



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, July 20, 2018
9:00 A.M. – 10:35 P.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202
Richard "Dick" Cohee Board Room

The next regular Board of Trustees meeting will be held August 24, 2018 at 9:00 A.M.

Board of Trustees

Lt. Chris Brown, Chair
Willard Payne, Secretary
Cpt. Michael Lynch, Trustee
Nawal McDaniel, Trustee
Richard Patsy, Trustee

Guests

Paul Barrett, Treasury
Dennis Blankinchip, JSO
Mark Muchowicz, JSO
Randy Wyse, President, IAFF Local 122

Staff

Timothy H. Johnson, Executive Director
Steve Lundy, Assistant Plan Administrator
Kevin Grant, Finance Manager
Dan Holmes, Summit Strategies – via webex
Joey Greive, Fund Treasurer
Lawsikia Hodges, Office of General Counsel
Pedro Herrera, Fund Counsel

Excused

Greg Anderson, City Council Liaison

Notice

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements. 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.

Agenda

- I. Pledge of Allegiance

- II. Moment of Silence
 - Harry D. Beckham, Retired Fire Captain
 - Raymond R. Jacob, Retired Firefighter Engineer
 - Robert O. Tarkington, Retired Firefighter Engineer

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Thomas L. Welch, Retired Police Officer

III. Public Speaking
None.

IV. Consent Agenda – Items 2018-07-(01-12)CA
Motion to approve: LYNCH; Second: PAYNE; APPROVED UNANIMOUSLY

2018-07-01CA - Meeting Summaries to be Approved

1. Summary to the Regular Board of Trustees Meeting of Friday, June 15, 2018
2. Summary to the Regular Board of Trustees & FIAC Manager Update Meeting of Thursday, June 28, 2018

2018-07-02CA 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.

DISBURSEMENTS A

6-01-2018 thru 6-30-2018

1. Sawgrass Asset Management	\$	55,879.00
2. GRS Consulting	\$	19,824.00
Total	\$	75,703.00

DISBURSEMENTS B

06-01-2018 thru 06-30-2018

1. Accounts Payable Distributions	\$	58,936.56
2. Accounts Receivables	\$	44,753.23

2018-07-03CA Pension Distributions

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

June 1, 2018

1. Regular Gross	\$	5,665,169.12
2. Regular Lumpsum	\$	24,014.18
3. Regular Rollover	\$	13,783.94
4. Regular DROP Gross	\$	1,169,691.27

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5. DROP Lumpsum	\$	10,000.00
6. DROP Rollover	\$	0.00
Total	\$	6,882,658.51

June 15, 2018

1. Regular Gross	\$	5,671,931.99
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,172,124.77
5. DROP Lumpsum	\$	62,500.00
6. DROP Rollover	\$	0.00
Total	\$	6,906,556.76

June 29, 2018

1. Regular Gross	\$	5,667,201.84
2. Regular Lumpsum	\$	31,876.48
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,171,147.90
5. DROP Lumpsum	\$	41,240.63
6. DROP Rollover	\$	0.00
Total	\$	6,911,466.85

The following Consent Agenda items 2018-07-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on July 11, 2018. Vote was unanimous. Meeting Summary attached.

[2018-07-04CA](#)

Application for Time Service Retirement

[2018-07-05CA](#)

Application for Survivor Benefits

[2018-07-06CA](#)

Application for Time Service Connections

[2018-07-07CA](#)

Rescission of DROP Participation

The following Consent Agenda items 2018-07-(08-09CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on July 11, 2018. Meeting Summary attached.

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[2018-07-08CA](#)

Refund of Pension Contributions

[2018-07-09CA](#)

Share Plan Distributions

[2018-07-10CA](#)

DROP Participation Termination of Employment

[2018-07-11CA](#)

DROP Distributions

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[2018-07-12CA](#)

Educational Opportunities

Timothy Johnson highlighted the following educational opportunities. Trustees should call Steve Lundy with any questions about the conferences' agendas.

