

# **RESTATED AGREEMENT**

**RESTATED AGREEMENT BETWEEN THE CITY OF JACKSONVILLE AND  
THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES**

This Agreement made and entered into in duplicate on this 5TH day of MARCH, 2001, by and between and among the City of Jacksonville and the Jacksonville Police and Fire Pension Board of Trustees.

**WITNESSETH:**

WHEREAS, certain disputes have previously existed between the parties to this Agreement, the CITY OF JACKSONVILLE ("City") and the JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES ("Board") regarding the Jacksonville Police and Fire Pension Fund ("Fund"); and

WHEREAS, the City and Board have previously settled these disputes in an amicable and mutually beneficial manner resulting in Ordinance 91-1017-605 and the Agreement incorporated therein and subsequent modifications found in Ordinance 93-229-329, Ordinance 93-1983-1407, and the amendments incorporated therein, and Ordinance 97-1103-E and the Amendments incorporated therein and subsequent modifications enacted in Ordinance 2000-1164-E and the Amendment incorporated herein; and

WHEREAS, on March 26, 1996, the City Council enacted Ordinance 93-1983-1407, which among other things, authorized the implementation of an annual Cost-of-Living Adjustment (COLA) for the benefit of members of the Police and Fire Pension Fund in order to bring such members in parity with members of the General Employees' Pension Fund who had previously been granted a COLA program some three years earlier upon the enactment of Ordinance 93-99-41 on February 9, 1993; and

WHEREAS, the three-year delay in authorizing a permanent COLA for the benefit of members of the Police and Fire Pension Fund was attributable to the unavailability of sufficient funding within the City Budget to provide the 7.71% of payroll funding requirement originally determined to be associated with the cost of enacting a COLA program comparable to that granted for the General Employees' Pension Fund and

WHEREAS, in view of the unavailability of sufficient funding within the City's Budget, the parties agreed to enact a Pension COLA within Ordinance 93-1983-1407 under a temporary program wherein the financial impact of such benefits would be equally allocated between City Contributions and resources under the control and direction of the Pension Trustees; and

WHEREAS, Section 4 of Ordinance 93-1983-1407 further stipulated that the cost sharing understanding between the parties would continue through the period ending September 30, 2000, based upon the belief that such period would afford the City the ability to periodically integrate the cost of the permanent COLA into the City Budget without imposing undue stress upon the City Budget in any single year; and

WHEREAS, Section 5 of Ordinance 93-1983-1407 further stipulated that the parties would address the funding of the COLA for periods beyond September 30, 2000, and address any necessary modifications to the Settlement Agreement which additionally reflected the intent of the parties that the temporary cost sharing understanding would continue until September 30, 2000; and

WHEREAS, the parties have reached an understanding with respect to a permanent plan for the funding of the COLA based upon a program that would call for the City to absorb the cost of the COLA for periods subsequent to September 30, 2000; and

WHEREAS, as a means of further mitigating any budgetary stress that may be associated with the full absorption of the cost of the COLA, the City would receive the full use of the Member Reserve Account heretofore under the control of the Trustees as well as the accumulated balance of the Enhanced Benefit Account along with 100% of the actuarial gains and losses associated with the Pension Fund; and

WHEREAS, the City and the Board are desirous of consolidating the provisions of the original agreement and all subsequent amendments enacted thereto, so as to provide a single document that reflects the current understanding between the parties.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree to undertake the enactment of an all inclusive Restated Agreement to read as follows:

## TABLE OF CONTENTS

	<u>Title</u>	<u>Page</u>	<u>Paragraphs</u>
I.	DEFINITIONS .....		1
II.	RESOLUTION OF DISPUTES .....		2
III.	CITY, MEMBER AND TRUSTEE CONTRIBUTIONS .....		3
IV.	CITY AND MEMBER CONTRIBUTION RESERVES .....		4-6
V.	ACTUARIAL GAIN AND LOSS SHARING .....		7
VI.	USE OF CHAPTER 175/185 INSURANCE REBATE FUNDS .....		8-9
VII.	BASE BENEFITS DEFINED .....		10-12
VIII.	OPERATION OF ENHANCED BENEFITS ACCOUNT .....		14-19
IX.	PLAN ACTUARY .....		20-23
X.	MISCELLANEOUS .....		24-33
XI.	ACTUARIAL ASSUMPTIONS EFFECTIVE APRIL 1, 2000 .....		34

I.

