



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, October 20, 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 November 16, 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

Staff

Timothy Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Joey Greive, Fund Treasurer
Pedro Herrera, Pension Counsel –via webex
Lawsikia Hodges, Office of General Counsel
Dan Holmes, Summit Strategies – via webex
Pete Strong, Fund Actuary – via webex

City Representatives Invited

Greg Anderson, City Council Liaison

Guests

Michael Lynch, Jacksonville Association of Firefighters
Mark Muchowicz, JSO

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 9:04AM

Richard Tuten asked where the Court Reporter was.

Timothy Johnson said that Steve Lundy does a great job writing the meeting summaries, and will perform the recording tasks.

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II. Pledge of Allegiance

III. Public Speaking

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

IV. Consent Agenda Items 2017-10-(01-12)CA

2017-10-01CA - Meeting Summary and Final Transcript Approved

1. Final Transcript of the Board of Trustees Workshop held September 15, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Meeting held September 22, 2017. Copies held in the meeting files.
3. Final Transcript of the Board of Trustees Workshop held September 22, 2017. Copies held in the meeting files.
4. Meeting Summary of the Board of Trustees Personnel Committee Meeting held October 9, 2017. Copies held in the meeting files.

2017-10-02CA 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 available upon request.

DISBURSEMENTS A

9-1-2017 thru 9-30-2017

1. FL Municipal insurance Trust	\$	5,374.00
2. AAA Reporters	\$	451.65
3. Baker-Gilmour Cardiovascular	\$	7,350.00
4. Summit Strategies	\$	61,466.00
5. Sugarman & Susskind	\$	81,628.81
6. ACCESS	\$	20,259.60
7. Eagle Capital Management	\$	387,414.06
8. Michael Givens	\$	12,125.00
Total	\$	576,069.12

DISBURSEMENTS B

9-1-2017 thru 9-30-2017

1. Accounts Payable Distributions	\$	15,833.14
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2017-10-03CA Pension Distributions

September 8, 2017

1. Regular Gross	\$	5,407,901.98
2. Regular Lumpsum	\$	21,809.54
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,118,269.27
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	6,547,980.79

September 22, 2017

1. Regular Gross	\$	5,403,500.04
2. Regular Lumpsum	\$	410.83
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,116,239.60
5. DROP Lumpsum	\$	150,076.93
6. DROP Rollover	\$	0.00
Total	\$	6,670,227.40

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

The following Consent Agenda items 2017-10-(04-08) were verified with supporting documentation and approved at the Advisory Committee meeting held on October 11, 2017. Vote was unanimous.

2017-10-04CA

Application for Membership

2017- 10-05CA

Application for Survivor Benefits

2017-10-06CA

Applications for Vested Retirement

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[2017-10-07CA](#)

Applications for Time Service Connections

[2017-10-08CA](#)

Rescission of DROP Participation

The following Consent Agenda items 2017-10-(09-12) were verified with supporting documentation and received as information at the Advisory Committee meeting held on October 11, 2017..

[2017-10-09CA](#)

Refund of Pension Contributions

[2017-10-10CA](#)

DROP Participant Termination of Employment

[2017-10-11CA](#)

DROP Distributions

[2017-10-12CA](#)

DROP Distributions for Survivor

A motion was made by Chris Brown to approve the Consent Agenda items 2017-10-(01-12CA), seconded by Richard Patsy. The vote was unanimous.

V. Investment Consultant Reports

Dan Holmes

1. Flash Report – September 30, 2017

Dan Holmes discussed this preliminary Flash Report for the Fiscal Year Ending September 30, 2017. He said that the final report will be distributed at the November Board of Trustees Meeting. He said he doesn't imagine the returns will change much from the preliminary report.

Dan Holmes described the Flash Report in detail, highlighting the Fund's stellar performance. The Fund has performed in the top quartile of the public pension plan universe with returns over 14%.

Richard Tuten said that he wanted to give Dan Holmes and the Board of Trustees kudos for the good performance while keeping fees down.

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Dan Holmes said he appreciates the kudos, and gives credit to Tim Johnson, Steve Lundy, the Board, and the FIAC. He said that developing a plan and sticking to it has driven the good performance, along with patience in the face of public scrutiny. He said that it is a group effort and he appreciates the good comments.

Rick Patsy said that Dan Holmes' point is well taken; the Board has followed his recommendation to be patient, and has been rewarded for it.

Dan Holmes described individual performance by Money Manager as shown on the Flash Report. He said that he is happy with the performance of the majority of managers in the portfolio.

