



JACKSONVILLE POLICE AND FIRE PENSION NEWS

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"We Serve ... and We Protect"

DECEMBER, 2016 • FROM THE DESK OF THE EDITOR



Executive Director's Message

By Tim Johnson, Executive Director—Plan Administrator

What's this all about?

All pension plans focus on members and their beneficiaries, as they should. But there are other stakeholders who are critical to the success of the plan including the board, committees, unions, city council, mayor's office, regulators, citizens and media. Effective pension plans communicate happenings, implications and results to all stakeholders. To that end, I'm using this month's newsletter to help you understand the recent controversy between the City, State and Pension Board.

If you've been in Jacksonville this week, then you've probably had questions after reading the papers about the PFPF: There's \$44 million more due? How did this happen? Did someone lose the money? Are the calculations wrong? Are my taxes going up? What's this all about? You are not the only one who's confused. I've been called and emailed, stopped on the street and interviewed by the media this week. It's clear that many stakeholders are having difficulty framing the problem. A reporter said to me, "I don't know who to believe; they all seem to have too much skin in the game."

From my vantage point, the answers to these questions don't expose erroneous actuary assumptions, but instead illustrate how certain assumptions have been used to save the City money. To use a familiar example, it's like buying a car: The dealer gives you more for your trade-in than your car is worth because you don't have a down payment. That approach saves you money the day you buy the car, but you will ultimately make more and/or higher payments in the long run. That's basically what happened a year ago when the State allowed the Pension Board to use a higher assumption for payroll (trade-in) in order to reduce the City's contribution (down payment). That assumption worked for the past two years and deferred \$44 million. But this year the State (which in my example would be the car dealership manager) said, "No. I'm not letting you do that again this year. Find another way to sell the car!"

Last month the City received a draft estimate of next year's pension costs. That figure could be \$44 million more than this year unless the City, State, Pension Board and now Unions negotiate another way to pay for it. The payment isn't due until December 2017. So, there is plenty of time for discussion. Also, the State has been cooperative in the past and may be willing to cooperate again. Finally, the City and Unions are currently in labor negotiations that may result in new pension benefits (like buying a different car). If that happens, it will negate the current draft cost estimate.

I've offered to help the City General Council craft a response to the questions asked by the Mayor. These answers will illustrate how the Pension Board has previously worked with the City and State regarding annual pension costs and set the stage for future negotiations.

This week, in the midst of this controversy, a board member said to me, "We're called to be reconcilers." I completely agree. Working together in a spirit of mutual respect and cooperation helps restore the confidence of stakeholders. In the past few months I've visited with NARC, REA, Edward Waters College, Times Union Editorial Board, City Council, Jax Chamber, Station WJXT, Fraternal Order of Fire Chiefs, Jacksonville Association of Firefighters, and Council Member Matt Schellenberg's Town Hall to talk about the PFPF. If you (or your organization) want to know more, please let me hear from you at tjohnson@coj.net.

Final Roll Call

RIPLEY J. MILLER, November 24, 2016

Police Officer, 20 yrs. of Service (ret. 1975)

***NOTICE: The Pension Fund office will be closed
on December 23rd & 26th for Christmas
and January 2nd for New Years***

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Attention Group I (B) Members in the DROP!

The **Money Weighted Rate of Return** during Fiscal Year 2016 for the Fund was **10.0%**.

Group I (B) Members participating in the DROP will earn this rate during Calendar Year 2017.

Jacksonville Fire Fighters Death Benefit Fund

The JFFDBF will hold its annual meeting on January 23, 2017 at 9:00AM at the Jacksonville Association of Firefighters Hall, 625 Stockton Street, Jacksonville, Florida. A lite breakfast will be served.

Please RSVP to John Peavy at 904-757-0188

Quarterly DROP Workshop

Steve Lundy and Chuck Hayes of the PFPF staff will be presenting the next quarterly Deferred Retirement Option Program (DROP) Workshop for **active** Police & Firefighters. This workshop will be an educational opportunity for members who are interested in the DROP. There will be a short presentation followed by a Q&A session.

- January 25, 2017 from 10AM-11:30AM at the John Keane Administrative Building (the Pension Office) located at 1 West Adams Street. Additional parking is available on the top floor of our parking garage located on 2 West Monroe Street.
- **Please RSVP** with Steve Lundy at slundy@coj.net.
- All **active** Police Officers & Firefighters are invited, however seating is limited to 30.

This workshop is entirely optional and not required for DROP participation. Additionally, there is no limit on quarterly DROP enrollment.

POLICE AND FIRE PENSION FUND MONTHLY PERFORMANCE UPDATE

(as of 10-31-2016)

	<u>\$ Assets</u>	<u>FYTD</u>	<u>1 Month</u>	<u>3 Month</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Total Fund Composite	\$ 1,581,230,805	-1.13 %	-1.13 %	-0.07 %	4.22 %	4.91 %	8.57 %

To see our detailed financial reports, please visit our website at:

<http://www.coj.net/departments/police-fire-pension-fund/annual-report>

BOARD OF TRUSTEES Lt. Richard Tuten III, JFRD, Chair • Richard “Rick” G. Patsy, Secretary • Lt. Chris Brown, JSO • Willard Payne Jr. • William E. “Bill” Scheu • **Next Meeting Dates: 12/16/16 @ 9AM, 1/20/17 @ 9AM**

PENSION ADVISORY COMMITTEE Battalion Chief Brady Rigdon, JFRD, Chair • James A. Holderfield, JSO, V. Chair • Lt. Robert “Ellis” Burns III, JSO • Battalion Chief Sean Hatchett, JFRD • Lt. David McCall, JFRD • Lt. Michael B. Shell, JSO • Rick Townsend, Retired JSO • **Next Meeting Dates: 12/14/16 @ 9AM, 1/11/17 @ 9AM**

FINANCIAL INVESTMENT ADVISORY COMMITTEE Eric “Brian” Smith Jr., Chair • Craig Lewis Sr., Secretary • Rob Kowkabany • Rodney Van Pelt • **Next Meeting Dates: 12/9/16 @ 3:30PM, 1/13/17 @ 3:30PM**

PENSION STAFF Timothy Johnson, Executive Director—Plan Administrator • Devin Carter, CPA, Chief Financial Officer • Chuck Hayes, Pension Benefits Manager • Steve Lundy, Pension Benefit Specialist/Economic Research, Editor • Deborah Manning, Executive Assistant • Troy Scherbinski, Building Manager • Lynn West, Pension Benefit Specialist • Jessica Fields, Part-Time Public Records Specialist

We encourage Member & Public attendance at our meetings. If you would like to address the Board or Committees, please attend and let your voice be heard!

HAPPY holidays

2016

From the Staff of the Police and Fire Pension Fund



Walt
Gini

John
W. Dwyer

Lynn West
Bert
Fields
Sheela