



## SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, September 22, 2017

9:00 A.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 October 20, 2017 at 9:00 A.M.

### Present

Lt. Richard Tuten III, Chair  
Richard Patsy, Secretary  
Lt. Chris Brown, Trustee  
Willard Payne, Trustee  
William Scheu, Trustee

### Guests

Greg Anderson, City Council Liaison  
Paul Bennett, COJ  
Michael Lynch, Jacksonville Association of Fire Fighters  
Randy Wyse, President, Jacksonville Association of Fire Fighters

### Staff

Timothy H. Johnson, Executive Director- Plan Administrator  
Steve Lundy, Assistant Plan Administrator  
Pedro Herrera, Pension Counsel  
Lawsikia Hodges, Office of General Counsel  
Dan Holmes, Summit Strategies – via Webex  
Pete Strong, Fund Actuary – via Webex  
Cindy Danese, AAA Reporters

### Excused

Joey Greive, Fund Treasurer

### 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. Call To Order

Chairman Richard Tuten called the meeting to order at 9:06AM.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

II. Pledge of Allegiance

III. A moment of silence will be observed for the following deceased members:

Thomas E. Broward, Retired Police Detective  
Donald G. Butler, Retired Fire Lieutenant  
Vernon H. Simms, Retired Fire Captain  
Linda Treadwell, Retired Firefighter  
Earl H. Williamson, Retired Police Sergeant

IV. Public Speaking

There were no requests for Public Speaking. Public Speaking Period closed.

V. Consent Agenda Items 2017-09-(01-11)CA

*2017-09-01CA - Meeting Summary and Final Transcript Approved*

1. Final Transcript of the Board of Trustees Meeting held August 18, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Meeting held August 18, 2017. Copies held in the meeting files.
3. Meeting Summary of the Board of Trustees Workshop held September 15, 2017. Copies held in the meeting files.

*2017-09-02CA 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 available upon request.

**DISBURSEMENTS A**

8-1-2017 thru 8-31-2017

1. J.P. Morgan	\$	673,368.38
2. Pinnacle Associates LTD	\$	147,262.00
3. Commercia Bank	\$	140,671.62
4. Baker-Gilmour Cardiovascular	\$	1,700.00
5. Leadership Jacksonville	\$	100.00
6. AAA Reporters	\$	721.35
7. Rotary Club of West Jacksonville	\$	265.00
8. GRS	\$	9,442.00

City of Jacksonville Police and Fire Pension Fund  
 Summary to the Regular Board of Trustees Meeting of  
 Friday, September 22, 2017  
 9:00 A.M.

9. CDW Government	\$	2,116.00
10. SHI	\$	624.84
11. Tim Johnson	\$	42.77
<b>Total</b>	<b>\$</b>	<b>976,313.96</b>

**DISBURSEMENTS B**

8-1-2017 thru 8-31-2017

1. Accounts Payable Distributions	\$	<b>25,186.72</b>
-----------------------------------	----	------------------

*2017-09-03CA Pension Distributions*

**August 11, 2017**

1. Regular Gross	\$	5,404,937.51
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,116,607.03
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
<b>Total</b>	<b>\$</b>	<b>6,521,544.54</b>

**August 25, 2017**

1. Regular Gross	\$	5,403,153.14
2. Regular Lumpsum	\$	47,614.40
3. Regular Rollover	\$	31,162.49
4. Regular DROP Gross	\$	1,115,659.59
5. DROP Lumpsum	\$	175,546.59
6. DROP Rollover	\$	0.00
<b>Total</b>	<b>\$</b>	<b>6,773,136.21</b>

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

The following Consent Agenda items 2017-09-(04-07) were verified with supporting documentation and approved at the Advisory Committee meeting held on September 13, 2017. Vote was unanimous.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

[2017-09-04CA](#)

Application for Membership

[2017- 09-05CA](#)

Application for Vested Retirement

[2017-09-06CA](#)

Applications for Time Service Connections

[2017-09-07CA](#)

Applications for DROP

The following Consent Agenda items 2017-09-(08-11) were verified with supporting documentation and received as information at the Advisory Committee meeting held on September 13, 2017.

