



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES
September 6, 2012
3:00p.m.**

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Ted Wendler (Chair), Joe Andrews, Diane Brown, Marcella Lowe, Tom Martin, Patti Anania and Alex Marrero

Also: Jeff Clements – Council Research Division

The meeting was called to order at 3:01 p.m. by Chairman Wendler.

Chairman Wendler distributed copies of several documents:

- City Office of Ethics, Compliance and Oversight Interim Report on Police and Fire Pension Fund Senior Pension Plan – August 28, 2012
- Segal Bulletin – Moody's Requests Comments on Proposal to Adjust Pension Liabilities and Costs Reported for State and Local Government Pension Plans – July 2012
- National Association of State Budget Officers report – GASB Enacts Pension Accounting Reforms Regarding the Use of Discount Rates – July 20, 2012

Staff distributed copies of an e-mail from Steve Rohan, Senior Deputy General Counsel, to City Council Finance Committee chairman John Crescimbeni providing an opinion from labor attorney Jim Linn of Lewis, Longman and Walker stating that he is unaware of any federal or state law that would prohibit the City from requiring that specific groups of appointed employees hired in the future be required to participate in the defined contribution retirement plan.

The committee discussed the potential impact of changes in the GASB pension liability reporting requirements and Moody's proposal to change its method for evaluating accrued actuarial liability by using a more conservative discount rate benchmarked to the long term high-grade corporate bond rate. The change in the method of evaluating accrued actuarial liability would substantially increase the amount owed because it would use a much more conservative return on investment (currently 5.5%) rather than the 7 or 8% that cities and counties typically assume (Jacksonville assumes a rate of 8.4% on its General Employees Pension Plan and 8.5% on the Police and Fire Pension Plan). This change has already begun to affect Moody's bond ratings for local governments.

The committee agrees the City's pension funding problem is huge and growing; the question is what can be done about it. How many more years can the City afford to pay the ever-growing pension amortization costs before it either becomes the single biggest budget expenditure or the City goes bankrupt? The

committee's sense is that the Mayor is going to be the person to tackle the problem, and will begin as soon as the current budget process is brought to a conclusion.

Motion (Lowe): the Performance Committee recommends to the TRUE Commission that the commission send a letter to Mayor Brown asking that the commission be permitted to appoint a commissioner to serve as a member of the Mayor's pension reform team – **approved.**

Motion (Andrews): that the minutes of the Performance Committee meeting of August 2, 2012 be approved as distributed – **approved.**

There being no further business, the meeting was adjourned at 3:50 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 9.13.12
5:00 p.m.