

City Council Amendments to 2014 Pension Agreement

On December 9, 2014, the Jacksonville City Council passed an amended version of the tentative 2014 pension agreement reached between the City of Jacksonville (COJ) and Jacksonville Police and Fire Pension Fund (PFPF) in June 2014. At the December 22, 2014 PFPF Board of Trustees meeting, PFPF trustees began their consideration of the City Council amendments to the tentative pension agreement. This memorandum summarizes the Council amendments.

I. PROVISIONS MOVED FROM 30 YEAR AGREEMENT TO 2014 AGREEMENT

Most of the language added to the tentative agreement is from the Thirty Year Agreement itself. The tentative agreement submitted to City Council in June 2014 incorporated by reference all unchanged provisions from the “Thirty Year Agreement”. City Council took a different approach and expressly incorporated those unchanged provisions into the current “2014 Agreement”. No changes were made to the provisions that were carried over from the “Thirty Year Agreement”.

II. COUNCIL AMENDMENTS THAT DO NOT IMPACT PENSION BENEFITS

Below is a list of the City Council amendments to the “2014 Agreement” and accompanying Ordinance which do **not** impact pension benefits.

COUNCIL AMENDMENT	CHANGES AS A RESULT
<p align="center">Amendment #1 (Effective Date Tied to City Funding)</p>	<ul style="list-style-type: none"> • None of the provisions of this agreement will take effect until the Mayor and City Council have enacted a dedicated funding source to provide for the City’s additional funding obligation: <ul style="list-style-type: none"> ➤ \$40 Million/Year for 10 years or until the PFPF reaches 80% funded status; or ➤ The present value equivalent of that amount (\$300 Million if paid up front, less the combined balances in the EBA and CBSA)

<p align="center">Amendment #2 (Financial Disclosure)</p>	<ul style="list-style-type: none"> • The PFPF Executive Director will now file Form 1 financial disclosure.
<p align="center">Amendment #3 (Marriage Definition for Surviving Spouse Benefits)</p>	<ul style="list-style-type: none"> • In order to receive surviving spouse benefits, a PFPF member and spouse must be “married and living together” at the time of the member’s death. • PFPF proposed and Council endorsed a new definition of “married and living together” to include the situation where the PFPF member or spouse has been confined to a nursing home or hospital.
<p align="center">Amendment #4 (Purchase of Service)</p>	<ul style="list-style-type: none"> • PFPF expressed concern that former Atlantic Beach and Jacksonville Beach officers who left those agencies, withdrew their pension contributions, and later came to work for the JSO were not permitted to purchase their previous time service. • Council passed an amendment allowing PFPF members who previously worked for other Duval County governments (Cities of Jacksonville Beach, Neptune Beach, Atlantic Beach, and Town of Baldwin) to purchase their past service.
<p align="center">Amendment #5 (City-appointed Trustees)</p>	<ul style="list-style-type: none"> • Amendment does NOT impact Police member, Fire member, or Fifth member. • Going forward, the two Council appointees must have at least ten years of professional financial experience. • They will not be allowed to serve more than two four year terms or be participants in a COJ pension plan.

<p style="text-align: center;">Amendment #6 (Senior Staff Voluntary Pension Plan)</p>	<ul style="list-style-type: none"> • Removes all references to the Senior Staff Voluntary Pension Plan
<p style="text-align: center;">Amendment #6 (Sunset)</p>	<ul style="list-style-type: none"> • Agreement and related ordinance are null and void if the PFPF Board of Trustees does not approve by January 15, 2015.
<p style="text-align: center;">Amendment #7 (Savings Clause)</p>	<ul style="list-style-type: none"> • Added a savings clause to agreement, meaning that if a court finds invalid any provision of the agreement, the rest of the agreement will remain valid.
<p style="text-align: center;">Amendment #8 (Form of Agreement)</p>	<ul style="list-style-type: none"> • This is a new and stand-alone agreement that supersedes and replaces the “Thirty Year Agreement” • All unchanged provisions from the “Thirty Year Agreement” have been incorporated into the 2014 Agreement.
<p style="text-align: center;">Amendment #9 (Term & Benefit Process)</p>	<ul style="list-style-type: none"> • Term of this agreement is unchanged. • Pension benefits section of agreement subject to Chapter 447 of Florida Statutes, which means that City and collective bargaining agents (FOP, JAFF) have all rights under state law. • Removed language prohibiting the City from unilaterally imposing pension benefit changes through the collective bargaining impasse process until 2024.

III. AMENDMENTS REGARDING BENEFITS FOR EMPLOYEES WITH < 20 YEARS

Current Employee Benefit	Original Agreement	City Council Amendment
<p>COLA</p>	<ul style="list-style-type: none"> • No change from the current 3% 	<ul style="list-style-type: none"> • No change for employees with 20 or more years of service • Current 3% COLA will apply to benefits earned on service before agreement eff. date. • New COLA applies only to benefits earned on service after agreement effective date. • New COLA is Social Security COLA with a cap of 4%.
Current Employee Benefit	Original Agreement	City Council Amendment
<p>DROP Net Rate of Return</p>	<ul style="list-style-type: none"> • No change for Members with 20 or more years of service • For members with less than 20 years of service, DROP rate of return will be the actual rate of return with a floor of 5% and a cap of 10% 	<ul style="list-style-type: none"> • Still no change for Members with 20 or more years of service • For members with less than 20 years of service, DROP rate of return will be the actual rate of return with a floor of 0% and a cap of 10%