

JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES MEETING

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DATE: August 18, 2017

TIME: 9:00 to 10:35 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  
Chris Brown, Trustee  
Willard Payne, Trustee

STAFF PRESENT:

Timothy Johnson, Executive Director-Plan  
Administrator  
Stephen Lundy, Assistant Plan Administrator  
Lawsikia Hodges, Office of General Counsel  
Pedro Herrera, Fund Counsel  
Dan Holmes, Summit Strategies Group (Webex)

CITY REPRESENTATIVES PRESENT:

Greg Anderson, City Council Liaison

Denice C. Taylor, FPR  
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## 1 BOARD MEETING

2 August 18, 2017

9:00 a.m.

3 - - -

4 CHAIRMAN TUTEN: It's 9 a.m. We're going to  
5 start the party. Let's stand for the pledge of  
6 allegiance.

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

11 CHAIRMAN TUTEN: All righty.

12 We have public speaking period. No one has  
13 signed up. Moving on to the Consent Agenda.

14 MR. BROWN: I make a motion to accept.

15 MR. PAYNE: Second.

16 CHAIRMAN TUTEN: We have a motion and a  
17 second to accept the Consent Agenda.

18 Any questions?

19 (No responses.)

20 CHAIRMAN TUTEN: All in favor?

21 (Responses of "aye.")

22 CHAIRMAN TUTEN: Opposed?

23 (No responses.)

24 CHAIRMAN TUTEN: All righty.

25 Old Business. Director Johnson, do you

1 want --

2 MR. LUNDY: I think we're on Dan Holmes  
3 first.

4 DIRECTOR JOHNSON: We did. We changed the  
5 agenda slightly. We moved Dan early. So he's  
6 next on the agenda.

7 CHAIRMAN TUTEN: Oh, I'm sorry. I  
8 apologize.

9 DIRECTOR JOHNSON: No problem.

10 CHAIRMAN TUTEN: I missed the Consultant  
11 Report, Steve.

12 MR. LUNDY: Good morning, Dan. Are you  
13 here?

14 MR. HOLMES: I am. Can everybody hear me  
15 okay?

16 CHAIRMAN TUTEN: Yes.

17 DIRECTOR JOHNSON: Just fine.

18 MR. HOLMES: Okay. Terrific. I appreciate  
19 you moving me up in the agenda. I've got to take  
20 my kid back to college today. Hopefully we get  
21 back to normal, whatever normal is these days.

22 Okay. So I have three reports on the agenda  
23 today. Probably the most important one is the  
24 Quarterly Report. That should be the big blue  
25 book, if it was distributed in hard copy. If

1 not, it's, I believe, in your packet.

2 Steve, do you have the page number from your  
3 perspective?

4 MR. LUNDY: It should be the third thing  
5 under the Investment Consultant Reports tab,  
6 after the Economic and the Capital and the Flash  
7 Report.

8 CHAIRMAN TUTEN: I think it's in here, Dan.  
9 I see a bunch of graphs and charts and stuff.

10 DIRECTOR JOHNSON: Looks like it's here.  
11 It's after the Monthly Economic.

12 (Mr. Herrera enters meeting.)

13 MR. HERRERA: Good morning.

14 DIRECTOR JOHNSON: Good to see you. We're  
15 in the consultant's tab, Quarterly Report.

16 MR. HOLMES: Do you have it?

17 DIRECTOR JOHNSON: Yes, we have it.

18 MR. HOLMES: Okay. Great.

19 So directing your attention to page 4 of the  
20 report, just to kind of set the stage for  
21 economic backdrop.

22 What we saw during the course of the quarter  
23 was kind of a continuation of the first quarter.  
24 We continue to see strong economic strength, not  
25 just in the US, but across the world, with

1 increasing sales and earnings growth, continued  
2 low inflation and continued increase in both  
3 consumer and business spending.

4 That led to the continuation of good equity  
5 returns. The trends that we've been following so  
6 far this year have been as follows:

7 First of all, all risk assets have done  
8 fairly well for the quarter. In addition to  
9 that, non-US stocks or International stocks  
10 continue to outperform US stocks this year.

11 Within non-US, Emerging Markets continues to  
12 be the leader.

13 Then within styles, the growth style  
14 continues its comeback, continues to outperform  
15 the value style, not just in US, but also in  
16 non-US stocks in both large cap and small cap.

17 In the world of bonds, we saw interest rates  
18 creep up a little bit in the second quarter. The  
19 Fed raised rates again, but the bottom line is,  
20 is that for the quarter, bonds were only up about  
21 1.4 percent.

