



**JACKSONVILLE CITY COUNCIL**

**TRUE COMMISSION  
PERFORMANCE COMMITTEE MEETING MINUTES  
May 23, 2013  
2:00 p.m.**

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

**Attendance:** Committee Members Ted Wendler (Chair), Danny Becton, Joe Andrews, Greg Radlinski, Tom Martin, James Edwards

**Excused:** Diane Brown

**Also:** Jeff Clements – Council Research Division

The meeting was called to order at 2:00 p.m. by Chairman Wendler. The committee discussed the proposed pension litigation settlement agreement among the City, the Police and Fire Pension Fund, the police and firefighter unions, and several individual police officers and firefighters. The committee is interested to know how much the City will have to pay in employer contributions in the coming years, more than how much it avoids paying in the future by virtue of this agreement.

The committee discussed Mr. Wendler's unfunded liability chart in his draft report and believed that additional explanation is needed to make the chart understandable to the layman reader. It will be important to make the casual reader understand how long it takes for the fund to catch up from one or a few years of bad investment returns – one or two good years does not balance out the losses from bad years. The PFPF fell considerably short of the assumed 8.5% rate of return throughout much of the early 2000s and the fund will need years to catch up from those mediocre returns. Comparisons of the pension plan to Social Security in terms of current employees paying benefits to current retirees and underfunding of the trust fund can only go so far. Congress can change benefits for current Social Security recipients; apparently the unions and retired City employees have stronger legal rights to keep their pension benefits unchanged than do Social Security recipients.

The group discussed whether the draft report with its spreadsheet based on analysis of individual employees' situations adequately illustrates the "big picture" of the needs of pension reform. It makes the impacts on a hypothetical average employee understandable, but perhaps does not illustrate macro-level issues, which may take an actuary to explain.

The committee has serious questions about the process by which the settlement was arrived at, including who did the negotiating and under what circumstances. Mr. Wendler will be attending a noticed meeting of several City Council members tomorrow to discuss hiring outside legal counsel to examine the proposed alterations to the pension plan agreed to in the settlement.

The report needs to be completed by the time the City Council is ready to debate the proposed pension changes, although it is unclear exactly when that will be. The Mayor must submit his budget proposal for

FY13-14 by July 15<sup>th</sup> and it must be adopted by the end of September, so presumably decisions on the pension will need to be made in August or September for budgetary purposes. Commissioner Radlinski suggested that one author write the whole report using the contributions of the other members as appropriate so that the document has a unified voice and doesn't appear disjointed. Commissioner Becton suggested the use of Microsoft Publisher as a better platform than Word for importing charts, tables and other visuals.

Commissioner Andrews posed several objections/suggestions: 1) he believes that Commissioner Radlinski's draft finding overweights the importance of the pension plan as a recruiting tool that affects the viability of police and fire department hiring.; 2) he believes the committee doesn't know enough about the proposed settlement agreement to mention it in the report – anything the committee says about it at this point would be pure speculation; 3) he does not believe the committee has a defensible basis for wanting to recommend a Social Security-like defined benefit pension plan when that is clearly a failing model being abandoned by many employers.

Staff was asked to research the history of the accumulation and expenditure of the Pension Excess Contribution fund.

There being no further business, the meeting was adjourned at 3:42 p.m.

Jeff Clements, Chief  
Council Research Division

Posted 5.31.13  
5:00 p.m.