

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
September 16, 2019**

**MINUTES**

**City Hall - St. James Building, Conference Room 3C: 2:00 P.M.**

**Members Present**

Jeffrey Bernardo, Chair  
Joey Greive  
Brian Hughes  
David Kilcrease  
Kent Mathis  
Bill Messick  
Diane Moser  
Terry Wood

**Members Not Present**

Shari Shuman

**Staff Present**

Randall Barnes, Treasurer  
Paul Barrett, Sr. Manager of Debt and Investments  
Brennan Merrell, Manager Debt and Investments  
John Sawyer, OGC  
Tom Stadelmaier, Pension Administrator

**Others Present**

Maryanne Evans, JEA  
Sherry Hall, JEA  
Jon Kendrick, JEA  
Pat Maillis, JEA  
Matt Powell, Segal via phone  
A full list of additional attendees that signed in is available through the Pension Office

**1. CALL TO ORDER**

Chair Bernardo called the meeting to order at about 2:00 PM

**2. PUBLIC COMMENT**

All public comments related to the JEA proposed legislation.

Dave McKee, a 20-year JEA employee asked the Board to reflect on their fiduciary

responsibilities, to protect employees and the City of Jacksonville. He expressed concern that the changes front-load the benefits as opposed to most pension plans, which reward longer-serving employees.

John Norse has been an employee since 1987. He described how over 1,200 employees are receiving service credit. While 300 retirement-eligible employees are getting zero. He expressed concern that the unions were bullied by JEA management in negotiations. He believes all groups of employees should get some sort of severance.

Patrick Stone is a 31-year employee and he commended the PAC for showing good judgement regarding their comments for Council and the Board.

Larry Tucker has been employed since 1996 and he said the current proposal is not treating everyone fairly.

Tommy Cunningham is a 23-year employee and he said 300 people are being left out. He also voiced concern that the new company would not take on the liability of the Plan. If they did, JEA could provide something to the people that are left out.

Robert Growcock is a 20-year employee who talked about the many JEA employees that joined mid-career. He feels they will have less of an opportunity to adjust to the change and will be unable to properly prepare for retirement.

Randy Hilton spoke as a 28-year employee and president of the PEA. He supports the PAC recommendations and said it is appropriate for the Board as part of their fiduciary responsibilities to support the changes as well. He said the PAC and Board have been instrumental in some past enhancements and changes to the Plan benefits.

### **3. MINUTES**

Mr. Greive made a motion to approve the minutes. Mr. Wood seconded the motion. The Chair asked for any discussion and there was none. The Chair took a vote and the minutes passed unanimously.

### **4. NEW BUSINESS**

#### **Review PAC Comments Regarding JEA Proposed Legislation and Consider Board Comments**

Chair Bernardo asked Mr. Sawyer for a reminder on the scope and responsibility of the Board regarding this matter. Mr. Sawyer described the role of the Board in code as the interpreter of the code regarding administration of the Plan. The Board also has a role to comment on any proposed legislation. Chair Bernardo asked for clarification regarding the fiduciary role of the Plan and asked if it included responsibilities to the

beneficiaries of the Plan and to ensure the financial health of the Plan in order to meet the obligations to beneficiaries. Mr. Sawyer agreed that was a correct description.

Mr. Wood made a motion to consider PAC comments including reserving funds for \$565M of unfunded liability attributable to JEA. Mr. Messick seconded the motion.

Mr. Wood made the point that recessions occur about every nine years and the Plan will need to be prepared for a possible downturn in the market. He said it would be prudent to reserve funds for Plan protection.

Mr. Hughes commented that based on OGC's position regarding the role of the Board and the scope of the legislation, which is intended to protect employee benefits in the event of a recapitalization, he is not inclined to support any of the PAC recommendations as a body. He indicated there will be an opportunity for people to do so with Council and if further legislation is produced in the future regarding a recapitalization proposal.

Mr. Mathis thanked the public for their comments and JEA for the proposal regarding the protection of employees. He said the PAC was looking to fully support the JEA Board regarding a possible recapitalization event. He recapped the thought process of the PAC vote, which included Mr. Hughes statement from the last Board meeting that the administration would support the payoff of the BJP debt and acceleration of the surtax going to pension funding. He said the PAC supported a similar statement in the proposed legislation.

