

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
COMPREHENSIVE PENSION REFORM
SPECIAL MEETING MINUTES – MAY 27, 2014
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

Walt Bussells, Chairman
Nathaniel Glover Jr., Board Secretary
Adam Herbert, Trustee – *arrived @ 11:35am*
Asst. Chief Bobby Deal, Police Trustee
Lt. Richard Tuten III, Fire Trustee

STAFF

John Keane, Executive Director-Administrator
Robert Klausner, Attorney
Kevin Stork, Controller
Debbie Manning, Executive Assistant

EXCUSED

Council Member Richard Clark, City Council Liaison – *will not attend this meeting or future meetings while the matter that will ultimately go before the City Council is being reviewed and discussed.*

GUESTS

Ron Lendvay, JSO
Kevin Golino, JSO
Steve Amos, JSO/FOP
Phil Voyelsang, FOP
Dennis Blankenship, FOP
Matt Borgert, JSO
Troy Penn, JSO
Jenn Penn, Citizen
Michael Ulsch, JSO
David McCall, Chairman, Pension Advisory Committee
Michael Meissner, JSO
James Cannon, JSO
Wesley Davison, JSO
Larry Schmitt, JSO, Pension Advisory Committee
Robert McKenzie, JSO

Otto Bottin, JSO
Joe Bruce, JSO
Mike Beckmann, JSO
David Bauerlein, Times Union
Jim Piggott, WJXT
Roger Weeder, First Coast News
Leslie Coursey, Action News

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 one business days in advance of the meeting to make appropriate arrangements.

CHAIRMAN BUSSELLS BROUGHT THE MEETING TO ORDER AT 11:30AM

The Board of Trustees will recite the Pledge of Allegiance.

PUBLIC SPEAKING PERIOD

1. MIKE BECKMANN – POLICE LIEUTENANT, 28 YRS OF SERVICE. OUR FORMER CITY LEADERS CREATED THE CURRENT PROBLEMS. DO NOT VOTE ON THIS PLAN UNTIL THE CITY PROVIDES LEGISLATION ON HOW THEY ARE GOING TO PAY FOR \$40 MILLION A YEAR. VOTE TO HONOR THE CURRENT CONTRACT AGREED TO BY THE CITY. VOTE NO FOR THIS PROPOSAL.

JOHN ASKED CHAIRMAN BUSSELLS TO TELL THE GUESTS ASSEMBLED THE BOARD'S PLAN FOR THE VOTE. CHAIRMAN BUSSELLS SAID WE RECEIVED LATE SUNDAY AFTERNOON THE CITY'S DRAFT. THIS IS NOT IN THE FINAL FORM OF CONTRACT AMENDMENT REQUIRED TO EFFECT CHANGES IN PENSION. IN ADDITION, THERE ARE A NUMBER OF PROVISIONS THAT TO US, DO NOT MATCH UP TO WHAT WAS AGREED TO IN NEGOTIATIONS. THEREFORE, THIS IS NOT A FORM THAT IS APPROPRIATE FOR ACTION TODAY. WE'RE GOING TO DISCUSS THIS TODAY, NOT VOTE TODAY. THE LAWYERS NEED TO PUT THIS IN THE PROPER FORM TO BE SURE THE PROVISIONS REFLECT WHAT WE AGREED TO AT THE TABLE OVER THE LAST THREE WEEKS. THIS IS NOT READY FOR ACTION TODAY. NOT VOTING TODAY.

2. OTTO BOTTIN - POLICE SERGEANT, 11 YEARS. ALOT OF OFFICERS ARE LEAVING JSO BECAUSE OF WHAT IS RUMORED TO HAPPEN. FOR YEARS THEY WERE TOLD, THE CURRENT EMPLOYEES WOULD NOT BE AFFECTED HOWEVER, IT NOW SEEMS WE ARE CHANGING COURSE. NEED AN EXPLANATION AS TO WHY THIS IS HAPPENING.

3. JOE BRUCE – POLICE OFFICER. GLAD WE'RE NOT READY TO TAKE A VOTE TODAY. I DON'T UNDERSTAND THE MIS-COMMUNICATION OR WHY THAT INFORMATION WAS NOT PUT OUT. THE MEDIA STATED CLEARLY THE VOTE WOULD BE TODAY, AND THE

VOTE TONIGHT WITH CITY COUNCIL. THE CITY NEEDS TO HONOR IT'S COMMITMENT TO CURRENT MEMBERS.

CHAIRMAN BUSSELLS STATED THAT FOR WHAT IT'S WORTH, NO ONE FROM THE BOARD OR STAFF HAS TALKED WITH THE MEDIA ON WHATEVER WAS REPORTED. TRUSTEE DEAL SAID HE HEARD IT ON THE NEWS THIS MORNING. JOHN SAID, THERE'S NOT EVEN A BILL BEFORE THE CITY COUNCIL FOR THEM TO VOTE ON.

4. ROBERT McKENZIE – HIRE DATE IN 2006. PLEASE CONSIDER THAT THE BOARD IS DEBATING HIS FAMILY AND THEIR FUTURE FOR RETIREMENT. PLEASE SERVE AND PROTECT THE POLICE OFFICERS THE SAME WAY THEY SERVE AND PROTECT THE CITY.

5. STEVE AMOS – SERGEANT FOR 33 YEARS AND FOP PRESIDENT. HE REPRESENTS THE MEMBERS FOR THE PENSION ISSUES. THE TERMS AND AGREEMENT OF THE 30 YEAR SETTLEMENT AGREEMENT SHOULD BE HONORED BY BOTH PARTIES. POLICE OFFICERS HAVE ALREADY COMMITTED TO "SHARED SACRIFICE". THE NEW PROPOSALS FOR THE NEW HIRES, WILL SERIOUSLY HAMPER AND IMPEDE THE HIRING OF QUALIFIED POLICE OFFICERS AND THE RETENSION OF THOSE POLICE OFFICERS WITH LESS THAN 10 YRS. IN 2013, WE LOST OVER 75 OFFICERS TO OTHER DEPARTMENTS FOR BETTER PAY, BENEFITS, AND PENSION BENEFITS.

TRUSTEE TUTEN HAD A QUESTION AS TO HOW MUCH DID IT COST THE JSO TO TRAIN TO REPLACE THOSE 75 OFFICERS. LAST NUMBERS GIVEN TO FOP BY THE SHERIFF WAS RIGHT AT \$100,000 FROM HIRING, TRAINING, TO THE TIME THEY ARE SOLO (APPROX. 11 MTHS). IN 2013, NEARLY 7½ MILLION TO REPLACE OFFICERS ALREADY GONE.

NO OTHER QUESTIONS. CHAIRMAN BUSSELLS CLOSED THE PUBLIC SPEAKING.

TRUSTEE TUTEN ASKED THAT THE PODIUM FOR PUBLIC SPEAKING BE MOVED TO THE OTHER SIDE OF THE ROOM FOR FUTURE MEETINGS, SO THE SPEAKER WILL KNOW HOW MUCH TIME THEY HAVE.