Dan Holmes said that Wedge is underperforming, and asked for cautious patience. He pointed out that Wedge continues to outperform the manager they replaced. He said that he will report back to the Board if he feels any action would be necessary.

Richard Patsy discussed the November Board of Trustees Meeting Date with the Board, Dan Holmes, and Joey Greive.

A motion was made by Richard Patsy to move the regularly scheduled November Board of Trustees Meeting to Thursday, November 16, 2017 at 9AM, seconded by William Scheu. The vote was unanimous.

2. Economic & Capital Market Update – September 30, 2017

Dan Holmes briefly discussed the Economic & Capital Market Update with the Board.

VI. Executive Director's Report

Timothy H. Johnson

Timothy Johnson discussed his dashboard, noting that a full Fiscal Year has elapsed since the dashboard was started.

Chris Brown asked about the refunds section.

Steve Lundy said that the refunds section includes Share Plan refunds, pension contribution refunds, and DROP refunds.

Timothy Johnson said that for the next Fiscal Year, new metrics will be included, separating the refunds section.

Richard Patsy asked if the PFPF plays any role concerning JSO & JFRD employees hired after 10/1/17.

Timothy Johnson said that there is no role to play. All new employees will go into the City's Defined Contribution plan.

Richard Patsy said that he didn't like the fact that PFPF members would be working alongside new employees not on the PFPF plan. He said that there is a good culture of taking care of our participants, and didn't like the fact that old members couldn't give relevant advice to new employees because they are on a different plan.

Chris Brown said that if a new employee asked him retirement questions, he would refer the new employee to the trustee of the City's Defined Contribution plan.

Richard Patsy asked Joey Greive to briefly describe the investment choices that new employees will have to make.

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Joey Greive said that the City has had Defined Contribution plans in place since 2009. He said that the investment platform is robust. He said that if the new employee does not make any specific investment selection, the default would be a target date fund. He said that Empower Retirement will be at all the new hire training sessions, including one-on-one sessions with each employee.

Richard Tuten asked if the City's Defined Contribution plan is mandatory.

Joey Greive answered in the affirmative.

Timothy Johnson said that he would like to recognize Debbie Manning for her work administering the pre-employment physicals of new members. He said that there have been over 400 new pre-employment physicals this year, which is double the average.

Timothy Johnson discussed the scanning metrics on the dashboard, as well as public record requests.

1. Interim Finance Manager Contract Amendment

Timothy Johnson requested that the Board extend Mike Givens' contract as interim finance manager, and to set aside up to 200 hours to utilize his services between now and March 2018.

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

Timothy Johnson discussed the State Report, noting that the PFPF is answering the State's review questions.

Timothy Johnson said that he has drafted letters to the Police and Fire Unions, giving them the current status of the Chapter Fund money, and asking them for direction regarding what they want the PFPF to do with the money.

Timothy Johnson said that the PFPF has to update the value of the assets in the Enhanced Benefit Account. He said that Pete Strong has stepped up and provided an estimate.

William Scheu asked if the funds will arrive at the same time they did last year.

Timothy Johnson said he doesn't know exactly when the money will arrive from the State, but is hoping for before the November Board meeting.

Timothy Johnson said that he has included the bio of Nawal McDaniel in the Board Book. He said that she is excited to replace William Scheu on the Board, and has received unanimous support from the Council Committee.

Greg Anderson said that her background fits very well with the PFPF's mission.

William Scheu said that being a Trustee has been an enjoyable experience.

Timothy Johnson said that the Board will properly recognize William Scheu at the November Board meeting.

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2. Advisory Committee Election Rules – Staggering Term

Lawsikia Hodges discussed the Election Rules handout. She said that she has updated the Election Rules which was included in the Board Book to include “legalese”, and rules for the Trustee election as well.

Lawsikia Hodges said that she would like to change a sentence in the tie-breaking paragraph in section 6, to show that any tie may be broken.

Richard Patsy asked if this election is the only one in which some members have terms shorter than 4 years.

Lawsikia Hodges answered yes, and every subsequent term will be for 4 years.

A motion was made by Chris Brown to approve Election Rules, including the section 6 amendment as Lawsikia Hodges suggested, seconded by Willard Payne. The vote was unanimous.

Timothy Johnson updated the Board on the FIAC's ethics training workshop. He said that next year, after the election, he would like the FIAC and Board to meet for legal and fiduciary training.

Timothy Johnson said that the Joint Status Report was submitted on October 15th, and that Jason Gabriel will be at the November Board meeting to discuss and answer questions.

