



JACKSONVILLE CITY COUNCIL

TRUE COMMISSION PERFORMANCE COMMITTEE MEETING MINUTES

March 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, Patti Anania and Marc El Hassan

Also: Jeff Clements – Council Research Division

The meeting was called to order at 3:03 p.m. by Chairman Wendler. Commissioner Wendler said that he had changed the rates of return on investment in Commissioner Wendler's Police and Fire Pension Fund individual pension calculation spreadsheet from the actual historical rates to the plan's assumed rate of return of 8.5%. That change has the effect of pushing forward by many years the date at which an individual retirement account would reach a deficit status. Chairman Wendler said that a recent New York Times article reported that reducing assumed rates of return to reasonable levels (5-6% rather than 7-8%) drives up a plan's calculation of unfunded liability tremendously. The choice of an assumed rate of return is a very important factor in determining the fund's unfunded liability status. The fact that the City made its employer contributions for several years from the Pension Excess Contribution (PEC) fund rather than from the General Fund seems not to have had a very big effect on the unfunded liability status – the investment returns appear to have played a much bigger role. Commissioner Wendler noted that despite the stock market boom in the last couple of years, the PFPF is only back to its 2007 funding level and 5 years of compounded investment returns have not been realized.

Mr. Wendler reported that he had received one response from a city council member after he distributed his spreadsheet to each of them – a thank you note from Council Member Gulliford.

The committee discussed potential solutions to the pension sustainability problem:

- Better investment practices, better performance by investment managers, getting out of declining markets faster.
- The TRUE Commission could produce a simple factual report on the PFPF so that the general public, union members, council members and others would have a baseline of information with which to understand the real nature of the pension's problems. The commission wouldn't offer solutions, but could present a set of unbiased facts that might at least help stop some of the ongoing disagreements among various parties about what is or isn't true about the pension fund.
- Advocate for more media attention to the real issues at hand, not the political bickering.
- Dispel the false perception, using real, verifiable data, that use of the PEC to make the City's employer contribution for several years two decades ago is the source of all of the unfunded liability.

Chairman Wendler will begin drafting a committee report to circulate to the members for their consideration, and the committee will discuss it at a future meeting. The committee will not meet on the usual first Thursday in April due to federal income tax filing season (Mr. Wendler being a CPA and preoccupied with his clients' tax returns that week).

There being no further business, the meeting was adjourned at 3:55 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 3.14.13
10:00 a.m.