22 And over the trailing year, actually bonds  
23 are negative. That's been offset obviously by  
24 the strongly positive returns in equities and  
25 other risk assets.

1           So I'll direct your attention -- that's kind  
2 of the economic backdrop. I'll direct your  
3 attention to the total fund returns. They start  
4 on page 12.

5           And so this was Asset Allocation at the end  
6 of the quarter. You'll see that at the end of  
7 the quarter -- this is before summary rebalancing  
8 occurred, but we remain overweight in US Equities  
9 by about 4.4 percent, underweight in Real Estate  
10 by about 4.5 percent, and then overweight and  
11 underweight to a lesser degree in the other asset  
12 classes.

13           At the end of the quarter, you can see on  
14 page 12, the bottom, left-hand side, that market  
15 value had grown to 1.9 billion dollars. And when  
16 we go through the Flash Report, you'll see it's  
17 up from there as well.

18           If you look at page 13, what page 13 is  
19 showing you is the asset allocation across broad  
20 asset classes compared to the public pension fund  
21 universe.

22           On left -- starting from left to right, you  
23 see that the US Equity portfolio represented  
24 about 43 percent of assets. Compared to other  
25 public funds, that was right about median, in the

1 52 percentile.

2 These percentiles have nothing to do with  
3 performance from the standpoint of its rankings.  
4 These are not returns. They're just the weights  
5 in the portfolio.

6 So compared to other public funds, you have  
7 about a median weight in US Equities. You're  
8 overweight in International Equities. You can  
9 see that you're almost in the top quartile with  
10 20 percent. US Fixed Income, at about 20  
11 percent. More on the lower side.

12 And, actually, I would submit to you that  
13 those three things right there, those allocation  
14 decisions are the main determinant of your good  
15 performance over the last 12 months.

16 Rich, was there a question?

17 CHAIRMAN TUTEN: No. No.

18 MR. HOLMES: Okay.

19 Then International Fixed Income is shown to  
20 the right of that. The Alternative Investments,  
21 unfortunately the performance system drops MLPs  
22 into that category. Technically, they're  
23 Domestic Equities, but it drops it in the alts  
24 category for some reason. But that's what that  
25 is. That's simply the MLPs. They're publicly

1 traded.

2 Real Estate. You continue to have a high  
3 allocation relative to peers in Real Estate.  
4 That's also been helpful to performance. Then  
5 you can see Cash on the right-hand side.

6 So that's how you've been allocated relative  
7 to peers. And like I said, it's been additive to  
8 Performance.

9 If you look on the next page, page 14, it  
10 shows Performance. And so for the quarter, the  
11 fund was up 3.11 percent. It ranked in the 41st  
12 percentile for the calendar year so far this  
13 year. So that's the first six months of this  
14 year through June.

15 The fund is up 8.95 percent, ranks in the  
16 11th percentile. And, again, as a reminder, 1 is  
17 best, 100 is worst.

18 And then for the trailing year, your -- the  
19 return has been just over 15 percent, the  
20 benchmark being the policy index is up 12 1/2  
21 percent. So you've outperformed that.

22 And you can see that the fund ranks in the  
23 7th percentile in the public fund universe.

24 Let me stop there for one second.

25 DIRECTOR JOHNSON: Hey, Dan, it's Tim.

1 MR. HOLMES: Yeah, Tim.

2 DIRECTOR JOHNSON: I want to go back to page  
3 13. I don't know whether the take-away is that  
4 our performance is good because we're  
5 underallocated to alternatives. I want to get  
6 clarity on that because the FIAC has included a  
7 discussion of private equity real estate in its  
8 work plan for the upcoming fiscal year.

9 They've made it pretty -- and you've been in  
10 those meetings. They've made a pretty strong  
11 case for reconsidering alternatives.

12 So I don't know whether any of the Board  
13 members took away from your comments that our  
14 performance is good because we're not in  
15 alternatives.

16 MR. HOLMES: No. No.

17 Actually, the recent performance has been  
18 exceptional -- or it has been very good so far  
19 this year, is actually shown on -- shown on page  
20 15.

21 So what you'll see is, is that for the  
22 calendar year-to-date, you've outperformed the  
23 benchmark by 1.8 percent. And the way that's  
24 attribution works out is that Asset Allocation  
25 has accounted for about 9 basis points of that.

1 And Manager Value Added has accounted for 1.7  
2 percent of that value added.

3 If you look at the -- on the bottom  
4 right-hand side, what you see is that returns on  
5 a relative basis in both US Equity and non-US  
6 Equity have been very strong so far this calendar  
7 year.

