



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, October 18, 2019

Convened 9:00 A.M. – Adjourned 11:09 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 November 22, 2019 at 9:00 A.M.

Board of Trustees

Assistant Chief Chris Brown, Chair

Willard Payne, Secretary

Cpt. Michael Lynch

Nawal McDaniel

Richard Patsy

Staff

Timothy H. Johnson, Executive Director – Plan Administrator

Steve Lundy, Deputy Director

Kevin Grant, Finance Manager

Randall Barnes, Fund Treasurer

Aaron Bowman, City Council Liaison

Pedro Herrera, Fund Counsel (via Webex)

Lawsikia Hodges, Office of General Counsel

David Lindberg, Wilshire, Investment Consultant

Guests

Mark Muchowicz, JSO

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Maria Young, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or MariaY@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, or email your request to KLMcDan@coj.net. 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.

Summary

I. Invocation

Timothy Johnson gave the invocation, “We seek blessings on the tasks before us. Bless our efforts with clear insight, our deliberations with wisdom, our work with clarity and accuracy, and our decisions with impartiality, amen.”

II. Moment of Silence

Robert J. Lewis, Retired Fire Captain

Keith H. Neal, Retired Police Officer

Alfred C. “Big Al” Roberts, Retired Deputy Sheriff

III. Public Speaking

None.

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IV. Consent Agenda Items 2019-10-(01-12)CA

Motion to Approve Consent Agenda: McDANIEL; Second: PATSY; APPROVED UNANIMOUSLY

2019-10-01CA Meeting Summaries to be Approved

1. Summary to the Regular Board of Trustees Meeting of Wednesday, September 18, 2019
2. Summary to the Board of Trustees & FIAC Special Meeting of Wednesday, October 2, 2019

2019-10-02CA 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

09-01-2019 thru 09-30-2019

1. Thompson, Siegel & Walmsley	\$	43,570.19
2. Comercia Bank	\$	154,990.97
Total	\$	198,561.16

DISBURSEMENTS B

09-01-2019 thru 09-30-2019

1. Accounts Payable Distributions	\$	34,538.69
2. Accounts Receivables	\$	28,912.89

2019-10-03CA Pension Distributions

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

September 6, 2019

1. Regular Gross	\$	6,038,879.13
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,252,007.01
5. DROP Lumpsum	\$	106,643.81
6. DROP Rollover	\$	0.00
Total	\$	7,397,529.95

September 20, 2019

1. Regular Gross	\$	6,023,853.15
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,246,831.77
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	7,270,684.92

The following Consent Agenda items 2019-10-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on October 9, 2019. Vote was unanimous. Meeting Summary attached.

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[2019-10-04CA](#)

Application for Time Service Retirement

[2019-10-05CA](#)

Application for Survivor Benefits

[2019-10-06CA](#)

Application for Child's Disability Benefit

[2019-10-07CA](#)

Application for Time Service Connections

The following Consent Agenda items 2019-10-(08-11CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on October 9, 2019. Meeting Summary attached.

[2019-10-08CA](#)

Share Plan Distributions

[2019-10-09CA](#)

DROP Participant Termination of Employment

[2019-10-10CA](#)

DROP Distributions

[2019-10-11CA](#)

DROP Distributions for Survivors

[2019-10-12CA](#)

Educational Opportunities

1. Bi-Monthly Ethics Training for Boards & Commissions – COJ
October 29, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
December 5, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

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

V. Executive Director's Report

Timothy Johnson

Timothy Johnson congratulated Nawal McDaniel of receiving the 'Best Lawyers in America 2020' award for her work at Rogers Towers Attorneys at Law.

Timothy Johnson updated the Board of Trustees on the Bailiff Time Service Connections (TSCs) issue. The data still has not been received from JSO HR in order for the PFPF to process the TSCs. Once the PFPF receives the data, applications of members closest to retirement will be processed first.

Timothy Johnson informed the Board of Trustees that the chapter money has been transferred to the Jacksonville Police Officers and Fire Fighters Health Insurance Trust, at the request of the Unions. Money has been set aside for the retiree holiday bonus, as requested. The net transferred amount was \$10.3 million.

Timothy Johnson said Steve Lundy made the newsletter attached to the Board Book, and it is a good piece of work, and has received good feedback.

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Kevin Grant discussed the Monthly Budget vs Actual for Fiscal Year 2019 to date, noting that expenses may change. We are on target for personnel services, and with building and parking expenses. Investment expenses are on target, but will change due to lagging invoicing.

