

**Minutes of City Council Workshop
Monday, December 16, 2013 – 7:45 P.M.
City Council Chambers**

Mayor Latham called the workshop to order at 7:45 P.M.

The following City Council members were in attendance:

Mayor Charlie Latham

Keith Doherty

Chris Hoffman (absent)

Steve Hartkemeyer

Tom Taylor

Phil Vogelsang

Jeanell Wilson (absent)

Also present was City Manager George Forbes, Department Directors and staff, and City Clerk Judy Bullock.

Purpose of Workshop

Mayor Latham explained that the Council has workshops so that issues can be discussed. He stated that they would not be seeking citizen input at this meeting, but everyone is welcome to stay for the workshop.

Pension System Investments

Discuss recommendation by Pension Boards to increase the allowable investment in equities from 50% to 70%, change the measurement of the percentage invested from a cost basis to a market basis, and allow the investment in real estate.

Mr. Forbes advised that the City of Jacksonville Beach has three Pension Plans: Firefighters', General Employees' and Police Officers' and three Boards of Trustees to oversee investment of the funds and earn target return of 8% percent. He added that the employee pension benefits are based on the return of 8%.

He explained that the financial consultants with the Bogdahn Group, has recommended amendments to the Pension System's Investment Policy to further diversify the portfolio so that the 8% rate of return is attainable. Mr. Forbes reviewed the proposed amendments, as follows:

- Change the measurement of maximum investment equities to market value instead of the current cost value.
- Increase the maximum investment in equities from 50% to 70%, with a target of 60%; Mr. Forbes advised that there is also an alternate amendment to allow a maximum investment in equities of 60%, which is less risk.
- Allow investment in Real Estate; Mr. Forbes stated that the current investment policy does not allow this type of investment.

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- Recommended maximum investment in real estate is 10% with a target of 5%; however, Mr. Forbes advised that there is also an alternate amendment to allow a maximum investment of 5%.

Troy Brown and Dan Johnson of the Bogdahn Group were in attendance to answer any questions or provide information on the recommendations.

Mr. Brown provided an overview of the recommended changes to the Pension Investment Policy. He explained that with the current limitations on investments, the 8% actuarial rate of return will not be attainable. Mr. Brown advised that the proposed ordinance would allow a 70% maximum investment in equities; however, the investment policy would have a target of 60%.

In today's market, investment in real estate is a profitable venture and an advantageous way to further diversify the portfolio. Mr. Brown explained that the ordinance would have a maximum investment of 10%, with a 5% target in the investment policy. Mr. Brown further stated that the investment into real estate would be transferred from the fixed income portfolio.

Mr. Forbes distributed a chart showing the total portfolio growth and cash flow, as of September 30, 2013. Mr. Brown provided an in depth explanation of the chart and advised that the plan has actually earned more than the 8% actuarial rate of return since 1987.

Following a brief discussion, Councilmembers concurred that they would be comfortable with 65% investment in equities and 10% in real estate.

Over the Counter Credit Card Payments

Discuss the implementation of the plan to accept over the counter credit card payments for utilities and other governmental services.

Mr. Forbes advised that they have been working to implement over the counter credit card payments for the past 10 years. He explained that the Supreme Court recently rendered a decision that allows a utility or government to collect a convenience fee to offset the credit card fees that the City would incur.

He stated that payment by credit card would be utilized for utility payments, building permits, local business tax, etc.

Glenda Wagner, Beaches Energy Services Customer Service Supervisor, explained the current process for over the counter payments. When a customer comes to the counter to pay a deposit or their monthly bill and they wish to pay by credit card, the customer is advised that they can only pay by cash or check. This requires the customer to leave and come back to conduct business with the City. Ms. Wagner also advised that there is a two-day delay on the E-Check process and that there is no charge to the customer if they use an e-check.

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Mr. Forbes advised that a fee of 2% is recommended, to cover the credit card transaction costs incurred by the City. Currently, if a customer pays by credit or debit card on line, they pay a convenience fee of \$4.95 per a \$500 transaction. Mr. Forbes added that the customers would be made aware of the 2% fee and the other payment methods available would be explained.

Mr. Doherty recommended that the City limit the use of credit cards to Visa, MasterCard, and Discover Card, due to the higher fees charged by the other credit card companies.

Mr. Vogelsang asked how many customers actually pay by e-check.

Mr. Forbes responded that 2,343 customers paid by e-check in November 2013.

Council members advised that they had no objections to implementation of the credit card process.

Mr. Forbes stated that they would delineate which credit cards will be accepted and that would become part of the policy. He added that the plan is to bring the program to Council for consideration in January 2014.

Discuss the North Florida Utilities Group Joint Defense and Common Interest Agreement

Mayor Latham advised that the next item is to authorize additional cooperation with the City's Partners in the North Florida Utilities Coordination Group Agreement.

Mr. Forbes explained that several years ago the group, North Florida Utilities Coordination Group, was formed. It currently consists of eight members: the City of Atlantic Beach, City of Neptune Beach, City of Jacksonville Beach, JEA, Clay County Utility Authority, St. Johns County Utilities, Gainesville Regional Utilities, and the Town of Orange Park.

The group was formed as a result of the numerous state regulations regarding water usage. According to a scientific study, it is claimed that the water withdrawals from North Florida [from the Aquifer] are negatively affecting the flow of the Suwannee River and the Upper Sante Fe River Basin. The concern is that there will be additional regulations placed on the cities in the group. The regulations would be to reduce the flow of water taken out of the ground, which could translate into higher costs to provide water to customers.

Mr. Forbes advised, at this point the cities need scientific data, consultants, and legal representation to protect our interests. The utilities coordination group is preparing for a legal challenge, if it becomes necessary in early 2014.

Mayor Latham stated that a representative is required to look out for your interests, that you cannot do it as an individual. He advised that his own company retains a consulting firm to monitor legislation. Mayor Latham said that he feels this is a good investment and the City needs to move forward with the issue.

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Mr. Forbes advised that the City sent a letter to the Department of Transportation [DOT] requesting that Jacksonville Beach be included in their five-year master plan to upgrade the drainage system. He added that he plans to utilize a company like *Public Affairs Consultants*, to assist the City's interests just before and during the upcoming legislative session.

Mr. Forbes stated that the fee would be approximately \$10,000 for three to four months assistance. He added that the City does have monies available in the legal and legislative fee budget.

The workshop adjourned at 8:40 p.m.

Submitted by: Judy L. Bullock
City Clerk

Approved:

/s/William C. Latham

William C. Latham, Mayor

Date: January 21, 2014