
JACKSONVILLE POLICE AND FIRE PENSION FUND
ADVISORY COMMITTEE
MEETING SUMMARY – SEPTEMBER 12, 2018 – 9:00AM

PRESENT

James Holderfield, Chair
Lt. Michael Shell, Vice Chair
Thomas Lumpkin
Eng. Jean Paravisini
Michael Pelletier
Asst. Chief Richard Reichard
Lt. Christopher Stover

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Lawsikia Hodges, Office of General Counsel
Bob Sugarman, Fund Counsel – via Webex

EXCUSED

Chuck Hayes, Pension Benefits Manager

Meeting Convened: 9:00AM

Meeting Adjourned: 9:40AM

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.

I. MOMENT OF SILENCE

Larry S. Arney, Retired Police Officer
Manly C. Bolin, Retired Firefighter
Theodore F. 'Ted' Copeland, Retired Fire Captain
Patrick T. McHale, Retired Police Officer
Neil A. Nevin, Retired Fire Captain
Michael E. Taft, Retired Police Officer

II. PUBLIC SPEAKING PERIOD

None.

III. CONSENT AGENDA (ITEMS 1-8)

Motion to approve: SHELL; Second: REICHARD; APPROVED UNANIMOUSLY.

The benefits listed below have been reviewed and approved by the Pension Benefits Manager.

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1. **MEETING SUMMARY TO BE APPROVED**

1. **Summary of the Meeting held August 8, 2018**
Copy held in the meeting file.

2. **APPLICATION FOR SURVIVOR BENEFITS**

1. **BOLIN, Wanda G.** *Widow of Manly C. Bolin (d. 08/11/2018)*
Monthly gross pension \$4,145.35
2. **NEVIN, Patricia S.** *Widow of Neil A. Nevin (d. 08/06/2018)*
Monthly gross pension \$2,775.75
3. **RUSH, Margaret C.** *Widow of Theodore F. Copeland (d. 08/24/2018)*
Monthly gross pension \$6,093.36

3. **APPLICATION FOR VESTED RETIREMENT**

1. **WALKER, Lance L.** Police Officer
Monthly gross pension \$477.71
Vesting Date 08/20/2018 Benefit Commencement Date 08/17/2033

4. **APPLICATION FOR DROP**

1. **POLICE:**

AGNEW, Latosha M.
BORNTRAEGER Edward B.
BRYANT, Lynnette
DANZIE, Terence L.
DUDLEY, Torin-Patrick
DUNN, Noelle B.
FACUNDUS, Susan M.
JONES, Michael D.
McDONALD, Ruthie P.
WELSH, Tyrone A.

2. **FIRE:**

BRENNAN, Paul J.
HENDRICKS, Clayburn B.
KLINGBEIL, Gene A.
KRUGER, Mark A.
TERRELL, Gary

5. APPLICATION FOR TIME SERVICE CONNECTIONS

1. **ACEVEDO, Joshua S.** Firefighter
Florida Service (1 yr., 9 mos., 17 days) \$17,046.29
2. **BANKS Jr., Wally A.** Police Officer
COJ Service (2 yrs., 4 days) \$9,729.09
3. **PRENTICE, Jason C.** Police Officer
Military Service (2 yrs.) \$24,643.20
4. **SPRINGER, Elizabeth A.** Police Officer
Military Service (2 yrs.) \$24,643.20

6. REFUND OF PENSION CONTRIBUTIONS

To be received as information

1. **JAMES, Timothy L.** Police Officer
Refund \$15,873.41
2. **LOWELL, Joshua M.** Firefighter
Refund \$6,748.98
3. **McRAE, Erica N.** Police Officer
Refund \$38,346.09

7. SHARE PLAN DISTRIBUTIONS

To be received as information

1. **McRAE, Erica N.** Police Officer
Share Plan Distribution \$1,500.65

8. APPLICATION FOR TEMPORARY DISABILITY PENSION

To be received as information

1. **HORRALL, Mark L.**

IV. OLD BUSINESS

None.

V. COUNSEL REPORTS

Lawsikia Hodges & Bob Sugarman

Bob Sugarman said that the opinion regarding the disclaiming of benefits is complete.

VI. EXECUTIVE DIRECTOR'S REPORT

Timothy Johnson

1. Bailiff Time Service Connections – Update

Timothy Johnson said the Bailiff Time Service Connections issue has been a challenge. OGC's legal opinion gives a right to a category of employees that is retroactive over a period of a dozen or more years. Our goal is to give these employees the chance to connect service for time served as a bailiff if they were treated as 'full time' employees.

