

1 Introduced by the Council President at the request of the Mayor:  
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4 **ORDINANCE 2019-566**

5 AN ORDINANCE REGARDING CHAPTER 120 (GENERAL  
6 EMPLOYEES AND CORRECTIONS OFFICER PENSION  
7 PLANS AND ALL EMPLOYEES DEFINED CONTRIBUTION  
8 RETIREMENT PLANS), *ORDINANCE CODE*; AMENDING  
9 SECTION 120.201 (DEFINITIONS), SECTION 120.202  
10 (MEMBERSHIP), SECTION 120.203 (CONTRIBUTIONS),  
11 SECTION 120.206 (TIME SERVICE RETIREMENT  
12 BENEFITS), SECTION 120.207 (SURVIVOR  
13 BENEFITS), SECTION 120.209 (VESTING,  
14 TERMINATION, REEMPLOYMENT), SECTION 120.502A  
15 (GENERAL EMPLOYEES DEFINED CONTRIBUTION PLAN  
16 MEMBERSHIP), SECTION 120.503A (CONTRIBUTIONS),  
17 AND SECTION 120.504A (VESTING IN GENERAL  
18 EMPLOYEES DEFINED CONTRIBUTION PLAN),  
19 *ORDINANCE CODE*, TO PROTECT EMPLOYEES'  
20 RETIREMENT BENEFITS UNDER THE GENERAL EMPLOYEE  
21 RETIREMENT PLAN; REQUIRING COLLECTIVE  
22 BARGAINING WHERE APPLICABLE; MAKING AMENDMENTS  
23 CONTINGENT UPON RECAPITALIZATION EVENT;  
24 PROVIDING AN EFFECTIVE DATE.  
25

26 **WHEREAS**, employees of JEA participate in and are members of  
27 the City of Jacksonville General Employees Retirement Plan; and

28 **WHEREAS**, all JEA employees perform valuable services for the  
29 customers and citizens they serve; and

30 **WHEREAS**, JEA provides a work environment which emphasizes  
31 safety and a positive culture;

1           **WHEREAS**, JEA operates in a rapidly evolving business climate  
2 to provide energy, water and wastewater services; and

3           **WHEREAS**, JEA is exploring strategic options to ensure it  
4 continues to serve its customers and citizens in a cost-effective  
5 and reliable way; and

6           **WHEREAS**, JEA employees devote their professional lives and  
7 careers to its service and have earned the certainty of an  
8 undiminished retirement benefit contained within the General  
9 Employee Retirement Plan; and

10          **WHEREAS**, JEA desires to recognize the past and continued  
11 service of its employees and incentivize their continued service by  
12 protecting employees' retirement benefits under the General  
13 Employee Retirement Plan; now therefore

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

15          **Section 1. Amending Chapter 120 (General Employees and**  
16 **Corrections Officer Pension Plans and All Employees Defined**  
17 **Contribution Retirement Plans), Ordinance Code.** Chapter 120,  
18 *Ordinance Code*, is hereby amended to read as follows:

19           **CHAPTER 120. THE GENERAL EMPLOYEES AND CORRECTIONS OFFICERS**  
20 **PENSION PLANS AND ALL EMPLOYEES DEFINED CONTRIBUTION RETIREMENT**  
21 **PLANS.**

22                   **\*\*\***

23           **PART II. THE GENERAL EMPLOYEES RETIREMENT PLAN.**

24  
25          **Sec. 120.201 - Definitions.**

26                   **\*\*\***

27          (i) *Credited Service* shall mean membership credit upon which a  
28 member's eligibility to receive benefits under the Retirement  
29 Plan is based, or upon which the amount of such benefits is  
30 to be determined; provided that employees of JEA employed on  
31 the effective date of a Recapitalization Event shall be

1 granted Credited Service pursuant to Section 120.209(b)(1)  
2 and (2).

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4 (dd) *Minimum Vesting* shall mean five years of credited service  
5 before the member is entitled to retirement benefits except  
6 for service-incurred disability retirement income or service  
7 incurred death benefits. Employees of JEA actively employed  
8 on the effective date of a Recapitalization Event shall be  
9 deemed to have reached Minimum Vesting without regard to the  
10 number of years of Credited Service.

