

1
2 PUBLIC MEETING BETWEEN

3 CITY OF JACKSONVILLE

4 AND

5 JACKSONVILLE POLICE AND FIRE PENSION FUND
6
7

8
9 MODERATOR,
10 RODNEY WARREN SMITH, Esquire
11 Avera & Smith, LLP
12 2814 Southwest 13th Street
13 Gainesville, Florida 32608

14 DATE TAKEN: May 14, 2014
15 TIME: 1:33 p.m. - 5:48 p.m.
16 PLACE: City Hall
17 St. James Building
18 Lynwood Roberts Room
19 117 West Duval Street
20 Jacksonville, Florida 32202

21 reported by:
22 Karen Adair Ruiz
23 Florida Professional Reporter
24 Registered Merit Reporter
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A P P E A R A N C E S

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5 Jacksonville, Florida 32202

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Police and Fire Pension Fund
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2 THE MODERATOR: If we could, I think where we

3 are this afternoon -- thanks for everybody being

4 so prompt. I had asked -- and I know I called

5 this morning and Chris confirmed. What I thought

6 we would start with -- and I -- and I don't want

7 to delay anything today to do this, so what I'd

8 like to do now is, Chris, if you would hand out --

9 MR. HAND: Sure.

10 THE MODERATOR: -- the copies of the -- what

11 we believe that we've been able to put to bed so

12 far.

13 Then, John, what I'd ask you to do is we'll

14 have some breaks this afternoon. You take a look

15 at it --

16 MS. LAQUIDARA: Thank you.

17 THE MODERATOR: -- and have whoever --

18 MR. KEANE: Thank you.

19 THE MODERATOR: Have whoever you want to take

20 a look at it. Obviously, there's copies there for

21 public perusal, but this really is nothing new.

22 This should be just the opposite. This should be

23 what we have -- believe this would be the language

24 that we believe that we have agreed upon.

25 And I just want to warn everybody because,

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1 having done this -- and I know many of you have

2 been involved in it. At the end, there's always

3 the mechanics of getting things put together. And

4 that's not as insignificant as you think.

5 And as we move towards tomorrow, I know --

6 certainly, Cindy has resources that will be

7 available and --

8 MS. LAQUIDARA: Yes, sir.

9 THE MODERATOR: -- have to be used because,

10 if we get this thing -- if we get this thing put

11 to bed, you've still got to have something for

12 somebody to put their initials on and then

13 ultimately their signature on. And I don't

14 really -- it's kind of an old rule of mine. I

15 don't like to leave the table without some ink on

16 it.

17 So even if -- even if we -- even if we have

18 to use some rough language tomorrow, we're still

19 going to -- if we reach agreement, we're still

20 going to have something that everybody has put

21 their initial on. And, obviously, then that --

22 then I -- I will be the one -- I'll ask -- request

23 of each of you to be -- given a little scrivener's

24 right to go through it myself. And, you know, if

25 there's something just -- that didn't -- got a

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1 sentence wrong or something, I'll check with both

2 parties, but we'll try to get a final copy. But

3 I'd like to work towards the goal of having

4 something tomorrow. I have a --

5 MR. HAND: Senator, can I -- can I just --

6 THE MODERATOR: Yeah. Absolutely.

7 MR. HAND: I just want to summarize what

8 people have in front of them so it's clear. These

9 are the -- and, again, obviously, knowing that

10 before there could be full agreements --

11 THE MODERATOR: Got it.

12 MR. HAND: -- on governance and current

13 employees, there would need to be some additional

14 work done, but what -- the language to which we

15 have tentatively agreed is, No. 1, Financial and

16 Investment Advisory Committee; No. 2, Ethics,

17 Certification, and Disclosure Requirements for

18 Investment Managers and Advisers; 3, Use of Office

19 of General Counsel.

20 And, John, I just wanted to point out I made

21 one small clarification here.

22 THE MODERATOR: Where?

23 MR. HAND: Rod -- this in the -- under

24 Item 3, Use of Office of General Counsel.

25 THE MODERATOR: Right.

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1 MR. HAND: Rod had used the phrase "i.e."
 2 What I think he meant was "e.g.", for example.
 3 THE MODERATOR: I did.
 4 MR. HAND: So I changed it to "e.g."
 5 He had also said "and the like." Just for
 6 the purpose of clarity, I put "and other ordinary
 7 legal issues."
 8 THE MODERATOR: That's right.
 9 MR. HAND: Could have meant other routine
 10 legal issues. I just wanted to make sure that was
 11 not problematic --
 12 THE MODERATOR: And you're right, my --
 13 e.g. --
 14 MR. HAND: -- just trying to clarify.
 15 THE MODERATOR: It should have been "e.g."
 16 MR. HAND: Yes.
 17 THE MODERATOR: I apologize --
 18 MR. HAND: So that's the only change to
 19 No. 3. Everything else is exactly as is.
 20 THE MODERATOR: Uh-huh.
 21 MR. HAND: No. 5 is the -- again, if we're
 22 able to reach agreement, the qualifications for
 23 the Council-appointed trustees and the fifth
 24 trustees, John, that reflects your "continue to
 25 be" language.

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1 Item 6, Actuarial Standards, Transparency,
 2 and Disclosure. Item 7, which is the selection of
 3 the executive director-administrator. Obviously,
 4 we've not yet finished Item 8, so that is not
 5 included here. Item 9, per Senator Smith, is
 6 deferred until the end of discussions.
 7 THE MODERATOR: Correct.
 8 MR. HAND: Item 10 is the Negotiation of
 9 Pension Benefits language we agreed to yesterday.
 10 Item 11 is the Consultation Among Parties language
 11 we agreed to yesterday. And Item 12 is the
 12 Expression by Charter and Ordinance language we
 13 agreed to yesterday.
 14 THE MODERATOR: One question on eight, had we
 15 not reached agreement on eight yesterday?
 16 MR. HAND: We had not because there was a --
 17 THE MODERATOR: Or we were --
 18 MR. HAND: There was a -- sort of an issue
 19 that Mr. Keane had raised related to the
 20 incumbent's pension status, if you might recall
 21 that --
 22 THE MODERATOR: That's the --
 23 MR. HAND: -- so -- so I brought the --
 24 THE MODERATOR: I'll address that today.
 25 MR. HAND: At the appropriate time, we can

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1 discuss that, but we brought the red-lined version
 2 of Item 8, indicating we have not yet reached --
 3 THE MODERATOR: I got it.
 4 MR. HAND: -- agreement on that.
 5 THE MODERATOR: But that's the only thing in
 6 eight that was --
 7 MAYOR BROWN: That's correct.
 8 MR. HAND: Correct.
 9 THE MODERATOR: The current treatment --
 10 MR. HAND: I don't want to --
 11 THE MODERATOR: -- it wasn't that?
 12 MR. HAND: -- speak for John, but my memory
 13 is --
 14 THE MODERATOR: Yes.
 15 MR. HAND: -- the incumbent pension status
 16 was the only --
 17 THE MODERATOR: That was the only thing that
 18 was left in the air; correct, John?
 19 MR. KEANE: Correct.
 20 THE MODERATOR: Okay. Now, I have a -- I
 21 have a -- I hate to publicly admit this, but I
 22 read the paper today, which I -- and in doing so,
 23 I've got to ask a question here. There's an
 24 article -- and I don't have any idea what the
 25 status -- or even if it's accurate.

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1 But there is -- and I've had some calls on
 2 it, as you would expect, today. There is a
 3 suggestion in an article that's out today on the
 4 front page of the paper about someone from
 5 Council -- I don't pretend to remember the name,
 6 and it doesn't matter, but it appears to say that
 7 the Council is addressing what I'll call the
 8 Item 5 -- 5 and 4 issue, which was to add a fifth
 9 member by either Council action or referendum.
 10 I'm not saying this is accurate or not.
 11 MR. HAND: Sure.
 12 THE MODERATOR: I know you've read the paper.
 13 I know you guys know this. Someone is out
 14 there -- I've been asked by multiple parties --
 15 and I've not answered anybody because I don't know
 16 anything about it. But all I know to say is that
 17 it seems to me that that is a critical component
 18 of the agreement that we're trying to reach here.
 19 Everybody knows that. I want to know kind of from
 20 the City's side --
 21 MR. HAND: Sure.
 22 THE MODERATOR: -- what happens here to, A,
 23 any agreement we would have if there were to be
 24 separate Council action directly inconsistent with
 25 that. I'm not even sure that that impairment can

<p style="text-align: right;">Page 10</p> <p>1 occur after an agreement's been reached, but I'm 2 not -- I'm not going to go into that. I just kind 3 of know -- want to know what your reaction to that 4 is because --</p> <p>5 MR. HAND: Let me tell you what --</p> <p>6 THE MODERATOR: -- that has some people 7 saying we ought to give up. And I'm --</p> <p>8 MR. HAND: Well, let me tell you where -- and 9 this is -- I mean, I referred to this yesterday. 10 There was a noticed meeting between two Council 11 members yesterday. In that meeting they discussed 12 their potential interest, as I indicated 13 yesterday, in filing legislation that would 14 authorize a referendum -- would amount -- would 15 amount to a straw ballot, at which the voters 16 would decide who ought to have the appointment 17 power for the fifth member.</p> <p>18 They have not yet introduced that 19 legislation. It has not been filed. It's not on 20 the Council docket. They did meet, as I indicated 21 they were planning to, to sort of discuss that 22 idea, but no legislation has yet been filed.</p> <p>23 That legislation may not be necessary if we 24 are able to get to a satisfactory conclusion here. 25 To me, it's significant that the bill has not yet</p>	<p style="text-align: right;">Page 12</p> <p>1 MS. LAQUIDARA: No. It's the timing of the 2 agreement. They would certainly be advised in 3 passing this agreement that it would supercede any 4 inconsistent provision that they have. We'd 5 identify those, and if they -- if they have -- 6 let's say that they had filed that and passed it. 7 Then our position would be we'd have to expressly 8 reference it in this as being repealed so that we 9 have a clear legislative record --</p> <p>10 THE MODERATOR: Okay.</p> <p>11 MS. LAQUIDARA: -- so --</p> <p>12 THE MODERATOR: Here's what I'm getting at. 13 Let's say we -- because the timing would appear --</p> <p>14 MS. LAQUIDARA: We can't make them stop.</p> <p>15 THE MODERATOR: -- to maybe be the other way. 16 I'm not --</p> <p>17 MS. LAQUIDARA: Yes.</p> <p>18 THE MODERATOR: Here's what I want to know 19 because I -- this is questions that came to me, 20 and I think --</p> <p>21 MS. LAQUIDARA: Yes, sir.</p> <p>22 THE MODERATOR: -- valid questions.</p> <p>23 MS. LAQUIDARA: They're good questions.</p> <p>24 THE MODERATOR: What happens if we reach an 25 agreement -- and I open this, Mr. Mayor, to</p>
<p style="text-align: right;">Page 11</p> <p>1 been filed, but it is a matter of great interest. 2 And the two Council members who had that 3 meeting are the current Council president and 4 former finance chair, Councilman Crescimbeni, who 5 were the sponsors of the J-bill that has been in 6 Tallahassee the last two years. So nothing's been 7 filed, but as I had indicated, they did have their 8 noticed meeting yesterday.</p> <p>9 THE MODERATOR: If I could ask -- and I 10 probably am directing my question to you, Cindy, 11 because this is not an area where I claim 12 expertise. In the event that we were to reach the 13 agreement here and it -- the agreement, in part, 14 hinged on the omission of what had been proposed 15 in Paragraph 4 --</p> <p>16 MS. LAQUIDARA: Yes.</p> <p>17 THE MODERATOR: -- and Council was to take an 18 action inconsistent with that Paragraph 4, what's 19 the view of the City attorney as to what that 20 would do to the agreement that had been reached 21 between the parties?</p> <p>22 MS. LAQUIDARA: Well, it's a -- it's a 23 timing --</p> <p>24 THE MODERATOR: And do we need to address 25 that in our language?</p>	<p style="text-align: right;">Page 13</p> <p>1 anybody on your side. I'm just asking Cindy the 2 legal -- if an agreement was reached, do we need 3 specific language in here in this agreement that 4 addresses the potential of the -- of the Council 5 passing a provision inconsistent with what we've 6 done here, and can they do that?</p> <p>7 MS. LAQUIDARA: I don't believe we need it 8 because this agreement is -- because this is not 9 collective bargaining.</p> <p>10 THE MODERATOR: Right.</p> <p>11 MS. LAQUIDARA: This agreement is a 12 recommendation of Council that becomes implemented 13 upon a vote of ten members.</p> <p>14 THE MODERATOR: That's right.</p> <p>15 MS. LAQUIDARA: And so it is not unusual for 16 the City to have multiple positions --</p> <p>17 THE MODERATOR: Sure.</p> <p>18 MS. LAQUIDARA: -- and to be advising the 19 Council on the floor to choose. In this one, they 20 haven't filed it yet, as Chris --</p> <p>21 THE MODERATOR: Okay.</p> <p>22 MS. LAQUIDARA: This may well be the first 23 filed and have an effect on whether or not they're 24 going to file that.</p> <p>25 THE MODERATOR: Okay.</p>

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1 MR. HAND: Well, and my hope would be that if
 2 we're able to reach a strong, balanced agreement
 3 here, that, you know, their feeling that there's a
 4 need to do that would -- you know, would sort of
 5 dissipate. But they have not filed legislation as
 6 of yet. But this is very consistent with their,
 7 and other Council members', past positions on sort
 8 of the need for accountability.

9 THE MODERATOR: Well, I'm glad to hear the
 10 answers that I've -- that I've gotten to this.
 11 And what I'd like to do is to move forward.

12 And I think where I left it off yesterday,
 13 John, I believe, for lack of a more artful term, I
 14 had indicated you would start off an offense
 15 today. And by that I meant that you would be
 16 advancing a proposal or proposals for the City.

17 And those essentially -- I think where we are
 18 now -- and I -- don't anybody panic. I know
 19 everything else hinges -- but where we really are
 20 now is down to issues of -- some pending issues of
 21 current employees, some pending issues --
 22 primarily, if I recall, it was COLA and DROP. And
 23 while those are there, we also kind of tied that
 24 in to now the issue of how are we going to use
 25 available dollars, and where are we going to use

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1 dollars to address this issue of an unfunded
 2 liability. And that's kind of where we are. Is
 3 everybody in agreement on that?

4 Okay. With that, John, I'm going to turn it
 5 over to you. I think you -- you have -- it's your
 6 turn to make your proposals on behalf of your
 7 Board.

8 MR. KEANE: Well, we -- I can start talking
 9 and --

10 THE MODERATOR: You can go.

11 MR. KEANE: -- talk slow till Carol gets back
 12 so she can --

13 THE MODERATOR: Oh.

14 MR. KEANE: -- put it up.

15 THE MODERATOR: I'm sorry. Well, I did
 16 better today. It was the court reporter
 17 yesterday --

18 MR. KEANE: Or --

19 MR. HAND: We're testing you, Mr. Moderator.

20 THE MODERATOR: Yeah. I've got to -- now
 21 I've got to make a full turn. I didn't even pass
 22 a half turn.

23 MR. KEANE: Well, the whole discussion of
 24 resolving the long-term unfunded has been pushed
 25 off to the end. We want to make another proposal.

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1 And Mr. Croft is about to get it up there.
 2 It's -- maybe that's the one at the bottom there?
 3 Nope?

