JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD WORKSHOP MEETING

DATE: January 15, 2016

TIME: 9:00 to 10:35 a.m.

PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

Larry Schmitt, Board Chair
Richard Patsy, Trustee
William E. Scheu, Trustee (via telephone)

ALSO PRESENT:

Beth McCague, Interim Executive Director
Debbie Manning, Executive Assistant
Robert Klausner, Board Counsel
Devin Carter, Board CFO
Dan Holmes, Summit Strategies Group (via phone)
Jarmon Welch, Actuary (via phone)
Willard Payne

CITY REPRESENTATIVES PRESENT:

Sam Mousa, Chief Administrative Officer
Kerri Stewart, Chief of Staff to the Mayor
Mike Weinstein, Director of Finance
Tommy Hazouri, City Council Liaison
Joey Greive, City Fund Treasurer

These matters of the JPFPF Board of Trustees' Workshop Meeting came on to be heard at the time and place aforesaid, when and where the following proceedings were reported by:

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AAA Reporters
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W O R K S H O P

January 15, 2016 9:01 a.m.

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CHAIRMAN SCHMITT: All right. It's 9:01, and we'll go ahead and get started.

We're having to change this to a -- instead of a full trustee meeting, we're changing it to a workshop. We do not have a quorum. In order to have a quorum, you have to have three trustees present, physically present.

Although we have Mr. Scheu on the phone, we still have to have three trustees actually present.

Mr. Payne, although he's been appointed to the board by the trustees -- or voted to the board by the trustees, that still needs to be administerially approved by the City Council, which hasn't occurred yet.

COUNCILMAN HAZOURI: I approve you.

MR. PAYNE: Thank you, sir. Thank you.

(Laughter)

CHAIRMAN SCHMITT: So we'll change it to a workshop. We'll follow much of the same format. We just won't vote on any actions today. So with that, we'll get started.

Again, we will start out with a moment of silence to be observed for the following deceased members: Mr. Graymond E. Butler, retired firefighter engineer; Clarence A. Rease, retired fire communications manager; and Allan L. Simmons, retired police officer.

(Pause)

(Telephone conference call.)

MR. WELCH: Jarmon Welch. Good morning, everyone.

MS. McCAGUE: Good morning, Jarmon. We're just getting started.

CHAIRMAN SCHMITT: If you'll rise and,

Pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

All right. This morning we have some very special guests: Mr. Sam Mousa, Chief Administrative Officer for the City; Mike Weinstein, Director of Finance; Ms. Kerri Stewart, Chief of Staff for Mayor Lenny Curry.

They're here to present some information regarding the mayor's plan on the pay-down of the unfunded liability. We're going to go a little bit out of order here and take them first.

So, welcome. And whenever you're ready to begin.

MR. WEINSTEIN: Thank you.

MS. McCAGUE: And, Kerri, let me just tell the folks on the phone, we are working with the phone. We've got it as close to our speakers as we can, but if you're having trouble hearing them -- this is very important information, so if you're having trouble hearing them, let us know and we'll do our best to make adjustments.

MS. STEWART: Thank you, Beth. And thank you, Mr. Chairman, and the board for having us here today to present to you.

I'm going to give a brief overview of what has been filed with the senate and the legislature in Tallahassee. I'm going to do a brief statement of the issue, what we believe the remedy is, and what the mayor has asked Representative Cummings and Senators Bradley and Beam to file on behalf of the City of Jacksonville and Tallahassee.

And then I'm going to ask Mr. Weinstein to come up and go into a little more detail, which is, I think, where you'll probably get more interest from the members.

But, quite succinctly, the issue is that our total unfunded liability for the City of Jacksonville related to our three pension funds is $2.6 billion.

Currently, that's 25 percent of all the Florida cities and counties' unfunded liability. And if nothing is done, we'll be forced to contribute over 20 percent of our general fund towards pension on an annual basis. That will run upwards of $200 million a year of general funds each year.

So what have we asked for? What has the mayor asked the legislature to do? The solution is pretty simple. It will allow our county to extend and repurpose an already existing half penny surtax to fund this pension liability.

There are two fairly simple five-page bills. House Bill 1298, as filed by Representative Cummings, and Senate Bill 1652, as co-sponsored by Senators Bradley and Bean, have a couple of key points.

Number 1: New employees are precluded from enrolling in an existing benefit retirement plan or system that receives surtax proceeds. That's all the legislation says in either part of the legislature. It does not direct what new employees go into. It just simply says that new employees cannot go into an existing fund that will be receiving proceeds from a surtax.

The county must have an existing governmental infrastructure sales surtax, which is our VJP tax, which is scheduled to terminate and not subject to renewal currently.

The pension liability surtax will expire when the pension fund is fully funded. The proceeds from the pension liability surtax must only be used to reduce the unfunded actuarial liability of the plan or system. These proceeds cannot be used for any other government operation.

The proceeds -- the surtax must be approved by a majority of electors on a referendum. And just as an added note, all 19 City Council members co-sponsored and unanimously passed a resolution urging the state legislature to pass this bill.

A brief overview. It really is that simple. There are two five-page bills. There's not a whole lot in it in terms of verbiage, but I'm going to turn it over to Mr. Weinstein now to talk more about the details behind the verbiage.

MS. McCAGUE: Bill, Jarmon and Dan, are you able to hear adequately?

MR. HOLMES: Yes.

MR. WELCH: Yes. Thank you.

MR. SCHEU: Yes for me too.

MS. McCAGUE: Okay. Good.

MR. WEINSTEIN: Let me just start to try to put this in perspective with real dollars. And as I go through this sort of discussion and open up for questions, I will eventually get to liquidity. I will eventually get to chapter funds and get to what I know are interesting issues for you.

To get it down to real numbers, in this year's budget, '15 and '16, for the City of Jacksonville to adequately put into the pension, the three pensions, normal costs, what we should be putting in if the pensions were solid, we should be putting in 75 million, which we are.

But we're putting in a total of 260 million. The difference between the 75 million and the 260- is the unfunded share that we have to put in in an aggregate analysis for all three. Yours is the biggest pension unfunded liability, and we'll give you a spreadsheet when we're done to illustrate just basically all three programs and how unfunded they are.

The bills that are in Tallahassee, there's three major interest areas of those bills. One creates a new surtax. It creates a pension liability surtax. As Kerri said, you have to already have an infrastructure surtax to be eligible to get to the pension liability surtax, but there's a section in the bill that illustrates this particular creation and the requirements for you to get into it.

Another area of the bill relates to how you amortize, how the actuaries could look at this. There's a specific section in statutes that relate to amortization of unfunded liability. We've created some language that goes into that section. That's very important.

The third section that's important to us is if we have to borrow and place dollars into the unfunded -- into the pension program to cover unfunded liability, the statute will allow us to repay ourselves for the cost of that borrowing with this future revenue stream.

This future revenue stream would start 2030 when the Better Jacksonville Plan terminates and run to at least to 2060, or until all three funds are fully funded.

That's how we originally started. That's how we thought it would be. But right now the bill doesn't even have the 2030 as the kickoff. It doesn't even say when it ends other than when the funds are fully funded.

A brief analysis. Looking at the dollars from the 2030 to the 2060, it generates about $8 billion. Now, you've got to present-value that to get a sense of what it really means, but that's the kind of money we're talking about. In probably 2030 it's going to be over a hundred million and then increase over the 30 years.

So that is the long-term solution to filling the unfunded liabilities for all three programs.

We also want to try to get an early-on benefit. How can we do this to get some relief from what we're putting in so we can do things for the City of Jacksonville?

That's why those other two sections are there. The amortization section would allow us, if it works the way we'd like it to work, for an actuary to begin to take into account that future revenue stream. The only way that could ever happen is if the statute says it's got to go to unfunded liability, it can't go anywhere else.

The more we lock it in, the better the argument to the actuary that you can take that into account, just as you into account what future raises may be, how many more people are coming in. All the difference assumptions that they make are made for long-term.

The way the bill is written now is the actuary is to take into account the 30 years of value and then run it on a 30-year actuarial analysis.

When you -- normally when you close a defined benefit program, it accelerates the payroll for the unfunded liability. Basically the process is, when you close a defined benefit program, you negotiate with the state how long you have to fill in the unfunded liability. It could be 15, could be 18, could be 30 years. It's not a 30-year expression anymore. It's like taking a 30-year mortgage and paying it off in 15 years.

The language in this section basically

avoids that for us, that we don't have to be like everyone else when you close a defined benefit program. So that's very important.

But if, in fact, we can't get that benefit, the other option is to borrow against that future revenue stream and pay us back when that future revenue stream kicks in. So we tried to take in almost every option we could possibly think of.

The liquidity question comes up all the time. And if -- I'll tell you how we solve it, but I'll tell you also why I don't think it's going to necessarily be a problem.

If we close the defined benefit program, the pension will still get the employees -- the employees' contribution. It will still get the employer's normal costs, and it will still get a percentage of the unfunded liability. If the actuarial analysis comes in, it's not going to wipe out the unfunded liability. There's still going to be money coming in.

So we don't think there will be a liquidity, but there is -- if it is an issue, we have ways to deal with it. You represent about 57 to 59 percent of the total unfunded liability of the three programs. It is our anticipation if it works the way we would like it to work is that you would get credit for 57, 58 percent of the value.

If we pump 100 percent of the future revenue stream into Fire and Police, we'd have a liquidity problem because it would reduce the unfunded so much, we're not going to probably do that.

We'll probably take advantage of whatever value we get, 57, 58 percent of that value, and it will reduce the unfunded liability for you, it will reduce the unfunded liability for Corrections, and it will reduce the unfunded liability for General Employees. So revenue will still be going in. And we don't have to take the full value of the benefit.

Let's say -- let's say the $180 million we're putting in unfunded, this analysis cuts it in half to 90-. We don't have to take the 90- as a benefit. We could take 50- of it. So we can prevent a liquidity problem by putting in enough money at all times. And we also could go ahead and borrow.