8 And so a couple cases in point. In US  
9 Equity, you have very strong returns from  
10 Pinnacle, Eagle, and you'll recall that  
11 represents a period of recovery for Brown as  
12 well.

13 So manager outperformance there along with  
14 the overweight was very strong or was very  
15 additive to performance. And the same thing kind  
16 of goes with International as well.

17 You have a little -- slight underweight  
18 there that was a little bit of a drag on  
19 performance by about 6 basis points. But the  
20 manager outperformance kind of across the board  
21 or across all of your managers.

22 As a matter of fact, as I mentioned with the  
23 FIAC, every one of the International managers for  
24 the year-to-date and also the trailing one year  
25 have outperformed their benchmarks by a

1 significant margin. So it's weighted and manager  
2 performance in equities more than anything else.

3 And, more importantly, long-term, I think  
4 moving into some of the private areas, as the  
5 FIAC has discussed, would be additive to the  
6 Asset Allocation over time.

7 Back on page 14, we show longer term  
8 performance as well. And the only thing I wanted  
9 to point out is, is that, you know, over the  
10 three-year period, performance dipped down, and  
11 that was primarily due to 2015, which that  
12 calendar year is shown on the far right-hand  
13 side.

14 But, more importantly, over the longer time  
15 period, 5, 7, trailing 10-year periods, you can  
16 see that the performance has basically been top  
17 third to top quartile over those time periods.  
18 And it has also outperformed the policy index  
19 over each of those time periods as well.

20 And so, you know, performance remains pretty  
21 competitive compared to the peer set and also on  
22 an absolute basis.

23 Any questions about Total Fund Performance  
24 so far this year or the trailing year?

25 MR. BROWN: Just a real quick, if you can,

1 two-sentence explanation for why we've taken a  
2 dip in the last three months relative to other  
3 pension plan performance. If I'm reading it  
4 right, we're in the 41st percentile.

5 MR. HOLMES: Yeah, 41st.

6 Chris, I don't have a great read on just --  
7 on that particular ranking. I think part of it  
8 is, is that we have the biggest overweight -- or  
9 I shouldn't say overweight, but the biggest  
10 weight in US Equities.

11 And for the quarter, US Equities were a  
12 little weaker than non-US Equities, and non-US  
13 Equities had much of a stronger second quarter.

14 MR. BROWN: Thanks, Dan.

15 MR. HOLMES: Sure.

16 Also -- I'll tell you what. Chris, there's  
17 one other factor there as well. There's a big  
18 difference in performance for MLPs between the  
19 quarter and the trailing 12-month -- trailing  
20 year and the year-to-date.

21 MLPs was the only area that was negative for  
22 the quarter. Everything else was positive. And  
23 so for the quarter, MLPs were off 6 percent. 6  
24 percent and change.

25 MR. BROWN: Yeah. Okay. I see that.

1 MR. HOLMES: Yeah. For the trailing 12  
2 months, MLPs were up over 3 percent. That -- at  
3 a 5-percent weighting in the portfolio, that  
4 represents a difference and that is also another  
5 issue or contributor to that 41 percent ranking.  
6 Okay?

7 MR. BROWN: Okay. Thank you, Dan.

8 MR. HOLMES: Yeah. No problem.

9 Let me move on to some other constituent  
10 components of the overall portfolio.

11 I'll direct your attention to page 18. Page  
12 18 shows the makeup of the US Equity portfolio.  
13 On the left-hand side, you can see the  
14 allocations to the managers, the largest manager  
15 allocation is the Index Fund at 33 percent of US  
16 Equities, call it 34. And Eagle is second at  
17 about 25 percent.

18 On the right-hand side is the holdings-based  
19 analysis. So from a bottom up perspective,  
20 looking at all the stocks held in all the  
21 portfolios, you can see where the overweights and  
22 underweights are in sectors.

23 So the bottom line is the three biggest  
24 overweights in the overall portfolio relative to  
25 the Russell 3000 Index, you've got overweight in

1 Consumer Discretionary and overweight in  
2 Financials and overweight in Information  
3 Technology.

4 That's neither -- you know, in terms of  
5 structuring, that's not necessarily bad or good.  
6 It's just a residual of what stocks the managers  
7 have in the portfolios.

8 I will say, however, that overweight in  
9 Information Technology has also been additive to  
10 performance over the last quarters to -- almost  
11 to 12 months.

12 If you turn over to page 20, it shows  
13 performance for the US Equity portfolio. And so  
14 what you'll see is kind of a difference in  
15 different time periods.

