



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, June 16, 2023
9:00 A.M. – 11:10 A.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202

The next regular Board of Trustees meeting will be held Friday, August 18, 2023 at 9:00 A.M.

Board of Trustees

Chief Chris Brown, Chair
Nawal McDaniel, Secretary
Mia Jones
Cpt. Michael Lynch
Terry Wood

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager
Maria Young, Finance and Benefits Specialist

Guests

Paul Barrett, Fund Treasurer
*Jordan Cipriani, RVK, Investment Consultant
Lawsikia Hodges, Office of General Counsel
*Spencer Hunter, RVK, Investment Consultant
*Bob Sugarman, Fund Counsel
Randy White, City Council Liaison
Randy Wyse, President IAFF Local 122

*Chuck Baldwin, IAFF Local 122
*Brennan Merrell, COJ Treasury
*Cyril Espanol, Reporter
*Gar Chung, Reporter, FIN-NEWS

*Asterisk denotes virtual meeting attendance via the ZOOM application

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Steve Lundy, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or SLundy@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. 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.

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Summary

I. Pledge of Allegiance

II. Invocation

Steve Lundy gave the invocation.

III. Moment of Silence

Jerry M. Burns, Retired Firefighter Engineer
Richard A. Darby, Retired Fire Captain
Julius C. Olson, Retired Police Lieutenant

IV. Public Speaking

None.

V. Consent Agenda Items 2023-06-(01-08)CA – *action requested*

Michael Lynch moved to approve the Consent Agenda, seconded by Mia Jones. The vote passed unanimously.

2023-06-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees Meeting of May 19, 2023
2. Summary to the Board of Trustees and FIAC Manager Update Workshop of May 23, 2023
3. Summary to the Board of Trustees Personnel Committee Meeting of June 13, 2023

2023-06-02CA 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.

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DISBURSEMENTS A

05-01-2023 thru 05-31-2023

None.

DISBURSEMENTS B

05-01-2023 thru 05-31-2023

1. Accounts Payable Distributions	\$	88,822.50
2. Accounts Receivables	\$	178,494.76

2023-06-03CA Pension Distributions

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

May 12, 2023

1. Regular Gross	\$	7,273,205.21
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,479,501.21
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,752,706.42

May 26, 2023

1. Regular Gross	\$	7,276,851.75
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,480,627.57
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,757,479.32

The following Consent Agenda items 2023-06-(04-06CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on June 6, 2023. Vote was unanimous. Meeting Summary attached.

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[2023-06-04CA](#)

Application for Vested Retirement

[2023-06-05CA](#)

Application for Survivor Benefits

[2023-06-06CA](#)

Application for DROP

The following Consent Agenda items 2023-06-(07-08CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on June 6, 2023. Vote was unanimous. Meeting Summary attached.

[2023-06-07CA](#)

Share Plan Distributions

[2023-06-08CA](#)

DROP Distributions for Survivors

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VI. Application for Disability Pension – action requested

a. *PROTONOTARIOUS, Nicholous A.*

Pension Benefits Manager Chuck Hayes informed the Trustees that JSO Police Officer Nicholous A. Protonotarios has been disabled, and applied for a disability pension with the PFPF Office. He has seen three specialists and regarding his condition, they say he cannot be accommodated and is unable to work for the Jacksonville Sheriff's Office.

Terry Wood moved to approve the application for Disability Pension for Nicholous A. Protonotarios, seconded by Michael Lynch. The vote passed unanimously.

VII. Executive Director's Report

Timothy Johnson provided an overview of several additional items that were on the agenda. These items included the Mid-Year Review, "The Meaning of Irrevocable," "Resolution Resolve," "Finalizing Vercruysse," and "Possible Policies".

The Mid-Year Review focused on the personnel committee's discussion, which took place on June 13. It involved a comprehensive evaluation of their progress thus far. Additionally, "The Meaning of Irrevocable" pertained to a member, Kristopher Miller, who expressed a desire to pay off his time service connection early. To address this, Fund Counsel Bob Sugarman would be providing guidance on Miller's request.

