

# **OPERATING RULES AND REGULATIONS**

## **JACKSONVILLE POLICE AND FIRE PENSION FUND**

### **BOARD OF TRUSTEES**



**ADOPTED DECEMBER 20, 1999**

## **RULE 1**

### **BOARD OF TRUSTEES**

#### **1.1 RULE MAKING POWER AND LIMITATIONS**

Article 22 of the City Charter (attached as Exhibit A) provides that the Board of Trustees shall be the sole entity responsible for administering the Jacksonville Police and Fire Pension Fund. These responsibilities specifically extend to the ability of the Board of Trustees to develop rules and regulations for the administration of the Pension Fund which are not inconsistent with the terms and provisions of law. Accordingly, the Rules and Regulations described herein are duly constituted and are specifically authorized by Section 22.04(h) of the City Charter. However, such Rules and Regulations may be adopted only to the extent that they implement, interpret, or make specific the particular powers and duties granted by the enabling Ordinances, Charter provisions and State law. No rule or regulation of the Board may be in conflict with or oppose the implementation of any lawful and applicable Ordinance, Charter provision or State Law.

#### **1.2 GENERAL TRUSTEE FUNCTIONS**

The Board of Trustees shall act as the named fiduciary of the Fund pursuant to Section 22.06 of the City Charter and in accordance with the definition provided herein in Section 1.3. The Board shall discharge its fiduciary duties in accordance with the Florida statutory standards of care as contained in Section 215.47(9), Florida Statutes which highlight the responsibilities of the Trustees to discharge their duties with respect to the plan solely in the interest of its participants and beneficiaries, attached hereto as Exhibit B. The Board shall have the exclusive authority to administer and interpret the provisions of the governing Florida Statutes (Chapters 112, 175, 185, and Special Acts Chapter 18615), Article 22 of the City Charter, and the Ordinances governing the establishment and operation of the Pension Fund. The Trustees of the Board shall be solely responsible for establishing and implementing the investment policy of the Fund as well as the development of rules and regulations for the operation of the Pension Fund. The Trustees shall also be solely responsible for the selection, compensation and retention of professional advisors to the Fund including but not limited to *Money Managers, Performance Monitors, Fund Administrators, Attorneys, Accountants, Actuaries and staff*. All business of the Fund and of the Trustees shall be conducted pursuant to the provisions of Chapter 286, Florida Statutes, generally referred to as the Government in the Sunshine Law, which is attached hereto as Exhibit C.

#### **1.3 DEFINITION OF FIDUCIARY**

A fiduciary shall be defined as a person responsible for the discharge of his duties with respect to the Pension Fund solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the Fund.

#### **1.4 ESTABLISHMENT OF BOARD OFFICERS**

The Board of Trustees shall have two officers consisting of a Chair and a Secretary. Both officers shall be elected annually in January by a majority vote of the Board membership. In the event that the annual election is not completed by the date of expiration of the annual terms of the former officers, such former officers shall continue to fulfill their duties and responsibilities until such time as the annual election is completed and the respective successors are appointed.

The Chairman shall be responsible for conducting business at all meetings of the Board, participating in its deliberations, exercising voting rights equal to any other member of the Board, and performing such other Board duties and responsibilities as the Trustees may assign.

The Secretary shall be the custodian of Board records and shall exercise due responsibility for the keeping of minutes which constitute an accurate record of Board transactions and authorizations. The Secretary, together with the Chairman, shall jointly execute all official contracts of the Board. The Secretary shall additionally approve the disbursement of funds representing payments to professional service providers and such other forms of expenditures that the Board may wish to include within the approval process. Authorized instructions to the Fund Custodian for the transfer of fund assets between the various investment trust accounts maintained by the Fund Custodian shall require two signatures from the group of officers consisting of the Board Chairman, Board Secretary and Administrator.

#### **1.5 SUMMARY BOARD RESPONSIBILITIES**

The Board of Trustees shall be responsible for the establishment of rules and regulations for the administration of the Fund; for the investment and reinvestment of Fund assets; for the employment and compensation of professional service providers, the Administrator and other employees and contractors as the Board may require; for determining all claims relating to Police and Fire retirement benefits; for exercising the sole and exclusive administration of and the proper operation of the Fund; to cause an annual audit of the affairs of the Pension Fund as well as the preparation of an annual budget and periodic actuarial valuations and impact statements as are required by law; for the final and binding interpretation of all plan provisions and for the correction of any defects; and to fulfill all other such duties as may be required by law or reasonably determined to be necessary to the performance of their duties and

responsibilities.

## **1.6 DISCLOSURE AND CONFLICT OF INTEREST**

All Trustees shall complete public disclosure of financial interests forms on an annual basis as required by Section 112.3144, Florida Statutes. Said disclosure forms shall be filed with the Supervisor of Elections for the City of Jacksonville. Any conflicts of interest in voting on any matter by the Trustees shall be governed by the provisions stipulated in Section 112.3143 of the Florida Statutes which describe voting conflicts for Public Officers. Notwithstanding any other provision of law, no Trustee shall vote or participate in any matter whereby that Trustee may benefit or obtain personal gain, except in the case of employee Trustees voting on benefits that are generally applicable to all participants of the Fund. Further elaboration on the above referenced matters are provided in Section 17 herein, describing the Code of Ethics for Trustees.

## **1.7 BOARD COMMITTEES**

The Board may delegate, from time-to-time, any of its functions to an ad hoc committee consisting of one or more Trustees. In the event that a committee shall consist of more than one Trustee, the committee shall meet in accordance with the provisions of the Florida Government in the Sunshine Law (Chapter 286, Florida Statutes). All committees shall be appointed by the Chairman.

Ad hoc committees that have been routinely established have included a Professional Services Selection Committee, a Trustee Election Committee, Employee Selection Committee, and a Compensation Committee for employees of the Pension Fund.

## **1.8 PER DIEM AND REIMBURSEMENT**

All Trustees shall be entitled to receive a per diem and reimbursement for reasonable expenses incurred in conducting the business of the Fund as established by State Law.

## **1.9 ATTENDANCE AT BOARD MEETINGS**

In recognition of the importance of Board deliberations and action, regular attendance at scheduled Board meetings is expected of all Trustees. Employee members of the Board who are called into the active service of the City at the time of a Board meeting shall be deemed automatically excused.

## **1.10 BOARD COMPOSITION AND APPOINTMENT/ELECTION PROCEDURES**

The Jacksonville Police and Fire Pension Board of Trustees is an independent agency of the City. The Board shall consist of five members, of whom two shall be legal residents of the City appointed by the City Council; one shall be a Police Officer elected by a majority of the Police Officers who are Members and Qualified Members of the Fund, one shall be a Firefighter elected by a majority of the Firefighters who are Members and Qualified Members of the Fund, and the fifth shall be chosen by a majority of the other four members with ministerial approval by the City Council. The term of each Trustee is stipulated for a period of two years, and they may succeed themselves as Trustees for additional terms. In the event that a successor is not named by the end of the stipulated two year term, individual Trustees shall continue to serve until their respective successors are appointed. The Police and Fire Trustees who are elected by the members of their respective departments shall be elected through secret ballot and majority vote. Elections for the Police Officer and Firefighter representatives on the board shall be held every two years during the month of November of the year preceding the expiration of the two year term of office. The Police Officer and Firefighter representatives on the Board shall take office at the first Trustee meeting of the following January. Members and Qualified Members shall be permitted to nominate themselves for the position of Trustee.

The Chairman shall appoint a committee of one or more Trustees to be responsible for insuring the integrity of the election of the Police Officer and Firefighter representative to the Board. This Election Committee, at the time of its appointment, shall be authorized to contract with the Supervisor of Elections or similar appropriate City agency for helpful logistical services including ballot preparation, ballot box security, and ballot counting. No Police Officer or Firefighter Trustee who is a candidate for election may serve on the Election Committee.

Both the Police Officer and Firefighter Trustee elections shall be accomplished by issuance of a mailed ballot to each rostered professional in the two respective public safety departments. Such balloting will proceed in the same manner as that used in absentee balloting for citywide elections. A postage paid envelope will be mailed to each Police Officer and Firefighter at his/her City maintained home address. This envelope will contain a ballot, a plain envelope for sealing of the ballot, and a third envelope bearing affidavit items; namely, the voter's name, home address, and Social Security Number. The sealed ballot and the affidavit information will be sent by return mail in a fourth envelope to the Police and Fire Pension Administrative Office. When received, the validity of the affidavit information shall be certified. The sealed ballot that accompanied the affidavit will be placed in a locked box for opening and counting on the last day of balloting which shall be determined by the Trustee Election Committee.

In the event that no candidate receives a majority vote of all ballots submitted, a runoff election shall be held at the earliest practical date as directed by the Election Committee. The runoff election shall be conducted in the same manner as the initial election.

Any protest of alleged infractions must be made in writing to the Election Committee within five (5) business days of the alleged violation. The Board of Trustees shall certify the results of all elections and shall determine whether to sustain or deny the protests, if any.

