



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, June 17, 2022
9:00 A.M. – 11:06 A.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202

Board of Trustees

Assistant Chief Chris Brown, Chair
Nawal McDaniel, Secretary
Cpt. Michael Lynch
*Terry Wood
*Mia Jones, Pending Council Confirmation

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager

Guests

Randall Barnes, Fund Treasurer
*Jordan Cipriani, RVK, Investment Consultant
Sonya Harrell, Office of General Counsel
Lawsikia Hodges, Office of General Counsel
Hector Sanchez, Auditor, Carr, Riggs & Ingram
*Kevin Schmidt, RVK, Investment Consultant
*Bob Sugarman, Fund Counsel
Jason Teal, Office of General Counsel

*Kevin Balaod
*Chuck Baldwin
Renzer Bell
*James Holderfield
*iPad
*Brennan Merrell

*Asterisk denotes virtual meeting attendance via the ZOOM application.

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Steve Lundy, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or SLundy@coj.net to file a public records request.

Pursuant to the American with Disabilities Act, accommodations for persons with disabilities are available upon request. Please allow 1-2 business days notification to process; last minute requests will be accepted, but may not be possible to fulfill. Please contact Disabled Services Division at: V(904) 630-4940, TTY-(904) 630-4933. If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting. Additional items may be added / changed prior to meeting.

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Agenda

I. Pledge of Allegiance

II. Invocation

Timothy Johnson gave the invocation.

III. Moment of Silence

James W. Carter, Retired Police Officer
Keith A. Clement, Active Police Lieutenant
Wayne L. Doolittle, Retired Fire Assistant Management Improvement Officer
Purman J. Jackson, Retired Police Officer
Michael A. Knox, Retired Police Officer
Artis J. Williams, Retired Police Officer

IV. Public Speaking

None.

V. Consent Agenda Items 2022-06-(01-11)CA

Nawal McDaniel moved to accept the consent agenda, seconded by Michael Lynch. The vote passed unanimously.

2022-06-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees and FIAC Meeting of May 12, 2022
2. Summary to the Board of Trustees and FIAC Manager Update Workshop of May 18, 2022
3. Summary to the Board of Trustees and FIAC Manager Update Workshop of June 1, 2022

2022-06-02CA Disbursements

The listed expenditures in DISBURSEMENTS A & B have been reviewed and deemed payable. The Police and Fire Pension Fund Finance Manager certifies that they are proper and in compliance with the appropriated budget. Transaction lists attached.

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DISBURSEMENTS A

05-01-2022 thru 05-31-2022

1. Acadian Asset Management	\$	264,104.00
2. Pinnacle Associates	\$	127,581.00
3. JP Morgan	\$	469,280.60
4. Eagle Capital Management	\$	515,460.90
Total	\$	1,376,426.50

DISBURSEMENTS B

05-01-2022 thru 05-31-2022

1. Accounts Payable Distributions	\$	27,370.59
2. Accounts Receivables	\$	32,670.58

2022-06-03CA Pension Distributions

All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.

May 13, 2022

1. Regular Gross	\$	6,990,029.09
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,432,196.34
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,422,225.43

May 27, 2022

1. Regular Gross	\$	6,997,839.53
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,432,492.46
5. DROP Lumpsum	\$	225,460.25
6. DROP Rollover	\$	0.00
Total	\$	8,655,792.24

The following Consent Agenda items 2022-06-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on June 7, 2022. Vote was unanimous. Meeting Agenda attached.

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[2022-06-04CA](#)

Application for Time Service Retirement

[2022-06-05CA](#)

Application for Survivor Benefits

[2022-06-06CA](#)

Application for Childrens' Benefits

[2022-06-07CA](#)

Application for DROP

The following Consent Agenda items 2022-06-(08-11CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on June 7, 2022. Vote was unanimous. Meeting Agenda attached.

[2022-06-08CA](#)

Share Plan Distributions

[2022-06-09CA](#)

DROP Participant Termination of Employment

[2022-06-10CA](#)

DROP Distributions

[2022-06-11CA](#)

DROP Distributions for Survivors

VI. [Mia Jones Introduction](#)

Timothy Johnson informed the Board of Trustees that Mia Jones, a newly City Council-appointed Trustee is going through the confirmation process. Her appointment legislation specifies her term will begin July 1.