Next on the agenda was "Resolution Resolve," which involved the modification of the City Charter language by the Board. This resolution aimed to address certain issues and improve the clarity of the existing language. Another item discussed was "Finalizing Vercruysse," which referred to the file of member Richard Vercruysse. Lawsikia Hodges would be providing an update and further information regarding this matter. Lastly, "Possible Policies" referred to proposed changes to the PFPF policies regarding reemployment and forfeiture, presented by Michael Lynch.

a. *Personnel Committee (mid-year update)*

Timothy Johnson proceeded to cover the Mid-Year Review in more detail, specifically highlighting the Fiscal Year 2023 Performance Plan Results. He provided an overview of the goals and objectives that were outstanding in the areas of Succession, Solvency, and Governance. Additionally, Johnson shared the May 31 Fiscal Year-to-Date Dashboard, which displayed various metrics indicating the performance of the PFPF for both Fiscal Year 2023 and 2022. This dashboard served as a valuable tool to assess the fund's progress and compare it to previous years.

Kevin Grant offered a brief update on the Chapter Funds, with a specific focus on the Department of Management Service's (DMS) Timeline. This update provided valuable information regarding the current status and projected timeline for the Chapter Funds.

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VIII. Investment Consultant Reports

a. Quarterly Investment Performance Analysis – March 31, 2023

Jordan Cipriani covered the Quarterly Investment Performance Analysis as of March 31, 2023 with the Board of Trustees. She covered the following topics:

- First Quarter Economic Environment (page 5):
 - During Q1, both defensive and risk assets generally provided positive returns, following a difficult environment in 2022 characterized by geopolitical risk and rising interest rates. Although, capital markets continued to experience bouts of volatility. Despite this volatility, broad equity market indexes finished Q1 in positive territory. The broad bond market delivered positive returns in Q1 as market participants changed expectations on future interest rate moves from pricing in rate hikes to discounting rate pauses, or in some circumstances, cuts. Internationally, moderate winter temperatures helped to ease energy price inflation in Europe, but the uncertainty around supply shortages persisted due to the ongoing war in Ukraine. The FOMC decided to increase the federal funds rate in Q1 to a target range between 4.75% - 5.00%, representing a second straight monthly increase of 0.25% after a string of 0.50% to 0.75% increases. The FOMC's actions demonstrated continued focus on combating inflation, although FOMC data indicated that most officials expect only one more rate hike in 2023. The most recent data release indicated that Headline CPI for March came in slightly below average expectations, with estimated year-over-year inflation of 5.00%. Recessionary risks remained a concern, and recent FOMC minutes indicated that members thought it was increasingly likely that the US will enter a recession later in 2023 due to banking sector stresses. The IMF revised its global GDP growth forecast at the end of the quarter to 2.80%, a decline from its January 2023 forecast of 2.90%.
- Investment Manager Watch List: Organization, Team, Process, and Assets-Under-Management Developments (page 13):
 - Sawgrass Diversified Large Cap Growth: Firm and strategy levels remained stable over the course of Q1. The firm has experienced personnel departures in recent years with two investment team members leaving in 2021 (Nick Petriello and Anthony Brooks) but was relatively stable in 2022. Anthony Brooks rejoined the firm as a co-portfolio manager during 1Q23. The primary firm change in 2022 was the promotion of Alicia Dator from Director of Technology to President, a role focused on executing the plan formed collaboratively by the executive committee. Alicia is planning on moving from San Antonio to Florida in 2023 because of her promotion. While strategy performance improved significantly throughout 2022 as the low volatility profile of the portfolio provided downside protection in a sharp down market for large-cap growth stocks, the reverse occurred in 1Q23 as the strategy struggled to keep up in the volatile market environment across all three months of the quarter as higher growth stocks generally outperformed defensive, lower growth stocks.
 - Wedge Capital Small Cap Value: Firm and strategy levels remained fairly stable over the course of Q1 however, both saw marginal net outflows driving asset levels lower (peak AUM was in 2016-17). Specifically, Small Cap Value and firm assets stand at \$331 million and \$7.9 billion, respectively, as of March 31, 2023. For reference, strategy assets peaked at over \$2 billion and firm assets peaked at over \$13.5 billion. Despite these asset declines, RVK has not observed significant personnel turnover and it's notable that the firm continues to manage over \$1.5 billion across its suite of fundamental small-to-mid-

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cap strategies. Overall, the firm continues to employ an experienced team with good depth. A key issue driving the asset decline had been investment performance. The strategy performed poorly during recent lower-quality stock rallies, coincident with fiscal and monetary stimulus, primarily in the 2020-21 period. The strategy did rebound successfully in 2022 and has continued to do well in the first quarter of 2023.