CHAIRMAN BUSSELLS ASKED IF BOB KLAUSNER COULD BE SURE THAT EVERYONE IS CURRENT ON THE LAW IN TERMS OF PROCESS FOR POTENTIAL LEGISLATION TO AMEND THE 30 YEAR AGREEMENT, FROM WHERE WE ARE TODAY, AND TO WHAT COULD HAPPEN, AND WHAT'S REQUIRED. TRUSTEE HERBERT ADDED AND WHAT HAPPENS IF WE DO NOT ACCEPT THE PROPOSAL BEFORE US.

KLAUSNER STATED THAT WE CURRENTLY HAVE AN AGREEMENT IN PLACE WITH AN EXPIRATION DATE OF SEPTEMBER 30, 2030. YOU ARE OBLIGATED BY THE CITY TO MEET FROM TIME TO TIME TO DISCUSS IMPROVEMENTS IN THE PLAN, LIKE ANY CONTRACT ONCE THE PARTIES HAVE MADE THEIR DEAL. YOU HAVE AN AGREEMENT AND IT'S BINDING AND LAWFUL. IT'S BEEN APPROVED BY EVERY CITY COUNCIL, IT'S ACTUALLY DRAFTED BY THE GENERAL COUNCELS OFFICE EACH TIME, AND SIGNED AS LAWFULLY APPROVED, AND SIGNED BY EVERY MAYOR THAT'S BEEN IN OFFICE

AT THE TIME. SO THE AGREEMENT IS VALID. ONE THING THAT SHOULD BE CLEAR, IT IS NOT A COLLECTIVE BARGAINING AGREEMENT.

IN JACKSONVILLE, WE'VE HAD A NUMBER OF COLLECTIVE BARGAINING AGREEMENTS OVER THE PERIOD OF TIME THIS BOARD HAS BEEN IN BUSINESS. EACH OF THE TIMES THAT THE CITY HAS BARGAINED WITH EITHER THE FIRE FIGHTERS UNION OR WITH THE FOP, BOTH PARTIES HAVE CHOSEN NOT TO BARGAIN ON THE SUBJECT OF PENSIONS. IN THIS PARTICULAR CASE, THE UNIONS AREN'T PARTIES TO YOUR AGREEMENT. THEIR MEMBERS ARE BENEFICIARIES OF THE 30 YEAR AGREEMENT. SO WHAT LEAD TO WHERE WE ARE NOW, IS A LAWSUIT WAS FILED BY POLICE AND FIRE MEMBERS, THEY ARE ALL MANAGEMENT FOLKS AND YET STILL PARTICIPANTS IN OUR RETIREMENT SYSTEM. WE ATTEMPTED A SETTLEMENT OF THAT LITIGATION THROUGH THE FEDERAL MEDIATION PROCESS LAST YEAR. IT WAS REJECTED BY THE CITY COUNCIL. THE MAYOR AND THE PLAINTIFFS IN THAT CASE, REACHED AN AGREEMENT. WE ARE A DEFENDANT IN THAT CASE AND WE ARE ALSO A CROSS PLAINTIFF WHICH MEANS WE WERE CONCERNED ABOUT CERTAIN ACTIONS BY THE CITY THAT WE BELIEVED WERE IN VIOLATION OF THE 30 YEAR AGREEMENT, AND WE FILED A CLAIM AGAINST THE CITY THAT WAS ALL WRAPPED UP IN THE SAME ALLOGATIONS BROUGHT BY THE PLAN MEMBERS.

AFTER THAT AGREEMENT WAS REJECTED, THE COURT HEARD MOTIONS ON WHETHER OR NOT IT HAD JURISDICTION TO CONSIDER THE FEDERAL CLAIM. THE JUDGE DECIDED ABOUT A MONTH AGO, THAT SHE DID THEREFORE THAT CASE IS PROCEEDING. IN FACT, THE PARTIES ARE WORKING ON A CASE MANAGEMENT REPORT. IN THE MEANTIME, A REQUEST WAS MADE TO TRY IT AGAIN. THERE WAS A STATE CIRCUIT COURT ORDER THAT SAID IF YOU ARE GOING TO HAVE THESE DISCUSSIONS, EVERYBODY HAS TO AGREE TO DO IT WHILE THERE ARE APPEALS GOING REGARDING THE LAWSUITS ON THAT PROCESS. NONE THE LESS THE PARTIES PROCEEDED AND HAD THESE DISCUSSIONS.

THE DOCUMENT YOU HAVE BEFORE YOU, IS THE CITY DRAFT THAT PREPARED TO REFLECT WHAT TOOK PLACE IN THE MEETINGS BETWEEN JOHN KEANE, AS A REPRESENTATIVE OF THE RETIREMENT SYSTEM, AND THE VARIOUS MEMBERS OF THE CITY ADMINISTRATION. THOSE DISCUSSIONS ARE NOT COLLECTIVE BARGAINING. THE CITY CAN BARGAIN WHATEVER IT WANTS WITH THE UNIONS. WE ARE NOT A PARTY TO COLLECTIVE BARGAINING. WE ARE AN INDEPENDENT BRANCH OF THE MUNICIPAL GOVERNMENT THAT HAS THE ABILITY GIVEN TO IT BY THE STATE LEGISLATURE TO ENTER INTO CONTRACT. THAT'S WHAT THE 30 YEAR AGREEMENT IS.

A SERIES OF MEETINGS TOOK PLACE OVER THE LAST THREE WEEKS, THERE WAS AGREEMENT IN PRINCIPAL ON VARIOUS MATTERS WHICH WERE THE SUBJECT OF THE PENSION REFORM TASK FORCE. ON ALL OF THE DOZEN OR SO ISSUES THAT WERE RESOLVED, AN AGREEMENT WAS REACHED ON EVERY ONE OF THE POINTS IN SOME FASHION OR ANOTHER. FROM THE BENEFIT SIDE AND THE GOVERNMENT SIDE, THERE WERE SOME CHANGES WHICH WERE DISCUSSED REGARDING BOTH CURRENT AND FUTURE WORKERS. KLAUSNER DID NOT SEE THE CITY'S DOCUMENT

UNTIL SUNDAY AFTERNOON. HE WORKED WITH THE DIRECTOR, CHAIRMAN, AND ACTUARY OVER THE WEEKEND TO BE ABLE TO REVIEW WITH YOU AT THE APPROPRIATE TIME IN THE MEETING. FROM HERE, THIS IS NOT A FORMAL DOCUMENT. IT'S A TERM SHEET. THERE ARE SOME THINGS IN-CONSISTENT WITH THE VARIOUS PROPOSALS DISCUSSED. THERE WERE THINGS THAT WERE REPORTED IN THE MEDIA WHICH ARE IN-CONSISTENT WITH WHAT'S ON THE TERM SHEET. SO THERE ARE LOTS OF QUESTIONS.