Mia Jones, attending via ZOOM, said she is looking forward to working with the Board of Trustees, and wanted to attend today to see what she is getting herself into.

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VII. General Counsel Jason Teal

General Counsel Jason Teal of the Office of General Counsel spoke to the Board of Trustees, to answer Trustees' questions which were provided to him prior to the meeting.

Jason Teal said that there was a request made on behalf of the Board of Trustees by Timothy Johnson for reimbursement of \$445,000 in legal fees and settlement costs resulting from binding opinion 16-01. He said he was not aware of a lawsuit related to 16-01.

Jason Teal said he supposes this is in reference to the Keane litigation. The answer is he thinks it is not appropriate to reimburse those expenses. He said he wants to clarify, and he was not involved in that litigation at all. He said his information is coming secondhand. He said he does not feel comfortable discussing why certain litigation discussions were made as he was not involved. He said he thinks it is inappropriate because the lawsuit was filed by Keane. The City was on the defensive – so we are reacting to what was in the complaint. The City responded with legal arguments and defenses to the allegations Keane was making against the Board. But, many times in litigation, positions are taken for a variety of strategic purposes as well as responding to specific allegations. Sometimes it is to get clarification on what the law is. That was an issue here – exactly to what extent does the charter and the applicable laws apply to the formation of those pension benefits that were an issue in that case. Sometimes it is to posture the lawsuit in a different light than stated in the complaint. When someone sues you, they put it in the light most favorable to them in their arguments. Often, there is opportunity to get information before the judge to refute a lot of those things, so sometimes arguments are made for that purpose. Also, you often set up arguments to posture the case towards a settlement agreement – you have to let them fear the possibility of a counterclaim or damages. When responding to a lawsuit, there is a compressed timeline to respond to the complaint. You do your best to set up your defense arguments. Sometimes arguments taken at the initial stages are often disproven or discarded when facts become clearer in discovery. That's the nature of litigation.

Jason Teal said that the legal bills from the settlement agreement are from years ago. The arguments in Timothy Johnson's letter stem from legal positions that were taken by OGC in representation of the Board's interest in that lawsuit. He said he could not change any of the positions taken in the past, but he said his understanding is that OGC met with the Board several times in shade meetings to discuss the case. The settlement agreement was at the request of the Board, and OGC was recommending appealing the decision. He said it is inappropriate to go into a reimbursement scenario. He said his understanding, after discussing with Mr. Barnes, is that the way the fees get paid, there is no requirement the Fund sell any assets – its not money available to invest in the Fund – this is administrative money the City budgeted to the PFPF. The City fronts a large portion of money to the PFPF for a year, then at the end of the year when the benefits and administrative costs are paid, the PFPF reimburse the City. If there is a high legal bill at the end of the year, it means the reimbursement amount the PFPF sends to the City is lower.

Jason Teal said he was confused as to the motivation behind the request for reimbursement because OGC has the same relationship with all their clients. Legal costs aren't coming out of their straight line budget, and they are not having to liquidate assets.

Michael Lynch said that Mr. Teal stated part of the reason OGC would not be reimbursing the Board the money is because Keane sued the Board and the City.

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Jason Teal said he would disagree with that being the reason why he said that.

Michael Lynch said that was specifically listed as one of the reasons. He said that Jason Teal said, “he sued us”, and OGC defended the Board’s interests. If that is the case, could we discuss why he sued us.

Jason Teal said he cannot answer the question, and was not involved in litigation. He said he is explaining why he thinks it is inappropriate to refund legal fees. OGC responded to litigation that came to them, and legal fees are generated as a result. He said he has to read a lot into these questions as he was not involved in the litigation. He said his read into the question is, “we think that the position taken by the general counsel’s office was incorrect, and it resulted in litigation fees and a settlement agreement that we don’t think we are responsible for”. In responding to that, you take a lot of positions in litigation for a variety of reasons. We were successful on all counts but one. It is not like we were unsuccessful. Picking one argument among a vast array of successful arguments is inappropriate.

Jason Teal moved on to the next question, “Do you agree that section 22.08 is applicable law?”. In essence, he said he was told to evaluate this question in terms of the authority and powers of the Board. He read section 22.08:

“Section 22.08. - Applicability of state law.