No Trustee or any employee of the Board shall participate in the campaign of any candidate for election except that the Police Officer and Firefighter Trustee representatives may campaign for themselves in the same manner as any other candidate for election.

The two citizen members of the Board shall be legal residents of the City of Jacksonville, appointed by the City Council. The terms of the citizen members shall be the same as those of the employee members of the Board.

The fifth member of the Board shall be chosen at the *first Board meeting in January* following the selection of the other four Trustees. The fifth member may or may not be a legal resident of Jacksonville and may or may not be an employee of the City. The name of the person selected by a majority of the other Trustees shall be certified to the City Council which shall, in accordance with State law, ratify the appointment of that person as a ministerial act.

In accordance with the provisions of section 50.102 of the City of Jacksonville Ordinance Code, Trustee Members shall continue in office for the term of their respective office, or until they are reappointed and confirmed, or until their qualified successors have been appointed and confirmed.

#### **1.11 SUCCESSION OF PERSONS TO VACANT POSITIONS**

Vacancies on the Board of Trustees of employee members shall be filled by special election and conducted in the requisite department in the same manner as that described above in Rule 1.10. The person selected shall fulfill only the remaining term of the vacant office. Vacancies among the citizen members that are appointed by the City Council shall be filled by action of the City Council. In the event of a vacancy for the fifth member of the Board, the Board shall appoint a successor following procedures identical to the initial selection, with ministerial approval granted by the City Council.

### **RULE 2**

#### **PENSION OFFICE PERSONNEL**

## **2.1 GENERAL POLICY**

The Board shall establish specific job descriptions for each position and employee classification approved by the Board. The Board may or may not, at its sole discretion, utilize the resources of the City of Jacksonville Human Resources Division in its selection of employees. New employees of the Board shall not be in the Civil Service System of the City of Jacksonville and shall serve at the pleasure of the Board.

## **2.2 EMPLOYEE SELECTION STANDARDS**

The Board shall establish standards of education, training, and skills required for the satisfactory discharge of duties associated with each position. The Board may delegate the initial screening process for applicants to all positions to its Administrator or to a committee of the Board. The final decision for the employment of any person shall be made by the Board of Trustees as an official governing action.

## **2.3 EVALUATION AND COMPENSATION**

All employees of the Board shall be evaluated on no less than an annual basis. Compensation shall be established by the Board of Trustees. Compensation levels shall be consistent with those levels paid in the greater Jacksonville labor market for like education, training, skills and services.

## **2.4 SUPERVISION**

The day-to-day supervision of the Pension Office staff shall be delegated to the Administrator. The Administrator shall be responsible for directing the activities of said employees and for insuring that their functions are performed in accordance with the standards established by the Trustees. The Administrator shall be subject to the supervision of the Board of Trustees and shall report his activities to the Trustees on not less than a monthly basis.

## **2.5 DECISION-MAKING AUTHORITY**

No employee of the Board shall have the authority to bind the Board of Trustees in any contract or endeavor without the express authority of the Board. The Administrator shall have such authority to direct the day-to-day activities of the Pension Office as are reasonably necessary to discharge Fund responsibilities and to promote an efficient office operation. The Administrator shall not have authority to terminate employees or contractors of the Fund; but, he shall be responsible for making recommendations to the Board of Trustees for any personnel action perceived as necessary or desirable. The Board may delegate authority to the Administrator for the purchase of office supplies, equipment, publications, etc.

The Board shall set a maximum dollar amount for discretionary expenditures by the Administrator. Rule 3.8 describes additional elaboration as to the administrative discretion to be granted to the Administrator.

## **2.6 SALARY AND EMPLOYMENT PLAN**

The Board shall have the ability to develop a “Salary and Employment Plan” for the benefit of employees of the Board. The “Salary and Employment Plan” adopted by the Board is attached hereto as Exhibit D.

# **RULE 3**

## **ADMINISTRATOR**

### **3.1 Duties**

The duties of the Administrator shall be as set forth in his contract of employment. The Administrator shall be generally responsible for directing the day-to-day operation of the Fund including but not limited to the supervision and evaluation of employees of the Board; overseeing the preparation of meeting agendas; overseeing the preparation of minutes of meetings; administrative oversight, communication and correspondence with money managers and other professionals of the Fund; receiving and requesting reports from said professionals, etc. The Administrator shall report his activities in writing to the Board of Trustees at each monthly meeting and shall prepare an annual report of the activities of the Fund. The Administrator shall also perform such other duties as the Trustees may establish, from time-to-time. As an element of his duties, the Administrator shall be responsible for the development of a Procedures Manual for various functions of the Pension Office. This Procedures Manual shall provide detailed steps and background information for the performance of various responsibilities of the Pension Office. Such Procedures Manual shall be prepared in conformance with various laws, statutes, Ordinances and Charter provisions as well as the Rules and Regulations developed by the Board.

### **3.2 SELECTION**

The Administrator shall be selected by a majority vote of the Board of Trustees. The Administrator shall have demonstrated competence and knowledge in the area of public employee retirement systems.

### **3.3 TENURE**

The Administrator shall serve in accordance with the terms of a written agreement to be executed between the Board and the Administrator. The Administrator shall serve at the pleasure of the Board; however, in the event that the Administrator shall be discharged without cause the Administrator shall receive severance compensation in accordance with the provisions of his contract of employment with the

Board.

### **3.4 COMPENSATION**

The Administrator shall be compensated on a bi-weekly basis in accordance with the terms of his contract with the Board. The Administrator shall receive a salary, pension, insurance, vacations and sick leave, automobile, and such other benefits as are provided to comparable positions within the City Consolidated Government and to persons of similar standing among public pension plans of comparable size. The compensation of the Administrator shall be reviewed by the Board on an annual basis.

### **3.5 AUTHORITY**

The authority of the Administrator shall be established by the Board. In general, the Administrator shall have the authority to conduct the day-to-day affairs of the Fund and to exercise such decision-making power as found necessary to accomplish that responsibility. The Administrator shall have no power to hire and fire employees of the Board, but shall be responsible for the evaluation of employees of the Board and for recommending personnel actions to the Board. The Administrator shall have the power to suspend any employee pending a meeting of the Board should the Administrator believe that such an action is necessary to the efficient operation of the Fund.

### **3.6 POLITICAL ACTIVITIES**

During his tenure as Administrator, the Administrator shall be prohibited from holding public office. The Administrator shall not act as a lobbyist on behalf of any person or organization, nor shall the Administrator hold any position, formally or informally, in the campaign structure of any candidate for elective office. The Administrator may be directed to perform lobbying activities on behalf of the Fund and the general interests of the City retirement system with the express consent of the Board of Trustees.

### **3.7 SUPERVISION**

The Administrator shall be subject to the supervision and direction of the Board of Trustees. On a day-to-day basis, Board directives shall emanate from the Chairman. No action regarding the tenure of the Administrator shall be taken except by a majority vote of the Board of Trustees.

### **3.8 STATEMENT OF ADMINISTRATIVE POLICY**

In an effort to further the goal of providing adequate clarification and direction as to the expected role and administrative discretion to be exercised by the Administrator, the Board of Pension Trustees shall develop a "Statement of Administrative Policy".

The element of the Board's "Statement of Administrative Policy" is summarized as follows:

- a. The Board of Pension Trustees assigns the Administrator with the responsibility and commensurate authority to implement the programs and directives of the Board and to administer the day-to-day operations of the Fund consistent with established rules, regulations, and policies of the Board and in accordance with applicable laws, statutes, Ordinances, Resolutions and Charter provisions.
- b. The Administrator represents the executive arm of the Board and is authorized to act in the name of the Board in the transaction of routine business on behalf of the Pension Fund.
- c. The Administrator is authorized to determine eligibility for benefits and programs, to evaluate and determine service credits and time connection eligibility, to compute service retirement benefits, and to initiate the payment of pension benefits in accordance with the approval process established by the Board.
- d. The Administrator is authorized to administer the collection of data regarding disability applications and the assembly of data required for a determination of disability benefit eligibility.
- e. The Administrator is authorized to approve and pay refund requests made by members who have separated from service.
- f. The Administrator will keep the Board informed as to the actions and activities of the Pension Office through appropriate reporting mechanisms.
- g. All questions as to the implementation of rules, regulations and policies of the Board shall be directed to the Administrator who will:
  - Adjudicate the question; or
  - Refer the question to the Board, in the event the question involves a matter of policy not previously established by the Board or where sufficient doubt is raised in the mind of the Administrator as to the proper course of action; or
  - Refer the question to the General Counsel of the Pension Fund in the event the question involves the need for legal support or guidance.
- h. All questions as to the interpretation of various provisions of the Pension Plan shall be directed to the Administrator who will:
  - Obtain or render an interpretation of the section or language involved; or
  - Refer the question to the Board if it requires a policy decision. In areas where there is no clear interpretation of a condition in the pension laws, it is the Board's final responsibility to interpret the language in the pension laws, and seek the input of the General Counsel to the Pension Fund, as deemed necessary in resolving the issue; or
  - Refer the question to the General Counsel of the Pension Fund in the event the condition involves the need for legal support and guidance.

