

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
SUB-COMMITTEE MEETING MINUTES – AUGUST 22, 2012
RICHARD “DICK” COHEE BOARD ROOM**

NOTE: If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

PRESENT

Walter Bussells, Trustee, Sub-committee Member
Lt. Richard Tuten III, Fire Trustee, Sub-committee Member (By phone)

STAFF

John Keane, Executive Director-Administrator
Robby Gorman, Executive Assistant
Stephen Lundy, Economic Research Analyst

NOTE: Any person requiring a special accommodation to participate in the meeting because of disability shall contact the Executive Director-Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

The meeting was brought to order at 9:00 a.m.

2012-06-13 Board Chairman Deal appointed Trustees Walt Bussells Richard Tuten as Members of the Sub-committee to review of the 2012/2013 Budget per request of City Council Finance Committee.

The Sub-committee Chairman stated that with two new trustees, whose first meeting was last week, it is not possible to do a line by line review of the budget with the August 29th Finance Committee deadline. However, they will try to find reductions to accommodate the Finance Committee's request. They will also do an in depth review of the budget in the coming 4 months and advise the Finance Committee of their findings.

The Finance Committee wants the Personnel costs reduced from \$810,000 to \$650,000. The Sub-committee members noted the total Police and Fire Pension Fund Operating Budget is \$9 million, and it would be appropriate to review all the line items, not just Personnel costs, for potential efficiencies and reductions during the 4-month review process.

The source of the funds budgeted is the Pension Trust, not the City General Fund. The proposed 2012/13 Budget is the same amount as the Board approved 2011/12 Budget. The bulk of the \$9 million budget is Professional Services fees, some of which go up when the market is doing well & are reduced when the market is low. If the Fund moves more of its portfolio to index funds, there would be a reflected savings in fees, and this is an example of potential efficiencies and savings the Board will be reviewing in the next 4 months..

A history of the variance between requested budgets and actual expenditures for Fiscal Years 2006-2010 was looked at; the variances ran from \$2.8M to \$.6M

under the requested budget due in significant part to not knowing what the final investment manager fees will be for the 4th quarter. The Police and Fire Pension Fund has never exceeded the authorized budget. Any unexpended budgeted funds are returned to the Police and Fire Pension Fund Trust Fund, not the City General Fund.

There was discussion of various items concerning Year to Date expenses and where items could be trimmed in different areas of the budget, but it was decided that without the time to do a professional line by line study of the entire \$9 million operating budget, it was difficult to know what should be or could be reduced immediately without cutting required funds.

A discussion of the legal authority of the Board of Trustees concerning the annual operating budget of the Fund in light of the memorandum provided from the City's General Counsel which stated that the City Council has the authority to change and set the Fund's annual operating budget. Executive Director-Administrator Keane advised the Members that the Fund's General Counsel has opined that the City Council cannot change the Fund's proposed annual operating budget. Discussion ensued concerning whether or not to note this apparent difference in opinion between the Fund's General Counsel and the City's General Counsel.

The Sub-committee recommends to the Board of Trustees:

Reduce the budget by the percentage the reduction of the General Fund revenue 2010/11, 2011/12 and the proposed 2012/13 averaging the decrease plus 1%.

Ask for the authorization to budget the resulting amount and the flexibility to move it between accounts.

Commence an in depth 4-month review of the entire operating budget.

Freeze all staff salaries and benefits until the Board completes a complete review during this 4-month review of the entire operating budget.

2012-08-4 Letter of Engagement for either 1 year or 3 years for Grau & Associates Certified Public Accountants and the Annual Audit. Attachment

The Sub-committee recommends that the Board of Trustees execute the 1 year Letter of Engagement with Grau & Associates Certified Public Accountants for the 2011/2012 Audit with emphasis on the requirements of Chapter 112 of the Florida Statutes.

The Sub-committee recommends that the Board of Trustees schedule a special meeting prior to the August 29th meeting of the City Council Finance Committee to consider/approve on the budget recommendations.

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There being no further business, the meeting was adjourned at 10:00 a.m.