Except as otherwise provided herein, the board shall be bound in its actions by the applicable provisions of:

- (a) Chapter 185, Florida Statutes, as amended.
- (b) Chapter 175, Florida Statutes, as amended.
- (c) Section 14, Article X of the State Constitution.
- (d) Chapter 112, part VII, Florida Statutes, as amended.
- (e) Section 215.47, Florida Statutes, as amended.”

Jason Teal pointed out the title of that section, “Applicability of state law”. Section 22.08 requires the PFPF Board’s decisions to be in compliance with those listed laws. He said he does not believe those sections are exclusive. Items (a) through (e) do not exclude everything else. These provisions are specific to things like fiduciary responsibilities and pension funds, they are not the exclusive universe of regulations that apply to the Board’s actions. The framers of the charter wanted to specifically draw attention to these five references. He said he does not believe it was intended to be the sole universe of applicable law.

Jason Teal proceeded to the next question, “What is the impact of Section 22.11, which repealed all provisions of the law in conflict with it?”. He read Section 22.11:

“Section 22.11. - Jacksonville Police and Fire Pension Board continuity.

All provisions of law in conflict with this article are repealed, except to the extent necessary to give effect to employee rights and benefits preserved as provided in this article. The Jacksonville Police and Fire Pension Board shall continue as an independent agency under the Charter of the City of Jacksonville, without any break in its continuity solely because of the adoption of this article. The members of the board in office on the effective date of this article shall continue in office for the remainder of their respective terms and until their successors shall be appointed as provided in this article.”

Jason Teal pointed out the title of that section, “Jacksonville Police and Fire Pension Board continuity”. The Police and Fire Pension Fund was part of the executive branch of local government when the City was first consolidated in the late 1960s. There was a decision made in the 1980s sometime to make the Police and Fire Pension Fund an independent

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agency. The language in that section pertains to accomplishing the subject matter identified in the title, which is to guarantee the continuity of the PFPF Board. In essence, the laws in conflict with the preservation of the PFPF continuing as an independent agency of the City are repealed. He said the logical reading of this would be that anything that is repealed is anything in conflict with the continuity of the Board, the continuation of the Board and its existence.

Jason Teal continued to the next question, “The Board has been told that the attached referendum number 1 was overwhelmingly supported by Jacksonville voters and amended the charter to give the general counsel new powers over independent authorities and the PFPF. What are those new powers?”.

Jason Teal discussed the charter and its relation to state statute. The Jacksonville charter was adopted by the Florida legislature in 1967, and in 1934, the constitution of Florida was amended to allow Jacksonville to create a consolidated government. But, before that happened, two things had to happen: 1. The state legislature had to approve the charter, and 2. The charter had to be approved by the voters in a referendum. The state legislature adopted the charter in 1967, and the voters approved the referendum in 1968 or 1969, and Jacksonville was created.

Jason Teal continued, “Our charter has the same legal weight as state statute – state law. It was adopted as a special act that was specific to Jacksonville. So what that means is, it’s not just a creature of the City Council that you look at and see it’s inferior to state law. It actually has the same weight as state law. So when looking at provisions that are in our charter, it’s not appropriate to say, “look, just because it’s inconsistent with this state law, it’s invalid.” No, it has equal weight and one of the rules of statutory interpretation is, the more specific provision trumps the more general provision. There may be provisions in state law that are generally applicable to pension funds and pension boards, but there is a specific law that the legislature adopted – our charter – which is specific to Jacksonville. So, that specific provision trumps any general provisions that might be out there. In looking at it whether it’s a residency requirement, or other kinds of qualifications for elected officials, or provisions about what the role of the general counsel is, in consolidated government, our charter is equivalent to what the state law says. So, the state-adopted charter of Jacksonville says that, “the general counsel is the chief legal officer of the City of Jacksonville” And that’s been interpreted many times over the 50-plus years of consolidated government that has existed.”