1. Bi-Monthly Ethics Training for Boards & Commissions – COJ

October 25, 2018 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

December 6, 2018 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

(RSVP with Kirby Oberdorfer at koberdorfer@coj.net or 904-630-4747)

2. 48th Annual Police Officers' & Firefighters Pension Conference – Florida Division of Retirement

November 14-16, 2018 – Orlando, FL

[DMS My Florida](#)

3. Accredited Fiduciary Program – NCPERS

October 27-28, 2018 – Las Vegas, NV

[NCPERS Website](#)

4. Public Safety Conference – NCPERS

October 28-31 – Las Vegas, NV

[NCPERS PSC Website](#)

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5. Fall Trustee School – FPPTA
September 30 – October 3, 2018 – Bonita Springs, FL

[FPPTA Website](#)

V. Executive Director's Report
Timothy H. Johnson

Timothy Johnson discussed his Executive Director's Report as attached. He made the following points:

- Bailiff data should be available soon, although it was expected by now.
- He plans to review the Jacksonville Beaches Time Service Connections issue with affected police and fire members.
- He has submitted the job information for a future Pension Administration Specialist to COJ Employee Services for review. A finalized description will be sent to the Board for final approval.
- He discussed the FIAC's annual report as attached.
- Pension payroll is higher in FY18TD due to higher salaries.
- The annual affidavits have been updated to include clearer affirmations, an updated appearance, new data requests, and reemployment language.
- Summit Strategies' contract expires on September 30. Summit Strategies has submitted an updated RFI to the PFPF, and Kevin Grant is reviewing the document. The FIAC will review Kevin's work and will be in a position to recommend an extension of Summit Strategies' contract.

1. Budget to Actual • MRBC Update • Chapter Funds Update • Sales Tax Revenue Audit Update
Kevin Grant

Kevin Grant discussed the budget to actual as attached, noting that building revenues are on point, parking revenues are up due to expanded capacity, and other expenses are in line. Personnel expense is lower than expected due to a vacant position.

Kevin Grant discussed the timeline of the chapter funds as attached. The PFPF's submitted reports are still under review. Checks are disbursed in the beginning of August.

Michael Lynch asked if the dates shown on the report are the dates the checks have been historically sent.

Kevin Grant answered yes.

Pedro Herrera said the initial round of checks are sent in early August, and the supplemental disbursements are sent in September.

Timothy Johnson said it may be a good time to reconstitute the Reform Working Group Committee comprised by the Board, Unions, Joey Greive, and attorneys to discuss the Chapter Money. Once the PFPF receives the Chapter Funds, people will start to call asking about the status of the Holiday Bonus and Share Plan. We need to talk about how to administer the funds.

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Chris Brown said the meeting should be scheduled for September.

Timothy Johnson said he would work with OGC and notice the meeting as an optional meeting.

Kevin Grant discussed the Mayor's Budget Review Committee which he attended in June. He said he received some questions and comments on the Board's approved budget. Some indirect costs would be added. The total budget for Fiscal Year 2019 is now \$13,155,969 after adjustments.

Timothy Johnson said the PFPF's budget presentation to City Council has been scheduled, and he will present and defend the budget.

Kevin Grant discussed the State Sales Tax Audit. One minor finding which requires a \$95 adjustment to taxes based on an incorrect journal entry. There was another finding related to the PFPF charging itself rent that did not apply in the end. Everything will be taken care of by the end of the month.

2. DROP & COLA Benefits Election Update • Member Satisfaction Survey Update

Steve Lundy

Steve Lundy discussed the progress of the DROP & COLA Benefits Election. Every member chose the flat DROP & COLA rates provided under ordinance 2017-259. The next steps in administering the members' elections is to work with ITD and Pete Strong to calculate retroactive adjustments to applicable members, switching them from the variable plan to the fixed plan. A meeting will be scheduled soon with ITD to ensure that making these adjustments to members' DROP accounts and COLA amounts would not result in any unintended effects to the system.