4 MR. CROFT: Do you remember what it was
 5 called?

6 MR. KEANE: It should say "5/14 Revised."
 7 She had it up there a few minutes ago, just to
 8 see.

9 MR. HAND: Here she comes.

10 MR. KEANE: And she's returned.

11 THE MODERATOR: We were lost without you.

12 MS. WELLS: Sorry.

13 THE MODERATOR: 5/14 Revised, please.

14 MS. WELLS: That one?

15 MR. KEANE: No.

16 MS. LAQUIDARA: No.

17 MR. KEANE: The one I gave you earlier.

18 MS. WELLS: That one?

19 THE MODERATOR: There. Yes.

20 MR. KEANE: That's correct.

21 THE MODERATOR: Thank you.
 22 I'll pass those down.

23 MR. KEANE: And let me hand those to you so
 24 you can give them to your squad.
 25 There's one for you.

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1 MS. LAQUIDARA: Thank you, John.

2 MR. KEANE: And one for the moderator.
 3 There's yours.

4 THE MODERATOR: Thank you. I got it.
 5 John, the floor is yours to explain this.

6 MR. KEANE: And here's copies. There's
 7 copies.

8 THE MODERATOR: Do you need another one?

9 MR. CHATMON: One more.

10 Thank you.

11 MR. KEANE: This goes back to -- it's an
 12 adjustment to our proposal from yesterday for the
 13 use of chapter funds. We point out, again, that
 14 the current member payroll deduction is 7 percent.
 15 The current supplemental chapter allocation is 4,
 16 for a total member contribution of -- credited to
 17 the members of 11 percent.

18 Sometime off in the future, the member
 19 contribution will increase to 10 percent. We are
 20 currently using the 4 percent that's shown up
 21 above. So the member contribution would be
 22 somewhere between 14 and 10 percent.

23 What we're proposing today is that we
 24 transfer an additional 4 percent until the fund
 25 reaches a 50 percent status, at which time it will

Page 18

1 drop down to 3 percent until the fund reaches a 60
 2 percent status, an additional 2 percent until the
 3 fund reaches 70 percent status, a 1 percent until
 4 the fund reaches 80 percent status, and at 80
 5 percent and above, zero chapter funds will be
 6 allocated.

7 THE MODERATOR: And I think yesterday it was
 8 generally agreed that 1.25 was the value of a
 9 percent, and I think using that, then, what you
 10 are proposing is that there would be 6 million in
 11 contribution. Correct me if I'm wrong on this --
 12 I'm sorry -- 5 million in contribution until 50
 13 percent; 3.75 between 60 and 70; 2.5 between 70
 14 and 80; 1.25 -- between 60 and 70; and then 1.25
 15 until it reaches 80 percent; is that correct?

16 MR. KEANE: Using that --

17 THE MODERATOR: Using the 1.25 --

18 MR. KEANE: Yes.

19 THE MODERATOR: -- knowing that's a close
 20 number, but both sides --

21 MR. KEANE: Yes.

22 THE MODERATOR: -- seem to have -- each have
 23 indicated to me privately that that's kind of what
 24 the numbers should be. So with that, it would be
 25 that -- your proposal is that you-all would put in

Page 19

1 \$6 million additional until 50 percent funding
 2 status.

3 I think, guys -- and correct me if I'm
 4 wrong -- we start off at about 39 percent; is that
 5 right?

6 No?

7 Is that what it was, 39?

8 Okay. So we're in the ballpark. So for --
 9 until the -- until the funding status is increased
 10 by another 10 percent, you would stay at 4. Then
 11 you would go to 3, then 2, then 1. The employee
 12 contribution would go to 10, as you guys have
 13 already agreed to, and that 10 would go into
 14 effect upon reinstatement of the rollback or cuts,
 15 or whatever you guys refer to.

16 Now, can I ask a few questions on this, if I
 17 may, before we -- and then I'll let them.

18 With this proposal, I am -- since you have
 19 not addressed those items which are the COLA and
 20 the -- and the 8.4 percent DROP, I take it that
 21 this is your proposal, and this proposal would not
 22 include a cost of living downward adjustment and
 23 would not include an increase -- excuse me -- a
 24 range, would stay with the -- with the set DROP
 25 earnings figure; is that correct?

Page 20

1 MR. KEANE: That's correct.

2 THE MODERATOR: Now, yesterday I had asked
 3 you -- and I don't know if you had a chance or
 4 not -- if you went back -- if somebody had a
 5 chance to do that, to go back and determine
 6 whether or not the -- we know the fund would
 7 now -- is outperforming 8.4 percent, and that if
 8 it were implemented under the City's plan, would
 9 go to 10. We know that was true probably last
 10 year also, and maybe even the previous year, but
 11 for the last two for sure. Over the last five
 12 years, my guess is it's a very close number.

13 What I wanted to know is if that was accurate
 14 or not because it seemed to me that -- at least
 15 right now that the City's -- that the City's
 16 proposed DROP rate would be actually higher than
 17 the 8.4 percent that the employee -- as the fixed
 18 rate. And you were going to do some comparative
 19 to see kind of what that really amounted to.

20 MR. KEANE: And they did. And I'm trying to
 21 find you an answer.

22 THE MODERATOR: Okay.

23 MR. GREIVE: Well, I think, John, over the
 24 last five years your fund has averaged about 14,
 25 12 to 14 --

Page 21

1 THE MODERATOR: So it would be a --

2 MR. GREIVE: -- percent, is what you --

3 THE MODERATOR: -- 10?

4 MR. KEANE: Uh-huh.

5 MR. GREIVE: Yes. It would be capped out at
 6 10.

7 THE MODERATOR: And the idea behind that, as
 8 I understand it, was the zero floor meant that you
 9 didn't actually ever take the impact of the loss.
 10 There would be times, as there have been, where
 11 the 10 would be below what the actual -- but those
 12 two things kind of were factored into the range?

13 MR. GREIVE: Yeah.

14 THE MODERATOR: Okay. But is it -- it's your
 15 position right now that -- your current position
 16 that this would be the additional -- have you
 17 figured out -- yesterday you gave me a number.
 18 What is the amount of money that you are -- you,
 19 meaning the Board, is -- if you have done it. I
 20 know you have. What amount of money are you now
 21 proposing to put forth towards the issue of
 22 unfunded liability in this proposal?

23 MR. KEANE: Well, using the round numbers
 24 that you talked about, it's -- five and three is
 25 eight -- eleven, twelve -- about \$14, \$15 million.

Page 22

1 THE MODERATOR: Okay. Now -- well, I have
 2 one additional question. And maybe both sides can
 3 address this. How long do you think it would take
 4 for the fund to reach the 50 percent funded status
 5 under your proposal, a single year?
 6 MR. KEANE: Probably not in a single year,
 7 but certainly in the next couple years, if the
 8 market maintains its strong performance as --
 9 right now we have the fresh information from our
 10 consultant. So far this fiscal year, the fund has
 11 returned 8.61; our one year number is 13.61; three
 12 year number, 9.51; five year number, 13.30; and
 13 ten year number, 7.18.
 14 THE MODERATOR: Okay. Then my --
 15 MR. KEANE: We're closing in on it.
 16 THE MODERATOR: Okay. So your number
 17 would --
 18 MR. KEANE: Fortunately.
 19 THE MODERATOR: The number that you're --
 20 that you're setting out there, that number would
 21 also, at least in part, be dependent by how long
 22 it takes to reach each of these thresholds?
 23 MR. KEANE: Yes, sir.
 24 THE MODERATOR: Okay. I've asked some of the
 25 questions I had in mind when I saw this proposal.

Page 23

1 I'm going to kind of turn it over to you, Chris,
 2 for your --
 3 MR. HAND: I have a couple of questions.
 4 So, John, does this sort of supersede and
 5 cancel out the proposal you made yesterday; in
 6 other words, should we disregard that one --
 7 MR. KEANE: This is our --
 8 MR. HAND: -- and this is a --
 9 MR. KEANE: -- revised proposal.
 10 MR. HAND: -- substitute for it?
 11 MR. KEANE: Yes, sir.
 12 MR. HAND: I'm curious. Because, for
 13 example, right now the amount we receive in
 14 chapter funds each year is about \$9 million, about
 15 half of which is paid to the base benefits of the
 16 plan, the other half is going into the enhanced
 17 benefit account.
 18 Given the current numbers, this additional
 19 contribution, until you get to the 50 percent
 20 funded level, would seem to -- if you add that to
 21 the existing contribution to base benefits, would
 22 seem to exceed the amount in chapter funds the
 23 City receives each year. If I'm doing the math
 24 correctly, that'd be about 10.5 total, when right
 25 now we're really only getting about nine. So what

Page 24

1 funding source would you be utilizing to make up
 2 that difference?
 3 MR. KEANE: We'll be utilizing two funding
 4 sources. One is some reserve funds that we have
 5 in the chapter fund. And, secondly, the
 6 legislature passed and Governor Scott signed, on
 7 Tuesday, House Bill 117, introduced by
 8 Representative Ray --
 9 MR. HAND: That's the Baldwin bill?
 10 MR. KEANE: -- to get the Baldwin 185 money
 11 that we had previously discussed last year.
 12 MR. HAND: Isn't that only about \$70,000 a
 13 year?
 14 MR. KEANE: They're not --
 15 MR. HAND: I thought it was --
 16 MR. KEANE: They're not sure how much it is.
 17 We've had estimates between 70,000 and 150,000,
 18 but, you know --
 19 THE MODERATOR: But --
 20 MR. KEANE: -- the State doesn't have a firm
 21 handle on it because there wasn't a qualifying
 22 fund down there for them to have, but . . .
 23 THE MODERATOR: Let me go back, if I could
 24 follow up, Chris, on your question because I want
 25 to make sure this is -- that I understood this

Page 25

1 right. What this would do, if we -- if we take
 2 the first year, you currently are putting
 3 somewhere -- about \$10 million you are
 4 contributing to chapter funds; correct?
 5 MR. KEANE: Receiving about \$10 million.
 6 THE MODERATOR: I'm sorry. Yeah. Yeah.
 7 Yeah. This would have you paying out . . .
 8 MR. KEANE: Virtually all of it.
 9 THE MODERATOR: Well, current dollars that
 10 you have contributed, plus this would actually
 11 exceed the 10.6, or whatever that number is. And
 12 what you're saying is that you would use whatever
 13 monies that might be there, although they may be
 14 nominal, but they are -- they're still -- they're
 15 dollars. And you would augment that by reserves
 16 that you have accumulated over the past?
 17 MR. KEANE: Correct.
 18 THE MODERATOR: All right. Go ahead. I'm
 19 sorry. I just wanted to make sure I understood
 20 it.
 21 MR. HAND: Sure.
 22 And, John, do you -- yesterday you had
 23 indicated -- so that's helpful to know, that we
 24 should discard what was issued yesterday, and this
 25 is the -- this sort of supersedes that proposal.

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1 You had also indicated yesterday you were likely
 2 to bring back a counterproposal on both DROP and
 3 COLA. Is that still your intention, to do that
 4 today?
 5 MR. KEANE: Well, we want to talk about this
 6 as -- this proposal in lieu of a separate proposal
 7 for DROP because this would be the financial
 8 contributions from the Board in lieu of a separate
 9 proposal for each one of those.
 10 MR. HAND: So --
 11 THE MODERATOR: So if I could be clear on
 12 this -- because I understood this when you handed
 13 out -- what you're saying is that you would offer
 14 this, and your response on the COLA and the DROP
 15 is to maintain status quo?
 16 MR. KEANE: Correct.
 17 THE MODERATOR: You would maintain status quo
 18 as to those, and then you would put these
 19 additional dollars up?
 20 MR. KEANE: Correct.
 21 THE MODERATOR: Okay.
 22 MR. KEANE: We used the language up here in
 23 the middle of the page, for the contribution of
 24 the members' return to the -- after the wage
 25 reduction using the MSA formula. And as you

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1 recall, there were no other impacts on current
 2 employees in the MSA.
 3 THE MODERATOR: Back to you, Chris. I'm
 4 sorry.
 5 MR. HAND: Well, I'm just -- I'm not entirely
 6 clear what, if anything, this has to do with DROP
 7 and COLA. I mean, these are funds that have been
 8 discussed, and both sides have discussed them in
 9 terms of the unfunded liability discussion, which
 10 we will only get to, as we said, if we can reach
 11 agreement on new employees, which we have --
 12 current employees, which we have not reached final
 13 agreement, and governance.
 14 So, I mean, this strikes me as a proposal
 15 that's useful to have and would be part of that
 16 third discussion, but doesn't really address the
 17 remaining issues in the category we still have
 18 outstanding and that are prerequisite to resolving
 19 before we get to the unfunded liability.
 20 MR. KEANE: We're offering this and
 21 maintaining the benefit structure for our current
 22 members, maintain the structure and make these
 23 payments.
 24 THE MODERATOR: Well, I need to follow up on
 25 something. Maintain -- now, there were some

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1 changes yesterday that the parties had agreed
 2 upon, and I want to be -- so I have addressed COLA
 3 and DROP because those are the ones that I
 4 consider the silos that are open.
 5 This proposal is to maintain the COLA and the
 6 DROP, or is this -- are you receding from the
 7 agreements we made on the third -- excuse me -- on
 8 the 48 months yesterday and the -- well, this
 9 actually incorporates -- goes to 10 percent on --
 10 MR. KEANE: Yes.
 11 THE MODERATOR: So that is not -- are you
 12 receding from the 48-month?
 13 MR. KEANE: It's so far away and it's so
 14 insignificant, it doesn't matter one way or the
 15 other.
 16 THE MODERATOR: Okay. Then you're not
 17 receding from it?
 18 MR. KEANE: Right.
 19 THE MODERATOR: Because it does matter to
 20 the -- to this side because that was the offer and
 21 I -- that was --
 22 MAYOR BROWN: That's the offer we gave --
 23 THE MODERATOR: -- what we agreed to and that
 24 was in agreement. So all right. So we're not.
 25 So to make -- to get this thing recentered,

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1 where we are is we're talking about the two issues
 2 for current employees that are open. Your
 3 proposal back is -- says, "Look, we're" -- "We'll
 4 put these additional dollars up, but we want to
 5 maintain the MSA as it relates to the issue of
 6 COLA and as it relates to the issue of the DROP."
 7 Let me -- because I'm not going to let this
 8 thing get bogged down if I can avoid it. So as it
 9 relates to the DROP and the COLA -- I'm not -- I
 10 have no earthly idea how the City would react to
 11 this, and I have no idea how you -- because now
 12 we're really getting down to bargaining in public.
 13 If the -- am I wrong in believing that
 14 maintaining the COLA structure is more important
 15 to you than maintaining the 8.4 DROP number? Is
 16 that wrong, or is that -- are they the same?
 17 MR. KEANE: They're the same --
 18 THE MODERATOR: Okay.
 19 MR. KEANE: -- because some members are on
 20 the verge of entering the DROP. All of them are
 21 working toward their current 20 years. And so the
 22 COLA matters to -- both of them are very
 23 important.
 24 THE MODERATOR: But on the DROP number,
 25 again, if somebody was to go out now on DROP --

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1 and let me -- the DROP number that they would earn
 2 on their DROP now and would have been anytime over
 3 the last five years would be greater than the
 4 structure number we're currently using?
 5 MR. KEANE: That's correct.
 6 THE MODERATOR: Okay. I'm sorry. I'm not --
 7 I'm going to go back to the City for a moment.
 8 MR. HAND: No. I just -- we're going to -- I
 9 think we're going to have some challenges making
 10 progress. I mean, I think that's --
 11 MAYOR BROWN: Yeah.
 12 MR. HAND: -- very important financially to
 13 the City, obviously --
 14 THE MODERATOR: Here's what --
 15 MR. HAND: -- and to --
 16 THE MODERATOR: Here's what I want to do. I
 17 want to --
 18 MAYOR BROWN: Can I ask a question?
 19 THE MODERATOR: Yeah.
 20 MAYOR BROWN: Just --
 21 THE MODERATOR: Mr. Mayor, you're recognized.
 22 MAYOR BROWN: -- from listening -- so, John,
 23 basically what you're saying is -- I just want to
 24 be clear -- that the DROP and the COLA are
 25 nonnegotiable?

