
From: Public Records Request Mailbox
Sent: Friday, August 16, 2019 2:08 PM
To: 'dbauerlein@jacksonville.com'
Cc: Public Records Request Mailbox; Media Relations Mailbox; Kyle, Gina A. - Manager Media Relations
Subject: FW: REQ 31779 --- FW: T-U questions about pension legislation for JEA employees
Attachments: Segal Consulting.pdf

Good afternoon,

Please see attached in response to your request. Thank you.

Jeanie Gillespie

Public Records Compliance Specialist

Direct: (904) 665-7309



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From: Kyle, Gina A. - Manager Media Relations
Sent: Friday, August 16, 2019 8:49 AM
To: Public Records Request Mailbox

Cc: Media Relations Mailbox

Subject: REQ 31779 --- FW: T-U questions about pension legislation for JEA employees

Please see the request from David Bauerlein, below.

Thanks,

Gina Kyle, MBA

Manager, Media Relations

Direct: (904) 665-7974

Mobile: (904) 305-0502

Media: (904) 665-5500

Media: media@jea.com



From: Bauerlein, David <dbauerlein@jacksonville.com>

Sent: Thursday, August 15, 2019 4:14 PM

To: Kyle, Gina A. - Manager Media Relations <kylega@jea.com>

Subject: T-U questions about pension legislation for JEA employees

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

Hi Gina:

Can you tell me what it would cost to provide the enhanced pension benefits to JEA employees in the event of a sale of JEA? I've heard a figure of \$200 million.

Who would pay that cost?

Has an actuarial study been done for the cost of adding the pension benefits for JEA employees? If so, can you provide it to me?

Lastly, as a follow up to my previous email, I asked whether Mayor Lenny Curry and/or his administration had any input into the minimum requirements in the solicitation. The response was that JEA consulted with "political leadership."

Can you tell me specifically whether the mayor and/or his administration had input into the minimum requirements?

Can you respond by Friday afternoon?

Thanks

David

--

David Bauerlein
Florida Times-Union metro reporter
(904) 359-4581
Email: dbauerlein@jacksonville.com
Twitter: [@DavidBauerlein](https://twitter.com/DavidBauerlein) [twitter.com]

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2727 Paces Ferry Road SE Building One Suite 1400 Atlanta, GA 30339-4053
T 678.306.3100 www.segalco.com

August 12, 2019

Mr. Randall Barnes, Treasurer
City of Jacksonville
117 West Duval Street, Suite 300
Jacksonville, FL 32202

**Re: Actuarial Impact Statement for City of Jacksonville General Employees Retirement Plan –
Ordinance #2019-566**

Dear Randall:

Enclosed is a sample cover letter to Mr. Douglas Beckendorf and the impact statement presenting the October 1, 2018 actuarial valuation results, along with the plan changes proposed in Ordinance #2019-566. The letter, or a similar version, should be copied onto your letterhead and sent to Mr. Beckendorf. Please note that the signature of an authorized plan representative is required on the last page of the impact statement. Please include a copy of the latest ordinance.

The work herein was completed under my supervision, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

If you have any questions or need any additional information, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey S. Williams".

Jeffrey S. Williams, FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

cc: Melissa Dykes – Jacksonville Electric Authority
Tom Stadelmaier – City of Jacksonville Retirement System
Matthew Powell – Segal Consulting

August 12, 2019

Mr. Douglas Beckendorf, Actuary
Bureau of Program Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000

Re: **City of Jacksonville General Employees Retirement Plan**

Dear Mr. Beckendorf:

Enclosed is an actuarial impact statement for the proposed changes to the above referenced plan. Also included is a copy of the city ordinance regarding the proposed plan changes.

The impact statement presents costs using plan demographics and related liabilities as of October 1, 2018.

If you have any questions regarding the impact statement, please contact me or Jeff Williams of Segal Consulting at (678) 306-3100.

Sincerely,

Randall Barnes
Treasurer, City of Jacksonville

Enclosure

cc: Jeffrey S. Williams, Segal Consulting

City of Jacksonville General Employees Retirement Plan
Actuarial Impact Statement

Ordinance 2019-566 proposes the following plan changes occur to the City of Jacksonville General Employees Retirement Plan ("DB Plan") if the Jacksonville Electric Authority ("JEA") undertakes a Recapitalization Event ("Event"), as defined in Ordinance 2019-566. The proposed changes listed below are not a complete statement of every change listed in Ordinance 2019-566, but rather a listing of those changes that impacted the calculations herein. The changes only apply to employees hired prior to October 1, 2017.