If we have, in fact, a liquidity problem, there's nothing to prevent us from going out and borrowing against the new revenue stream and putting money into the pension fund so there is no liquidity problem.

So we thought about it, and we don't think it will be a problem, but if it does become a problem, there are ways to deal with it.

The Chapter funds we've checked every which way, and we are -- your program, this Police and Fire, is deemed already to be in. And whatever we do, as long as we have a defined benefit program, you get the chapter funds. You get the chapter funds.

Sixty years from now, theoretically, if we went to a defined contribution only, which we may not do, when the defined benefit program totally is exhausted and the last beneficiary is out, that's when the chapter funds would become a problem. But as long as we have a defined benefit program, we are already in. We will continue.

Miami looked at this not too long ago and they presented the same question. And it came back from Tallahassee that you're in, you're deemed in and you can't be kicked out as long as you have a defined benefit program that Police and Fire are in, whether new people go in or not.

So we tried to deal with everything that we possibly could. What we don't want to do is get distracted on certain things that may or may not happen, because we don't know what's going to happen.

Basically we've told council that whatever comes out of Tallahassee, if anything does -- for those of you who don't understand Tallahassee, 16-, 1700 bills will be filed, one of which is ours. About 300 get out. So 75 to 80 percent of the bills that are filed don't come out. So we already have -- if it's the best bill in the world, it still has an uphill battle. Ours has a little controversy to it. It's even more difficult to get out. Bills usually take a couple years if at all to get out.

So we don't know what's going to come back. What comes back, we're going to have to sit down and really analyze, the council is going to have to determine if what came out is a value to us.

And if they want to do something and do it, they have to vote on it, then a voter referendum, then we go to collective bargaining. As you all know, collective bargaining is now involved in pension issues. So we've got lots of difficult steps to go through.

And, finally, we would come to your entity and deal with how best to do this. We have to do it jointly. We can't -- we're not going to dictate to you. We've got to determine how best to get relief.

Ultimately it's going to be fully funded if this happens. The analysis will be, how do we try to get immediate advantage of it as well.

So we really want two things to happen. We want it to get fully funded, everybody get their benefits and be secure and get it off the front page. But we also want to get some relief in our budget so we can do roads, do more police, do more fire, give raises, do the things we haven't done over the last six, seven, eight years.

If we're not successful, we're going to be stuck basically the way it's been the last five or six years, just getting by.

The actuarial analysis, the unfunded, it goes up for a while. Eventually it goes away, but it's 25, 26, 23 years from now. So we're going to be in trouble for that time unless we do something pretty substantial.

There's going to be a lot of debate in Tallahassee, hopefully. We already know that the actuary within the retirement division has been looking at this. They've made some calls. It's -- I can't tell you how up hill this still is. But having been in Tallahassee as a member of the legislature, and Tommy Hazouri has been also, it's not easy to get things through.

So any offered -- any questions or anything that we could possibly share with you? We are going to give you two documents. One is -- they're both one page. One will be our bullet points basically, our high points as to what it is we're trying to do and why.

And the other is a spreadsheet. It's the first page of about a 30-page legal-size spreadsheet that lists all 400, 410 cities and counties in the State of Florida and where they are with their pension programs.

And you'll see that Police and Fire is the worst, then comes General Employees, then about ten lines down is the Corrections. We are huge. And that's the numbers that Kerri mentioned.

In the entire state of Florida, it's a little over $10 billion of unfunded liability.

Not FRS, but all the cities and counties combined, well over 10 billion. We're about 2.6 billion when you add all three.

So you'll get the front page of that spreadsheet and you'll get a bullet sheet that talks about what it is we're tying to do. It is evolving. What we originally suggested to Tallahassee as something that we felt would be palatable is already different.

And any member can offer amendments and we just don't know how it's going to end up, but if it's not exactly the same in the house and senate, literally by every word, it doesn't get out. And if it does get out, the governor, as you know from years passed, he vetoes a lot of things. So we won't know for quite some time if it's even an option.

And, again, then we have the council, then we have referendum, then we have collective bargaining, and then we have the boards, the pension boards.

So we've got a long ways to go, but ultimately we may be able to get to where we know that the pensions are going to be solvent, and doing it in a way that the taxes stay the same.

We're not increasing taxes. It's 7 percent now, sales tax. It will continue to be 7 percent, just extended past 2030.

Questions?

MS. McCAGUE: I have a few. First of all, thank you-all for being here and thank you very much for putting this issue front and center in the mayor's work for the year.

I like a dollar today better than I like a dollar tomorrow. And so did I hear you say that there's a possibility if the Division of Retirement Services wouldn't allow the 30-year amortization, that the city might bond out that 2031 through 2060 revenue and put that money into the funds?

MR. WEINSTEIN: That would be an option. It's not nearly as attractive because it's costly because you pay the interest, and we wouldn't get nearly the size relief that we're looking for. But it is an option.

But the pension would still get what the actuary will say your ARC should be. It's just the city will get some relief. If we borrow $50 million to do this, then instead of putting in another 180-, we'll put in 140- or 130- and take the 50- that we borrowed and make it 180-.

So the pension is not going to get additional dollars. The pension funds will get what the actuary has presented as it should if we borrow.

If we get the amortization option, then the actuary will do a totally new analysis and the unfunded liability could be substantially lower than it is today, but it will still be there.

And, again, whatever it comes out as being, we don't have to take the entire relief. If the relief is so much that it presents a potential liquidity problem, we wouldn't take the entire relief. We'll put in enough to make sure liquidity doesn't become an issue. And we'll do that together. You know, those are decisions and analyses that we will do jointly.

So the long-term is terrific, how we benefit from it. And each year that we delay makes it easier because we get closer to the money. So it just depends.

And this can't happen overnight. I mean, the earliest it could be -- we're looking maybe '18, '19 fiscal year at the earliest. I mean, if we go through referendum and then collective bargaining and then they have to do another actuarial analysis, it's going to be a while. So if it's before '18, '19, I'll be surprised. It could be, but I doubt it. I doubt it.

So we're probably putting in what we anticipate putting in for at least the next couple years, which is a burden to the city. But at least we will know, at least we will know, that's it solved.

Now, that's the goal. The goal is to get this off everybody's back. That's the long-term goal.

MR. PATSY: Mike, so I'm clear on this, on the amortization period that you intend or hope for, are you talking about amortizing the unfunded liability out to 2060?

MR. WEINSTEIN: The way the bill reads, is the actuary is to -- it says "shall" basically -- take into consideration the 30 years of the bill, okay? And then do another actuarial analysis to pay 30 years. I mean, there will still be a 30-year actuarial analysis, but they're to take in the entire 30 years -- which gets us to 2045. Thirty years from now basically gets us to 2045.

But the bill says take into account even beyond that as revenue and then do another 30-year sort of mortgage on it. So there's two 30 years in the bill: 30 years of actuarial analysis, but when you do the actuarial analysis, take in from 2030 to 2060 as future dollars.

MR. PATSY: So we're taking it all the way out to 2060?

MR. WEINSTEIN: Well, again, when we first presented it, that's what we thought it would be. But it's going to be fully funded before that. So the irony is, all three programs will be fully funded long before we get to 2060.

But the bill -- again, we didn't -- it's their bill -- takes into account 30 years of revenue. And we'll have to see what happens. That's why the idea of really sitting down and talking through numbers, it's just -- we just don't know how it's going to end up.

And even if that's the bill, we may have decisions made through GASB and others that we can't do it that way. I mean, we don't know. That's why the borrowing is vetted in there as a last resort and to be reimbursed.

MR. PATSY: Next question or concern on my side of the equation.

None of the city pension -- none of the city employees are covered by Social Security.

MR. WEINSTEIN: That's correct.

MR. PATSY: And everything I've read in the press alludes to a defined contribution plan replacing a defined benefit plan for all new hires.

MR. WEINSTEIN: General Employees, as you know, have the option now to go into a defined contribution. If for some reason the statute allows us to go to FRS, if people go to FRS, they would then be involved in their program and Social Security.

But if we have a defined contribution program here or a new defined benefit program here outside the one we have now for everybody, no Social Security. City of Jacksonville is not in Social Security. So if it's the City of Jacksonville defined contribution plan as we have now for General Employees, they don't -- they're not in Social Security.

MR. PATSY: Right. My experience with General Employees, my view of that is there are complications associated with that. Not today for an employee, but when they turn 70, 75, 80, potentially -- you know, Social Security is a safety net.

MR. WEINSTEIN: If they go out and work other jobs, they will be putting into Social Security, and if they don't work 30 years or more getting Social Security, then there's a penalty. And the more they work in Social Security, the less the penalty. But, yes, there is an offset.

The theory beyond that is that our pension programs were a little more attractive because the employees weren't sending money to Washington and the employer wasn't sending money to Washington, and that money was built into the pension program.

That's why it's not fair to compare our pension programs to others, because ours is supposed to be better because we don't have Social Security.

MR. PATSY: Right, right. And I understand that. My concern would be that a total migration to a defined contribution plan takes away that safety net. So that if decisions made by that individual employee, either while they're employed or post-working for the city --

MR. WEINSTEIN: We can help manage

investment decisions while we have the money, but if they take it out after they retire and we don't have any influence, they can misuse it and what have you. But that's an issue we'll talk about.

I mean, we don't know if we're going to go to a defined contribution. If we do, maybe -- you know, there are defined contribution programs that allow you at the end to go into annuities.

MR. PATSY: Absolutely.

MR. WEINSTEIN: So there are ways to lessen that concern. And those will be things that -- those will be many of a larger group of things that we're going to have to sit down and creatively think about. But it's premature now because we just don't --

MR. PATSY: Right. I just want to make sure --

MR. WEINSTEIN: Yeah, I know. And we've looked at all those other defined contribution programs that have additional benefits than just interest on money.