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1 MR. KEANE: No. They're negotiable.
 2 THE MODERATOR: No. No.
 3 MAYOR BROWN: Okay. So we're trying to
 4 figure out -- you know, you don't have them here,
 5 and you're using this as a --
 6 MR. KEANE: No. We've offered this --
 7 MAYOR BROWN: Okay.
 8 MR. KEANE: -- as a first starting point
 9 of --
 10 MAYOR BROWN: Okay.
 11 MR. KEANE: -- talks.
 12 THE MODERATOR: I want to -- first of all, I
 13 think you guys need to go consider this for a few
 14 minutes and see if you want to come back in
 15 response to this. I'm assuming that your response
 16 to this is, "I'm not responding to this yet until
 17 we work out the issues that we talked about
 18 yesterday, which are COLA and DROP."
 19 And I'm assuming what you're saying is, "I'm
 20 not going to do something on COLA and DROP unless
 21 and until" -- "first of all, I'm not" -- "the
 22 Board doesn't want to do anything on COLA and
 23 DROP, but we're not going to do that unless and
 24 until it's converted to how much money we're
 25 willing to put into" --

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1 MR. KEANE: Uh-huh.
 2 THE MODERATOR: -- "the fund" --
 3 MR. KEANE: Uh-huh.
 4 THE MODERATOR: -- "or into the" -- "into
 5 the" -- "the monies that we would transfer from
 6 the fund." Okay.
 7 Well, guys, this is where it gets harder and
 8 where, hopefully, we can -- I want to ask both
 9 parties to break for about 15 minutes. I'm not
 10 going to be able to -- because of the way we're
 11 doing this, I won't take proposals back to one
 12 another, but I want to have private discussions
 13 with each of you regarding these issues.
 14 I will come back to the table after these
 15 private discussions. I will advance proposals,
 16 but I will only advance those proposals at this
 17 table; okay?
 18 I do have one additional matter I'd like to
 19 bring up before you break because I'd like it to
 20 be discussed by the City. We have Paragraph 8,
 21 which was open in a very limited fashion.
 22 MR. HAND: Uh-huh.
 23 THE MODERATOR: A suggestion that I have and
 24 that I came up with -- and it may be a terrible
 25 suggestion. I don't claim any expertise, but as I

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1 was seeing the language we had there, it came to
 2 me -- and I would like you to consider it -- why
 3 wouldn't it make sense to -- I think until 2017 --
 4 would it or would it not make sense as an option
 5 just to put the incumbent in DROP for the
 6 remaining -- I guess it's two years, a little
 7 more? December 17 was the number. So I just
 8 throw that out.
 9 I'd like -- and if not, come back with some
 10 other plan that you think might work. And I know
 11 you've got somebody down there who can -- I'd like
 12 to get eight done today and finalized also. And
 13 then I'm going to talk with John, and I'm going
 14 to -- then I'm going to come talk with you guys.
 15 MR. HAND: Okay.
 16 THE MODERATOR: Okay. We'll take a break.
 17 Make that, Madam Court Reporter, 20 minutes
 18 from now. And what time is it?
 19 THE COURT REPORTER: It's 2:04 now.
 20 THE MODERATOR: Okay. It's 2:04. We will
 21 meet again at 2:24.
 22 (Recess from 2:04 p.m. to 2:47 p.m.)
 23 THE MODERATOR: Thank you, folks. I
 24 appreciate the opportunity to talk with both of
 25 you. I have -- I've come back, and I have tried

<p style="text-align: right;">Page 34</p> <p>1 to -- we are -- we've made a lot of progress, 2 folks. We've made a lot of progress in the last 3 few days. And so somebody has to be the guy that 4 tries to move this forward.</p> <p>5 And I'm looking at the proposal of -- the 6 funding proposal of 5/14/14. I'm also looking at 7 the proposed current employee modifications as 8 presented to me by the City. And I'm focusing on 9 the first two issues there, which are COLA and 10 DROP.</p> <p>11 I make no -- I make no representation that 12 my -- that I have any secret idea on how to 13 resolve these differences, which are important 14 differences, though I have to tell you, as I look 15 at costing out these differences, the costing out 16 of the differences between the parties, 17 particularly as it relates to COLA and DROP, are 18 not nearly as significant as people may believe, 19 but I understand for both parties these are very 20 important.</p> <p>21 I have a proposal that the moderator would 22 put on the table and see if that could get some 23 discussion going. I would propose that the -- 24 that the City accept the 5/14/14 Revised Current 25 Plan, Members Supplemental Contribution with the</p>	<p style="text-align: right;">Page 36</p> <p>1 the plan, that the DROP would be -- 8.4 percent 2 would be abolished, that the DROP would then, for 3 all employees, be zero to 10 percent, and that 4 this -- that this amendment to the current 5 agreement would be subject to review after it had 6 been implemented for four complete years. And I 7 don't give a starting and beginning date because 8 it -- whenever it was adopted, it would run, and 9 the fourth year would be four years thereafter.</p> <p>10 That is my proposal. And I'd like to get 11 some comment from the parties. And the good news 12 is that I probably already have agreement, and 13 that agreement is that neither one likes my 14 proposal, so I've done better than you've been 15 able to do on your own.</p> <p>16 MR. HAND: May I ask you a couple of 17 questions?</p> <p>18 THE MODERATOR: You can.</p> <p>19 MR. HAND: Sure. And these are to John.</p> <p>20 So, John, I just want to be clear. You 21 haven't brought any proposals on DROP or COLA with 22 you here today; is that correct?</p> <p>23 MR. KEANE: That's correct.</p> <p>24 MR. HAND: So you don't have any proposal --</p> <p>25 MR. KEANE: This is to substitute --</p>
<p style="text-align: right;">Page 35</p> <p>1 following changes: That the -- and these are the 2 moderator's changes. These are not, I understand, 3 the Board's changes, nor has the Board indicated 4 acceptance of them -- that the COLA would be 5 capped at 2 percent for those employees with less 6 than ten years, using the Social Security COLA 7 funding. And that would go into effect at 8 implementation, that the DROP would be accepted at 9 the zero to 10 percent range, and that the parties 10 agree to review these provisions in the -- after 11 four years, after the fourth year of 12 implementation has expired, meaning it'd have to 13 be four years expire before the parties would 14 review it, and then they would agree to review 15 these.</p> <p>16 I know that that probably has one thing in 17 common, neither one of you likes it. But I think 18 it, at least, will spark some conversation here.</p> <p>19 And I would repeat that again, that the City 20 would accept the 5/14/14 Revised Current Plan, 21 Members Supplemental Contribution with the 22 following changes: That the COLA would be capped 23 at 2 percent for those employees with less than 24 ten years, using the Social Security COLA figures, 25 that that would commence upon implementation of</p>	<p style="text-align: right;">Page 37</p> <p>1 MR. HAND: -- as to DROP or COLA?</p> <p>2 MR. KEANE: -- for that.</p> <p>3 MR. HAND: So no proposal as to --</p> <p>4 MR. KEANE: No proposal.</p> <p>5 MR. HAND: -- DROP or COLA here today?</p> <p>6 THE MODERATOR: Well, the proposal would be 7 the status quo.</p> <p>8 MR. HAND: Got you. Okay. Let me just -- I 9 just -- because I was -- I was looking last night 10 again at the 10/1/13 valuation of the Police and 11 Fire Pension Fund. And I noticed too you 12 referenced some reserve accounts earlier.</p> <p>13 MR. KEANE: Right.</p> <p>14 MR. HAND: I noticed two. One is the 15 enhanced benefit account, which currently has a 16 balance, as of the 10/1/13 val, of approximately 17 \$28 million, 26,647,091, and also what's called 18 the CBSA, the City Budget Stabilization Account, 19 which has a balance of approximately \$33 million, 20 33,268,816.</p> <p>21 I did not see in the valuation any other 22 reserve accounts at the Police and Fire Pension 23 Fund. I just wanted to confirm if my reading is 24 correct and these are, in fact, the only two 25 reserve accounts of any kind at the PFPF.</p>

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1 MR. KEANE: Correct.

2 MR. HAND: So other than the EBA and its

3 approximately \$28 million balance and the CBSA and

4 its approximately \$33 million balance, there are

5 no other reserve accounts with any balances at

6 the --

7 MR. KEANE: Correct.

8 MR. HAND: -- PFPF? Okay.

9 MS. LAQUIDARA: I had one question, Senator.

10 And that is, both of these are benefits, and so

11 our provision is -- as to benefits, I would be

12 uncomfortable in bringing a benefit change after

13 four years back to the fund because we were

14 separating those.

15 MR. CHATMON: Along the lines --

16 THE MODERATOR: Well --

17 MR. CHATMON: We have -- we have a waiver for

18 three years.

19 THE MODERATOR: Yeah. Here -- let me -- let

20 me tell where -- let me tell you how it -- so that

21 I can explain, and it may look like I don't

22 understand what I'm doing, but --

23 MS. LAQUIDARA: No. No.

24 THE MODERATOR: You have a provision out

25 there for a waiver that currently --

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1 MS. LAQUIDARA: Right.

2 THE MODERATOR: And I've reviewed it. It is

3 currently a three-year waiver. So the fourth year

4 was not some number I just reached out of the sky.

5 My thoughts would be, at the end of three years --

6 three years the issue of this going back to

7 bargaining --

8 MS. LAQUIDARA: Okay.

9 THE MODERATOR: -- may or may not occur --

10 MS. LAQUIDARA: Got you.

11 MAYOR BROWN: Got it.

12 THE MODERATOR: -- because the --

13 MS. LAQUIDARA: Thank you.

14 MAYOR BROWN: Got it.

15 THE MODERATOR: Because the organizations may

16 have chosen to not --

17 MS. LAQUIDARA: Got you.

18 THE MODERATOR: -- do it again, which means

19 it would --

20 MR. HAND: They're obviously --

21 THE MODERATOR: -- stay in the status quo.

22 Now, the other side is, this may -- subject

23 to review by either party, meaning that if the --

24 if it essentially remains intact but the parties

25 come back because something herein is not

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1 working --

2 MS. LAQUIDARA: Yes, sir.

3 THE MODERATOR: -- in light of what happened

4 after three years and the parties having been

5 given an opportunity under the collective

6 bargaining to either waive or to proceed to --

7 MS. LAQUIDARA: Uh-huh.

8 THE MODERATOR: -- some other benefit plan,

9 then if the City brings it back -- if the City

10 brings it back and wants to discuss it, while

11 there is a provision in there that the future

12 pension benefits would not be negotiated, the flip

13 side of it would be that, if the City chose that

14 it hadn't occurred in collective bargaining, this

15 would still allow the parties to come back to the

16 table.

17 And one of the things that might be provided

18 is that, A, the City may want to. And they could

19 look at whether or not that has proven to be

20 workable in light of what you maintain is the

21 collective bargaining restrictions on the three

22 years. So that's kind of how I came up with that

23 number.

24 MS. LAQUIDARA: I see. Thank you.

25 THE MODERATOR: I didn't pull that out of --

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1 I didn't just pick four years --

2 MS. LAQUIDARA: I knew you had a plan.

3 THE MODERATOR: -- for any other reason.

4 That was to give --

5 MS. LAQUIDARA: Thank you.

6 THE MODERATOR: -- both parties a chance to

7 have gone back to the table to have dealt with

8 whether or not it was going to be collectively

9 bargained and also to give it a period of time,

10 assuming that it was not changed, to see whether

11 the parties were in agreement in a fourth year,

12 whether or not it was working.

13 Now, it also dealt with another issue. One

14 of the issues that has been raised by John, and I

15 think wisely, has been, "Well, what would happen

16 if there was a significant change in the cost of

17 living?"

18 We've been told over the years that we may be

19 looking at some inflation. So far, that hasn't

20 been the case. And at least for next year, it's

21 not projected to be the case. But four years down

22 the road, if there was to be inflation, and that

23 was not to have been significantly addressed in a

24 collective bargaining setting -- and it may or may

25 not be -- then that would allow both parties to

<p style="text-align: right;">Page 42</p> <p>1 come back and say, "Hey, wait a minute. This 2 number's" either too low, or the flip side of it 3 is the number could be exactly right or need to be 4 modified.</p> <p>5 So that was my thinking. That's why I came 6 up with the fourth year. I'm not suggesting that 7 that's a magic number. You guys may say five. 8 You may say ten. You may say, "I don't want 9 that."</p> <p>10 But at least that would allow the interim 11 time to -- I'm accepting the City's argument for a 12 moment regarding reopening of issues and that that 13 would not -- that that would -- may have 14 alleviated the need to reopen or it may have 15 exacerbated it. I don't know. So that's how that 16 came about.</p> <p>17 That also, frankly, would mean that you could 18 come back and say, "Okay. You can" -- "You can 19 reopen these provisions only that we've agreed to 20 here on this last section," meaning COLA, DROP, 21 and funding.</p> <p>22 The other reason I did this is I went four, 23 three, two, one. I thought that -- and I know 24 this may not be precise, but if the fund was to 25 continue to perform as it is now, if the dollars</p>	<p style="text-align: right;">Page 44</p> <p>1 THE MODERATOR: -- and they were at 6 2 million, that would be 46 million a year for the 3 four years. That should -- that should -- and if 4 we use 40 percent or 39-something as the current 5 funding level, that should raise you to get to the 6 50 percent level and everybody see if it's 7 working. That was the other thing I left open.</p> <p>8 MR. HAND: Yeah. And one thing --</p> <p>9 THE MODERATOR: I'm not -- and I'm not -- 10 guys, I'm not saying --</p> <p>11 MR. HAND: Sure.</p> <p>12 THE MODERATOR: Hey, my proposal may not be 13 better, but so far -- you-all can beat it, but 14 you-all have got to do it.</p> <p>15 MR. HAND: Well, and one thing I'm a 16 little -- and, John, maybe you can clarify on this 17 point. So I'm looking at this kind of stair step 18 down approach, you know, 4 percent until 50, then 19 3 percent until 60, 2 percent until 70. I don't 20 know.</p> <p>21 I guess there would have to be a future Board 22 decision as to how that money would be spent if it 23 weren't being spent putting it into the plan or 24 unfunded liability or those kinds of things, but 25 theoretically that could even go into -- you know,</p>
<p style="text-align: right;">Page 43</p> <p>1 were to be as proposed in the supplemental 2 agreement, then we ought to be at somewhere 3 greater than 50 percent and somewhat -- somewhere 4 less than 80 percent at the end of four years.</p> <p>5 MR. HAND: Maybe. I mean, we'll -- we can -- 6 we can look and see what those numbers -- I'd 7 tell -- I will you tell you, based on both the 8 analyses we ran and those that the task force ran, 9 even with the types of benefit changes we're 10 talking about, which go to the future normal 11 costs, and even with some of the unfunded 12 liability pay-down measures that were discussed, 13 we're still looking at a 14-year period to get 14 from where we are now to get to that 80 percent 15 benchmark. So it may not be as fast --</p> <p>16 THE MODERATOR: No, I wasn't talking about --</p> <p>17 MR. HAND: Yeah.</p> <p>18 THE MODERATOR: I don't -- I'm not projecting 19 we get at --</p> <p>20 MR. HAND: Sure. Sure.</p> <p>21 THE MODERATOR: What I said is I believed we 22 would be past the 50 percent mark at the four 23 years, if they contributed at the rate of -- if 24 you were at 40 million --</p> <p>25 MR. HAND: Uh-huh.</p>	<p style="text-align: right;">Page 45</p> <p>1 I know there have been some proposals you've made 2 in the past to put those into enhanced benefits.</p> <p>3 So the Board is comfortable with the idea of 4 that sort of stair step down, even if you're still 5 at a 50 percent funded status, which is still 6 obviously lower than is optimal for a plan like 7 this, or a 60 percent funded status, or a 70 8 percent? They're comfortable with that stair step 9 down kind of approach?</p> <p>10 MR. KEANE: It's an approach to start 11 transferring money in to address the issue. We 12 don't have enough money to solve the issue.</p> <p>13 MR. HAND: Uh-huh.</p> <p>14 MR. KEANE: So we want to do at least a 15 significant part, part of it. We can't solve the 16 whole thing.</p> <p>17 THE MODERATOR: Well --</p> <p>18 MR. KEANE: Time will solve the whole thing.</p> <p>19 THE MODERATOR: Now, there is also -- and I 20 don't want to -- I'm not trying to -- nobody is 21 trying to hide the beanbag here. Everybody has 22 seen the -- there is the mention of a share 23 account in this supplemental. It's the last 24 sentence. I'm sure you've seen that, but there's 25 a mention of a share account.</p>

1 At some point in time, if you ever got to
2 where those commitments to cost -- to regular --
3 and reduction of deficit -- I mean, presumably
4 some of those dollars could be used over there,
5 but that's probably way down the road. I mean,
6 that's -- there's not any question about that.

