

1 Introduced by the Council President at the request of the Mayor and
2 amended by the Finance Committee:

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5 **ORDINANCE 2019-566-E**

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

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

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

1 **WHEREAS**, JEA provides a work environment which emphasizes
2 safety and a positive culture;

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

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

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

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

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

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

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

24 ***

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

26
27 **Sec. 120.201 - Definitions.**

28 ***

29 (i) *Credited Service* shall mean membership credit upon which a
30 member's eligibility to receive benefits under the Retirement
31 Plan is based, or upon which the amount of such benefits is

1 to be determined; provided that employees of JEA actively
2 employed on the effective date of a Recapitalization Event
3 shall be granted Credited Service pursuant to Section
4 120.209(b) (1) and (2).

5 ***

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

13 ***

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

31 **Sec. 120.202. - Membership.**

1 (a) Consistent with the provisions of Chapter 16 of the City
2 Charter, full-time civil service employees not eligible for
3 membership in another City-sponsored pension plan shall become
4 members of the Plan if hired before October 1, 2017. Any full-
5 time civil service employee hired on or after October 1, 2017,
6 shall not be eligible for membership in the Plan but shall be a
7 member of the defined contribution plan as provided for in Part
8 V, Subpart A.

9 ***

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

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

28 ***

29 (d) If a new employee chooses the GEDC plan, the employee may elect
30 to revert to the DB plan not later than the employee's fifth
31 anniversary of employment, following certification that the

1 employee has completed the intensive training program sponsored
2 by the City. In addition, the employee shall have a one-time
3 option after the employee's fifth anniversary of employment and
4 prior to retirement to convert back to the DC plan. For purposes
5 of this section as it applies to JEA employees only, the fifth
6 anniversary shall be based on the actual period of JEA employment
7 and not years of Credited Service pursuant to section 120.206(a)
8 or section 120.209(b).

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

29 (f) JEA employees hired before October 1, 2017 who are members of
30 the General Employees Defined Contribution Plan and who are
31 actively employed on the effective date of a Recapitalization

1 Event shall be permitted to transfer to the DB Plan. Such JEA
2 employees who transfer to the DB Plan will receive Credited
3 Service under the DB Plan for the actual period of their JEA
4 employment prior to the transfer, as well as Credited Service
5 granted pursuant to section 120.209(b)(1) or (2). JEA employees
6 hired before October 1, 2017 and who are actively employed on the
7 effective date of a Recapitalization Event but who are not yet
8 vested shall be subject to the provisions of section
9 120.209(b)(1).

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

11 ***

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

1 active employees to either retirees or vested separated members,
2 and shall recognize the cost of the additional benefits granted
3 to such members and as described in this Part II by reason of the
4 Recapitalization Event. Following a Recapitalization Event, and
5 the payment by JEA of the contribution required by this section,
6 the Plan's Unfunded Actuarial Accrued Liability attributable to
7 JEA shall be an obligation of the City of Jacksonville.

8
9 After the Recapitalization Event and the exit of JEA employees
10 from active membership in the Plan, the Plan shall not have any
11 recourse against JEA or its successor for any employer
12 contribution or other amortization payments on the Unfunded
13 Actuarial Accrued Liability.

14 ***

15 **Sec. 120.206. - Time service retirement benefit; cost-of-**
16 **living adjustments.**

17 ***

18 (b)A normal retirement benefit shall be determined by multiplying
19 2.5 percent of final monthly compensation as defined in Section
20 120.201 by the number of years of credited service to a maximum
21 of 80 percent. Members actively employed by JEA on the effective
22 date of a Recapitalization Event who are, at that time, eligible
23 for time service retirement benefits pursuant to section
24 120.206(a) shall be treated in all respects as retired as of such
25 date and entitled to immediate retirement benefits and attendant
26 rights as described in this Part II.

27 ***

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

30 ***

31 (1) For members actively employed by JEA on the effective date of

1 the Recapitalization Event as described in section
2 120.209(b)(1) and 120.209(b)(2) that receive additional
3 credited service and will have a deferred retirement benefit,
4 in the event of the death of such a member subsequent to the
5 effective date of a Recapitalization Event but prior to the
6 date of eligibility for monthly benefits or the date of
7 application to rescind the deferred vested accrued benefit,
8 the eligible surviving spouse shall receive a benefit of 75%
9 of the deferred benefit but based on a 2% accrual instead of
10 2.5%. The supplement paid will be based on actual service.

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

13 ii. The benefit will be increased by 10% for each surviving
14 child under 18 until the child turns 18 up to a maximum
15 of 100% of the former employee benefit calculated at the
16 2% accrual rate.

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

20 iv. Orphaned children will be paid the same benefit as the
21 spouse.

22 v. In the case of multiple children the benefit is to be
23 paid in an amount not to exceed the total eligible
24 spousal benefit.