Timothy Johnson said the Fund Staff applied a strict approach to the legal opinion, then shared results with the original group of stakeholders before the results were made official. In attendance were the attorneys, the FOP, the Advisory Committee, the Board of Trustees, JSO HR, and PFPF staff. The PFPF shared its methodology of interpreting the opinion. There have since been hours of debate. The PFPF shared the data file provided by JSO HR to the attorneys for evaluation of what a legal application of the opinion might look like.

Timothy Johnson said the PFPF does not have an answer of who is eligible to purchase time and who is not, or even where the line marking eligibility begins. It is sad to say it has been more than a year since the PFPF received this opinion.

Timothy Johnson said this is what happens when you create a retroactive benefit and put responsibility on the Pension Fund to interpret and confirm data, which otherwise would have been certified by the employer.

Michael Shell asked Bob Sugarman if this opinion could open the door for members who have already retired to connect time served as a bailiff and increase their pension benefit.

Bob Sugarman said it is a good question, and he would confer with OGC.

Steve Lundy said the data file provided to the PFPF by JSO HR was in two parts – one file, the "Legacy File", contains data for pay periods prior to April 2004. The other file, the "Oracle File", contains data for pay periods beginning in April 2004 and forward.

Steve Lundy said that after he analyzed the data, he concluded the Legacy File is inaccurate and unreliable. There are no indications that the Oracle File is inaccurate, however. Out of the 79 applicants to purchase Bailiff Time, 32 are included on the Oracle File. No conclusions regarding eligibility can be drawn regarding members applying to purchase time served before April 2004 (data from the Legacy File). Once OGC gives the PFPF a final 'definition of eligibility', then the PFPF will have to look at each pay stub for each pay period for each member applying to purchase time to make a final determination of eligibility.

James Holderfield said there is a need to make the position that the burden of proof should be borne by the member applying to purchase time that they worked 'full time hours'. He said he greatly appreciated Steve Lundy's work, however this is not something the PFPF should be doing. The PFPF should be legally protected when members' applications to purchase bailiff time are denied.

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James Holderfield said he requested Steve Durden and Bob Sugarman to have a firm legal opinion of what regular employment would look like under a City of Jacksonville definition. We look forward to getting that back. The takeaway is OGC and Bob Sugarman need to give us the final definition of eligibility by which we are working, and we will scrub the data if necessary.

2. Beaches Time Service Connections – Update

Timothy Johnson said that the Board of Trustees accepted the Advisory Committee's recommendation on how to correct the erroneous Beaches Time Service Connections at their August meeting. The Board directed the PFPF staff to schedule a meeting at the FOP to explain to the 9 affected members the options to correct their TSCs. If the members do not like the options, they may appeal to the Advisory Committee and to the Board according to the procedures defined in the Benefit Correction & Appeal Policy.

Timothy Johnson said that the PFPF staff will meet at the FOP with the 9 affected members on September 20th at 3:00PM. We will not talk about members' individual issues. This will be a high level discussion with a single message – outlining the members' three options to correct their TSCs. The options are:

- 1. The TSC is nullified. The member gets their money back but not the time they purchased.*
- 2. The member receives time credit for the amount of money they have paid. The transaction is recalculated at the proper 20% rate.*
- 3. The member pays the difference between what they were charged and what they should have been charged. The Board Chair recommends giving the members a fresh 5 years to pay this off.*

APPEAL: The member refuses options 1-3 and appeals to the Advisory Committee suggesting their own solution.

Timothy Johnson said that after the meeting on the 20th, the PFPF will send a letter to each affected member outlining their individual case.

James Holderfield said this meeting is a fantastic avenue for members to wrap their heads around the issue before being officially noticed.

Timothy Johnson said deceased active member Lance Whitaker has been removed from the list. The PFPF refunded his estate of the contributions paid towards his erroneous TSC. His estate is significantly better off taking the refund of contributions.

Timothy Johnson said that another member, Frank Holtzman, has been removed from the list. As a retired member, Frank Holtzman will require a different solution, as his is a special, unique case.

Timothy Johnson said that the remaining members are all active, with one active member participating in the DROP.

James Holderfield said that the member in DROP may require a special solution, and IRS regulations may need to be considered as well.

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Michael Pelletier asked if the members' TSCs are recalculated, would it be calculated at their current rate of salary (they may have been promoted with an increased salary), or the rate at the date of original application?

Timothy Johnson said the TSC would be recalculated at the member's salary rate at the original date of application.

3. DROP & COLA Benefits Election – Update
Steve Lundy

Steve Lundy updated the Advisory Committee of the progress of administering the DROP & COLA Benefits Election. The DROP balances and COLA rates for all Phase I members of the DROP who entered the DROP under the variable rates provided under Ordinance 2015-304-E have been adjusted to the elected fixed rates provided under Ordinance 2017-259.