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12 (hh) Recapitalization Event shall mean the closing and funding of  
13 a transaction or a series of related transactions in  
14 accordance with Article 21 of the Charter of the City of  
15 Jacksonville and any other applicable law that results in  
16 either (i) unencumbered cash proceeds to the City of  
17 Jacksonville of at least Three Billion Dollars  
18 (\$3,000,000,000) or (ii) at least 50% of the net depreciated  
19 property, plant and equipment value of either JEA's electric  
20 system or JEA's water and wastewater system being  
21 transferred, assigned, sold or otherwise disposed of. The  
22 effective date of a Recapitalization Event shall be the date  
23 of closing of a transaction that results in either of the  
24 above two contingencies occurring, or in the case of a series  
25 of related transactions, the date of a closing of a  
26 transaction that, when combined with other prior transactions  
27 in the series, results in either of the above two  
28 contingencies.

29 **Sec. 120.202. - Membership.**

30 (a) Consistent with the provisions of Chapter 16 of the City  
31 Charter, full-time civil service employees not eligible for

1 membership in another City-sponsored pension plan shall become  
2 members of the Plan if hired before October 1, 2017. Any full-  
3 time civil service employee hired on or after October 1, 2017,  
4 shall not be eligible for membership in the Plan but shall be a  
5 member of the defined contribution plan as provided for in Part  
6 V, Subpart A.

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8 (3) Employees hired on or after October 1, 2017, shall  
9 never be eligible to be Members of the Retirement  
10 Plan. Employees hired on or after October 1, 2017,  
11 shall be members of the General Employees Defined  
12 Contribution plan provided for in Part V, Subpart A.  
13 This prohibition shall apply to employees of JEA  
14 regardless of method of accrual or computation of  
15 years of Credited Service.

16 (4) JEA employees who received additional Credited Service  
17 pursuant to section 120.209(b) may be reemployed by  
18 the City of Jacksonville, and if otherwise eligible,  
19 re-enroll in the Retirement Plan. However, the  
20 employee will not receive additional credited service  
21 or be required to make employee contributions until  
22 their actual period of employment by the City  
23 following re-enrollment in the Plan exceeds the period  
24 of Credited Service granted to them pursuant to  
25 section 120.209(b).

26 \*\*\*

27 (d) If a new employee chooses the GEDC plan, the employee may elect  
28 to revert to the DB plan not later than the employee's fifth  
29 anniversary of employment, following certification that the  
30 employee has completed the intensive training program sponsored  
31 by the City. In addition, the employee shall have a one-time

1 option after the employee's fifth anniversary of employment and  
2 prior to retirement to convert back to the DC plan. For purposes  
3 of this section as it applies to JEA employees only, the fifth  
4 anniversary shall be based on the actual period of JEA employment  
5 and not years of Credited Service pursuant to section 120.206(a)  
6 or section 120.209(b).

7 (e) If a new employee initially chooses the DB plan, and then elects  
8 to ~~convert~~ transfer to the GEDC plan within the first five years  
9 of employment, then the employee will have the remaining portion  
10 of the initial five-year period of employment to elect to ~~convert~~  
11 ~~from the GEDC plan back~~ transfer to the DB plan. This initial  
12 five-year window will be open to a new employee regardless of his  
13 or her initial choice of Plan, but the number of changes from one  
14 Plan to the other will be limited to three during such five-year  
15 period. All employees seeking to revert from the DB plan to the  
16 DC plan must be certified to have completed the intensive  
17 training program sponsored by the City. A new employee who elects  
18 the DB plan will have an additional option after the first five  
19 years of employment to convert to the DC plan at any time prior  
20 to retirement from the City. A new employee who elects the GEDC  
21 plan will not have any option after the end of the first five  
22 years of employment to convert to the DB plan. For purposes of  
23 this section as it applies to JEA employees, the fifth  
24 anniversary or first five years of employment or five-year window  
25 shall be based on the actual period of JEA employment and not  
26 years of Credited Service pursuant to section 120.206(a).