[2017-09-08CA](#)

Refund of Pension Contributions

[2017-09-09CA](#)

Share Plan Distributions

[2017-09-10CA](#)

DROP Participant Termination of Employment

[2017-09-11CA](#)

DROP Distributions

A motion was made by Chris Brown to approve the Consent Agenda items 2017-09-(01-11CA), seconded by Richard Patsy. The vote was unanimous.

VI. Investment Consultant Reports

*Dan Holmes*

1. Expiration of Investment Advisory Agreements

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

Dan Holmes said that there are a number of money manager contracts expiring at the end of the month. He said that he made a recommendation to the FIAC to extend the contracts for one year, and to work with PFPF staff and OGC to modernize and 'evergreen' the new contracts. He said that the FIAC accepted his recommendation, and has submitted his recommendation for Board approval.

**A motion was made by Richard Patsy to approve the memo, extending the contracts for one year and to work to modernize future contracts, seconded by William Scheu. The vote was unanimous.**

2. Reimbursement of FY2017 Benefit Payments Advance from the City

Dan Holmes addressed the Trustees regarding the reimbursement to the City. He described the process of the Fiscal Year cash advance from the City to the PFPF used for benefit payments. He noted that the reimbursement to the City for the advance is due by the end of the month, and totals \$122 million. He said that in the past, the Fund has used index funds as the primary tool to raise liquidity, in order to eliminate transaction costs or commissions.

Dan Holmes detailed the liquidation as follows:

\$62 million from the Northern S&P 500 index fund

\$18 million from the Northern EAFE index fund

\$26 million from the Northern Aggregate Bond index fund

\$16 million from Thompson Siegel bond account

**A motion was made by Chris Brown to approve the reimbursement, seconded by Richard Patsy. The vote was unanimous.**

VII. Executive Director's Report  
*Timothy H. Johnson*

1. Finance Manager

Timothy Johnson told the Trustees that the Finance Manager job position was posted internally and externally, and that approximately 30 applications were received. He said that out of the 30, 17 applications met the criteria, and that the PFPF conducted about a half dozen interviews. He said that he believes that Kevin Grant is the best for the job. He recommends that the Personnel Committee meet Kevin Grant before making a recommendation to the Board to hire him.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

Chris Brown asked Timothy Johnson to summarize the job description of the Finance Manager, and to juxtapose it with the previous Chief Financial Officer position.

Timothy Johnson said that it is a newly created position. He said that he refined the new position, distinguishing the duties of accounting and compliance. He said that the job is about 40% accounting work, and the remainder is new and interesting things, such as purchasing policies, compliance, and property management. He said that he has taken the job and tried to create the position in line with the Board's priorities.

Chris Brown asked if any of the duties of the CFO have been transferred to other positions.

Timothy Johnson said that yes, there are duties that have been dovetailed to the PFPF staff as a team.

Richard Tuten asked if Timothy Johnson had a scoring process that was used to rank the job applicants.

Timothy Johnson said that he has the scoring process, and will share it with the Personnel Committee.

Richard Patsy asked if these applicants were vetted through the City's HR department.

Timothy Johnson said that yes, they have been vetted through City HR, insomuch as they meet the minimum requirements of the job.

Chris Brown asked if the timely Chapter Fund administration duties would be a part of the new position.

Timothy Johnson said that yes, it is in the description. He said that a Personnel Committee meeting would be scheduled (no Board action would be needed to schedule a Personnel Committee meeting).

## 2. Interim Finance Manager Contract

Timothy Johnson informed the Trustees that Michael Givens has been serving as the Interim Finance Manager since September 12th. He said that this contract includes a list of items that he is performing. He said that he would like the Board to ratify the contract. He also said that Michael Givens would help transfer the duties and responsibilities to the new permanent Finance Manager.