MR. PATSY: Okay.

MR. MOUSA: Let me just say this.

But at the present time, it's so important to note that the bills as submitted do not reference defined contribution. They do not reference any sort of benefit plan for new employees, and that's good.

Now, what happens at the end of the day is a different story. And I know you're going to read and you're going to hear different senators and different representatives claiming, Well, I think it needs to be this, and I think it needs to be that. We've expected that discussion in rhetoric to happen. That's just what happens in the legislature. They've got opinions as to what they want to see go on.

But currently we've got the most flexibility you can ask for in that it doesn't reference defined contribution. It doesn't -- for new employees. It doesn't reference anything. So that opens the door for us to look at FRS possibly, look at defined contribution, or to look at some other defined benefit plan, and we're hoping it will stay that way.

But we all know Tallahassee. We all know what happens between the house and the senate. You know best, as Mike knows. It's a sausage-making process and you never know what comes out at the end, but we're hoping for the best.

MR. WEINSTEIN: When we're asked our opinion, we want it to be the way it is now.

MR. MOUSA: Correct.

COUNCILMAN HAZOURI: Mike, just on the process part --

MR. SCHEU: Gentlemen, when you get ready for more questions, I've got a couple.

CHAIRMAN SCHMITT: Okay, Bill. I'll call on you next.

COUNCILMAN HAZOURI: I'm sorry.

CHAIRMAN SCHMITT: No, go ahead.

MR. HAZOURI: Mine's about the process.

In the legislature now, we lock in Duval with our consolidated government and all. What if another big-time city that's not as unfunded as we are, but maybe Miami or whomever, wants to attach themselves to that bill, which we know could happen and then start loving it to death in the end.

So is there a way that we can prevent that from happening? Right now we're just talking about a consolidated government. We describe ourselves, and there are at least -- the last I saw -- we're not even doing that now?

MR. WEINSTEIN: Well, we have things -- there are things in the bill that really limit who can take -- who can use it --

COUNCILMAN HAZOURI: Right.

MR. WEINSTEIN: -- and I don't know whether anyone else really can. You have to have an already existing infrastructure. You have to have it, you know, sun-setted. We had things in it when we suggested to them --

COUNCILMAN HAZOURI: When I first saw it --

MR. WEINSTEIN: -- that locked it just for us.

COUNCILMAN HAZOURI: Right, right. So we don't have that in there now?

MR. WEINSTEIN: It's not nearly as tight, but it is very tight. There might be one or two other communities that even have the requirements to get in, but there may not even be any. And they'd have to want too.

COUNCILMAN HAZOURI: If it comes open to the council as it is, say it passes as it is, going through all the waccamaws that it has to go through, and I know you negotiate whichever plan with the Police, Fire and Corrections and General

Employees, the new ones, but will they -- do we have as a council -- and I know it's a council question but something that's going to be discussed -- do we get -- are we going to have a choice of saying we want one, two or three different approaches to take to the Police and Fire for discussion, or do they -- you just -- is it wide open that you just take it? If it's a blank check, then you-all take that to the Police and Fire so we don't lock in anything one way or the other?

MR. WEINSTEIN: Let me try --

COUNCILMAN HAZOURI: Okay.

MR. WEINSTEIN: When it comes to council, it going to be for you to agree that this is a benefit for us.

COUNCILMAN HAZOURI: Right.

MR. WEINSTEIN: And send it to referendum.

COUNCILMAN HAZOURI: I get that.

MR. WEINSTEIN: Ultimately, when we go to collective bargaining, the potentials of collective bargaining come back to council. And in shade meetings with council, we could talk about what it is council would like to see versus, you know, what may come back.

But council will ultimately have to approve whatever options are at the end --

COUNCILMAN HAZOURI: I understand that, and I don't want to belabor it. Right now -- before, we were concerned that they would just say you had to do a defined contribution plan. But now that's not in there?

MR. WEINSTEIN: It's not in there now.

COUNCILMAN HAZOURI: Okay. Say it's not in there. So when it comes to us for approval to go to the referendum, there won't be any kind of plan in place or suggested plans --

MR. WEINSTEIN: Well, it would be -- it would be whatever the bill says. Now, the bill might say that --

COUNCILMAN HAZOURI: But, I mean, if it doesn't, it's wide open --

MR. WEINSTEIN: -- it's going to be whatever the bill is.

COUNCILMAN HAZOURI: -- for you-all to negotiate and then come back to approve or disapprove --

MR. WEINSTEIN: Absolutely.

COUNCILMAN HAZOURI: -- so we're not locking in either the council, whichever plan they can do.

MR. WEINSTEIN: No. You can't, because that would be a violation of collective bargaining.

COUNCILMAN HAZOURI: Okay.

MR. WEINSTEIN: No. It's got to be -- after collective bargaining, those options that are agreed upon will come to council --

COUNCILMAN HAZOURI: I just don't want to get this parade of horribles coming to us before. I want to make sure it's clear that everybody knows it's going to be wide open and negotiable --

MR. WEINSTEIN: We certainly hope so, but we don't know what it's going to be.

COUNCILMAN HAZOURI: Me too. We all do. Thank you.

CHAIRMAN SCHMITT: Mr. Scheu.

MR. SCHEU: Thank you, to all three of you. I really want to thank you. This is very creative. I think ultimately it will be of great benefit, and the devil is in the details.

It seems to me, as Mike said, this is particularly crucial for this to be mandating that the actuaries take into account that stream of money going out the additional 30 years, because otherwise, you just have to bond it because you wouldn't have the present value.

And, Number 2, the waiver of -- or the elimination of the requirement that you have to accelerate the payment of the unfunded liability. So those are two critical positions.

My question relates somewhat to what Tommy was saying. As I understand it, the whole issue of new employees and their plan, except for the fact they won't go into the existing plan, that all is on the table to get negotiated a part of collective bargaining.

At that point is when you would take into account the observations of the task force when the sheriff and the fire chief talked about workforce mobility, the cost of education of new hires and willing to retain hires so they don't leave after ten years, which the Pew Study showed the experience in Texas to be very difficult. So I hope that will be part of it. I wonder if you-all had any thought about that.

MR. WEINSTEIN: We have, and as a matter of fact, every time we've talked about a defined contribution plan, we understand the recruiting challenge, we understand keeping people, we understand those issues.

And we thought if we ever had to go to a defined contribution program, we can create it in a way that it's very lucrative. It could be -- you know, they put in 8, we put in 8, and then after 3 years, they put in 8, we put in 10. And then after 5 years, they put in 8, we put in 12.

The only limitation on how attractive we can make defined contribution is it can't take in more than 53,000 a year. And I don't think there's many of us, especially around the room here, that has that as a problem.

MR. SCHEU: That's under the federal statute, right?

MR. WEINSTEIN: Yes, yes.

So we at the table, with council approval, can make a very, very attractive defined contribution plan, and we could increase the starting salaries. I mean, we know recruiting and keeping, especially public safety, is the key issue here. And we're going to make sure that we're smart about it with the unions.

The goal ultimately -- we never can lose track of the goal -- is to get to the money stream so that we ultimately get this thing funded and it doesn't become a newspaper issue all the time and people can feel that their benefits are, in fact, going to be there for them whether it's 10, 20, 30, 40, 50 years from now. We've got to get some assurance that we've got the money.

MR. SCHEU: So what this really is -- we can focus on the funding side of this, which really is the city's obligation, and just -- we don't really need to be having a conversation now about the collective bargaining aspects of it, except recognizing that that's going to come.

MR. WEINSTEIN: Absolutely.

MR. WELCH: I have a couple of comment when it's time.

MR. SCHEU: Let me ask one other question before you move, Jarmon.

Mike, you talked about this being a joint effort and that you-all are going to work with the JPFPF, and I hope that comes.

Do you see, coming out of the council and the JPFPF Board, a modification of the agreement that was just negotiated so that it binds the city to do certain things and the fund so that it's not just a year-to-year thing?

MR. WEINSTEIN: Everything is on the table. Everything is on the table --

MR. SCHEU: And the promise to operate jointly.

MR. WEINSTEIN: Absolutely. And working together, I mean, we're going to have actuaries and they're going to have actuaries and they're going to have to get comfortable -- both sides are going to have to get comfortable with where we're going.

But as far as -- we've talked and had conversation about the existing agreement and, you know, with ten votes and the pension board agreeing, that could be adjusted and changed. And I don't know think there's anything at the beginning that would be restricted from being discussed at collective bargaining.

MR. SCHEU: Thank you.

MS. McCAGUE: I think Jarmon had a question.

CHAIRMAN SCHMITT: Go ahead, Jarmon.

MR. WELCH: Okay. And Have two comments and an observation.

As you know, the issue of both pension funds have totaled up roughly to 3 1/2 billion market value, earned about 10 percent less than what was expected.

So your 2.6 unfunded figure, I imagine, is getting up close to 3 million right now at the current value of it. We've done our valuation and ours went from 1.6 to 1.8 -- (inaudible) increase of general money, my experience, sometimes increases too.

My second comment is, as you know, the supplemental payments was supposed to come in this plan starting in 2019 from the city side is 32 million. So, in effect, this sales tax that we're moving to the present, a good portion of that will be used up to cover that 32 million.

An observation. If Tallahassee doesn't let you go ahead and do it, it would seem that it would be a possibility that by local ordinance change, that you could move the money there to at least cover this 32 million since Tallahassee has no regulation (inaudible) because you'll still be meeting the minimum funded without the supplemental. The supplemental is supplemental.

And my question is, since the present value of future cash flow is at 7 percent interest in the police and fire plan, and the general present value of cash flow is 7 1/2 percent interest, present value (inaudible) at those interest rates and any sums that you had for this 30-year period at present value, at that rate, is that your idea, that we use the actual interest rates for present value?

