

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: May 19, 2017
TIME: 9:00 to 10:05 a.m.
PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

Richard Tuten, III, Board Chair
Richard Patsy, Board Secretary
William Scheu, Trustee
Chris Brown, Trustee

STAFF PRESENT:

Timothy Johnson, Executive Director
Stephen Lundy, Pension Benefits Specialist
Robert Sugarman, Board Counsel
Dan Holmes, Summit Strategies Group

CITY REPRESENTATIVES PRESENT:

Lawsikia Hodges, Office of General Counsel
Anna Brosche, City Council Liaison
Joey Greive, City Treasurer

GUEST: Randy Wyse, Jacksonville Association of
Firefighters

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BOARD MEETING

May 19, 2017

9:00 a.m.

- - -

CHAIRMAN TUTEN: All right, guys. Call the meeting to order. First thing is pledge of allegiance.

I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

CHAIRMAN TUTEN: All righty. We're going to have a quick moment of silence: James Black, retired fire chief; Carroll Dyal, retired police officer; Anthony Rodgers, retired police officer.

(Pause)

CHAIRMAN TUTEN: All right. Thank you very much.

We have the public speaking period. I don't see anybody on the list today, so we can skip that.

MR. SCHEU: Let me ask something. Is Anthony Rodgers the union representative? He was a good guy. He took our conference resolution, if it's the same guy.

MR. BROWN: He was involved with the union

1 for sure. I'm not exactly sure if he was the
2 president or not.

3 MR. SCHEU: Years ago, we did the
4 desegregation stuff. He's a good guy. I'm sorry
5 he died.

6 CHAIRMAN TUTEN: All right. We have the
7 Consent Agenda. Everybody review or read it
8 already? Any questions? Anything exciting
9 happening there, Director Johnson?

10 DIRECTOR JOHNSON: Well, it just shows how
11 busy we were during the month of April. You'll
12 see the first item are the meeting summaries and
13 transcripts for the April 10th, April 17th and
14 April 21st meetings. So this Board and the FIAC
15 were very busy in April.

16 CHAIRMAN TUTEN: It was exciting.

17 MR. PATSY: Motion.

18 CHAIRMAN TUTEN: All righty. We have a
19 motion to accept the Consent Agenda. We have a
20 motion.

21 MR. SCHEU: Second.

22 CHAIRMAN TUTEN: A second. All right. We
23 have a motion and a second. Any questions,
24 comments?

25 (No responses.)

1 CHAIRMAN TUTEN: All in favor?

2 (Responses of "aye.")

3 CHAIRMAN TUTEN: Any opposed?

4 (No responses.)

5 CHAIRMAN TUTEN: All righty then. Moving on
6 to Executive Director Johnson.

7 DIRECTOR JOHNSON: All right. If you will
8 turn to the front of the book, I wanted to
9 highlight a couple of things.

10 Stephen Lundy has done an outstanding job in
11 continuing to upgrade the Board book, and he's
12 not only doing this for this body, but he does it
13 for the FIAC and the advisory committee. So
14 you'll see on the cover he's replaced the badge
15 with a rendering of this building, and I think
16 it's really attractive.

17 In addition to that, if you'll turn to your
18 agenda, you will see highlighted on the Consent
19 Agenda, Item V, your Board actions. So in the
20 future, your Board actions will be highlighted in
21 red. So you'll be able to go to your agenda and
22 see those things that you're going to be expected
23 to take action on.

24 He's done a great job with it, and he's done
25 some other things just in terms of typesetting to

1 make it easier to read, changing the fonts,
2 changing the point sizes. He's doing a great
3 job. So we're going to continue to enhance this
4 to make it easier and easier for you-all to
5 perform your duties when we come to the meetings.

6 So if you'll turn to the Executive Director
7 Report, there are several items that I want to
8 highlight.

9 I only cover the dash boards when there's
10 something of note that I need to mention, and
11 there really isn't anything extraordinary that is
12 happening.

13 A little bit more activity. Under the DROP,
14 you'll see some good numbers under DROP, but
15 other than that, everything is on pace for where
16 it should be at this time of the year.

17 I highlighted three items on the agenda.
18 The first is Ordinance 2017-348. It talks about
19 a bill being introduced by member -- Council
20 Member Danny Becton with regard to the pension
21 bill that was approved at the end of April.

22 My understanding is that this will be
23 discussed on June 5th. I won't go into detail.
24 You can read my update. I'll be at that meeting
25 and I'll give this Board further reports on the

1 impact that this ordinance could have on reform
2 and ultimately on this pension fund.

3 I also make reference to the resignation of
4 Devin Carter. And you'll see attached the letter
5 that I received from Devin in which he -- in
6 which he formally resigns from the Police and
7 Fire Pension Fund.

8 And the last item mentioned on my report is
9 the impact of the ordinance on the comments that
10 were made by the Board. This was an item that
11 Chairman Tuten directed me to perform. I'll
12 cover it briefly, but I don't believe the Chair
13 intends to discuss this today. So it might be
14 held over to next month.

15 But if you would turn to your book and look
16 at this chart here, the direction was to take the
17 items that were included in the comments that the
18 Board sent to council and compare what we
19 recommended to what council decided to approve
20 and accept.

21 The items on the left margin talk about the
22 Surtax Growth Rate, the Minimum Liquidity, the
23 Minimum Payment. There was "subject to annual
24 appropriation," and you can read the rest, ending
25 with the Reform Agreement and Consent Decree from

1 2015, as well as the Payroll Growth Rate
2 Assumption.

3 So you can see in the next column what this
4 body recommended. You can see what council's
5 actions were, and the fiscal impact that is on
6 the final page.

7 So, for example, item 2 talks about the
8 minimum liquidity ratio. This Board wanted a
9 7-to-1 ratio. Council approved a 5-to-1 ratio.
10 And the impact of that is that it delays full
11 funding of the plan by four years. The actual
12 dollar impact, approximately \$176 million more
13 will be needed to be contributed by the city
14 through 2056.

15 These fiscal impacts were calculated by our
16 actuary. Again, you asked that we get this done.
17 Here's a presentation of it. I know it's your
18 first opportunity to see it.

19 And through the Chair, I believe it's
20 intended to talk about this next month, but with
21 that, I'll entertain any questions about my
22 report, and then turn it over to the attorneys
23 for their report.

24 CHAIRMAN TUTEN: I got something for you,
25 Director Johnson.

1 DIRECTOR JOHNSON: Yes, sir.

2 CHAIRMAN TUTEN: Could you do me a favor,
3 just if you get some free time. I'm curious. I
4 don't know why I didn't ask about this
5 beforehand, but what is the average liquidity
6 ratio for pension plans?

7 I don't know that answer. I know there's a
8 million of them out there, but -- and we don't
9 have to take somebody like DeLand that had \$8
10 million back in it back '97 when I left, or
11 CalPERS, you know.

12 But even then there should be some sort of
13 standard, I would think, or an average that most
14 pension plans use, you know. And I'm just
15 curious as to what that number is.

