



**JACKSONVILLE CITY COUNCIL**

**TRUE COMMISSION  
PERFORMANCE COMMITTEE MEETING MINUTES  
August 21, 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, James Edwards, Keith Johnson

**Excused:** Marcella Lowe and Patti Anania

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

The meeting was called to order at 4:02 p.m. by Chairman Wendler.

Commissioner Radlinski advocated for re-ordering the pension report to put the conclusions and recommendations at the beginning and then use the remainder of the charts and statistics as background information to justify the conclusions. That would start with the highlights for the casual reader and leave the more detailed information for those interested in the serious reader.

Chairman Wendler stated that he attended the Pension Task Force meeting earlier in the day and heard about the effort in Atlanta to reform its city employee pension by a private group formed for that purpose. Private funding was raised from corporations to support the effort which allowed the process to take place outside of sunshine regulations, but the group came up with a variety of options which were presented to the city for its consideration. The group did not make a recommendation, but gave a list of options.

The committee discussed whether the wording of the draft report exhibited bias by the use of the words “good and responsible”. There was considerable discussion of how to clearly explain the concepts of the Pension Excess Contribution (PEC) and the “pension holiday” practice. Mr. Wendler will try to refine the PEC historical table to show total figures.

Commissioner Becton stated that it would be important to clearly state which pension elements are negotiable and which are not with regard to current benefits; if nothing is negotiable then there’s no point in mentioning it as a possibility. There is a fundamental need to get a resolution to the status of the 30 year agreement between the City and the Police and Fire Pension Fund to determine what is and is not possible. If a judge invalidates the latest 22-year restatement and extension of the agreement, does that take the parties back to the original 8-year agreement entered into in 1992? If the decision is made that the agreement constitutes a violation of the 3-year limit on collective bargaining agreements, would that not also invalidate the 1992 agreement? What is a judge likely to rule on the question of what benefits can be affected by a ruling? Benefits already being paid to retirees? Benefits earned but not yet paid? Benefits earned by vested versus unvested current employees? Benefits earned by employees eligible to retire versus those not yet eligible?

Commissioner Johnson suggested recommending a graduated plan with employees vested and closest to retirement keeping most or all of their accrued benefits, new employees being placed in a defined contribution plan, and employees in between keeping varying levels of accrued benefits based on years of service. Commissioner Becton suggested the need for two sets of recommendations – one that would be applicable if the 30-year agreement is held to be valid and the current benefit level is determined to be non-negotiable and another set that would be applicable if a judge invalidates the agreement and the parties are free to negotiate all terms.

Commissioners suggested possible solutions under the two scenarios described above

If the 30 year agreement is valid

- Transfer City real estate assets to the PFPF for credit against the UAAL
- Issue pension obligation bonds
- Reduce cost-of-living adjustments to the extent allowed
- Raise property taxes
- Increase employer and employee contribution rates
- Extend the vesting period and raise the retirement age

If the 30 year agreement is not valid, Mayor Brown’s proposed pension reform package had many good elements.

Commissioners noted that the PFPF has had negative investment returns in 5 of the last 12 years, and that is a huge part of the growing UAAL problem. Pension contribution costs are going from \$140 million this year to an estimated \$411 over the next 22 years, which is completely unsustainable. Municipal bankruptcy may have to be a serious consideration at some point.

Commissioner Andrews advocated that when the City eventually decides upon a pension reform plan, that it be carved in stone so that future mayors and city councils don’t go back to the old practice of granting new benefits in years when the pension fund is flush, only to see those benefits become unaffordable in future years. Other commissioners argued against locking in any plan in a way that binds the hands of future city councils and prevents them from reacting to changing conditions that cannot be foreseen. Commissioner Andrews advocated at least adopting a set of criteria for what constitutes a rational pension policy and require that future councils adhere to those criteria when making future decisions. Try to enforce rationality in the process to the extent possible.

The committee discussed whether the TRUE Commission should adopt a set of specific recommendations, or should instead offer a range of options without recommendation and leave the decision to the City Council.

Commissioner Wendler welcomed more suggestions about what options to propose, which he will incorporate into a final draft of the report to be considered at the September 5<sup>th</sup> meeting. Commissioners should forward their suggestions to Jeff Clements to be distributed to the committee.

There being no further business, the meeting was adjourned at 5:39 p.m.

Jeff Clements, Chief  
Council Research Division

Posted 8.22.13  
6:00 p.m.