# 2000-1164-E

Introduced by the Council President at the request of the Mayor and the Police and Fire Pension Board of Trustees:

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ORDINANCE 2000-1164-E

AN ORDINANCE PERTAINING TO THE POLICE AND FIRE PENSION PLAN: AMENDING SECTION 121.103, ORDINANCE CODE TO AMEND THE TERM OF OFFICE FOR MEMBERS OF THE ADVISORY COMMITTEE; AMENDING SECTION 121.113, ORDINANCE CODE TO PROVIDE FOR MODIFICATIONS IN THE CALCULATION OF PENSION CONTRIBUTIONS; AMENDING SECTION 121.201, MODIFY RETIREMENT BENEFIT FORMULA; AMENDING 121.204, SECTION CLARIFY TO CERTAIN PROVISIONS; AMENDING SECTION 121.208. TO CLARIFY CERTAIN LIMITATIONS ON THE PURCHASE OF WARTIME MILITARY SERVICE; AMENDING 121.209, ORDINANCE CODE TO PROVIDE FOR MODIFICATIONS IN DROP DISTRIBUTION OPTIONS AND IN THE DETERMINATION OF EMPLOYER CONTRIBUTIONS FOR DROP PARTICIPANTS AND IN THE DISPOSITION OF EMPLOYEE CONTRIBUTIONS DROP PARTICIPANTS; AMENDING SECTION 121,306, ORDINANCE CODE TO PROVIDE FOR MODIFICATIONS IN THE USE OF MEMBER RESERVE ACCOUNT AND ENHANCED BENEFIT ACCOUNT; AMENDING THE AGREEMENT ORIGINALLY APPROVED BY ORDINANCE 91-1017-605; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City and the Board of Pension Trustees have previously executed an original agreement as well as various

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amendments thereto in conjunction with the enactment of Ordinance 91-1017-605, Ordinance 93-229-329, Ordinance 93-1983-1407 Ordinance 97-1103-E; and

WHEREAS, the City and the Board of Pension Trustees wish to enter into certain additional modifications to the agreement, as amended, pursuant to the execution of a Fourth Amendment to the original agreement; and

WHEREAS, the Board of Pension Trustees wish to additionally seek a variety of other modifications and clarifications to the Police and Fire Pension; now therefore

IT ORDAINED by the Council of the City of Jacksonville:

Section 1. Section 121.103, Ordinance Code, is repealed, and a new section 121.103 is enacted to read as follows:

#### 121.103 Advisory Committee.

There shall be an advisory committee composed of three (3) police officers and three (3) firefighters who are Members or Qualified Members of the Fund and one (1) person who has retired from the Fund. The Trustees shall establish the rules and regulations for the election. Advisory Committee members shall be elected for a four-year term, with the election in November of oddnumbered years, with those elected to take office on the first Monday of the following January. The police officers shall be elected by police officers, the firefighters shall be elected by firefighters, who are Members or Qualified Members of the Fund. The retired member shall be elected by a vote of the retired members as a group. The Advisory Committee shall elect a chair and vice chair, who shall serve for a period of one year. Any vacancy on the Advisory Committee shall be filled by an election from the ranks of the service represented by the vacancy, with both Members and Qualified Members of the Fund eligible to vote on such elections.

All applications for pension benefits shall be referred to and reviewed by the Advisory Committee. Employee members of the ; Advisory Committee are entitled to leave of absence from their respective duties, without loss of vacation leave, pay, time or efficiency rating, during the time which they are attending meetings of the Advisory Committee, or to attend seminars. conferences and training sessions conducted Florida in elsewhere. Attendance at seminars, conferences and training sessions shall be approved by the Board in advance and the expense paid from the Pension Fund, and written request for such leave shall be submitted in a timely manner.