Timothy Johnson updated the Board on the progress of administering the Bailiff Time Service Connections. He said that 67 applications were received.

Timothy Johnson briefly discussed the approved PFPF operating budget, noting a small reduction in a factor used to compute benefits for administrative staff.

Timothy Johnson briefly discussed the PFPF property analysis, noting that part of his performance plan will be the performance of the PFPF’s property as an asset.

VII. Personnel Committee – taken out of order

1. Finance Manager

Richard Patsy said that the Personnel Committee met with Kevin Grant – a top notch candidate. He said that Kevin Grant’s references all checked, and that Kevin would be a great addition to the PFPF team. He said that Kevin’s salary would be \$90,000.

A motion was made by the Personnel Committee to approve Kevin B. Grant as the PFPF Finance Manager, seconded by Willard Payne. The vote was unanimous.

Chris Brown said that the Finance Manager job description is robust, and that a lot will be required of Kevin Grant.

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VIII. Counsel Reports

Lawsikia Hodges & Pedro Herrera

1. Michael Rounsville Request for Appeal

Lawsikia Hodges said that she recommends that the Board of Trustees take action at their November meeting to address Michael Rounsville's request for an appeal.

2. Direction Letters to Unions

Lawsikia Hodges said that a process will be made by which the Unions will direct Timothy Johnson on how they want the Chapter Funds administered. She said that she is working with Bob Sugarman's office in determining the administrative process.

Richard Tuten asked how the Unions will determine what they want to do with the money.

Lawsikia Hodges said that she has been in discussion with labor attorneys on that issue. She said that union leaders may have representational authority. She said that union leadership will most likely want the decision ratified by members.

IX. Council Liaison Update

Greg Anderson

Greg Anderson said that the staggered terms legislation is in place and approved by Council. He said that this is a good step forward for the PFPF.

Greg Anderson said that the appointment of Nawal McDaniel as William Scheu's replacement as Trustee will go to a full Council vote on Tuesday, and will be effective on the Mayor's signing, or two weeks after the vote.

Greg Anderson briefly described the Becton bill, which would have required additional City Contributions to the PFPF, noting that it has failed to gain much support from Council.

X. Old Business

1. 2017-09-04CA – APPLICATION FOR MEMBERSHIP

1. **HODGE, Benjamin D.**

Previously approved under Trustee Rule 13.3 – amended to cleared

2. **ROLAND, Adam S.**

Previously approved under Trustee Rule 13.3 – amended to cleared

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A motion was made by Chris Brown to amend the Applications for Membership to cleared, seconded by William Scheu. The vote was unanimous.

2. APPLICATION For Vested Retirement

1. **HOLTSMAN, Frank R.**

Date of Vesting June 16, 2017, to be placed on pension December 2, 2017, monthly pension base amount \$2,992.42. Police Officer.

Pedro Herrera said that there are no grounds upon which to forfeit the pension of HOLTSMAN, Frank R., and that the Board should approve his application for vested retirement.

A motion was made by Chris Brown to approve the Application for Vested Retirement of HOLTSMAN, Frank R., seconded by Richard Patsy. The vote was unanimous.

Chairman Richard Tuten called for a 5 minute recess.

Chairman Richard Tuten resumed the meeting at 10:49AM.

XI. New Business

1. **DROP Interest Study**

Pete Strong

Timothy Johnson said that the DROP interest study is a detailed report which will require a policy direction from Board to the actuary.

Pete Strong discussed his DROP interest study. He noted that the PFPF assumes a 7% rate of return, whereas the DROP earns 8.4%. Pete Strong recommended switching from Jarmon Welch's 2% load method of valuing the DROP liability to an explicit method, which is detailed in this report.

William Scheu asked to clarify that DROP members get 8.4% in Phase II of the DROP. His question was answered in the affirmative – members get 8.4% in Phase II.

Pete Strong and the Board discussed the net present value of the benefit payments.

Richard Patsy asked what happens to the remaining DROP balance once a member dies with a spouse.

Pete Strong said that the spouse may continue to draw down the balance.

William Scheu said that the Board should defer this until next month. He said he would like Pedro Herrera and Lawsikia Hodges to confirm that the PFPF Board has no authority to discontinue the 8.4% rate paid to Phase II members.

Pedro Herrera said that he can confirm with Lawsikia Hodges, but his initial reaction is that no, the Board doesn't have that authority.

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XII. Next Scheduled Meetings

Thursday, November 16th, 2017 at 9:00AM

XIII. Adjournment

Chairman Richard Tuten adjourned the meeting at 11:27AM.

Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on November 16, 2017