7 And I noticed this morning there was some
8 conversation -- as I read the story, there's some
9 conversation about the idea of a shared account.
10 As I read the shared account, the shared account's
11 of no immediate consequence because the commitment
12 of the dollars is already greater than would ever
13 be -- there would be no funding -- when you're at
14 a -- using the numbers you've -- the account
15 numbers you've given us today --

16 MR. HAND: Uh-huh.

17 THE MODERATOR: -- if those account numbers
18 essentially account for the reserves, then it is
19 unlikely that there would be any -- and correct me
20 if I'm wrong. It's unlikely there'd be any
21 additional dollars above -- while you're paying 4
22 percent until -- that's 50 percent funded, which
23 may very well be somewhere between three and four
24 years that you would be paying an additional 4
25 percent into the plan and 3 percent thereafter

1 until it gets down to 60. I mean, if we use --
2 you said 2028 was aspirational.

3 MR. HAND: Well, that's the -- given --

4 THE MODERATOR: At the 80 percent.

5 MR. HAND: -- a variety of factors --

6 THE MODERATOR: Right.

7 MR. HAND: -- that was the earliest date at
8 which the plan would be --

9 THE MODERATOR: Right. And I'm accepting
10 that for purposes of my proposal, which says to
11 me -- okay. Then what is the rate it would take
12 to -- if that's what it would take to get to 80
13 percent, what would be the rate at this -- to get
14 to 50 percent, which is roughly ten-plus
15 percentage points from where we are now?

16 The four years seemed like that was not an
17 outlandish -- once again, that's why I left you
18 guys a little bit of an escape hatch if it wasn't
19 working. And so if you don't like it, we don't
20 have to have the escape hatch, but I thought it
21 might be something that everybody -- and that
22 might not ever be necessary because maybe the
23 employees have dealt with it, or maybe they have
24 not.

25 MR. HAND: Well, I guess the larger concern,

1 as -- again, as I sort of mentioned earlier, this
2 appears to be timing. You know, when the City
3 made its proposal from the outset -- and, of
4 course, we've got the BACKDROP of the task force
5 and, of course, our -- the mayor and the City
6 Council members, as well. When we initially made
7 our proposal, we sort of made it clear that, in
8 order to get to the discussion about unfunded
9 liability, we needed to resolve these other
10 issues.

11 And then resolving the unfunded liability
12 after we resolved those other issues was a
13 function of the City potentially putting in extra
14 money and the fund potentially putting in extra
15 money. I'm just wondering if this tying of
16 funding to the issue of benefits, and by
17 implication, governance is not a bit premature.

18 THE MODERATOR: Let me -- let me remind --
19 let me remind the City that, from the Board's
20 position in these negotiations, there is an
21 increase already for the employee contribution
22 immediately. There is a 10 percent increase tied
23 to the reinstatement of the cuts. There is -- for
24 a recalculation of the 60 to 48 for those with
25 less than ten years.

1 There is the issue -- and I'm not making
2 their argument, but I'm throwing this back to you
3 from where they are sitting. The MSA left current
4 employees, for the most part, certainly almost --
5 with the exception of the eventual step, one-half
6 of 1 percent, if I remember how it went up, to
7 9 -- left the current employees untouched.

8 And the argument was at the time, and one
9 that I know you guys are sensitive to, it is
10 always a lot harder to tell people we're changing
11 the rules on them during the game. The Board, I
12 think, has taken a strong position that that is a
13 very difficult thing to do, not only because
14 you're changing the rules in the middle of the
15 game, but also because people have already made
16 plans, and monies have already been reserved on
17 the basis of -- now, back from the City's side,
18 the City said, "Yes, but, A, we've got to cut the
19 cost somewhat to make this work, and, B, that was
20 a concern about shared sacrifice, so we're not
21 talking about shared sacrifice because there's
22 already been a greater amount given than was given
23 in the MSA, and there's a recalculation that was
24 not included in the MSA."

25 So if -- I don't want anybody coming in here

<p style="text-align: right;">Page 50</p> <p>1 saying that there hasn't been any change from 2 where we were on the MSA. The Board sees that 3 they have given ground significantly on this, and 4 they look back to the City and say, "How do we 5 tell people" -- "How do we look people in the eye 6 and say, 'We're changing the COLA on you,' when 7 those people are saying, 'Wait a minute. One of 8 the reasons I came here was the COLA?'" 9 Now, I may have come up with an answer that's 10 inadequate. The task force came up with a 11 provision. They addressed it. I've read their 12 report. They too struggle with this because 13 everybody realizes that this isn't just about 14 dollars. In fact, this is also about a sense of 15 equity on both sides, fairness. 16 And so I came back and said, "Okay. Wait. 17 With less than ten years, we reduce the COLA. 18 That still means for" -- and there is lots of time 19 for that to be fixed down the road. The 2 percent 20 COLA right now is not an unreasonable number for 21 people to anticipate. 22 If the performance of the economy remains 23 like it is -- which it won't, over their -- but 24 there's plenty of time to fix that. For those 25 employees later, for those employees who are --</p>	<p style="text-align: right;">Page 52</p> <p>1 context for us a little bit, you raised a number 2 of good points. The point of equity and shared 3 sacrifice are all very important. 4 We also have to be mindful of the marketplace 5 and sort of changing conditions. When this COLA 6 was put in, made guaranteed at 3 percent and 7 retroactive approximately 11 or 12 years ago, 8 sure, it was done for good reasons and cognizant 9 of what the marketplace looked like then. 10 We're now in a situation where the City is 11 offering a guaranteed 3 percent COLA going 12 forward, where inflation has not kept pace with 13 that in recent years and where our chief 14 competitor, the Florida Retirement System, where 15 65 of 67 counties have their public safety 16 employees, in July of 2011, abolished the COLA 17 altogether on a going forward basis -- so it's not 18 that we are seeking equity for the sake of seeking 19 equity. The marketplace has changed. 20 On DROP, again, when it was set at a 21 guaranteed 8.4 percent rate of return, that was 22 probably for a good reason, and the market looked 23 one way at that time, 12 or 13 years ago. It 24 looks different in the time since then, and 25 particularly given the fact that people can, not</p>
<p style="text-align: right;">Page 51</p> <p>1 who are past that point in their career, maybe the 2 argument can and should be made, "Wait a minute. 3 You know, I've been" -- "I've been here a long 4 time. I've gone through good times and bad. This 5 is a COLA that I have counted on." 6 The answer to that will be, "Yes, but we 7 can't afford it. It affects the overall" -- I 8 understand that. I've come back with a proposal. 9 It appears that, at least, John, you're as -- you 10 seem about as enthusiastic about it as the City. 11 So, as I say, I've already started off by reaching 12 agreement. Neither one of you like my plan. 13 All right. Using that to work from, you guys 14 come back with something. 15 John, you come back with something. 16 We're not that far apart here, guys. 17 Now, if there's more dollars, if more dollars 18 will fix it, maybe more dollars will help. If 19 it's not just dollars but it's also the need of 20 this additional shared sacrifice, how much shared 21 sacrifice is enough? 22 MR. HAND: Well, and just to -- if I -- if I 23 might, not to interrupt, but -- 24 THE MODERATOR: No. No. Interrupt. 25 MR. HAND: But just to kind of put things in</p>	<p style="text-align: right;">Page 53</p> <p>1 only have that guaranteed rate of return for five 2 years, but leave their money in DROP for the rest 3 of their lives and continue to earn that 8.4 rate 4 of return. A plan that was originally supposed to 5 be revenue neutral for the City is now not. 6 THE MODERATOR: No. 7 MR. HAND: And so those are all marketplace 8 considerations that we've -- 9 THE MODERATOR: But -- 10 MR. HAND: -- got to take into -- I just 11 didn't want you to think this was something -- 12 THE MODERATOR: No. No. I'm not. Look, 13 I -- 14 MR. HAND: -- capricious or random we were 15 doing -- 16 THE MODERATOR: One of the reasons I'm 17 sitting here is because you guys know that I've 18 been around a lot of these issues for a long 19 period of time. 20 MR. HAND: Right. 21 THE MODERATOR: I go back a long, long time 22 on these issues, when also, let's be very candid, 23 it wasn't uncommon for -- sometimes it seemed a 24 lot easier to put things in the -- say, we'll add 25 benefits to the pension plan, because, guess what,</p>

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1 the bill didn't come due then.
 2 MR. HAND: Right.
 3 THE MODERATOR: Well, then the bill came due.
 4 And the bill came due and the people who had made
 5 the original decision weren't around -- weren't
 6 around to feel the impact of it.
 7 I would suggest, as a counterpoint -- and I
 8 have -- I have proposed in mine that your DROP
 9 proposal be accepted. And the reason why is
 10 because, for me, with a zero to 10, realizing the
 11 market has outperformed even the top of your plan
 12 for several successive years, but there were years
 13 it was dramatically below and would have -- I
 14 don't think people should be facing a downturn. I
 15 do believe people -- that a cap is reasonable. I
 16 think the Social Security number is one that
 17 everybody kind of uses as a -- as a number.
 18 And so I think some of these issues are
 19 not -- on the DROP issue, I think, "Well, okay,
 20 right now if anybody went out on DROP, and if they
 21 went out five years ago and in the last five
 22 years" -- and, Joey, correct me if I'm wrong. If
 23 they went out five years ago, the fact of the
 24 matter is the ten -- the ten would have been a
 25 better deal for them if they left five years ago.

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1 If they leave five years from now, I have no
 2 earthly idea if that'd be a better deal, and
 3 nobody else does.
 4 What we're saying is let's make the -- let's
 5 use the marketplace more, but let's have some --
 6 the fact that there was an excess performance over
 7 these years offsets the fact that we didn't --
 8 they didn't have to absorb, at any point in
 9 time -- wouldn't have to have absorbed a deficit.
 10 It's a reasonable proposal. The City -- the
 11 Board may feel very differently about it. And
 12 they have -- they've stated their reasons, that
 13 they believe the safety of the structure for the
 14 current employees -- I know, John, you made -- I
 15 heard you making a call. I don't know if you got
 16 the answer about -- I don't know whether or not
 17 over time this would -- we may be talking about
 18 something that is an insignificant financial
 19 difference. But I may be wrong.
 20 MR. KEANE: From 1999 to 2013, the average
 21 return was 6.86.
 22 THE MODERATOR: Right.
 23 MR. KEANE: From 2000 to 2013, it was 6.42.
 24 The last five years, from 2009 to 2013, is 8.58.
 25 THE MODERATOR: That doesn't surprise me. I

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1 mean, my answer is that we're talking about
 2 something that's in the neighborhood of less than
 3 2 percent difference. Now, that's not an
 4 insignificant number added over the years to
 5 people. I understand.
 6 I've got a proposal out here. I'd like both
 7 of you to come back with something here. I want
 8 you to come back in the next 30 to 45 minutes --
 9 30 minutes. I think both of you can come back
 10 with another proposal. I want to have the City to
 11 go first.
 12 John, I want you to have another proposal
 13 ready. And I want you to -- guys, we're down
 14 to -- we're down to -- the City's saying, "We've
 15 got to resolve this." And their argument is,
 16 "We're not going to unfunded until we fix this" --
 17 your argument, I understand, which is, "We're not
 18 fixing this independent of unfunded because
 19 they're interrelated."
 20 I accept either argument, but we're at --
 21 we're not at impasse. We're at a point where
 22 we've got a difficulty. I've thrown out a
 23 proposal to keep this thing moving.
 24 I know you don't like part of it on COLA.
 25 I know you don't like what I've said to do on

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1 the -- on the DROP.
 2 Well, let's see if we can get something going
 3 here.
 4 Yes, ma'am?
 5 MS. LAQUIDARA: On the COLA, is that -- I'm
 6 sorry. John reminded me to speak into the
 7 microphone.
 8 Is the -- is the COLA change going forward so
 9 that --
 10 THE MODERATOR: For those with -- my proposal
 11 was for a 2 percent cap on those with less than
 12 ten years. For those who have greater than 10
 13 percent, the status quo maintains. And, yes, that
 14 would be -- everything I've offered here is from
 15 implementation.
 16 MS. LAQUIDARA: All right. Thank you.
 17 THE MODERATOR: Okay. Can you guys be back
 18 at the table in 30 minutes?
 19 MR. HAND: We will --
 20 MS. LAQUIDARA: Yes. Absolutely.
 21 MR. HAND: -- go work on it.
 22 THE MODERATOR: Okay. Thirty minutes.
 23 MS. LAQUIDARA: Yes, sir.
 24 (Recess from 3:12 p.m. to 4:05 p.m.)
 25 THE MODERATOR: Folks, we're back. Thank

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1 you. I know both of you I've had a chance to
 2 speak with. I know both of you -- I know you had
 3 somebody typing diligently.
 4 I know you guys were working on something.
 5 I think where I left it off was I had made a
 6 proposal, which I think was uniformly disliked.
 7 So let's have some -- let's have a response. I'm
 8 going to ask the City to respond.
 9 MR. HAND: Sure.
 10 THE MODERATOR: And then I'm going to ask,
 11 John, for your response to this and then anything
 12 you have. And let's try to -- I'm going to -- I'm
 13 going to tell you, so that -- by way of
 14 encouragement, we're scheduled for tomorrow, but I
 15 know how these things work. If we get an
 16 agreement, the bones of that agreement need to be
 17 in place today and tonight because tomorrow we'll
 18 be -- I'm not optimistic.
 19 So I'm hoping everybody is -- don't hold back
 20 and think that we're going to be able to solve
 21 this at the last minute. We won't be able to do
 22 it within the time frames we've set. Now, you
 23 guys -- I'll work till the last minute you want to
 24 work, but today's the day we ought to get this
 25 thing in a framework and get it done.