Section 2. Section 121.113, Ordinance Code is repealed, and a new Section 121.113 is enacted to read as follows:

## 121.113 Calculation of Pension Contributions for Police and Fire Pension Fund.

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

(a) A deduction of seven (7) percent per annum from all salaries (base salary, longevity, city college incentive, enhanced certification pay, emergency operation and hazardous duty pay; shift differential, and "upgrade" pay; and excluding all overtime, state incentive pay, reimbursed expenses and allowances such as cleaning/clothes allowances, and payments for unused accrued time), of all members of the Police and Fire Departments participating in this Fund, or who will become members hereafter, to be deducted in installments from each periodical paycheck of each of these members, together with a sum equal to not less than the minimum recommended contribution in the most recent actuarial valuation of the fund expressed as a percent per annum of all salaries (as defined above) of all members of the Police and Fire Departments participating in this Fund according to the amount thereof as set

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- up in the current budget in each year hereafter, together with such additional sums as may be necessary to administer this fund, which two (2) latter amounts shall be designated by the Board and certified to the Council for each fiscal year, and the Council shall thereupon place the amount so designated in the budget for the succeeding year and levy a tax therefor, if necessary; except that the City may in good faith challenge the City contribution designated by the Board. In the event of such a challenge, the Board's actuary and City's actuary shall agree on an impartial third actuary who shall resolve all disputes between the actuaries and whose decision shall be binding and final as between the Board and the City.
- (b) Notwithstanding the deduction provided in subsection(a) of this section, a deduction of two (2) percent per annum shall be made from all salaries (as defined in section 121.113(a)) with such amount being credited to the Pension Fund's Ordinance 91-1017-605, Base Benefit Fund from Qualified Members who elect to participate in the Deferred Retirement Option Program.
- contributions, the Fund shall receive all proceeds from the sale of surplus, lost, abandoned and unclaimed property held by the Office of the Sheriff, thirty percent of fines and court costs from charges of violations heard in County Court and thirty percent of all parking fines.
- (d) The contributions made by each employee hereunder, effective January 1, 1988, shall be designated as city contributions pursuant to Section 414(h)(2) of the Internal Revenue Code of 1986, as amended. Such designation is contingent upon the contributions being excluded from the employee's gross income for federal income tax purposes. The City's Section 414(h)(2) contributions for each employee, effective January 1, 1988, shall

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be considered as the employee's accumulated contributions subject to refund under this subsection and to be taxable on return to the employee either in a retirement allowance or upon refund at termination pursuant to Section 72 or 402, IRC, as amended.

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

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Section 3. Section 121.201(a), Ordinance Code, repealed, and a new section 121.201(a) is enacted to read as follows:

#### 121.201 Retirement benefits.

Notwithstanding any provisions to the contrary in Chapter 18615, Laws of Fla. ch. 18615 (1937), and to provide for an increase in the benefits thereby provided:

#### Time service retirement. (a)

Members shall be entitled to a time service retirement benefit equal to a maximum of eighty (80) percent of the average salary (as defined in section 121.113 (a)) received by the member for the fifty-two (52) pay periods immediately preceding the time of retirement, upon the completion of thirty (30) years of credited service. For each year prior to the thirtieth year of service that a member retires, the eighty (80) percent retirement benefit shall be reduced by two (2) percent, of the average salary (as defined in section 121.113 (a)) received by the member for the fifty-two (52) pay periods immediately preceding the time of retirement, with the minimum normal retirement benefit being sixty (60) percent after completion of twenty (20) years of credited service.

Section 4. Section 121.201(b)(3), Ordinance Code. repealed and a new Section 121.201(b)(3) is enacted to read as follows:

#### 121.201 Retirement benefits.

#### (b) Disability retirement

In applying the provisions of this section, adjustment supplement described in 121.201 (d)(2) that calculated for the benefit of a Member and a surviving spouse shall

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be based upon the actual years of credited service, subject to the minimum and maximum provisions, rendered by the Member.