27 (f) JEA employees hired before October 1, 2017 who are members of  
28 the General Employees Defined Contribution Plan and who are  
29 actively employed on the effective date of a Recapitalization  
30 Event shall be permitted to transfer to the DB Plan. Such JEA  
31 employees who transfer to the DB Plan will receive Credited

1 Service under the DB Plan for the actual period of their JEA  
2 employment prior to the transfer, as well as Credited Service  
3 granted pursuant to section 120.209(b)(1) or (2). JEA employees  
4 hired before October 1, 2017 and who are actively employed on the  
5 effective date of a Recapitalization Event but who are not yet  
6 vested shall be subject to the provisions of section  
7 120.209(b)(1).

8 **Sec. 120.203. - Contributions; refunds of contributions.**

9 \*\*\*

10 (j) In consideration of the exit of JEA employees from active  
11 membership in the Plan upon a Recapitalization Event and the  
12 additional benefits granted to them in section 120.209(b), JEA  
13 shall make an additional contribution to the Plan in a lump sum  
14 within fourteen (14) days following the funding of a  
15 Recapitalization Event. That additional contribution shall be  
16 calculated as an amount necessary to maintain the Plan's level of  
17 Unfunded Actuarial Accrued Liability, as calculated for funding  
18 purposes. Other events during the year may affect the Unfunded  
19 Actuarial Accrued Liability. However, the objective underlying  
20 the calculation of this additional contribution from JEA is for  
21 the Plan's Unfunded Actuarial Accrued Liability not to be  
22 affected by the transaction, i.e., the Unfunded Actuarial Accrued  
23 Liability shall be the same before as after the date of the  
24 Recapitalization Event. This objective and the calculation of  
25 the additional contribution shall recognize the actuarial gain  
26 occurring due to the exit of all Plan members employed by JEA,  
27 converting from active employees to either retirees or vested  
28 separated members, and shall recognize the cost of the additional  
29 benefits granted to such members and as described in this Part II  
30 by reason of the Recapitalization Event.

1 After the Recapitalization Event and the exit of JEA employees  
2 from active membership in the Plan, the Plan shall not have any  
3 recourse against JEA or its successor for any employer  
4 contribution or other amortization payments on the Unfunded  
5 Actuarial Accrued Liability.

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7 **Sec. 120.206. - Time service retirement benefit; cost-of-**  
8 **living adjustments.**

9 \*\*\*

10 (b) A normal retirement benefit shall be determined by multiplying  
11 2.5 percent of final monthly compensation as defined in Section  
12 120.201 by the number of years of credited service to a maximum  
13 of 80 percent. Members actively employed by JEA on the effective  
14 date of a Recapitalization Event who are, at that time, eligible  
15 for time service retirement benefits pursuant to section  
16 120.206(a) shall be treated in all respects as retired as of such  
17 date and entitled to immediate retirement benefits and attendant  
18 rights as described in this Part II.

19 \*\*\*

20 **Sec. 120.207 - Surviving spouse benefits; children's benefits;**  
21 **orphans' benefits; dependent parents; funeral expenses.**

22 \*\*\*

23 (1) For members actively employed by JEA on the effective date of  
24 the Recapitalization Event as described in section  
25 120.209(b) (1) and 120.209(b) (2) that receive additional  
26 credited service and will have a deferred retirement benefit,  
27 in the event of the death of such a member subsequent to the  
28 effective date of a Recapitalization Event but prior to the  
29 date of eligibility for monthly benefits or the date of  
30 application to rescind the deferred vested accrued benefit,  
31 the eligible surviving spouse shall receive a benefit of 75%

1 of the deferred benefit but based on a 2% accrual instead of  
2 2.5%. The supplement paid will be based on actual service.

3 i. The benefit shall be paid immediately effective the day  
4 after the death of the former employee.

5 ii. The benefit will be increased by 10% for each surviving  
6 child under 18 until the child turns 18 up to a maximum  
7 of 100% of the former employee benefit calculated at the  
8 2% accrual rate.

9 iii. If there is no eligible spouse, minor children will  
10 receive a benefit of \$300 per month until age 18 (with no  
11 supplement) up to the same maximum.