IT IS NOT APPROPRIATE FOR THE BOARD TO VOTE ON THIS TODAY FOR THIS REASON. THIS INVOLVES CAREFUL EXERCISE OF YOUR FIDUCIARY RESPONSIBILITY. THINGS LIKE THAT ARE NOT DONE IN HASTE. YOU'RE CALLED UPON TO MAKE ADDITIONAL FINANCIAL CONTRIBUTION FROM YOUR PENSION STABILIZATION RESERVES TO HELP LOWER THE COST OF THE PLAN. BEFORE YOU DO THAT, YOU NEED TO MAKE SURE WHAT THE DEAL IS.

IF YOU DON'T ULTIMATELY ACCEPT THE TERM SHEET, YOU STILL HAVE A 30 YEAR AGREEMENT. DOESN'T CHANGE ANYTHING. NOW THE LITIGATION WILL GO ON. PART OF THE ISSUES DISCUSSED HERE, WILL THEN INVOLVE THE APPROVAL OF THE PLAINTIFF'S IN THE WYSE VS CITY LAW SUIT MUST ALSO AGREE, AND THE FEDERAL JUDGE HAS TO APPROVE IT AS WELL BECAUSE IT CALLS FOR A POST LITIGATION SUPERVISORY PERIOD. THAT'S WHERE WE ARE. THERE ARE TWO THINGS THAT ARE THE NEXT STEP AFTER THE TERM SHEET. 1. SOME OF THIS REQUIRES A CHANGE IN CHAPTER 121 WITH THE CITY ORDINANCE CODE. YOU NEED TO SEE THE ORDINANCE TO MAKE SURE THE ORDINANCE DRAFT REFLECTS WHAT EVERYBODY DISCUSSED. YOU CAN'T AGREE TO SOMETHING UNTIL YOU'VE SEEN IT. 2. THIS ALSO CALLS FOR AN AMENDMENT, FOURTH AMENDMENT, TO THE SETTLEMENT AGREEMENT. THE EXISTING AGREEMENT CONTINUES, BUT AMENDED, JUST AS IT'S BEEN AMENDED THREE TIMES BEFORE.

TRUSTEE DEAL STATED THAT KLAUSNER EXPLAINED IN GREAT DETAIL, BUT FOR THE BENEFIT OF THOSE WHO DON'T QUITE UNDERSTAND WHY WE WOULD TALK TO THE CITY IF WE'VE GOT SUCH AN AGREEMENT IN PLACE, AND WE ARE CONFIDENT THAT IT'S A SOUND AGREEMENT, IT'S LEGAL AND BINDING. WHAT BROUGHT US TO THE TABLE TO BEGIN WITH IS PART OF THE CONTRACT, AND HAVE THOSE CONVERSATIONS ABOUT CONCERNS. TODAY'S ECONOMY, IMPACT OF PENSION REFORM AROUND THE COUNTRY, AND OTHER CONTRIBUTING FACTORS LEAD US TO SIT DOWN AND TALK ABOUT THESE THINGS AND IN ORDER TO STABILIZE THE PENSION AND TO MAKE SURE THAT WE PRESERVE IT GOING INTO THE FUTURE, AND WITH IT BEING IN COURT BEFORE THE JUDGE. TRUSTEE DEAL IS VERY CONFIDENT IN THE LEGALITY OF THE CONTRACT HOWEVER, A JUDGE COULD ALWAYS RULE FOR YOU OR AGAINST YOU OR CAN DISECT IT ANYWAY YOU WANT, WHEN YOU TAKE IT OUT OF YOUR HANDS AND PUT IT IN A JUDGES HANDS. SO IF WE LOOSE, IT COULD IMPACT US. WE WANTED A COMPROMISE TO AVOID THE DECISION BY THE JUDGE BECAUSE WE HAVE TO LIVE WITH THE CONSEQUENCES. WE NEED TO COMMUNICATE BETTER WITH OUR MEMBERS.

CHAIRMAN BUSSELLS SAID THERE IS A PROVISION IN THE AGREEMENT THAT SAYS VERY EXPLICITLY THAT IF THERE WERE TO BE UNEXPECTED EXTRAORDINARY

CIRCUMSTANCES SOMETIME IN THIRTY YEARS NOT ANTICIPATED IN THE YEAR 2000, THE PARTIES WILL COME TOGETHER AND DISCUSS POTENTIAL CHANGES, BUT ARE NOT OBLIGATED TO MAKE CHANGES. THE ECONOMIC CONDITIONS OVER THE LAST SIX YEARS AND OTHER FACTORS, HAVE BROUGHT US TO COME TOGETHER AND DISCUSS. WE HAVE HONORED THAT AGREEMENT.

KLAUSNER STATED SOME HISTORY THAT LEADS US TO WHERE WE ARE. WHEN KLAUSNER STARTED WORKING WITH THIS FUND, WE HAD \$20 MILLION DOLLARS, AND NOW WE ARE APPROACHING \$2 BILLION DOLLARS. THE CITY'S CONTRIBUTION IS BASED ON A RESOLVE. THE MEMBERS PUT IN A FIXED AMOUNT OF YOUR PAY, AND THE PENSION GETS A CERTAIN AMOUNT OF MONEY FROM THE STATE OF FLORIDA, AND PROBABLY TWO THIRDS OF THE MONEY TO PAY BENEFITS TO MEMBERS WILL COME FROM THE CAPITAL MARKETS. HISTORY HAS SHOWN THIS. OUR PLAN IS A DEFINED BENEFIT PLAN. THE ACTUARIES FIGURE OUT STATISTICS FOR THE FUND. THE BOARD HAS A RESPONSIBILITY TO TAKE THE NUMBER THE ACTUARY GIVES US. WHAT LEAD TO THESE DISCUSSIONS, WAS THE FINANCIAL DISTRESS ON THE CITY, AND THE STRESS ON THE PLAN WHICH LEAD THE PARTIES TO COME TOGETHER TO DISCUSS THINGS. ALL 50 STATES HAVE CHANGED BENEFITS FOR FUTURE WORKERS APPARENTLY ON THE DOWN SIDE. ALL OF THE MEMBERS THAT WERE HIRED AS OF TODAY, ARE PROTECTED AS BENEFICIARIES OF THE AGREEMENT AND THE TERMS OF THE CITY CODE. IT'S ALSO IN THE CITY CHARTER, CHAPTER 16. NEW HIRES DO NOT HAVE THAT PROTECTION. THE EMPLOYER IS GENERALLY FREE TO SET THE TERMS HE CHOOSES FOR NEW HIRES. IT IS EASIER TO MAKE CHANGES TO BENEFIT STRUCTURES FOR PEOPLE WHO AREN'T YET ON THE JOB BECAUSE THEY HAVE A CHOICE TO ACCEPT THE JOB OR NOT. THE 3% PAY CUT POLICE OFFICERS TOOK TWO PAY CUTS AGO, IS ACTUALLY IMPEEDING YOUR PENSION MORE THAN WHAT YOU CONTRIBUTE TO THE PLAN. THE CHANGES IN CONTRIBUTION ARE NOT CONSTITUTIONALLY PROTECTED. THE BENEFIT STRUCTURE IS PROTECTED. WHAT YOU PUT IN, YOU GET BACK.

