



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES
May 8, 2013
10:00 a.m.**

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

Attendance: Committee Members Ted Wendler (Chair), Greg Radlinski, Diane Brown, James Edwards
Excused: Danny Becton, Joe Andrews

Also: Jeff Clements – Council Research Division

The meeting was called to order at 10:03 a.m. by Chairman Wendler and the committee discussed the first draft of a committee final report. Mr. Wendler suggested that a factual report is probably the best option, with no statement of opinions other than in the recommendations section. The committee discussed the number of pension studies and reports that have been done over the past 10 years and how the TRUE Commission's effort might add to or give a different perspective on what has gone before. With the other reports already available, they might be referred to in footnotes or an appendix to provide most of the historical background on pension issues so that wouldn't need to be repeated.

The group discussed a variety of factors that will affect what changes to the pension system are desirable or even possible. What will be the effect on the current defined benefit plans if new City employees are placed in a defined contribution plan and no longer pay into the defined benefit plan? What changes can legally be made in the benefits of different categories of employees and retirees – currently retired? Vested but not yet retired? Not yet vested? Can changes be made to benefits already earned or just future accruals? Many legal questions need to be answered to determine what is possible. Mr. Wendler suggested that an analysis of demographic trends would be helpful in illustrating the future problem – more and more retirees living longer and longer lives are depending on a pension funded in part by fewer and fewer current employees, producing a greater burden on the City to make the plan whole via the employer contribution.

Mr. Wendler has also come to the opinion that the issue of “pension holidays” and the use of the Pension Excess Contributions fund to make the employer contribution for several years in the early 2000s is really a non-issue as far as the overall health of the Police and Fire Pension Fund is concerned. The \$36 million in PEC contributions in place of General Fund employer contributions, even with investment returns compounded over the last 10 years, is miniscule in comparison with the unfunded actuarial liability of hundreds of millions of dollars. The real culprits in the size of the unfunded liability are the generosity of the benefit package and the poor performance of the stock markets for a number of years in the past decade.

Chairman Wendler invited committee member assistance in drafting the final report. The committee generally likes the current question-and-answer format, and thought that an introduction to explain the

purpose and format of the report would be helpful. Commissioner Edwards volunteered to work on drafting a brief historical overview of the PFPF, Commissioner Brown volunteered to work on a brief account of the 30 year agreement between the City and PFPF Board of Trustees over benefits and fund management, and Commissioner Radlinski volunteered to work on crafting suggestions for recommendations. The group generally agreed that some combination of a defined benefit and defined contribution plan seemed the most logical, perhaps with a guaranteed defined benefit element based on equivalency to Social Security and then a defined contribution element where the investment risk and opportunity lie with the employee, not the taxpayers. Commissioners will distribute their drafts to the full committee by way of e-mail distribution by staff, but will not reply or comment on others' work until the next noticed meeting.

The next meeting will be held on Thursday, May 23rd at 2 p.m.

There being no further business, the meeting was adjourned at 11:20 a.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 5.9.13
12:00 p.m.