
**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – JULY 21, 2017 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Pedro Herrera, Sugarman & Susskind, Fund Counsel
Lawsikia Hodges, Office of General Counsel
Dan Holmes, Summit Strategies
Pete Strong, Fund Actuary
Denice Taylor, AAA Reporters

GUESTS

Greg Anderson, City Council Liaison
Anna Brosche, City Council President
K. Dobson, Jacksonville Association of Firefighters
Joey Greive, Fund Treasurer
Mark Muchowicz, JSO
Randy Wyse, President, Jacksonville Association of Firefighters

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

III. A MOMENT OF SILENCE WAS OBSERVED FOR THE FOLLOWING DECEASED MEMBERS:

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William J. Parks Jr., Retired Fire Chief
Ronald W. Reonas, Active Police Officer
Troy E. Senterfitt, Retired Firefighter Engineer

IV. PUBLIC SPEAKING PERIOD

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

V. CITY COUNCIL LIAISON RECOGNITION

Richard Tuten said that today, the Board of Trustees recognizes Council President Anna Brosche for her work as the PFPF's Council Liaison. He said that she has been very nice and pleasant during her time working with the PFPF.

Anna Brosche said that it has been a pleasure to experience firsthand what happens in the Board meetings. She said that everybody has been supportive, and that the Board will be in good hands with Greg Anderson, the Board's new Council Liaison.

Richard Tuten remarked that the Board will miss her.

VI. CONSENT AGENDA – ITEMS 2017-07-(01-12)CA

2017-07-01CA

Meeting Summary and Final Transcript Approved

1. Final Transcript of the Board of Trustees Meeting held May 19, 2017. Copies held in the meeting files.
2. Final Transcript of the Board of Trustees Meeting held June 16, 2017. Copies held in the meeting files.
3. Meeting Summary of the Board of Trustees Meeting held June 16, 2017. Copies held in the meeting files.
4. Meeting Summary of the Board of Trustees Personnel Committee Workshop held July 10, 2017. Copies held in the meeting files.

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2017-07-02CA

Disbursements

Disbursements A

6-1-2017 thru 6-30-2017

1.	Baker Gilmour Cardiovascular	\$	4,350.00
2.	Harvest Fund Advisors	\$	102,203.54
3.	Summit Strategies Group	\$	61,466.00
4.	Bedell Firm	\$	6,218.44
5.	Cecil W. Powell & Company	\$	43,996.37
<u>TOTAL</u>		\$	<u>218,234.35</u>

The listed expenditures in DISBURSEMENTS B have been reviewed and deemed payable. The Police and Fire Pension Fund Executive Director – Plan Administrator certifies that they are proper and in compliance with the appropriated budget.

Disbursements B

6-1-2017 thru 6-30-2017

1.	<u>Transaction list of Accounts Payable distributions</u>	\$	<u>45,027.08</u>
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2017-07-03CA

Pension Distributions

A. June 2, 2017

1.	Regular Gross	\$	5,355,120.23
2.	Regular Lumpsum	\$	8,191.12
3.	Regular Rollover	\$	10,264.74
4.	Regular DROP Gross	\$	1,087,515.79
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	24,511.99
TOTAL		\$	6,485,603.87

B. June 16, 2017

1.	Regular Gross	\$	5,348,992.80
2.	Regular Lumpsum	\$	30,920.44
3.	Regular Rollover	\$	9,948.07
4.	Regular DROP Gross	\$	1,087,263.69
5.	DROP Lumpsum	\$	35,000
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,512,125.00

C. June 30, 2017

1.	Regular Gross	\$	5,348,363.72
2.	Regular Lumpsum	\$	(3,226.44)
3.	Regular Rollover	\$	6,895.60
4.	Regular DROP Gross	\$	1,088,139.20
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,440,172.08

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

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The following Consent Agenda items 2017-07-(04-07) were verified with supporting documentation and approved at the Advisory Committee meeting held on July 12, 2017. Vote was unanimous.

2017-07-04CA

Application for Membership

2017-07-05CA

Applications for Survivor Benefits

2017-07-06CA

Applications for Disable Child's Benefit

2017-07-07CA

Applications for Vested Retirement

The following Consent Agenda items 2017-07-(08-12) were verified with supporting documentation and received as information at the Advisory Committee meeting held on July 12, 2017.

2017-07-08CA

Application for Time Service Connections

2017-07-09CA

Refund of Pension Contributions

2017-07-10CA

Share Plan Distributions

2017-07-11CA

DROP Participant Termination of Employment

2017-07-12CA

DROP Distributions

A motion was made by Chris Brown to approve the Consent Agenda items 2017-07-(01-12CA), seconded by Rick Patsy. The vote was unanimous.