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Section 5. Section 121.204(a), repealed and a new Section 121.204(a) is enacted to read

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#### 121.204 Surviving spouse's benefits

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

Any member of the Fund hereafter who shall be killed or die from effects of an injury or of any illness or disease and any such member so killed or dying shall have a spouse living with such member at time of death, the Board shall direct the payment from the Fund of the following sum to the surviving spouse, seventy-five (75) percent of the pension benefit the deceased member would be entitled to receive, had the member completed twenty (20) years of credited service (sixty (60) percent of the average salary as defined in Section 121.113 (a) received by the member for the fifty-two (52) pay periods immediately preceding the time of death) and survived to receive such pension. If a deceased member served in excess of twenty (20) years, the seventy-five (75) percent of the pension benefit shall be based upon the actual years of service. In applying the provisions of this section, adjustment supplement described in 121.201(d)(2) that is calculated for the benefit of the surviving spouse shall be based upon the actual years of credited service, subject to the minimum and maximum provisions, rendered by the Member rather than the assumed completion of twenty (20) years of credited service otherwise acknowledged in this section. The pension benefit as used herein shall be comprised of the base pension benefit as adjusted for the

COLA, but exclusive of the adjustment supplement described in 121.201 (d)(2) which shall be one hundred (100) percent allocable to the surviving spouse.

Section 6. Section 121.208, Ordinance Code, is amended in part by amending 121.208 (a) to read as follows:

#### 121.208 Purchase of wartime military service.

(a) Subject to the entitlement to benefit limitations described in section 121.107(a) existing at the time of purchase, members of the Police and Fire Pension Fund may purchase up to twenty-four (24) months of wartime military service for credited service towards retirement based on the following definitions: World War II, December 7, 1941 - December 31, 1946; Korean Conflict, June 27, 1950 - January 31, 1955; Vietnam Era, August 5, 1964 - May 7, 1975; Persian Gulf (Desert Shield and Desert Storm), August 2, 1990 - a date to be determined by Congress.

\* \* \*

Section 7. Section 121.209, Ordinance Code, is amended in part, by modifying language in subsection 121.209 (b)(5) to read as follows:

## 121.209 Deferred Retirement Option Program (DROP).

\* \* \*

(5) The DROP participant shall be a retiree under the Pension Plan for calculation of increased pension benefits, unless otherwise prescribed herein, but not for the purposes of employment with the City, and the availability of employee benefits and programs related thereto. DROP participants shall additionally continue to be eligible to vote for their respective members of the Advisory Committee and the Board of Pension Trustees.

Section 8. Section 121.209, Ordinance Code, is amended in part by modifying subparagraphs 121.209 (c)(3)(ii) and 121.209 (c)(3)(iv) to read as follows:

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(c) Benefits payable under the DROP.

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

- (a). Lump <u>Sum</u>. All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or <u>surviving spouse Beneficiary</u>.
- (b). Direct Rollover. All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in Section 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of the deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in Section 402(c)(9) of the Internal Revenue Code.
- (c). Partial  $\underline{L}ump$   $\underline{S}um$ . A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving

 spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits shall either be transferred directly to the custodian of an eligible retirement plan as defined in Section 402(c)(8)(B) of the Internal Revenue Code or distributed in a monthly amount paid biweekly in the manner described in option (d) below. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is in an individual retirement account or an individual retirement annuity as described in Section 402(c)(9) of the Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving spouse beneficiary.

shall be distributed in a monthly amount paid biweekly of substantially equal amounts, until the DROP Account is depleted, over a stipulated number of bi-weekly an annual periods to be selected by the participant or the surviving spouse, less withholding taxes remitted to the Internal Revenue Service. Such selection once made, cannot be changed, unless changed to Option (a) or (b), above. The rate of interest to be factored into such distribution period shall be 8.40% equivalent to the actuarial assumption on net investment yield in effect for the Police and Fire Pension Fund as of the date such distribution option is selected by the DROP participant.