- Asset Allocation, Performance & Schedule of Investable Assets (page 14)
- Asset Allocation vs. Current Target and Plan Sponsor Peer Group (page 15)
- Plan Sponsor Peer Group Analysis (page 16)
- Asset Allocation & Performance (Gross of Fees) (page 19)
- Alternative Investment Private Credit Fund Performance Listing (page 36)
- Alternative Investment Real Estate Fund Performance Listing (page 37)

Jordan Cipriani covered the General Market Commentary from the Monthly Investment Performance Analysis as of May 31, 2023:

- Global equity markets experienced mixed results in May, with growth stocks outperforming their value counterparts during the month. While concerns regarding Congress' ability to raise the US debt ceiling before the default deadline weighed on investors' minds, headlines regarding the potential of artificial intelligence saw growth stocks push higher. The tech-heavy Nasdaq Composite Index posted a return of 5.93%, whereas international indices and value-oriented indices experienced modest losses.
- The Fed increased interest rates 25 basis points at their early May meeting, marking their tenth straight increase, and initial indications were that an extended pause in interest rate hikes may occur. However, persistent elevated inflation, a robust job market, and strong wage growth have led to signals that further tightening may be warranted.
- Inflation continued to decrease, albeit remaining elevated relative to historical values. Year-over-year inflation as of April 2023 was 4.90%, as the annual rate in the United States slowed for the tenth consecutive month.
- Equity markets posted mixed returns in May as the S&P 500 (Cap Wtd) Index returned 0.43% and the MSCI EAFE (Net) Index returned -4.23%. Emerging markets returned -1.68%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -1.09% in May, underperforming the -0.75% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -2.93%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned -3.22% in May and 4.40% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned -2.34% for the trailing one-year period and 16.14% for the trailing five-year period ending December 2022.
- Absolute return strategies returned 0.22% for the month and 1.28% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- Crude oil's price fell by 11.32% during the month and has decreased by 40.62% YoY.

Jordan Cipriani also briefly touched on Asset Allocation by Asset Class, Asset Allocation vs. Target, and the Schedule of Investable Assets. Finally, she mentioned that RVK is working with PFPF staff on transition management bids, specifically for the Thompson Siegel & Walmsley – Dodge & Cox transition, which is expected to occur at the end of the month or in July without any current concerns.

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IX. Counsel Reports

a. Time Service Connection Payments

Fund Counsel Bob Sugarman addressed the issue regarding member Kristopher Miller's request to change his irrevocable contract regarding the payment of his time service connection (TSC). It was stated that Miller had previously signed an agreement to pay off the TSC within a specified time period, with his salary being reduced through the employer pickup option. However, Miller now wishes to alter the agreement and shorten the payment period, despite the agreement having been set up and approved by the Board of Trustees.

Sugarman emphasized that according to the Ordinance Code, the agreement is considered irrevocable. Therefore, it is our opinion that the agreement cannot be changed. Although there are IRS considerations involved, the details of those are not necessary to delve into. Consequently, we must respectfully decline the member's request.

It was noted that by shortening the payoff period, the member aimed to enter the DROP (Deferred Retirement Option Program) a bit earlier. However, it was clarified that there is nothing preventing the member from retiring six months earlier. The inclusion of the word "irrevocable" in the ordinance makes the decision unequivocal.

In response, Chris Brown expressed gratitude to Bob Sugarman for addressing the issue, and Timothy Johnson confirmed that he would inform the member about the legal guidance provided.

Lawsikia Hodges said that Timothy Johnson had asked OGC for an opinion supporting the Board's action on member Richard Vercruysse's pension benefit was legal. This member had received a demotion in pay by JSO and believed it was unwarranted. The member went through arbitration with the City and JSO, and prevailed. The settlement resulted in JSO agreeing to pay the member the base salary he felt he was entitled to.

PFPF Staff was concerned whether the Ordinance Code allowed the Board to make the base salary adjustment based on the settlement agreement.

Lawsikia Hodges presented her draft opinion, which can be summarized as follows:

"May the Board interpret the term "salary" as used in Section 121.201(a) of the Code and as defined in 121.113(a) of the Code to be the agreed upon salary between the Member and the City pursuant to the Settlement Agreement?"

Yes, the Board may interpret the term "salary" as used in Section 121.201(a) of the Code and as defined in 121.113(a) of the Code to be the agreed upon salary between the Member and the City pursuant to the Settlement Agreement based on the Board's authority in Article 22 of the City Charter to determine all facts and construe the provisions of the Pension Plan."