THE OTHER CHANGE HAD TO DO WITH THE DROP. IN THE PROPOSED DISCUSSION ISSUES, THERE WAS A DIFFERENT WAY OF CALCULATING THE INTEREST ON YOUR DROP. THERE HAS BEEN CRITICISM OF THE CURRENT RATE OF PAY. ACTUALLY, IT'S LOWER THAN THE RATE OF RETURN THE PLAN GETS WHILE YOU'RE ON DROP. THE PRIMARY CHANGE WILL BE IN INCREASING THE EMPLOYEE CONTRIBUTION. THE INCREASED CONTRIBUTION IS TIED WITH A PAY RAISE FROM THE CITY. THERE IS SAVINGS IN THE PLAN. YOU WANT TO INSURE THAT THE UNDERFUNDING OF THE PLAN IN PRIOR YEARS IS CURED WITHIN YOUR LIFETIME AND SURVIVORS LIFETIME. RIGHT NOW THE PLAN IS CASH POSITIVE. THE BOARD HAS TO INSURE THAT THE ESSENCE OF THE DEAL MADE IS OBSERVED.

TRUSTEE DEAL SAID EVEN THOUGH KLAUSNER EXPLAINED IN GREAT DETAIL, THERE MAY BE FURTHER QUESTIONS AFTER THE MEETING. SEND E-MAIL REQUEST TO THE PENSION OFFICE FOR KLAUSNER TO ADDRESS THEIR QUESTIONS IN WRITING. THE REPLY WILL BE CONSISTENT AND ACCURATE.

CHAIRMAN BUSSELLS SAID WE WILL CONTINUE TO HOLD MEETINGS AS REQUIRED.

CHAIRMAN BUSSELLS DISCUSSED CHANGING THE BOARD OF TRUSTEE MEETING FROM JUNE 20TH TO FRIDAY, JUNE 27TH @ 8:30A.M. BASED ON THE WAY THINGS ARE PROGRESSING. THE BOARD AGREED.

CHAIRMAN BUSSELLS ASKED JOHN TO BRIEFLY SUMMARIZE WHAT WE BELIEVE WE AGREED TO AT THE NEGOTIATION TABLE. THIS DRAFT TERM SHEET THAT WE RECEIVED SUNDAY AFTERNOON NEEDS SOME WORK. FIRST TO BE SURE IT REFLECTS WHAT WE THINK WE AGREED TO AT THE TABLE, BUT ALSO PUT IT IN THE PROPER LEGAL FORM FOR ACTION FOR THAT TO BE APPROPRIATED BY US AND THEN LATER BY THE CITY COUNCIL.

CHAIRMAN BUSSELLS STATED IT'S ACCURATE TO SAY THAT FOR EVERYONE OF THE RETIREMENT REFORM TASK FORCE RECOMMENDATIONS, WE REACHED SOME DEGREE OF ACCOMMODATION ON EVERY ONE. THE ONE ABOUT THE FIFTH TRUSTEE SELECTION, WHILE WE DID NOT AGREE WITH THE RECOMMENDATION, WE DID AGREE WITH CONCERNING THE SHERIFF'S SUCCESSORS MINIMUM QUALIFICATIONS TO SERVE THAT POSITION ON THE BOARD OF TRUSTEES. SO ON EVERY RECOMMENDATION THAT CAME FROM THE TASK FORCE, MOST OF WHICH DID NOT INVOLVE BENEFITS FOR MEMBERS, BUT OTHER ADMINISTRATIVE MATTERS, WE WERE ABLE TO AGREE OR FIND AN ACCOMMODATION AGREEABLE TO US AS WELL AS THE ADMINISTRATION. OVER A DOZEN. JOHN WAS ASKED TO BRIEFLY SUMMARIZE WHAT WAS AGREED TO SUBJECT TO THIS BOARD'S ACTION ON EACH OF THE TASK FORCE RECOMMENDATIONS, SO WE WILL ALL KNOW WHERE WE ARE.

JOHN SAID AS PREVIOUSLY DISCUSSED, THE RETIREMENT REFORM COMMISSION SPENT A LOT OF TIME ON GOVERNANCE. THEY HAVE RECOMMENDED A FINANCIAL INVESTMENT ADVISORY COMMITTEE BE CREATED OF FIVE PEOPLE, TO BE SELECTED BY THE BOARD, TO BE APPROVED BY THE CITY COUNCIL. THESE FIVE PEOPLE WOULD BECOME FIDUCIARIES TO THE FUND. PEOPLE WELL RESPECTED, FINANCIALLY SOPHISTICATED PROFESSIONALS WHO HAVE EXPERTISE IN ACTUARIAL FINANCIAL OPERATIONS AND INVESTMENT PRACTICES. WE HAVE AGREED TO ALL OF THAT.

THE TASK FORCE RECOMMENDED THAT THE CITY ATTORNEY, OFFICE OF GENERAL COUNSEL (OGC), BE THE LEGAL COUNSEL TO THE FUND. WE DID NOT AGREE WITH THAT. THE CHARTER PROVIDES THAT WE CAN HAVE OUR OWN ATTORNEY, BUT ON CERTAIN OCCASSIONS, THE OFFICE OF GENERAL COUNSEL WOULD BE A PROPER SOURCE OF LEGAL REPRESENTATION ON CERTAIN MATTERS.

WE DID NOT AGREE WITH THE TASK FORCE RECOMMENDATION THAT THE MAYOR APPOINT THE FIFTH TRUSTEE. OUR BOARD SHOULD CONTINUE TO APPOINT THE FIFTH TRUSTEE, WHICH IS STATUTORY.

WE DID AGREE ON QUALIFICATIONS FOR NOT ONLY THE FIFTH TRUSTEE BUT THE TWO TRUSTEES THE CITY COUNCIL APPOINTS. PEOPLE WITH FINANCIAL EXPERTISE, PENSION EXPERIENCE, PUBLIC GOVERNANCE, COMMUNITY EXPERIENCE, WISDOM AND COMPARABLE PROFESSIONAL TRAINING.

WE AGREED ON ACTUARIAL STANDARDS OF TRANSPARENCY AND DISCLOSURE. ALL OF THESE THINGS WE ALREADY DO.

MAKE REPORTS AVAILABLE WITHIN 120 DAYS OF THE END OF THE FISCAL YEAR, BUT WE POINTED OUT THAT FREQUENTLY WE DO NOT GET ALL OF THE INFORMATION FROM THE CITY, SO IT WAS ADDED "PROVIDED THE CITY GIVES US THE INFORMATION IN A TIMELY MANNER".