16 For the quarter, the US Equity performance  
17 was up about 3 1/2 percent, ranked in the 34th  
18 percentile and was above the index. For the  
19 calendar year, it's up a little bit even more  
20 than that on an absolute and a relative basis.

21 It's up over 10 percent, ranked in the top  
22 quartile and, again, above the benchmark at 8.9  
23 percent. And then over the trailing year, it's  
24 up 20 percent, 20 1/2 percent, ranks in the top  
25 quartile and has outperformed the equity index as

1 well.

2 There's a big difference over those  
3 near-term time periods as compared to some of the  
4 longer time periods where performance is about  
5 median. Over ten years, it gets back up to the  
6 about the top third as well. So that interim  
7 three- to five-year period is where it's a bit of  
8 a drag.

9 The big issues there have been the comeback  
10 of Eagle and Pinnacle. Last year about this time  
11 both managers had underperformed, and this --  
12 over the past 12 -- 6 to 12 months, there's been  
13 a very big, strong comeback for them.

14 And in addition to that, Brown as well. But  
15 Brown was more -- represents more of a comeback  
16 in gross stocks. So both managers are -- Eagle  
17 and Pinnacle continue to perform well on a  
18 net-of-fees basis since inception.

19 So those are the big reasons for the  
20 performance pickup over the last 12 months.

21 Any questions there?

22 (No responses.)

23 MR. HOLMES: Okay. I'll next direct your  
24 attention to page 23, which represents the  
25 International portfolio.

1           Again, I'm just kind of hitting highlights  
2 here. If anybody has any questions about any  
3 pages I'm skipping over, please feel free to ask.

4           Page 23 goes through and looks at the  
5 allocation for the International Equity  
6 portfolio. The take-aways here are basically,  
7 first of all, the manager allocation.

8           You can see that Acadian is the Emerging  
9 Markets manager. It makes up about 28, almost 29  
10 percent of the portfolio. The Emerging Markets  
11 makes up about 20 percent of the broad non-US  
12 Equity Index.

13           So you have about a 9 percent overweight  
14 relative to the index to Emerging Markets.  
15 That's been extremely helpful to performance so  
16 far this year and, really, over the last 12  
17 months. That represents -- Acadia is the manager  
18 there.

19           We've added Silchester, as you can see. So  
20 Silchester now is the largest manager, which is,  
21 in my book, outstanding news because I think  
22 they're a superior manager. They represent a  
23 little over a third of the portfolio. And

24           You then you can see that Baillie Gifford is  
25 at about 29 1/2 percent of the portfolio.

1           So the portfolio is shaped pretty much the  
2 way we want it, and we'll have future discussions  
3 about the possibility of adding small cap as  
4 well.

5           On the right-hand side, you can see a  
6 Holdings-Based Analysis. There you see again  
7 another overweight in Information Technology  
8 which has also been helpful. A little bit  
9 underweight in Financials there as well.

10          If you turn over to page 25, it shows  
11 perform for the International portfolio. So the  
12 role of all the International managers is  
13 contained in the International Equity Composite  
14 shown on page 25.

15          For the quarter, it was up about 7 1/2  
16 percent and ranked in the 15 percentile. Again,  
17 above the benchmark.

18          Calendar year-to-date, 19 percent and in the  
19 fifth percentile. And for the trailing 12  
20 months, over 26 percent return above the index of  
21 21 percent return, and again in the fifth  
22 percentile.

23          So on an absolute basis, just outstanding  
24 returns. You know, I hope no one gets used to  
25 seeing 20, 21 to 26 percent returns, because this

1 is just abnormally high. But we'll take it while  
2 we can. That said, strong absolute returns, but,  
3 more importantly, strong relative returns as  
4 well.

5 The overweight to Emerging Markets has  
6 worked out nicely. It's come back from where it  
7 was in 2015, and we also continue to believe that  
8 non-US Equities are fairly valued, in some cases  
9 maybe undervalued relative to the US Equities,  
10 which remain overvalued.

11 The conundrum we have is, by statute, we  
12 can't go more than 25 percent of the total assets  
13 in non-US corporate securities. So that would  
14 also include corporate bonds. We look about a 5  
15 percent buffer there to make sure we don't  
16 violate statute. And so, unfortunately, we can't  
17 add more to International, but what we have had  
18 has worked out nicely.