(e). Quarterly or semiannual distribution. The account balance shall be distributed in a quarterly or semiannual amount, until the DROP Account is depleted, over an annual period to be selected by the participant or the surviving spouse, less withholding taxes remitted to the Internal Revenue Service. Such selection once made, cannot be changed, unless changed to Option (a), above. The rate of interest to be factored into such

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distribution period shall be equivalent to the actuarial assumption on net investment yield in effect for the Police and Fire Pension Fund as of the date such option is selected by the DROP participant.

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(iv) Subsequent to the month of termination or death, the accrual of interest on the accumulated DROP balance shall cease, provided however, that an interest factor shall be embedded in the biweekly distribution options described in (d) and (e) above, from the initial bi-weekly beginning of the distribution which shall commence period upon the execution of proper election forms by the DROP participant or the surviving spouse.

Section 9. Section 121.209(i), Ordinance Code, is repealed, and a new Section 121.209(i) is enacted to read as follows:

## 121.209 Deferred Retirement Option Program (DROP).

\* \* \*

- (i) Contributions and deductions.
- (1) The employer contributions on the salary, as defined in section 121.113 (a) of DROP participants shall be zero (0) percent.
- (2) A deduction of two (2) percent per annum shall be made from all salaries (as defined in section 121.113 (a)) 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.
- Section 10. Section 121.209 (1), Ordinance Code, is hereby amended, in part, to read as follows:

## 121.209 Deferred Retirement Option Program (DROP)

(1) Retirement Leave Account distribution during the DROP.

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have the account paid in accordance with section 8 of Ordinance 97 1103 E. Code Section 116.606.

Section 11.

Section 121.306, Ordinance Code, is hereby amended, in part, to read as follows:

Members who have a balance in their Retirement Leave Account will

121.306 Use of Member Reserve Account and Enhanced Benefit Account to reduce member contributions and to fund benefits.

(a) The Agreement attached as Exhibit A to Ordinance 91-1017-605 provided for establishment of a Member Reserve Account in the original amount of thirteen million six hundred fifty-nine thousand one hundred thirteen dollars (\$13,259.113)as of January 1, 1992 and authorized the subsequent accumulation of uncommitted chapter funds into an Enhanced Benefit Account. The Member Reserve Account was subsequently ordered to be liquidated and retired from further service as of March 31, 2000 with the accumulated balance of the Member Reserve Account as of the date of such liquidation and retirement ordered to be transferred into the City Budget Stabilization Account. In addition thereto, the accumulated balance of the Enhanced Benefit Account as of March 31, 2000 shall be liquidated and transferred into the City Budget Stabilization Account; however, the Enhanced Benefits Account shall continue to be operative for periods subsequent to April 1, 2000 for the future receipt of uncommitted Chapter Funds.

(b) Notwithstanding any provisions to the contrary, the Police and Fire Board of Trustees may designate by proper action of such body, that an amount equivalent to one percent per annum of all salaries ( as defined in section 121.113) of all members of Police and Fire departments participating in the fund be annually assessed against the Member Reserve Assount and/or the Enhanced Benefit Account for periods subsequent to September 30, 1996 in lieu of the

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member contribution increase from seven percent per annum to eight percent per annum otherwise effective October 1, 1996 as provided in section 121.113, with such amount representing a portion of the funding requirements associated with the COLA benefits authorized under section 121.201.

(c) Notwithstanding the five year delay provided in section 121.201 (d), the Jacksonville Police and Fire Pension Board of Trustees may elect by proper action of such body to forego the five year delay otherwise applicable and convert the section 121.201 (d) COLA program to an immediate COLA benefit program for Police and Fire participants. To provide this immediate COLA, the Jacksonville Police and Fire Pension Board must designate and pertpetually commit as a permanent funding for such enhanced benefits to the Ordinance 91 1017 605 Base Benefits Fund, Chapter Funds and/or Ordinance 91 1017 605 Enhanced Benefit Account funds in an annual amount equivalent to 1.78% of all salaries (as defined in section 121.113 (a)) of participating members. COLA benefits to be extended pursuant to this subsection shall 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 1st in order for a retiree or survivor to be eligible for the COLA benefits described herein, such retiree or survivor shall have a commencement date of pension benefits prior to October 1, of the year preceding the April 1 implementation date for COLA benefits.