Steve Lundy said Fund Actuary, Pete Strong of GRS has provided a report showing the correct DROP balances and COLA rates for all affected members. After the adjustments were made to members' DROP balances and COLA rates, the values were confirmed and matched the Actuary's report.

Steve Lundy said that there are about a dozen affected members who exited the DROP and either took refunds of their DROP accounts, or bi-weekly distributions. These members will require adjustments calculated on an individual basis, and will be completed shortly.

Steve Lundy noted that quarterly DROP statements will resume for affected Phase I members of the DROP a quarter ahead of schedule – in October 2018.

James Holderfield asked for an update on outstanding affidavits.

Thomas Lumpkin said that at the NARC meeting last night, Chuck Hayes said that about 500 remain outstanding.

James Holderfield asked to be sent an email with the list of members who have yet to return their affidavits. He said that historically, the Advisory Committee would see the list, divvy up the members, and track them down in order to assist the Fund Staff.

Thomas Lumpkin said it was good that Chuck Hayes attended the NARC meeting. Many members are in wheelchairs and walkers, and were able to sign their affidavits without having to make a special trip to the PFPF office. He thanked the PFPF staff for helping out.

Timothy Johnson said this was Chuck Hayes' idea. At the PFPF Managers' Strategic Retreat last week, Chuck Hayes said that the PFPF staff should give more face time to its members. We have made a plan to visit members and assist them in completing their affidavits, and to host a member breakfast at the PFPF office. We plan to give extraordinary service to survivors when members pass away – the PFPF staff will visit the survivors and assist them in completing their necessary paperwork. Chuck Hayes has a big heart to serve members.

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James Holderfield said he and Thomas Lumpkin attended the Affidavit Breakfast Social last month. Many retirees attended who do not attend any COJ functions. It is nice to see members we do not hear from anymore.

Timothy Johnson said that at the August Board of Trustees meeting, the Board voted to administer a Share Plan distribution for the 2016 Chapter Funds. The PFPF received the 2016 Chapter Funds in 2017. The Board, COJ, and Unions agreed to pay the Holiday Bonus out of these funds, but the Unions filed a grievance over the remaining funds. That grievance has gone through due process, but the Unions have reserved their right to take further legal action. The Unions did not oppose the Board's decision to distribute the Share Plan, however. The PFPF staff will be administering that distribution soon.

Timothy Johnson said that the Board wants to discuss 2018's Holiday Bonus at its September meeting. He said the Board authorized himself to send a letter to the Unions letting them know we received the Chapter Funds. Under the Collective Bargaining Agreements (CBAs) and pension reform, the Board needs direction from the Unions in order to distribute the money. The Board has to go through this procedure before it can administer the Holiday Bonus.

James Holderfield said that the Board needs to consider the legality and statutory compliance of the Unions' requested use of the funds in order to protect the PFPF.

Lawsikia Hodges said that this was covered in the letter sent to the Unions. The letters requests not only the Unions' requested use of the money, but also a legal opinion from the Unions' lawyers saying that their requested use of the money is legal and approved by the respective bargaining units. This lessens the work on our end. Bob Sugarman and OGC will continue due diligence on the issue.

Bob Sugarman said the legal process is already in place, and that the PFPF is in good shape to administer the Unions' requests.

Richard Reichard asked who makes the final decision on the legitimacy of the Unions' requests.

Bob Sugarman and Lawsikia Hodges said that the Fund's lawyers make that call.

Richard Reichard asked about the legality of a VEBA, should the Unions request to use the Chapter Funds in that manner.

Bob Sugarman said a VEBA is permitted under certain circumstances.

Timothy Johnson said that once all the affidavits have been received, information regarding reemployment would be brought back to the Advisory Committee.

Timothy Johnson said that the PFPF's Investment Consulting firm, Summit Strategies, has merged with Mercer. As a condition of the merger, Summit Strategies must discontinue services to public pension funds. On Friday the 14th, the FIAC and Board will review two new firms for an interim replacement – AndCo and Wilshire. A third firm, FEG responded to the PFPF's RFI, but has since withdrawn their candidacy. The FIAC will make a recommendation to hire one of these two firms on Friday, and their recommendation will be presented to the Board for a final vote on the 28th.

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VII. NEW BUSINESS

None.

Steve Lundy, Assistant Plan Administrator
Posted 09/13/2018

James Holderfield, Chair

To be approved at the Advisory Committee Meeting on October 10, 2018.

The next regular meeting will be held Wednesday, October 10, 2018 at 9:00AM.