12 iv. Orphaned children will be paid the same benefit as the  
13 spouse.

14 v. In the case of multiple children the benefit is to be  
15 paid in an amount not to exceed the total eligible  
16 spousal benefit.

17 vi. In the cases with child benefits with no eligible spouse,  
18 if employee contributions remain after all payments are  
19 made to children they will be paid to any eligible  
20 children after the last child turns 18.

21 vii. If there is no eligible surviving spouse or surviving  
22 children, the estate will be paid the value of the  
23 employee contributions only.

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25 **Sec. 120.209 - Vesting, termination, re-employment.**

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27 (b) A member who shall leave the service of the City prior to  
28 eligibility for normal service retirement or early service  
29 retirement, but who has completed five years of creditable  
30 service shall be entitled to receive retirement benefits  
31 commencing at age 65 at a 2.5 percent accrual rate for each



1 year of creditable service. Such benefits will be based on  
2 final monthly compensation as defined in Section 120.201(n) and  
3 credited service as of the date of termination.

4 (1) Notwithstanding any provision to the contrary in this Part  
5 II, members actively employed by JEA on the effective date  
6 of a Recapitalization Event who have, at that time,  
7 completed less than five years of credited service:

8 (a) Shall be treated for all purposes under this Part II as  
9 having, as of such date, completed five years of  
10 credited service for vesting eligibility and for benefit  
11 accrual purposes and shall be considered vested in such  
12 accrued benefit and treated as a Vested Separated  
13 Member;

14 (b) Shall be entitled to receive such monthly accrued  
15 benefit commencing on the date otherwise applicable to  
16 Members as set forth in section 120.209(b) based on five  
17 years of credited service and final monthly compensation  
18 determined based on the member's average monthly  
19 compensation for the highest 36 consecutive months of  
20 JEA service, or if the member's actual period of JEA  
21 service is less than 36 months, the monthly average for  
22 the actual period of service, to the effective date of  
23 such Recapitalization Event;

24 (c) May rescind the deferred vested accrued benefit and, in  
25 lieu of the right to any future benefit from the Plan,  
26 receive a single sum amount equal to twice the  
27 accumulated employee contributions, without interest,  
28 either by lump sum payment or by rollover, as provided  
29 in section 120.203, provided the application to rescind  
30 vested rights is received by the Plan not less than six

1 months prior to the date the deferred vested benefit  
2 would be payable; and

3 (2) Notwithstanding any provision to the contrary in this Part  
4 II, members actively employed by JEA on the effective date  
5 of the Recapitalization Event who have, at that time,  
6 completed five or more years of credited service but who  
7 have not satisfied the conditions for time service  
8 requirement set forth in section 120.206(a) shall:

9 (a) Shall be treated for all purposes under this Part II as  
10 a vested separated member;

11 (b) Shall have additional years of credited service added  
12 for benefit accrual purposes as follows: each such  
13 vested separated member's monthly deferred vested  
14 benefit accrued as of the effective date of such  
15 Recapitalization Event shall be determined using the  
16 number of years of credited service such member would  
17 have as of their earliest normal retirement date (i.e.,  
18 the earliest date the conditions set forth in section  
19 120.206(a) would be satisfied if such member were to  
20 continue to working in covered employment until such  
21 date);

22 (c) Shall have the monthly vested benefit accrued as of the  
23 effective date of such Recapitalization Event determined  
24 using the member's final monthly compensation as of the  
25 effective date of such Recapitalization Event;

26 (d) Shall have the monthly vested benefit accrued as of the  
27 effective date of such Recapitalization Event determined  
28 with recognition of any minimum benefit applicable under  
29 section 120.206(g) including any indexation of the  
30 minimum as described therein;

1 (e) Shall be entitled to receipt of such monthly vested  
2 benefit accrued commencing on the earliest normal  
3 retirement date (i.e., the earliest date the conditions  
4 set forth in section 120.206(a) would be satisfied if  
5 such member were to continue to work in covered  
6 employment until such date).

7 (3) Following a Recapitalization Event, and the accrual of  
8 additional service pursuant to section 120.209, JEA  
9 employees shall have no further accruals under the  
10 Retirement Plan unless reemployed by the City and in  
11 accordance with section 120.202(a) (4).