Mr. Greive pointed out that the proposed legislation has provisions to protect employee benefits in the case of a recapitalization but that it does not deal with an actual recapitalization. Chair Bernardo asked if the Board could comment further if there was an actual recapitalization. Mr. Greive responded that JEA agrees that there would be a new impact statement and that the Board would review it and could comment on the new statement.

Mr. Kilcrease asked for clarification on the required payment of funds from JEA to the Plan as part of the legislation. Mr. Hughes clarified that the amounts paid to the Plan for the additional liability created were apart from the other obligations to the City, including the \$3B minimum requirement. Mr. Mathis expressed a desire to solidify the verbal intent. Mr. Hughes explained the administration's intent is that it will be contained in further legislation and that the current legislation under review has a more narrow focus.

Chair Bernardo broke the PAC comments into two categories: 1) Make sure the recap event does not impair the Plan's ability to service it's obligations and 2) Comment three, which seeks a change in the benefits. Chair Bernardo viewed comment three as outside the reach of the Board based on OGC's guidance. Mr. Wood and Mr. Greive agreed with this assessment. Mr. Greive talked about that guidance being very consistent for many changes to the Plan that have been considered during his tenure with the Board and the pension office. He added the Board would have an opportunity

to comment further if there is an actual recapitalization event regarding the funding to the Plan.

Mr. Mathis recapped the employees' concerns raised in public comment and other forums and he asked whose responsibility it was to look out for them in the benefit designs. Mr. Hughes responded that JEA management and the union representatives hold that responsibility. Mr. Hughes asked JEA management present on the status of the negotiations. Ms. Hall said all five unions have come to an agreement with votes scheduled for membership.

Mr. Mathis asked about appointed staff that is not represented. Mr. Wood said any change should come from JEA management. Ms. Moser added that benefits for non-union are reviewed in context with the benefits negotiated for the unions. Mr. Kilcrease added that legally the Board has no standing on that matter and that as an appointed person you are more at the will of your employer. Mr. Kilcrease also added he agrees with the intent of the PAC's comments regarding Plan funding but that they should provide their input at the point of recapitalization and not at this time.

Chair Bernardo asked Mr. Sawyer if the Board will have that opportunity and Mr. Sawyer said the Board can always provide comment to Council.

Mr. Greive said he supported Mr. Kilcrease's comments. He asked Mr. Mathis if the PAC intends to send their comments to Council. Mr. Mathis said yes.

Mr. Wood accepted an amendment to his original motion.

Mr. Greive made the amended motion that The Board of Pension Trustees advises Council that comment three from the PAC is not within the purview of the PAC or the Board. Additionally, upon a JEA recapitalization event, the Board requests to provide Council input regarding the distribution of the proceeds in so far as the impact affecting the enhanced benefits and the unfunded actuarial liability of the GEPP. Mr. Hughes seconded the motion.

Chair Bernardo opened discussion on the motion. There was some discussion on the status of the union negotiations and Ms. Evans said the negotiated teams have signed tentative agreements. Mr. Hughes asked for clarification if JEA and the union heads have signed and Ms. Evans indicated yes.

Chair Bernardo commented about the use of the Plan interest rate for calculating unfunded liability using a GASB convention as opposed to using a market rate such as an insurance company might use in taking over pension obligations. Mr. Wood commented further about the growth of the unfunded liability under Segal's projections in the early years of the models provided. Mr. Greive provided some clarification on how the legislation handles the required funding and explained some of the assumptions used in Segal's models. He added those numbers will be refined with additional detail in the event of a recapitalization. Mr. Wood asked if there was a

provision to sunset this proposal if there is no recapitalization within three years and Mr. Greive said yes that was being proposed.

Chair Bernardo took a vote and the motion passed 7-1 with Mr. Mathis as the lone dissent.

**5. ADMINISTRATIVE**

Mr. Stadelmaier reminded Board members about the redlined version of Chapter 120 and requested any final comments back directly to him by this Wednesday, September 18.

**6. INFORMATION**

The next regular BOT meeting is scheduled for Thursday, September 26, 2019, at 2 PM.

**7. PRIVILEGE OF THE FLOOR**

Mr. Mathis relayed to the Board that the FPPTA will be at Sawgrass October 6-9 and Board members should get with FPPTA or Mr. Stadelmaier with questions regarding registration.

Mr. Wood asked if a JEA recapitalization would require a City-wide referendum and Mr. Hughes replied yes, that's the mayor's position.

**8. ADJOURNMENT**

Chair Bernardo adjourned the meeting at about 3:13 PM.