

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
BUDGET WORKSHOP AGENDA – DECEMBER 11, 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
Asst. Chief Bobby Deal, Chairman
Lt. Richard Tuten III, Fire Trustee

STAFF

John Keane, Executive Director-Administrator
Kevin Stork, Controller

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 workshop was brought to order at 8:00 a.m.

1. Budget Review

Mr. Bussells gave a brief overview from their previous budget review meeting and Mr. Stork added that the budget handout tied into the amount of reductions the Board made in its previous meeting.

Mr. Stork began by reviewing the five page handout that had been distributed to the Trustees. He discussed the details behind preparing the staff budget, using the salary schedules, and applying the FY2013 estimates for payroll related benefits.

The second area discussed concerned professional services, which makes up approximately 73% of the budget. Mr. Stork talked about estimating money managers fees and stated that the budget covered growth based on the previous actuary assumptions, but if we had a good year like 2012, the budget would probably be a few hundred thousand dollars short. Mr. Bussells thought the professional service budget was high and talked about indexing some of the less liquid investments, which would save considerable amounts in the fees. He said that would be discussed as the Board reviews their asset allocation policy and rebalances investments.

The third area addressed the remaining items budgeted and items presented were IT charges to the budget and building/parking garage budget/costs. The budget

for ITD charges were based on the previous year's budget. Mr. Stork had a subsequent discussion with ITD personnel and reduced the ITD Tech Replacement line item to reflect that new projects were not planned by Police and Fire Pension Fund for FY2013. He stated that he is working with ITD to develop a more accurate ITD projection for the FY budget. Some reallocations in the building line items were made and discussion on the various estimates. Mr. Bussells noted that the electricity costs were budgeted the same amount as the previous year and that JEA had reduced its electricity rates 5%. Mr. Stork discussed estimating electricity costs and his concerns about fluctuations due to weather variations. Mr. Keane talked about energy savings improvements being made in the parking garage by replacing the existing bulbs with new LED lighting, which use much less electricity.

Mr. Bussells noted there were about 10-12 line items that padded the budget for contingencies and would like contingency amounts grouped into a combined contingency line item since the Board had control of authorizing appropriations for the Fund. He also stated that he thought the buildings had a high operating cost per square foot.

Items for Staff to work on: The Board would like a summarized report for the budget and also highlight cost savings items that the staff is doing and have that reflected in budgeted numbers.

2. Actuarial Review

The effects of the decrease in payroll from the last actuary study was discussed and that the Fund would be short of the ARC by around \$15 million if the City Council hadn't put in the \$121 million minimum in the Ordinance.

Mr. Bussells reemphasized the Best Practice of doing annual actuary studies.