**A motion was made by Chris Brown to approve the Interim Finance Manager Contract, seconded by Willard Payne. The vote was unanimous.**

## 3. Outstanding Legal Opinions

Timothy Johnson said that this chart is self-explanatory, and that there are a few outstanding items remaining. He said that most have been received, and that the Chair asked for this update in August.

## 4. Ordinance 2017-647 Appointing Nawal B. McDaniel to the Jacksonville Police and Fire Pension Board of Trustees

Timothy Johnson said that the resume of the Council recommended replacement for William Scheu on the Board of Trustees has been included in the Board Book. He said that he would accompany Nawal to all meetings with Council Members, beginning with a meeting with Greg Anderson.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

William Scheu said that Nawal is young, energetic, and smart, and that she would fit in well with the Board, especially considering the direction that they are moving. He said that she would be an asset to the Board.

Chris Brown asked how her term would work.

Lawsikia Hodges said that Nawal would be serving the remainder of William Scheu's term.

Greg Anderson described City Council's schedule as it related to approving Nawal, assuming no delays. He said that her first meeting as a Trustee should be the November Board of Trustees meeting.

#### 5. Medical Director Contract

Timothy Johnson said that the contract of the PFPF's Medical Director, Dr. Trevor Greene expires at the end of the month. He said that an amendment has been included in the Board Book which would extend his contract by one year, and all other terms in the contract would remain the same.

Chris Brown asked if transfers from other City Pension Funds to the PFPF would require a physical.

Steve Lundy said that if the transfer is for a present JSO or JFRD member buying time, then no, they would not require a physical. He said that if the transfer is from a current Corrections or City employee transferring to JSO (as a police officer) or to JFRD as a new employee, then yes, they would need a physical.

**A motion was made by Chris Brown to approve the Medical Director Contract amendment, seconded by Richard Patsy. The vote was unanimous.**

Chris Brown asked Lawsikia Hodges for a concrete answer as to whether transfers from GEPP of Corrections to JSO (as police officers) or to JFRD would be admitted to the PFPF after October 1st, or whether they would be put on the City's defined contribution plan.

William Scheu suggested that the PFPF should possibly consider selling the PFPF building and investing the money, since the return on the building is less than the assumed rate of return of the Fund.

Timothy Johnson said that the rate of return on the building is relative depending on what metric is used. He said that the PFPF uses the yield earnings on comparable class B properties in this market.

#### VIII. Counsel Reports *Lawsikia Hodges*

##### 1. Ordinance 2017-564 – Staggering Terms

Lawsikia Hodges briefly described the ordinance, noting that it is complete.

##### 2. Participation of DROP Members in the Share Plan

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

Pedro Herrera said that this opinion answers the question whether or not DROP participants can continue participating in the Share Plan. He said that the answer is no, they are not permitted, and cannot accrue additional shares.

3. Internal Revenue Code Compliance of Share Distributions to DROP Members

Pedro Herrera said that the second opinion answers the question whether or not the Share Plan distribution to DROP participants upon DROP enrollment is permissible. He said that the answer is yes, because they are no longer accruing creditable service, and are effectively retired. He said that the first opinion leads to the second.

Richard Tuten added that basically, once someone 'drops', they don't get any more shares, and once that person 'drops', their shares are distributed to them.

4. Order Denying Motion to Disqualify

Lawsikia Hodges briefly said that this order states that OGC still represents the PFPF.

5. Effect of 2017 Pension Reform on 2015 Retirement Reform Agreement/Consent Judgment

Lawsikia Hodges said that OGC had a good conference call with Bob Sugarman's office on Friday, and that they reached a consensus on the next step to be taken with the Board. She said that essentially, we are in compliance with the 2015 agreement. She said that there is no action needed from the Board at this time. She said that the Board has met individually with Jason Gabriel or Rita Mairs, and that OGC is ready to answer any questions that they have.