- Active JEA DB Plan members who, at the time of the Event are eligible for a time service retirement, or normal retirement, as defined in Jacksonville Code Section 120.206(a), will not be eligible to earn additional credited service for benefit accrual purposes and will be treated as retired as of such date and eligible to immediately receive retirement benefits.
- Active JEA DB Plan members who are vested in the DB Plan as of the time of the Event and not yet eligible for normal retirement shall be treated as a vested separated member and will be eligible to receive their vested accrued benefit on the earliest normal retirement date they would have been eligible for had they continued to work in covered employment until such date. The vested accrued benefit will be calculated using the member's final monthly compensation, as defined in Jacksonville Code Section 120.201(n), as of the date of the Event and credited service earned as of the date of the Event, along with additional credited service that would have been earned had the member remained in covered employment until their earliest eligible normal retirement date.
- Active JEA DB Plan members who are not vested in the DB Plan as of the time of the Event shall be treated as a vested separated member and have their vested accrued benefit calculated as if they had earned five (5) years of credited service and using their final monthly compensation as of the date of the Event. If the member has worked less than 36 months as of the date of the Event, their final monthly compensation will be the average of their monthly compensation over their period of actual service with JEA. In lieu of a deferred vested benefit from the DB Plan, the member may instead choose to receive a single lump sum payment equal to twice the member's accumulated employee contributions, without interest.
- Active JEA employees who are members of the City of Jacksonville General Employees Defined Contribution Plan ("DC Plan") and who have at least five years of service as of the time of the Event have the option to either remain in the DC Plan or transfer to the DB Plan, receive credited service in the DB Plan for their time as a JEA employee in covered employment prior to the transfer, and receive additional credited service that would have been earned had the member remained in covered employment until their earliest eligible normal retirement date under the DB Plan. The vested accrued benefit will be calculated using the member's final monthly compensation, as defined in Jacksonville Code Section 120.201(n), as of the date of the Event. The member will at that time be considered a vested separated member of the DB Plan.
- Active JEA employees who are members of the City of Jacksonville General Employees Defined Contribution Plan ("DC Plan") and who do not have at least five years of service as of the time of the Event may either choose to remain in the DC Plan or transfer to the DB Plan and be treated as a vested separated member, with their vested accrued benefit calculated as if they had earned five (5) years of credited service and using their final monthly compensation as of the date of the Event. If the member has worked less than 36 months as of the date of the Event, their final monthly compensation will be the average of their monthly compensation over their period of actual service with JEA.

- Employees of JEA who are active at the time of the Event and subsequently remain in or transfer into the DB Plan will be eligible for a survivor benefit in the event the employee passes away prior to their normal retirement date. The surviving spouse shall receive a monthly benefit of 75% of the deferred vested benefit, but with the benefit calculated based on a 2.0% benefit multiplier instead of 2.5%.
- Notwithstanding the previously described plan changes, JEA employees may earn additional accruals under the DB Plan if reemployed by the City of Jacksonville in accordance with Section 120.202(a)(4), as defined in Ordinance 2019-566.

In conjunction with the changes above, following adjustments to the assumptions have been made:

- JEA members who at the time of the Event are not eligible for normal retirement but who instead will have a vested accrued benefit are assumed to retire on the earliest normal retirement date they would have been eligible for had they continued to work in covered employment until such date.
- Turnover and disability decrements are no longer valued for JEA members who have a vested accrued benefit as determined by this ordinance.
- It is assumed that if JEA members have a choice of benefit options that they will choose the option most valuable to them.

City of Jacksonville General Employees Retirement Plan Summary of Impact of the Changes Proposed in Ordinance 2019-566 Based on the October 1, 2018 Actuarial Valuation
--

	10/1/2018 Actuarial Valuation	10/1/2018 Actuarial Valuation Ordinance 2019-566
A. Participant data		
Active members	4,234	2,554
Total annual payroll	\$253,982,175	\$118,273,603
Retired members and beneficiaries	5,176	5,176
Total annualized benefit	\$181,292,088	\$181,292,088
Terminated vested members	185	1,924
Total annualized benefit	\$3,344,160	\$69,485,255
B. Actuarial value of assets	\$2,021,545,306	\$2,021,545,306
C. Present value of all future expected benefit payments:		
Active members:		
Retirement benefits	\$1,074,750,796	\$477,060,874
Vesting benefits	26,569,658	15,138,526
Disability benefits	17,377,689	7,405,454
Death benefits	39,378,770	15,042,191
Return of contributions	<u>185,538,727</u>	<u>95,056,317</u>
Total	\$1,343,613,640	\$609,703,362
Terminated vested members	25,251,691	659,214,701
Retired members and beneficiaries	<u>2,179,539,282</u>	<u>2,179,539,282</u>
Total	\$3,548,404,613	\$3,448,457,345