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13 **Part V. DEFINED CONTRIBUTION PLAN.**

14 **SUBPART A. GENERAL EMPLOYEES DEFINED CONTRIBUTION PLAN.**

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16 **Sec. 120.502A. - Membership.**

17 (a) Membership shall be comprised of all general employees of the  
18 City as defined in Section 120.201(m), Ordinance Code, hired  
19 on or after October 1, 2017. ~~The membership shall also~~  
20 ~~include any employee hired prior to October 1, 2017 who~~  
21 ~~pursuant to the provisions of Section 120.202 elects to~~  
22 ~~become a member of the GEDC.,~~ including those JEA employees  
23 actively employed as of the effective date of the  
24 Recapitalization Event.

25 The membership shall also include any employee hired prior to  
26 October 1, 2017 who pursuant to the provisions of Section  
27 120.202 elects to become a member of the GEDC.

28 **Sec. 120.503A. - Contributions.**

29 Member contributions shall be eight percent of earnable  
30 compensation as defined in Section 120.201(1) of the Ordinance  
31 Code. Member contributions shall be picked-up rather than

1 contributed as provided in Section 414(h) of the Internal Revenue  
2 Code. A portion of the Member contributions, equal to 0.3 percent,  
3 shall be used to fund the disability and survivor benefits outlined  
4 below. The City shall contribute the minimum amount necessary to  
5 maintain the City's exemption from Social Security, but not less  
6 than 7.7 percent of earnable compensation. On and after October 1,  
7 2017, the City's contribution shall be 12 percent. A portion of the  
8 City contributions, equal to 0.3 percent, shall be used to fund the  
9 disability and survivor benefits outlined below; however, the City  
10 shall contribute such additional sums, as necessary, to fund the  
11 disability and survivor benefits on a sound actuarial basis.  
12 Members may make additional contributions on an after-tax basis, to  
13 the extent permitted by law. Members may also rollover to the GEDC  
14 plan benefits accrued in other qualified plans consistent with the  
15 then prevailing provisions of the Internal Revenue Code. Members  
16 actively employed by JEA on the effective date of a  
17 Recapitalization Event, as defined in section 120.201(hh), who are  
18 members of the GEDC Plan, will be deemed separated from service on  
19 that date and deemed fully vested in their employer contributions  
20 and earnings credited to that date pursuant to section 120.504A.  
21 JEA will make no further contributions to the GEDC plan on behalf  
22 of such members following a Recapitalization Event.

23 **Sec. 120.504A. - Vesting.**

24 Upon leaving employment, GEDC plan members will be entitled to  
25 100 percent of their own contributions and earnings and will be  
26 entitled to the following percentages of the employer's  
27 contribution and earnings after the indicated number of years of  
28 service: Members of the GEDC plan shall be 25 percent vested upon  
29 the conclusion of two years of credited service and shall vest an  
30 additional 25 percent each year thereafter until fully vested upon  
31 the conclusion of five years of credited service. Provided,

1 however, that Members actively employed by JEA on the effective  
2 date of a Recapitalization Event shall be deemed fully vested in  
3 their employer contributions and earnings credited to that date.

4 \*\*\*

5 **Section 2. Collective Bargaining.** If, or as required,  
6 the JEA will collectively bargain with unions representing covered  
7 bargaining unit employees of JEA.

8 **Section 3. Contingency of a Recapitalization Event.** All  
9 provisions of this ordinance amending Chapter 120 and pertaining  
10 specifically to employees of JEA shall apply only to those  
11 individuals actively employed by JEA on the effective date of a  
12 Recapitalization Event and only if a Recapitalization Event occurs.

13 **Section 4. Effective Date.** This Ordinance shall become  
14 effective upon signature by the Mayor or upon becoming effective  
15 without the Mayor's signature.

16  
17 Form Approved:

18  
19 /s/ Lynne Rhode

20 Office of General Counsel

21 Legislation Prepared By: Lynne Rhode

22 GC-#1297611-v4-JEA\_Pension\_Legislation  
23