Steve Lundy discussed the Fiscal Year 2019, and noted some interesting trends. Payroll increased slightly from FY2018-FY2019, mostly because DROP refunds, rollovers, and other refunds have decreased drastically. Normal payroll increased. Deaths have increased significantly. DROP applications have decreased dramatically, as members are delaying DROP enrollment until the collectively bargained raises are captured in their pension average. This DROP date is October, 2021. Less members are purchasing time as well, due to increasing salaries, and no new members being admitted to the Plan.

Aaron Bowman asked about DROP enrollment, and how there may be a mass exodus of members from the departments in about 5 years.

Steve Lundy said he maintains a DROP statistical file, updated every quarter, but it hasn't been finalized for this quarter. Many members are delaying DROP enrollment.

Chris Brown said that any future collectively bargained raises may keep members from leaving so quickly, and may help employee retention.

Michael Lynch said the October 2021 DROP class may have the potential to surpass the total amount of enrollees in the first DROP class in 1999, which was the largest. There is the potential for a 500-member DROP class in October of 2021.

Timothy Johnson said the PFPF received the hold-sell analysis of the PFPF building and garage, following the offer to purchase the building and garage from Farah & Farah. The appraiser states that the downtown market is soft, and in flux. He said he met with each trustee before today's meeting, and none of the trustees indicated a desire to sell the building and relocate. He said he wanted to give an official answer back to Farah & Farah regarding their offer.

Chris Brown said he does not think selling the building and garage is anything the trustees need to do. Relocation brings a lot of issues, and there is no present need. The building is generating revenue.

Willard Payne said the location of the building is good – everyone knows where it is downtown. If we moved, we would have to market the new location.

Michael Lynch said there is great value in the present location's proximity to City Hall. In Washington D.C., everyone wants to be close to the White House.

Richard Patsy said it was a fair offer, and if the Trustees had an appetite to sell, he may be inclined to begin the process. We are all okay here.

Nawal McDaniel said she agrees – there is no pressing need. The building and garage are in an advantageous location. A lot is going on downtown.

Chris Brown asked for a motion, and opened the floor to public comment. There was no public comment.

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Richard Patsy made a motion to deny the offer made by Farah & Farah to purchase the 1 West Adams Street and 2 West Monroe Street properties. Seconded by Michael Lynch. The vote passed unanimously.

Timothy Johnson said the third floor of the PFPF building is still vacant, and staff will work diligently to secure a tenant.

Timothy Johnson presented his 'PFPF 2019/2020 Performance Plan' handout. He said he would like to discuss it this month, allow the Trustees to review it, and approve it next month. The plan was separated into five sections of priorities: Board of Trustees, Benefits Advisory Committee, Financial Investment & Advisory Committee (FIAC), Service Providers, and Plan Staff.

Michael Lynch asked if anyone ran against Lt. Paravisini in the Advisory Committee Election.

Steve Lundy said no one has qualified to run against Lt. Paravisini, however the window to qualify closes at 4 P.M. today. One member has qualified to run against Ofc. Pelletier.

The Trustees discussed cybersecurity insurance.

Randall Barnes said the City holds cybersecurity insurance, and this covers any assets run by the City, including the online pension portal.

Aaron Bowman recommended the Trustees keep quiet on the amount of insurance it decides to carry on cybersecurity.

Timothy Johnson informed the Board of Trustees that one member of the FIAC resigned, and another has indicated he would not seek reappointment at the end of his term. He asked for any suggestions to fill the seats. Also, Trustee Willard Payne has indicated he would not seek reappointment at the end of his term in February of 2020.

The Board of Trustees discussed the recommendations on page 3 of the handout. The Board of Trustees was in favor of the first two items, but was not completely in favor of four joint meetings annually with the FIAC, nor the proposed hiatus in July. They suggested holding the joint Board of Trustees–FIAC meeting in December, along with the Holiday party, and then gauge its success before holding more joint meetings.

Timothy Johnson said he would like to explore the idea of having a Trustee serve on the FIAC.

Chris Brown said the suggestion would be to have Richard Patsy, if possible, participate on the committee.

Michael Lynch said it would be in a liaison capacity – he said he was not sure a person could serve on both the FIAC and Board of Trustees.

Richard Patsy said he sees the benefit of attending the FIAC meetings. He said he is willing to try it.

Michael Lynch said putting Richard Patsy on both the FIAC and Board of Trustees would create conflicts of discussion. The liaison role would be better.

Richard Patsy asked to clarify that he could not serve as a full member of both the Board of Trustees and FIAC.

