PRESENT

Lt. Richard Tuten III, Board Chair  
Richard Patsy, Board Secretary  
Lt. Chris Brown, Trustee  
William Scheu, Trustee – via Webex

Eric “Brian” Smith Jr., FIAC, Chairman  
Craig Lewis Sr., FIAC, Secretary  
Tracey Devine, FIAC  
Rob Kowkabany, FIAC  
Rodney Van Pelt, FIAC

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator  
Bob Sugarman, Fund Attorney  
Pete Strong, Fund Actuary  
Devin Carter, Chief Financial Officer  
Steve Lundy, Pension Benefit Specialist  
Debbie Manning Executive Assistant  
Denice Taylor, AAA Reporters

EXCUSED

Willard Payne, Trustee

GUESTS

Colin Aguilar, JFRD  
Mike Allen, JFRD  
Greg Anderson, City Council  
Frank Arnall  
Joe Arnall  
David Bauerlein, Times Union  
Anna Brosche, City Council Liaison  
Mark Daugherty, Action News  
Steve Durden, Office of General Counsel
Elizabeth Feustel, Jax Civic Council
Jason Gabriel, Office of General Counsel
Bill Gassett
Russell Gilburn
Joey Greive, Fund Treasurer
Lawskia Hodges, Office of General Counsel
Brian Parks, Council Auditor's Office
John Pertner, GA Public Solutions
Jim Piggot, Channel 4
Randy Reaves, FOP
Mike Weinstein, Director of Finance
John Winkler
Randy Wyse, IAFF

I. CALL TO ORDER

Board of Trustees Chairman Richard Tuten called the Board of Trustees meeting to order at 9:06AM.

FIAC Chairman Brian Smith called the FIAC meeting to order at 9:06AM.

II. PUBLIC SPEAKING PERIOD

Public speaking from John Winkler. No further requests. Public Speaking Period closed.

III. NEW BUSINESS

1. Review and Discussion of the Actuarial Impact Study

Brian Smith described the format of today’s Special Meeting: The Actuary, City, Counsel, and Advisors will give presentations to the Board of Trustees and to the FIAC discussing possible assumptions to use for the Actuarial Impact Statement. The FIAC will first make a motion to give their recommendations on assumptions to the Board of Trustees, who will then discuss and make a final motion on which assumptions to use.

Timothy Johnson outlined the meeting to the FIAC and the Board:

First, John Pertner of GA Public Solutions will give a presentation on the Surtax Growth Rate Assumption.
Second, Fund Actuary Pete Strong of GRS will give five presentations:

1. Experience Study on Payroll Growth Assumption
2. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 3.34% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption
3. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.5% Payroll Growth Rate Assumption
4. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption
5. 30-Year Projections

Timothy Johnson then introduced Bob Sugarman, who described to the Board of Trustees and to the FIAC their respective duties as they relate to today's agenda.

Bob Sugarman reiterated to the Board and FIAC of their primary goal today:

1. The FIAC will make a recommendation to the Board of Trustees
2. The Board will consider the recommendation and make a decision.
3. The Board must issue an Actuarial Impact Statement

Bob Sugarman noted that the FIAC and the Board must accomplish this goal with one primary consideration: that they must make the decision that is best for the current members of the Police and Fire Pension Fund. He said that the FIAC and Board must be comfortable in their decision.

Bob Sugarman said that he and the Office of General Counsel (OGC) have differing views on how to value the surtax. Bob says he believes the Board has the authority to value the surtax on their own, as the surtax is an asset of the Fund. He noted that OGC believes the City has the sole authority to value the surtax. Bob reminded the Board that the higher the surtax growth rate assumption, the lower the City payment to the Fund, and vice versa.

Bob Sugarman said that the Board may rely on OGC's opinion, or his opinion, and that being able to choose between the two opinions is a luxury of the Board's. Bob said he believes that his recommendation is more reasonable than that of OGC's.

Jason Gabriel affirmed his own belief that the City has the sole authority to value the surtax, given his interpretation of the State Law.
Timothy Johnson then introduced John Pertner, of GA Public Solutions, to give his presentation on the Surtax Growth Rate Assumption.

John Pertner gave his presentation on the Surtax Growth Rate Assumption. His Report recommends that the Board:

“Immediately:

Implement an initial rate of 3.34%, based upon the Compounded Average Growth Rate calculation for the initial projections for 2017-2030 of the Discretionary Surtax estimations, and then apply the rate to the Pension Liability Surtax out to 2060 for an initial view of what that amount may be.

Annually:

Each October, update the City’s actual collected surtax revenue.

Calculate the Compound Average Growth Rate (CAGR) after each annual reporting using a representative number of periods, the final full Reported Year revenue, and starting year revenue.

Insert the recalculated CAGR as the base for the projections using the past year revenue out to 2030 and 2060.

Update the projections by using representative number of periods and compare estimates, and then select the best fit.”

Mike Weinstein said that the Surtax Growth Rate Assumption, whether it is the City’s proposed rate of 4.25% or whatever will be reviewed every year by the City and the Present Value of the Surtax will be recalculated each year accordingly.