**DEFINITIONS**

1. As used in this Agreement, the following terms shall be defined:

a. **Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting the plan costs. Demographic assumptions include (but are not limited to) rates of mortality, withdrawal, disablement, retirement, marital status and spousal age; economic assumptions include (but are not limited to) rate of future inflation, rates of investment earnings (based on actuarial value of assets and including asset appreciation or depreciation) and rate of salary increases; demographic/economic combination assumptions include rate of future plan payroll growth. Methods of valuing assets and actuarial cost methods are also defined for purposes of this Agreement as actuarial assumptions.

b. **Actuarial Gain and Loss**

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

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

c. **Base Benefits**

Those benefits provided by the Plan that are considered the standard or base level of benefits provided to Members, as defined in Section VII of this Agreement.

- d. Base Benefits Fund The assets pledged to provide Plan benefits. The Base Benefits Fund shall exclude the Enhanced Benefits Account and the City Budget Stabilization Account.
- e. Board The Jacksonville Police and Fire Pension Board of Trustees.
- f. Chapter Funds Insurance premium tax rebate monies collected pursuant to Chapter 175 and 185, Florida Statutes.
- g. City The consolidated City of Jacksonville/Duval County now collectively known as the City of Jacksonville.
- h. City Actuary The actuary designated by the City who shall perform such duties and responsibilities as are required for the successful implementation of the Agreement, and assisting the City in determining appropriate contributions to the Fund.
- i. City Contribution Rate The percentage of Valuation Payroll payable to the Base Benefits Fund by the City. The rate shall be determined as the City Funding Requirement, less revenues derived from fines and forfeitures, the Qualified Member Contribution Rate, the Committed portion of Chapter Funds, the Temporary Commitment of Chapter Funds, and any assessment against the City Budget Stabilization Account.
- j. City Funding Requirements The portion of minimum contribution requirements of the Plan, that is the responsibility of the City equal to the total Base Benefit funding requirement, less revenues derived from the Member Funding Requirement.
- k. Enhanced Benefits Retirement benefits in excess of Base Benefits.
- l. Enhanced Benefit Account That account established to hold the Enhanced Benefit Revenues until they are assigned to provide Enhanced Benefits.

- m. Enhanced Benefit Revenues Those Uncommitted Chapter Funds recognized in this Agreement and earnings thereon.
- n. Fund The entire Police and Fire Pension Fund, including its corpus and earnings which is regulated by City ordinance and State law. The funds shall include the Base Benefits Fund, the Enhanced Benefits Account, and the City Budget Stabilization Account.
- o. Member As distinguished from Participant, the active police officers, and firefighters contributing revenue to the Plan.
- p. Member Contribution Rate The percentage of payroll payable to the Base Benefits Fund by the Member. Effective April 1, 2000, the Member Contribution Rate to the Base Benefits Fund shall be seven percent (7%).
- q. Member Funding Requirement Those funds required to be provided by the Members to meet minimum contribution requirements applicable to provide Base Benefits under the Plan. Effective April 1, 2000, the Member Funding Requirement is seven (7%) percent of Payroll.
- r. Participant As distinguished from Member, the inactive beneficiaries of the Plan, either retired receiving benefits or vested, inactive and awaiting eligibility for benefits, or surviving spouses and minor children.
- s. Payroll The Salaries of police officers and firefighters who comprise the Members of the Pension Fund upon which pension contributions and benefits are based.
- t. Pension Fund See Fund above.
- u. Plan The enabling ordinances and agreements which define assignments of funds in the Fund and the benefits provided to covered Members.
- v. Plan Actuary The actuary designated by the Board to prepare such analyses as are required by law and this Agreement and as may be necessary in the conduct of the Board's business. The Plan Actuary shall prepare valuation reports in satisfaction of Florida Statutes using established actuarial assumptions and actuarial cost methods.

w. Post Retirement Enhancement

Enhanced benefit, in the nature of a biennial re bonus, which is authorized by this Agreement, which may be adopted by the Board, and fun from the Enhanced Benefit Account.

x. Salary

Payments received from the City by active Mem for services performed which have been histor defined as budgeted, regularly fixed base pay service raises, exclusive of other form compensation for purposes of determining p deductions, employer contributions and pe benefits. This historical definition is repres within the City's payroll system as pay codes 1 300, 400, and 9999 and does not include ove pay.

This historical definition is hereinafter expand include EMT Certification Pay (pay code Paramedic Certification Pay (pay code 7106 Inspector Certificate Pay (pay code Emergency Operations Center Pay (pay code Hazardous Duty Pay (pay code 9000), Differential Pay, (pay codes 10020, 10030, and 10050) and Upgrade Pay (pay code 300 such pay code designations as these items ma in the future.

