



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES
February 7, 2013
3:00p.m.**

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

Attendance: Committee Members Ted Wendler (Chair), Joe Andrews, Tom Martin, Greg Radlinski, Danny Becton, Diane Brown, Marcella Lowe and Patti Anania

Excused: Daniel Blanchard

Also: Jeff Clements – Council Research Division

The meeting was called to order at 3:05 p.m. by Chairman Wendler. Commissioner Radlinski noted that a new lawsuit had been filed by three firefighters and a police officer seeking to defend the status of the 30 year agreement between the City and the Police and Fire Pension Fund board and to prevent the City from attempting to negotiate potential changes to the pension system directly with the unions instead of with the PFPF board. The committee was curious about the difference between the new lawsuit and the lawsuit previously filed by the City to clarify the status of the agreement as explained at the last TRUE Commission meeting by General Counsel Cindy Laquidara. The committee agreed that a resolution to this continuing controversy and a final decision on the appropriate negotiating parties is essential to making any progress in solving the pension plan's sustainability issues.

Chairman Wendler stated that he continues to have no success in getting access to copies of the audited financial statements and actuarial reports of the Police and Fire Pension Fund, either from the fund's administrators or from the City Treasurer. Tommy Carter of the Council Auditor's Office has been very helpful in providing access to documents in their files, and Mr. Wendler has added additional return on investment information into his spreadsheet. Jeff Clements will attempt to locate a contact name and phone number at the Division of Retirement of the Florida Department of Revenue so that Mr. Wendler can determine if the financial reports and/or actuarial reports for the fund are filed with the state.

Mr. Wendler distributed several spreadsheet pages showing variations on the pension calculations for a hypothetical police officer using differing assumptions and pension reform features. The spreadsheets show how changes in annual accrual rates, COLA rates, years of service, minimum retirement age, and salary history change the ultimate pension payout and the future liabilities of the plan.

The committee discussed the former Pension Excess Contribution fund, how it was accumulated, how it was used for "pension holidays" (used instead of General Fund revenues to pay the annual employer contribution into the pension fund), and what effect the PEC may have had on the current funding status of the plan. There is a perception, at least among some police and fire union members, that the use of the PEC to pay the employer contribution for several years in the late 1990s/early 2000s is the primary cause for the level of under-funding now seen in the PFPF. It is unclear to the committee if the return on

investment on the PEC funds, which for accounting purposes were segregated into a sub-account, but which were invested with the assets of the overall fund, figure into the fund's overall return on investment assumptions or not.

Commissioner Andrews suggested that the TRUE Commission should form a new subcommittee to study the Pension Excess Contribution fund and determine how much PEC existed, for how long, when and how much was used to make the City's employer contribution, and what was the ultimate effect on the current assets of the fund. The hope would be that an analysis could provide clarity on this issue and determine if the practice of "pension holidays" did or did not produce the full amount of the under-funding in the pension plan. He will make that proposal to the full commission at the meeting today.

At the next meeting the committee members will bring ideas for potential recommendations to change the pension plan, using the scenarios distributed today as a starting point for evaluating what sorts of changes make sense.

There being no further business, the meeting was adjourned at 3:58 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 2.12.13
12:00 p.m.