Michael Lynch expressed his agreement with the Board of Trustees paying member Vercruysse's pension at the current amount. However, he disagreed with the language used in the draft opinion and shared the following concerns:

Lynch said he appreciates the time and effort put in by the OGC (Office of General Counsel), and acknowledges their attempt to create an opinion that appears to be a well-articulated interpretation of the law. However, even a first-year law student would easily identify the flaws in an opinion that suggests this body can infringe upon the constitutionally protected right of IAFF (International Association of Fire Fighters) and FOP (Fraternal Order of Police) members to engage in collective bargaining.

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Lynch expressed confidence that the representatives of the FOP-530 and IAFF Local 122 unions would not agree to grant this Board the sole authority to define terms outlined in their respective collective bargaining agreements. The power bestowed upon these unions was granted by an act of the state legislature over 55 years ago. If the Board were to interpret the ordinance in a way that grants authority to define terms like 'salary' or 'base pay,' the Board would undermine any agreements reached between employers and employees. It is evident that the City Council, the Legislature, and Chapter 447 of the Florida Statutes did not intend for such an outcome.

This non-binding opinion is another instance of the OGC overstepping its boundaries and attempting to serve conflicting interests. It is abundantly clear whose side they will always choose. Pursuing this line of thinking will inevitably lead us to defend our actions against the inconsistent advice and whims of an adversarial counsel. Additionally, this opinion fails to provide any explanation as to why or who initiated the actions that caused the controversy. This analysis engages in a convoluted dance with logic, statutory construction, and internal consistency, much like the one where Mr. Teal miraculously transformed JEA into Publix.

Lynch urged the Board to reject this opinion and explore alternative methods to achieve the desired outcome.

Randy Wyse, President of IAFF Local 122, highlighted the extensive litigation that has occurred over the years to establish that unions are responsible for negotiating pensions. This has been a lifelong battle for him, as pensions are subject to mandatory collective bargaining. He emphasized that only union members and the legislative body have the authority to approve collective bargaining agreements. He firmly stood by his position that pensions should be collectively bargained.

Chris Brown agreed with Michael Lynch and stressed the need for pensionable pay to be negotiated. As members of the Board of Trustees, their role is to administer, not to engage in bargaining or modify the law. Brown believed that the Board should find a way to avoid negatively impacting the affected member. However, he believed that it was essential to allow the unions to return to the bargaining table and explore the possibility of reaching a negotiated solution. If that proves unsuccessful, they should reassess the situation, determine what transpired, and consider alternative actions involving JSO (Jacksonville Sheriff's Office). Brown wanted to make it clear that he agreed with Michael Lynch's valid point. He expressed his desire for the Board to never overstep its authority by substituting its own judgment and interpretations for what should be addressed through contractual negotiations.

According to Brown, the matter of pensionable pay should be subject to negotiation between the union and the City. The list of eligible pay elements for pensions should be strictly adhered to, and it would be beyond the Board's scope and authority to broadly interpret it in a way that allows the member's pension increase to fit into one of those categories. He believed that revisiting this issue should be the responsibility of the unions and the City. If no resolution is reached, alternatives should be explored to ensure the member receives the increased pension, potentially involving JSO issuing an alternative payment. Allowing anything outside of the designated categories would be an overstep on the part of the Board.

Michael Lynch expressed his sole concern with the draft opinion: the part about the Board's ability to define base salary. He emphasized that if the Board has the power to define it now, it would have that authority indefinitely, potentially undermining any collective bargaining agreement.

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Lawsikia Hodges acknowledged the Board's concern about potentially violating the collective bargaining agreement. However, she pointed out that simply removing the line in question from the legal opinion would not address the underlying issue. She said that at this point, she is happy to not give a legal opinion. She suggested discussing Michael's point but stressed the importance of that line, as it is crucial to the main argument. Removing it would not solve the problem.

Chris Brown agreed that the line in question is significant. He expressed his dislike for the line and his reluctance to include it. He disagreed with the logic behind the opinion's reliance on the Board's ability to interpret base salary.

Lawsikia Hodges clarified that the Office of General Counsel (OGC) firmly believes that the Board has not violated any collective bargaining agreement. Furthermore, she stated that the actions taken by the Board regarding member Vercruysse's pension are legal and permissible according to the City Charter and the Ordinance Code. Hodges expressed her willingness to take the Board's comments into consideration and explore potential legal solutions.

