



**JACKSONVILLE CITY COUNCIL**

**TRUE COMMISSION  
PERFORMANCE COMMITTEE MEETING MINUTES  
August 1, 2013  
3:00 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, Marcella Lowe, Patti Anania, Diane Brown, James Edwards, George Spencer, Keith Johnson, Greg Radlinski, Leroy Kelly

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

The meeting was called to order at 3:01 p.m. by Chairman Wendler. The committee discussed the latest draft of the pension report that has been developed over the last several months. A question was asked about the average rate of return figure shown in the report and whether that figure needs more explanation to be understandable by the intended readers. Mr. Wendler said that the average rate of return is really a meaningless figure – any loss takes considerable time and positive returns to overcome. Any year where the actual rate of return falls below the assumed rate built into the benefit formula creates a shortage that takes extraordinary returns in subsequent years to overcome.

A crucial question is which elements of the pension plan are negotiable and which are not, and that will not be decided until a judge finally rules on the lawsuit over the 30 year agreement between the City and the Police and Fire Pension Fund. Until a judge clarifies who must negotiate with whom, there's no way to settle the pension problem.

Commissioner Andrews suggested the need for a very clear definition of the assumed rate of return – it is *not* an average, it's really a discount rate to net present value. If you don't hit the assumed rate each and every year then the return is doomed to fall behind and it will take years to catch up from the losses.

Commissioner Wendler said that in 2001 the 30 year agreement shifted the liability for investment returns from 50/50 between the City and the employees to almost all liability to the City, which we can no longer afford. If no changes are made, the system will eventually collapse because it is unsustainable. He sees a defined contribution system as the only logical way to ensure that retirees receive what they expect. Commissioner Johnson mentioned a possible change in public sentiment on the issue of willingness to consider a property tax increase to stave off potential public service cuts.

Commissioner Radlinski stated that the committee probably won't make much further progress on refining a pension analysis model, so recommended moving on to making proposals for potential solutions. He believes it will be impossible to cut benefits for persons already retired, so let's deal with active employees. Look at what can be done with regard to vested vs. non-vested employees, those retirement-eligible vs. pre-eligible, how to deal with new hires, etc. He suggested the committee look at

mechanisms such as a defined contribution plan, insurance annuities, raising the retirement age, changing cost-of-living-adjustment provisions, etc. as possible avenues for reform.

Chairman Wendler solicited suggestions from the committee members, to be circulated to the group through Jeff Clements, so that the committee can wrap up its work and make a report to the full commission at its September meeting. He also suggested that it would be worthwhile to look at whether the 30 year agreement can be terminated by either party. He reads a provision near the end of the agreement to say that if the agreement is successfully challenged on legal grounds, then it defaults to the minimum term (should read maximum term?) allowed by law.

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

Jeff Clements, Chief  
Council Research Division

Posted 8.8.13  
5:00 p.m.