Jason Teal continued, discussing the 2015 voter referendum. The City Council authorized the referendum. He clarified how the charter is amended:

1. By voter referendum;
2. By direct act of the City Council;
3. By the State Legislature.

Jason Teal said the charter itself defines what actions have to be approved in what manner. Actions that go to the direct qualifications of the officials that are in the charter go towards the nature of the government itself – anything having to do with finances or taxation – all of that has to be done by referendum. City Council can change, internally, how those elements of consolidated government function with each other. Procedural types of changes that aren’t inherent to – in essence – the existence of the government itself can be done by City Council. The State Legislature can obviously do whatever it wants. When the City Council adopted the ordinance that led to the voter referendum, it did two different things: 1. It authorized the placement on the ballot of those existential things regarding OGC. All of these ideas came out of the Charter Revision Commission. The Charter Revision Commission met, and had a list of things they thought would be better for government. This was one of the things that City Council adopted. Those existential things were on the ballot in 2015: How does the General Counsel get appointed? What is the committee make up? How does the General

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Counsel get removed? Those are the fundamental things that pertain to an officer of consolidated government. How are we going to impact how those things function? It did a second thing – allowed by the City Council – to clarify that the provision of outside counsel for internal and external agencies. Independent agencies such as the PFPF, JEA, JPA, JAA, JHA, go about getting outside counsel by coming to the general counsel and explaining why there is a need. The general counsel has an obligation as the chief legal officer for the entire consolidated government to authorize that there is a need for outside counsel, whether it be a conflict or specialized services. That is what was done in the referendum and the City Council action.

Jason Teal said that all of this is stemming from the binding legal opinion 16-02. In essence, the logic is, the electors of the city strengthen the principle that the responsibility to provide legal services to the independent agencies belong to the general counsel. He said his read of what was on the ballot was that the only thing the voters approved by about 70% were those inherent “How do we select the general counsel?”, “What’s the committee”, “What is the method for removing the general counsel?”. City Council did the other stuff. The bottom line is, it really doesn’t matter because it’s in the charter – it’s the law. He said he is confused as to the motivation behind the question. He said the legal path for getting this in the charter was appropriate.

Chris Brown said that was the first time he has heard that explanation. He said that over the last few years – whether this was an error, or maybe he misunderstood – there was always a reference to the referendum, including those three questions. The reference to that other stuff getting into the charter always went back to the referendum. Looking at the ballot, the referendum had nothing to do with that. He said the question is, how in the world did we get from that stuff to the items that were put into the charter by City Council that had nothing to do with the referendum. He said that Jason Teal’s perspective is that the things we took to the voters – we had to do that for those particular items – but the other stuff put into the city charter was legally done by City Council.

Jason Teal said that is exactly the point. He said some confusion come from the City Council doing this in an ‘all-in-one’ bill. It would have probably been clearer to do it in two separate bills – one with the language going into the referendum and authorizing the referendum, and other to do the provisions they legally had the right to do. However, they combined the two into one piece of legislation. They carved out the part required by referendum, and put it on the ballot. He said there may be misconceptions that the whole bill was approved by voters, but this is not the case.

Chris Brown said that this explains the ‘why’. He said this has always been confusing to him, as the Board has discussed this several times. Referring to the things the City Council entered into the charter, one of them is the method of the general counsel being the chief legal officer and the method of allowing access to outside counsel. He said the state statute gives the PFPF Board the right to choose and select its outside counsel. He asked if the charter and the state statute are in conflict.

Jason Teal said that he does not believe there is a conflict. The part about the general counsel being chief legal officer for the city has been in the charter since 1967. He discussed the history of consolidation as it related to the general counsel being the chief legal officer, citing conflicts between the county and city governments and departments. He said that because it is against statutory interpretation specific to Jacksonville, it can be different from the general process. He says he interprets this as the Board being entitled to its own attorney and to get outside counsel, it just has to come through the OGC. For example, pension counsel. He said he doesn’t feel he would be authorized to deny the Board its pension counsel, because it is a service OGC does not provide, and a requirement for the Board to fulfill its fiduciary duties. He said you have to read the two in harmony to the extent possible. Even if you could not read them in harmony, he feels the legislature has spoken specifically to Jacksonville when it comes to the role of OGC.

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Michael Lynch said, regarding the specificity of the charter, and how it overrides state statute, regarding 175-185, there is a requirement to do an audit every 5 or 10 years, something like that. He asked if he was saying, we could amend the charter to say we never have to do an audit. If, through whichever path, a referendum or Council, we could do that? He asked if the Board could invest in hedge funds, or allocate 100% of the Fund's money to bitcoin. He asked if we could do any thing in conflict with chapters 175 and 185 if we just amend the charter.

Jason Teal said if the state legislature authorizes it, yes.

Chris Brown asked if that was the path, or if you could do it through a referendum.