VII. EXECUTIVE DIRECTOR'S REPORTS

Timothy H. Johnson

1. Contract Renewal Discussion

1. Investment Consultant (Summit Strategies)
2. Custodian (Northern Trust)

Timothy Johnson said that there were a handful of items to discuss today, starting with some contract extensions. He said that the FIAC made a recommendation to the Board to extend the contracts of Northern Trust and Summit Strategies for one year. He said that it was his intention to make an RFP for all the Fund's professional services in 2017. The Fund Counsel and Actuary went through an RFP, and he intended to do so for the Custodian and the Investment Consultant as well. He said that the abruptness of the Pension Reform has made the prospect of an RFP for the Custodian and Investment Consultant seem like not the best idea right now.

A motion was made by Chris Brown to extend the contracts of Northern Trust and Summit Strategies for one year, seconded by Rick Patsy. Discussion:

Richard Tuten said that 'change for changes sake' doesn't make sense in the pension fund administration business. He said there is no reason to change professional services as long as you're getting good service.

Timothy Johnson said that he would not initiate future RFPs himself, but would bring it to the Board next year.

Lawsikia Hodges said that currently, the Board Chair executes contracts, and that the Board may grant the Executive Director authority to execute contracts in the future.

Pedro Herrera said that the Board would authorize Timothy Johnson to sign this extension.

The vote passed unanimously.

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2. External Auditor's Engagement Letter (Carr, Riggs & Ingram)

Timothy Johnson said that the PFPF's external auditor, KBLD is retiring. He said he reached out to the City to find out about their external auditor. He said he was recommended to use the City's auditor, CRI. CRI would match KBLD's price. He said the timing is perfect, as the PFPF would be entering the contract with CRI at the same time as the City. He said the contract was for one year, and the price was \$30,000.

A motion was made by Chris Brown to enter into a contract with CRI, seconded by Rick Patsy. The vote passed unanimously.

3. 2017 Election Timeline Update

Timothy Johnson said that the Board of Trustees and the Advisory Committee have seats coming up for election. Two Trustee seats and all seven Advisory Committee seats expire on December 31st, and the election will be held in the Fall.

Richard Tuten said that he will not run for reelection, and that 14 years is long enough. He asked Timothy Johnson if he has received any indication from the Advisory Committee members on their intentions to run for reelection.

Timothy Johnson said that all seven members could run for reelection; however they could change their mind. He said that he has received no indication that any of the Advisory Committee members would not seek reelection.

Rick Patsy said that potentially, all of the Advisory Committee seats turning over at the same time is a bad thing.

Lawsikia Hodges said that the Board could recommend to the City Council changes to the ordinance to stagger the terms.

Greg Anderson recommended that the Board create a subcommittee to draft possible changes to the ordinance, and that he would not be in favor of an emergency Council vote on ordinance language change in order to change the ordinance before the election.

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Chris Brown asked if the Board could direct OGC to draft new language for an ordinance change.

Lawsikia Hodges said she would come back to the August Board of Trustees' meeting with draft language prepared.

Chris Brown recommended that the Advisory Committee's seats be staggered in the following manner:

- 1. The three JFRD seats would have terms of 2, 3, and 4 years.*
- 2. The three JSO seat would have terms of 2, 3, and 4 years.*
- 3. The retired seat would have a term of 4 years.*
- 4. All seats would have equal term lengths after.*

A motion was made by Chris Brown to direct OGC to make a proposed ordinance change to stagger the seats of the Advisory Committee, seconded by Rick Patsy. Discussion:

Richard Tuten said that he would make an amendment to the motion for Timothy Johnson to work along with OGC to clear this up.

Lawsikia Hodges said that she can draft language to stagger the Board, FIAC, and Advisory Committee seats.

The vote passed unanimously.

Greg Anderson said that he recommends that he file the proposed language with the City Council, and the Board can make any amendments if they desire.

A motion was made by Bill Scheu to accept Greg Anderson's recommendation to file, seconded by Chris Brown. The vote passed unanimously.

4. FIAC Meeting Attendance Update

Timothy Johnson said that at the request of Richard Tuten, analysis was made of the meeting attendance of the FIAC. He said that he met with the FIAC

chair, and discussed attendance at the last FIAC meeting. He said that the FIAC committed to better attendance, and will inform the PFPP if they are unable to attend ahead of the meeting. He said a large factor affecting FIAC quorums was that the FIAC only had four members up until the last few months. He said that a new member orientation is also in the works.

Richard Tuten said that he wasn't sure if the FIAC members knew what they were getting themselves into, and if they were aware of the gravity of the commitment, and that there are millions of dollars on the line.

Timothy Johnson informed the Board of the working group that was held Thursday. He said a robust discussion was had concerning how to administer the recent pension reform. He said he will prepare notes to present to the Board in their August meeting.

Rick Patsy said that it was a good and constructive meeting.

A motion was made by Rick Patsy to direct Summit Strategies and GRS to start the asset-liabilities study, seconded by Chris Brown. Discussion:

Pete Strong said that he could have a draft ready by November, and a final version by mid-December or January.

The vote passed unanimously.