- i. A participant of the Pension Fund who is not satisfied with the determination rendered by the Administrator may request that the case be presented to the Board for final ruling. After review of the request, the Board may then grant or refuse to grant a hearing on the matter.
- j. A record is to be maintained in the Pension Office covering all administrative and Board decisions or rulings which are of general interest or importance to the operation of the Pension Fund. This record is to be available to the members of the Pension Fund.

## **RULE 4**

### **OFFICE PROCEDURES**

#### **4.1 BUDGETS AND EXPENDITURES**

The Administrator, in conjunction with the Chairman, shall prepare an annual budget for all expenses of the Fund including the operation of the Pension Office. The Trustees shall have final approval of the budget submitted to the City Council. Written guidelines shall be provided to the Administrator pertinent to the expenditure of Fund monies and the targeting of measures associated with defraying reasonable expenses of the Fund.

#### **4.2 MAIL**

An employee of the Board shall be designated as responsible for the opening, dating and transmittal of mail. All mail received by the Fund shall be dated, stamped and reviewed for any time limitations or response dates. The mail shall be placed in folders bearing the names of the recipient of the mail. Mail addressed to the Fund in general and to no specific person shall be directed to the Administrator unless otherwise directed by the Board. All official decisions of the Board shall be sent by "Certified Mail, Return Receipt Requested". A "reading file" of all correspondence coming into and emanating from the Fund shall be maintained on a monthly basis, together with copies in any specific files as may be established. In all respects, the provisions of Florida Statute Chapter 119, the Public Records Act, shall be observed.

#### **4.3 REPORTING OF THEFTS AND FRAUD**

In the event that tangible personal property of the Police and Fire Pension Fund is stolen, discovered missing or lost, the Office of the Sheriff shall be notified and a copy of the report transmitted to the City Accounting Division. If an item of property that was reported as stolen, missing or lost is subsequently recovered, or if the report was erroneous and the property is discovered, the City Accounting Division shall be notified. No accountable officer may request to be relieved of responsibility under City Ordinance Code Section 122.806(a)(6) unless a report has been made as required in this rule and City

Ordinance Code Section 122.810.

Whenever a custodian, property officer or accountable officer responsible for funds or property of the Police and Fire Pension Fund discovers a loss, unexplained disappearance or theft of the funds or property for which he is responsible or accountable, he shall report the apparent loss, unexplained disappearance or theft to the Council Auditor's Office pursuant to Ordinance Code Section 102.104 at the same time as it is reported to the Office of the Sheriff as required by the above Rule and Ordinance Code Section 122.810.

In the event that a perceived fraud has been perpetrated upon the Police and Fire Pension Fund, the staff of the Pension Fund shall strive to identify the person or persons committing the perceived fraud and the person or persons aiding or abetting the commission of any such perceived fraud on or to the Pension Fund. Once appropriate documentation has been assembled with respect to the perceived fraud, the Pension Fund shall seek to recover such fraudulently obtained funds and shall make a determination as to whether the facts surrounding the incident warrant the institution of supplemental investigations, the scheduling of administrative hearings, and/or the notification of such incident to the State Attorney's Office for disposition. Based upon the findings and determinations of such above described matters, the perpetrator(s) of such fraudulent activities may be subject to the forfeiture and disqualification for the receipt of pension benefits as provided under Ordinance Code Section 121.304, provided such perpetrator(s) is a Member, Qualified Member or Beneficiary of the Pension Fund.

## **RULE 5** **INSURANCE**

### **5.1 GENERAL**

The Board is authorized, by law, to purchase fiduciary insurance to insure Trustees of the Board against inadvertent errors and omissions. All such insurance shall be with recourse if paid for by Fund monies. This shall not preclude the Trustees from making individual payments for nonrecourse exceptions from sources other than the Fund.

### **5.2 TRAVEL COVERAGE**

The Fund shall purchase, at its expense, life and accidental death and dismemberment insurance for each Trustee who shall travel outside of Duval County on official business of the Board.

### **5.3 EMPLOYEE INSURANCE**

The Trustees shall provide for each employee of the Board health, dental, disability, and life

insurance similar to that provided for employees of the City of Jacksonville in like classifications. Said insurance may or may not be contributory on the part of the employee as the Board shall determine.

## **RULE 6**

### **FUND RELATIONSHIPS WITH THE CITY**

#### **6.1 GENERAL**

The Board of Trustees is an independent entity established by State Law, City Charter and local ordinance. The Jacksonville Police and Fire Pension Board of Trustees is created and established as a separate body politic and corporate and under Article 22 of the City Charter. The Jacksonville Police and Fire Pension Board carries the designation as an independent agency of the Consolidated City of Jacksonville. Accordingly, the Board of Trustees shall not be considered to be an entity that is subordinate to the City of Jacksonville municipal government but rather an entity that is an independent agency of the Consolidated Government as such term is defined and used in the City Ordinance Code. The Board shall have the exclusive power to direct and administer the operations of the Pension Fund; however, no change to the provisions of the Pension Plan and the benefit structure contained therein may be made except by action of the State Legislature or the City Council.

#### **6.2 CONTRACTUAL SERVICES**

In the selection of vendors for the provision of contractual services, the Board shall pay particular attention to the existence of potential conflicts of interest when contractors are simultaneously employed by the City of Jacksonville for like services as they are employed by the Board. In accepting services from the City of Jacksonville, the Board shall treat the City as it would an independent contractor and the same as any other purchased service.

#### **6.3 CITY FINANCIAL SERVICES UTILIZATION**

The Board shall be authorized to utilize the services of the City Department of Administration and Finance for the performance of certain financial services. The Department of Administration and Finance and the Director of Administration and Finance shall be regarded as contractors to the Board for the provision of such financial services and shall have no discretionary authority with regard to the investment and reinvestment of the assets of the Pension Fund. The scope of financial services to be provided by the Department of Administration and Finance shall be described in a Financial Services Agreement executed between the City and the Pension Fund, as may be amended from time to time. The nature of financial services contemplated by this section is generally represented by Payroll services, Treasury services and General Accounting services.

#### **6.4 CITY CENTRAL SERVICES UTILIZATION**

The Board shall be authorized to utilize the range of services provided by Central Services of the City for the performance of certain support services at the discretion of the Board.

#### **6.5 USE OF INDEPENDENT BANKING CUSTODIANS**

The Board shall be authorized to use the services of any duly qualified custodian for the performance of Board banking functions. In addition to meeting all of the depository requirements of Chapter 280, Florida Statutes, the custodian shall be appropriately licensed, insured, and bonded.

### **RULE 7** **INVESTMENTS**

#### **7.1 TRUSTEE OVERSIGHT AND GUIDANCE**

The Board of Pension Trustees shall have the power to be the sole entity responsible for administering the Jacksonville Police and Fire Pension Fund. In accordance with these responsibilities, the Board of Trustees provides investment oversight for the management of assets and the development of the Statement of Investment Policy on behalf of the Pension Fund.

#### **7.2 ADHERENCE TO STATE AND LOCAL LAWS**

Investments of the Police and Fire Pension Fund shall be administered in accordance with applicable state laws and statutes as well as local ordinances, resolutions and Charter provisions which are generally represented by the following:

- (a) Section 4, Chapter 18615, Laws of Florida, Acts of 1937, as amended.
- (b) Sections 175.071 and 185.06, Florida Statutes.
- (c) Section 22.04 (b) of the City Charter.

#### **7.3 EXERCISE OF JUDGMENT AND PRUDENT INVESTOR RULE**

The Board of Pension Trustees and the various Investment Managers under contract to the Fund shall exercise judgment of care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investment portfolios entrusted to it; not in regard to speculation but in regard to the permanent disposition of funds considering

probable safety of capital as well as probable income. In addition thereto, the Board of Pension Trustees are governed by the “Prudent Investor Rule”, which is codified in Section 518.11, Florida Statutes, which is attached hereto as Exhibit E.

#### **7.4 SELECTION OF MONEY MANAGERS**

In recognition of the importance of professional guidance in the investment of Fund assets, the administration of all investments shall be performed by qualified, nationally recognized, professional money managers. Said money managers shall be selected at regular or special meetings of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of money managers to a committee of the Board and/or staff, but no final decision regarding the transfer or reallocation of funds for the purposes of investment shall be made except at a regular or special meeting of the Board. All proposals for money manager services shall be presented, in writing, to the Board and shall be made a part of the records of the Board.

#### **7.5 SELECTION OF PERFORMANCE MONITORS**

The Board shall engage at all times, at least one performance monitor who shall be responsible for reviewing the performance of each of the various money managers. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than once per quarter. The performance monitor shall advise the Board as to the relative performance of each money manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend, in writing, to the Board the retention or discharge of money managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform other services.