Jason Teal said that if the state legislature says this is a change which is appropriate for us to make, then we could do it. That is the power of the charter and what people miss. As long as the state has not preempted. He said the state legislature could preempt regulation of pension funds to the state, in regards to chapters 175 and 185, meaning Jacksonville is done regulating pension funds locally. However, the state has not done that. The constitution gives us 'home rule authority', which means Jacksonville can do locally what the legislature can do unless it is preempted, or if it is in direct conflict. We can be more stringent, different than, fill a hole, if there's nothing on the state level, we can do it locally. To answer the question, if the charter was changed, you could do it.

Terry Wood said the Police and Fire Pension Board of Trustees was created by a special separate act of the State Legislature 20 years after consolidation. Safeguards were inserted to allow the Board to hire attorneys, actuaries, and others. If anything else is in conflict, then that is what was amended. He said his line of thinking is not too different from Mr. Teal's. When the state created the Board, they added the clause. The court cited this in the Keane ruling.

Jason Teal said that when the legislature amended the charter, they put the PFPF in the charter, which brings it in with everything else in the charter. They didn't say, when they added the list of attorneys, actuaries, etc... they didn't say, 'notwithstanding section 7.01', in other words, they didn't say 7.01 didn't apply. The important thing is to read the entire thing in harmony so it makes sense. It doesn't overrule the requirement in 7.01 that the general counsel is the chief legal officer for the consolidated government including the independent agencies. Outside counsel just has to be screened through OGC.

Michael Lynch said he understands Mr. Teal to be saying that OGC's allowance of the PFPF to hire outside counsel is ministerial – OGC is just making sure the contract is in order, that the PFPF is hiring the right guy, and that the PFPF isn't paying the lawyer \$1,000,000 an hour.

Jason Teal said it goes beyond making sure the contract is in order. OGC has to make sure the representation is appropriate.

Michael Lynch asked if the contract is between the outside lawyer and the PFPF or OGC.

Jason Teal said the contract is through the outside counsel and OGC. OGC has to engage the outside counsel. In essence, OGC is doing it on the PFPF's behalf.

Jason Teal said his point on meeting with the Board of Trustees is to express – while he cannot undo statements made, positions taken, feelings, emotions, actions – that he is committed to making sure the Trustees understand OGC is here to support the Board. He asked, "are we in a position where we can move beyond the Keane litigation or not?". That is fundamentally what we need to decide – to hold on to something five years ago, or to make our relationship better. He

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said he is here to try to make the relationship better. He said he understands there were bad feelings over the years, that Trustees felt ignored, that the Trustees had positions forced on them. He said he cannot change that, but asked how the relationship with OGC has been since then. He asked if we were holding on to the Keane litigation, or if trust equals performance over time. He said he wanted to address the whole Board to extend that, and that he is here to listen to concerns, and that he is happy to meet with the Board. He said he hopes today helped towards mending fences and moving the ball forward, but the decision needs to be made to stay in the past, or to move forward and recognize there is a new sheriff in town.

Michael Lynch asked what Jason Teal had planned to say to the Board of Trustees before he received the questions.

Jason Teal said he just said it.

Michael Lynch said that trust equals performance over time, and that billing is an issue. He said the PFPF had a conversation with OGC about it, and gave OGC a second chance, and the first bill had errors. He said that trust is incumbent on OGC not just the Board.

Jason Teal said he understands, and that OGC is a huge organization with hundreds of bills each month. He said he believes a process has been established so that Tim Johnson will review bills, and is open to more process improvements. On average, it isn't bad, but no organization is perfect. He said that hopefully on a go forward basis, there won't be an issue, but if there is, to call him.

VIII. Executive Director's Report

a. Brian Chappell Appointment to FIAC

Timothy Johnson asked for a motion approving the attached Board resolution nominating Brian Chappell to the FIAC.

Nawal McDaniel moved to approve the Board resolution nominating Brian Chappell to the FIAC, seconded by Michael Lynch. Discussion:

Michael Lynch noted that the FIAC was created by the City Council, and that this is something the Board approves through 121.

The vote passed unanimously.

b. Regional Conflict Counsel Lease Renewal

Kevin Grant reviewed the terms of the Regional Conflict Counsel lease renewal for the second floor of the PFPF building with the Board of Trustees.

Lawsikia Hodges asked that the motion include the Chair's authority to execute the contract.