16 DIRECTOR JOHNSON: You know, I've gotten
17 that question before. And if you look at plans
18 that try to maintain the standard 80 percent
19 funded status --

20 CHAIRMAN TUTEN: Right.

21 DIRECTOR JOHNSON: -- that funded status
22 typically gives the plan enough assets to pay the
23 benefits that the Board has promised.

24 So in other words, if Lieutenant Chris Brown
25 were to retire today at an 80 percent funded

1 status, this plan would have enough money to pay
2 the benefits for your expected life term, 20, 25
3 years, depending on how old you are when you pass
4 away.

5 CHAIRMAN TUTEN: Does that transfer to a
6 certain liquidity ratio number, like --

7 DIRECTOR JOHNSON: It will. It would be 20
8 to 1, 25 to 1.

9 MR. BROWN: 25 to 1?

10 CHAIRMAN TUTEN: Oh, okay. I got you.

11 MR. SCHEU: Pew might be able to give you
12 best practices. You might call David Draine.
13 They probably would know that pretty quickly.

14 DIRECTOR JOHNSON: I will do that.

15 There's other items on the report, and I'm
16 more than willing to answer any questions related
17 to any other items, if you have any.

18 MR. SCHEU: I just have one. On the
19 paragraph dealing with administering the benefits
20 under those plans, you said that that had been --
21 you had recommended turning it over to the
22 General Employees to administer, at the top of
23 page 3.

24 DIRECTOR JOHNSON: Yeah, that's right.

25 MR. SCHEU: Did they agree to accept it?

1 DIRECTOR JOHNSON: Yes, they have agreed to
2 accept it. I'm glad you brought it up.

3 So we had a handful of administrative
4 stumbles relative to the Senior Staff Voluntary
5 Retirement Plan. This is the plan that Keane,
6 Cohee and Walmsley are members of.

7 It was an instance related to the
8 application of their COLA. It didn't get done on
9 time. There was a change to a W-4 that didn't
10 get done, and there was an error on a 1099 that
11 had to be corrected. My staff doesn't have
12 access to Jax Pension, enabling it to make those
13 administrative changes.

14 So the treasurer and I got together. We met
15 with the Office of General Counsel, and I expect
16 shortly to have a written agreement in which
17 we'll formally acknowledge that administration of
18 the benefits for those members will be turned
19 over to the General Employees Pension Plan.

20 MR. SCHEU: Good.

21 DIRECTOR JOHNSON: We will still be paying
22 the benefit --

23 MR. SCHEU: Right.

24 DIRECTOR JOHNSON: -- but they'll be
25 administered by that plan, because we want to

1 serve those members, and the best way to do that
2 is to have somebody responsible and accountable
3 to take care of that.

4 MR. SCHEU: Joey's responsible?

5 MR. GREIVE: Yeah, absolutely.

6 (Laughter)

7 CHAIRMAN TUTEN: Well, I'll be the fly in
8 the ointment, as always.

9 When we had Bob here -- you know, until the
10 lawsuit is settled, we're tasked with
11 administering that plan for those three members,
12 or at least that was the initial thought. And
13 that's what we've been doing up until the
14 headaches that started becoming involved.

15 Do we expose ourselves as a pension board,
16 as a pension plan, if we delegate this authority
17 over to the General Employees, you know, guys,
18 even for just a brief amount of time?

19 In other words, we don't want them saying,
20 well, look, we still -- even though we have a
21 lawsuit, you guys are the ones that are still
22 responsible for writing our checks and making
23 sure I get my payments.

24 And even if the city is, you know, doing
25 whatever they're doing with the computers, you

1 know, you guys are still the ones that should be
2 overseeing this, because if we do this, then we
3 don't catch any of this unless the city, of
4 course, decides to tell us that, hey, by the way,
5 we decided not to give your guys a COLA or
6 whatever they thought was coming. And I'm sure
7 they're going to call us and say, hey, what
8 happened to my paycheck?

9 But as a Board, you know, based on the
10 contract we have with them as of now, pending the
11 lawsuit, is it in our best interest to do this?
12 Does it open us up to any sort of, you know,
13 backlash from the members themselves down the
14 road?

15 MR. SUGARMAN: You're ultimately liable.
16 But the fact that you delegate an administrative
17 function to someone else is no problem.

18 Pension funds, most smaller pension funds,
19 have their custodian pay the pensions, for
20 example. They delegate it to someone else.

21 Your job, once you delegate it, doesn't take
22 you off the hook. You're responsible for
23 monitoring, and I'm sure that the agreement will
24 have within it a reporting mechanism whereby the
25 GE plan will report back to the pension office,

1 and that the pension office can make inquiry at
2 any time. I'm sure there is going to be a
3 reporting requirement in there.

4 So I'm not troubled by that. If it makes it
5 easier to administer the plan, then that's a good
6 way to do it.

7 MS. HODGES: Right. And through the Chair,
8 we're happy -- Joey, who at the Office of General
9 Counsel were you consulting with?

10 MR. GREIVE: We -- Tim and I met with
11 Loree French and Rita Mairs.

12 MS. HODGES: Yeah. So we're happy to share
13 that agreement, discuss it with Bob, just to make
14 sure you guys have the comfort that you need.

15 But Bob is absolutely correct. Your charter
16 allows you to delegate many of your functions.

17 MR. SCHEU: Can I ask another question too?

18 Just to say that Tim and I talked -- had a
19 conference call with Pew to see if they would be
20 interested in working with the city as it
21 implemented what it was going to do next in terms
22 of a forward pace, sort of bring their natural
23 expertise to that.

24 Greg Anderson sat in on that call and said
25 that he would -- since our relationship with the

1 mayor's office is probably not as good as Greg's,
2 he agreed to meet with Sam, which he did, and
3 they had zero interest in having Pew help at all.
4 Greg told me that Wednesday, as did Sam. So
5 they're not interested.

6 DIRECTOR JOHNSON: I see.

7 CHAIRMAN TUTEN: So are they going to
8 just -- are you working with them on that, Bill?

9 MR. SCHEU: It's over.

10 CHAIRMAN TUTEN: Are they going to come to
11 the Board or is it something you talked about but
12 it's not going anywhere?

13 MR. SCHEU: Yeah. To see if they would like
14 to work with the -- if they would be willing to
15 work with the administration to help the
16 administration in setting up the 401(k), et
17 cetera, if they would want to use Pew's expertise
18 for free, given their experience.

19 CHAIRMAN TUTEN: Okay. So were they talking
20 about working with the guys, working with the
21 unions or the city?

22 MR. SCHEU: They're not going to do
23 anything. Nobody wants to.

24 MR. WYSE: Nobody's asked.

25 MR. SCHEU: We asked Sam.

1 Randy, they might be willing to come help
2 you-all. That's a great idea.

3 MR. WYSE: I'm not saying it's a good idea
4 to anything. I'm saying that we're in
5 conversation with the administration now on how
6 to do that.

7 MR. SCHEU: Well, Pew is willing to do that.
8 You know, they gave a million dollars' worth of
9 free service to the pension task force, which
10 was -- you were there, and they were great. So
11 they did express an interest in helping.