THE SELECTION OF THE FUTURE EXECUTIVE DIRECTOR BY THE BOARD, AND NOT ANY COMMITTEE. THERE WAS DISCUSSION ON THEIR VIEW OF PROFESSIONAL CONSULTANT TO ESTABLISH A SALARY RANGE. HISTORICALLY, THE BOARD HAS DONE THAT THREE TIMES PREVIOUSLY, AND THE BOARD HAS FOLLOWED THEIR RECOMMENDATIONS.

REGARDING NEGOTIATING PENSION BENEFITS, AT THE EXPIRATION OF THE 30 YEAR AGREEMENT. CONSULTATION AMONG THE PARTIES AS POINTED BY CHAIRMAN BUSSELLS, BOTH THE CHARTER AND THE SETTLEMENT AGREEMENT REQUIRE THAT THE PARTIES SHOULD MEET AND CONFER MONTHLY TO HARMONIOUSLY WORK THINGS OUT. THE AGREEMENTS WOULD BE REDUCED TO AMENDMENTS TO EITHER THE CHARTER OR THE ORDINANCE CODE.

THE THIRTEENTH RECOMMENDATION OF THE TASK FORCE DID NOT DIRECTLY INVOLVE THE POLICE AND FIRE PENSION FUND. THAT WAS TAKEN OFF THE TABLE.

THAT'S WHAT THE TASK FORCE RECOMMENDED ON GOVERNANCE.

THE TASK FORCE ALSO RECOMMENDED THAT THE COLA FOR OUR MEMBERS BE REDUCED. WE DID NOT AGREE TO THAT. WE EXPLAINED TO THE TASK FORCE AND THE ADMINISTRATION THAT OUR CURRENT MEMBERS HAVE GONE THROUGH A LONG PERIOD OF SALARY FREEZES AND SALARY REDUCTIONS, THE NET EFFECT OF THOSE, AS OF OCTOBER 1ST OF THIS YEAR, IS \$25 MILLION IN SHARED SACRIFICE. UNLESS THE RAISES START AGAIN, AND THEIR PENSION BENEFITS START ESCULATING, THEY WILL BE PENALIZED FOR THE REST OF THEIR LIFE. THAT'S WHY WE WANTED THE RAISES TO RESUME.

THE CITY AGREED THAT WE WOULD TRANSFER A TOTAL OF \$107 MILLION FROM CURRENT AND FUTURE RESERVE ACCOUNTS OVER TO THE CITY. THE TASK FORCE RECOMMENDED THOSE CONTRIBUTIONS GO INTO REDUCING THE UNFUNDED ACCRUED ACTUARIAL LIABILITY. IF THIS HAPPENS, THE CITY MAY USE THIS TO OFFSET THEIR CONTRIBUTION FOR THIS YEAR.

SINCE THE INCEPTION OF THE RESTATED SETTLEMENT AGREEMENT IN 2000, OUR MEMBERS HAVE TRANSFERRED OVER INTO THE FUND AS PARTIAL PAYMENT FOR THEIR CURRENT BENEFIT STRUCTURE, A CUMMULATIVE TOTAL OF \$129 MILLION AS A CONTRIBUTION ON BEHALF OF OUR ACTIVE MEMBERS INTO THE FUND. THAT'S ANOTHER PART OF THE SHARED SACRIFICE THAT'S GONE IN OVER THE YEARS. THAT'S THE VALUE OF THE 175 AND 185 CHAPTER CONTRIBUTION AT AN 8% INTEREST RATE WHICH IS VARIABLE BETWEEN THE HIGH AND THE LOW. THE \$25

MILLION REDUCTION IN SALARY THROUGH OCT 1ST, AND \$8 MILLION IN THE 2% ADDITIONAL CONTRIBUTION THAT THE MEMBERS MAKE WHILE THEY ARE IN THE DROP, ADDS UP TO \$180 MILLION PLUS IN SHARED SACRIFICE THAT THE MEMBERS HAVE ALREADY CONTRIBUTED.

WE FURTHER AGREED THAT AFTER PAYING THE \$107 MILLION, THE COMMITMENT OF THE CURRENT 4% CHAPTER FUNDS WOULD STOP, AND THAT THE BOARD WOULD ESTABLISH A SHARE PLAN, SO WHEN THE CHECK COMES IN FROM THE STATE, CARVE OUT THE AMOUNT FOR THE HOLIDAY BONUS, TAKE THE REST OF THE MONEY, DIVIDE IT BY THE NUMBER OF MEMBERS, AND THAT GOES IN AS A CHECK. THE CITY AGREED TO DO THAT.

SOME OF THE OTHER PROVISIONS, WERE NOT THOSE THAT WERE AGREED TO. THAT MAY HAVE BEEN BECAUSE OF THE RUSH OF TIME TO GET THE DOCUMENT PREPARED. WHEN WE CONCLUDED DISCUSSIONS WITH THE CITY LAST WEDNESDAY, JOHN CONTACTED THE BOARD CHAIR AND SUGGESTED THAT WE HAVE A MEETING WITH THE BOARD TO DISCUSS. SINCE THEN, WE DIDN'T GET THE DRAFT UNTIL LATE SUNDAY AFTERNOON, THEREFORE THERE IS NOTHING TO VOTE ON. AS SOON AS WE GET THE REVISED TERM SHEET, AND GET THE PROPER ORDINANCE FORM, WE WILL PUT THEM ON OUR WEBSITE. THE PROPOSED TERM SHEET THEY SENT US, IS GOING ON OUR WEBSITE WITH A DISCLAIMER. THIS IS WHAT THE CITY SAID. THIS IS NOT WHAT WE AGREED TO. IT'S A WORK IN PROGRESS.

TRUSTEE TUTEN STATED FOR THE BOARD, UNTIL WE GET SOMETHING FINAL FROM THE CITY, CAN WE MAKE SURE THAT WE DON'T HAVE TO RECONVENIEN AGAIN. THE BOARD HAS DONE AN ADMIRABLE JOB OF COMING TOGETHER WHEN WE NEED TO, MEETING ON SPECIAL OCCASSIONS, AND GOING ABOVE AND BEYOND OUR SCHEDULES TO COME HERE TO DO THIS. JUST LIKE THE POLICE OFFICERS HERE TODAY, IT WAS MY UNDERSTANDING THAT WE WERE GOING TO VOTE ON SOMETHING THAT WE AGREED TO. HOWEVER, APPARENTLY WE HAVEN'T AGREED TO SOMETHING. THIS DRAFT DOES NOTHING TO DELAY THE SUSPICIONS AND FEARS OF THE MEMBERS THAT MAYBE THE 30 YEAR DEAL ISN'T A 30 YEAR DEAL. AS A BOARD MEMBER, I'VE GROWN FATIGUED. TRUSTEE TUTEN IS READY TO PUT THIS DEAL TO BED AND LET THE COUNCIL HAVE IT. NOW, IN LOOKING AT THE DRAFT, THIS IS NOT WHAT WAS IN THE AGREEMENT WITH THE MAYOR AND BEFORE WE HAVE ANOTHER MEETING, LET'S MAKE SURE THIS IS WHAT WE ARE GOING TO VOTE ON, NOT TO WASTE EVERYONE'S TIME.