Michael Lynch asked if the terms were in line with similar lease agreements.

Kevin Grant agreed, noting that we are pushing up the rates to market rates. In a couple of years, the rates will be at market.

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Michael Lynch moved to approve the terms of the Regional Conflict Counsel lease renewal, and to give the Chair authority to execute the contract, seconded by Nawal McDaniel. The vote passed unanimously.

c. Chapter Funds Update

Kevin Grant updated the Board of Trustees on the Chapter Funds process. The PFPF is working with the Department of Management Service in updating the submission with the final audited financial statements once approved by the Board of Trustees. The State will begin to disburse checks in the middle of August.

Chris Brown asked Kevin Grant to send an email to the Board of Trustees and to the Union Presidents with the dollar amounts of the chapter funds.

d. Summer Socials

Timothy Johnson reminded the Trustees of the two Summer Socials this year. The first will be held at the Jacksonville Association of Firefighters on Saturday, July 23rd at 11:30AM, and the second will be held at the Fraternal Order of Police on Saturday, August 13th at 11:30AM.

IX. Auditor's Report

Hector Sanchez of the firm Carr, Riggs & Ingram presented the Fiscal Year 2021 Audit Report handout. He began his presentation noting that the report issues a 'clean opinion', which is the highest level of assurance a CPA firm can grant. There were no misstatements or material adjustments, and no issues with controls or any deficiencies.

Hector Sanchez briefly covered each of the following pages and topics from his report:

- Independent Auditors' Report (p. 1)
- Management's Discussion and Analysis (Unaudited) (p. 3-5)

Chris Brown asked what the \$14,997,165 in "other additions" were.

Hector Sanchez said it is broken down on the following pages (p. 9), and includes income from State insurance contributions and Court fines and other penalties.

- Combined Statement of Fiduciary Net Position (p. 8)
- Combined Statement of Changes in Fiduciary Net Position (p. 9)

Michael Lynch asked about the state insurance contribution amount, and for confirmation that it was sent to the health trust.

Kevin Grant confirmed.

- Notes to Combined Financial Statements: Note 1: Description of Fund (p. 10)

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Hector Sanchez noted the changed description of fund, and noted the separation of the PFPF and SSVRP.

- Notes to Combined Financial Statements: Note 3: Reserve Accounts (p. 18)
- Notes to Combined Financial Statements: Note 4: Fair Value Measurements (p. 18-19)
- Notes to Combined Financial Statements: Note 6: Pension Plans for Fund Employees (p. 20)
- Notes to Combined Financial Statements: Note 9: Net Pension Liability of the City (p. 26)

Hector Sanchez noted the total pension liability is \$4.6 billion, the total plan fiduciary net position is \$2.5 billion, and the City's net pension liability is \$2.1 billion. The plan is 54% funded.

- Notes to Combined Financial Statements: Note 10: Minimum Required Contribution (p. 28)

The minimum required contribution is \$157,352,434.

- Schedule of Changes in Net Pension Liability and Related Ratios (p. 29)
- Schedule of City Contributions (p. 30)
- Combining Statement of Fiduciary Net Position (p. 34)
- Combining Statement of Changes in Fiduciary Net Position (p. 35)
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (p. 36)

Hector Sanchez reiterated there were no deficiencies in internal controls, no matters of noncompliance, and that this was a clean opinion.

Michael Lynch moved to accept the auditor's report contingent on FIAC approval, seconded by Nawal McDaniel. The vote passed unanimously.

X. Investment Consultant Reports

a. *Monthly Investment Performance Analysis – May 31, 2022*

Kevin Schmidt overviewed the General Market Commentary of the Monthly Investment Performance Analysis as of May 31, 2022:

- Equity market volatility remained elevated in May with major market indexes in negative territory across US, Developed Non-US, and Emerging Markets. Growth and value-oriented stocks both declined during the quarter; however, growth stocks continued to depreciate more rapidly as investors are cautious around future growth prospects given the inflationary environment.
- Market participants remain focused on the impact of persistent inflationary pressures and the resulting action and commentary from the US Federal Open Markets Committee (FOMC). Based on its minutes from May, the FOMC is expected to increase the Federal Funds rate in 50 basis point increments during upcoming meetings.
- Many bond investors fared better during the month with most fixed income indexes in positive territory, in contrast to the largely negative returns sustained earlier this year, as implied rates of future inflation expectations started to decline and long-term yields began to stabilize.