12 CHAIRMAN TUTEN: All right. Anything else?

13 DIRECTOR JOHNSON: I appreciate you bringing
14 that up. That was a great offer that Pew made,
15 particularly with reference to best practices
16 when pension plans go from a DB to a DC, and how
17 ultimately you try to maintain the retirement
18 security of the members when there's a change
19 like that. So this was not an adversarial offer.
20 It was an offer of generosity --

21 MR. SCHEU: Right.

22 DIRECTOR JOHNSON: -- to help support this
23 reform. But it's totally up to the discretion of
24 the employer whether they want to accept it or
25 not. So thanks for your help.

1 MR. SCHEU: Yes.

2 DIRECTOR JOHNSON: So that's it. Any other
3 questions on my report? Very good.

4 So I see that item VII is the Counsel
5 Reports, and Lawsikia Hodges is named. Through
6 the Chair. I don't mean to take that
7 responsibility away from you.

8 MS. HODGES: Okay. So good morning. I
9 think Bob is going to update you on a few
10 policies that his office and our office has been
11 working very well together on for this Board.

12 But I particularly wanted to update Trustee
13 Brown on the question that you had at the last
14 meeting. I had some very involved discussions
15 with Steve Durden, and I myself have reviewed
16 Section 121.107, which is the pertinent section.

17 And our office is pretty firm on the opinion
18 that if you are a full-time court bailiff, that
19 you definitely can connect that time into the
20 pension fund.

21 And so what we are planning on doing is
22 coming out with an opinion, probably over the
23 next couples of weeks. I think the next steps,
24 of course, would be for anybody who wants to
25 connect that time would have to make application

1 to this Board pursuant to your ordinance code.

2 I would recommend, and I had this discussion
3 with Tim this morning, and there's a few places,
4 actually, in your ordinance that I think we could
5 clarify.

6 121.105(d), which is basically the exception
7 of the double-dipping, so to speak, that has that
8 list of folks that if you get re-employed with
9 the city, you cannot receive your pension check.
10 I think we could probably clarify that ordinance,
11 separate issue. Don't have to talk about that
12 today.

13 And we can also clarify this section,
14 because I think where the confusion is stemming
15 from is in the code, there's a line that says the
16 following types of employment are considered
17 temporary, and then there's this long list, court
18 bailiffs, volunteer firefighters.

19 But we're very firm that if, in fact, you
20 are a full-time employee, that that should not
21 prohibit you from being able to connect your
22 time.

23 MR. BROWN: And full-time employed being
24 defined as you work 40 hours a week?

25 MS. HODGES: Exactly. And that's defined in

1 your -- exactly.

2 So, you know, if the Board is amenable, one
3 of the charges under your charter is obviously,
4 of course, the administration of the fund, but
5 it's also to make recommended changes to this
6 section as you see necessary for the benefit of
7 your members. I mean, you can take the lead on
8 that.

9 And so if that's something that you're
10 interested in doing, I probably would, A, either
11 strike this list, because I think you don't need
12 it. You don't need to have a list, and maybe
13 when this was originally created there were more
14 temporary employees of this nature.

15 But now we have cases where you clearly have
16 full-time court bailiffs, and so it kind of
17 creates some confusion. But, you know, I toss
18 that out there for you to consider.

19 MR. BROWN: Okay. Thank you.

20 So by the next meeting, you think there will
21 be some -- there will be more of a process --

22 MS. HODGES: Something in writing. Yeah.
23 So I think you need something in writing from
24 your counsel saying, here's how we interpret this
25 ordinance section to allow this certain class of

1 people to connect in.

2 And once you have that, I think it's just a
3 matter of -- it's -- it's more reactive to the
4 Board. They have to apply to you to connect that
5 time, and then that goes through your normal
6 process, which I believe would probably be
7 handled under the benefits committee, since it
8 relates to benefits, you know.

9 DIRECTOR JOHNSON: Yeah, right.

10 MS. HODGES: They would go through that, but
11 happy to sit down and work with Tim to drill down
12 on some one, two, three, four, five steps so that
13 everybody is clear on how that process would
14 work.

15 MR. BROWN: So I would ask Tim --

16 DIRECTOR JOHNSON: Yes.

17 MR. BROWN: -- would it be okay for these
18 former bailiffs to start application for
19 connection of time, or did they need to wait for
20 there to be a process in place for them to do
21 that?

22 DIRECTOR JOHNSON: Well, you know, I just
23 got the update from Lawsikia, so I'm unsure
24 whether there's inconsistency now or whether
25 there was just confusion. I want to make sure

1 that we resolve both of them. Let's make sure we
2 communicate this effectively and let's make sure
3 we administer it effectively as well.

4 So if we're going to get an opinion, I would
5 like to base my analysis on that opinion. We
6 will have that done as soon as that opinion comes
7 through.

8 MS. HODGES: Yeah. Certainly by the next
9 Board meeting. I mean, that would give us ample
10 time.

11 MR. SCHEU: So is it premature to authorize
12 them if necessary, based on that, to ask the
13 General Counsel to prepare legislation to clarify
14 the confusion so that can go to the counsel, or
15 do you want to wait on the opinion on that?

16 DIRECTOR JOHNSON: I wanted to wait. I
17 don't want to get in front of you, though.

18 MS. HODGES: Yeah. It's fine. I mean, we
19 can -- so we're definitely going to issue an
20 opinion, but why don't we do this. I can
21 certainly draft some language, propose something,
22 for you to take a look at, and then if you like
23 it, then at that time we can move forward with
24 shepherding that through.

25 MR. BROWN: Okay.

1 DIRECTOR JOHNSON: I agree. My only point
2 was that I want to make sure we understand how we
3 should preferably administer what's in the law
4 now before we propose making any changes or
5 clarifications.

6 MR. SCHEU: So the General Counsel's opinion
7 could say as part of it, it's our observation or
8 recommendation that the confusion could be
9 clarified --

10 MS. HODGES: Exactly.

11 MR. SCHEU: -- if you present it to the
12 council for consideration and ordinance such as
13 that drafted and attached hereto, or something
14 similar.

15 MS. HODGES: We'll include that
16 recommendation. Okay. So that was one thing.

17 The other thing I wanted to update you on,
18 and Bob reminded me of this the other day and it
19 was discussed at a certification city-county
20 local government law course that I was in last
21 week, that there is legislation that's moved
22 through at the Tallahassee level, and it's actual
23 good legislation for counties as it relates to
24 the public records law, because it basically
25 attempts to prevent these certain organizations

1 that are just filing lawsuits just because,
2 not -- you know, frivolous lawsuits as it's
3 referenced inside the legislation.

4 Now, the governor hasn't signed it yet. He
5 has until the 24th to sign it, but if it is
6 signed, I think it would be a good one because it
7 can give you some protection.

8 There are some conditions that this Board
9 would have to comply with. It's not just this
10 Board. It's across the city. We would advise
11 all of our independent authorities, really
12 simple, just posting information on your website
13 and in the building administration as to where
14 the custodian lies.