19 And then over the past five years, the  
20 overweight to Domestic Equity has also been good  
21 as well.

22 So the equity exposure in the portfolio has  
23 been the main determinant of -- or driver of  
24 returns.

25 Any questions on International?

1 MR. BROWN: I have a question for Pedro.

2 When it comes to the situation we're about  
3 to enter where we're going to have basically a  
4 soft closing of the pension, are we still bound  
5 by those same numbers, those hard fast for all --

6 MR. HERRERA: You are. You are.

7 And I was actually going to ask, so the  
8 statute says -- and I don't know if it makes a  
9 difference. Generally, it probably may not just  
10 considering the size of the account, but it's at  
11 cost. At market.

12 Would that make any kind of a difference?  
13 Would that give us a little bit more leeway?

14 MR. HOLMES: It makes a difference in  
15 upmarkets to our benefit, and then downmarkets to  
16 our detriment.

17 And so -- but, Pedro, if I'm not mistaken, I  
18 think that -- I think the cost line which applies  
19 to bonds only -- I may be mistaken because it's  
20 been a while since I've read the statute. I  
21 thought equities were measured at market value.  
22 I'll have to go back and double check.

23 MR. HERRERA: But, yes, so you are --

24 MR. BROWN: So we're bound regardless of  
25 this status --

1 MR. HERRERA: -- I mean, provided you still  
2 want to comply with 175, 185 and receive chapter  
3 monies --

4 MR. BROWN: Right, yes.

5 MR. HERRERA: -- so we're still bound by the  
6 minimums and the maximums in this case.

7 MR. HOLMES: On page 28, the Fixed Income  
8 portfolio.

9 Again, manager allocation shown there. You  
10 can see that Neuberger Berman makes up the bulk  
11 of the assets of about 42 percent, followed by  
12 Loomis Sayles at 27 percent and Thompson Siegel  
13 at 22 percent. You know, each of these are  
14 rounded with change -- and change.

15 In addition to that, this does not reflect  
16 the rebalancing that we conducted. We've added  
17 some more money to Loomis Sayles as well.

18 On the top right-hand side, you can see that  
19 the portfolio is very much oriented towards kind  
20 of a mix between corporates and governments, but  
21 more lately towards the corporate side with the  
22 recent addition of Loomis and Neuberger Berman.

23 On page 29 below that, you can see  
24 performance. The bottom line is the addition of  
25 Neuberger Berman and Loomis to the portfolio has

1       been very additive to performance, and that's  
2       also on top of the really good performance that  
3       we've seen from Thompson Siegel.

4               Thompson Siegel is a core manager. They  
5       have a little bit of the 10 percent of the  
6       portfolio that's allowed to high yield. Those  
7       are principally fallen angels. Other than that,  
8       you've got the more diversified portfolios with  
9       the core plus mandates in Loomis and Neuberger  
10      Berman.

11             You can see the superior performance that  
12      that's added over the last 12 months. So even  
13      though Neuberger has been there for about six  
14      months and Loomis by about -- for about four  
15      months, it's been additive to performance in  
16      addition to Thompson Siegel, their corporate  
17      exposure.

18             So the US Aggregate Index over the last 12  
19      months, it was negative due to rising interest  
20      rates in the first two quarters -- the first two  
21      quarters of the last 12 months, which would be  
22      the second half of last year.

23             And so as rates went up and bond prices went  
24      down, you can see that the income buffer built by  
25      the corporate securities as well as your

1 high-yield and nondollar exposure has helped out  
2 performance.

3 So performance, about top third, and, more  
4 importantly, a positive 2 -- call it 2.2 percent  
5 over that time period.

6 Over the last three months, last quarter, a  
7 little bit above median returns so far this year  
8 in the quarter, but also above the benchmark as  
9 well.

10 The one thing that I think we need to keep  
11 touch -- keep kind of tabs on is regardless of  
12 how much nondollar and non-US we have, we're  
13 not -- that's not going to make up the majority  
14 of the bond portfolio. And I think that we're  
15 probably going to be locked in this 2 to 3  
16 percent, maybe 4 percent range at best over the  
17 next couple of years.

18 So, you know, when we talk about asset  
19 allocation, we have to acknowledge that bonds  
20 aren't going to get us all that close to our  
21 discount rate.

22 Any questions there?

23 Let me direct your attention now to page 33.  
24 That's the Real Estate Segment of the overall  
25 portfolio. Okay.

1           Page 33 -- actually, page 32 just shows the  
2 allocation between the two managers. You've got  
3 JP Morgan making up about three-quarters of the  
4 portfolio and Principal the other quarter.

5           The bottom line is that performance has been  
6 good for the managers. Over the quarter, the two  
7 managers together were up about 1 1/2 percent.  
8 The benchmark, the NCREIF Odyssey Index, was up  
9 about 1.7 percent.