MR. WEINSTEIN: As far as -- well, first of all, I think you're right. I think it's probably closer to 3 billion today. The numbers are only going to get worse, and that's why it's good that the bills says, until the funds are fully funded. It may take a little longer than we thought, although that out years, it's over 4- or 500 million a year that sales tax is bringing in those out years.

The idea of the 32 million you're talking about, we have discussed that also. And that is -- what we do with the existing agreement will be up to us, whether we want to change it, and up to the unions. And changing it and using different dollars would be something we would be willing to discuss. Any option is open.

But as far as the way we're looking at actuarially, we're using the assumptions that are out there, and knowing that it's probably going to get worse than that, but we don't have anything else to use. I mean, you know, every couple years you do a new actuarial analysis.

So even if the assumptions don't come in, when it's recalculated, the unfunded liability just gets -- will get worse, and we expect that. That's why this is so important to get passed.

But basically we're taking the assumptions that are out there today and have been voted on and locked in, and those are the numbers we're using. And as those change, new analysis could be made.

MR. WELCH: You will be using the actuarial assumptions and not market assumptions?

MR. WEINSTEIN: We can use both in the analysis. Neither of them are going to be right because they're both guesses, you know, basically. But, yes, knowing the numbers are going to change, knowing that our funded liability amount will go up, we understand that and, again, that's why this is so critically important.

MR. WELCH: One more comment on that.

If you're going to give us, let's say, $100 million 15 years from now, and the fund is going to make out a $100 million payment, well, then, of course, I'd have to value them both at the same interest rate because your hundred million dollars is not working any more than my hundred million. In an actuarial valuation, the two rates have to be the same.

MR. WEINSTEIN: Yes. Yes.

MS. McCAGUE: Mike, I would like to ask a couple questions that have to do with the bill and not the financials.

First of all, and I know things can change moment by moment, but do you feel think you've got the leadership of the key committees in Tallahassee who are supporting the effort here?

MS. STEWART: The mayor has been in Tallahassee for the last three days. Prior to his visit this week, he has been in communication with the leadership in both the house and the senate, the incoming leadership in the house and the senate.

And on his personal visits this week, he hit the chairs of all of the committees that it could potentially be referenced to. So he is not asking anyone for their commitment. He is simply asking them to be open and to listen and to not come out against or for it strongly one way or the other.

And so that has been what's asked and that has been received very, very well by all of those folks I just mentioned.

He also met with individual members of the Duval Delegation and will be going back over next week to meet with them collectively.

MS. McCAGUE: Okay. Thank you.

Let's just say the bill came out exactly the way you wanted it to and it would go to council and ultimately the referendum.

How would the pension board be -- be secure in that some portion of those future revenues would be used to cover this particular unfunded liability?

MR. WEINSTEIN: Well, we have a legal obligation to pay the ARC, whatever the actuary comes out saying it is. So we can't -- we can't ignore our obligation. The only question will be, will our obligation be a little less because of what's happened in Tallahassee.

So, I mean, the goal is to get these funded and you're the lion's share of the -- of the problem. So I don't see any -- I don't know how that could possibly happen. We have to pay your

ARC.

MR. MOUSA: We currently have a legal obligation today to pay your ARC and we've been doing that. We're just looking for another funding source to pay that off.

CHAIRMAN SCHMITT: I have a few questions here.

First, we, the board, pension board, has gotten out of the pension benefits negotiation. And I think that's great. We should be focused on the funding and investment returns and running the administration of the pension fund.

However, we're currently operating under benefits that we did negotiate. Part of that negotiation included concessions by our 50-some odd -- or 5,700 members, some of them who are still working, where they got decreased benefits because of our vote.

And to offset that, the city agreed to make additional payments to make sure that when they retire, that the fund is going to be solvent and liquid, has the liquidity, to pay them their pension benefits.

That was seven months ago. But now we're already hearing the concessions that were given up, yeah, you're still giving them up, but the city is no longer going to pay their fair share.

MR. WEINSTEIN: Why did you hear that?

MR. MOUSA: Where did you hear that?

CHAIRMAN SCHMITT: Well --

MR. WEINSTEIN: We can't -- we can't change that. It's an agreed upon -- we can't on our side change that agreement. It has to be mutually changed.

MR. MOUSA: In fact, what you did hear is the agreement, the renegotiating agreement, possibly voided the previous agreement.

MR. WEINSTEIN: Right. Both sides.

MR. MOUSA: It's both sides. It's on the table.

CHAIRMAN SCHMITT: Okay. But my point is, we just negotiated that --

MR. MOUSA: We understand.

CHAIRMAN SCHMITT: -- we're part of it.

MR. MOUSA: Right.

CHAIRMAN SCHMITT: The members gave concessions.

MR. MOUSA: Correct

CHAIRMAN SCHMITT: In return for those concessions, the city said, We're going to pay more into the fund for the next 15 years --

MR. MOUSA: You're repeating --

CHAIRMAN SCHMITT: -- so this fund is taken care of.

MR. MOUSA: Yeah. And what we're saying today is, on the collective bargaining table could be the possibility of saying those employees who took a haircut no longer have to take a haircut. We're going to make them right. It's just not offering anything now because we're not collectively bargaining today.

But everything is on the table. We can't void all that. We can't do that on our own.

MR. WEINSTEIN: Yeah. We can't relieve our responsibility on our own.

MR. MOUSA: Correct.

MR. WEINSTEIN: I mean, that's not possible.

CHAIRMAN SCHMITT: And, again, I wish we weren't ever involved in the pension negotiations.

MR. WEINSTEIN: We understand.

CHAIRMAN SCHMITT: But we were at that time and that's the deal that came out of it at that time.

MR. MOUSA: But we don't want you to think that the haircut -- that we're saying the haircuts are going to continue and we're not putting in our 32 million. That's not what we're saying.

CHAIRMAN SCHMITT: Okay.

MR. MOUSA: We're saying, everything is on the table. And hopefully we'll be in a position to where we could void that and bring everybody back up.

CHAIRMAN SCHMITT: Okay. So now I turn to our current -- at least my biggest concern, and you mentioned it, is the liquidity.

Obviously the actuaries have to do their work. You know, there's a bunch of hurdles, GASB, IRS, all the other legislation, all those other things. But what it boils down to for our member is, is there going to be enough money in this plan to pay me when I retire?

MR. WEINSTEIN: Okay. You didn't hear my discussions?

CHAIRMAN SCHMITT: I did.

MR. WEINSTEIN: Okay.

CHAIRMAN SCHMITT: But let me finish.

We've got some great financial minds here in the room today. We'll hopefully have some great financial minds after you two retire. But you mentioned --

MR. MOUSA: Or get fired.

(Laughter)

CHAIRMAN SCHMITT: But you mentioned the position of our pension funds here in this city compared to all the other cities in the State of Florida. We are in the worst position out of all them. That was from the great financial minds of the past.

And now we're putting our hands, not just in yours, I believe you guys -- when you-all say this is what you're going to do, I believe that's what you're going to do. But we're now betting beyond your financial minds. We're going beyond eight years.

We're going -- starting in 2030, we're going to trust that the great financial minds of 2030 will come up with a better idea than what you-all have today. That is troubling for the members.

MR. MOUSA: Mr. Chair, let me just say this. Let's go back to the previous financial minds of the past, to use your words. Let's make sure we're clear that the position we're in today, everybody had responsibility.

CHAIRMAN SCHMITT: Sure.

MR. MOUSA: There isn't any one person, any one administration, any particular four or eight years. It's just everybody had a responsibility. There could have been excess benefits given. There could have been wrong assumptions. There could have been holidays taken. We've heard that before.

So let's not -- let's not get back into how we got to where we got. It's important to know how you got to where you got, but it's nothing really good to dwell on. So you don't make those mistakes again, it's important to know so you don't make those mistakes again. But it doesn't do us any good to dwell on it.

What we're looking is towards the future. And as we mentioned, this is a four- or five-step process and we're hoping to get through the first step. And the first step is to get a dedicated funding source that can't be used for anything else other than the unfunded pension liability. Nothing else.

We're still going to put in our normal contribution. We're still going to put in any shortage if our actuarial study doesn't work out.

We're going to be required by law to do that. So this can only be better. I don't see where it can go worse. It can only be better.

You have a dedicated funding source dedicated to only unfunded pension liabilities, which we've never had in the past. We've always had to depend on the general fund, or we've always had to depend on, Well, what can we do here so we can minimize the general fund? Or what benefits can we not give so we can minimize the general fund?

We won't be obligated on the general fund. We won't be obligated to the general fund. We will have our own pot for unfunded pension liability, Mr. Chair.

CHAIRMAN SCHMITT: Yes. And I like that idea. I think that's a great idea.

Financially it makes sense to not wait to 2030 to do it. Financially it makes sense to start at 2018 or 2020. The idea of waiting 15 years to start doing that financially doesn't make any sense.

Why would we not do that dedicated financial source -- do the legislation, get that done so that we can start doing that in two years from today instead of 15 years from today?

MR. MOUSA: Mr. Chairman, as Mike stated in the meeting earlier, that's an option. We're going to run our actuaries. We're going to see what the problems are. We're going to see where the pitfalls are. And if we see a financial problem, we're going to borrow. He said it twice today. Possibly borrow the monies.

As the executive director says, a dollar today to her is worth more than a dollar tomorrow. It might work out that way. It might work out that we go out and borrow $50 million, put it in the fund to make it financially -- with regards to your comments -- correct, and then we pay ourselves back with interest, which the law allows us to do.

We don't -- we don't want you to find every different way where this may not work. We'd like your support in finding every way to help us make this work.

CHAIRMAN SCHMITT: Do you --

MR. MOUSA: We can all sit back and say, Not going to do this, not going to do that, that's not going to work, that's not going to work.