#### **7.6 PERFORMANCE STANDARDS**

The Board shall establish performance standards for each money manager in each investment style and class of investment. Such performance standards or benchmark comparisons shall be reduced to writing and shall be included within the contract executed between the Board and the manager. Said performance standards shall be reviewed on not less than an annual basis and shall be compared to the actual performance of a money manager to determine compliance with the standards set by the Board. The level of risk employed by the money manager will also be examined in conjunction with the review of performance.

#### **7.7 STATEMENT OF INVESTMENT POLICY**

The Board of Trustees shall be responsible for the development of a Statement of Investment Policy representing the board’s attitudes, philosophy, expectations, and objectives regarding the investment of

Fund assets. The development of this statement demonstrates that the Trustees have given adequate consideration to the development of an appropriate program of investment and have thereby fulfilled the requirements of prudence within their fiduciary responsibilities. The standards, objectives, guidelines and restrictions established by this policy statement are subject to changing conditions and investment opportunities. Accordingly, this statement is scheduled to be reviewed on an annual basis by the Pension Trustees. The Statement of Investment Policy developed by the Board shall conform to the guidelines provided by Section 112.661, Florida Statutes, which govern the general structure and content of written investment policies for Florida public retirement systems. The Board's Statement of Investment Policy is attached hereto as Exhibit F.

## **7.8 INVESTMENT GOALS AND OBJECTIVES**

The Board shall establish written investment goals and objectives. Said goals and objectives shall set forth the distribution of the Fund's assets between equities, fixed income, cash and cash equivalence, real estate and other forms of lawful investment. The goals shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish expected rates of return and risk factors. Each money manager shall subscribe to the written goals and objectives of the Fund and said goals and objectives shall be incorporated into each money manager contract.

## **7.9 DECISION-MAKING AUTHORITY**

The Board of Trustees shall determine the selection, retention or discharge of any money manager or performance monitor. The Board shall also establish the amount of Funds to be entrusted to any money manager, and shall determine when Funds shall be reallocated or withdrawn and when investment programs shall be terminated or expanded. The Trustees shall not, however, participate in the selection of individual stocks, bonds or cash funds as such matters shall be the responsibility of the money manager under the general guidance provided by the Statement of Investment Policy established by the Board.

## **7.10 WRITTEN CONTRACTS**

Each money manager shall enter into a written contract with the Board. Each contract shall include an acknowledgment by the money manager that it is familiar with the ordinances of the City of Jacksonville and the provisions of Florida Statutes Chapters 112, 175 and 185. Said contracts shall also provide that the money manager shall make no purchases which are prohibited by law and, in the event such a purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. Said contract shall also provide that the laws of Florida shall govern and the venue for any legal action shall be in Duval County, Florida. Said written contract shall also provide that in the event legal action becomes necessary by the Fund to enforce said contract that the money manager shall, in the event the Fund prevails, reimburse the Fund for its reasonable costs and attorney fees. All written contracts shall set forth a specific duration, but in no event shall any contract be terminative on less than 30 days written notice. Each contract shall

set forth with specificity the fees charged by the money manager to the Fund. All money manager contracts shall further set forth that the money manager is registered as an investment advisor under the Investment Advisors Act of 1940 (unless exempted from such registration due to the money manager being a bank or defined in the Act as a qualifying insurance company), and is qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be executed by the Chairman and Secretary of the Fund and attested by the Fund Administrator. Each money manager shall subscribe to the Board's Statement of Investment Policy by incorporating the provisions of such statement by reference in the form of an Exhibit to the money manager contract or otherwise.

#### **7.11 REPORTING**

All money managers and investment advisors of the Fund shall provide reports to the Board on the investment performance of fund assets entrusted to them and various investment activities that may be of interest to the Board on not less than a quarterly basis. Said money managers and advisors may, however, be directed by the Trustees to report on a more frequent basis. All such reports shall be in writing and shall be presented in person by a representative of the money manager or investment advisor who has authority to make discretionary decisions with regard to the Fund's account and to settle claims and disputes arising from the contract. All such money managers and investment advisors shall make these presentations in person at a regular or special meeting of the Board and shall bear their own costs and expenses in traveling to such Board meetings. The performance monitors shall attend each monthly meeting of the Board and shall report, in writing, the progress of each investment advisor and money manager. The performance monitor shall also make written recommendations at each monthly meeting regarding changes in money managers or recommended changes in asset allocation decisions and investment policy.

#### **7.12 PRESENTATIONS AT MEETINGS**

In recognition of the limited time resources of the Trustees, presentations of prospective money managers, investment advisors and other professionals shall be by written invitation of the Board. Prospective money managers, investment advisors and other professionals shall provide advance written summaries of their presentations together with any backup materials deemed appropriate for analysis by the Board. The initial screening of prospective money managers, investment advisors and other professionals may be performed by a Professional Services Selection Committee of the Board or by the Administrator or performance monitor as the Board may direct.

#### **7.13 DIVESTITURE**

No divestiture of any asset of the Fund shall be made for any reason other than for the fulfillment of the fiduciary obligations of the Fund.

## **7.14 PROXY VOTING**

The Trustees shall be responsible for exercising all proxies on equity securities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 (“ERISA”) in the voting of proxies. The Board shall, by contract or other written agreement, provide for the delegation of proxy voting responsibilities to the various investment advisors under contract with the Pension Fund and the Trustees shall monitor the voting of the investment advisors. Upon the delegation of such proxy voting responsibilities, each Investment Advisor shall concurrently assume the related liability for making proxy voting decisions. This delegation on the part of the Board is based primarily upon the theory that since the Investment Advisor’s expertise led to the selection of the stock, the Investment Advisors could most knowledgeably vote on proxy issues. Nothing contained within the Board’s policy shall direct an Investment Advisor on how to vote proxies, nor will the Board exercise undo influence over any proxy voting decisions.

The Investment Advisor will execute proxies for the Plan pursuant to written guidelines as adopted by the Board which are to be included within the Board’s Statement of Investment Policy. The Investment Advisor cannot be relieved of this delegated authority and have full responsibility and accordingly will be liable for failing to meet the applicable standard of care in voting proxies. Failure to vote proxies without written explanation to the board or any failure to fulfill their fiduciary responsibilities with respect to the voting of proxies may result in the Investment Advisor being terminated from its appointment.

Each Investment Advisor must keep accurate records on its proxy voting activities. Any significant proxy items and the vote by the investment advisor shall be reported, in writing, to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Law which is reflected in Chapter 119 of the Florida Statutes.

It is the responsibility of money managers, acting on behalf of the Board, to vote all proxies for the benefit of the primary or future value of Fund's assets. All tender offers shall be treated in the same manner with regard to record keeping and expected implications upon asset enhancement.

## **7.15 COMMISSION RECAPTURE**

The Fund shall maintain a Commission Recapture Program consistent with Section 28(e) of the Securities and Exchange Act of 1934. All trades shall be directed through the Fund's Commission Recapture Programs to the extent provided in the applicable section of each money manager's Professional Services Agreement.

# **RULE 8** **ACTUARIAL SERVICES**

## **8.1 SELECTION**

The Board of Trustees shall retain, at all times, the services of an enrolled Actuary who is enrolled under subtitle C of Title III of the Employee Retirement Income Security Act of 1974 (“ERISA”) and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

## **8.2 CONFLICTS OF INTEREST**

In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain Actuaries who are employed by the City of Jacksonville, unless the Board is determined to be the client.

## **8.3 REPORTING**

The Actuary shall report to the Board on not less than an annual basis so that the Board may establish the adequacy of employer and employee contribution rates. No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of said change. All actuarial reports shall be in accordance with the provisions of Section 112.63 of the Florida Statutes.

## **8.4 SETTING CONTRIBUTION RATES**

Pursuant to the ordinances of the City of Jacksonville, the Board is solely responsible for establishing the contribution rates of the City. The City contribution rate shall be established following an analysis of the adequacy of employee contributions, investment earnings of the Fund, and monies received from Court fines and forfeitures. The amount of the City Contribution shall be certified, in writing, by the Board to the City Council, in accordance with the provisions of City ordinances. Following a certification of that amount, the City shall levy taxes necessary to fulfill those funding requirements. The utilization of monies under Chapter 175 and 185 will be in accordance with the provisions of those statutes.

# **RULE 9** **ACCOUNTING SERVICES**

## **9.1 AUDITS**

The Fund shall cause to be made not less than on an annual basis, an independent audit of the

financial condition of the Fund. The audit shall be performed in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

## **9.2 CONFLICTS OF INTEREST**

In order to avoid conflicts of interest, the Board shall not retain independent auditors who are employed by the City of Jacksonville unless the Board shall be determined to be the client.

# **RULE 10** **LEGAL SERVICES**

## **10.1 SELECTION**

The Board shall select and appoint a general counsel who shall be licensed to practice law in the State of Florida. The general counsel shall have demonstrated competence in the area of public employee retirement systems in the State of Florida, and shall have been practicing law for not less than ten years. Competitive bidding is not required in the selection of legal services.