Richard Tuten argued that Mike Weinstein was being ingenuous, since the Mayor’s plan assumes a Surtax Growth Rate of 4.25% for the entire life of the surtax.

Pete Strong of GRS gave his first presentation on the Experience Study on Payroll Growth Rate Assumption. His report recommends to the Board:
“Based on the projected 10-year compound average payroll growth rate through 2021 (reflecting across-the-board negotiated salary increases in 2017-2019 and an OPEN group projection), and a goal of preventing negative amortization, our recommendation is for the payroll growth assumption used to amortize the UAAL to not exceed 1.25%.”

Pete Strong then gave his second presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 3.34% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption.

Brian Smith gave a 10-minute recess to the meeting at 11:15AM.

Brian Smith reconvened the meeting at 11:25AM.

Pete Strong then gave his third presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.5% Payroll Growth Rate Assumption.

Pete Strong then gave his fourth presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption.

Pete Strong then gave his fifth presentation, discussing the 30-Year Projections of the Required City Contribution. He gave three scenarios, each with a ‘stress test’ variation scenario; each of which include a negative-15% return in year 2019. He included graphs which showed the 30-Year Projections of the Required City Contribution, the UAAL, and the Funded Ratio under each scenario and each ‘stress test’ scenario variation.

Mike Weinstein then gave his solely oral presentation to the FIAC and Board of Trustees. He noted that the citizens voted for the referendum, so the City is trying to implement the voters’ wishes. He reminded the FIAC and Board that if the funded ratio of the Fund falls below 5:1, then the City will be required to fund the difference.

Richard Tuten asked Mike Weinstein what factors he considered when he came up with a 4.25% Surtax Growth Rate Assumption.

Mike Weinstein said that inflation, population growth, building permits, and the fact that ‘we are in Florida’ are all factors influencing the decision to choose a Surtax Growth Rate Assumption of 4.25%.
Jason Gabriel then gave his presentation to the FIAC and Board of Trustees. He restated his opinion that OGC covers all of COJ, including all independent agencies. He repeated his belief that the City solely has the authority to value the Surtax. He said that the City will value the Surtax every year, as it related to all three defined benefit pension funds of the City. He stated that the City is the sole taxing authority. He said that collaboration between the City and Board is required.

Brian Smith reminded the FIAC and Board of the procedure for the remainder of the meeting.

The FIAC began their deliberation of the Payroll Growth Rate Assumption.

Tracey Devine asked Timothy Johnson what risks are posed to members, relating to the Fund's ability to pay benefits.

Timothy Johnson explained the importance of the liquidity factor as it relates to paying benefits to members.

Craig Lewis asked Pete Strong what impact the 1.5% Payroll Growth Rate Assumption would have.

Pete Strong said that the UAAL would increase during the short term, and slowly decrease over the long term.

**A motion was made by Craig Lewis to recommend the Board of Trustees accept a 1.25% Payroll Growth Rate Assumption. Tracey Devine seconded the motion to discussion, noting that the 1.25% was a more conservative, rational selection.**

Rob Kowkabany agreed, stating that it was the only latitude the FIAC has.

Rodney Van Pelt stated his agreement.

**The motion passed unanimously.**

Brian Smith opened the Surtax Growth Rate Assumption for discussion, with Mike Weinstein, John Pertner, Bob Sugarman, and Jason Gabriel commenting.
A motion was made by Craig Lewis to recommend the Board of Trustees accept a 4.25% Surtax Growth Rate Assumption. Tracey Devine seconded the motion to discussion.

Rodney Van Pelt stated his desire for more information from OGC, saying that it is hard to make a choice without a material presentation.

Rob Kowkabany introduced an amendment to the motion, to include the wording “based upon advice from the counsel of OGC” and “adopt the City-selected Surtax Growth Rate Assumption of 4.25%” Craig Lewis seconded the motion to amend to discussion. The motion to amend passed unanimously.

The original motion, to recommend the Board of Trustees - based upon advice from the counsel of OGC - adopt the City-selected Surtax Growth Rate Assumption of 4.25%, as amended, passed unanimously.

Brian Smith adjourned the FIAC meeting at 1:12PM.

A motion was made by Chris Brown to accept the FIAC’s recommendations of a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption for the Actuarial Impact Study. Richard Patsy seconded the motion to discussion.

Bill Scheu directed Jason Gabriel to write an opinion stating that the Board of Trustees has no discretion to value the Surtax, and that the advice of OGC trumps that of Bob Sugarman. Jason Gabriel agreed.

The motion to accept the FIAC’s recommendations of a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption for the Actuarial Impact Study passed unanimously.

Richard Tuten scheduled the next Special Meeting of the Board of Trustees for Monday, April 17th at 1:30PM.

IV.  ADJOURNMENT

Richard Tuten adjourned the Board of Trustees Meeting at 1:31PM.

NOTES:
Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Pension Benefits Specialist at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

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.

Additional items may be added / changed prior to meeting.

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Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on April 21, 2017