Lawsikia Hodges said that is correct.

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Chris Brown said that perhaps a liaison role should be created.

Chris Brown suggested to budget two Advisory Committee members to attend the FPPTA. It would be a good way for new members to be aware of the legislative process.

VI. Counsel Reports

Lawsikia Hodges & Bob Sugarman

Lawsikia Hodges reminded the Trustees that the Shade Meeting will be in the next Board of Trustees meeting scheduled for November 22, 2019.

VII. Investment Consultant Reports

David Lindberg

1. FY2019 4Q Capital Market Review
2. September 2019 Fiscal Year End Performance Estimate
3. August 2019 Performance Flash Report

David Lindberg said there was a 2.5% return for the year, roughly. This does not include September's numbers which have yet to be finalized by the custodian.

Chris Brown asked how bad December 2018 hurt the Fund's Fiscal Year performance.

David Lindberg said December 2018 saw a negative 5 percent return. The quarter was a negative 9 percent.

David Lindberg said he would like to encourage the Board of Trustees to retain Wilshire Associates as investment consultant.

Chris Brown asked about Private Equity, and what Wilshire's recommendation would be.

David Lindberg said Wilshire will recommend going through an Asset-Liability study, modeling the portfolio with and without Private Equity, showing pros and cons. The Board of Trustees hasn't invested in Private Equity yet, so it is in a good position to assess whether or not it is a good investment for the Fund.

David Lindberg left the meeting.

VIII. Council Liaison Update

Aaron Bowman

Aaron Bowman discussed current issues at the City Council, including the JEA, internet café, and school board issues. Timothy Johnson asked about the progress of the Charter Review Commission.

Aaron Bowman said that the Charter Review Commission meets every 10 years and recommends changes to the Charter to the City Council. The last recommendation was shelved. Issues will be identified in the Commission, and

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subcommittees will be created to research them. If any impact the PFPF, then close attention should be paid to their meetings.

Chris Brown asked Randall Barnes if he has any updates.

Randall Barnes said the actuarial valuation is coming up, and that he would talk with Timothy Johnson about the assumed rate of return, and whether the Board of Trustees wants to set a new rate.

IX. Old Business

a. FIAC Recommendations

1. Investment Consultant

Timothy Johnson discussed the timeline of events which led to today's decision on the Investment Consultant. He discussed the 'Investment Consultant Search – FIAC Selection Summary' handout, which shows the criteria the FIAC considered while evaluating the final three investment consultant firms, Wilshire Associates, Segal Marco Advisors, and RVK Inc.

Timothy Johnson presented the FIAC recommendation of RVK Inc. for the Investment Consultant, "based on fee structure, 1st year accomplishments with the GEPP, commitment to attend meetings, robust 1st year plan for PFPF and consulting team energy."

Michael Lynch discussed his opinion of potential conflicts of interest to arise if the City and the PFPF shared the same investment consulting firm.

Randall Barnes said that from his viewpoint, there is no conflict of interest – there would be a conflict of interest if the two were sharing the same actuary.

Pedro Herrera said that he does not see a legal conflict with the ordinance code or the state statutes, or from a general level regarding fiduciary duty. Investment consultants are fiduciaries, just as the Trustees.

Chris Brown asked for Randall Barnes' opinion of RVK.

Randall Barnes said both firms are great, and the City is pleased with RVK. Jordan Cipriani is young, but very sharp and impressive.

The Board of Trustees discussed the fees, and the duration of the contract.

Lawsikia Hodges said she has a prepared resolution to award the contract to RVK, as recommended by the FIAC. She said the motion would be to approve resolution 2019-01, with a change to strike the '\$45,000 each thereafter' line with respect to the Asset-Liability Study.

Willard Payne made a motion to approve resolution 2019-01, with a change to strike the '\$45,000 each thereafter' line with respect to the Asset-Liability Study. Seconded by Richard Patsy. Discussion:

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The Board of Trustees discussed the line struck from the resolution regarding the \$45,000 Asset-Liability Study fee at length. They discussed how Timothy Johnson should work to negotiate a lower fee with RVK for the successive Asset-Liability Studies.

AYES: Nawal McDaniel, Richard Patsy, and Willard Payne. **NAYS:** Chris Brown, and Michael Lynch. The vote passed.

X. New Business
None.

XI. Adjournment
11:09 A.M.

Summary Approved:

Willard Payne, Secretary
Board of Trustees

Summary Prepared By:
Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 10/25/2019

To be Approved: 11/22/2019