JOHN SAID THE REASON WE HAD TO SCHEDULE A MEETING, WE HAD TO GIVE 24 HOUR NOTICE BEFORE A HOLIDAY WEEKEND. WE THOUGHT WE WERE GOING TO HAVE A DEFINITIVE DOCUMENT TO AT LEAST DISTRIBUTE. WE NEVER EXPECTED THE BOARD TO TAKE FINAL ACTION ON A WORK IN PROGRESS. THAT WAS THE MEDIA REPORTING, NOT US. THERE'S NOTHING THAT HAS BEEN INTRODUCED TO THE CITY COUNCIL.

TUTEN SAID THIS DRAFT IS NO WHERE NEAR THAT.

JOHN SAID THIS IS ANOTHER REASON WHY THE CHAIRMAN IS MOVING THE JUNE MEETING FORWARD ANOTHER WEEK TO EXTEND THE TIME.

KLAUSNER AT THE BOARD MEETING HAS A COPY OF WHAT WAS DISTRIBUTED AT THE SHERIFF'S OFFICE, A COPY OF THE TERM SHEETS THAT WERE GOING BACK AND FOURTH LAST WEEK, AND A COPY OF THE PUBLIC STATEMENT THAT CAME OUT OF THE MAYOR'S OFFICE. WHEN YOU LOOK AT THEM ALL SIDE BY SIDE, AND THIS, IT BECOMES CLEAR THAT THERE IS CONFUSION.

TRUSTEE HERBERT ASKED THAT JOHN LOOK AT ITEM 4 ON PAGE 10 OF THE DRAFT, AND TO EXPLAIN EXACTLY WHAT IS AGREED TO THERE AS YOU UNDERSTAND IT. IS THAT SOMETHING THAT WAS DISCUSSED AT YOUR MEETING? JOHN SAID IF YOU READ THE STATEMENT, IT SAYS FOLLOWING IMPLEMENTATION OF THESE BENEFIT MODIFICATIONS, THE JAX PFPF SHALL NOT ENGAGE IN THE DETERMINATION OF PENSIONS BENEFITS, AND SHALL LEAVE THE NEGOTIATIONS OF FUTURE MODIFICATIONS TO PENSION BENEFITS TO ELECTED CITY OFFICIALS AND CERTIFIED BARGAINING AGENTS. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO IMPARE THE RIGHTS PROVIDED UNDER ARTICLE 1, SECTION 6 OF THE FLORIDA CONSTITUTION AND FLORIDA STATUTES. THE AGREEMENT IS THE 30 YEAR AGREEMENT. THIS IS AN AMENDMENT TO THE 30 YEAR AGREEMENT.

TRUSTEE HERBERT ASKED, SO DOES THIS BASICALLY SAY THAT IF WE APPROVE THIS, THEN THAT IT IS NO LONGER AN AGREEMENT? JOHN SAID NO! CHAIRMAN BUSSELLS ASKED IF THAT SUBJECT CAME UP DURING NEGOTIATIONS? JOHN SAID IN THE ORIGINAL TASK FORCE PROPOSAL, THEY TALKED ABOUT MAKING SOME CHANGES. SENATOR SMITH, WHO SERVED AS THE MODERATOR, SAID HE DIDN'T WANT THE WORDS "NEGOTIATION AND COLLECTIVE BARGAINING" AROUND HERE BECAUSE THAT IS NOT WHAT WE ARE DOING.

CHAIRMAN BUSSELLS SAID THIS IS A GOOD EXAMPLE OF WHY THIS DRAFT TERM SHEET THAT WE DIDN'T GET UNTIL SUNDAY AFTERNOON, DOESN'T MATCH UP PERFECTLY WITH WHAT WE BELIEVE WAS DISCUSSED. THAT'S WHY THIS NEEDS A LOT OF WORK IN TERMS OF THE CONTENT BUT ALSO THE FORM.

KLAUSNER THINKS WHAT WAS INTENDED BY THAT STATEMENT, IS THAT AFTER THE EXPIRATION OF THE 30 YEAR AGREEMENT, FUTURE CHANGES IN BENEFITS WILL BE PART OF THE CONSULTANT PROCESS BETWEEN THE BOARD AND THE CITY. WHAT IS OF CONCERN, IS THAT THE LANGUAGE WOULD SUGGEST THAT YOU HAVE BEEN BARGAINING. WE CANNOT BE A BARGAINING AGENT UNLESS THE LABOR BOARD CERTIFIES US AS ONE, AND WE ARE NOT. THE LAST SENTENCE ALSO SAYS WHAT WE ARE DOING HERE, IS NOT INTENDED TO IMPARE THE RIGHTS OF PUBLIC EMPLOYEES. THE 30 YEAR AGREEMENT IS A CREATED SET OF OBLIGATIONS BETWEEN THE CITY AND THE RETIREMENT FUND. TO THAT EXTENT, THE CITY IS RESTRICTED FROM MAKING ANOTHER DEAL. BUT AFTER THE 30 YEAR AGREEMENT EXPIRES, THAT SET OF OBLIGATIONS WILL HAVE ENDED. I THINK THAT'S ALL THE PROVISION WAS INTENDED TO MEAN. THAT'S WHY WE NEED MORE TIME FOR THE LAWYERS TO SIT DOWN AND UNDERSTAND WHAT EVERYBODY MEANT.

TRUSTEE HERBERT SAID HE WOULD ALSO HOPE THAT AT THE END OF THE AGREEMENT, IT ALSO CONCERNS HIM THAT IT SAYS THAT THE NEGOTIATION MODIFICATION OF FUTURE PENSION BENEFITS WOULD BE GIVEN TO ELECTED CITY OFFICIALS AND THE BARGAINING AGENTS, WITH NO REFERENCE TO CONSULTATION WITH THE BOARD IN TERMS OF IMPLICATIONS ON OUR ABILITY TO FULFIL OUR FIDUCIARY RESPONSIBILITIES. KLAUSNER STATED THAT LANGUAGE IS IN THE CITY CHARTER 22.07. EVEN THOUGH THE AGREEMENT MAY EXPIRE, THAT PROVISION OF THE CHARTER WILL STILL REMAIN IN EFFECT.

TRUSTEE HERBERT SAID WHILE THE CHARTER GIVES THE PENSION FUND THE AUTHORITY TO CHOOSE COUNCIL FOR LEGAL REPRESENTATION, THESE LAWSUITS THAT HAVE BEEN BROUGHT AGAINST US FOR "ORDINARY ISSUES" THEREFORE, THE OGC WOULD REPRESENT BOTH THE CITY AND US? DEPENDS ON THE TYPE OF CASE. IT'S THE BOARD'S CALL. WE HAVE THE RIGHT TO CHOOSE OUR LAWYER. WE HAVE A BUSINESS AGREEMENT WITH THE CITY. TRUSTEE HERBERT JUST WANTS TO MAKE SURE THE LANGUAGE IS NOT RESTRICTIVE IN CONTEXT. WE'RE ALREADY DOING THIS.