The expanded definition of salary shall prospectively to Members retiring after the this Agreement. The former historical defin pay described herein shall continue to a participants retiring prior to the date Agreement.

y. Trustees

Same as Board above.

z. Uncommitted Chapter Funds

Those past and future Chapter Funds that been assigned to the Base Benefits Acco specific reserve account, or which have committed to fund Enhanced Benefits.

aa. DROP

The Deferred Retirement Option Program.

bb. Qualified Members

Are employees of the City of Jacksonville elected to participate in the Deferred R Option Program.



cc. Qualified Member  
Contribution Rate

Effective April 1, 2000, the Qualified Member Contribution Rate is two percent (2%) and shall be payable to the Base Benefits Fund.

dd. City Budget Stabilization  
Account

The account established effective April 1, 2000, in this Agreement to hold funds transferred from balances maintained in the previously established reserve accounts for use in fulfilling a portion of the City Funding Requirements. The corpus and earnings generated from such account balance shall be utilized until exhausted to provide stability in the periodic establishment of the City Contribution Rate and in giving to the City greater flexibility in its funding options.

ee. Temporary Commitment  
of Chapter Funds

The portion of Chapter Funds that has been temporarily committed for remittance to the Base Benefits Fund at a value not to exceed an amount equivalent to one percent (1%) of Payroll.

II.

**RESOLUTION OF DISPUTES**

2. The City agrees that it will not file a legal action against the Board regarding the power of the Board to administer the Fund consistent with this Agreement. The Board and the City agree that this Agreement resolves all past and present issues, claims, or demands with and against each other of which either has or through the exercise of reasonable diligence should have any knowledge of at this time, regardless of whether the subject matter may be any alleged indebtedness to the Fund, or any claim of a lack of statutory or Chapter Fund compliance, or any other issue.

III.

**CITY, MEMBER AND TRUSTEE CONTRIBUTIONS**

3. A. City Contribution.

Effective April 1, 2000, through September 30, 2002, the City Contribution Rate shall be 8.75% of Payroll. Effective October 1, 2002, through September 30, 2004, the City Contribution

Rate shall be at least 9.25% of Payroll. Thereafter, the rate shall be set to meet the City Funding Requirement as defined in Paragraph 1(j), after the consideration of all the City sources of funding, including transfers of funds from the City Budget Stabilization Account; provided however, that the City Contribution Rate shall be at least 7% of Payroll until the entry-age actuarial liabilities of the Plan are fully funded. The City's contribution will be deposited into the Fund's Pooled Cash Account on a reasonably timely basis at the end of each pay period. In the event that favorable actuarial events in the future result in the entry age actuarial liabilities of the Plan being fully funded and cause the City Contribution Rate before consideration of transfers of funds from the CBSA to fall to a level below 7% of Valuation Payroll, the parties agree to institute a sharing arrangement wherein any reductions in the City Contribution Rate below 7% shall be matched by an equal reduction in the Member Contribution Rate.

**B. Member Contribution**

Effective April 1, 2000, the Member Contribution Rate is established at seven (7%) percent of Salary. As described in Subsection A of Paragraph 3, the Member Contribution Rate may be temporarily reduced to a level below seven percent (7%) of Salary in order to match similar reductions in the City Contribution Rate below seven percent (7%) of Salary.

**C. Qualified Member Contribution**

The Qualified Member Contribution Rate is established at two percent (2%) of Salary for all Members who elect participation and become enrolled in the DROP upon which time such Members attain the status of Qualified Members of the Plan. Effective April 1, 2000, Qualified Member Contributions will be remitted to the Base Benefit Fund.

**IV.**

**CITY AND MEMBER CONTRIBUTION RESERVES**

4. The City may choose to contribute more than City Funding Requirements. If City contributions in excess of the requirements are made, they shall be credited to the City Budget

Stabilization Account. It is recognized that the City's Funding Requirements may increase or decrease based upon actuarial experience.

5. The parties agree to the creation and establishment of the City Budget Stabilization Account (CBSA) effective April 1, 2000. The original balance in such account on April 1, 2000, shall be \$28,837,723. The City may use monies in the CBSA to help meet the City Funding Requirements for periods subsequent to March 31, 2000, in lieu of additional City contributions; however, the use of the CBSA shall be limited to an amount equivalent to 3.75% of Valuation Payroll through fiscal year ending 2004 and to 3.25% of Valuation Payroll thereafter until the UAAL is fully amortized, plus an amount equivalent to the amortization of any net actuarial loss per year. The Board shall submit an annual report to City Council and the Council Auditors on the beginning balance, additions, deductions and ending balance of the CBSA. This shall be submitted as part of the Board's annual financial statements.