	10/1/2018 Actuarial Valuation	10/1/2018 Actuarial Valuation Ordinance 2019-566
D. Unfunded actuarial accrued liability	\$1,175,135,210	\$1,303,951,118
E. Actuarial present value of accrued benefits		
Vested accrued benefits		
Active members	\$685,187,700	\$338,285,354
Inactive members	25,251,691	659,214,701
Pensioners and beneficiaries	2,179,539,282	2,179,539,282
Nonvested active members	<u>39,787,473</u>	<u>19,024,764</u>
Total	\$2,929,766,146	\$3,196,064,101
F. Pension cost		
Normal cost	\$41,097,477	\$17,283,866
Expected employee contributions	-23,628,493	-10,774,167
Level % of payroll payment to amortize unfunded actuarial accrued liability	78,115,225	86,565,862
Amortized value of discounted value of allocated surtax revenue	-27,900,692	-27,900,692
Total minimum annual cost payable monthly at valuation date	70,196,729	67,594,930
Total employer cost cost projected to budget year	71,249,679	68,608,854
Projected payroll	257,791,908	120,047,707
As % of projected payroll	27.64%	57.15%
Present value of active members' future salaries at attained age	\$2,049,771,913	\$821,310,233
Present value of expected future employee contributions	\$204,977,191	\$82,131,023

The above changes are in compliance with Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the State Constitution.

Actuary

Plan Representative

Date: August 12, 2019

TABLE OF AMORTIZATION BASES

Type*	Date Established	Initial Period	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Fresh start	10/01/2016	30	\$1,024,497,0	\$68,369,421	28	\$1,026,576,652
Experience gain	10/01/2017	30	-5,594,096	-367,451	29	-5,601,185
Plan change	10/01/2017	30	-3,528,667	-231,782	29	-3,533,138
Assumptions change	10/01/2017	30	64,164,450	4,214,678	29	64,245,761
Experience gain	10/01/2018	29	-922,806	-60,538	29	-922,806
Assumptions change	10/01/2018	29	88,449,536	5,802,505	29	88,449,536
Plan change	10/01/2018	29	5,920,390	388,392	29	5,920,390
Ordinance 2019-566	10/01/2018	29	128,815,908	8,450,637	29	128,815,908
Total				\$86,565,862		\$1,303,951,118

* Level percentage of payroll; per Part VII, Chapter 112.64(5)(b) of Florida Statutes, outstanding balances were amortized using a 1.50% payroll growth rate for October 1, 2018 valuation.

TABLE OF SURTAX AMORTIZATION BASES

Type	Date Established	Initial Period	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Discounted surtax revenue applied	10/01/2016	30	-\$322,190,859	-\$22,168,630	28	-\$332,865,158
Surtax offset gain	10/01/2017	30	-7,927,401	-520,716	29	-7,937,448
Surtax offset allocation assumption change	10/01/2017	30	-10,588,075	-695,484	29	-10,601,493
Surtax offset discount rate assumption change	10/01/2017	30	-18,720,570	-1,229,671	29	-18,744,293
Surtax offset gain	10/01/2018	29	-8,089,137	-530,670	29	-8,089,187
Surtax offset allocation assumption change	10/01/2018	29	-20,241,389	-1,327,884	29	-20,241,389
Surtax offset discount rate assumption change	10/01/2018	29	-21,761,957	-1,427,637	29	-21,761,957
Total				-\$27,900,692		-\$420,240,925

* Level percentage of payroll; per Part VII, Chapter 112.64(5)(b) of Florida Statutes, outstanding balances were amortized using a 1.50% payroll growth rate for October 1, 2018 valuation.

1 Introduced by the Council President at the request of the Mayor:
2
3

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).

3 ***

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.

11 ***

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.

7 ***

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.

6 ***

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.

24 ***

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

26 ***

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 has
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).

12 ***

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

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

15 ***

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

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23