We sure would like to turn that around and say, You know, we can possibly do this, we could possibly do that, we could possibly do the -- that's the support we're looking for today.

MR. WEINSTEIN: From a financial -- your point is well taken. From a financial perspective, it's better to have the revenue stream today, but we're not in that decision making, and that's a political environment and that's just not happening.

This opportunity is the least painful because it doesn't raise taxes. The only other way to get a revenue stream --

MR. SCHEU: Yeah. That's why my question is, going forward, given the performance that's been alluded to, not just one administration or one City Council or one group of trustees or whatever, I think -- I think that it's Larry's worry that the city changes down the road --

MR. WEINSTEIN: Well, it can't change --

(Simultaneous speech)

MR. SCHEU: -- modification of the agreement so that the city binds itself to do whatever it is, keeping your options open now, but whatever is finally agreed to, that that somehow gets reduced to an agreement.

MR. WEINSTEIN: Well, two things.

The possibility of, again, having another agreement that is binding longer is always a possibility. But the dollars that Sam's talking about can't be used for anything else. So the city can't come in and say, We're going to use that money for something else. It's got to go to the unfunded. And, again, by all --

MR. SCHEU: Well, just like you're doing now, you could go back to the legislature 15 years from now and say, Well, we've changed our mind about it --

MR. MOUSA: My gosh, Bill.

COUNCILMAN HAZOURI: That's what we don't want to do.

MR. SCHEU: -- and all I'm saying is --

COUNCILMAN HAZOURI: Don't recreate the wheel.

MR. SCHEU: -- if we bind ourselves to it, it would be better.

MR. MOUSA: Hey, Bill, that's another -- that's another point that I was making. You know, we could all fall dead tomorrow too and get hit by trucks and all this thing would go away. I mean, let's --

MR. SCHEU: I agree. Yeah, I'm for accentuating the positives. But all I'm saying is, you'd probably go a long way just -- whatever the deal ends up being, that it gets to some understandable agreement between the city and the trustees.

MR. WEINSTEIN: And those are legitimate conversations to have, if we even have an option.

MR. MOUSA: Correct. If we get the opportunity.

MS. McCAGUE: That's right. Okay. And -- excuse me.

CHAIRMAN SCHMITT: I'm sorry. I just wanted to follow-up.

And it's not by my intention to be the Negative Nelly. But it is my obligation to make sure that the issues that have been coming up -- and when I look at this individually, those are concerns.

Obviously you've thought of them as well. I haven't heard any plan that comes close to doing what you-all are proposing. So I applaud you for all of that, but I think these other issues and concerns do need to be discussed and addressed, which so far you-all have. So --

MR. MOUSA: Mr. Chairman, the devil is in the details.

CHAIRMAN SCHMITT: Yes.

MR. MOUSA: We know that.

MS. McCAGUE: Right.

MR. MOUSA: And we will have to work out together.

MS. McCAGUE: So let's talk about that for just a moment, in that our responsibility around this table as fiduciaries to the fund is to the pensioners and the actives who will be relying on the pension in the future.

MR. MOUSA: Correct.

MS. McCAGUE: So that is what we are all focused on. So when people ask me how does the fund feel about this plan, I tell them the same thing. And that is, I love it that there is a dedicated revenue source being sought to cure this problem, but we will have to wait and see what the details are to see exactly what this means.

So when do you think that we might be seeing and understanding more about details that -- so that we can start working with our actuary on really seeing, what does this mean?

MR. WEINSTEIN: After the governor signs the bill. Until then, it's just --

MS. McCAGUE: But it would be at that point?

MR. WEINSTEIN: -- hypothetical. Yeah. I mean, we'll have a better sense -- if the bill starts to change, we'll have a sense of what the change is, but for us to get really into the weeds until it's done -- and it's not done because it can get through the house and senate, as I said, and the governor vetoes it.

We'll have ample time to deal with whatever comes out of Tallahassee and, if so, signed by the governor to figure all this stuff out. And the referendum will take time. The Council decisions will take time.

So the goal now is to get to the money, to focus on the revenue stream and then figure out how best to get a win-win for everybody. There's enough money and there's enough time to figure this out so everybody is happy at the end.

But don't -- don't get caught up in an issue that you may not like and lose the opportunity to get at the money. Because if we don't get at this money, we're again in for 23, 24 years of basically stall.

MS. McCAGUE: And so --

MR. WELCH: Can you give us your predicted revenue stream and how your actual present value is so I can do a projection for the fund?

MR. WEINSTEIN: We will have actuarial analysis on what we think as of today the bill is probably middle of next week, knowing that it's only worth something if it's stays basically the way it is today.

We've got our actuary, a fellow by the name of Dezube, Robert Dezube, who's been -- you guys know him and deal with him. He's the one we've been dealing with now for a couple of weeks, and whatever numbers come out, they will be his numbers. So there's a credibility there. But, again, we don't know how it's going to work and we may end up doing --

MR. WELCH: Well, would you send me a copy of it --

MR. WEINSTEIN: Absolutely. Expect it -- expect it by -- if not next week, the week -- today is already Friday. Expect it by the middle of the following week, not next week, but the following week.

MS. McCAGUE: And, Mike and Sam, what help would you be -- or Kerri, you know -- what help would you be looking for as far as the fund is concerned, at this point?

MR. WEINSTEIN: Well, it's political now. I mean, it's a political issue to try to get through Tallahassee. And Kerri could be specific.

MS. STEWART: I think we would ask the same thing of the fund that the mayor has been asking the legislature and the governor.

Be open. Be supportive to the extent that you can, because the goal is to get this revenue and to have it dedicated to the unfunded liability. This thing is going to move. It's going to morph. There's going to be legislators saying lots of things.

As you saw in the paper this morning, they are already starting to talk about something that some of them haven't fully read yet.

So what we would ask this board to do is, to the extent possible, support the mayor's efforts to get this revenue stream. Continue to watch. Continue to express your concerns to the mayor directly or to his staff, one of the three of us.

If you hear things, if you have concerns, the same thing that we talked with the unions about last week, let's have an open dialogue moving forward, because this thing is going to be fast and furious over the next couple of weeks and months, and we have no idea what twists and turns it's going to take.

So to the extent this board can be supportive or at least open to listening and watching, that is what we ask of you today.

MR. MOUSA: And we also ask that you please contact us. For example, a legislator said something in the paper that was quoted this morning. It's just not true.

It says the bill contained DC. The bill today does not contain DC. So please get it from the horse's mouth up. This is the horse's mouth up here. Call us. Ask us. We're going to be as open as we can with you.

Did I just call you a horse?

(Laughter)

MR. MOUSA: Call us, ask us. Let us clarify for you. The mayor called up -- he was in Tallahassee for three days. He'd call up and give us briefings. You know, we may be able to share that with you. Hey, it's looking good.

Oh, we've got trouble here.

But let's just make this -- let's get after this pot of cash. Let's go after this pot of dedicated funding source because we really need a dedicated funding source for this issue. Otherwise, Jacksonville is just going to go backwards.

And from operating the city every day, I can tell you it's getting difficult and more difficult and more difficult every day to provide our citizens with what they need with regards to everyday resources that they expect: Police, fire, garbage, street repairs, drainage.

We're not going to be go to do none of that, guys, I'm telling you, because everything is going to the Police and Fire Pension Fund, General Employees Pension Fund and Corrections Pension Fund because we're obligated by law to do that. We're just looking for a way to improve our services at the same time.

Mr. Chairman, you had a question.

COUNCILMAN HAZOURI: Yes, Mr. Chairman.

CHAIRMAN SCHMITT: Go ahead.

COUNCILMAN HAZOURI: This is a political observation. Nothing to do with what we're talking about now, but what the chairman said earlier, and this is something that we have all learned over the years.

What you want to prevent from happening, not about what we're trying to do in Tallahassee, but what he was talking about earlier. The word -- and it's like that with teachers as well when you're negotiating.

Let them know about the existing pension plan, what they're in now. That's what they're concerned about. They're not just concerned about the future firefighters or correction officers or police officers or general employees. They're concerned about it, but not because they're not new ones. They need to know and have a comfort factor, I believe --

MR. MOUSA: Yes, sir.

COUNCILMAN HAZOURI: -- and it's incumbent on you-all, it's incumbent on everybody else, but it get misinformation like you said earlier, Sam, is going to take it just to another level --

MR. MOUSA: Yes, sir.

COUNCILMAN HAZOURI: -- like you said, it was in the paper. One little line --

MR. MOUSA: That's it.

COUNCILMAN HAZOURI: -- can make a difference, but that doesn't have anything to do with what's happening today with the new plan we adopted a few months ago.

The old plan that's been in there, that they're on a course of being paid -- it's not Social Security yet -- and that nothing is going to change with them.

I mean, they have -- nobody is going to guarantee that if they all retired tomorrow, that all that money is going to be there, and that's not going to happen. But they are retiring pretty rapidly, unfortunately.

So if you-all can just -- I don't know how you do it, to get the message out and through the unions.

MR. MOUSA: If I may, Mr. Chair.

Last Friday afternoon we met with the police and fire unions and their board of directors. We met with the president, Randy Wyse, Steve Zona and their board of directors and the mayor. We all gathered up in the mayor's conference room to simply advise what's in the bill, what's happening.

So we are doing a lot of proactivity in that area. And I think Mr. Wyse, who is sitting in the room back there, will tell you that the mayor believes he has a moral obligation to protect the current employees' retirement. They were promised it and he's going to have to protect it. And this is the way he plans on protecting it, and he needs your help --

COUNCILMAN HAZOURI: But for our chairman to say what he said makes me wonder about --

MR. MOUSA: -- to help the mayor to protect those existing retirements.

COUNCILMAN HAZOURI: -- are they getting that message.

MR. MOUSA: We know what they were promised and we're obligated to maintain that promise. And unless we get that dedicated funding source, it's going to be tougher and tougher to keep up that promise and the mayor promises to do it.