6. Effective March 31, 2000, the MRA shall be liquidated and retired from further use with the accumulated balance as of such date being transferred to the City Budget Stabilization Account.

#### V.

#### ACTUARIAL GAIN AND LOSS SHARING

7. Effective April 1, 2000, the parties agree that "AG&(L)" associated with Base Benefits are the full responsibility of the City, subject to the application of incremental provisions described in Subsections E and F of Paragraph 8. The parties also agree that "AG&(L)" associated with Enhanced Benefits are to be borne 100% by the Members from the Enhanced Benefits Account. However, the Enhanced Benefit Account shall not bear 100% of the "AG&(L)" associated with benefits formerly classified as Enhanced Benefits through the period ended March 31, 2000, which were subsequently re-classified as Base Benefits for periods on and after April 1, 2000.

**VI.**

**USE OF CHAPTER 175/185 INSURANCE REBATE FUNDS**

**8. Recognition of Chapter Funds.**

The City and the Board have previously agreed on the amount of Chapter Funds which could properly be segregated for purposes of providing enhanced benefits and the amounts which have previously been absorbed as dedicated to previously extended 'extra' benefits.

The parties wish to reestablish a Chapter Fund contribution in support of current Base Benefits, including the many improvements to the Plan in recent years and those associated with this Agreement. The parties therefore agree as follows:

A. All pre-April 1, 2000, Chapter Funds as such reference is used by the State Department of Insurance are irrevocably committed to the Base Benefits Fund and/or the CBSA, but that the fixed amount of \$1,000,000 effective April 1, 2000, is maintained in the EBA.

B. Beginning April 1, 2000, the value of all future Chapter Funds up to an amount equivalent to three percent (3%) of Valuation Payroll is hereby committed to the Base Benefits Fund.

C. Beginning April 1, 2000, after the remittance of the committed portion of the Chapter Funds to the Base Benefits Fund, the value of any remaining future Chapter Funds in an amount equal to 0.35% (thirty-five one-hundredths of one percent) of Valuation Payroll is hereby committed to the Enhanced Benefit Account.

D. Any Chapter Funds received by the Fund subsequent to March 31, 2000, at a level in excess of an amount equivalent to 3.35% of Valuation Payroll shall be made available for designation as Temporary Commitments of Chapter Funds in an amount not to exceed a value equivalent to one percent (1%) of Valuation Payroll. Any such residual Chapter Funds remaining thereafter are designated as Uncommitted Chapter Funds with such uncommitted amounts earmarked for remittance to the Enhanced Benefit Account.

E. As determined by Actuarial Valuations prepared subsequent to April 1, 2000, fifty percent (50%) of the first 2% of any reductions in the City Funding Requirement below a level of 18.46% of Payroll (25.46% total plan cost less 7% in member contributions) shall be used to reduce, in whole or in part, that year's 1% Temporary Commitment of Chapter Funds to the Base Benefits Fund, provided, however, that any actuarial findings that would otherwise cause a reduction in the 1% Temporary Commitment of Chapter Funds as described herein shall not be operative for periods prior to October 1, 2003. Any such reductions, up to the fully authorized amount of the 1% Temporary Commitment of Chapter Funds, will cause an increase of a like amount of Uncommitted Chapter Funds to be made available for remittance to the Enhanced Benefit Account.

F. Any reduction in the 1% Temporary Commitment of Chapter Funds resulting from Actuarial Valuations prepared subsequent to April 1, 2000, establishing a City Funding Requirement below a level equivalent to 18.46% of Payroll shall be subject to reversal in the event that subsequently prepared Actuarial Valuations determine that previous reductions in the City Funding Requirements below 18.46% of Payroll have been partially or fully reversed, provided, however, that the Temporary Commitment of Chapter Funds shall end when the UAAL is fully amortized or whenever the City Funding Requirement is less than 14.46%, as established by any subsequently prepared actuarial valuation, whichever event first occurs.

G. Any remaining Chapter Funds, and interest thereon, after the allocations described above have been made, are Uncommitted Chapter Funds for that year and shall be part of the Pension Fund for the purposes of providing Enhanced Benefits and are assigned to the Enhanced Benefit Account and such amounts shall be nonrefundable.