10           Over the last 12 months, the trailing year,  
11 the portfolio has been up 8 point -- call it 2  
12 percent, and the NCREIF Index has been up -- call  
13 it 7.9 percent.

14           The index itself is made up of about the 14  
15 open-end funds, the returns from those funds. So  
16 it's more of a peer sample than it is an  
17 investable index because, in fact, it's not  
18 investable, but it's basically the aggregation of  
19 all those open-end funds.

20           So the fact that they're in line with that  
21 or slightly above it is basically mission  
22 accomplished.

23           The universe, the floating boxes that are  
24 the floating return charts that you see on the  
25 page, are basically the returns of the real

1 estate segments from all master trusts. So that  
2 would include both open-end funds and closed-end  
3 funds, or private funds.

4 Currently we don't have any investments in  
5 those areas, but that hopefully will be coming as  
6 a topic of discussion for the FIAC. Over time  
7 those can be additive, but there's also issues  
8 there such as illiquidity and higher fee ratios.

9 But the bottom line is you can see that over  
10 the longer time period, three, five, seven,  
11 ten-year timer periods, they've been additive to  
12 performance.

13 The full ten-year time period during the  
14 fourth percentile, which is outstanding, the  
15 reason you're still high is that that takes into  
16 account 2009, which is postfinancial crisis and  
17 the drawdown in real estate markets.

18 These managers are not leveraged, and as a  
19 result, the leveraged managers did poorly in  
20 2009, and you not having any allocation there  
21 kept you out of that fray, and that's why you're  
22 at the top of the pack.

23 Postfinancial crisis. The seven years on  
24 end, you can see that both income and capital  
25 appreciation contributed to the double-digit

1 returns. Our point now is, is that cap rates are  
2 at an all-time high. The managers are operating  
3 mainly off of income now. And so the expectation  
4 should be probably 5 to 6 percent up from income  
5 and maybe 1 to 2 percent from capital  
6 appreciation.

7 And so we think that returns going forward  
8 are settling in around that 7 to 8 percent range.  
9 Maybe -- you know, it may dip down into the 6  
10 percent range over a year or so. But the bottom  
11 line is they usually have fairly low volatility.  
12 I don't think we would pull them out from the  
13 portfolio completely, but we may want to allocate  
14 some other areas within real estate.

15 Rich, did you have a question?

16 CHAIRMAN TUTEN: No, Dan. I was going to  
17 say -- and it sounds like from what Tim was  
18 saying about the committee exploring  
19 possibilities, yeah, I mean, going forward, maybe  
20 there's some reallocation we can do as far as  
21 some of the accounts to possibly get a little bit  
22 away from, you know, the equity, especially the  
23 US Equity market, because, I mean, it's not going  
24 to keep going up forever.

25 I know it's nice, but maybe something in the

1 alternative space we can do to sort of blunt the  
2 downturn if and when it comes.

3 MR. HOLMES: Yes. We're working on that and  
4 that's definitely the case. Internet -- or --  
5 sorry, I can't talk today.

6 Noncore real estate. So that would be  
7 value-added real estate, probably more  
8 value-added and less opportunistic. And the  
9 difference there is just kind of the degree of  
10 aggressiveness, if you will.

11 But basically real estate in different areas  
12 than what we're currently invested in in terms of  
13 the, you know, major core areas can add  
14 diversification, and we can take some money out  
15 of US Equities to try to take some of those  
16 profits off the table and take some of the  
17 volatility off the table as well.

18 CHAIRMAN TUTEN: Yeah. Perfect. Thank you.

19 MR. HOLMES: Okay. The last thing I'll  
20 direct your attention to would be the MLPs.

21 Rich, I'm always thinking of you, so I'm  
22 saving the best for last. So I'll direct your  
23 attention to -- let me pull the correct page up  
24 here. Page 95 -- 94 and 95 in the portfolio.

25 CHAIRMAN TUTEN: Got it. 94 is where it

1 starts.

2 MR. HOLMES: Okay. So, first, let me start  
3 off with some news. You have two managers here,  
4 Tortoise and Harvest.

5 Earlier this year, Tortoise announced that  
6 they were seeking a new parent, new owner of the  
7 firm. They had private equity backing when they  
8 started the firm. The private equity backing  
9 came from basically a large financial  
10 conglomerate in Kansas City.

11 And one of their -- or basically their core  
12 business is financial planning. And so basically  
13 the firm has said they wanted to get back to  
14 their core business and basically equitize their  
15 interest in Tortoise. And so Tortoise was  
16 seeking a strategic buyer at that point.