JOHN STATED WE WILL GET CLARIFICATION ON THESE ISSUES.

TRUSTEE GLOVER STATED HE WAS CONCERNED ABOUT THE MIS-INFORMATION THAT IS OUT THERE. WE HAVE TO FIGURE OUT A WAY TO GET ACCURATE INFORMATION OUT THERE. IT MAKES FOR HEIGHTENED ANXIETY AND CONCERN, BUT THERE IS NO REASON FOR PANIC. WE JUST NEED TO MAKE CERTAIN WE GET OUT ACCURATE INFORMATION IN HANDLING THIS UNDER THE CIRCUMSTANCES ON PENSION MATTERS. WE DON'T NEED TO LOOSE OFFICERS BEFORE THE JURY IS IN. SO LET'S LOOK AT THE BEST WAY TO DO THIS.

CHAIRMAN DEAL SAID THAT WHEN THE MIS-INFORMATION GOES OUT, IT'S DISTRACTING. WE REPRESENT MEN AND WOMEN IN BOTH FIRE AND POLICE SIDE, AND IF THEY ARE DISTRACTED IT COULD COST THEIR LIFE OR THE LIFE OF SOMEONE ELSE. THIS IS IMPORTANT TO THEM. THE OTHER SIDE OF THAT IS THE MEDIA HAS NOT DONE THEIR DUE-DILIGENCE ON THIS WHEN THEY TALK ABOUT THE OVERALL MIS-INFORMATION THAT GOES OUT. THEY PROTRAYED THE INCREASE IN THE PENSION CONTRIBUTION BY THE CITY AS BEING SOMEWHAT ASSOCIATED WITH THESE GENEROUS BENEFITS THAT WE ARE GETTING. HOWEVER, THREE YEARS AGO, AT THE DIRECTION AND REQUEST OF THE MAYOR, WE WERE ASKED TO LOWER THE ASSUMPTION RATE. THAT RESULTED IN A CITY CONTRIBUTION FROM \$82 MILLION TO \$122 MILLION. THAT LOWERING OF THE ASSUMPTION RATE, INCREASED THEIR CONTRIBUTION. THEN THE FOLLOWING YEAR, THE CITY URGED THE BOARD TO LOWER THE ASSUMPTION RATE AGAIN. THE BOARD LOWERED IT. THEN THE CONTRIBUTION THE FOLLOWING YEAR, WENT FROM \$122 MILLION TO \$148 MILLION. THEY PRESENT IT IN SUCH AWAY, THAT IF IT KEEPS CLIMBING, IT'S GOING TO BE \$500 MILLION DOLLARS. THESE BENEFITS ARE NOT SUSTAINABLE. HOWEVER, NO ONE GOES INTO THERE'S A CAUSE AND EFFECT. THE CAUSE WAS LOWERING OF THE ASSUMPTION RATE, WHICH CAUSED THE PAYMENT TO GO UP. AGAIN IN THE PAPER THIS WEEKEND, NOT EXPLAINING WHAT CAUSED IT, IT JUST WAS I DON'T UNDERSTAND, WE CAN'T AFFORD THAT, WE NEED SHARED SACRIFICE.

IN REGARDS TO THIS \$40 MILLION EXTRA PER YEAR ABOVE AND BEYOND THE ANNUAL REQUIRED CONTRIBUTION (ARC), THE TASK FORCE RECOMMENDED TO PAY DOWN THE UNFUNDED QUICKER TO AVOID HIGHER INTEREST AND TO SAVE MONEY. THE CITY DOESN'T HAVE TO DO THIS. BUT IF THEY ELECT TO SAVE MONEY, THEY WANT OFFICERS AND FIRE FIGHTERS TO HAVE SHARED SACRIFICE AND TAKE CUTS IN BENEFITS IN ORDER FOR THEM TO PAY IT DOWN QUICKER. TRUSTEE DEAL WOULD SUPPORT NO REQUIREMENT TO PAY IT, HE THINKS THE WAY FOR US TO DO IT LEGALLY AND BINDING, IS TO LOWER THE ASSUMPTION RATE. THE TASK FORCE RECOMMENDED LOWER. THEN THE CITY IS LOCKED INTO A PAYMENT. THE MEDIA NEEDS TO AT LEAST EDUCATE THE PUBLIC.

JOHN CLARIFIED THAT THE STATE OVERSIGHT REQUIRED US TO GO DOWN TO 7.75. THAT WAS THE FIRST STEP. DOWN TO 7 WAS BASED ON THE MAYOR'S PROPOSAL TO THE POLICE AND FIRE THAT WE SHOULD GO DOWN TO 6.9. THE BOARD VOTED TO GO TO 7. THE FIRST WAS REQUIRED BY THE STATE OVERSIGHT AND IT'S NO SECRET TO THE CITY.

TRUSTEE TUTEN SAID IF WE DON'T GET SOMETHING LOCKED IN, WHAT'S TO STOP THE NEXT MAYOR AND THE NEXT COUNCIL FROM CHANGING IT. WE HAVE AN AGREEMENT UNTIL 2030. LET'S PUT ALL THIS IN THERE, MAKE IT WORK AND BE FAIR TO EVERYONE. THEN THE PANIC AND THE UNCERTAINTY THAT PEOPLE HAVE, WILL BE PUT AWAY. IT'S UP TO THE CITY. THIS DRAFT IS NOT WHAT WE AGREED TO.

CHAIRMAN BUSSELLS HAD TWO THINGS TO ADD. HISTORIANS CAN WRITE THE HISTORY, BUT FOR THE FIRST 15 YEARS OF THE 2030 AGREEMENT, NOT NEARLY ENOUGH MONEY WENT INTO THE FUND. THAT'S A MATHEMATICAL ACCOUNTING ACTUARIAL THING. WE, IN THE LAST TWO YEARS, HAVE LEAD THE PUSH TO LOOK AT THE WAY IT REALLY IS, SAY HERE'S WHAT IS NEEDED TO CATCH FROM UP THE UNDERFUNDING IN THE PAST. IT'S EXPENSIVE TO CATCH UP WITH WHAT SHOULD HAVE BEEN DONE IN THE PAST. THAT'S THE WAY IT IS. WE'VE HAD A HAND IN MAKING EVERYONE CONFRONT THE REALITY AND BEGIN FUNDING SOUNDLY. TO THE CURRENT COUNCIL AND MAYOR'S CREDIT, IN THE CHAIRMAN'S VIEW, THEY HAVE STEPPED UP AND FUNDED IT. THAT SAID, THE UNCERTAINTY CONTINUING IS DISTRUCTIVE TO THE PUBLIC INTEREST. WE HAVE MEMBERS THAT HAVE NOW GONE 3, 4, AND 5 YEARS WITHOUT A GENERAL INCREASE BECAUSE OF THE PHYSICAL STRESS ON THE CITY CAUSED IN PART BY THE GREAT DEPRESSION, INFLATION, AND THIS MATTER, AND WE HAVE MEMBERS WHO ARE CLOSE TO DROPPING AND RETIRING WHO WILL NEVER GET AS MUCH AS CURRENT BENEFICIARIES WHO RETIRED 3 OR 4 YEARS AGO WHO ARE GETTING THAT 3% COST OF LIVING COMPOUNDED. THEY WILL NEVER CATCH UP AND THAT'S WRONG. THAT'S THE REALITY WE FACE TODAY. THIS IS A CENTRAL PART OF GETTING THE CITY'S HOUSE IN ORDER SO OUR MEMBERS CAN RESUME GETTING INCREASES APPROPRIATE TO THE TIMES AND MARKET PLACE FOR THIS TALENT. THIS IS WHAT WE ARE ALL FOCUSED ON.