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1 Okay. I'm sorry.
 2 MR. HAND: Sure. And I think Carol is
 3 putting it up if she has not already and also
 4 passing out hard copies.
 5 So, obviously, we've expressed some
 6 reluctance to kind of discuss the issue of
 7 unfunded liability, but at the moderator's
 8 suggestion, arm-twisting -- I think I'm going to
 9 have to see an orthopedic surgeon after we're done
 10 here -- we have agreed to talk about that in the
 11 context of the other issues.
 12 We will also agree to modify our offer of the
 13 COLA cap. So the proposal we would offer is to
 14 comprehensively deal with a number of the
 15 remaining issues, not that this deals with all of
 16 them, but those that we're discussing at the
 17 moment.
 18 The City will modify its offer of the
 19 prospective COLA cap, which in our first proposal
 20 was a cap of 1.5 percent, with employees receiving
 21 the lesser of 1.5 percent or the Social Security
 22 COLA. We would modify that to a 2 percent cap for
 23 all current employees, regardless of years of
 24 service.
 25 We would maintain our position on the DROP

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1 rate of return, so it would be an actual rate of
 2 return -- the actual rate of return with a rate
 3 floor of zero, and a rate cap of 10 percent.
 4 And to issues of plan funding that Mr. Keane
 5 brought up earlier today, again, consistent with
 6 our previous proposal, the City will make an
 7 additional unfunded liability payment of \$40
 8 million annually until the plan reaches the 80
 9 percent funding level, if the JPPPF contributes
 10 half of the chapter 175, 185 funds, and that's
 11 approximately 4 percent of payroll, but in any
 12 event, no less than half of the chapter funds
 13 received in a given year, if they dedicate that to
 14 unfunded liability repayment until the fund
 15 reaches the 80 percent funding status. That way,
 16 we're both contributing until such time as the
 17 plan is at a -- what the actuarial world would
 18 deem to be a healthy level.
 19 THE MODERATOR: I have some questions, if I
 20 could.
 21 MR. HAND: Sure.
 22 THE MODERATOR: On the last point, is that
 23 number -- is that amount -- I think, if I remember
 24 our conversations before, because I used this in
 25 some of my conversations today, essentially we now

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1 know that 4 percent is roughly --
 2 MAYOR BROWN: Five million.
 3 THE MODERATOR: -- five million bucks.
 4 MAYOR BROWN: Five million bucks.
 5 THE MODERATOR: So it's about 45 million.
 6 And is that the number that it takes to get to the
 7 80 percent funded status by 2028 --
 8 MR. HAND: 2028. That would bring you to a
 9 funded status of 80 percent by 2028.
 10 THE MODERATOR: Okay. And so your -- you
 11 would -- what you would say is you would -- you
 12 would use the Social Security COLA, but the cap
 13 would be raised from 1.5 to 2 percent?
 14 MR. HAND: To 2 percent. That would be the
 15 change in the current employees that we would make
 16 in --
 17 THE MODERATOR: And that's -- and doesn't
 18 affect -- isn't affected by how many years of
 19 service? It's just --
 20 MR. HAND: Correct.
 21 THE MODERATOR: Okay.
 22 MR. HAND: Sure.
 23 THE MODERATOR: It would go into effect at
 24 implementation?
 25 MR. HAND: And just to be clear because under

<p style="text-align: right;">Page 62</p> <p>1 the law -- I think this is important. Under the 2 law, the way this works is, as of the date of plan 3 implementation, any benefits that a current 4 employee has earned, up until that point they 5 would still get --</p> <p>6 THE MODERATOR: Sure. Sure.</p> <p>7 MR. HAND: -- the current COLA.</p> <p>8 THE MODERATOR: Oh, yeah.</p> <p>9 MR. HAND: This would be a COLA on the 10 prospective benefits they would earn after the 11 date of plan implementation, and there would have 12 to be a calculation made --</p> <p>13 THE MODERATOR: To use an -- to use the 14 example, if they were -- basically, the 3 percent 15 stays in effect for everybody here until such time 16 as the 2 percent goes into effect, is your 17 proposal?</p> <p>18 MR. HAND: Correct, which would --</p> <p>19 THE MODERATOR: Your proposal --</p> <p>20 MR. HAND: -- be as of October 1, '14 --</p> <p>21 THE MODERATOR: Your proposal is still zero 22 to 10 on DROP --</p> <p>23 MR. HAND: Right.</p> <p>24 THE MODERATOR: -- and the 40 million? 25 John, I think what we should do now is --</p>	<p style="text-align: right;">Page 64</p> <p>1 heat's -- both of your proposals are still warm, 2 so that tells me that literally they've been 3 copied --</p> <p>4 MR. KEANE: Mayor, let me hand those to you. 5 Cindy.</p> <p>6 MS. LAQUIDARA: Thank you, John.</p> <p>7 MR. KEANE: Court reporter.</p> <p>8 Moderator.</p> <p>9 THE MODERATOR: Thanks. I got it.</p> <p>10 MR. KEANE: Myself.</p> <p>11 THE MODERATOR: Okay. This would be the 12 5/14/14, but just to be clear on this for later, 13 this is the 5/14/14, and it is the second Board 14 proposal because we had one earlier today.</p> <p>15 Okay. Go ahead.</p> <p>16 MR. KEANE: The employee portion of the 17 shared sacrifice under this proposal for the next 18 five years is estimated at \$100 million and comes 19 from the following sources: Employee 20 contributions will gradually increase from 7 to 10 21 of pay, utilizing the MSA formula that we had 22 discussed previously.</p> <p>23 We would transfer all current and future 24 chapter monies and other accounts to reduce the 25 City contribution, except for the funds required</p>
<p style="text-align: right;">Page 63</p> <p>1 well, do you have any questions on this? I mean, 2 there's --</p> <p>3 MR. KEANE: I just have one on this last 4 proposal. We're talking about we receive \$9 5 million -- let's use that as a base number. And 6 you want \$4,500,000, just transferred, boom?</p> <p>7 MR. HAND: Into the unfunded liability.</p> <p>8 MR. KEANE: Into the unfunded liability?</p> <p>9 MR. HAND: Correct. Yeah.</p> <p>10 MR. KEANE: And the other --</p> <p>11 MR. HAND: The half that is right now going 12 to enhanced benefits --</p> <p>13 MR. KEANE: Right.</p> <p>14 MR. HAND: -- would, in lieu of that, go to 15 unfunded liability.</p> <p>16 MR. KEANE: Okay. I understand that.</p> <p>17 THE MODERATOR: Anything else? Any other 18 questions?</p> <p>19 MR. KEANE: No. I understand that.</p> <p>20 THE MODERATOR: Do you have any response that 21 you want to give?</p> <p>22 MR. KEANE: A proposal.</p> <p>23 THE MODERATOR: That's what I thought. Let's 24 get it out there.</p> <p>25 I know you guys are working because the</p>	<p style="text-align: right;">Page 65</p> <p>1 to annually pay for the Peyton bonus. All current 2 employee benefits will remain unchanged. New 3 members COLA benefits will be based on the Social 4 Security formula, establish a share plan, and 5 review it in five years.</p> <p>6 This would result in an estimated \$100 7 million in City contribution reduction during the 8 next five years. Most of this would be recognized 9 immediately. And the City contribution to be paid 10 in December of 2014 would be reduced from 153 11 million to approximately 90 million. This has a 12 direct impact on the next budget, and then going 13 forward.</p> <p>14 MS. LAQUIDARA: Thank you, John.</p> <p>15 THE MODERATOR: Here's -- I'm kind of 16 confused on a couple of things I want to get 17 straight. Where you say, all current employee 18 benefits remain unchanged, we previously had dealt 19 with the -- well, this changes the employee 20 contribution agreement you had made; is that 21 correct?</p> <p>22 MR. KEANE: No. No.</p> <p>23 MS. LAQUIDARA: No.</p> <p>24 MR. KEANE: No. No. No.</p> <p>25 MR. CHATMON: No. 1.</p>

<p style="text-align: right;">Page 66</p> <p>1 MR. KEANE: No. 1.</p> <p>2 MR. CHATMON: No. 1.</p> <p>3 MR. KEANE: They're going to 10, according to</p> <p>4 the MSA.</p> <p>5 MR. HAND: But this says the MSA formula.</p> <p>6 That's different than the formula we had agreed to</p> <p>7 yesterday.</p> <p>8 THE MODERATOR: That's what I was getting --</p> <p>9 MR. KEANE: Right.</p> <p>10 THE MODERATOR: Okay.</p> <p>11 MR. KEANE: I'm going back to the MSA</p> <p>12 formula --</p> <p>13 THE MODERATOR: So this --</p> <p>14 MR. KEANE: -- where they get the raise, and</p> <p>15 then the percentage starts going up.</p> <p>16 MR. HAND: Okay. So the agreement we reached</p> <p>17 yesterday on that, you're rescinding from --</p> <p>18 MR. KEANE: I'm not rescinding. I'm offering</p> <p>19 another proposal.</p> <p>20 THE MODERATOR: Okay.</p> <p>21 MR. KEANE: If you agree to it --</p> <p>22 MAYOR BROWN: Okay.</p> <p>23 THE MODERATOR: Okay. I got that, but I just</p> <p>24 want to make sure I understand. And you also</p> <p>25 had -- on "all current employee benefits remain</p>	<p style="text-align: right;">Page 68</p> <p>1 It would move that to 2 percent, using the Social</p> <p>2 Security, move the cap to 2?</p> <p>3 MR. HAND: Correct.</p> <p>4 THE MODERATOR: Okay.</p> <p>5 MR. HAND: For current employees.</p> <p>6 MR. KEANE: This is for current employees.</p> <p>7 THE MODERATOR: For all current employees. I</p> <p>8 got it. I got that. For all current employees.</p> <p>9 MR. KEANE: What I'm talking about is new</p> <p>10 members here in Item 4. We currently say the</p> <p>11 Social Security formula -- 1.5 up to the Social</p> <p>12 Security formula is what we had previously agreed</p> <p>13 upon for new employees. That was the City</p> <p>14 probably.</p> <p>15 THE MODERATOR: Right.</p> <p>16 MR. KEANE: As you had discussed earlier in</p> <p>17 your financial discussion, it's expected that, one</p> <p>18 day, inflation will come back again and by then --</p> <p>19 THE MODERATOR: Well, let me --</p> <p>20 (Sound equipment noise).</p> <p>21 (Pause).</p> <p>22 THE MODERATOR: All right. Let me address a</p> <p>23 couple of things here, John. And I understand</p> <p>24 this is a significant financial proposal, and</p> <p>25 we'll talk about that in a moment.</p>
<p style="text-align: right;">Page 67</p> <p>1 unchanged," there was a provision for a 48-month</p> <p>2 contribution to the first ten years. Does this</p> <p>3 probably change that?</p> <p>4 MR. KEANE: That would unwind that also.</p> <p>5 That's such an insignificant amount of savings,</p> <p>6 that it --</p> <p>7 THE MODERATOR: Okay. All right.</p> <p>8 MR. KEANE: This just -- this establishes --</p> <p>9 it leaves everything like it is. That's where</p> <p>10 we're at. This is -- this is our current</p> <p>11 proposal, subject to modification.</p> <p>12 THE MODERATOR: I got it. The new members</p> <p>13 COLA would be based on Social Security formula,</p> <p>14 and that would be -- the COLA would be based on</p> <p>15 Social Security formula without a cap at all?</p> <p>16 MR. KEANE: Right. And as we know, we had</p> <p>17 previously agreed to Social Security up to 1.5, I</p> <p>18 believe, is the way it was worded; is that</p> <p>19 correct?</p> <p>20 MS. LAQUIDARA: Uh-huh.</p> <p>21 THE MODERATOR: Right.</p> <p>22 MR. KEANE: All right.</p> <p>23 THE MODERATOR: And, now, they've made a</p> <p>24 proposal -- they made a proposal just a few</p> <p>25 minutes ago. Let me make sure I understood it.</p>	<p style="text-align: right;">Page 69</p> <p>1 What I am -- what I believe that I would like</p> <p>2 you to consider in your -- in your proposal -- I</p> <p>3 will tell you that I'm bothered by the following:</p> <p>4 If we go back and we change things that we've</p> <p>5 agreed to -- I'm not saying you can't. You guys</p> <p>6 can change anything you want to anytime you want</p> <p>7 to. But I'm just going to tell both sides this.</p> <p>8 If you go back and change things that you've</p> <p>9 previously agreed to -- this is like a ball of</p> <p>10 twine, and once you start undoing it, I promise</p> <p>11 you, it unravels. Because there's things that</p> <p>12 you've agreed to on this side that they'd probably</p> <p>13 like to revisit.</p> <p>14 I'm not -- whatever you guys can agree to,</p> <p>15 but I will tell you that I -- the new members COLA</p> <p>16 has not been on the -- we started off on last</p> <p>17 Monday on new members with an agreement. And</p> <p>18 I'm -- please don't take this as -- I hope this is</p> <p>19 not seen as hectoring. I'm just -- I just want</p> <p>20 everybody to -- I have some concern about</p> <p>21 unwinding things that you've previously agreed to.</p> <p>22 But this, I know, is a significant -- and I'm</p> <p>23 going to ask you some questions. I know this is a</p> <p>24 significant proposal. And it has an immediate and</p> <p>25 substantial -- looks to me like something like \$60</p>

<p style="text-align: right;">Page 70</p> <p>1 million impact. What I -- what I want to be clear 2 is that it is the City's position -- or has 3 remained the City's position that these issues 4 that we have agreed upon were agreed upon. 5 Now, again, I know you're saying, "Well, I'm 6 offering this proposal, and I want to go back and 7 revisit those issues." 8 I would hope that as we deliberate that we 9 would -- that you give some consideration to the 10 fact that it is a dangerous process for us and a 11 difficult way to negotiate to go back on things 12 that I thought we had some agreement on. I 13 realize that everything is always subject to 14 change, but I hope you will take a look at not 15 unwinding things that we have previously put to 16 bed. 17 I'd like you to explain that -- and I think 18 that applies to the MSA formula. I know we've 19 agreed to the MSA formula before, and I -- but I 20 know that that's not the same as what we'd -- what 21 had been agreed here today, although it's not 22 hugely different. I know that we had agreed to 23 the new members COLA, and I know that, while it is 24 insignificant financially, I think that the 25 agreement yesterday was a clear compromise.</p>	<p style="text-align: right;">Page 72</p> <p>1 percent to 8, and then the additional 2 percent 2 upon the pay cut restoration? 3 MR. KEANE: And we're doing that in an effort 4 to reach unity and harmony and a resolution. 5 THE MODERATOR: Okay. 6 MR. HAND: So you're reaffirming the 7 agreement -- 8 THE MODERATOR: Yes. 9 MR. HAND: -- we reached yesterday? 10 THE MODERATOR: That's correct. 11 MR. KEANE: Correct. And also in interest of 12 expediency, strike No. 4 in its entirety. It 13 doesn't come into play till 25, 30, 35 years from 14 now. And I'll leave that to the wise folks that 15 are here at that time that succeed us to resolve. 16 So we'll take that out of there. 17 MR. HAND: So just so I'm clear, you are now 18 reaffirming the agreement we reached several days 19 ago on new employees? 20 THE MODERATOR: Yes. 21 MR. KEANE: Correct. 22 THE MODERATOR: That's correct. 23 MR. KEANE: And the last thing is No. 5 and 24 6, 4 and 5, so then we all have the same talking 25 page.</p>
<p style="text-align: right;">Page 71</p> <p>1 I think they were at -- I want to say they 2 were at 24. Then they went -- then you came back 3 and stated 60. They went to 36. And, finally, 4 there was a compromise to go to 48. 5 I don't think those -- if it's insignificant, 6 it becomes more significant if we start unwinding 7 things. I'm not -- again, I hope you guys -- 8 normally, I wouldn't have these conversations, but 9 we're in the Sunshine. I've got to talk to both 10 of you about it now. 11 MR. KEANE: Let me see if I can help you, 12 Senator. 13 THE MODERATOR: Okay. 14 MR. KEANE: Apologize for interrupting. 15 THE MODERATOR: Go ahead. 16 MR. KEANE: On No. 1, on the second line, 17 after the word "pay," strike the coma, insert a 18 period, and strike the balance of the sentence. 19 THE MODERATOR: I like that better. 20 MR. HAND: In other words, John, so you're -- 21 that phrase, in your mind, would mean the increase 22 in employee contributions we previously agreed 23 to -- 24 MR. KEANE: Correct. 25 MR. HAND: -- which would be immediately 1</p>	<p style="text-align: right;">Page 73</p> <p>1 THE MODERATOR: Okay. Now, explain -- how 2 does the -- and you guys -- I'm probably asking 3 questions that you-all know way better than I do 4 already because I know both sides have their own 5 expertise on this. Tell me the financial impact 6 of your Proposal No. 2 today. How does that stack 7 up with the proposal that you had made 8 financially, number one? And, also, what is the 9 continuing obligation of the Board after -- excuse 10 me -- is this -- would this be a one-time 11 wholesale transfer or -- I'm not quite getting 12 that. 13 MR. KEANE: When we reach \$100 million in 14 transfer money, these two funds plus all of the 15 future chapter funds, with the exception of the 16 amount that has to be retained for the Peyton 17 bonus, 100 percent of that would come over until 18 we reach this \$100 million contribution threshold. 19 We're offering to put \$100 million in here. 20 MR. HAND: John, is there -- and maybe I'm 21 just misreading it. Is there an unfunded 22 liability reduction measure in this agreement? 23 There does not appear to be. 24 MR. KEANE: If you take the funds and apply 25 them to the unfunded rather than to the current</p>