## **10.2 CONFLICTS OF INTEREST**

In recognition of the requirement that Attorneys be independent in their judgment, as set forth in the Code of Professional Responsibility, no Attorney may serve as general counsel who is also performing legal services on the part of the City of Jacksonville or who otherwise engages in any legal services which the Board deems to be in conflict with its interests.

## **10.3 CITY OF JACKSONVILLE GENERAL COUNSEL**

In recognition of the responsibilities of the General Counsel to the City of Jacksonville and the potential for representing competing interests, the Office of the General Counsel may not serve in any legal capacity on the part of the Board unless the Board determines that the nature of the services to be rendered would not reasonably result in a condition where the Board's potentially competing interests would be in peril of compromise.

## **10.4 PRIVILEGED COMMUNICATIONS**

In all dealings between its Attorney and the Board, the Board shall be deemed the client rather than any individual member of the Board. All communications between the Board and its Attorney shall be privileged communications except where otherwise governed by the Government in the Sunshine Law.

## **10.5 AUTHORITY TO DIRECT**

The Attorney shall take direction from the Board of Trustees as may be given at the various meetings of the Fund. For other time periods and between regular meetings of the Board, direction to the Attorney shall be given by the Chairman or, if directed by the Board, the Administrator. All files of the Attorney shall be open for inspection by any Trustee.

## **RULE 11** **MEETINGS**

### **11.1 BOARD MEETING DATES AND TIMES**

The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of the Trustees. The Board shall meet at least once each quarter of the year. However, the Board shall strive to hold regular monthly meetings to conduct the business of the Board. Such regularly scheduled monthly meetings are generally set at 5:00 p.m. on the third Thursday of each month, subject to adjustment for holidays falling on such date.

### **11.2 QUORUM AND APPROVAL REQUIREMENTS**

Three members of the Board shall constitute a quorum, but at least three members of the Board must approve any action to be taken by the Board.

### **11.3 NOTICES OF MEETINGS**

A notice of all Board meetings or hearings are to be posted in a conspicuous location for public display at the Pension Fund Administrative Offices at least 24 hours prior to the scheduled commencement of the meeting or hearing. The notice of such meeting or hearing shall additionally record the advice that, “if a person decides to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based”, as specified in Section 286.0105, Florida Statutes.

### **11.4 AGENDAS AND SUPPORTING MATERIALS**

All meetings shall be conducted in accordance with a published agenda that shall be prepared in advance of each regular and special meeting of the Board. The agenda shall set forth those items upon which the Board anticipates discussing or taking action upon. However, the Board reserves the right to

discuss or take any action on any matter related to the general business of the Board, whether or not such item has been specifically placed on the agenda. The published agenda shall be available for distribution to interested parties upon request. Each agenda item shall have appropriate supporting material attached to it that would reasonably be necessary for discussion or action by the Board. In particular, all invoices for services performed by contractors and professional service providers to the Board shall be attached as a prerequisite to the approval and payment of bills.

## **11.5 ORDER OF BUSINESS**

The agendas for Board Meetings shall be organized in a manner that facilitates the orderly review of agenda materials. Accordingly, the structure of the agenda or “Order of Business” for regular Board meetings shall generally adhere to the following sequence; however, the Chairman shall retain the discretion to address any subject in whatever order he or she deems appropriate:

- a. Call to Order
- b. Approval of Minutes
- c. Consent Agenda:
  - Authorization of Disbursements
  - Time Service Retirements
  - Spouse’s Benefits
  - Vested Retirements
  - Children’s Benefits/Guardianship/Orphan
  - Disability Retirements
  - Time Connections
  - DROP Applicants
  - Retirement Leave Account/DROP Distributions
  - Membership Applications
  - Educational Opportunities
- d. New Business:
  - Investment Monitor Report Money Manager Report
  - Legal Report
  - Committee Reports
  - Administrator’s Report (covering a Legislative Update, Communications, Certificates of Appreciation and Miscellaneous subjects)
  - Chairman’s Report
- e. Old Business
- f. Privilege of the Floor
- g. Adjournment

## **11.6 RULES OF ORDER**

In recognition of the importance of accomplishing Board objectives in the most orderly fashion possible, the Board may establish rules of order for the conduct of its meetings. The Board shall not; however, be bound by strict observance of the rule of parliamentary procedure unless the Board deems it in its best interest to do so.

#### **11.7 APPEARANCES BEFORE THE BOARD**

As a public body, the Board has a responsibility to accommodate members of the public and members of the Fund who wish to conduct business before the Board. All appearances before the Board shall be scheduled through the Administrator and time limits for presentations may be limited by the Chairman, with the concurrence of the Board. Appearances before the Board may be in person or through a representative. No person shall be permitted to disrupt the meeting. The Chairman shall have the authority to determine appropriate conduct at the meeting and to direct the removal of any person who fails to abide by the rules of order set by the Board.

#### **11.8 DISRUPTION OF MEETINGS**

Any person, not a Trustee, making personal, impertinent or slanderous remarks or who shall become boisterous while the Board is in session, shall forthwith be barred from further audience before the Board by the Chairman at his discretion. No demonstrations of approval or disapproval from the audience shall be permitted. If such demonstrations are made, the demonstrator (s) shall be removed from the Board room.

#### **11.9 PUBLIC RECORDS**

All agendas and meeting materials are public records as set forth in Chapter 119 of the Florida Statutes, except for private medical reports which are classified as privileged and protected information. However, a public discussion of the applicant's medical condition may be conducted in the event that the applicant has signed a Release of Medical Information Form.

#### **11.10 GOVERNMENT IN THE SUNSHINE**

The meetings of the Board are open to the public and conducted in compliance with the Government in the Sunshine provisions reflected in Chapter 286, Florida Statutes. All meetings of the Board shall be held in a location where public access is guaranteed. Regular meetings of the Board shall be held in Jacksonville, Florida.

#### **11.11 COMMITTEE MEETINGS**

The Board, in the conduct of its business, may choose to appoint committees consisting of a lesser number of Trustees. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. Committees consisting of one Trustee shall maintain records in accordance with the Public Records Act, but need not conduct its business pursuant to a posted notice meeting. All reports of committees shall be reduced to writing and made a part of the official records of the Board.

#### **11.12 WORKSHOPS**

The Board may, from time-to-time, wish to conduct workshop meetings for the purposes of developing rules, policies or procedures of the Board, or for the review of investment data of the Board. Such workshops are subject to the Government in the Sunshine Laws and shall be conducted in the same manner as any other public forum meeting and shall have a published agenda in advance of the actual workshop.

## **RULE 12** **APPLICATION RETIREMENT PROCEDURES**

### **12.1 GENERAL**

All applications for retirement benefits must be in writing on preprinted forms. Applications shall be available in the Pension Office upon request by any member of the Fund.

### **12.2 APPLICATION FOR TIME SERVICE RETIREMENT**

Application for Time Service Retirement shall be made in writing and shall be presented to the Pension Advisory Committee for review prior to being placed on the Trustees' agenda. Members are encouraged to apply in a timely fashion to avoid short term interruptions in their payroll deduction schedule.

### **12.3 APPLICATION FOR VESTED RETIREMENT**

Application for Vested Retirement shall be made on approved forms and may be made by Members who have completed five (5) years of credited service. All such applications shall be presented to the Pension Advisory Committee for review prior to being placed on the Trustees' agenda.

### **12.4 APPLICATION FOR DISABILITY RETIREMENT**

All applications for Disability Retirement benefits shall be in writing on uniform, preprinted forms

as established by the Board of Trustees. To insure currency, all applications shall be governed by a 60 day rule wherein all required supporting documents including examination reports from attending physicians, follow-up medical reports, Human Resource verifications from the Sheriff's Office or Fire Headquarters, ADA advisory materials and statements from the Member-Applicant are completed and submitted to the Pension Office within the time parameters so stated.

#### **12.5 MEDICAL RELEASES**

Each application for disability benefits shall be accompanied by a signed Release of Medical Information Form authorizing the Board, or any of its agents, to have full access to all medical records of the applicant. In addition, all applicants shall authorize the Board of Trustees to conduct a public discussion of the medical condition of the applicant, and to release the Board from any liability pertaining to the public discussion of the applicant's medical condition.

#### **12.6 PRE-EXISTING CONDITION WAIVER/APPEAL**

Under Section 16.04 of the Jacksonville City Charter, no member or surviving spouse may obtain or receive a disability retirement or surviving spouse benefit where such disability or death of the member was found to arise out of a pre-existing condition observed by any examining physician at the time of entry into the Fund. The presence of such pre-existing conditions shall be noted in writing in the records of the Board prior to the admittance of the employee to the Fund. Any employee who believes that the pre-existing condition has been diagnosed in error may appeal that determination by filing the results of new medical report information with the Pension Fund Administrator or by filing a request for a hearing before the Board of Trustees by delivering a letter requesting the hearing to the Pension Fund Administrator within ten (10) days of notification by the Pension Fund Office of the pre-existing condition. Failure to submit new medical evaluation documents to the Administrator or to request a hearing before the Board shall constitute a waiver of any future challenge to the medical diagnosis.