(d) Notwithstanding any provisions to the contrary, the Board shall designate that an amount equivalent to two percent per annum of all salaries (as defined in section 121.113(a)) of all qualified members of the Police and Fire Departments participating in the deferred retirement option program shall be deposited in the member reserve account and/or the enhanced benefit account.

 Ordinance 91 1017 605, as amended, the Board, effective the first pay period of the quarter following the effective date of this section through September 30, 1999, the Board shall designate by proper action of such body, the amount equivalent to sixty six hundredthe percent per annum assumed payable monthly from all salaries (as defined in section 121.113(a)) of all members of the Police and Fire Departments participating in the fund be annually assessed against the member reserve account and/or the enhanced benefit account. For periods on and after October 1, 1999 the Board shall assess the member reserve account and/or the enhanced benefit account that amount certified by the Plan Actuary equal to one hundred percent of the increased contribution requirement attributable to the DROP enhanced benefit, less the amounts provided in section 121.306(d).

Section 12. This ordinance, among other things, authorizes certain amendments to the Agreement attached as Exhibit A to Ordinance 91-1017-605 which has subsequently been amended on three (3) previous occasions in the form of Ordinance 93-229-329 and Exhibit A to Ordinances 93-1983-1407 and 97-1103-E. Such Amendment No. 4 to the Agreement is attached as Exhibit A hereto and by reference made a part hereof. The amendments contained within Exhibit A hereto extend the term of the Agreement to September 30, 2030.

Section 13. Savings Clause. The provisions as set forth herein amend and restate the terms of the existing Police and Fire Pension Plan. To the extent not amended or restated, all provisions of the superseded plans shall remain in full force and effect. It is intended that there be no lapse either in time or effect between this plan and such superseded plans. Any Special Act or part of any Special Act in conflict with the provisions

hereof is repealed to the extent of the conflict and should any 1 2 part of this Special Act be held invalid by a Court of competent 3 jurisdiction, the remainder of this Special Act shall continue in full force and effect and it shall be presumed that this Special 4 Act was adopted without the invalid provision. To the extent that 5 anything contained herein may be inconsistent with the terms of 6 Chapters 175 and 185, Florida Statutes, those Chapters will 7 8 control.

Section 14. This Ordinance shall become effective upon the joint occurrence of (1) the signature of the Mayor or upon becoming effective without the Mayor's signature, and (2) upon the filing with the Council Secretary of written proof of approval of this Ordinance in its entirety by the Police and Fire Pension Board.

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Form Approved:

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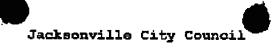
17 Office

Office of General Counsel

Legislation Prepared By: John Keane, Administrator

Police and Fire Pension Fund

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#### Regular Session

00-1164

RCS# 348 2/13/2001 7:12 PM

#### Amend-Approve

Yea: 18 Nay: C Abs C Not Voting: O Excused: I PASSED

Yea: 18

Pres. Hipps Carter L-Felder Soud Car.ucci Fullwood Overton Souliwell Alvarez Folland Yates кау Brown Holzendorf Kustin C-Thompson \$6]f Jerkins

Nay: 0

Abs 0

Not Voting: 0

Excused: l

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### **ORDINANCE 2000-1164-E**

## CERTIFICATE OF AUTHENTICATION

### **ENACTED BY THE COUNCIL**

February 13, 2001

ALBERTA HIPPS
COUNCIL PRESIDENT

ATTEST:

FEB 2 2 2001

APPROVED:

JOHN DELANEY, MAYOR



KATHLEEN A. ROBERTS

ACTING COUNCIL SECRETARY