15 But it would require any sort of plaintiff
16 to actually provide written notice, something
17 that they don't have to do right now, but this
18 will require that and a finding that the entity
19 has actually been unlawful.

20 And it provides the courts with an
21 opportunity to determine if this lawsuit is
22 frivolous or not. And if it's deemed to be
23 frivolous, then they would actually pay for the
24 county's attorney's fees.

25 So just an update on that just so that you

1 know that that's in the hopper from a Tallahassee
2 legislative level.

3 Bob.

4 MR. SUGARMAN: We've been working on a
5 number of items. There are examples now of how
6 the General Counsel's office, our office, are
7 learning to work with each other, because it's
8 working well.

9 We've put together a securities litigation
10 policy. We sent it over to OGC. They're having
11 their litigators look at it. So that will be
12 back to you in a month or two.

13 The second issue is the Loomis Sayles
14 contract. The Loomis Sayles contract is going to
15 take a while longer. The reason for that is that
16 this is a product that's new to the Florida
17 market, and the Florida market has certain
18 requirements that they don't have in other
19 states.

20 And so we -- and Loomis Sayles is going to
21 have to decide whether or not they can comply
22 with this because we selected a commingled fund.

23 So without getting too far into the woods on
24 this, the way it worked was, first, OGC, who,
25 with John Sawyer, was working on this for general

1 employees, he took the agreement, took a look at
2 it and put some things in there about City of
3 Jacksonville contracting and purchasing policies
4 that we know nothing about.

5 And, fortunately, because we're working with
6 OGC, we don't have to learn them, okay? Because
7 they're fairly esoteric. And so he put them in
8 there.

9 Then we took and put in our 175, 185 and
10 112 -- those are the three laws that govern us --
11 put it together. Then we met with Dan on the
12 phone and came up with a backup plan. The backup
13 plan is if the commingled fund doesn't work, will
14 they give us a separately managed account,
15 because this is a very lucrative piece of
16 business for them.

17 So that's our plan. We're about to present
18 it. Pedro has either sent it or will be sending
19 it very soon to Loomis Sayles. And then Dan is
20 going to know about that in the background so he
21 can tell Loomis what's coming.

22 They're going to make a business judgment:

23 Can they make these concessions that we need
24 in a side letter or in their adoption agreement
25 to permit them to do business in Florida?

1 Because when you're the first one to have a
2 contract, they always take longer.

3 If not, are they willing to give us a
4 separately managed account, which is very easy to
5 contract with. We can draft one of those up in a
6 week because we already have one for Loomis
7 Sayles. And do they want to do it? Will it cost
8 more?

9 So that's where we're at. The other thing
10 is the reclamation policy. Now, this is what
11 happens when we pay too much money to someone.
12 Usually it happens because we do direct deposit.
13 People don't sign checks anymore. Somebody dies.
14 We don't learn about it for a while. We've got
15 to get the money back.

16 So I'm about finished writing that policy,
17 which will be starting in the office of the
18 pension office, then move over to the OGC because
19 they've got people who know how to collect money.

20 And then that is going to lead to the next
21 policy, and that is errors correction policy, if
22 we overpaid or underpaid someone, because we can
23 do a lot more of that in-house. Those two are
24 related. So we're working on that.

25 On the reclamation policy, the ball is in my

1 court right now. Within the next week I'll have
2 the policy finished, move it over to OGC, because
3 it will call for some steps that they're going to
4 take. They'll show it to their litigators.
5 They'll polish it up. And then we'll be jointly
6 recommending it to you.

7 So that's what we've got pending.

8 MR. HOLMES: Bob, is it still premature for
9 me to assert anything on Loomis?

10 MR. SUGARMAN: It's probably a day or two
11 away. We're going to make sure you get a copy of
12 when we send it to them, and then that will be
13 your signal that now you guys have it.

14 Or if you want, if you know them well
15 enough, you could say, hey, this is coming any
16 day now, get ready.

17 MR. HOLMES: Okay.

18 MR. SUGARMAN: And just don't let -- see,
19 our concern is the company is going to have to
20 make business judgments. If they leave it up to
21 the lawyers, it will take forever to negotiate
22 this agreement, and they're not going to want to
23 give up what they write.

24 You know, you ask me to write an agreement
25 for you, it's going to be one-sided in your

1 favor. Okay. That's my job.

2 So they've got an agreement that's one-sided
3 in their favor. And the lawyers are probably
4 pretty proud of that, and maybe they want to give
5 in and maybe they don't.

6 But their client has to tell them that
7 there's a business judgment to be made here. If
8 you want to play in Florida where there's 600
9 municipal pension plans, you know, and a fairly
10 innovative product, then you may have to make a
11 few changes through side letters. And this is
12 the perfect example.

13 They're losing about \$6,000 a week in fees,
14 in their fees, while this plays out. So they
15 just have to decide what they want to do.

16 And Dan is going to help them on the
17 business judgment side. OGC and we and their
18 lawyers are going to work on the legal side.

19 That's it for our report.

20 CHAIRMAN TUTEN: Do we need a motion?

21 MR. BROWN: No.

22 CHAIRMAN TUTEN: Where are we at now? Oh,
23 while I was reading that -- sorry. I was lost in
24 this report back here.

25 Dan, it was so enthralling. I apologize.

1 Can we skip the economic and capital market
2 update? Everybody here can do that on their own
3 time, if you-all don't mind.

4 The Flash Report, the Watch List. Once we
5 get to the Watch List, that's where I have a few
6 questions based on what I was reading. I
7 apologize.

8 It's your turn. Go, Dan.

9 MR. HOLMES: Thank you.

10 CHAIRMAN TUTEN: And if you don't mind,
11 speak up a little bit. I'm having trouble
12 hearing today with this whole sinus thing going
13 on.

14 MR. HOLMES: I understand. Somebody who
15 flies on planes, I know exactly what you're
16 talking about.

17 Okay. Well, you want to skip the exciting
18 part with the Monthly and Economic Review. I'll
19 be happy to skip it. More exciting is the Flash
20 Report, and so I'll kind of get right to the
21 chase.

22 If you look at the first page of the Flash
23 Report, total market value as of the end of April
24 was 1.8 billion, almost 1.9 billion in assets.
25 And correct me if I'm wrong, but I think that's

1 the largest market value that the fund has ever
2 had.

3 You can see above that the asset allocation.
4 We're relative to policy. We're overweight in US
5 Equities. We're underweight in Real Estate. But
6 we are within policy range. So we're within
7 policy and in compliance with the asset
8 allocation ranges.

9 The overweight and underweight. The
10 continued underweight to Real Estate is something
11 that the FIAC talked about, and so we're going to
12 look at that going forward.

13 One of the issues that we have is that Real
14 Estate is fairly pricey now. As Tim -- as
15 Mr. Johnson remarked in conversation, it's gotten
16 a little bit expensive.

