

Introduced by Council Member White:

ORDINANCE 2025-672-E

AN ORDINANCE AUTHORIZING, TO THE EXTENT NECESSARY, THE POLICE AND FIRE PENSION FUND TO OBTAIN A SHORT TERM LOAN OF APPROXIMATELY \$250,000,000.00 TO BRIDGE THE TIMING GAP BETWEEN MAKING A PAY BACK PAYMENT TO THE CITY BEFORE THE END OF THE FISCAL YEAR, AND RECEIVING THE CITY CONTRIBUTION OF APPROXIMATELY \$201,500,000 ON OR AROUND OCTOBER 1, 2025; REQUESTING ONE CYCLE EMERGENCY PASSAGE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, historically, the City of Jacksonville has handled the upfront payment of pension benefits to retired police officers and firefighters on each payroll cycle, with the Police and Fire Pension Fund (PFPF) then reimbursing the City for these payments by liquidating investments, typically in late September at the fiscal year-end; and

WHEREAS, in addition to these reimbursements, the City is obligated to make an annual employer contribution to the PFPF, which contribution amount, determined by the plan's actuary, can be paid at any point during the fiscal year, however, it is financially advantageous for the City to make this payment promptly on October 1, as the amount increases if delayed due to the fund's assumed investment rate of return; and

WHEREAS, For Fiscal Year 2024, to optimize cash flow, the City and PFPF mutually agreed to offset the annual pension reimbursement against the upcoming fiscal year's employer contribution; and

WHEREAS, while this offsetting agreement aimed to improve cash

1 flow, it led to Council Auditor's Office scrutiny and a negative
2 impact on the City's financial ratios; and

3 **WHEREAS**, per joint agreement between the PFPF and the City, PFPF
4 needs to reimburse the City for its Fiscal Year 2025 pension payments
5 by September 30, 2025, which are estimated to be approximately
6 \$250,000,000.00; and

7 **WHEREAS**, the City's contribution of \$201.5 million to PFPF will
8 be paid promptly on October 1, 2025; and

9 **WHEREAS**, the remaining \$48.5 million needed to repay a short-
10 term bank loan will be funded by redeeming securities from the PFPF
11 investment portfolio; and

12 **WHEREAS**, if a bank loan is not secured by the PFPF, then the
13 entire \$250 million reimbursement to the City will be funded by
14 redeeming securities from the PFPF investment portfolio; and

15 **WHEREAS**, this issue is a one-time occurrence as PFPF and the
16 City have jointly agreed that the PFPF will reimburse the City for
17 pension payments on a quarterly basis going forward, with the PFPF
18 reimbursing the City approximately \$65 million per quarter, starting
19 in January of Fiscal Year 2026; and

20 **WHEREAS**, this revised approach aims to mitigate the negative
21 impacts on the City's financial ratios and address Council Auditor's
22 Office concerns by establishing a more regular reimbursement
23 schedule, independent of the annual contribution; and

24 **WHEREAS**, per section 22.04 of the Charter, PFPF has several
25 powers, including entering "into contracts, leases, or other
26 transactions"; and

27 **WHEREAS**, per section 22.04 of the Charter, the referenced list
28 of powers notes that the "list of expressed powers is not intended
29 to be either complete or exclusive, and the board shall, in addition,
30 have all such powers as it may reasonably determine to be necessary
31 or appropriate to the performance of its duties under the retirement

1 system. Any decision or judgment of the board in good faith on any
2 questions arising hereunder in connection with the exercise of its
3 powers shall be final, binding, and conclusive upon all parties
4 concerned"; and

5 **WHEREAS**, in an abundance of caution the PFPF seeks City Council
6 authority to obtain the short-term loan, if possible, to avoid
7 unnecessary market timing risk and transaction costs; now therefore

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

9 **Section 1. Authorization.** The Police and Fire Pension Fund
10 is hereby authorized, to the extent necessary, to obtain a short term
11 loan of approximately \$250,000,000.00 to bridge the timing gap between
12 the payback to the City of Jacksonville, due by September 30, 2025
13 and the City of Jacksonville contribution of approximately
14 \$201,500,000.00 on or around October 1, 2025, in order to avoid
15 unnecessary market timing risk and transaction costs. This
16 authorization includes the authority to enter into any and all other
17 documents necessary or appropriate to effectuate the purpose of this
18 Ordinance.

19 **Section 2. Requesting One Cycle Emergency Passage Pursuant to**
20 **Council Rule 4.901 Emergency.** One cycle emergency passage of this
21 legislation is requested. The nature of the emergency is that the
22 Police and Fire Pension Fund needs to obtain a loan prior to September
23 26, 2025, in order to satisfy the agreed upon payment to the City.

24 **Section 3. Effective Date.** This Ordinance shall become
25 effective upon signature by the Mayor or upon becoming effective
26 without the Mayor's signature.

Form Approved:

Office of General Counsel

Legislation prepared by: Dylan Reingold

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