Chris Brown suggested that the OGC should review the matter, and the Board could subsequently revisit it in the future.

Michael Lynch expressed hope that the next time this issue comes to the Board of Trustees, the Board can say, "We're done, and we're not doing this again."

Chris Brown said to put this on the radar for both of the unions to be discussed.

X. Council Liaison Report

None.

XI. Old Business

a. 2023-307 Update

Timothy Johnson provided an update on the Board's Resolution and the associated proposed ordinance 2023-307. He explained that he had a meeting with General Counsel Jason Teal after the May Board of Trustees meeting to align their views and present the proposed ordinance to the City Council.

Timothy Johnson reported that during their meeting, GC Teal shared three important points: the judge's ruling did not specifically address Charter Section 22.12, 22.12 was not effective when the SSVRP was established, and 22.12 should not be removed by the proposed ordinance. Instead, Teal suggested including language in 22.12 explicitly allowing the Board of Trustees to administer the SSVRP. Teal emphasized that removing language from the Charter was not within the scope of the judge's ruling.

Timothy Johnson said he wrote a letter to GC Teal, inviting him to the June Board of Trustees meeting to explain the matter further. However, due to ongoing transitions in City Hall and GC Teal's busy schedule training the newly elected City Council Members, he was unable to attend.

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Timothy Johnson said the letter to GC Teal also expressed the Board's perspective in hopes of changing his opinion, but it did not have the desired effect.

Timothy Johnson said he also had a conversation with the Council Auditor, who expressed concerns that the proposed legislation would grant the Board of Trustees the authority to create another pension fund or modify the existing fund to include new members. The Council Auditor was worried about granting the Board powers that the City Council did not wish to give.

Michael Lynch asked if the Council Auditor or the General Counsel had concerns about pensions or retirement plans for Publix employees. Timothy Johnson stated that he could not answer that question.

Michael Lynch argued that if the situation was no different from Publix, it should not be a cause for concern.

Terry Wood reminded the Board that when the provision was originally added to the City Charter, the City Council voted 18-1 against it. However, the Florida Legislature still approved it. Wood pointed out that the Council's intent does not override the decisions made by the State Legislature and therefore is not relevant.

Lawsikia Hodges, who was present in the meeting between Timothy Johnson and GC Teal, provided additional insights. She clarified that GC Teal firmly stated that he would not lobby against the bill. If the Board wanted to remove the language and at least ten City Council members agreed, Teal would not oppose it. She emphasized that GC Teal's perspective was not opposition to the legislation. Hodges also mentioned her conversation with the Council Auditors, who expressed concerns about granting the Board authority to add new members to the SSVRP.

Timothy Johnson emphasized the difference between having the concurrence of the General Counsel and not having it.

He then presented a slideshow titled "Ordinance 2023-307" with a timeline of relevant events and statements:

- General Council Laquidara, August 2012: "...there is nothing within the powers section 22.04(e) that suggests that the administrators of this fund have authority to create a new pension fund" – Binding Opinion 12-03
- Council Member Gulliford, February 2016: "...amending the Charter to include express language consistent with the General Counsel's legal opinion..." – Ordinance 2015-683
- "The board is hereby prohibited from creating any pension or other retirement plan, and the board is hereby prohibited from administering any pension or retirement plan other than the Jacksonville Police and Fire Pension Fund. [...] The board is hereby prohibited from offering to any of its employees any retirement plan other than the General Employees Pension Plan or the General Employees Defined Contribution Plan." – Charter Section 22.12. Retirement for board employees.
- General Council Gabriel, April 2016: "[...] the unauthorized SSVRP pension benefits should be immediately discontinued. [...]" – Binding Opinion 16-01
- Mayor Orders End to John Keane's Special Pension: "Per discussions w/Jason [...] STOP the unauthorized [SSVRP] payout [...]" – WJCT News, April 21, 2016
- "John Keane sues to get full pension reinstated", and "City of Jacksonville sues former pension fund head John Keane" – The Florida Times-Union
- "any legal issue relative to the entire consolidated government and shall be considered valid and binding in its application unless and until it is overruled or modified by a court of competent jurisdiction" – Charter Section 7.02. General Counsel

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- Judge Eric J. Roberson, June 2020: “Pension benefits are a form of compensation [...]. Therefore, the Board had the authority to create the SSVRP.” – Court Order, Case No. 2018-CA-5925
- Final Thoughts:
 - Binding Opinion led Charter changes
 - Overruled by Court
 - Charter Section 22.12 must be amended
 - Ordinance 2023-307 returns the Board’s employee compensation authority

The Board of Trustees discussed withdrawing the bill, or deferring it.