17 And so our fear, or I'll actually say --
18 fear -- our concern is that you are taking on
19 more illiquidity risks for less return going
20 forward. So we're simply monitoring it, but at
21 this time we want to go back up to target on it.
22 So we had a conversation with the FIAC about
23 that.

24 Now, getting into performance, you'll note
25 at the -- on page 2 we've got the month, the

1 three-month time period, the calendar
2 year-to-date and the fiscal year-to-date, along
3 with the trailing periods. I'll just focus on
4 fiscal year and calendar year.

5 So probably most importantly for you-all,
6 the fiscal year returns have been very good,
7 actually, both calendar and fiscal.

8 Fiscal year return is approximately 8.2
9 percent and on a net basis is about 8 percent.
10 That's over the policy index by 1.3 percent, and
11 so we're doing fairly well.

12 What's driving performance for the quarter
13 is the same thing that's kind of been driving
14 performance for the entire year, and that is
15 first and foremost, International Equities
16 returns. International Equities are
17 outperforming US Equities so far this year, with
18 Emerging Markets being the strongest driver
19 there.

20 US Equities come in second. They're still
21 fairly strong. You'll see here on the report
22 that US Equities for the calendar year are up
23 8 percent and for the fiscal year are up 12.4
24 percent. And like I said before, the
25 international portfolio is up even stronger,

1 14.4 for the calendar year and about 11.6 for the
2 fiscal year.

3 In both cases you've outperformed the
4 benchmark for those portfolios. And if you look
5 at the difference there, you can see that the
6 equity returns in international are significantly
7 above those of the benchmark.

8 One of the driving forces there was not only
9 just the Emerging Markets, but one of the
10 managers in the portfolio, Baillie Gifford --
11 Baillie Gifford is a manager that you'll recall
12 about a year ago had underperformed.

13 We had them in to the FIAC meeting, but the
14 bottom line is their style and also Emerging
15 Market exposure both have come back in that. So
16 they've been a big driver of the recent
17 outperformance.

18 On the Fixed Income side, the two new
19 managers are off to a good start. They're above
20 the benchmark for the quarter and since inception
21 in both cases. As a matter of fact, the amount
22 of value added that they've done so far above the
23 benchmark is about what we would expect for a
24 year. So relative to the benchmark, they're off
25 to a good start.

1 The one thing that we have to keep in mind
2 though is, is that Fixed Income returns have come
3 down in terms of magnitude. So right now you can
4 see that on the fiscal year-to-date period, the
5 Fixed Income return is only positive 25 basis
6 points.

7 And so that's because you're taking into
8 account the -- basically in the middle half of
9 the year last year, middle of 2016, in the front
10 end, we saw rates go down. So Fixed Income
11 returns had gone up.

12 And then the converse happened in the second
13 half of the year. We saw rates go up and the
14 Fixed Income returns went down. So that's why
15 that's lower. But, again, we're above the
16 benchmark.

17 And then so far this calendar year, it's up
18 about 2 percent. So the magnitude is less than
19 entities, but at least it's still positive.

20 The thing that's driving the fixed income
21 portfolio is basically our credit exposure. All
22 the managers with credit exposure have added
23 value.

24 In addition to that, Loomis and Neuberger
25 Berman both have high-yield exposure which has

1 done well so far this year. And Neuberger Berman
2 has had some Emerging Market debt exposure. So
3 those have all been additive.

4 MR. PATSY: Hey, Dan, on the Fixed Income
5 side, when you mentioned the high-yield
6 component, what's their aggregate allocation to
7 Emerging Market debt?

8 MR. HOLMES: Loomis or --

9 MR. PATSY: Both, combined.

10 MR. HOLMES: Bear with me. I'll look it up
11 real quick.

12 In aggregate, less than 5 percent.

13 MR. PATSY: 5 percent?

14 MR. HOLMES: Yes.

15 MR. PATSY: Okay.

16 MR. BROWN: Question about Sawgrass.

17 Any concerns with them? I know, as you
18 mentioned, large caps are having an issue right
19 now. That's kind of the way things work when you
20 split -- are trying to track a market that's had
21 this successful returns.

22 But over the last three months, they have
23 done poorly relative to the benchmark, or is that
24 within the margin of error? What are your
25 thoughts?

1 MR. HOLMES: We had this conversation with
2 the FIAC committee meeting last week. And so
3 their performance has been under the benchmark,
4 but it's still within the world expectations in
5 our eyes.

6 They are a low beta manager. Their beta --
7 or their market sensitivity to their benchmark is
8 lower. And so translated, that means when the
9 market goes down, we would expect them to protect
10 on the down side, and that's generally where they
11 add value.

12 When the market is ripping on the upside,
13 technical consulting term, which it has been so
14 far this year, so we've really, almost at the
15 beginning of the year, we saw a switch.

16 And so, so far this year in both large cap
17 and small cap, growth is outperforming value.
18 And so that has helped out managers like Brown,
19 who are more deeper growth in a concentrated
20 portfolio, but it's been a wind in the face of
21 Sawgrass.

22 Conversely, you go back about a year ago,
23 Sawgrass was outperforming, and that's when Brown
24 was in the tank. And so, like I said, it's
25 within expectations.

1 Now, that being said, we're not just kind of
2 passing that off. We discussed it with the FAIC.
3 And so at the next month's FAIC meeting, we're
4 going to bring Sawgrass in and they're going to
5 make a presentation to the committee.

6 So we'll go through with them, with the
7 committee, in-depth how their process works.
8 Give them a better understanding of, this is kind
9 of within expectations, and then we'll talk about
10 that and report out to the Board. Okay.

11 And then to try to kind of tie performance
12 up in a bow. So all the Fixed Income portfolio
13 managers are doing well meeting their benchmarks.

14 And, finally, in Real Estate and MLPs, you
15 can see that there are probably -- MLPs are
16 probably third in line, especially over the
17 fiscal year-to-date. They're up almost 5.7
18 percent and above the benchmark. And then also
19 Real Estate is up about 4.6 percent on a fiscal
20 year-to-date.

21 Principal. In Real Estate, Principal is
22 performing a little bit better than the other
23 manager, JP Morgan. And then within the MLPs,
24 the managers, you'll recall about a year ago, the
25 MLP managers were underperforming the benchmark.

1 When the price of oil started to come back
2 in 2016, you saw a lot of the lower quality
3 sectors in the MLP universe start to do well,
4 especially more on the front side, the processing
5 side of things.

6 Also, coal producers started to do a little
7 bit better. Those generally tend to be lower
8 quality securities.

9 So, therefore, these two managers don't
10 usually hold them. That has kind of turned
11 around and the performance kind of catch back up
12 to the other benchmark. So no concerns there.

13 So other than waiting for Loomis, a contract
14 to be put in place, and reviewing Sawgrass, no
15 concerns about asset allocation, no concerns
16 about manager performance.

17 And like I said, you're above benchmark --

18 CHAIRMAN TUTEN: I have to say, Dan, it's
19 funny you said that, because when I was reading
20 the initial -- the summary of everything, I was
21 like, you know, there's so much green along that
22 long-term line there except for a little blip
23 here and there.