KLAUSNER SAID WE STATED THAT THIS BENEFIT IS GUARANTEED FOR LIFE. THERE ARE ASSUMPTIONS THAT GO INTO PLACE. WE KNOW WHAT THE PAYROLL IS GOING

TO BE ALONG WITH THE 8% CONTRIBUTION. WE HAVE A GENERAL IDEA OF WHAT THE STATE MONEY FROM CHAPTER 175 & 185 ARE GOING TO BE. EARNINGS ARE THE BIG DRIVE, BUT WE DON'T KNOW WHAT THE EARNINGS ARE GOING TO BE UNTIL THE YEAR IS OVER. SO YOU HAVE TO ASSUME SOME NUMBER FOR THE COMING YEAR, YOU ADD THOSE TOGETHER, THEN THAT TELLS YOU WHAT'S LEFT OVER FOR THE CITY TO PAY. ACTUARIES LOOK AT PAST PERFORMANCE, MARKETS, CONSULT WITH THE ASSET MANAGERS, AND COME UP WITH AN ASSUMPTION. OVER TIME, FOR THE LAST TEN YEARS THEY HAVE COME TO THE CONCLUSION THAT IT IS GOING TO EARN LESS. IF YOU ASSUME THAT YOUR MONEY IS GOING TO EARN LESS, AND YOU'RE LOOKING 30 YEARS IN TO THE FUTURE, NOW YOU'RE GOING TO HAVE LESS INCOME SO THE VARIABLE (THE CITY) HAS TO PUT IN MORE. IF THE PLAN DOES BETTER, THEN IT WILL GET ADJUSTED IN THE FOLLOWING YEAR. PENSION PLANS HAVE TO BE FUNDED ON A SOUND ACTUARIAL BASIS. THE PLAN IS NOTHING MORE THAN A MORTGAGE. AS LONG AS YOU MAKE YOUR PAYMENT FOR THE YEAR, YOU'LL BE PAID OFF ON TIME.

CHAIRMAN BUSSELLS SUMMARIZED OUR POSTURE TO SEE IF WE ARE IN AGREEMENT BEFORE WE ADJOURN. OUR REPRESENTATIVE AT THE NEGOTIATING TABLE, AGREED TO AT LEAST SOME ACCOMMODATION ON EVERY TASK FORCE RECOMMENDATION, INCLUDING A COUPLE OF CHANGES (ONLY A VERY FEW) THAT EFFECT SPECIFIC ELEMENTS OF MEMBERS BENEFITS. THE INTENT IS TO BRING THIS TO CLOSURE SO THAT THE ON-GOING ANXIETY AND UNCERTAINTY THAT IS SO DESTRUCTIVE TO THE CITY AND THE MEMBERS AND CITIZENS, IS PUT TO AN END IN A WAY THAT IS SUSTAINABLE, FINANCALLY AND ADMINISTRATIVELY GOING FORWARD. SO WE HAVE DONE OUR PART. THE DRAFT WE RECEIVED SUNDAY AFTERNOON, IS INADEQUATE TO MOVE FORWARD AND CLEARLY IT IS A FIRST DRAFT. IT'S STARTED, BUT A LOT OF HARD WORK HAS TO BE DONE BY THE LAWYERS AND OUR EXECUTIVE DIRECTOR TO HAVE SOMETHING FOR US TO CONSIDER AND ACT ON. WE WILL NOT CONSIDER THIS AGAIN UNTIL WE HAVE SOMETHING COMPLETE, IN THE PROPER POSTURE, IN THE RIGHT ORDER, THAT HAS BEEN AGREED TO AS WAS REPRESENTED AT THE TABLE. HOPEFULLY, IN THE NOT TO DISTANT FUTURE, NO LATER THEN JUNE 27TH. THE COMMUNICATION PARTICULARLY AMONG OUR MEMBERS NEEDS TO BE STEPPED UP TO A HIGHER LEVEL SINCE THIS IS PERHAPS COMING TO AN END AT LAST AFTER YEARS OF TALK AND ACTION WITH NO CONCLUSION. WE WOULD BE WILLING AND ABLE TO BE OF ASSISTANCE TO THAT. WE DO A GREAT JOB ON COMMUNICATION, BUT THIS NEEDS TO BE A VERY DIFFERENT TYPE OF COMMUNICATION GOING FORWARD.

IS THERE ANYTHING ELSE THAT ANYONE WOULD WANT TO ADD TO THAT, OR THAT THE EXECUTIVE DIRECTOR NEEDS FROM US TO KEEP PUSHING THIS FORWARD WITH THAT END IN MIND.

KLAUSNER ONLY HAD ONE THING. AFTER YOU GO THROUGH THIS DRAFT, IF YOU HAVE QUESTIONS, SEND THEM DIRECTLY TO HIM. YOU CAN ASK FOR ADVICE INDIVIDUALLY ON ANY SPECIFIC QUESTIONS. YOU MAY SEE THINGS DIFFERENTLY THAN HE DOES.

1. **COMPREHENSIVE PENSION REFORM**

A. Actuarial Information - *attachment*

B. Initial Governance Provisions - *attachment*

C. Pension Board Consultants, Inc. invoice - *attachment*

JOHN ASKED THE BOARD TO TAKE UP ITEM C, THE PENSION BOARD CONSULTANTS INVOICE FOR THE ACTUARY WORK THEY DID.

FIRST MOTION TO APPROVE PAYMENT OF PENSION BOARD CONSULTANTS INVOICE MADE BY TRUSTEE GLOVER, SECONDED BY TRUSTEE HERBERT. VOTE WAS UNANIMOUS.

JOHN SAID WE WILL KEEP THE BOARD INFORMED AS NEW DEVELOPMENTS OCCUR PRIOR TO THE NEXT BOARD MEETING.

CHAIRMAN BUSSELLS ADJOURNED THE MEETING AT 1:20PM

**TO BE APPROVED AT BOARD OF
TRUSTEE MEETING ON JUNE 27, 2014**

Nathaniel Glover, Board Secretary

Additional Items may be added