Steve Lundy discussed the Member Satisfaction Survey, noting that members are happier with the Fund's service.

VI. Counsel Reports

Lawsikia Hodges

Lawsikia Hodges updated the Board on the following issues:

- Keane case: OGC still needs to meet in a one-on-one meeting with Nawal McDaniel and Willard Payne. She doesn't expect the case to go to trial until next year, and court-ordered mediation should be in October or early November. She encouraged the Board to reach out to the litigators working on the case or to Timothy Johnson for other updates.
- Curtis Lee case: there was a motion to dismiss hearing sometime in July, but that has been postponed to September.
- Chapter Funds: no formal action has been received from the unions regarding the funds as of yet.
- OGC is working on several securities litigation cases, and it is important that the Board approve the securities litigation policy.

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- OGC is working on the opinion answering the question of whether a child can disclaim benefits to receive a refund of contributions instead. Additional research is needed. The opinion should be complete by the next Advisory Committee meeting.

Michael Lynch asked for clarification on the child who wants to disclaim benefits.

Timothy Johnson said an unmarried active police officer passed away with a child. The child is entitled to a \$200 per month child benefit worth around \$10,000, however the deceased member's pension contributions total about \$60,000. The question is whether the child can disclaim the \$10,000 and receive the \$60,000 instead.

Lawsikia Hodges discussed another opinion in process regarding the forfeiture of pensions of members who have admitted to a felony, but resigned prior to termination. The opinion is still in process and OGC has meetings planned to discuss the opinion with JSO's attorneys and other litigators.

Chris Brown clarified the reasoning behind this opinion. He wanted to make sure the Board was doing the right thing by not acting on certain cases where members admitted to a felony, but resigned and were not ultimately terminated.

Michael Lynch said if JSO wants to look at their policy of changing members' files to 'terminated' instead of 'resigned', it is no business of the PFPF's to get involved.

Lawsikia Hodges said the question is if JSO did do that, whether the PFPF would be in position to move forward on forfeiture.

Lawsikia Hodges said the last opinion OGC is working on relates to the refund of contributions of terminated vested members who pass away before the commencement of benefit. More research is needed on this issue.

Lawsikia Hodges said that the reappointment of Tracey Devine and Rob Kowkabany has been approved by the rules committee in City Council, and would be approved by the Council on next Tuesday.

VII. Investment Consultant Reports

Dan Holmes

1. Economic & Capital Market Update – June 30, 2018

Dan Holmes discussed the Economic & Capital Market Update as attached.

2. Preliminary Flash Report – June 30, 2018

Dan Holmes discussed the Flash Report as attached. He highlighted Fund performance across all asset classes net of fees as shown on page 3. He said it is anybody's guess whether the Fund will make the 7% assumed rate of return by the end of the Fiscal Year.

Richard Patsy asked if Dan Holmes could discuss in detail the long-term benefit to having an allocation to MLPs in his quarterly investment performance review.

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Dan Holmes said he would go into that in depth at the next meeting when he presents the quarterly investment performance review. He said over the long-term, he thinks MLPs have performed better than bonds. MLPs have experienced high volatility relative to forecasts due to changes in the marketplace.

Pedro Herrera asked about a recent court ruling concerning MLPs and whether they can receive a natural gas tax refund.

Dan Holmes said the bottom line of the issued ruling said that certain MLP companies who make too much would lose some of their tax credit. The case had been pending for 20 years. This ruling resulted in a selloff, and is one reason for this quarter's performance.

Joey Greive briefly described the method of the City advancing benefits paid by the PFPF – the PFPF can make a higher return on its investments than the City can on its cash. The PFPF has to pay the City back by the end of the Fiscal Year. Traditionally this happens in September, but are aiming for August this year.