<p style="text-align: right;">Page 74</p> <p>1 obligation, that's where it would go. We believe 2 that applying them to current City obligations, 3 which would reduce the stress on next year's 4 budget and the follow-on budgets, while the market 5 continues to help us on the unfunded, is a better 6 way of doing it. 7 MR. HAND: Can I just -- for clarity's 8 purposes, may I ask a couple of questions about 9 No. 2, John? 10 MR. KEANE: Yes, sir. 11 MR. HAND: You say: Transfer all current and 12 future chapter monies and accounts to reduce the 13 City's contribution. 14 By future chapter monies, I assume you mean 15 the -- what is now approximately \$9 million that 16 comes in each year from the premium tax revenues; 17 is that right? 18 MR. KEANE: That's correct. 19 MR. HAND: So that would be the year-in, 20 year-out period. And is that for a particular 21 period of time, or is that just in perpetuity? 22 MR. KEANE: That is till we reach the \$100 23 million threshold. 24 MR. HAND: When you refer to current chapter 25 monies, what do you mean by that?</p>	<p style="text-align: right;">Page 76</p> <p>1 contributions, in accordance with the terms and 2 conditions of the settlement agreement. 3 MR. HAND: So it's your -- it's your position 4 it's sort of a gratuitous payment done on an 5 annual basis; is that right? 6 MR. KEANE: Yes, sir. It is not a pension 7 benefit, per se. It is a benefit that the 8 trustees are authorized -- in the words the City 9 Council chose, is called "post retirement 10 enhancement." 11 MR. BELTON: John, have you ever not paid 12 that? 13 MR. KEANE: No, sir. 14 MR. BELTON: So it's been paid every year? 15 MR. KEANE: Every year. 16 MR. BELTON: How long ago did you start that? 17 MR. KEANE: Started in two thousand and . . . 18 MR. HAND: '06, I believe, the legislation -- 19 MR. KEANE: '06 is when it -- when it was 20 changed. 21 THE MODERATOR: I want to make sure I 22 understand something just for this -- under this 23 provision, if you're right that the -- if the 153 24 would be reduced to 90, I'm reading that as -- and 25 correct me if I'm wrong -- that would be -- \$63</p>
<p style="text-align: right;">Page 75</p> <p>1 MR. KEANE: It's funds we have available. 2 MR. HAND: You mean the funds that are -- 3 MR. KEANE: That we talked about earlier. 4 MR. HAND: Okay. Those two different 5 accounts -- 6 MR. KEANE: Two different accounts -- 7 THE MODERATOR: They're transferring -- 8 MR. KEANE: Collapse all those accounts, put 9 them into the fund, and it would be anticipated 10 that, future chapter revenues, all of them would 11 be committed for probably the next six years. 12 MR. HAND: And the amount -- just because I 13 don't have that piece of the valuation in front of 14 me, the amount that you referred to as funds 15 required annually for the bonus named after Mayor 16 Peyton, what is that amount each year? 17 MR. KEANE: It's about \$2 million. 18 MR. HAND: Is it your position that that is 19 an amount that the PFPF is legally required to pay 20 year-end, year-out? 21 MR. KEANE: It's our position it's authorized 22 by the City Council for the trustees to make that 23 payment, subject to a certification from the fund 24 actuary, that making the payment will neither 25 increase member contributions or increase City</p>	<p style="text-align: right;">Page 77</p> <p>1 million would be anticipated on the front end? 2 MR. KEANE: Yes, sir. 3 THE MODERATOR: And then I think the number 4 you gave was the chapter funds at 9 million, less 5 the -- 6 MR. KEANE: Two. 7 THE MODERATOR: Less the two, so that 7 8 million would be paid until the 63 million became 9 100 -- the 63, plus however long it takes -- and 10 I'm not figuring that out that quickly, but you 11 would put in 63 million up front and \$7 million a 12 year until you had contributed 100 million to the 13 fund? 14 MR. KEANE: Yes, sir. 15 THE MODERATOR: And by way of that 63 million 16 and that \$7 million annual, you would offer that 17 in the sense of it would be then the City's choice 18 to use that money for either benefit or deficit 19 reduction? So, theoretically, your proposal would 20 allow for deficit reduction of -- 21 MR. KEANE: \$100 million. 22 THE MODERATOR: Well, but even in the first 23 year would allow for deficit reduction -- 24 MR. KEANE: Significant. 25 THE MODERATOR: -- of 50 million?</p>

<p style="text-align: right;">Page 78</p> <p>1 MR. KEANE: Uh-huh.</p> <p>2 THE MODERATOR: Okay. Questions on your</p> <p>3 side?</p> <p>4 Yes.</p> <p>5 MR. CHATMON: First year, 63 million or 50</p> <p>6 million?</p> <p>7 MS. LAQUIDARA: 63 --</p> <p>8 MR. KEANE: About 63 million.</p> <p>9 THE MODERATOR: Well, what I did is I just</p> <p>10 subtracted it out. I know that's an approximate</p> <p>11 number. And I'm not -- but, you know, a million</p> <p>12 here, a million there --</p> <p>13 MR. KEANE: The actual number --</p> <p>14 THE MODERATOR: -- is real money.</p> <p>15 MR. KEANE: Yeah. Yeah. The actual number</p> <p>16 would be what it is, but the actuary calculates</p> <p>17 it.</p> <p>18 THE MODERATOR: At 63 million?</p> <p>19 MR. KEANE: With the gains from this year, we</p> <p>20 would propose to pay that over on October the 1st,</p> <p>21 as soon as we know --</p> <p>22 THE MODERATOR: So --</p> <p>23 MR. KEANE: -- the full value of it.</p> <p>24 THE MODERATOR: -- in the event -- and I'm</p> <p>25 just talking about melding it for a moment. In</p>	<p style="text-align: right;">Page 80</p> <p>1 be an unusual level to set up a new benefit, is</p> <p>2 that still just establishing the framework of a</p> <p>3 share plan?</p> <p>4 MR. KEANE: Now, it's not a new benefit.</p> <p>5 MR. HAND: Uh-huh.</p> <p>6 MR. KEANE: It's establishing the framework</p> <p>7 for when money becomes available. The newspaper</p> <p>8 headline said that we're trying to create a new</p> <p>9 benefit. It's not a new benefit.</p> <p>10 MR. HAND: Uh-huh.</p> <p>11 MR. KEANE: It's the framework to apply the</p> <p>12 future chapter funds in a manner prescribed by the</p> <p>13 legislature.</p> <p>14 MR. HAND: And would you -- and would you --</p> <p>15 because I know where some other Cities have done</p> <p>16 it. They have essentially set up a system where</p> <p>17 they provide a proportional share of those chapter</p> <p>18 funds to each of the members when they do that.</p> <p>19 Is that -- would that be the idea?</p> <p>20 MR. KEANE: Correct.</p> <p>21 MR. HAND: You would set it up --</p> <p>22 MR. KEANE: Correct.</p> <p>23 MR. HAND: -- the same way?</p> <p>24 MR. KEANE: Correct.</p> <p>25 MR. HAND: It would then be invested in</p>
<p style="text-align: right;">Page 79</p> <p>1 the event the City was to stay with its current</p> <p>2 proposal of, I think, \$40 million a year to be</p> <p>3 paid above -- and I don't know if that's the case,</p> <p>4 but, theoretically, if the City was prepared to</p> <p>5 pay \$40 million, am I wrong that this would</p> <p>6 reduce, in the first year -- could reduce it the</p> <p>7 first year, depending on how you use it, the</p> <p>8 deficit, by \$100 million?</p> <p>9 MR. HAND: Well, I don't -- I mean, he hasn't</p> <p>10 specified here how the funds would be used. He --</p> <p>11 THE MODERATOR: Well, I -- I thought the</p> <p>12 transfer was to let them make the decision --</p> <p>13 MR. HAND: Right.</p> <p>14 THE MODERATOR: -- entirely.</p> <p>15 MR. HAND: Uh-huh. I think -- that's how I</p> <p>16 understood it, yeah.</p> <p>17 Can I ask another question while we're --</p> <p>18 THE MODERATOR: You can ask all you want,</p> <p>19 guys.</p> <p>20 MR. HAND: John, you say: Establish a share</p> <p>21 plan.</p> <p>22 Now, when you had your earlier proposal, that</p> <p>23 was essentially a proposal to sort of set up the</p> <p>24 framework of a shared plan. Again, given that the</p> <p>25 plan's still at 43 percent, and that would seem to</p>	<p style="text-align: right;">Page 81</p> <p>1 some --</p> <p>2 MR. KEANE: Correct.</p> <p>3 MR. HAND: -- you know --</p> <p>4 MR. KEANE: Yeah.</p> <p>5 MR. HAND: -- instrument?</p> <p>6 MR. KEANE: We would invest it and --</p> <p>7 THE MODERATOR: But the obligation that</p> <p>8 you've encountered here by this agreement would</p> <p>9 take precedence over the funding of any share</p> <p>10 plan?</p> <p>11 MR. KEANE: Exactly.</p> <p>12 THE MODERATOR: So the -- the 7 million</p> <p>13 annually that you speak of, or approximately, and</p> <p>14 the \$63 million initial transfer, all of that</p> <p>15 would -- none of that would be linked to the</p> <p>16 funding of a share plan?</p> <p>17 MR. KEANE: None.</p> <p>18 THE MODERATOR: And presumably for the next</p> <p>19 several years, because it's going to take at</p> <p>20 least -- my math shows it's going to take about</p> <p>21 seven years, but I'm not an actuary. Five to</p> <p>22 seven years, there wouldn't be any funding of the</p> <p>23 share plan either because all chapter monies are</p> <p>24 being transferred --</p> <p>25 MR. KEANE: Correct.</p>

<p style="text-align: right;">Page 82</p> <p>1 THE MODERATOR: -- to the City?</p> <p>2 MR. KEANE: Correct. All except the amounts</p> <p>3 needed for the Peyton bonus.</p> <p>4 THE MODERATOR: That was -- that was the</p> <p>5 difference between nine and seven --</p> <p>6 MR. KEANE: Right.</p> <p>7 THE MODERATOR: -- approximately?</p> <p>8 MR. KEANE: Right.</p> <p>9 MR. HAND: A Peyton bonus, which -- because,</p> <p>10 as you said, is not a benefit, there's no vested</p> <p>11 right to pay that? That's a Board decision on a</p> <p>12 year-in --</p> <p>13 MR. KEANE: Correct.</p> <p>14 MR. HAND: -- year-out basis? Okay.</p> <p>15 MR. KEANE: Correct.</p> <p>16 THE MODERATOR: Further questions on your</p> <p>17 side?</p> <p>18 MR. HAND: I don't think I have any more.</p> <p>19 MS. LAQUIDARA: Again, on the shared plan</p> <p>20 going forward, the way I understand that is it's</p> <p>21 language that equates to a defined contribution</p> <p>22 plan?</p> <p>23 MR. KEANE: Correct.</p> <p>24 MS. LAQUIDARA: Okay. So it is a plan.</p> <p>25 Would that be for -- so it's additional retirement</p>	<p style="text-align: right;">Page 84</p> <p>1 MR. KEANE: Not until the \$100 million is</p> <p>2 transferred to the City.</p> <p>3 THE MODERATOR: Right. And it just -- off</p> <p>4 the top of my head, it appears -- and an actuary</p> <p>5 could -- but it appears, at \$7 million a year, you</p> <p>6 can't meet your obligation for five years and have</p> <p>7 any money left over for chapter funds.</p> <p>8 MR. KEANE: I'd agree with that.</p> <p>9 THE MODERATOR: So the transfer would be --</p> <p>10 at least for five years and probably a little more</p> <p>11 than that, 100 percent of the chapter funds,</p> <p>12 absent the bonus money, would be transferred to</p> <p>13 the -- to the fund --</p> <p>14 MR. KEANE: Right.</p> <p>15 THE MODERATOR: -- until \$100 million has</p> <p>16 been provided?</p> <p>17 MR. KEANE: Right.</p> <p>18 THE MODERATOR: Now --</p> <p>19 MR. KEANE: And, of course --</p> <p>20 THE MODERATOR: -- I want to --</p> <p>21 MR. KEANE: -- we're very hopeful --</p> <p>22 THE MODERATOR: -- ask the City a couple of</p> <p>23 questions.</p> <p>24 MR. KEANE: We're very hopeful, Senator,</p> <p>25 that, as the economy continues to improve and</p>
<p style="text-align: right;">Page 83</p> <p>1 contribution for new employees, for old employees,</p> <p>2 or for who?</p> <p>3 MR. KEANE: For qualified employees who are</p> <p>4 members of the fund.</p> <p>5 MS. LAQUIDARA: So that would be spread over</p> <p>6 the people who have not yet retired, new</p> <p>7 employees --</p> <p>8 MR. KEANE: Have not yet retired, nor</p> <p>9 dropped.</p> <p>10 MS. LAQUIDARA: All right. So that's for all</p> <p>11 present employees and to-be-hired, new employees,</p> <p>12 so I think it sounds like we're kind of going in</p> <p>13 the wrong direction.</p> <p>14 THE MODERATOR: Then I misunderstand it</p> <p>15 because on this --</p> <p>16 MS. LAQUIDARA: That's the way I understand</p> <p>17 it --</p> <p>18 THE MODERATOR: You would -- you would reopen</p> <p>19 this and -- not reopen. You would -- it would</p> <p>20 be -- it would be reviewed in five years?</p> <p>21 MR. KEANE: Correct.</p> <p>22 THE MODERATOR: Let me get this straight on</p> <p>23 this. Within that five-year period of time, even</p> <p>24 if there's a share plan structure implemented,</p> <p>25 there is no funding of a share plan?</p>	<p style="text-align: right;">Page 85</p> <p>1 property values recover --</p> <p>2 THE MODERATOR: Uh-huh.</p> <p>3 MR. KEANE: -- then, correspondingly --</p> <p>4 THE MODERATOR: There might be --</p> <p>5 MR. KEANE: -- we would get more money --</p> <p>6 THE MODERATOR: -- more money. Yeah, I got</p> <p>7 that.</p> <p>8 But let me -- let me go back to the City for</p> <p>9 a second.</p> <p>10 Under your proposal -- which was the 40 and</p> <p>11 5, the 45 million, meaning 40 million and 5</p> <p>12 million?</p> <p>13 MR. HAND: Roughly, yeah.</p> <p>14 THE MODERATOR: And I know I'm using the</p> <p>15 wrong -- but how long would it take under your</p> <p>16 proposal for them to transfer \$100 million into</p> <p>17 the fund?</p> <p>18 MR. HAND: If you just take 100 divided by</p> <p>19 5 million, that would take about 20 years, just</p> <p>20 relying on that piece --</p> <p>21 THE MODERATOR: Sure.</p> <p>22 MR. HAND: -- of the equation. And that --</p> <p>23 THE MODERATOR: Which --</p> <p>24 MR. HAND: That just refers to a distinct</p> <p>25 piece --</p>