There was no public comment on this matter.

Mia Jones moved to defer the bill, seconded by Michael Lynch. The vote passed unanimously.

XII. New Business

Timothy Johnson informed the Board of Trustees that Michael Lynch had sent him a proposed change to the PFPF forfeiture policy. Johnson compared the existing policy to the new proposal:

Existing Policy: "Section 1. Initial Determination a. Upon being informed or learning that a member was convicted of an offense or the member's employment was terminated for reasons that might subject the member to pension forfeiture under section 112.3173(3), Florida Statutes, or section 121.304, Jacksonville Code, the Executive Director shall forward the information received to Pension Fund legal counsel for legal advice on whether forfeiture proceedings should be initiated."

Lynch explained the proposed policy, expressing that the Board should not be focused on taking pensions away. The proposed policy reads as follows:

Proposed Policy: “Claims of fraud must be founded in fact(s) that would be considered and understood by a reasonable person under normal circumstances. Accordingly, the Board takes no investigatory position unless the claim is immediately against the Fund with internal evidence to support the claim. The Board will further investigate for possible forfeiture, claims that fall into three specific categories.

1. Claims of fraud presented to the Board or fund administration by the employer that have resulted in the termination of employment, and the complete formal appeals process has upheld the termination.
2. Claims of fraud by the employer that result in prosecution or settlement that have proceeded through a whole and final appeals process.
3. Claims of fraud by a law enforcement agency or prosecuting attorney's office with substantial definite evidence, which claims are outside of the judicial statute of limitations.

Unless, extenuating circumstances exist, the Board will not investigate forfeiture claims that are unsubstantiated through either a member's civil service process or a court of competent jurisdiction.”

The Board of Trustees continued to discuss the forfeiture policy in detail.

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Lynch mentioned that he had inquired with the PFPF Staff regarding reemployment, specifically in the case of Lakesha Burton, who may return to work for the City after retiring. Lynch pointed out that the existing ordinance does not address what happens to the DROP (Deferred Retirement Option Program) balance in such cases.

Johnson presented a slide titled "PFPF Pensioner's Rights Upon Reemployment by City," which showcased five cases of PFPF members being reemployed. The sixth case was Lakesha Burton, who had recently been appointed as Chief of Public Safety for the City. Johnson stated that no new reemployment policy is necessary unless the Board of Trustees desires one, as the PFPF Staff has been following the ordinance code.

Johnson clarified that according to Ordinance Code 121.209(c)(3)(ii)(d), reemployment would only allow for a refund or rollover of a member's DROP balance. The code states: "d. Monthly distribution. The account balance shall be distributed in a monthly amount paid biweekly of substantially equal amounts, until the DROP account is depleted, over a stipulated number of bi-weekly periods to be selected by the Participant or the surviving spouse, less withholding taxes remitted to the Internal Revenue Service. **Such selection once made cannot be changed, unless changed to Option (a) [Lump sum] or (b) [Direct rollover], above.**"

Michael Lynch proposed that the PFPF administration should establish a policy regarding reemployment cases, stating that they will refund the DROP balance, minus tax liabilities, and freeze the pension. He explained that currently, each reemployment case is handled individually, but having a clear policy would be beneficial.

Chris Brown agreed that the PFPF administration is capable of administering the law as it stands, but having a specific policy would provide further clarity. He suggested that the policy should state that if an individual becomes reemployed in an unprotected position, their DROP would be issued, and their pension payments would cease.

Brown also emphasized that Lakesha Burton's new position as Chief of Public Safety does not fall into any of the nine protected positions for reemployed pensioners.

Timothy Johnson proposed that if instructed, the PFPF would formalize the current approach to reemployment and establish it as an official policy.

Lynch expressed his agreement and confirmed that he supports moving forward with that plan.

XIII. Upcoming Meetings

a. Board of Trustees – Friday, August 18, 2023 at 9:00AM

XIV. Adjournment

11:10 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

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Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 06/26/2023

To be Approved: 08/18/2023