly upon completion but, in any event,  
2 the Board of Trustees shall have the valuation analyses and reports  
3 completed and delivered no later than 120 days after October 1. The  
4 120-day deadline set forth herein is conditioned upon the City  
5 promptly responding to reasonable requests made by the Board of  
6 Trustees to the City for information necessary for the preparation  
7 of such valuations.

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

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

13 (2) Not less than two alternative funding scenarios  
14 based on variable investment performance in addition to the base  
15 case, that extend to future years and incorporate volatility;

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

18 (4) Consistency in actuarial methods;

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

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

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

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

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

7 **Sec. 121.604. Annual Financial Statements.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (1) Any known circumstances or situations that a prudent  
7 person could expect to create an actual or potential conflict of  
8 interest, including specifically (i) any material interests in or  
9 with financial institutions with which officers and employees  
10 conduct business on behalf of the Police and Fire Pension Fund, and  
11 (ii) any personal financial or investment positions of the  
12 investment manager, ~~of~~ advisor, ~~custodian or investment consultant~~  
13 that could be related to the performance of an investment program  
14 of the Police and Fire Pension Fund over which the investment  
15 advisor, ~~of~~ manager, ~~custodian or investment consultant~~ has  
16 discretionary investment authority on behalf of the Police and Fire  
17 Pension Fund; and

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

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

28 **ARTICLE 22. JACKSONVILLE POLICE AND FIRE PENSION BOARD OF**  
29 **TRUSTEES.**

30 \* \* \*

31 **Sec. 22.02. - Membership.**

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

3 \* \* \*

4 ~~Section 6. Ratification Disclaimer. Notwithstanding any~~  
5 ~~references to the "Thirty Year Agreement" contained herein or in~~  
6 ~~the Agreement attached hereto as **Fourth Revised Exhibit 1**, labeled~~  
7 ~~as "Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014~~  
8 ~~Floor", nothing herein or in **Fourth Revised Exhibit 1** shall be~~  
9 ~~construed as ratification or approval of said "Thirty Year~~  
10 ~~Agreement." This Agreement supersedes and replaces all previous~~  
11 ~~agreements.~~

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12 **Section 7.6. Approval of 2014 Retirement Reform Agreement;**  
13 **Authorization to Execute and Implement.**

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14 There is hereby approved and the Mayor, or his designee, and the  
15 Corporation Secretary are authorized to execute and deliver, for  
16 and on behalf of the City, the 2014 Retirement Reform Agreement in  
17 the form attached as **Fourth Revised Exhibit 1**, labeled as "Fourth  
18 Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 - Floor", and  
19 take, or cause to be taken, for and on behalf of the City, such  
20 further action as is necessary to effectuate the purpose of this  
21 Ordinance. The Agreement as set forth in **Fourth Revised Exhibit 1**,  
22 labeled as ~~"Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9,~~  
23 ~~2014 - Floor"~~ (to be determined) herein incorporates all prior  
24 agreements not otherwise amended as provided. ~~replaces and~~  
25 ~~supersedes the terms of the existing Police and Fire Pension Plan.~~  
26 It is intended that there be no lapse either in time or effect  
27 between this plan and such superseded plans.

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28 **Section 87. Actuarial Impact Statement.** The actuarial impact  
29 statement required by Section 112.63(3), Florida Statutes, as a  
30 condition to any proposed change in retirement benefits, is  
31 **attached as Exhibit 2.**

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1        **Section ~~98~~. Interpretation.** Any Ordinance or part of any  
2 Ordinance in conflict with the provisions hereof is repealed to the  
3 extent of the conflict. Should any part of this Ordinance be held  
4 invalid by a court of competent jurisdiction, the remainder of this  
5 Ordinance shall continue in full force and effect and it shall be  
6 presumed that this Ordinance was adopted without the invalid  
7 provision.

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8        **Section ~~109~~. Savings Clause.** The Agreement as set forth in  
9 **Fourth Revised Exhibit 1**, labeled as ~~"Fourth Revised Exhibit 1,~~  
10 ~~Fourth Rev Agmt, December 9, 2014~~ **Floor"** (to be determined)  
11 herein ~~replaces and supersedes~~ all the terms of the existing Police  
12 and Fire Pension Plan except as otherwise amended. It is intended  
13 that there be no lapse either in time or effect between this plan  
14 and such ~~superseded~~ prior plans. Any Ordinance or part of any  
15 Ordinance in conflict with the provisions hereof is repealed to the  
16 extent of the conflict and should any part of this Ordinance or  
17 Agreement attached hereto as ~~Fourth Revised Exhibit 1, labeled as~~  
18 ~~"Fourth Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014~~  
19 ~~Floor"~~ (to be determined) be held invalid by a Court of competent  
20 jurisdiction, the remainder of this Ordinance and the Agreement  
21 shall continue in full force and effect and it shall be presumed  
22 that this Ordinance and the Agreement were adopted without the  
23 invalid provision. In particular, should the term of the attached  
24 Agreement be determined to be inconsistent with Section 447.309(5),  
25 *Florida Statutes*, and therefore invalid as applied to one or more  
26 provisions of the attached Agreement, then the term of those  
27 provisions of the attached Agreement shall be modified so that the  
28 term of those provisions shall not exceed the requirements of  
29 Section 447.309(5), *Florida Statutes*, or a term as adjudicated by a  
30 court of competent jurisdiction and all other provisions shall  
31 continue with such term as set forth in the Agreement. To the  
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1 extent that anything contained herein may be inconsistent with  
2 state or federal law, such law will control.

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

19 **Section ~~12~~ 11. Sunset.** Ordinance 2014-386-E shall sunset, be  
20 repealed, be null and void, and be of no further effect if the  
21 Police and Fire Pension Fund Board of Trustees does not approve and  
22 execute the Agreement ~~(Fourth Revised Exhibit 1, labeled as "Fourth~~  
23 ~~Revised Exhibit 1, Fourth Rev Agmt, December 9, 2014 Floor")~~, to  
24 be determined as approved by 2014-386-E, on or before January 15,  
25 2015.

26 **Section ~~13~~ 12. Prospective Effective Date of Ordinance 2014-**  
27 **386-E.** Notwithstanding the terms of Section ~~14~~ 13, the provisions of  
28 this Ordinance other than Sections ~~11 and 12~~ 10 and 11, shall not  
29 become effective until such time as implementation of a permanent  
30 funding source has been advanced by the Mayor and enacted by  
31 Ordinance by the City Council, that provides a minimum payment of  
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1 \$40 million each year for ten consecutive years, or an equivalent  
2 present value amount, in addition to the City's annual required  
3 contribution to the Police and Fire Pension Fund, to be used solely  
4 to reduce the unfunded liability of the police and fire pension  
5 fund.

6 **Section ~~1413~~. Effective Date.** This Ordinance shall become  
7 effective upon signature by the Mayor or upon becoming effective  
8 without the Mayor's signature.

9 Form Approved:

10

11 /s/ Margaret M. Sidman

12 Office of General Counsel

13 Legislation Prepared By: Margaret M. Sidman

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