24 You know, we're closing in on \$2 billion in
25 the fund. Well, I happened to be around when we

1 hit 1 billion, and it was sort of a
2 mini-celebration. And it is an achievement in
3 its own right.

4 And I remember thinking to myself chances
5 are this isn't going to last long. I think it
6 was, like, within a week or two the market hit a
7 bump, went back to, like, 850 million.

8 And it kind of reminds me of this when you
9 were just -- when you were saying, you know,
10 everything seems to be good. Everything seems to
11 be stable.

12 Yeah. I have a feeling, just my own
13 personal, something -- it just seems like when
14 everything is just going too good or too long --
15 let me ask a question.

16 Say the market, the economy, whatever, just
17 in a general nature, do you feel like most of our
18 investment managers are positioned pretty well as
19 far as not being taken out too bad, or do you
20 think -- are some better than others when it
21 comes to maybe being more defensive in nature?

22 You know, everybody rides the wave up. But,
23 you know, as far as riding the wave down, because
24 it just -- it's been how long since the market's
25 been down, seven years, eight years? Up to nine,

1 ten.

2 MR. HOLMES: Seven.

3 CHAIRMAN TUTEN: It's been a long time, you
4 know. There's a correction looming. I don't
5 know when, but it's looming. I was just kind of
6 curious. But, anyway, nothing particularly, you
7 know, urgent about all that.

8 MR. HOLMES: If you look at the -- and there
9 were articles in the journal about it over the
10 weekend. If you look at the VIX, which is a
11 forward looking indicator of implied volatility
12 in the equity market for the S&P, the VIX is
13 extremely low.

14 And so, in other words, the market is saying
15 that it's not worried about performance going
16 forward, at least -- I believe it's 12 months.

17 No, I'm sorry. The next three months.

18 CHAIRMAN TUTEN: It was 20 -- I know Monday
19 there was a dip, wasn't there?

20 MR. HOLMES: Yeah. There's --

21 CHAIRMAN TUTEN: In the market, too. Wasn't
22 there a little dip?

23 MR. BROWN: Yes.

24 MR. HOLMES: Yeah.

25 CHAIRMAN TUTEN: And I remember the VIX was

1 like at 23 percent that morning --

2 MR. HOLMES: Yeah, it spiked.

3 CHAIRMAN TUTEN: -- and people were starting
4 to freak a little bit. And I said, we'll just
5 wait and see now. I don't know what it is today.

6 MR. HOLMES: It spiked a little bit, but I
7 think --

8 MR. PATSY: I haven't looked at it this
9 morning. Futures were up.

10 MR. HOLMES: Mr. Chairman, I think when we
11 were looking at it -- when we were reviewing it
12 from the prior week, one of the take-away points
13 from our capital markets meeting was basically
14 that when the VIX has gotten that low, down below
15 the 15 percent, in the 10- to 15-percent area or
16 lower, generally the market does fairly well for
17 the next three, six, almost 12-month time period.
18 Then there might be some sort of correction.

19 And, yeah, our -- you know, the market is a
20 little bit long in the tooth. But I think my
21 counsel to you is this that plan as of -- you
22 know, we have a longer time horizon --

23 CHAIRMAN TUTEN: Oh, sure.

24 MR. HOLMES: -- and I know with pension
25 reform, that time horizon is going to be

1 changing, but that's not -- it's not kicking in
2 tomorrow. And to try to tacitly allocate assets
3 or time the market, I think, would be -- I think
4 we would be disappointed.

5 Now, that being said, if we get into an
6 event like 2008, it doesn't make any difference
7 if a manager is more defensive or not.
8 Everything is going to go down. And so it's more
9 asset allocation than anything else.

10 And so there, in that particular case, we do
11 have some defensive sectors; but when
12 correlations all go to one, you're going to have
13 a drawdown in assets, regardless.

14 CHAIRMAN TUTEN: That's fine. I was just
15 making comments.

16 MR. PATSY: One thing I want to bring up and
17 highlight this, Dan, whatever you want to do,
18 we've had a much higher allocation in
19 International Equities than our peers. And
20 that's been a drag up until January.

21 In January, internationals reversed course
22 and domestic has been lagging. So we're finally
23 benefiting from that overweight to international.

24 MR. HOLMES: That's correct.

25 And also within the international, the

1 Emerging Market overweight as well.

2 MR. PATSY: Right.

3 MR. SCHEU: On the Watch List, which I take
4 as part of this discussion --

5 CHAIRMAN TUTEN: Yeah. We'll get to the
6 Watch List next.

7 MR. SCHEU: The comment on Pinnacle, you
8 said this is where the lead portfolio manager was
9 out for health reasons --

10 MR. HOLMES: Sure.

11 MR. SCHEU: -- could you -- you said you
12 discussed it. Tell us more about that.

13 MR. HOLMES: Sure.

14 So the idea -- and I'll give credit where
15 credit is due. In a discussion, Tim came up with
16 the idea of a more succinct way of keeping the
17 FAIC apprised of any issues with managers that we
18 needed to highlight.

19 And so I try to draft this report, if you
20 will, that we produce on a quarterly basis and
21 put in front of the committee to try to highlight
22 some of those issues. This is an approach that's
23 worked with some other of my clients, so
24 hopefully it works for you-all as well.

25 But the idea is it's not -- these issues are

1 not just performance related. It could be firm
2 related. It could be regulatory related. It
3 could be team personnel related, et cetera.

4 So the Pinnacle issue is an example of that.
5 The Pinnacle portfolio team is a three-person
6 portfolio management and research team. It's
7 pretty lean, but they work fairly cohesively out
8 of New York.

9 Peter Maran (phonetic) is the leader of the
10 team, and he really is, for lack of a better way
11 to describe it, a pretty gifted stock picker, and
12 he's kind of the driving force there. And we've
13 always known going into the relationships with
14 them that Peter has a heavier impact than the
15 other team members on that product.

16 Peter was going through a routine checkup,
17 and during the course of that they detected some
18 blockage. So they did a -- they put -- I forget
19 the name -- I think they put a stent in or
20 something along those lines.

21 The bottom line is they -- he was having no
22 problems. They caught it beforehand. They did a
23 surgical procedure. It may have been a stent.
24 It wasn't bypass surgery. But they basically did
25 it in a day, and he was out of the office total

1 of about three weeks. Within a week, he was
2 working from home.

3 So he's fine. The portfolio was fine, but
4 it highlighted for us an issue. And that is,
5 this is a -- like I said, this is a team that's
6 run by Peter. If Peter -- or if something were
7 to happen or if he were to leave, we would
8 probably come back and make a recommendation that
9 you leave, that you find a new manager.

10 And so before we did that, what we wanted to
11 do, we went back to Pinnacle and said, we think
12 you need to think fairly hard about a more robust
13 succession plan other than, well, one of the
14 other two team members will run the portfolio.