Madam, unless you have more questions, we've taken up too much of your time.

MS. McCAGUE: Thank you very much. But as you're leaving, Mr. Chairman will get ready for public comment. And I see that Mr. Lee wants to make a public comment. So we might start with him first so that you-all might hear that before you leave.

MR. MOUSA: Okay.

MS. STEWART: And we mentioned at the beginning and I think Mike mentioned again, we have a one-page sheet with just the highlights and the bullets. We're also going to leave you with the statewide unfunded actuarial top spreadsheet and then actual copies of the bills, if you would like to see them.

They're identical, but we burned them off separately so that you would see that they are identical, the house bill and the senate bill. So we are going to leave these behind. And we have enough for the public as well.

CHAIRMAN SCHMITT: And, again, I appreciate you-all coming over and giving this information. It's been very helpful --

MR. MOUSA: We appreciate you, Mr. Chairman.

MR. WEINSTEIN: Again, we've got to do this together. We can't -- we can't get to the goal line without you helping us get there.

MR. MOUSA: Mr. Chairman, thank you.

MS. STEWART: Thank you.

CHAIRMAN SCHMITT: Before we start the next segment, let's take a five-minute break.

(A break was taken; thereafter the meeting continued as follows:)

CHAIRMAN SCHMITT: The next item is going to be public speaking period.

Deb, do you have any public speakers?

MS. MANNING: I do. We have Curtis Lee first and then Mr. Gassett.

CHAIRMAN SCHMITT: All right. Mr. Lee.

MR. LEE: Well, I have a preliminary question. This is a workshop. Is there properly a public speaking opportunity?

CHAIRMAN SCHMITT: We just gave you one.

MR. LEE: All right. Well, I'm going to speak on something that is up for a vote assuming that any votes will be taken.

MR. KLAUSNER: No votes can be taken today, Mr. Chair, because you lack a quorum, but at some point you will be taking a vote of what's on your agenda.

CHAIRMAN SCHMITT: We will be taking no action today on any of the items.

MR. LEE: Well, then, if you're going to take no action on anything that's on the agenda, I will defer my speech until it becomes on the agenda for action. There's no point in my speaking about something if you're not going to vote on it today.

CHAIRMAN SCHMITT: That's your option. All right.

MR. LEE: But if Mr. Tuten shows and you have a forum, I would like to have my public speaking restored.

CHAIRMAN SCHMITT: We are not having a quorum today. We will not have votes today.

MR. LEE: All right. Then I will defer.

CHAIRMAN SCHMITT: Any other speakers?

MS. MANNING: Mr. Gassett.

CHAIRMAN SCHMITT: Mr. Gassett.

MR. GASSETT: My name is Bill Gassett. My address is a matter of record.

The actuary report submitted to the workshop about two weeks ago show that as of 10/12, we had an unfunded liability of $1.6 billion, discounted cash rate flow of 355.3 which had to be dropped in now to cut off this requirement in 23 years at 7 percent.

Three years later we've gone into the red. We're now at $1.8 billion with all the money that's been added in and a recently good market. And now we find ourselves up to $435.4 million.

Unhappy taxpayer, angry taxpayer and calculating taxpayer. And the question, quite simply, is, Why? I've heard some very fine presentations on how to solve it, but until we find out what the problem is, it will not get solved.

Veritas is Latin for truth. My concern of truth is not that somebody is lying, but that we get to the truth of the matter.

The new actuary report shows that there's enough money for current retirees only, but active employees such as the good chairman, and Richard Tuten is not here, have no money in their account. I believe Mr. John will verify that to some extent.

Therefore, anybody retiring in the next zero to 20 years will have no money in the account, my thought is. Current and pledged monies only have the effect of offsetting the current two-hundred ten twelve.

What I'm saying is, the money you guys are asking for just settles up the account. It does nothing for the future. It's like you have a mortgage payment arrearage and you brought it up and that's as far as you've gone.

Until it is determined that how and why we provide this current situations and fix those areas at fault, more and larger amounts of funding will have to be needed.

As an example, in a separate study it was determined that the asset allocation requirement of 20 percent in fixed income was responsible for approximately $500 million of that $1.6 billion.

It has been recommended that we stay at that asset. That almost positively, absolutely guarantees that you will not meet the plan requirements.

Until we determine the causes of our current large dilemma, we are sure of repeating every 10, 15 years the current financial trauma that we're going through.

There's an old adage: He who does not know history is bound to repeat it and cannot take advantage of it.

And we need to find out the history of why it is and how we get here. I would like to suggest the board consider taking the lead on such a comprehensive study to propose remedies that will clearly determine if we're traveling down the road -- we're traveling down wrongly.

I believe you guys can do it. I believe you guys should do it. The mayor's group and that commission about three years ago failed to find out what the problem was. We had a report from the City Council that the poor chairman here was subject to unfairly, I thought. It was just a battle of innuendos.

In closing, let me state that the increasing number of some of the -- well, quite simply, the comments I've heard from my friends when talking about this over coffee, they're quite angry. They want to know how did we get here and how we're going to fix it. They're obviously not satisfied with what's been in the press. They are not trusting of what's been said.

With that, thank you very much.

Oh, one other thing, if I may. You actually have a wealth of information. The report that was prepared and handed to the committee about two months ago, I call it the Yellow Pages Report, has a wealth of knowledge of why we got where we're at. And I would suggest some detailed examination might help solve that problem.

Thank you very much.

CHAIRMAN SCHMITT: Thank you.

Any other public speakers? All right. The public speaking is closed.

Again, we have several items in here we're not able to take action on. So we will go through and find the ones that are for information purposes only.

The Consent Agenda we will defer until next meeting.

Old Business. I'll let you-all catch up. It's several pages of Consent Agenda and then we get on to the Old Business.

The first item under Old Business is application for membership. Again, we will defer that to take a vote.

The next item is an update on the lawsuit for the City of Jacksonville versus PFPF Board of Trustees and John Keane.

MS. McCAGUE: I really have no update. There was some movement from the city last week, but I have nothing from our attorney this week. We are staying on top of it to the best that we're able.

CHAIRMAN SCHMITT: All right.

The next item is Share Plan Policy and

Procedures. Again, we'll defer that. That would require a vote from the trustees. The same thing with the next item, 2015-12-7, Frequent Traveler Awards.

We have a Memo to Board of Trustees regarding FIAC Committee Members.

MS. McCAGUE: Yes.

CHAIRMAN SCHMITT: 2015-11-3.

MS. McCAGUE: And I would draw your attention to that document. You do not need to vote on this, but I wanted to share this with you.

On the November 20th meeting, the board actually reviewed five names for consideration for the advisory committee, and these were forwarded to the city. Hopefully, four of them will be approved by the February meeting.

But I wanted to take a minute and read into the record this information because of the committee members we have, you should be very pleased.

As you know, under pension reform this committee was formed to advise you on four areas: Financials, investments, actuarial matters and any other financial matters as the board will request.

So I just wanted to share with you. You saw the résumés of these individuals: Rob Kowkabany, Craig Lewis, Brian Smith, Sabrina Jackson-Carter and Bill Gassett. Since the time of November 20th, Mr. Gassett has withdrawn. So we have four members still going up for approval in the council.

But what I wanted to share with you is these résumés are all very strong. Of the members that are going to council, three of the four have master's degrees. We have a CFA in the group. We have a CFP in the group. Each of these people either currently holds or have held previously SEC licenses or state licenses. They have a very broad spectrum of financial experience.

They also, importantly, represent a good diversity in terms of gender and race and begin to be more reflective of the constituency that we serve. And I think that's very important as leaders for you-all to know.

So I just want that read into the record. And we will send these minutes over to City Council so they will have the benefit of this information as they work toward approving these individuals as formal members of this committee.

CHAIRMAN SCHMITT: We will show that received for information. I would also like to thank you for continuing to have this committee move forward, getting them through the selection process, also getting them trained on their fiduciary duties. Excellent job on all that. Thank you.

The next item is reviewed of proposed language for standard operating procedures for contract agreements. That would take action, but allows us an opportunity to review this before the next meeting.

The next item under Financial Investment Reports, the Budget, 2015-5-2, Quarterly Financial Report, Actual versus Budget.

Devin.

MR. CARTER: Overall, the current funds' condition was good. We came under our protective variance by 23 percent. As you can see, currently we're over by 35 percent, just based on the quarter for the system development for the share plan.

MS. McCAGUE: So, Mr. Chairman, Mr. Scheu had asked for at least a quarterly look to see if we're on track for budget or not. And so we present this to you as a potential report that you could look at on a quarter-to-quarter basis.

As I have learned, we budget on an annual basis, not monthly. But Devin has been able to break this down quarterly. So if this meets your needs, we'll continue it. If you would like a change or more clarification information, we can certainly do that for you.

MR. SCHEU: Beth, I think this is a good improvement. Next week when I get back in town I might want to wander over and meet with you and Kevin to make some additional suggestions. But this is much more helpful. Thanks.

MS. McCAGUE: Very good.

MR. CARTER: Okay.

MR. PATSY: Question: The compensation for your services and John Keane's, that increases personnel services, correct? But it decreasing operating expenses?

MS. McCAGUE: It increases professional services.

MR. CARTER: Professional services because we currently have a vacant seat in personnel services. That's why it's only 13 percent.

MR. PATSY: Okay. But it's a commensurate decrease in operating expenses?

MS. McCAGUE: Personnel.

MR. CARTER: Personnel.

MS. McCAGUE: So it's an increase in professional, but a decrease in expected personnel cost.

MR. PATSY: Okay. Okay.

CHAIRMAN SCHMITT: Any other questions on that item? We'll show it received for information purposes.

2015-12-11, Fee amendment with Brown Investment Advisory and Eagle Capital Management.

Dan, are you on the phone?

MR. HOLMES: I am. Can you hear me okay?