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

29 vii. If there is no eligible surviving spouse or surviving
30 children, the estate will be paid the value of the
31 employee contributions only.

1 ***

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

3 ***

4 (b) A member who shall leave the service of the City prior to
5 eligibility for normal service retirement or early service
6 retirement, but who has completed five years of creditable
7 service shall be entitled to receive retirement benefits
8 commencing at age 65 at a 2.5 percent accrual rate for each
9 year of creditable service. Such benefits will be based on
10 final monthly compensation as defined in Section 120.201(n) and
11 credited service as of the date of termination.

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

16 (a) Shall be treated for all purposes under this Part II as
17 having, as of such date, completed five years of
18 credited service for vesting eligibility and for benefit
19 accrual purposes and shall be considered vested in such
20 accrued benefit and treated as a Vested Separated
21 Member;

22 (b) Shall be entitled to receive such monthly accrued
23 benefit commencing on the date otherwise applicable to
24 Members as set forth in section 120.209(b) based on five
25 years of credited service and final monthly compensation
26 determined based on the member's average monthly
27 compensation for the highest 36 consecutive months of
28 JEA service, or if the member's actual period of JEA
29 service is less than 36 months, the monthly average for
30 the actual period of service, to the effective date of
31 such Recapitalization Event;

1 (c) May rescind the deferred vested accrued benefit and, in
2 lieu of the right to any future benefit from the Plan,
3 receive a single sum amount equal to twice the
4 accumulated employee contributions, without interest,
5 either by lump sum payment or by rollover, as provided
6 in section 120.203, provided the application to rescind
7 vested rights is received by the Plan not less than six
8 months prior to the date the deferred vested benefit
9 would be payable; and

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

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

18 (b) Shall have additional years of credited service added
19 for benefit accrual purposes as follows: each such
20 vested separated member's monthly deferred vested
21 benefit accrued as of the effective date of such
22 Recapitalization Event shall be determined using the
23 number of years of credited service such member would
24 have as of their earliest normal retirement date (i.e.,
25 the earliest date the conditions set forth in section
26 120.206(a) would be satisfied if such member were to
27 continue to working in covered employment until such
28 date);

29 (c) Shall have the monthly vested benefit accrued as of the
30 effective date of such Recapitalization Event determined
31 using the member's final monthly compensation as of the

1 effective date of such Recapitalization Event;

2 (d) Shall have the monthly vested benefit accrued as of the
3 effective date of such Recapitalization Event determined
4 with recognition of any minimum benefit applicable under
5 section 120.206(g) including any indexation of the
6 minimum as described therein;

7 (e) Shall be entitled to receipt of such monthly vested
8 benefit accrued commencing on the earliest normal
9 retirement date (i.e., the earliest date the conditions
10 set forth in section 120.206(a) would be satisfied if
11 such member were to continue to work in covered
12 employment until such date).

13 (3) Following a Recapitalization Event, and the accrual of
14 additional service pursuant to section 120.209, JEA
15 employees shall have no further accruals under the
16 Retirement Plan unless reemployed by the City and in
17 accordance with section 120.202(a)(4).

18 ***

19 **Part V. DEFINED CONTRIBUTION PLAN.**

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

21 ***

22 **Sec. 120.502A. - Membership.**

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

31 The membership shall also include any employee hired prior to

1 October 1, 2017 who pursuant to the provisions of Section
2 120.202 elects to become a member of the GEDC.

3 **Sec. 120.503A. - Contributions.**

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

29 **Sec. 120.504A. - Vesting.**

30 Upon leaving employment, GEDC plan members will be entitled to
31 100 percent of their own contributions and earnings and will be

1 entitled to the following percentages of the employer's
2 contribution and earnings after the indicated number of years of
3 service: Members of the GEDC plan shall be 25 percent vested upon
4 the conclusion of two years of credited service and shall vest an
5 additional 25 percent each year thereafter until fully vested upon
6 the conclusion of five years of credited service. Provided,
7 however, that Members actively employed by JEA on the effective
8 date of a Recapitalization Event shall be deemed fully vested in
9 their employer contributions and earnings credited to that date.

10 ***

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

14 **Section 3. Contingency of a Recapitalization Event and**
15 **Sunset Provision.** All provisions of this ordinance amending Chapter
16 120 and pertaining specifically to employees of JEA shall apply
17 only to those individuals actively employed by JEA on the effective
18 date of a Recapitalization Event and only if a Recapitalization
19 Event occurs. This legislation shall sunset, and shall have no
20 force and effect, if a Recapitalization Event does not occur within
21 three (3) years from the Effective Date of this ordinance.

22 **Section 4. Effective Date.** This Ordinance shall become
23 effective upon signature by the Mayor or upon becoming effective
24 without the Mayor's signature.

25 Form Approved:

26
27 /s/ Paige H. Johnston

28 Office of General Counsel

29 Legislation Prepared By: Lynne Rhode

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