15 And so Peter is his early 60s. And so we
16 think that this is a good time to have that
17 conversation with them.

18 MR. PATSY: How big of a firm are they, Dan?

19 MR. HOLMES: They've got multiple products,
20 but this is one of the more successful ones. I
21 don't have the assets under management --

22 MR. PATSY: It doesn't sound like they're
23 very big.

24 MR. HOLMES: Well, no. It's more of a
25 boutique shop than anything else, but it's more

1 than just this one product.

2 MR. PATSY: This is more like an Eagle
3 structure type of firm?

4 MR. HOLMES: Similar in terms of being a
5 boutique shop, but Eagle has the one product.
6 Pinnacle has more than one product.

7 MR. PATSY: Okay.

8 MR. HOLMES: So that is it with regard to
9 the two managers on the Watch List.

10 Let me stop and see if there's any other
11 questions.

12 CHAIRMAN TUTEN: Did you want to talk about
13 the Watch List now? Is that what you're --

14 MR. HOLMES: I believe I just kind of
15 covered it.

16 CHAIRMAN TUTEN: Yeah, okay. That's all the
17 in-depth you want to do, that's fine.

18 MR. HOLMES: Yeah.

19 CHAIRMAN TUTEN: Anything else?

20 MR. HOLMES: I have the Quarterly Report.
21 What I would like to do is kind of perhaps put
22 some icing on the cake, if you will.

23 I just covered fiscal year through April.
24 So what I wanted to do is just back up one month
25 since we haven't covered the Quarterly Report,

1 and I can do it here fairly quickly. I'm not
2 going to go through the whole report.

3 What I wanted to do is simply point out on
4 page 14 of that Quarterly Report. So page 14
5 shows total fund returns and peer ranking
6 relative to other public fund -- public pension
7 funds.

8 And so it shows -- from left to right it
9 shows the three-month time period. Obviously
10 calendar year-to-date for the first quarter is
11 just the same time period and the trailing one
12 year through ten-year time periods.

13 So the bottom line is, is that for the
14 reason we've already identified, the equity
15 exposure, the International Equity exposure, the
16 overweights, everything that we already talked
17 about, which kind of continued it from March into
18 April, has driven really good performance.

19 And so you can see for the trailing -- for
20 the quarter, it's -- the portfolio is up 5.7
21 percent, but you rank in the third percentile of
22 the peer universe. Again, this is a case where 1
23 is best and 100 is worst.

24 For the trailing one-year period, again,
25 you're in third percentile again there as well.

1 So you're at top of the heap, if you will.

2 If you go out over trailing time periods,
3 you can see that performance has definitely
4 recovered and you're basically in the top
5 quartile for the majority of the period.

6 So I wanted to point it out simply because
7 in 2015, you were patient. You allowed MLPs to
8 recover. You allowed International Equities to
9 recover, and now you're reaping the benefits of
10 it.

11 And so you can see on the right-hand side,
12 the last three calendar years, but basically over
13 the last ten years, you're in the 28 percentile,
14 and then basically above median or top
15 percentile. The three-year period demonstrates
16 where you kind of got pulled down for 2015.

17 So very good absolute performance and very
18 good peer performance. And that's all I wanted
19 to say.

20 MR. PATSY: Dan, the 2016, '15 and '14,
21 those are calendar-year numbers --

22 MR. HOLMES: Correct.

23 MR. PATSY: -- as opposed to fiscal year,
24 right?

25 MR. HOLMES: Yeah. On right-hand side, we

1 show calendar year to try to put it into
2 perspective. And I know for our various public
3 fund clients tend not to be on calendar year.
4 They're either on June 30 or September 30 fiscal
5 years.

6 But that's on a calendar year. It's kind of
7 programmed in there. But the bottom line is it
8 kind of gives you an idea about where performance
9 shine and where it lagged.

10 But the rest of the periods, the annualized
11 periods, are all as of the date at the top of the
12 page.

13 CHAIRMAN TUTEN: Any questions for Dan or
14 comments, concerns?

15 Rick, you have any?

16 MR. PATSY: As far as the quarterly, no. I
17 mean, it's hard to argue with good numbers. But
18 to piggyback on what you said, okay, things are
19 going good. This is not the time where you put
20 your feet up and, you know, crack open a beer.

21 You know, you've got to pay attention to it
22 because when you look at '15 -- you look at '14,
23 '15 and '16, '14 was a good year, '15 was a bad
24 year, '16 was a good year. So '17 is shaping up
25 to be a good year. You know, things could

1 change.

2 CHAIRMAN TUTEN: Yeah.

3 MR. HOLMES: So -- go ahead, Mr. Patsy.

4 MR. PATSY: Having said that, I'm going to
5 digress a second.

6 We've got the changes to the law in place,
7 and it's going to be effective 1 October. It's
8 been a while since we've done any kind of asset
9 allocation study. The combination of those two
10 things, it might be a good idea to put an asset
11 allocation study on the agenda to be able to take
12 time to work through one.

13 So maybe I'm early in bringing this up, but
14 I think it's a good idea.

15 MR. HOLMES: That -- I was actually going to
16 mention that. And Tim has already organized
17 that. So --

18 MR. PATSY: I don't remember what we call it
19 on the public side. On the corporate side, it's
20 an asset liability study.

21 MR. HOLMES: Yeah. We call it the same
22 thing on the public side.

23 MR. PATSY: Okay.

24 MR. HOLMES: So you are exactly correct.

25 The look of the liabilities and the cash flow

1 demographics are going to change substantially.

2 So, Tim, do you want to describe what your
3 effort is or what your plan is?

4 DIRECTOR JOHNSON: Sure. This is a unique
5 situation we're in.

6 Oftentimes asset liability studies are done
7 on a cycle, maybe every three or four years,
8 updating the portfolio based on current
9 conditions and the risk profile.

10 We're conducting one now in response to
11 pension reform. So not only is it time to do
12 one, but the pension reform creates new external
13 dynamics, not the least of which is the fact that
14 the plan is going to close.

15 So with asset liability study for a closed
16 plan, even though it's 50 or 60 years in the
17 future, is going to be slightly different.

18 One of the challenges you've got to look at
19 is whether or not -- like you said a minute ago,
20 you know, you put your foot to the floor and try
21 to get every dollar of return out of this plan,
22 because you know that solvency is way off, right?

23 It's going to be 30 or 40 years before we're
24 solvent. So you want to make every dollar you
25 can.

1 Another way to look at it is, go totally
2 past it because at some point this taxpayer money
3 is going to kick in and we're going to become
4 solvent anyway.

5 So it's two entirely different ways to look
6 at it. Do you try to make as much money as you
7 can because the future is uncertain, or do you
8 assume the future is certain, the money is going
9 to come in anyhow, so you go past it?

10 Also, I think it's important is that the
11 GEPP and the correctional officers are going
12 through the same thing, and there's probably
13 lessons we can learn through collaboration that
14 it might make sense that we plan around before we
15 individually jump into doing independent studies.

16 We're going to have to report on this with
17 our actuarial reports each fall. And though Joey
18 and I haven't talked about it specifically, I
19 would imagine that the employer would like to see
20 some continuity in the way we do that reporting
21 as we go forward as opposed to three different
22 angles on -- you know, on how we're responding to
23 reform.