17 The reason why the partners of Tortoise or  
18 the leaders of Tortoise just don't buy it out is  
19 that the initial investment had turned so  
20 profitable, it was basically a five times return  
21 on capital, which is just a big home run for the  
22 investor.

23 So the bottom line is the principals at  
24 Tortoise didn't have enough money to buy out the  
25 owner, so they needed to seek private equity

1 backing. They have identified -- they start off  
2 with five firms. We had them in for an update.  
3 They're down to one or two firms. So our  
4 expectation is they will have -- by September,  
5 they will announce what firm they're going to  
6 partner with going forward.

7 So that was just a quick update about  
8 information that you've already seen. And so  
9 kind of right off the late-breaking news, last  
10 night it was announced that Harvest is being  
11 purchased by BlackRock. And so -- hang on. Let  
12 me find the . . .

13 CHAIRMAN TUTEN: That's wonderful.

14 MR. HOLMES: I was looking for the  
15 announcement here on my computer. Here it is.

16 And so, yeah, Harvest -- we had a call with  
17 them right before their announcement. They  
18 announced at 4 p.m. Eastern time yesterday. And  
19 I misspoke. It's not BlackRock. It's  
20 Blackstone.

21 And so Blackstone is a huge manager in the  
22 hedge fund and private equity world. So the  
23 bottom line is, is that this was something that  
24 kind of came about because two principals knew  
25 each other.

1 I'll send out a written summary to you, Tim.  
2 But the bottom line is, is that Blackstone saw an  
3 opportunity, didn't end the MLP space. They  
4 believe that the MLP space was basically  
5 underpriced, and this was an opportunity for them  
6 to buy a fully built platform in this space at a  
7 time where it was fairly weak, and then they  
8 would basically let it operate on its own.

9 And so it's going to be basically an overall  
10 purchase by Blackstone of Tortoise. Only one  
11 person is departing, and that is Black -- I'm  
12 sorry, Harvest's founder, who is up in age  
13 anyway.

14 All the other operating principals have  
15 signed -- they've got earnouts and they've got  
16 employment contracts up to about seven years, and  
17 all the other -- all the other investment  
18 professionals have signed on as well.

19 So I'll get the details out. They're  
20 basically leaving them completely autonomous. So  
21 they're going to continue to run their business  
22 as they have in past.

23 They're simply just going to be sharing the  
24 P&L, you know, some of the revenues with  
25 Blackstone, and Blackstone provides regulatory,

1 back-office type support.

2 So we've digested it. It doesn't scare us  
3 at the offset, but that is something that will  
4 kind of have to continue to make sure that the  
5 culture doesn't get disrupted. So that's the  
6 announcement in terms of news.

7 Performance for the quarter was negative, as  
8 I mentioned. MLPs were off 6.4 percent. Your  
9 portfolio was off 6.7 percent. Over that time  
10 period Tortoise outperformed. They're in more  
11 pipelines, in more conservative income  
12 investments.

13 Harvest has lagged a little bit over the  
14 last 12 months because they have more E&P  
15 exposure in the portfolio, which has lagged. But  
16 long term, both managers have done fairly well.

17 You can see that basically since inception  
18 the -- both managers -- so the composite is up  
19 8.8 percent since inception, and that represents  
20 a 5 percent excess return above the benchmark.  
21 So it has definitely been additive.

22 Now, over the last three years, we had that  
23 dip. It was up over last 12 months, and then  
24 there's a dip over the quarter and year-to-date  
25 as well.

1           We've had -- and, Rich, you and I have  
2 talked about this. We had an investment day with  
3 both long only and long-short MLP managers to  
4 re-underwrite our thoughts about the space. Our  
5 thoughts are as follows:

6           First of all, continued near-term volatility  
7 probably through the end of this year. Yields in  
8 space continue to be about 7 percent. So if the  
9 price -- the best thing that can happen would be  
10 the price of a barrel of oil would settle down  
11 and quit getting whipsawed around by macro- or  
12 geopolitical events.

13           At that point in time if it did settle down,  
14 retail investors, which make up about  
15 three-quarters of the (indiscernible) in MLPs,  
16 they would be able to realize that there's a 7  
17 percent yield there. More money would move back  
18 into the space.

19           That being said, going forward, capital  
20 needs will increase going forward starting in  
21 2018. Distributions will pick up, and both the  
22 long managers and the short managers believe that  
23 we're on the edge of double-digit returns for the  
24 next two years.