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- Equity markets posted positive returns in May as the S&P 500 (Cap Wtd) Index returned 0.18% and the MSCI EAFE (Net) Index returned 0.75%. Emerging markets returned 0.44% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 0.64% in May, underperforming the 0.68% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.20%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned -6.23% in May and 7.40% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 42.80% for the trailing one-year period and 20.09% for the trailing five-year period ending December 2021.
- The return for absolute return strategies, as measured by the HFRI FOF Comp Index, is currently unavailable.
- Crude oil's price increased by 9.53% during the month, and has increased by 72.90% YoY.

XI. [Counsel Reports](#)

Lawsikia Hodges said she has been working with Tim Johnson on finalizing the billing process changes, and would like to set up time with Mia Jones and Kirby Oberdorfer to schedule sunshine training. She said that following July 1, the Board will have a new City Council Liaison.

XII. [Council Liaison Update](#)

None.

XIII. [Old Business](#)

a. [Application for Disability Retirement – Joshua Livingood](#)

Timothy Johnson discussed the timeline of Joshua Livingood's disability application's approval by the Advisory Committee, and then the possibility of fraud through evidence from a JSO Internal Affairs investigation. From what he perceived, he hired Blue Line Investigations to review the evidence for possible fraud. He said that based on Joshua Livingood's disability application, his V.A. records, and discrepancies in his pre-employment medical questionnaire, this evidence may rise to the level of fraud.

Timothy Johnson detailed the evidence which leads him to the result of possible fraud.

Timothy Johnson recommended scheduling a forfeiture hearing with the Chair.

Bob Sugarman discussed the forfeiture procedure:

1. Information received that may warrant forfeiture.
2. Information sent to lawyer for advice

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3. If lawyer's advice is:
 - a. Not forfeitable –
 - i. lawyer's advice reported to Executive Director; case closed;
 - ii. Executive Director reports to BOT
 - b. Forfeitable –
 - i. Executive Director reports at next meeting to BOT
 - ii. after meeting, Executive Director issues Notice of Proposed Agency Action
 - iii. Executive Director consults with chairman to decide if hearing will be a special meeting or at a regular meeting
 - iv. Hearing date, which must be within 90 days, is included in NOPAA
4. After Executive Director issues NOPAA
 - a. special counsel appointed by OGC and any lawyer or qualified representative engaged by member
 - i. File notice of appearance
 - ii. Participate in pre-hearing procedures to identify issues and exhibits
 - b. Hearing is held before BOT unless a trustee asks that trustees consider having hearing held by administrative law judge from State of Florida Division of Administrative Hearings
 - c. BOT issues final order
 - d. Executive Director sends member copy of order

Bob Sugarman said that if the Board forfeits the pension, then no disability application would be valid. If the Board does not forfeit the pension, then the Board would go back to approving the disability application.

The Board of Trustees discussed the scheduling of the forfeiture hearing, and the State of Florida Division of Administrative Hearings. They also discussed when Mr. Livingood's temporary disability pension would cease – which is after 6 months by ordinance code.

Bob Sugarman said it is important for all five Trustees to be present for the hearing, and that he would like to be physically present. He said he would prefer the first two weeks of August or September.

Michael Lynch said the first two weeks of August do not work for him, and neither does August 19, the regular Board meeting date. He said that he does not think using the DOAH would be appropriate.

Chris Brown asked if the Board could hold a disability hearing first, then the forfeiture hearing.

Bob Sugarman said the Board has the luxury of doing it either way.

Nawal McDaniel asked when Mr. Livingood's temporary disability pension expires.

Chuck Hayes said it would expire on September 5.

The Board of Trustees discussed scheduling the forfeiture hearing and the disability hearing on the same day. They did not settle on a date. They asked Timothy Johnson to schedule a date everyone would be available to attend in late July.

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XIV. New Business

None.

XV. Upcoming Meetings

a. July Meeting Hiatus

There was no vote to cancel the July Board of Trustees meeting. Therefore, the next Board of Trustees meeting is still scheduled for Friday, July 22, 2022 at 9:00AM.

b. Board of Trustees – Friday, August 19, 2022 at 9:00AM

XVI. Adjournment

11:06 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 06/30/2022

To be Approved: 07/22/2022