24 That's a long way of saying that I've talked
25 to the Chairman, I've talked to the Office of

1 General Counsel about convening a strategic
2 planning session to kind of put all these issues
3 on the table so that when we do start to
4 administer these actions, that we're doing them
5 with some sort of game plan in mind. They're not
6 just independent actions, but we're doing it with
7 a game plan in mind.

8 I'm hopeful that that's going to occur in
9 the next 30 to 60 days. And before the end of
10 this year, we will have that asset liability
11 started -- asset liability study started.

12 It will probably take Dan three or four
13 months to get through it. There's no reason why
14 we can't get it done by the end of the year, but
15 I would like to do a little bit of planning and
16 strategizing before we jump into it,
17 acknowledging that it's got to be done.

18 MR. PATSY: Absolutely. I got it.

19 DIRECTOR JOHNSON: Thanks for that chance to
20 talk about it.

21 CHAIRMAN TUTEN: Have we talked to Pete
22 about it? Because he might be somebody that --
23 he's familiar with closed plans and pitfalls and
24 all that kind of good stuff.

25 DIRECTOR JOHNSON: Yes.

1 CHAIRMAN TUTEN: They might want to sit in
2 or have some ideas. As an actuary, he deals with
3 that, you know, what you might want to be careful
4 of.

5 Anybody got anything else?

6 MR. SCHEU: Not on that. I've got something
7 on the New Business side.

8 CHAIRMAN TUTEN: Let's flip back to the
9 agenda here real quick and see what we've got
10 left.

11 Director?

12 DIRECTOR JOHNSON: We've done a lot in an
13 hour. And there was no Old Business. I
14 commented on that chart that compared the
15 ordinance to what we recommended. I commented
16 on that within my report.

17 I don't know that we acknowledged that
18 Michael Lynch is here. He's our newest member of
19 the advisory committee, and glad to have him.
20 And he's also attending the Division of
21 Retirement trustee training in -- Tallahassee?

22 MR. LYNCH: Yes, sir.

23 DIRECTOR JOHNSON: May 31st through June
24 2nd.

25 Chris and I did the trustee training with

1 the Division of Retirement last fall. It was in
2 Orlando, in Hollywood, actually.

3 MR. BROWN: Is that annual?

4 DIRECTOR JOHNSON: It's semiannual. They do
5 it twice a year. It's great training because it
6 covers state ordinances, fiduciary duty, public
7 records, actuarial.

8 In fact, I think Bob Sugarman was on the
9 agenda of the one that you and I attended.

10 MR. BROWN: Yeah.

11 DIRECTOR JOHNSON: You were on the agenda.

12 MR. SUGARMAN: Yes. And I -- Pedro will be
13 doing the new trustee section and speaking on the
14 31st and the 1st, because out of some sense of
15 misplaced priorities, I've decided that I would
16 rather celebrate my 70th birthday with my wife in
17 the mountains of Northern Georgia, rather than in
18 Tallahassee with my clients and friends of many
19 years. Please excuse me for that choice.

20 (Laughter)

21 MR. SUGARMAN: Otherwise, I'd be there.

22 But Pedro will be there on the 31st and
23 he'll be speaking again the next day.

24 DIRECTOR JOHNSON: It's outstanding
25 training. It's just a long way of saying that,

1 you know, one of the our priorities, the pillars,
2 is governance. These are all governance issues.
3 We've been through it. Mike has gone through it.
4 Rick is considering going to that training the
5 31st through the 2nd of June.

6 But the good news, it happens semiannually.
7 And so we will cover the expense for any trustees
8 or committee members that want to go.

9 And we intend to put our own -- working with
10 the Office of General Counsel and Lawsikia, our
11 own training together, talking about the local
12 nuance of fiduciary duty, public records, and
13 what not. And ethics.

14 MS. HODGES: Sunshine.

15 DIRECTOR JOHNSON: Sunshine. That's right.
16 So it's all good. It's all good.

17 MR. SUGARMAN: Let me just add something to
18 that. I would encourage you to go to the
19 Tallahassee one if you can.

20 In addition to all the good stuff that Tim
21 told you, the environment is the best. The
22 Orlando one is in a hotel, which is a good
23 environment. This one is at the FSU Conference
24 Center. So it's an academic environment and it's
25 a superb facility.

1 The second thing is you get to talk to the
2 state regulators. They're all there and they're
3 really friendly people and they're very
4 approachable. And so -- as well as talking to
5 other trustees. So if you can make it, I would
6 encourage you to go.

7 DIRECTOR JOHNSON: And it's priced right.
8 It's not very expensive because it's in-state. I
9 think the curriculum is only a few hundred
10 dollars.

11 MR. PATSY: Is this put on by the state's
12 Division of Retirement?

13 DIRECTOR JOHNSON: Yes, sir.

14 MR. PATSY: Okay.

15 DIRECTOR JOHNSON: It's quite good.

16 CHAIRMAN TUTEN: Anything else?

17 DIRECTOR JOHNSON: That's it.

18 MR. SCHEU: Steve mentioned this morning
19 before the meeting that our accountant had died
20 very suddenly. I would just like to -- maybe
21 we'd like to have a resolution just appreciating
22 her service and work that we could send to her
23 survivors. She had six children, you said, at 43
24 years old?

25 MR. LUNDY: 46.

1 MR. SCHEU: 46 years old.

2 DIRECTOR JOHNSON: We should comment on
3 this, and I apologize. I did not have the
4 pleasure of knowing her well at all, but the
5 staff has. She's been our auditor for a number
6 of years. And maybe, Stephen, if you don't mind,
7 you could update the Board.

8 MR. LUNDY: Sure.

9 Linda Honea was a member of KBLD, the
10 auditors that we've used for many years. She had
11 recently gone through some treatment for breast
12 cancer. She went through a couple surgeries.
13 And over a week or so I believe after her last
14 surgery, she developed a blood clot in her lung
15 and unexpectedly passed away on Mother's Day.

16 She just recently got married, had six
17 children. And we're all going to miss her around
18 here.

19 MR. SCHEU: I think it would be
20 appropriate -- I mean, you see groups do that.
21 If we just send a letter of condolence or
22 something that appreciates her service.

23 DIRECTOR JOHNSON: Members of our staff did
24 attend the memorial service this week. But I'll
25 take care of that letter personally on behalf of

1 the Board.

2 MR. SCHEU: Thank you.

3 CHAIRMAN TUTEN: Anything else?

4 Meeting adjourned.

5 (The Board meeting concluded at 10:05 a.m.)

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CERTIFICATE OF REPORTER

I, Denice C. Taylor, Florida Professional Reporter, Notary Public, State of Florida at Large, the undersigned authority, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings, pages 3 through 58, and that the transcript is a true and correct computer-aided transcription of my stenographic notes taken at the time and place indicated herein.

DATED this 15th day of June, 2019.

Denice C. Taylor, FPR
Notary Public in and for the
State of Florida at Large

My Commission No. FF 184340
Expires: December 23, 2018