H. The parties agree to jointly seek the enactment of state legislation that would allocate additional Chapter Funds to Jacksonville's Fund based upon Jacksonville's provision of fire protection services in certain beach communities. Jacksonville cannot currently claim this additional allocation of Chapter Funds due to existing statutory provisions which tie Jacksonville's

allocation to receipt of insurance premiums on properties located within Jacksonville's corporate limits regardless of the geographic area in which Jacksonville provides fire protection services. As a result, although Jacksonville now provides fire protection services in certain beach communities and hired additional firefighters who are now a part of Jacksonville's pension retirement system, Jacksonville cannot supplement its Fund with Chapter Funds collected within the beach communities. Currently, Jacksonville cannot claim from the beach communities approximately \$70,000 in Chapter Funds. In an effort to mitigate the impact on Jacksonville's Fund, due to the increase in pension members without a similar increase in Jacksonville's allocation of Chapter Funds, the parties hereto agree to authorize a transfer from the City Budget Stabilization Account to the Enhanced Benefit Account in the stipulated amount of \$70,000, beginning in Fiscal Year 2000-2001. The \$70,000 transfer shall not continue for more than five (5) years or such time as the parties secure enactment of the above-referenced legislation, whichever first occurs. Commencing with the beginning of the first full City fiscal year subsequent to the enactment of the above referenced legislation, the allocation of Chapter Funds as described in paragraph 8(C) of this Agreement shall be amended to provide an amount equal to 0.41% (forty-one hundredths of one percent) of Valuation Payroll in lieu of the 0.35% figure, and the reference to Chapter Funds as described in paragraph 8(D) of this Agreement shall be amended to provide an amount equal to 3.41% of Valuation Payroll in lieu of the 3.35% figure.

9. The Parties agree that currently proposed and future Enhanced Benefits shall be calculated and accounted for using the Actuarial Assumptions established in Section XI (as may be amended). New Enhanced Benefits shall only be established when sufficient monies and earnings thereon are available in the Enhanced Benefits Account as determined by the provisions of Section VIII of this Agreement and Actuarial Assumptions and accountability reflecting the Enhanced Benefits shall always be established to pay for the Enhanced Benefit for the life of the Enhanced Benefit:

## VII.

### **BASE BENEFITS DEFINED**

10. The parties recognize that uncertainties and disagreements have existed with regard to determining what have been considered "extra benefits" in the past and which will not be considered Enhanced Benefits as distinguished from Base Benefits. The parties also recognize that different measures of Base Benefits and Enhanced Benefits have existed in the past.

11. It is agreed that Base Benefits shall mean the following:

- (a) Time Service Retirement - Retirement after 25 years or more of credited service regardless of age.
- (b) Benefit formula - 2.5% of the average salary for the last 2 years of the first 32 years of credited service, reduced 2% for each year the member retires prior to completing 32 years of service, with minimum time service benefit of 25 years.
- (c) Spouse Benefit - 75% benefit continuation to eligible spouse. Spouse Benefit includes that benefit defined in in Sections 121.204 and 121.205, Ordinance Code.
- (d) Child Benefit - \$200.00 per month per child, up to maximum member benefit, prorated if exceeding maximum benefit, until child turns 18 years of age. Child Benefit includes that benefit defined in Section 121.206, Ordinance Code.
- (e) Orphan Benefit - Same as spouse. Combination of benefits prorated for orphaned children cannot exceed maximum member benefit. Benefits end when orphan turns 18 years of age, unless the orphan meets the requirements of Section 121.207, Ordinance Code.
- (f) Child Disability Benefit - shall be that as defined in Section 121.206(d), Ordinance Code.
- (g) Disability Benefit - 60% of the average salary for the last 2 years.
- (h) Preretirement Death Benefits - Spouse's benefit of 75% of projected normal retirement benefit, plus \$200.00 for each child to age 18, prorated if necessary, with overall maximum benefit of 100% of projected normal retirement benefit.

(i) Termination of Service - For termination with less than 5 years of service, refund of 100% of Member contributions or, if over 5 years of service, member may elect to "vest accrued benefit" of 2.5% of average salary of the last 2 years times the years of credited service, with payments to begin at normal time service date.