VIII. COUNSEL REPORTS

There were no new counsel reports.

IX. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Economic & Capital Market Update – June 30, 2017

Dan Holmes said that continued economic growth has been driving strong returns. Job growth, wage growth, and GDP growth have been contributing factors to the recent great returns.

2. Flash Report – June 30, 2017

Dan Holmes said that market value has grown to over \$1.9 billion over the quarter, and the second year of good steady growth. He said that the Fund will soon hit the \$2 billion mark. He said that the Fund was up 3% for the quarter gross, 2.9% net. Fiscal Year to Date returns were up over 10% gross, 9.8% net.

Dan Holmes discussed the 25% international asset allocation limit with the Trustees.

Richard Tuten asked how MLPs may get over the recent hump in their performance.

Dan Holmes said to expect more volatility with MLPs over the year.

Dan Holmes discussed the structure of MLPs with Greg Anderson and the Trustees. He said that 2018 and 2019 should be better years for MLPs.

Dan Holmes said that he is keeping an eye on Wedge Capital. He said they are under the benchmark since inception, due to being underweight in financials. He said that their long term returns are very strong, and that he is not too worried.

3. Sawgrass Recommendation

Dan Holmes said that Sawgrass has been consistent with their low beta style. He said that Sawgrass presented to the FIAC two months ago, and that the FIAC has recommended that the Board retain Sawgrass as a manager. He said that their presentation was very helpful.

A motion was made by Rick Patsy to retain Sawgrass as a manager, seconded by Chris Brown. The vote passed unanimously.

X. OLD BUSINESS

1. Personnel Committee

Rick Patsy said that Timothy Johnson's contract expires on July 31st, and must be extended before then. He said that Timothy Johnson's first year has been

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challenging, especially with pension reform. He said that Timothy Johnson hit the ground running and that he met the Board's need for a good communicator, and someone who could build bridges with City Council.

Chris Brown said that he find's Timothy Johnson's performance impressive. He said that the Board needs to come up with a standardized performance evaluation for the next year. He said that today, the Board needs to:

- 1. Decide if Timothy Johnson met the Board's expectations, and whether to extend his contract;*
- 2. Make any changes to his contract.*

Bill Scheu said that Timothy Johnson has done a superb job during his first year, and has built a positive relationship between the Board and the City Council.

Willard Payne said that Timothy Johnson's contract should be extended, and he should be given a raise. He said Timothy Johnson has done a great job, and has made a great difference.

Richard Tuten said that Timothy Johnson has done an excellent job, and that his contract should be extended for 3 years, and that he should be given a 10-20% raise today, considering that he was underpaid from the start.

Lawsikia Hodges said that a 3 year contract would be fine. She said that a bonus policy should be written separate from his salary. She said that the Board may increase Timothy Johnson's salary today if they wish.

The Board discussed the history of the salary decrease from John Keane to Timothy Johnson.

Richard Tuten asked Timothy Johnson what he would like.

Timothy Johnson said that he wants a 3 year contract, and a 10% increase in salary. He said that he is requesting the same terms that he requested when he initially applied for the job.

Greg Anderson remarked that Timothy Johnson has done a great job, and that his level of professionalism is very high. He said that Timothy Johnson's request

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is reasonable, and that the Board could perhaps approve his request for a 3 year contract now, perform a salary study, and make any adjustments later.

A motion was made by Rick Patsy to offer Timothy Johnson a 3 year contract, and a 10% raise starting the next Fiscal Year, and to reevaluate his performance annually, and to perform a compensation study.

Bill Scheu made an amendment to wait to adjust Timothy Johnson's salary to the August meeting, and to form a subcommittee of Rick Patsy and Chris Brown to look at other public pension plans to find an appropriate salary.

Rick Patsy's motion was not seconded, and did not go to a vote.

A motion was made by Chris Brown to offer Timothy Johnson a 3 year contract, and a 10% raise contingent on a compensation study, paid retro back to August 1st.

Chris Brown's motion was not seconded, and did not go to a vote.

The decision to offer Timothy Johnson a raise immediately or following a compensation study was debated ad nauseam by the Trustees.

A motion was made by Chris Brown to offer a contract to Timothy Johnson expiring on September 30, 2020, with a 10% raise to begin immediately and to perform a study to evaluate compensation for the future, seconded by Rick Patsy.

Richard Tuten, Rick Patsy, Chris Brown, and Willard Payne voted in affirmation. Bill Scheu voted against. The vote passed 4-1.

Chris Brown directed Lawsikia Hodges to look at other institutions in order to prepare a standardized performance evaluation going forward.

Lawsikia Hodges said that she would, and that she would bring it back to the Board for approval.

Greg Anderson thanked the Board for allowing him to be the new Council Liaison. He said that he is looking forward to the future.

XI. NEW BUSINESS

XII. ADJOURNMENT

Richard Tuten adjourned the meeting at 11:26AM.

NOTES:

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.

SL

Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on August 18, 2017