CHAIRMAN SCHMITT: I can. If you just want to give a brief overview of the fee amendment for Brown Investment Advisory and Eagle Capital Management.

MR. HOLMES: Sure.

With regard to Brown, in the fall of last year, because of consolidation of managers at the city's retirement system, we negotiated new few schedules with Brown. Brown had been on a performance-based fee.

With the new assets coming in, we negotiated a fee that is shown on your -- bottom on the memorandum. What it does is it takes into account the assets of both plans, and then also it moves to a flat fee schedule.

So instead of having to go down each of the different grade points, it aggregates the assets of both plans and it goes right to that fee.

So the bottom line is that the effective fee for you, the police and fire retirement system, will be 40 basis points going forward.

So it's my recommendation to the board that you adopt this fee schedule. It's the exact same fee schedule that the city's retirement system has adopted. You should have an attachment in front of you with regard to the amendment to the contract reflecting that fee amendment.

This reflects the same fee amendment contract language that was used for the city's plan as well. I'll stop there and see if there's any questions.

MR. KLAUSNER: I looked at it from a legal standpoint. It's fine.

MR. SCHEU: Dan, is this already in effect, or will we have to pass the amendment before it goes into effect?

MR. HOLMES: No. It will be in effect as soon as you sign it.

MR. SCHEU: I'm wondering, Mr. Chairman, if we might have a special meeting because this -- with Dan's benefit, to get it approved so the lower fees get in instead of waiting until February. And there's some other things in here too, but that's for a later discussion.

CHAIRMAN SCHMITT: Yes --

MR. KLAUSNER: I was actually going to suggest that to you, that you have a limited special meeting to address your Consent Agenda because that involves enrollment of people in the fund, and to approve this contract so you can move it forward.

You could literally dispense with all the business in under 15 minutes. And it would just require getting three of you in a room. And if you limit your agenda to just this and your Consent Agenda, I think you could.

CHAIRMAN SCHMITT: We have this fee, but there's one other item in the Consent Agenda. Also the CPA's Audit Report, we need to accept that or approve that as well. So those three items for a special meeting we will do.

MS. MANNING: And the disability.

CHAIRMAN SCHMITT: Right, I'm sorry. There is one more.

MS. McCAGUE: Well, actually, the city is expecting our audit report and our actuarial report by 1/31. So those two things would need to be on the agenda.

And then in order to get the share plan statements ready for 1/31, the trustees would need to take a look at --

CHAIRMAN SCHMITT: The procedures.

MS. McCAGUE: -- the procedures. Right.

MR. SCHEU: And we can also handle the frequent flyer stuff and approve the contract agreement, the provision for the review of contract agreements. That wouldn't take much time.

CHAIRMAN SCHMITT: Okay.

So we will try to schedule a special meeting within the next week, week and a half at the most, to try to get those items taken care of before January 31st.

MR. KLAUSNER: For cost control, I can attend by phone.

MS. McCAGUE: Thank you.

MR. KLAUSNER: That eliminates travel. Or Paul frequently comes back to Jacksonville on the weekends. So if it's on a Friday or a Monday, Paul could be here physically and I could be available by phone if needed. There's no travel cost involved in either one of those situations.

CHAIRMAN SCHMITT: All right. We will try to pick a date and send the information out to the trustees, see if we can all settle on one date within the next week and a half.

MR. SCHEU: Thank you.

CHAIRMAN SCHMITT: So if no other questions, we'll move on from that item.

The next item on the agenda is 2016-1-1, Summit. We're going to have to defer on that one as well, also for the special meeting.

MS. McCAGUE: Devin -- excuse me -- can we wait a week or ten days before we need this million and a half moved?

MR. CARTER: Yes, yes. We'll be fine.

MS. McCAGUE: Thank you.

CHAIRMAN SCHMITT: The next item is the Summit Flash Report from December 31, 2015.

MR. SCHEU: Larry, I'm going to drop off

now. I've got another meeting that's about to start. And I've read the Flash Report and I may call Dan and talk to him about it.

CHAIRMAN SCHMITT: Okay. Thank you, Bill.

MR. SCHEU: Thank you-all. Bye.

(Mr. Scheu leaves the conference call.)

CHAIRMAN SCHMITT: All right. Dan, if you're ready with the Flash Report.

MR. HOLMES: Thank you. This is a preliminary Flash Report. A number of the benchmarks still have not been released yet, and we don't have final on the statements. But the idea is to give you a quick update as to where returns for the calendar year were.

If you turn to the first page, the first page shows Asset Allocation. We'll note at the end of the year market value for assets was approximately 1.597 billion, or almost 1.6 billion in total assets.

Asset Allocation will finish within the policy range because we're rebalancing. That took place at the November meeting.

Equities, US Equities were within plus or minus 5 percent of the policy targets. Real estate remained slightly under the policy target, but otherwise it's within policy range.

If we turn to page 2, we show performance for the asset classes. You have the total fund on a gross-of-fees basis.

Also on page 5, we show everything on a net-of-fees basis. I'll go through following on page 2. That also notes the net-of-fees returns for the calendar year.

The return for the plan on a preliminary basis was off about 2 percent. That was in line with the policy that one was off 2.04, the other was off 2.03. So there are in line with each other. This is the first year since 2011 -- strike that.

This is the first year since 2008 where there's been a negative return for the calendar year plan. That's due primarily to the lull in return for all asset classes, especially international and MLPs during the course of the year and the low returns for fixed income as well.

The best return -- returning to asset class for the year was real estate. And commodities, anything in the energy section, were on the lower side.

If you turn to page 2 -- or remain on page 2, the domestic equity composite is off 1.28 percent below that of the index, the broad index of the (inaudible) 3000. On a net-of-fee basis, it was off about 1.3 percent.

Returns were below -- the composite was below the index due to poor performance from Gabelli, Sawgrass and DRZ. A couple of those managers are being recommended for termination, but we'll get into that more at the February meeting.

The international composite was off about 5.9 percent. The benchmark was off about 5 1/4 percent.

The exposure in the international performance was below its benchmark with exposure to emerging markets. That took place with Acadian, the emerging markets manager; and also with regard to the China exposure, the Baille Gifford portfolio.

I'll get into more detail in the February meeting when I've had a chance to look at the portfolios against the Flash Report.

Fixed income was positive, up 64 basis points. It's up about 0.51 percent.

Hang on for one second.

(Pause)

MR. HOLMES: The fixed income composite was up, as I said, 64 basis point and above the index. The active management in Thompson Siegel was the driving force behind that outperformance.

Moving down to real estate, it was up over 15 percent for the year. Both active managers have done well versus the index. The index has not been priced yet, so that's why zeros are shown on the report.

And then, finally, getting down to MLPs, MLPs were off about 28 percent last year. I should say your active MLP managers. The MLP was off over 35 percent in the last year. The active managers added about 6 percent more, so almost 7 percent over value added.

On a (inaudible) basis, MLPs still have outperformed and gave you positive returns to about 8 or 9 percent on an absolute basis. And that's on a net-of-fees basis as well.

So those are the -- that's the Flash Report in a very quick fashion. I know you're running up against time limits. I'll stop and see if you have any questions.

CHAIRMAN SCHMITT: Any questions?

MR. PATSY: Dan, this is Rick. A couple of questions, and you may be able to address these in the February meeting.

But I was looking at the net-of-fee returns on a total fund basis, and it seems like under our regime, you know, we underperformed by a net-of-fee basis.

Can you do an attribution for us in February that shows the source of that underperformance for us?

MR. HOLMES: Yeah, that's (inaudible).

MR. PATSY: Was it asset allocation or was it manager performance or what was the cause?

MS. McCAGUE: And, Dan, you're saying that's included in your normal quarterly report; is that correct?

MR. HOLMES: That is correct.

MR. PATSY: Okay. All right.

MR. HOLMES: There's an attribution for whatever time period you want. So we'll show it for the quarter, we'll show it for the year, and we can show it for fiscal year-to-date as well.

MR. PATSY: Okay. And educate me. We have a passive allocation to a bond fund, a bond index.

MR. HOLMES: We do.

MR. PATSY: Educate me. Why do we have that?

MR. HOLMES: We -- it's there because --

MR. PATSY: I mean, why are you doing it passively as opposed to actively?

MR. HOLMES: Why do we do it both passively and actively?

CHAIRMAN SCHMITT: No. Why are we doing passive instead of active?

MR. PATSY: Yeah. Fixed income would be about the last place I would put a passive allocation. Why do we do that?

MR. HOLMES: It's been a holding place for rebalancing. It's also been a holding place for money we're trying to put into either a non-US or Core Plus manager. That's been pending for awhile.

MR. PATSY: Couldn't you do that with an actively managed fund as well and generate excess return?

MR. HOLMES: That's -- Rick, that's where I'm heading. That's where I've been trying to head to try to get a Core Plus -- an active

Core Plus manager or some diversifying strategies in there. But we have not been able to finalize the search for that.

MR. PATSY: Okay.

And my next question on real estate. I know the one-month/three-months' index returns don't show up. Will that alter the total fund benchmark on a calendar year and a one-year basis, a three-year and so on? Does that make sense?

MR. HOLMES: It's -- I have to go back and see where she's holding -- how long she's holding the -- yes. It will affect it, but to a small degree. It only looks like she's using zeros as a placeholder until the benchmarch is priced later this month.

MR. PATSY: Okay.

CHAIRMAN SCHMITT: And with the amount of money in those two investments being around -- almost 180 million compared to the total fund balance, it shouldn't impact the net overall that much, no matter what it is.

MR. HOLMES: No. The performance for the managers is being shown on a net-of-fee basis and is already calculated. We're just looking at its -- what the effect is going to be on the policy index.

MR. PATSY: That's it. Thanks, Dan.

MR. HOLMES: Any more questions?

CHAIRMAN SCHMITT: Any other questions on this one? Okay. We will show that one received as information.