(j) Cost of Living Adjustments

(1) A Cost of living Adjustment (COLA) based on each prior annual benefit amount actually received (exclusive of one time bonuses or adjustments) shall be provided for retirees and survivors to be implemented for the first full biweekly pay period after April 1, 1996 or as soon as administratively practical thereafter and for the first full biweekly pay period after each succeeding April 1<sup>st</sup>, based on the applicable five year anniversary commencement date for COLA payment according to the following table:

<u>Actual Commencement Date of Pension Benefits for Retirees or Survivors</u>	<u>Assumed Group Date</u>	<u>5-Year Anniversary Commencement Date for COLA Payment</u>
Dates prior to 10/1/91	04/01/91	04/01/96
10/01/91 to 09/30/92	04/01/92	04/01/97
10/01/92 to 09/30/93	04/01/93	04/01/98
10/01/93 to 09/30/94	04/01/94	04/01/99
10/01/94 to 09/30/95	04/01/95	04/01/2000

The sequence for subsequent retirees and survivors shall follow a continuation of this table. The actual commencement date for survivors shall be the same as that of the participant upon which the survivor eligibility is based. The COLA granted hereunder to any recipient shall be the smaller of three percent or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the Department of Labor for the year ended the prior December 31.

Beginning with the COLA to be granted on the first full bi-weekly pay period after April 1, 2000, and for the first full bi-weekly pay period after each succeeding April 1<sup>st</sup>, the recipient shall be granted a COLA in the amount of three (3) percent.



(2) Notwithstanding the five year delay provided in paragraph 11(i)(1), above, and the optional immediate COLA benefit program provided in Section 121.306, Ordinance Code, a minimum adjustment supplement of \$3.00 per month for each year of credited service of the participant used to compute the benefit shall be provided for current and future retirees and their survivors beginning the first full pay period effective March 12, 1993, and continuously thereafter; however, such supplement shall not be less than \$15.00 per month nor more than \$90.00 per month, with such provisions being previously authorized pursuant to the enactment of Ordinance 93-229-329.

(3) A recipient may receive the greater of the COLA provided under paragraph 11(i)(1) or Section 121.306, Ordinance Code, whichever is applicable, or the supplement provided under paragraph 11(i)(2) above, but no recipient may receive both simultaneously.

(j) It is agreed that Base Benefits shall be amended to include the following categories of benefits for periods subsequent to March 31, 2000:

- (1) Twenty (20) year retirement element of Ordinance 91-1017-605
- (2) Immediate COLA Benefit
- (3) DROP element of Ordinance 97-1103-E
- (4) Modifications to the benefit formula increasing the rate of accrual from 2.8% to 3% per year of service over the first 20 years of service, with 2% thereafter to a maximum of 80% at 30 years of service rather than 32 years (for implementation effective April 1, 2001).

12. It is agreed that no change in the law shall be deemed to change the definition and scope of Base Benefits as contemplated by this Section.

13. Nothing contained herein shall impair the power of The City Council in its role as the ultimate policy setter of benefits for all employees of the City, to increase the Base Benefits for

Members or Participants. Similarly, nothing contained herein is intended to be interpreted or utilized to increase the benefits of any Participants presently receiving benefits.

## VIII.

### OPERATION OF THE ENHANCED BENEFITS ACCOUNT

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

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

16. At each actuarial review subsequent to this Agreement, any actuarial losses due to the increase in the actuarial accrued liability over that expected for any Enhanced Benefit will be met through transfer of assets in an amount equal to the entire actuarial loss from the Enhanced Benefits Account. Similarly, when there are actuarial gains due to actuarial accrued liabilities that are less than expected for such Enhanced Benefits, assets equal to such difference will be transferred back to the Enhanced Benefits Account. Similarly, any increase in normal cost associated with adverse experience due to the Enhanced Benefit will be met through additional assets transferred from the Enhanced Benefits Account to the Base Benefit Fund; any decrease in normal cost will be recognized through fewer assets transferred from the Enhanced Benefits Account to the Base Benefits Fund.

The parties further agree that there are currently no Enhanced Benefits existing as of April 1, 2000, for which actuarial gains and losses will be assigned to the Enhanced Benefits Account.

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

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

Department of Administration, Division of Retirement, to be reasonable and acceptable under applicable state standards.

19. There is hereby established an enhanced benefit to be funded as such pursuant to the terms of this Agreement, which will hereinafter be described as a Post Retirement Enhancement in the form of a biennial retiree bonus payment.

Post Retirement Enhancements are hereby authorized according to the following terms:

A. Upon certification by the Plan Actuary, after the full biennial actuarial valuation, that benefits can be extended from funds utilizable only from the Enhanced Benefit Account, and without increasing the Member Contribution Rate, the City Contribution Rate, or the Level of Base Benefits, the Board of Trustees may authorize a biennial retiree bonus (Post Retirement Enhancement) in the benefits paid to retired Police Officers and Firefighters and their beneficiaries.