Richard Patsy asked for a ballpark figure for the payback amount.

Joey Greive said he recalled the number to be around \$107 million. It may be higher this year due to more beneficiaries.

Chris Brown asked Dan Holmes to include 'N/A' for certain data points instead of '0'.

Dan Holmes agreed, however the program may require '0' as a placeholder.

Dan Holmes said he is working with the FIAC on the implementation of the new target asset allocation.

VIII. Council Liaison Update

None.

IX. Old Business

1. Benefit Correction / Appeal Policy

Motion to approve as amended: LYNCH; Second: McDANIEL; APPROVED UNANIMOUSLY

Timothy Johnson said this is an outstanding policy and has been worked on for a while. This new policy provides members with due process to work through corrections made to benefits resulting from overpayments or underpayments. The Advisory Committee finalized the policy last week after input from OGC and Sugarman's office.

Chris Brown asked Pedro Herrera to briefly summarize the policy.

Pedro Herrera said the policy's goal is to establish a uniform policy which can be consistently applied. The policy provides members with a method to question their benefit. From the Board's perspective, the policy is non-discriminatory, and from the member's perspective, the policy provides due process to appeal.

Chris Brown said he is ready to vote on the policy.

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Michael Lynch said he had two points:

First, in Exhibit A, the repayment periods should be doubled; (1) should be increased to 2 monthly payments; (2) should be increased to 4 monthly payments; (3) should be increased to 12 monthly payments; and (4) should be increased to “twice the number of months”. This would help members who receive smaller benefits.

Michael Lynch, Timothy Johnson, and the Board discussed the member’s appeal process, and how Michael Lynch’s first point would be implemented into a motion.

Timothy Johnson said that the Board would have latitude to change the policy, or reach solutions on a case by case bases. He added that some members affected by the Jacksonville Beaches TSCs issue owe the PFPF around \$50,000.

The Board discussed many different ways how to re-word item (4) at length.

Michael Lynch said he would be open to amending item (4) at a later meeting.

Chris Brown said items (1), (2), and (3) in Exhibit A should be doubled, but to leave the final paragraph alone for now.

Michael Lynch said Timothy Johnson could reword item (4) and bring it back to the Board.

Michael Lynch brought up his second point, that on page 6, section 8, and line 2, why OGC should be consulted during hearings.

Lawsikia Hodges said OGC would be representing the PFPF in hearings, and that there are Florida Statutes which govern hearing procedures.

Michael Lynch made a motion to adopt the Benefit Correction / Appeal Policy with amendments to items (1), (2), and (3), doubling the repayment periods. Seconded by Nawal McDaniel. The vote passed unanimously.

Michael Lynch made a motion to amend page 6, section 8, line 2 by striking OGC, and inserting “Fund Counsel”.

Richard Patsy said this is not clear to him.

Michael Lynch described his reasoning: he said it comes down to the settlement agreement. He said the PFPF has the ability to have an outside counsel. He said OGC is inserting themselves into every new policy he comes across. He said reclaiming money is not a routine matter. Outside of routine matters, it is clear and ruled on by a judge that the PFPF is entitled to its own outside counsel, and that is who we should use.

Richard Patsy asked if something like this goes to a judge, who would represent the PFPF?

Michael Lynch said today, it would be Sugarman’s office.

Chris Brown and Lawsikia Hodges disagreed – they said it would be OGC. Sugarman’s office represents the PFPF in specialized pension cases. This issue would be an administrative matter, and OGC would represent the PFPF.

Michael Lynch’s motion was not seconded, and did not go to a vote.

Lawsikia Hodges reminded the Board that Sugarman & Susskind’s engagement letter is with OGC and not with the Board of Trustees.

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- X. New Business
None.

Steve Lundy, Assistant Plan Administrator
Posted 07/23/2018
Revised 08/20/2018

Willard Payne, Secretary
To be approved at the Board Meeting on August 24, 2018.