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1 THE MODERATOR: Which wouldn't quite get us
 2 to 2028, but it would get us --
 3 MR. HAND: Well, no, the combination impact
 4 of the fund's contribution and the City's
 5 contribution --
 6 THE MODERATOR: As it declines.
 7 MR. HAND: -- would get you to 80 percent by
 8 2028.
 9 THE MODERATOR: Right. Okay.
 10 MR. HAND: And the -- and, look, the other
 11 piece of that that's important, we can't overlook,
 12 is that is also a projection based on some
 13 modifications and benefits for current employees.
 14 So that period of time, because of a higher normal
 15 cost, if you don't change benefits for current
 16 employees, is going to be -- that horizon is going
 17 to be longer.
 18 THE MODERATOR: But we know -- and I'm just
 19 throwing -- we know -- and I know that the zero to
 20 10 percent -- we have some model -- and I know
 21 you're locked into 8.4 percent, and I know you've
 22 got your zero to 10 percent, but the reality is
 23 that, if we took it over the last 20 years, it's
 24 been about a 2 percent differential.
 25 Now, I'm not saying that's an insignificant

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1 number. If we took -- if we took away three or
 2 four of those years' performances, actually, it's
 3 probably a flat wash in terms of its cost. Do you
 4 agree with that?
 5 MR. GREIVE: Uh-huh.
 6 THE MODERATOR: Okay. So that can't be
 7 what's driving the projected cost over the next --
 8 I mean, it has a cost. I'm not arguing with you
 9 on that, but that can't be a driver. This is -- I
 10 know somebody complained to one of the -- some of
 11 the -- came to me and said, "You're not using
 12 enough data."
 13 And I told them, "Well, we've been here a
 14 long time, but I can tell you that we know those
 15 numbers."
 16 So -- and the COLA has a cost now, which
 17 would -- is not insignificant. You would be
 18 saying that the COLA would be reduced by 1
 19 percent, you were saying, to maintain it, so
 20 there's a 1 percent -- but I was trying to figure
 21 out here just from my own perspective under this
 22 provision if it were to be implemented, if it were
 23 to be adopted by the City, when would the
 24 reduction reach 80 percent?
 25 MR. HAND: I don't know. It would be a -- it

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1 would be -- certainly be later than Fiscal Year
 2 2028. I don't know -- without seeing the
 3 actuarial analysis, I can't tell you exactly when,
 4 but it would -- it would not be Fiscal Year 2028.
 5 THE MODERATOR: It would be later?
 6 MR. HAND: Later.
 7 THE MODERATOR: Okay.
 8 MAYOR BROWN: John, do you have an idea when
 9 it would reach 80 percent, based on --
 10 MR. KEANE: No, sir.
 11 MAYOR BROWN: -- what you present?
 12 MR. KEANE: No, sir. We didn't run that.
 13 THE MODERATOR: Now, so that we -- back up
 14 for a moment. The fund's performance still would
 15 impact the ability of your fund to have additional
 16 monies for other purposes, the fund's performance;
 17 is that correct? You're transferring the chapter
 18 funds?
 19 MR. KEANE: Right.
 20 THE MODERATOR: And you're transferring 100
 21 percent of the chapter funds, less the amount for
 22 the --
 23 MR. KEANE: Correct.
 24 THE MODERATOR: -- Peyton bonus plan --
 25 MR. KEANE: Correct.

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1 THE MODERATOR: -- I think is what you call
 2 it, which I was unaware of.
 3 MR. KEANE: Right.
 4 THE MODERATOR: Okay.
 5 MR. KEANE: But there's no additional funds
 6 generated under the trustee's control based on
 7 plan performance. That was in the formula that we
 8 abandoned a number of years ago.
 9 THE MODERATOR: Okay. Those all I want to --
 10 I want to be clear on that.
 11 MR. KEANE: Everything goes in.
 12 THE MODERATOR: So your -- it's all in on
 13 your side from all of the monies you identified
 14 earlier --
 15 MR. KEANE: Correct. We're making a \$100
 16 million commitment here.
 17 MS. LAQUIDARA: It's just that the -- and I
 18 don't want to overemphasize the point, but
 19 reopening an additional contribution does affect
 20 the calculation and the impact. And that's the --
 21 established --
 22 THE MODERATOR: Well --
 23 MS. LAQUIDARA: -- the share plan because
 24 that's a -- that's a modification --
 25 THE MODERATOR: I didn't --

<p style="text-align: right;">Page 90</p> <p>1 MS. LAQUIDARA: -- to benefits.</p> <p>2 THE MODERATOR: I actually didn't -- and I</p> <p>3 was clear on the word here, review in five years,</p> <p>4 as oppose to reopen. I'm assuming that what the</p> <p>5 parties are -- what you're requesting here is that</p> <p>6 there would be a review of this five years from</p> <p>7 now to determine its success, lack of success,</p> <p>8 it's -- it does not mean necessarily that the</p> <p>9 parties reopen because it may be -- there's a</p> <p>10 difference.</p> <p>11 MR. KEANE: They may not want to.</p> <p>12 MS. LAQUIDARA: But what is meant, then, by</p> <p>13 establishing -- if we establish the share plan</p> <p>14 today, then there's a mechanism where, when we do</p> <p>15 the math and we talk to the market, we have to say</p> <p>16 that there's a mechanism here that's going to</p> <p>17 increase the cost. And it does become real in</p> <p>18 terms of our consideration. And it may not have</p> <p>19 been intended to be so, but that's just how I was</p> <p>20 reading it.</p> <p>21 THE MODERATOR: Again, I may --</p> <p>22 MR. KEANE: Let me help --</p> <p>23 THE MODERATOR: -- be wrong --</p> <p>24 MR. KEANE: -- you with that.</p> <p>25 MS. LAQUIDARA: Thank you, John.</p>	<p style="text-align: right;">Page 92</p> <p>1 THE MODERATOR: That's the --</p> <p>2 MS. LAQUIDARA: I'm looking at --</p> <p>3 THE MODERATOR: That's the enhanced plan</p> <p>4 language that's in there?</p> <p>5 MR. KEANE: Uh-huh. Yeah.</p> <p>6 MS. LAQUIDARA: And I'm not looking at</p> <p>7 additional cost to the City. I'm looking at the</p> <p>8 additional cost to those funds not going in to pay</p> <p>9 for the existing benefits already, which were</p> <p>10 enhanced benefits, for which we don't have</p> <p>11 adequate funding already.</p> <p>12 So it seems to me that, while that is</p> <p>13 something that could come up if the world changes,</p> <p>14 that if there's money coming in -- and in an</p> <p>15 enhanced benefit we're at a deficient funding</p> <p>16 point because of enhanced benefits. And so the</p> <p>17 proper place to go with that is to keep paying it</p> <p>18 until we're at 80 percent because, other than</p> <p>19 that, it's like we're taking all these huge steps</p> <p>20 forward and then we have this little one back.</p> <p>21 And there -- it doesn't make sense to me to</p> <p>22 take those funds and enhance anything with them</p> <p>23 until the corpus for everybody is safe at 80</p> <p>24 percent because, otherwise, what you do -- as long</p> <p>25 as that corpus is being diminished, a few years</p>
<p style="text-align: right;">Page 91</p> <p>1 MR. KEANE: Let me help you with that.</p> <p>2 THE MODERATOR: Yeah.</p> <p>3 MR. KEANE: Both 175 and 185 say that plans</p> <p>4 like ours --</p> <p>5 MS. LAQUIDARA: Uh-huh.</p> <p>6 MR. KEANE: -- the money can come over, and</p> <p>7 with the approval of the members, either be</p> <p>8 deposited into the main fund --</p> <p>9 MS. LAQUIDARA: Uh-huh.</p> <p>10 MR. KEANE: -- which we are proposing to</p> <p>11 do --</p> <p>12 MS. LAQUIDARA: Yes.</p> <p>13 MR. KEANE: -- for the number of years, or</p> <p>14 put in a share account, as Miami has and Tampa and</p> <p>15 almost every other place. And the way the share</p> <p>16 account works, the check comes in. Let's say --</p> <p>17 make it easy -- \$1,000.</p> <p>18 MS. LAQUIDARA: Uh-huh.</p> <p>19 MR. KEANE: And you've got ten employees.</p> <p>20 Each one of them gets \$100 this year as a</p> <p>21 contribution to their share account.</p> <p>22 Next year, whatever it is, divide the number</p> <p>23 of people into the money. Everybody gets it.</p> <p>24 There's no additional cost to the City whatsoever.</p> <p>25 MS. LAQUIDARA: Well, it's not --</p>	<p style="text-align: right;">Page 93</p> <p>1 from now you still have pressure on the existing</p> <p>2 and current employees to give something up because</p> <p>3 it's not succeeding. I think it's in everybody's</p> <p>4 interest to make that corpus get to 80 percent as</p> <p>5 soon as possible for present employees and --</p> <p>6 THE MODERATOR: Well --</p> <p>7 MAYOR BROWN: -- future --</p> <p>8 THE MODERATOR: -- I mean, I understand that.</p> <p>9 And what --</p> <p>10 MS. LAQUIDARA: And that's money off the</p> <p>11 table --</p> <p>12 THE MODERATOR: What could happen is --</p> <p>13 MS. LAQUIDARA: -- as I understand it.</p> <p>14 THE MODERATOR: What could happen is -- is</p> <p>15 that they could say, "Okay. We will" -- "We will</p> <p>16 go at 4.5 million" -- excuse me -- "4 percent,</p> <p>17 which is \$5 million," is what I'm trying to say.</p> <p>18 We could do that. We could do that over the next</p> <p>19 20 -- whatever 2028 is, I guess, 23, almost 24</p> <p>20 years now. So we could -- we could -- no, I'm</p> <p>21 sorry.</p> <p>22 MR. BELTON: No. That's 14 --</p> <p>23 THE MODERATOR: 14 years. I'm sorry. Yeah.</p> <p>24 Right. Time passes when you're my age.</p> <p>25 But my -- I guess my point that I'm wondering</p>

<p style="text-align: right;">Page 94</p> <p>1 here is, is the -- is it your position that the 2 corpus is safer with the \$4 million annual 3 contribution until it gets to 80 percent, or 4 doesn't the -- doesn't the plan have the benefit 5 of the fact that it's -- doesn't the plan get 6 in -- some factor for the benefit that there's an 7 immediate transfer of \$60 million?</p> <p>8 MS. LAQUIDARA: I just -- certainly, the fund 9 is doing the right thing and -- because their job 10 is to pay down the unfunded liability with every 11 tool they have. And it just seems that 12 establishing a share plan now is counterintuitive 13 to that. And so perhaps, again, I'm reading too 14 much into it, but the fund's obligation is to get 15 that unfunded liability down because, frankly, 16 nobody's retirement would be in jeopardy if --</p> <p>17 THE MODERATOR: What about if --</p> <p>18 MS. LAQUIDARA: -- it were at --</p> <p>19 THE MODERATOR: What if the -- what about if 20 the plan -- if the provision was that -- that the 21 share plan would be implemented after -- only 22 after the \$100 million had been paid?</p> <p>23 MS. LAQUIDARA: The \$100 million to me isn't 24 the issue. It's the health of the corpus. 25 Because we could put in \$100 million and, you</p>	<p style="text-align: right;">Page 96</p> <p>1 MR. HAND: If I were one of the 2 fiduciaries --</p> <p>3 MS. LAQUIDARA: -- everything else --</p> <p>4 MR. HAND: -- that would certainly be my 5 position.</p> <p>6 THE MODERATOR: So the issue -- the issue, I 7 think, that they're raising is that the share plan 8 should not be implemented until such time as they 9 reached 80 percent.</p> <p>10 It's the City's position that, at the time 11 they reached 80 percent, they'd implement a share 12 plan.</p> <p>13 Your answer would be, "We can't lock in 14 people" --</p> <p>15 MR. HAND: That is -- that is not our 16 position because we were just discussing it.</p> <p>17 THE MODERATOR: Sure.</p> <p>18 MR. HAND: I actually am just trying to 19 clarify because the share plan --</p> <p>20 MS. LAQUIDARA: Right. That's what -- I 21 was --</p> <p>22 MR. HAND: -- is something of a new one --</p> <p>23 MS. LAQUIDARA: -- trying to understand it 24 too.</p> <p>25 MR. HAND: And I think Cindy raised some very</p>
<p style="text-align: right;">Page 95</p> <p>1 know, God forbid, we're still at 40 percent, 2 there's still going to be pressure on those 3 employees.</p> <p>4 And so what I'm trying to do is -- as I think 5 John is. That's why I'm making sure I understand 6 it properly -- that the best thing for everybody 7 is to get that plan funded as soon as possible. 8 And I just think opening the door, establishing a 9 share plan when we don't have any money, is like 10 establishing a vacation bonus account to go to 11 Europe when, you know, you're in Chapter 13.</p> <p>12 So I would just put that issue aside. I 13 think it's a theoretical one. I think it will 14 come about if we have money quite naturally in the 15 future, but, to me, I think it's in everybody's 16 mutual advantage to get -- to not leave unopen, 17 undefined doors for additional expenses. And I 18 don't want to take everybody off --</p> <p>19 MR. HAND: No. That's a --</p> <p>20 THE MODERATOR: No. Absolutely.</p> <p>21 MR. HAND: It's a fair point.</p> <p>22 MS. LAQUIDARA: -- but it's just a point that 23 I want to make sure --</p> <p>24 THE MODERATOR: So --</p> <p>25 MS. LAQUIDARA: -- because I think --</p>	<p style="text-align: right;">Page 97</p> <p>1 good points about sort of the fiduciary 2 obligations.</p> <p>3 But, John, you mentioned several other 4 Florida cities that have share plans. What other 5 major Florida cities -- I mean, this will be 6 helpful in the research --</p> <p>7 MR. KEANE: Almost all of them.</p> <p>8 MR. HAND: So the City of Miami does?</p> <p>9 MR. KEANE: Oh, yeah.</p> <p>10 MR. HAND: Tampa?</p> <p>11 MR. KEANE: Yeah.</p> <p>12 MR. HAND: City of Gainesville?</p> <p>13 MR. KEANE: Probably.</p> <p>14 MR. HAND: St. Petersburg?</p> <p>15 MR. KEANE: Yes.</p> <p>16 Orlando.</p> <p>17 MR. HAND: City of Orlando?</p> <p>18 MR. KEANE: Yeah.</p> <p>19 MR. HAND: What's the funded status of those 20 plans; do you happen to know?</p> <p>21 MR. KEANE: I believe it would -- best 22 answer -- say it probably varies.</p> <p>23 MR. HAND: Uh-huh.</p> <p>24 MR. KEANE: I don't know the answer to -- the 25 exact answer.</p>

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1 MR. HAND: To the best of your knowledge, is
 2 it fair to say they have a higher funded status
 3 than we do here in Jacksonville?
 4 MR. KEANE: Some of them do.
 5 MR. HAND: Uh-huh.
 6 MR. KEANE: Certainly Tampa.
 7 MS. LAQUIDARA: And sometimes it's -- I mean,
 8 it's kind of -- and, again, I wouldn't want to
 9 take us too far off into that because you have to
 10 look at somebody's entire package and the number
 11 of employees and the number of -- so if someone
 12 has a retirement plan that let's say is at two and
 13 a half percent, invested 25 years, the fact that
 14 they get 1 percent of funds, which would be \$40,
 15 should not, you know, drive us because that \$40 --
 16 that one person, you have to look at their entire
 17 retirement plan to see if it's comparable. It
 18 just seems to be a complicating factor on a matter
 19 in which we're trying to simplify.
 20 THE MODERATOR: Let me see if I understand
 21 something here, John. As I remember the 175, 185
 22 money, the 175, 185 money essentially -- and I
 23 know this is -- can be interpreted -- but it's for
 24 enhancement of . . .
 25 MR. KEANE: Extra benefits.