B. The biennial retiree bonus paid pursuant to this section may not be larger than one-half ( $\frac{1}{2}$ ) of the percentage by which the consumer price index increased since the later of October 1, 1989, or the effective date of the last prior Post Retirement Enhancement, times the pension base amount of the retiree or surviving spouse.

C. The biennial retiree bonus paid pursuant to this section in any two (2) year period shall not be larger than three (3%) percent of the pension base amount of the retiree or surviving spouse.

## **IX.**

### **PLAN ACTUARY**

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

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

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

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

A. To avoid any uncertainty which might exist in the interpretation of this Agreement, the parties agree on the initial set of Actuarial Assumptions, that are contained in Section XI of this Agreement.

B. Changes to the Actuarial Assumptions established in "Section XI" or to the City's contribution shall be proposed by the Plan Actuary and endorsed by the City Actuary. In the event the Plan Actuary and the City Actuary cannot reach agreement, the Plan Actuary and City Actuary shall agree on an impartial third actuary who must also meet the qualifications of paragraph 22, who shall resolve all disputes between the actuaries and whose decision shall be final between the Board and the City.

C. Changes made to actuarial assumptions shall be recognized as actuarial gains or losses and taken into account as provided for in this Agreement.

D. Contribution rates developed pursuant to bi-annual actuarial evaluations shall be implemented in the next fiscal year in which it may be reasonably incorporated in the City

budget. (e.g. the rates developed for the 1992 actuarial review would be implemented in the fiscal year 1993-94 budget).

X.

**MISCELLANEOUS**

24. Ordinance 2000-1164. The parties recognize that the passage and adoption of Ordinance 2000-1164 shall be concurrent with the passage and adoption of this Agreement and that the passage of this Agreement is an essential condition precedent to the passage of Ordinance 2000-1164.

25. Budget, Travel, and Purchasing. The obligations of the Board and its trustees, officers, agents, and employees, with regard to budget and purchasing shall be in accordance with Article 22 of the City Charter. However, the Board shall prepare and submit its budget for approval each year to the City Council by the first of July of each year. Additionally, the Board agrees to follow the Purchasing Code of the City of Jacksonville. Travel of the aforescribed persons shall be regulated and in accordance with Chapter 112 Florida Statutes.

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

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

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

26. City Funding Sources. The parties agree that for the purposes of defining the sources of City funding for all past and future years, the sources include those funds (1) payable by annual appropriation ordinances, (2) received from county court fines and forfeitures, (3)

provided by the Qualified Member Contribution Rate, (4) provided by the committed portion of Chapter Funds, (5) the Temporary Commitment of Chapter Funds, and (6) available and applied from the City Budget Stabilization Account. Each source shall be separately identified.

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

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

Both the City and the Board hereby covenant and agree that they shall neither take any action nor fail to take any action, nor, to the extent that they may do so, permit any person to take any action which, if either taken or not taken, would adversely affect the terms of this Agreement.

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

Account, from other Fund accounts when necessary to preserve the positive cash balance. The parties agree that 1990 and/or 1991 Chapter Funds, as such reference is used by the State Department of Insurance, when paid, may be utilized to restore the Pooled Cash Account to a positive cash position and pay off negative earnings associated with the present deficit.

30. Other Plans. The parties agree that the terms and conditions of the Plan are governed by state and local law, and the terms of this Agreement. The parties agree that there is no linkage to any other pension plan and that the benefits provided to any other plan including the City of Jacksonville's general employee's plan, shall not impact or otherwise affect the nature or funding source of any benefit provided by this Plan.

31. Term. This Agreement shall have a term extending to September 30, 2030. If for any reason the term shall be challenged as a matter of law, the term of this Agreement shall not be less than the minimum term allowed by law. The terms of this Agreement shall control beyond the expressed term hereof until such time as either party is notified in writing by certified mail, return receipt requested as to its intention to terminate.

32. The City and the Board of Trustees of the Police and Fire Pension Fund shall meet no later than January 1, 2005, and periodically thereafter to review the provisions of this Agreement, which either party wishes to address. Such future discussion shall be guided by a mutual desire to ensure the continued application of terms and conditions that are fair and equitable given circumstances that may present themselves in the future that are not currently addressed nor presently anticipated by the parties hereto upon execution of this Restated Agreement.

33. Notice. Any notice required or anticipated by this Agreement shall be delivered to:

On behalf of the Board:

John Keane, Administrator or his Successor

On behalf of the City:

Cal Ray, Director of Administration and Finance, or his Successor



and

Richard A. Mullaney, General Counsel or his successor

**XI.**

**ACTUARIAL ASSUMPTIONS EFFECTIVE APRIL 1, 2000**

34. Mortality: Pre- and Post-Retirement - 1983 Group Annuity Mortality Table with Post-Disablement - same table set forward ten years.