Richard Tuten said that he and Timothy Johnson are scheduled to talk with OGC about this. He said that he has a problem – Jason Gabriel has not come to talk to the Board of Trustees about this matter on the record. He said that the Board of Trustees has one duty – to Members of the Fund – to make sure the Members' pensions are solvent. He said that as a Board, he wants to make sure that the Board has done every bit of due diligence on this issue.

Richard Tuten said that he believes the only person who can settle this issue is the judge who issued the consent decree. He said he just wants a simple answer – was the City entitled to do what it did?

Lawsikia Hodges said that the step that they are taking is to file the joint status report with the judge, and he will make any comments. She said that Board action would be needed to terminate the agreement.

Richard Tuten said that his only concern is what the judge will say, and that we want him to review what each party did, and that they didn't overstep their bounds.

Lawsikia Hodges said that it isn't in the Board's best interests to discuss litigation strategies in a public meeting.

Richard Tuten said that he would want to make sure that the Board is on the record for the judge to see the history of this issue.

William Scheu said that he has always been puzzled why OGC doesn't want to have a shade meeting.



City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

Lawsikia Hodges said that the statute is clear on shade meetings – it is for two types of discussions: settlement negotiation, and litigation strategy.

William Scheu asked if a shade meeting would be appropriate to discuss the paragraph concerning strategy.

Lawsikia Hodges said yes, it would be.

Richard Tuten said that the report is due on October 15, before the October Board of Trustees meeting. He said that he wants the judge to get a complete picture of “where we are, how we got here, and that everything is okay.” He said that he would meet with Timothy Johnson to discuss this. He asked that if he and Jason Gabriel didn’t agree on anything, whether he could pose questions to the judge directly.

Lawsikia Hodges said that we should cross that bridge when we get there, and that this is a difficult topic.

William Scheu asked if Richard Tuten puts his questions in writing if they are a public record.

Lawsikia Hodges said yes, his questions, including anything put in writing, would be a public record, and that Richard Tuten may want to verbalize his questions instead.

Richard Tuten said “during the Dark Years the Board was excoriated for not being ‘in the sunshine’, and now we’re talking about not bringing pencils and pads!”

## IX. Old Business

### 1. Bailiff Time Service Connections

Timothy Johnson said that the bailiff opinion has been received from OGC, and that yes, Members may connect time served as a bailiff under certain conditions. He said that the PFPF sent a notification to Members that they may submit applications to buy this time, and may lock in their rate before the October 1st raises take effect.

Richard Tuten asked what rate they would pay.

Chris Brown said that the rate would be based on their salary as of the date of application, and that’s why the notification needed to be sent before October 1st.

### 2. PEW Analysis of New PFPF Contribution Policy

William Scheu said that PEW is very reputable, and that he would suggest Timothy Johnson send a copy of this analysis to the CFO of the City and other City officials, as it would be the Board’s fiscal responsibility.

**A motion was made by William Scheu to direct Timothy Johnson to send the PEW analysis to the City officials, seconded by Chris Brown. The vote was unanimous.**

William Scheu said that the analysis has an interesting conclusion.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular Board of Trustees Meeting of  
Friday, September 22, 2017  
9:00 A.M.

Richard Tuten asked if reading the report would keep him up at night, and asked Timothy Johnson to send him a copy of the analysis in an email.

Greg Anderson thanked the Trustees for all of their service, time, energy, and emotions that they put into their work. He said that he doesn't anticipate any issues with the Council appointment of Nawal McDaniel, and that barring something unforeseen, he expects the legislation to go through intact.

William Scheu asked about the status of Becton's legislation.

Greg Anderson said that he is not sure, but he believes that it will be deferred.

Chris Brown asked to include a Council comments section on future Board of Trustees meeting agendas.

X. New Business

XI. Next Scheduled Meetings

Friday, October 20th, 2017 at 9:00AM

XII. Adjournment

Richard Tuten adjourned the meeting at 10:15AM.

---

Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on October 20, 2017