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1 THE MODERATOR: Right. What you're saying
 2 here is, "We recognize the obligation to reduce
 3 the deficit, but at some point in time, those
 4 chapter funds have to be redirected towards a
 5 specific enhanced benefit. And the specific
 6 enhanced benefit you're proposing is that there be
 7 a share plan implemented, but that that
 8 implementation would not take place while you were
 9 meeting the financial obligation you've
 10 offered" --
 11 MR. KEANE: That's correct.
 12 THE MODERATOR: -- is that correct?
 13 MR. KEANE: That's correct.
 14 THE MODERATOR: Okay.
 15 MR. KEANE: Excellent summary.
 16 THE MODERATOR: All right. And the City's
 17 position is, "Wait a minute, if we establish a
 18 share plan, the share plan exposes us to" -- "if
 19 the plan" -- "if we have" -- "if we don't reduce
 20 our unfunded liability fast enough, the share plan
 21 just becomes an additional benefit cost and
 22 allows -- then it would allow the unfunded
 23 liability not to get to where we want it to get,
 24 or certainly not as soon as we would want to see
 25 it get there."

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1 MR. KEANE: It's not an additional benefit
 2 cost because the money comes in. You can't spend
 3 any more than what you've got in.
 4 MR. HAND: I think our concern is, to Cindy's
 5 point: Is it worth taking a trip on a nice
 6 vacation when you're still upside down on the
 7 mortgage? That's what we're a little bit
 8 concerned about just from a financial standpoint.
 9 THE MODERATOR: And I understand that. And
 10 I'm assuming your response would be, "Well, we may
 11 be taking that trip, but I just prepaid the
 12 Winnebago."
 13 MR. KEANE: Correct.
 14 THE MODERATOR: I got it.
 15 MS. LAQUIDARA: That's probably an
 16 inefficient vehicle, Winnebago, but I --
 17 MR. KEANE: If we deferred -- if we withdrew
 18 No. 4 and let the people that come here behind
 19 us --
 20 MS. LAQUIDARA: Uh-huh.
 21 MR. KEANE: -- worry with it, where does that
 22 put us?
 23 MAYOR BROWN: You mean No. 5?
 24 MR. BELTON: You mean 5?
 25 MR. HAND: It's been -- it's been through --

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1 MS. LAQUIDARA: Well, it's been renumbered,
 2 so --
 3 MR. BELTON: Share plan, right?
 4 MR. KEANE: It's the new four.
 5 MS. LAQUIDARA: Yeah. It's the new --
 6 MR. KEANE: Used to be five.
 7 THE MODERATOR: Right.
 8 MR. KEANE: It's now four.
 9 THE MODERATOR: I got you.
 10 MR. KEANE: It's the share plan.
 11 THE MODERATOR: So if you withdrew your share
 12 plan -- if they withdrew their share plan
 13 proposal --
 14 MR. KEANE: I'm asking where does that leave
 15 us on the other?
 16 MR. HAND: Yeah. We'd have -- we'd have to
 17 look it at. I'm actually just curious to find
 18 out -- I mean, in the share plan it was a new
 19 concept that was sort of introduced yesterday. So
 20 I'm curious to find out more on what the
 21 experience has been in other cities, as well,
 22 but --
 23 MR. KEANE: Okay.
 24 THE MODERATOR: I'd like us to -- I think you
 25 guys -- they've made a significant proposal.

<p style="text-align: right;">Page 102</p> <p>1 You've made a significant proposal. Both of you 2 need to look at them.</p> <p>3 I'm going to take a 15-minute break. I'm 4 going to talk with both sides.</p> <p>5 Make it 20 minutes. That'll give me ten 6 minutes per side.</p> <p>7 Madam Court Reporter, what time is it? 8 THE COURT REPORTER: It is 4:46.</p> <p>9 THE MODERATOR: We will meet again -- let's 10 just make it 5:10; okay?</p> <p>11 MR. HAND: Fair enough.</p> <p>12 MR. KEANE: And how late do you plan to 13 remain here this evening?</p> <p>14 THE COURT REPORTER: Stay on the record? 15 THE MODERATOR: Yes, ma'am. Stay on the 16 record for this.</p> <p>17 My plan is stay here as long as we're making 18 progress. We've got things from both sides to put 19 on the table, and they are not insignificant. I 20 say that to the City. The City has made movement 21 on some things that are very important to them.</p> <p>22 John, you've made a proposal that's -- 23 certainly cannot be considered an insubstantial 24 proposal.</p> <p>25 With those two things out there, I'd like us</p>	<p style="text-align: right;">Page 104</p> <p>1 (Recess from 4:48 p.m. to 5:39 p.m.)</p> <p>2 THE MODERATOR: Madam Court Reporter, we're 3 back on the record. Show the time.</p> <p>4 And we're going to proceed. And the way 5 we're going to proceed now is to go to the City, 6 which I know you have -- we've delayed our 7 starting time a little bit so that you were able 8 to put together a new proposal. And I'd ask you 9 to advance that proposal. Then we'll explain it. 10 We'll have questions about it --</p> <p>11 MR. HAND: We will.</p> <p>12 THE MODERATOR: -- and . . .</p> <p>13 MR. HAND: Cindy, there's one for you and one 14 for John.</p> <p>15 THE MODERATOR: Okay. Chris, the floor is 16 yours.</p> <p>17 MR. HAND: Sure. Thank you, Rod.</p> <p>18 First let me just say the City's here in good 19 faith. We want to see if we can bridge our 20 differences and come together. And we know that 21 all the parties are here in good faith. So as we 22 advance proposals that we hope will help bridge 23 those differences -- that there's going to 24 continue to be some reciprocity in that regard as 25 we try and reach an agreement.</p>
<p style="text-align: right;">Page 103</p> <p>1 to stay here because I know that if we don't get 2 it done today and we then -- get around till 3 tomorrow, and then we don't get it done tomorrow, 4 I'm not available for a period of time. You guys 5 have booked my time, so I'm happy to be here as 6 long as you want me. I've usually abided by your 7 requests. I want to stay as long as we're being 8 productive.</p> <p>9 And I'd like us to try to at least get some 10 more conversations about these two proposals, how 11 they -- Can we take these? Is there an overlay of 12 these two proposals -- plus other stuff we've done 13 that could result in our having agreement.</p> <p>14 And if there -- if there is, then I think we 15 ought to stay here. If there's not, then we ought 16 to go home. And then my question becomes, when we 17 go home -- I love Jacksonville, but I want to come 18 back to some success. So let's at least have one 19 more round tonight before we -- I think we'll know 20 how we're doing; okay?</p> <p>21 MR. HAND: We can spend another couple hours 22 at least.</p> <p>23 THE MODERATOR: Yeah. I'm here, and I'd like 24 to stay here and be productive.</p> <p>25 Okay. We'll come back at 5:10. Thank you.</p>	<p style="text-align: right;">Page 105</p> <p>1 And Carol is passing out our offer, which 2 we're always going to label ours by date and time 3 just so it's clear for the record kind of what 4 we've done.</p> <p>5 So the new City counterproposal is as 6 follows: No. 1, that we will continue our -- as 7 of our last counterproposal, we had an offer that 8 would change the prospective COLA cap from 1.5 to 9 2 percent. That is unchanged from our offer at 10 4:00 p.m.</p> <p>11 THE MODERATOR: Got it.</p> <p>12 MR. HAND: We do have a change in our 13 proposal on the DROP rate of return. Under the 14 original proposal that we offered, it was the 15 actual rate of return with a rate floor of zero 16 and a rate cap of 10. Here we have offered to 17 raise the rate floor from zero to 2.5 percent so 18 that the least someone could earn on the plan 19 would be 2.5 percent. The most would continue to 20 be 10.</p> <p>21 The City will agree to the enhanced PFPF 22 investment authority. Obviously, we'll need to 23 sort of discuss some specifics, but we will agree 24 to the enhanced authority.</p> <p>25 Additionally, and much of this is consistent</p>

1 with our 4:00 p.m. proposal, the City will agree
2 to make an additional unfunded liability payment
3 of \$40 million annually until the PFPF reaches an
4 80 percent funded status if two things occur, one,
5 the JPPFF contracts the full half of Chapter 175,
6 185 funds currently going to enhanced benefits,
7 including the Peyton bonus.

8 That's approximately 4 percent of payroll,
9 but, in any event, no less than half the chapter
10 funds received in a given year to the unfunded
11 liability until the fund reaches an 80 percent
12 funded status. So in that sense, both the City
13 and the fund are taking the financially prudent
14 measure to try and reduce this unfunded liability
15 as quickly as is reasonably possible.

16 Additionally, per the last offer we got from
17 the PFPF, they will transfer the approximately \$61
18 million in the enhanced benefit account and the
19 City budget stabilization account to the COJ for
20 the benefit of the plan.

21 So that is, in a nutshell, Mr. Moderator, our
22 5:30 p.m. proposal.

23 THE MODERATOR: Okay. So I want to go back.
24 Basically, you've continued your earlier proposal
25 as it relates to COLA. You have changed your DROP

1 proposal by instilling a higher floor level. You
2 are -- now you would agree -- I know we haven't
3 fleshed it out, but one of the provisions in the
4 Board's original request, as well as in the MSA,
5 was for advanced -- enhanced -- excuse me --
6 investment authority. You would do that.

7 They -- you would make a \$40 million payment
8 until the fund reaches 80 percent, with the caveat
9 that the -- there would be 61 transferred -- the
10 approximately 61 million in the enhanced benefit
11 account, or whatever that number is, and that the
12 difference here in your proposal on the resolution
13 and theirs is that they would pay to the cap of
14 100 million. You would require that to be paid to
15 the cap of 80 percent, meaning that their
16 so-called 5 million would be an additional payment
17 until the budget reached 5 percent.

18 Have I correctly summarized your most recent
19 proposal?

20 MR. HAND: You have. Again, as sort of is
21 consistent with the concept we laid out early on,
22 to the extent the City is going to pay in an
23 additional 40 million until such time as the PFPF
24 reaches an 80 percent funded status, the PFPF
25 would also pay in that half of chapter funds,

1 approximately \$5 million, until the fund reaches
2 an 80 percent funded status. It represents a
3 shared effort on the part of both entities to work
4 together to lower the unfunded liability until the
5 funded status reaches an 80 percent healthy level.

6 THE MODERATOR: All right. What I'm going to
7 do, if it's okay with everybody -- John, do you
8 have questions now?

9 My plan is really not to have you make a
10 counterproposal today. I know you want some time
11 to think this over.

12 MR. KEANE: No questions.

13 THE MODERATOR: And what I'm going to -- I'm
14 sorry. I apologize. Once again, I didn't realize
15 I had to do this earlier today, so we will start
16 tomorrow at 1:30. I'm going to be over here
17 earlier tomorrow. I'm going to meet with both
18 parties tomorrow and have some more discussions on
19 this proposal.

20 My plan is -- I have one question for you,
21 and I would -- an assignment to your side of the
22 table. John, you're the next person to counter
23 and to respond, I know that, but there is still --
24 I'm going to try to work on some language for
25 Paragraph No. 9, realizing -- if you remember what

1 that's about, that's kind of a wraparound. We
2 have the -- the monitoring was agreed upon, but
3 I'm going to try to put that in context.

4 The other issue that remains out there that
5 I'd like you guys to respond to is we still
6 haven't dealt with -- I think there was -- I laid
7 out an idea today, but I just want a response
8 on -- we need to get more specific on how we're
9 going to deal with the unanswered question on
10 Paragraph No. 8. I'm not asking for a response
11 now.

12 MR. HAND: Right.

13 THE MODERATOR: We just need to deal with
14 that. And that unanswered question has to do with
15 the cessation of the fund, closure of the fund, or
16 whatever the right term would be.

17 With that, I want to tell both sides, I think
18 you guys today have done great, both sides. Both
19 sides have done great. There was not one thing
20 brought to this table today that I did not think
21 was serious.

22 I know that you haven't addressed the share
23 plan in this. I know you still have the share
24 plan out there. I know that we have some
25 differences on monies and how they're to be paid,

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1 amounts to be paid, and all that, but we have made
 2 some progress today.
 3 We will meet tomorrow at 1:30. I will be
 4 calling each of you in the morning. And I will be
 5 here earlier tomorrow and available to you guys.
 6 And I know both of you have my phones.
 7 So we will start off tomorrow with a reaction
 8 back from John on behalf of the Board. Then we
 9 will -- I will be -- I will be asking you to
 10 respond to Paragraph 8. And I plan to have a
 11 Proposed Paragraph 9 with -- obviously, there will
 12 still be some blanks for times and places and all
 13 that.
 14 But with that, thank you, and see everybody
 15 at 1:30 tomorrow. And let's get this thing done
 16 tomorrow.
 17 MR. CHATMON: Senator?
 18 THE MODERATOR: John?
 19 MR. KEANE: I just want to get a
 20 clarification, if I can, before we shut everything
 21 down.
 22 THE MODERATOR: Yeah. Okay.
 23 MR. KEANE: Let's talk about the \$9 million
 24 in chapter money -- talk about four and a half.
 25 We already put in 4 percent -- talk about another

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1 four and a half.
 2 MR. HAND: This is -- this relates to -- so
 3 right now about half of those funds go to the plan
 4 itself, go to --
 5 MR. KEANE: Correct.
 6 MR. HAND: -- the base benefits. That would
 7 continue.
 8 MR. KEANE: Correct.
 9 MR. HAND: So now the additional half, rather
 10 than going to enhanced benefits, would go to pay
 11 down the unfunded liability --
 12 MR. KEANE: Okay.
 13 MR. HAND: -- until it reaches 80 percent.
 14 MR. KEANE: And what about the portion that
 15 goes to our senior retired people for their bonus?
 16 MR. HAND: Again, the amount that does not go
 17 to the plan for base benefits will now go to pay
 18 unfunded liability until such time as the plan
 19 reaches an 80 percent funded status.
 20 THE MODERATOR: Can I ask a question?
 21 MR. KEANE: Said another way, the plan --
 22 your proposal would require the use of all of the
 23 chapter funds, and there would not be funds
 24 available for the bonus?
 25 MR. HAND: That's always been our proposal.

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1 That's completely consistent with what we've
 2 always done, that the first priority right now has
 3 to be to pay down the unfunded liability. The
 4 mayor has been very consistent about that. This
 5 is not different from his previous stance, which
 6 is a very fiscally responsible stance.
 7 THE MODERATOR: I understand. Guys, I
 8 understand that, really, the difference there is
 9 that right now, currently, about two million of
 10 that money is used -- I think everybody knows
 11 where we are.
 12 Let's get some rest, work hard tomorrow, and
 13 celebrate tomorrow night, I hope. You know, I'd
 14 rather be drinking happy tomorrow than sad. So
 15 let's try to get to that point. Thank you for
 16 hard work today, everybody.
 17 (The meeting was concluded at 5:48 p.m.)
 18 - - -
 19
 20
 21
 22
 23
 24
 25

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CERTIFICATE

1
 2 STATE OF FLORIDA)
 3 COUNTY OF ST JOHNS)
 4
 5 I, Karen Adair Ruiz, Registered Merit
 6 Reporter, Florida Professional Reporter, certify that I
 7 was authorized to and did stenographically report the
 8 foregoing meeting and that the transcript is a true and
 9 complete record of my stenographic notes.
 10 I further certify that I am not a relative,
 11 employee, attorney, or counsel of any of the parties,
 12 nor am I a relative or employee of any of the parties'
 13 attorneys or counsel connected with the action, nor am
 14 I financially interested in the action.
 15
 16 Dated this 27th day of May, 2014.
 17
 18 
 19 KAREN ADAIR RUIZ
 20 Registered Merit Reporter
 21 Florida Professional Reporter
 22
 23
 24
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