Further elaboration on the subject of pre-existing conditions is presented in Rule 13.3 which is the Rule citation referenced on the pension membership approval documents for applicants who are granted membership subject to a pre-existing conditions.

#### **12.7 EXAMINATION BY A PHYSICIAN**

The Board shall establish the position of Medical Director and appoint a Board certified, licensed physician who maintains an office in Duval County, Florida, to conduct professional reviews of existing, pre-entry, physical examination medical report certificates for all new Police and Fire member applicants as part of the Pension Fund enrollment process. Such medical reviews shall result in the determination of each new Member-Applicant as either *clear* (with no evidence of pre-existing, medically-related risk factors) or *waiver indicated* (with evidence of pre-existing, medically-related risk factors). The term

"physician", as utilized in these rules, shall mean any licensed doctor of medicine. All required medical reviews shall include those applications submitted by Fund Members for Disability Retirement.

#### **12.8 PRELIMINARY DISABILITY REVIEW BY THE ADVISORY COMMITTEE**

Upon receipt of the application submitted by the member and the report of the Board-appointed physician, the disability application shall be referred to the Pension Advisory Committee for its review and recommendation. No application for disability retirement shall be approved unless recommended by at least three members of the Committee. The Committee shall conduct a public hearing on the application, and shall permit the applicant to present such evidence and testimony as the applicant deems necessary in support of his petition for benefits. At his own expense, the applicant may wish to insure that a verbatim record of the proceedings is made, as provided by Florida Statutes, Section 286.0105.

In the event that the Advisory Committee does not recommend disability retirement benefits, the Member shall be advised of this decision in writing using "certified mail; return receipt requested" with reason (s) for the denial. In making its recommendation to the Board of Trustees, the Advisory Committee shall make note if any disqualifying factor is present in any medical report or evidence presented for its use at the Advisory Committee review.

#### **12.9 REVIEW OF ADVISORY COMMITTEE DISABILITY DECISIONS**

Once the Advisory Committee has reviewed the application for disability benefits, the matter shall be forwarded to the Board of Trustees for final action. The Board of Trustees shall conduct a review of the Advisory Committee action and shall hold a public hearing on the matter. At that time, the applicant shall be permitted to present such witnesses and new evidence, if any, in support of his petition as the applicant deems advisable. Following this presentation before the Board, deliberative action shall be taken by the Board regarding a decision to award or deny the application for disability retirement. All decisions of the Board shall be reduced to writing and presented to the applicant by "certified mail; return receipt requested". The Board's decision shall be the final administrative action.

#### **12.10 APPEAL PROCEDURES AND JUDICIAL REVIEW**

In the event that the Board shall deny disability benefits, the applicant shall be informed, in writing, of the specific reason (s) for denial. The applicant shall have 30 days from the date of the written order ("Final Order") of the Board in which to appeal the decision of the Board to the Circuit Court of the Fourth Judicial Circuit of Florida in and for Duval County. Said review shall be by direct appeal as set forth in the Florida Rules of Appellate Procedure.

#### **12.11 RE-EXAMINATION OF DISABILITY RETIREES**

The Board, upon its own motion or upon request of the Advisory Committee or appointing authority, may cause a disability retiree to undergo periodic medical examinations to determine the continued existence of the disabling condition. Said re-examinations shall be at the expense of the Fund. Any disability retiree who refuses or fails to submit to a re-examination may be subject to denial of future pension benefits. All Disability Retirees who are to be re-examined shall be advised in writing by "certified mail; return receipt requested" of this Board directive. Disability retirees shall be required to execute such releases as the Board shall deem necessary to conduct the medical examination and to discuss the results. Within fifteen days of his being required to submit to the medical examination, the pensioner shall select a Board Certified physician or surgeon specializing in the field of the disability, who, acting with the Medical Director of the Fund shall select another Board Certified physician or surgeon specializing in the field of the disability. These three physicians shall constitute the medical review committee, and examine the pensioner within thirty days of the selection of the third physician. The findings of a majority of the three examiners shall be final as to the physical condition of the pensioner to resume his duties. The reports of the physicians shall be filed with the Board and a copy sent certified mail to the pensioner. In the event that a disability retiree is found to have recovered, the Pension Office shall notify the appointing authority whereupon the appointing authority shall order the retiree- to report for employment in his former position, subject at all times to the City Personnel Rules and Regulations. In the event that a disability retiree refuses the order to return to employment with the City, disability benefits shall be discontinued.

#### **12.12 APPLICATION FOR SPOUSE'S BENEFITS**

Application for spouse's benefits shall be made in writing on an approved form with the following required supporting documents which shall either be an original copy or certified copy of the original:

- a. Marriage license to the deceased spouse;
- b. Death Certificate of deceased spouse; and
- c. Birth Certificates and Social Security Cards of any unmarried dependent children under the age of 18 years.

In addition to the foregoing, the applicant shall provide two (2) notarized affidavits from friends or neighbors (other than relatives), stating that the surviving spouse and the late spouse were married and living together at the time of the death of the late spouse. In all cases, the Pension Office shall make copies of the original documents presented in conjunction with the application and return the original to the applicant.

#### **12.13 APPLICATION FOR CHILDREN'S BENEFITS**

The guardian of a child or children as defined in Section 120.206 of the Ordinance Code must make application in writing on an approved form and furnish required supporting documents.

#### **12.14 RESTORATION OF SURVIVOR'S BENEFITS**

Survivors of deceased members who are eligible for reinstatement may apply in writing on the approved form. Restoration is effective upon the date the completed application is received in the Pension Office.

**RULE 13**  
**MEDICAL EXAMINATIONS**

**13.1 CITY EXAMINATION AND REVIEW BY MEDICAL DIRECTOR**

All prospective employees of the City of Jacksonville are required to undergo a City Physical Examination and, if passed, to provide for the Board, a Medical Release sufficient to permit the Board's Medical Director to review the results of the City physical examination.

**13.2 BOARD EXAMINATION**

The Board of Trustees is authorized by law to conduct its own physical examination or to request an independent, follow-up medical examination by a licensed physician of the applicant or member's own choice in addition to or in conjunction with the City physical examination. Employees shall, as a condition of membership in the Fund, undergo such additional physical examination(s) as the Board shall deem appropriate at their own expense. Applicants for membership in the Fund shall also execute such Releases as are necessary for the Board to review the results of such additional medical examination(s).

**13.3 PRE-EXISTING CONDITIONS (TRUSTEE RULE 13.3)**

Any condition or impairment of health found to exist at the time of employment may not be the source of disability or surviving spouse benefits under the Fund. All such pre-existing conditions shall be noted, in writing, in the records of the Board prior to the enrollment of the employee in the Fund. Such employees shall be required to execute an Acknowledgment of said pre-existing condition and shall release the Fund and its Trustees from any claims for disability or surviving spouse benefits arising from the particular pre-existing condition or in the alternative present new medical documentation which disavows the aforesaid pre-existing medical condition with concurrence of such findings by the Fund's Medical Director.

**13.4 SELECTION AND COMPENSATION OF MEDICAL DIRECTOR**

The Board shall appoint the Fund's Medical Director and provide for equitable compensation through contractual agreement with the physician on at least an annual basis. All such contracts shall be in writing and approved by the Board.

### **13.5 ADMISSION OF APPLICANTS**

Upon receipt of the advice of the Board-appointed examining physician, either orally or in writing, the Administrator shall be authorized to provisionally admit new employees to the Fund. All such provisional admissions shall be subject to ratification by the Board at its next regular meeting.

## **RULE 14** **ORDINANCE CHANGES**

### **14.1 BOARD REVIEW**

No ordinance change affecting the Pension Fund proposed by the Board shall be presented for a vote to the City Council unless first reviewed and approved by a majority of the Trustees in accordance with the existing law governing the Fund. All proposed ordinances shall be reviewed by the Board Attorney who shall pass on the form and correctness of the ordinance. All proposed ordinance changes carrying an economic benefit shall be reviewed by the Actuary to determine the actuarial impact as required by law.

### **14.2 COLLECTIVE BARGAINING**

The Board of Trustees acknowledge that it is neither an employer organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore, the Board shall not engage in collective bargaining on behalf of the City of Jacksonville or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the City for all matters relating to pension and retirement.

### **14.3 APPEARANCE AT CITY COUNCIL MEETINGS**

The Board of Trustees shall, through one of its members, its Administrator or its Attorney, be present at all City Council meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meetings, designate an official spokesperson on behalf of the Fund.

### **14.4 ACTUARIAL IMPACT STUDIES**

No benefit change shall occur without an Actuarial Impact Study as required by State Law. All such Actuarial Impact Studies shall be at the expense of the Fund.