And the next item is the Monthly Economic and Capital Market Update from December 31st, item Number 2016-1-3.

Dan, back to you.

MR. HOLMES: Okay. Thank you.

The highlights from the economic review are made simply as follows. We've already talked a little bit about it.

The economic funds. There was positive moves. First and foremost, the big event that everybody in the financial world was getting ready for happened. Because of raising wage inflation, the fed raised the interest rate by 25 basis points during the month of December, really did not have any material effect on fixed income markets.

The markets had anticipated that. That 25 basis point increase had already priced in.

Looking at unemployment, unemployment remained at 5 percent at the end of the year in the fourth quarter. We will note that almost 300,000 new jobs were added during the course of the month. So it remains to be a positive.

On the negative side, we also note that oil prices fell about 31 percent during -- during 2015. It's negative for investors, institutional investors in particular. It's positive for consumers with the low gas prices. And we've see that continue to decline so far this year.

Finally, with regard to economic growth, the GDP was finalized at 2 percent annualized rate during the third quarter. And so we're looking at probably about a 2 percent or thereabouts annualized GDP number for the entire year. I haven't seen it. The final one isn't released yet.

Inflation remains relatively the same. And what we've been seeing here is continued expansion, economic expansion, in the service sectors; whereas we're seeing economic contraction in the manufacturing sectors.

So the vast -- you know, the effect for the year was basically large cap domestic stocks were modestly positive, a little over 1 percent.

Small cap stocks, international stocks, were both negative. Emerging market stocks were down more. MLPs were down more than that. Fixed income was modestly positive, and real estate was strong and positive.

Those are the themes for the year, and we will flush out attribution in the full quarterly report in February.

CHAIRMAN SCHMITT: Any questions for Dan on that one? We'll show that one received for information purposes.

Next -- do we have any more for Dan?

MS. McCAGUE: Yes. Let me just start this conversation.

This is Proposed Calendar of Actions, which is 2016-01-4. This document has come about as a result of our initial work with our Financial Investment Advisory Committee so that they weren't drinking out of a fire hose trying to come up to speed with their new responsibilities.

Dan has put together a calendar of activity for that committee that will be in sync with the trustees, so that the financial advisors can take a look at these issues and have time to deliberate and make their recommendations to the trustees, who will then be reviewing their advice and talking with Dan.

So what we tried to do was put together over the next four months the activities and the conversations we would be having.

So, Dan, thank you for your work on this. And can you quickly take us through this so the trustees know what they would expect in February, March and April.

MR. HOLMES: Yes. And thank you, Beth. I appreciate the introduction.

Page 2, if we turn to that. In looking at the Financial Investment Advisory Committee in conjunction with what I need to present to the board this year, I came up with this suggested calendar of actions.

The idea is that for the February meeting, the main action that we need to do is review asset allocation on a go-forward basis, review our current capital market assumptions, and determine what changes need to take place in order to meet the actuarial return target; and also to look at where we are in terms of risk and return opportunities and also cutting back on our volatility where we can.

So the idea is, is that in each month for the next few months, I'll be presenting the same material to both the board and the committee with the idea that I'll go through it in advance with the committee, get their buy-in, hopefully develop a consensus, and then make recommendations to the board for actions at the following board meeting.

For February, what I've designed is shown on page 2. Like I said, I want to review the current capital market assumptions, review asset allocation, make recommendations for changes, and ultimately at the end of the -- at the end of the meeting, have the board develop a target asset allocation that we'll use going forward.

All the information -- I'm not going to go through every bullet point, but all the information that goes into an asset allocation review will be included in the reports, both to the committee and to the board.

In March what I've got slated is looking at how the asset classes are implemented. And so at that meeting what I want to do is discuss terms and information between each.

For instance, the active versus passive debate. Look where it makes sense in have passive management. Look to see where it makes sense where we should have active management. Go do an in-depth fee review with the performance, and also that's where we're able to determine what replacement of managers, either because we need to replace underperforming managers or if we have holes in the asset classes due to the target allocation that's been adopted.

That's where we'll discuss and determine that. So that will be the March meeting.

After that, what I anticipate for the April meeting is discussion of the private asset classes. There -- we've had discussion in the past. No action has been taken in the areas of non-core or valued-added real estate. No action has been taken in terms of private actual resources or more private equity.

It doesn't mean that something has to take place, but I want to have that discussion because you are now permitted to invest in all those areas by virtue of the ordinance change. And we should at least have a discussion as to the appropriateness or inappropriateness of those asset classes.

That will require some education. So that is what I'm proposing to do during April, and then following that, the board and the committee should have all of the ingredients it needs to implement a streamline, efficient and more effective manager lineup going forward. And we would use the remaining time to make those changes, using searches in conjunction with the committee.

So I know I kind of rambled through it pretty quickly. Hopefully you will agree that that's a good way of going through kind of a top-down type of implementation. And I think what it will do is bring both the committee and the board on the same page and provide for necessary actions to be taken.

Any questions?

MS. McCAGUE: So I would add, Dan, that this is not set in stone. It is a plan of work. It's a strategy, but the advisors on the investment committee work at the pleasure of the board. So if there is some topic you would like them to take up, we will -- we will make an adjustment to this schedule.

CHAIRMAN SCHMITT: Any other questions for Dan on this or any other reports?

All right. I think that's it. Dan, thank you very much.

MR. HOLMES: Thank you. Appreciate the time and the patience, and I look forward to seeing everyone in February.

CHAIRMAN SCHMITT: Thank you.

MS. McCAGUE: Thank you, Dan.

MR. HOLMES: Okay. Thanks. Bye.

(Mr. Holmes leaves the conference call.)

CHAIRMAN SCHMITT: The next item -- again, we'll have to defer to our special meeting -- is 2016-01-05, 2015 Actuarial Valuation Report, but it will give us an opportunity, and I know we had a workshop on this earlier, but to go through it again and see if there are any questions on it before we adopt it at the special meeting.

Next item will also need to be deferred to the special meeting. The Application for Disability Retirement, 2016-1-6.

And the last item on the agenda, under Administrative Reports, 2014-11-10, Records Retention.

MS. McCAGUE: We can say that we have

narrowed our search to two vendors. We'll have final -- we want to talk with them one more time. I'm particularly concerned with how much support we can get, because it is a big project for us. So we hope to be ready with a decision, and possibly at that special meeting we could add that to the agenda so the trustees could have a vote on that.

CHAIRMAN SCHMITT: And just additional information for our new member. We're trying to get a records retention system in place that's electronic instead of boxes and boxes of papers and stuff. That is what that project is all about.

Do we have any more items that need discussion?

MR. CARTER: Beth, can you provide an update on the bill in council?

MS. McCAGUE: Oh, thank you for reminding me. Yes.

I just need to share with the board for information and, of course, take any comment. But as part of the pension reform, one of the conversations we were going to have today is administration of the share plan. And we'll have that at a special meeting, but we need to have our share plan statements ready online by 1/31.

In the legislation that was passed by council in June, there was a line or two that talked about the chapter funds and said that chapter funds going to firefighters would go to firefighters. Chapter funds going to -- our share of chapter funds going to the police would go to the police.

Our plan is a unified plan. We have always treated both groups, firefighters and police, equally in terms of enhanced benefits.

And so we went back to council, to Bill Gulliford, the head of finance committee, to say, Could we have a clarification that you want us to treat the chapter funds the same as they have always been treated?

He agreed to that and that is going on emergency passage through council, and it will be heard at committees next week. I will be at those committees.

But this is to maintain the equality of the chapter funds. And, of course, we never can say what the outcome of the council will be, but we're hoping that there would be no issue. And we would certainly appreciate any guidance from our council liaison.

So I share that with you for information, and no comment is needed on that unless someone would have an issue with it.

COUNCILMAN HAZOURI: Just for the new ones maybe, I don't know if they're familiar because none of us -- I mean, I'm familiar with them being with the state, but you may want to yourself explain what each of the funds do, you know, what the chapter funds are. I don't know if Gulliford will do that. He probably won't --

MS. McCAGUE: I see.

COUNCILMAN HAZOURI: -- but just -- and it's a piece of cake to do. I don't see where they would be a problem especially if it's something everything agrees to anyway.

But let them know what the chapter funds are and why they're there, what they're used for.

MS. McCAGUE: Sure.

COUNCILMAN HAZOURI: Because I don't think anybody -- I can't imagine anybody, especially the new members, would know what they are.

MS. McCAGUE: Certainly, yes.

And I had a meeting with Sam Mousa, just so you know, on Friday, introductory meeting, and I mentioned that this clarification of intent was moving through council. And he asked the question that everyone will ask, and that is, What does that mean in terms of money?

And the answer is, There's no change in money; it's just the distribution of the portion that would go to the share plan.

COUNCILMAN HAZOURI: Right. And tell them where the funds come from, why those funds are premium tax or whatever it is. Is it still the premium tax?

CHAIRMAN SCHMITT: It is.

MS. McCAGUE: I'll cover that with you. Thank you.

COUNCILMAN HAZOURI: Let me ask you, who's sponsoring the bill?

MS. McCAGUE: Bill.

COUNCILMAN HAZOURI: Bill is. Okay.

CHAIRMAN SCHMITT: Any other items for discussion?

Appreciate you-all hanging in there this long. We are adjourned.

(The workshop concluded at 10:35 a.m.)

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CERTIFICATE OF REPORTER

I, Denice C. Taylor, Florida Professional Reporter, Notary Public, State of Florida at Large, the undersigned authority, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings, and that the transcript, pages 2 through 95, is a true and correct computer-aided transcription of my stenographic notes taken at the time and place indicated herein.

DATED this 3rd day of February, 2016.

Denice C. Taylor, FPR
Notary Public in and for the
State of Florida at Large

My Commission No. FF 184340
Expires: December 23, 2018