Net Investment Yield: 8.50% compounded annually

Withdrawal: Annual rates consistent with the following representative figures:

<u>Age</u>	<u>Rate</u>
20	.040
24	.040
28	.040
32	.020
36	.010
40	.000

Disability: Rates consistent with the following representative figures:

<u>Age</u>	<u>Rate</u>
25	.00054
30	.00054
35	.00072
40	.00090
45	.00180
50	.00396

Salary Scale: 5.0% compounded annually, applied to pay to allow for future salary increases reflecting inflation, productivity, seniority and promotion.

Percent Married: Assume 75% of active employees married. Use actual status for inactives.

Retirement Ages: Rates are consistent with the following representative figures:

<u>Age</u>	<u>Rate</u>
40	.060
45	.060
50	.060

55	.085
60	.20
65	1.000

**Expense Load:** Expenses net of money manager fees are estimated to be \$700,000.

**Amortization of Unfunded Actuarial Accrued Liability:** Assumes payroll increases at 5.25% per annum throughout the entire amortization period.

**Age Difference for Spouses with Unknown Ages:** Females are assumed to be three years younger than males.

**COLA:** 3.00% compounded annually.

**Actuarial Cost Method:** Entry-Age Actuarial Cost Method: Under this method, the cost of each member's projected retirement benefit is funded through a series of annual payments, determined as a level percentage of each year's earnings from age at hire to assumed exit age. This level percentage, known as normal cost, is thus computed as though the Plan had always been in effect. The accrued value of normal cost payments due prior to the valuation date is termed the actuarial accrued liability (AAL). This amount minus the actuarial value of assets is known as the unfunded actuarial accrued liability (UAAL) measured at April 1, 2000. The annual cost of a plan consists of two components: normal cost and a UAAL amortization.

When Plan amendments liberalize benefits or when actuarial assumptions are modified, the difference in the AAL due to the changes is established as a supplement to the UAAL amortized over 30 years from date of establishment.

An actuarial gain (or loss), a measurement of the difference between actual experience and that expected based upon the actuarial assumptions during the period between two actuarial valuation dates, reduces (or increases) the UAAL. This amount is amortized over selected periods not greater than 30 years. Initially, a 30-year period is usually chosen. Periodically, some or all of the remaining balance of any actuarial gain shall offset the remaining balance of a prior liability base, starting with the earliest base. Similarly, any actuarial loss shall be offset with the remaining balance of a prior credit base or actuarial gain, starting with the earliest base.

It is intended that each UAAL base be amortized over its specified period from April 1, 2000, through monthly contributions expressed as a level percentage of each month's payroll, incorporating an assumption that future payroll will grow at the rate of 5.25% per year. Payments are assumed to begin on April 1, 2000, and continue monthly for the remaining period unless offset as provided above.

Asset Valuation Method: Fresh start as of April 1, 2000. Asset Values used for purposes of the Actuarial Valuation performed as of April 1, 2000, were based upon actual market values as of March 31, 2000. Future Asset Valuations will be determined in accordance with the multi-year smoothing methodology.

Note: Methods of valuing assets and actuarial cost methods are also defined for purposes of this Agreement as actuarial assumptions.

IN WITNESS WHEREOF, The authorized representative of the parties have affixed their signatures this 5<sup>th</sup> day of March, 2001.

Sam E. Mousa  
Chief Administrative Officer  
For: Mayor John Delaney  
Under Authority of  
Executive Order No. 00-10

Signed, sealed and deliver  
in the presence of:

Richard M. Altus  
Corporation Secretary

CITY OF JACKSONVILLE



Sam E. Mousa

BOARD:  
JACKSONVILLE POLICE AND FIRE  
PENSION FUND BOARD OF TRUSTEES

[Signature]

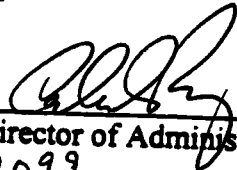

Chairman


Secretary

Richard J. Lundg  
John Keane  
Administrator



In accordance with the Charter of the City of Jacksonville, I do hereby certify that there is an unexpended, unencumbered and unimpounded balance in the appropriation sufficient to cover the foregoing Agreement and that provision has been made for the payment of the monies provided therein to be paid.

  
\_\_\_\_\_  
Director of Administration and Finance  
8099 

Form Approved:  
  
Assistant General Counsel