**RULE 15**  
**CHAPTER FUNDS**

**15.1 DEFINITION**

Chapter Funds shall be defined as those revenues received by the Fund pursuant to the assessment of excise taxes against property insurance policies for the benefit of firefighters retirement funds in accordance with Section 175.101 of the Florida Statutes and the assessment of excise taxes against casualty insurance policies for the benefit of police officers retirement trust funds in accordance with Section 185.08 of the Florida Statutes. The Trustees shall be responsible, in conjunction with competent actuarial advice to review the availability of uncommitted Chapter Funds and determine appropriate uses for such availability as the source of funding for pension benefit enhancements. In their determination as to appropriate uses of uncommitted Chapter Funds, the Trustees may seek the input of active members of the Fund. Under such conditions, various proposals of the Board may be presented to the active membership of the Fund for their input.

**15.2 EMPLOYEE VOTE PROCEDURES**

In the event that the Board elects to seek the input of active members of the Fund in determining the utilization of Chapter Funds, the Trustees shall call for a vote as to the utilization of Chapter Funds. Said vote shall be by secret ballot and conducted in the same manner as the election of employee representatives to the Board described under Rule 12.16.

**15.3 REPORTING OF CHAPTER FUNDS**

All actuarial and financial records of the Fund shall specifically identify and track Chapter Funds and shall state with specificity the utilization of said monies by the Fund. Said report shall also identify the specific extra benefits which said monies provide. Chapter Funds may be commingled for investment purposes, but shall at all times be accounted for separately.

**15.4 PAST UTILIZATION OF CHAPTER FUNDS**

The "Settlement Agreement" executed between the City and the Board in 1992 provided that the prior cumulative remittances of Chapter Funds shall serve as the stipulated source of funding for the establishment of a "Member Reserve Account" in the amount of \$13,659,113. This Agreement additionally provided that in the future, Chapter Funds in an amount equivalent to 1.5% of participating member payrolls are to be utilized as one of the sources of funding in support of previously extended enhanced benefits as well as the 20-year retirement program, subject to adjustment for actuarial gains and losses on the 20-year

retirement program.

Chapter Funds were subsequently utilized as the dedicated source of funding for the cost of granting an immediate COLA program for retirees (as opposed to the 5-year delay otherwise in effect). This enhanced benefit required the additional commitment of Chapter Funds in an amount equivalent to 1.78% of participating members payroll.

In addition to the foregoing, Chapter Funds have previously been utilized as the periodic source of funding for the extension of ad hoc Bonus Payments to retirees which are granted on a bi-ennial basis.

## **RULE 16**

### **RULES OF PROCEDURE**

#### **16.1 LEGAL EFFECT**

The Board of Trustees is authorized by law to establish rules of procedure for the operation of the Fund. No rule, regulation or policy of the Fund may be in conflict with or oppose the implementation of any lawful and applicable Ordinance, Charter provision, or State Law.

#### **16.2 RULE CHANGES**

All modifications to rules and regulations shall occur at a regular or special meeting of the Board. Prior to any such modification to rules and regulations, participants of the Fund shall be afforded the opportunity to convey their comments on any proposed modification and to make such appearance before the Board as they shall desire. The Board may set a reasonable period of time for such presentations.

#### **16.3 ADOPTION PROCEDURES**

All rules, regulations and policies to be adopted by the Fund shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules, regulations and policies on a periodic basis but not less than once per year. Copies of the rules and regulations of the Fund shall be reproduced and made available for distribution to all participants of the fund or other interested parties upon request. A copy of said rules and regulations shall also be maintained at the offices of the Pension Fund, the Duval County Law Library, the Jacksonville Police Memorial Building, the Jacksonville Fire Department Headquarters, and each fire station maintained by the City of Jacksonville. Copies of the rules and regulations shall also be provided to the Fraternal Order of Police and to the Jacksonville Association of Firefighters.

## **16.4 ADMINISTRATIVE HEARINGS/PROCEDURAL DUE PROCESS**

In the event that any member of the Fund shall make a request to the Board concerning any matter other than a disability determination (which is described in Rule 12, herein), said proceeding shall be conducted in accordance with the following procedure:

- (a) In the event that any person shall be denied membership or any benefit in the Fund, other than disability, the member shall be advised in writing of the reason for denial. The member shall be advised of the right to appeal to a full hearing before the Board. All such notices shall be by "certified mail; return receipt requested".
- (b) Should the member elect a full hearing before the Board, the member shall be advised in writing as to the time, place and date of the meeting. The member shall have the right to be accompanied by counsel and to present such witnesses and evidence as the member deems probative to the claim. The Chairman shall be the presiding officer in any such hearing and shall make all rulings regarding evidence. In any such proceeding, strict rules of evidence shall not apply and the Board shall be guided by general principles for the conduct of hearings under the Florida Administrative Procedures Act which is reflected in Chapter 120, Florida Statutes.
- (c) Following the close of any such hearing, the Board shall conduct a public discussion and vote, either granting or denying the request of the employee. The ruling of the Board shall be reduced to writing and mailed to the member by "certified mail; return receipt requested".  
Said notice shall advise the member of the motion made, the vote and the stated reason for said vote. The letter shall also advise the member of any existing appellate rights and the time limits for said rights.
- (d) In the event that any employee wishes to have the proceedings before the Board stenographically recorded, said stenographic recording shall be at the expense of the employee. Any notice of hearing shall advise the applicant of the right to make a stenographic record and of the applicant's responsibility to make arrangements for same, if desired, as stipulated in Section 286.0105, Florida Statutes.

## **RULE 17**

### **CODE OF ETHICS FOR TRUSTEES**

#### **17.1 PURPOSE**

This section shall set forth a code of ethical conduct for Trustees in the course of performing their duties and discharging their fiduciary responsibilities on behalf of the Pension Fund.

## **17.2 DECLARATION OF POLICY**

No Trustee of the Pension Fund shall have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or incur any obligation of any nature which is in substantial conflict with the proper discharge of his or her duties and responsibilities performed for the benefit of the Pension Fund and its participants and beneficiaries. Trustees and administrators shall also be mindful to avoid the appearance of a conflict of interest or an impropriety and shall at all times endeavor to avoid exposure to conditions or practices that may give rise to such appearances.

## **17.3 STANDARDS OF CARE AND PERFORMANCE**

The Trustees, in all transactions, votes and deliberations, shall abide by the "Prudent Man Rule" as generally recognized in the American Law of Trusts. The Trustees shall also observe the "Prudent Investor Rule" standards described in Section 518.11, Florida Statutes, regarding investments by fiduciaries when dealing with trust assets which is attached hereto as Exhibit E and by this reference made a part hereof.

## **17.4 ACKNOWLEDGMENTS OF EXISTING LAW ON ETHICAL STANDARDS OF CONDUCT**

The Trustees acknowledge that they are bound to uphold the Constitution of the United States and the State Constitution and to perform efficiently and faithfully their duties under the laws of the federal, state, and local governments. The Trustees also recognize that, in addition to the provisions of these rules, Trustees are governed by the applicable provisions of Section 112.311 - 112.3175 Florida Statutes, which describe the Code of Ethics for Public Officers and Employees in response to the requirements of Section 22.02(d) of the City Charter. Section 112.313 of these provisions describe the Standards of Conduct that apply to each member of the Board (attached hereto as Exhibit G and by this reference made a part hereof).

## **17.5 CONFLICTS OF INTEREST**

No Trustee shall engage in any transaction or vote upon any measure in which would inure to the Trustee, or any employer, relative, or business associate of the Trustee, any direct or indirect private gain. Such conflicts of interest shall not include, however, employee Trustees voting on benefit increases that are generally applicable to all individuals within a certain category of membership of the Pension Fund (i.e. Members, Qualified Members and Beneficiaries).

## **17.6 DISCLOSURE OF CONFLICTS**

Prior to voting on any matter in which a fiduciary would reasonably believe a conflict of interest exists, an individual Trustee shall publicly announce the conflict and abstain from voting. Under such conditions, the nature of the conflict shall be disclosed in a memorandum within 15 days of the vote and recorded in the minutes of the Board meeting in accordance with the provisions of Section 112.3143(3)(a), Florida Statutes. In determining whether a condition would warrant the declaration of a conflict, the Trustees should consider the prudence of a declaration of conflict in instances where a conflict may not be technically present, but rather where there may be merely the appearance of a conflict of interest or an impropriety.

#### **17.7 PRIOR COMMUNICATION WITH BENEFIT APPLICANTS**

Trustees shall not engage in prior communications with any applicant for benefits on any matter which is currently pending a hearing before either the Advisory Committee or the Board of Trustees. This shall not preclude Trustees from answering procedural questions of the applicant or questions of general application to members where the information provided involves a statement of benefits under the Fund, or factual statements of plan provisions, and does not involve consideration of matters which will be presented in any evidentiary proceeding. All requests for information that may be in conflict with this rule shall be referred, in writing, to the Administrator or other appropriate staff member for a written response to the applicant for benefits.

#### **17.8 STANDARD OF CARE IN MAKING STATEMENTS**

Trustees should remain cognizant that statements regarding benefits may be relied upon by applicants to their detriment, thereby potentially creating an estoppel for the Board. In view of this potential liability, Trustees, in addressing benefit questions by members, should be mindful of the theory of estoppel and clearly indicate and provide caution to applicants that they are in no way capable of binding the Fund and that all questions and interpretations are ultimately settled by the Board acting as a collegial body, with the assistance of legal counsel as deemed necessary.

#### **17.9 PRIOR COMMUNICATIONS WITH POTENTIAL CONTRACTORS**

Trustees shall not engage in prior communications with persons or entities seeking to establish a contractual relationship with the Board concerning any promise of future employment. All contacts initiated by potential contractors shall be referred to the Administrator or to a Committee of the Trustees designated by the Board.

#### **17.10 COMMUNICATIONS WITH EXISTING MONEY MANAGERS**

All communications between individual Trustees and existing money managers shall be for informational purposes only. No individual Trustee may bind or promise any consideration on behalf of the Pension Fund except as approved by the Board.

#### **17.11 APPLICABILITY TO STAFF AND CONTRACTORS**

All staff members and contractors shall be bound by this Code of Ethics in their dealings with Trustees and the Fund. Staff members and contractors are responsible to the Board of Trustees and Pension Fund, and not any individual Trustee.

#### **17.12 REPORTING OF GIFTS**

Any Trustee, staff, or fiduciary receiving anything of value over \$100.00, in conjunction with Fund operations, shall be disclosed, in writing, and the disclosure shall be made a part of the records of the Fund. For purposes of such disclosures, food and beverages which are consumed at a single sitting or meal do not constitute a form of gift that is reportable.

#### **17.13 ANNUAL DISCLOSURE OF FINANCIAL INTERESTS**

In accordance with the provisions of Section 112.3145, Florida Statutes, each Trustee is required to file a statement of financial interests no later than July 1<sup>st</sup> of each year with the Duval County Supervisor of Elections.

### **RULE 18** **RECOGNIZED DUTIES TO THE FUND**

**18.1** The Trustees and staff of the Fund shall adhere to recognized legal standards of duty to the organization. These general standards of duty shall include the duties of care, loyalty, and obedience.

**18.2** Duty of Care.

- (a) The Trustees and staff shall discharge his or her duties, including those duties performed as a member of a committee:
- (1) In good faith (i.e. honesty of intention, openness, and fair dealing);
  - (2) With the care (i.e. diligent and attentive) an ordinarily prudent person in a like position would exercise under similar circumstances; and

- (3) In a manner the Trustees and staff reasonably believe to be in the best interests of the corporation.
- (b) In discharging his or her duties, the Trustees and staff are entitled to rely upon information, opinions, reports, or statements, including financial statements and other financial data, if presented or prepared by:
  - (1) One or more staff members of the Fund or other City employees whom are reasonably believed to be reliable and competent in the matters presented;
  - (2) Legal counsel, public accountants, actuaries, investment evaluators, investment advisors, and other persons as to matters the Trustees or staff reasonably believe are within the person's professional or expert competence; or
  - (3) A committee of the Board of which an individual Trustee is not a member, as to matters under review, if the Trustee reasonably believes the committee merits confidence.
- (c) A Trustee or staff member is not acting in good faith if they have knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.
- (d) A Trustee or staff member shall not be in breach of his or her standards of duty to the Fund and for the performance of duties of his or her position if such individual acted in compliance with this section.

**18.3** Duty of Loyalty.

- (a) The duty of loyalty requires that a Trustee or staff member faithfully pursue the interests of the Fund rather than the financial or other interests of the Trustee, staff member or of another person or organization.
- (b) The necessary level of disinterest for personal gain in considering the business of the Fund shall be attained by the Trustees and staff to the extent that their actions and decisions are made in a manner that supports the standard of undivided loyalty to the Fund.

**18.4** Duty of Obedience.

- (a) The duty of obedience requires that a Trustee or staff member act with fidelity, in conformity with all laws generally affecting the Fund, and in accordance with the Fund's rules, regulations, policies and mission statement.

**RULE 19**  
**AFFIDAVIT PROGRAM**

**19.1** **GENERAL**

To safeguard the assets of the Fund, the Board is authorized to establish an Affidavit Program. This Program shall require from each pensioner and beneficiary, on an annual basis, the execution of a notarized Affidavit of Eligibility.

## **RULE 20**

### **PENSION ADVISORY COMMITTEE**

#### **20.1 PENSION ADVISORY COMMITTEE**

There shall be a seven member Advisory Committee composed of three Police Officers and three Firefighters who are participants in the Fund and a person who has retired from the Fund. The members shall be elected at an election to be held on odd numbered years. Those elected shall take office on the first Monday of the following January and shall hold office for a term of two years. The Trustees shall establish the rules and regulations for the election. The Advisory Committee shall elect a Chair and a 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. All applications for pension benefits shall be referred to and reviewed by the Advisory committee.

#### **20.2 RULES FOR THE ELECTION OF PENSION ADVISORY COMMITTEE MEMBERS (ACTIVE MEMBERS)**

**Committee Membership** - three police officers elected by police officers and three firefighters elected by firefighters.

**Qualifications to hold office** - must be an active member of the Police and Fire Pension Fund.

**Qualifying Period** - 0800 on the third Monday of September and continuing for ten working days ending at 1600 on Friday.

**Method of Qualifying** - eligible members must qualify in person utilizing the official election forms provided at the Police and Fire Pension Office, 3200 Emerson St. Jacksonville, FL.

**Ballots** - the names of candidates shall appear on the ballot in alphabetical order of their last name utilizing their name as it appears on their application for membership.

**Election** - the election period shall begin 0800 on the first Monday of November and continue for three calendar days.

**Method of Election** - the election shall be by secret written ballot utilizing a procedure similar to the “absentee ballot” method used by Supervisor of Elections.

**Election Sites - Fire** - election materials as outlined in the following paragraph shall be distributed to all stations in working locations prior to first Monday in November. **Police** - election materials will be distributed to Police Memorial Building, Zone Offices, the Aviation activity, Police Academy and other sites as required.

**Election Procedures**

1. Each member voting shall fill out the following information on the large election envelope - Print Name, Social Security Number, Signature and Department as shown in the following sample.

Name \_\_\_\_\_

Please Print

\_\_\_\_\_

Social Security Number

\_\_\_\_\_

Signature

\_\_\_\_\_

Department

2. Each member shall mark up to three (3) votes for the candidate(s) of their choice.
3. Insert marked ballot in the smaller envelope and seal.
4. Insert sealed smaller envelope containing the ballot into the larger envelope and seal.
5. Deposit ballot into election container.
6. All ballots and election materials will be picked up on Thursday.

**20.3 RULES FOR THE ELECTION OF PENSION ADVISORY COMMITTEE MEMBERS (RETIRED MEMBER)**

**Committee Membership** - one retiree of the fund alternating between police officers and firefighters.

**Term of Office** - Two years beginning January 1<sup>st</sup> of even numbered years.

**Qualifications to hold office** - must be a retiree of the Police and Fire Pension Fund.

**Qualifying Period** - the first Monday in October at 0800 for ten business ending at 1600 on Friday.

**Method of Qualifying** - eligible retiree must qualify utilizing the official election forms provided at the Police and Fire Pension Office, 3200 Emerson St. Jacksonville, FL.

**Ballots** - the names of candidates shall appear on the ballot in alphabetical order of their last name utilizing their name as it appears on their application for membership.

**Election** - ballots shall be mailed to all retired members prior to the last pay period in October and must be returned by the first Wednesday in November.

**Method of Election** - the election shall be by secret written ballot utilizing a procedure similar to the “absentee ballot” method used by Supervisor of Elections.

### **Election Procedures**

1. Each member voting shall fill out the following information on the large election envelope -  
Printed Name and Signature
2. Each member shall mark the ballot for one (1) candidate of their choice.
3. Insert marked ballot in the smaller envelope and seal.
4. Insert sealed smaller envelope containing the ballot into the larger envelope and seal.
5. Mail the ballot back in the enclosed self addressed stamped envelope.

**Tabulating the Ballots** - a committee composed of at least 3 members of the Fund who are not candidates in this election shall be responsible for counting the ballots.

1. All ballot envelopes will be separated A thru Z.
2. Ballot envelopes will be checked off from the membership list.
3. Duplicate ballot envelopes or ballot envelopes with incomplete information shall be discarded.
4. Large ballot envelopes will be opened and smaller envelopes containing the election ballot removed.
5. Ballots will be shuffled to insure a secret ballot.
6. Ballots will be removed from small envelope and counted in alphabetical order in stacks of twenty-five (25)
7. Following the counting of the ballots the committee members will certify the count to the Board of Trustees.

**Appeal** - any protest of alleged infractions must be made in writing to the Chairman of the Board of Trustees and delivered to the Police and Fire Pension Office, 3200 Emerson St., Jacksonville, FL within five (5) business days of the alleged violation. The Board of Trustees shall certify the results of all elections and shall determine whether to sustain or deny the protests, if any.

December 20, 1999

JOHN KEANE, ADMINISTRATOR