25           So we're a little bit below target in this

1 space, which is fine. I don't think we should  
2 completely abandon it, but at the same time we  
3 think that there's better days coming there as  
4 well, especially as some of the supply starts to  
5 shrink a little bit.

6 Again, in theory, the MLPs, the price of the  
7 MLPs should run on the flow of product, not on  
8 the price of a barrel of oil. It's basically how  
9 much the pipeline storage facilities and transfer  
10 facilities are being used. And the usage is up.

11 The problem is, is that there's so many  
12 retail investors in the space, that they don't  
13 realize that. They equate it with the price of a  
14 barrel of oil.

15 The good news though, is, is that what we've  
16 seen is we've seen the amount of institutional  
17 investors pick up to the point where it's almost  
18 double over the past couple of years, and it  
19 continues to increase.

20 And, actually, what's interesting is I think  
21 Blackstone has identified that trend themselves  
22 and that would be part of the reason why they're  
23 acquiring Harvest.

24 So I'll stop there and see if there's any  
25 questions.

1           CHAIRMAN TUTEN: No. Nothing so far, Dan.  
2           That's pretty good, buddy.

3           MR. HOLMES: Is Bill there?

4           DIRECTOR JOHNSON: No, Bill's is not here.

5           MR. HOLMES: Oh, okay. I did watch his  
6           video. There's a lot of food for thought there.

7           I think that I look forward to a discussion  
8           with him about some of the ramifications of what  
9           was presented.

10          MR. BROWN: What video is this?

11          MR. HOLMES: I'm sorry?

12          DIRECTOR JOHNSON: You know, I'll send the  
13          video out. Bill Scheu sent a video. It was a  
14          TED talk about two weeks ago that looks at  
15          disruptive technology and energy.

16          It makes the case that the same path that  
17          information technology and communications has  
18          taken, that energy is going to take. We're going  
19          to move away from petroleum-based products to  
20          more exotic and smart-energy technologies that  
21          are going to make energy so much less expensive  
22          that it won't be worth the time to go dig for the  
23          oil.

24          MR. BROWN: The Jetsons said we were going  
25          to have flying carpets too.

1 (Laughter)

2 CHAIRMAN TUTEN: Is that the Wood Chip video  
3 or did I watch that on another website?

4 DIRECTOR JOHNSON: I'll send it to the other  
5 Board members, but Scheu sent it about two weeks  
6 ago.

7 CHAIRMAN TUTEN: Yeah, I can't remember.

8 DIRECTOR JOHNSON: All right, Dan.

9 MR. HOLMES: So the remainder of my report  
10 is just the Capital Market Update and the Flash  
11 Report.

12 And I've taken more than my fair share of  
13 time so far, but the bottom line is July was  
14 another good month for equities. Equities were  
15 positive kind of across the board. US continued  
16 to outperform non -- I'm sorry. Strike that.  
17 The other way around.

18 EAFE was up 2.9 percent for the month. The  
19 S&P was up 2 percent. So International continues  
20 to do well. Just for the month of July, Emerging  
21 Markets were up 6 percent. So it continues to  
22 move along nicely. MLPs were actually positive  
23 for the month as well.

24 And the bottom line is we continue to see  
25 the dollar declining. That adds to the non-US

1 performance being stronger. We continue to see  
2 good economic growth. We can see, you know, more  
3 accommodative policies kind of on a global basis.

4 Unemployment went down 10 basis points. GDP  
5 grew at a 2.6 percent rate for the second  
6 quarter. That's compared to 1.2 for the first  
7 quarter. And then we also see economic activity  
8 both in manufacturing and services continue to  
9 expand.

10 So that's all pretty good news. And then  
11 just in terms of -- just in returns for July, the  
12 total fund was up 2 percent, 2.13 percent, above  
13 the benchmark my 50 basis points.

14 So where we stand today, ladies and  
15 gentlemen, on a fiscal year-to-date basis, on a  
16 net-of-fee basis, the plan is up 12.2 percent,  
17 net of fees, fiscal year-to-date. That is about  
18 1.9 percent above the policy index. And so we'll  
19 take it.

20 MR. BROWN: That's great.

21 MR. HOLMES: Let me know if there's any  
22 questions. I'll let you get back to your  
23 important business.

24 MR. BROWN: Thank you for your hard work,  
25 Dan.

1 MR. HOLMES: Well, thank you. But we have  
2 to also credit the markets as well.

3 MR. BROWN: We'll thank them too.

4 MR. HOLMES: Everybody have a great weekend.  
5 I appreciate your time.

6 DIRECTOR JOHNSON: Safe travels.

7 CHAIRMAN TUTEN: Thank you, Dan.

8 MR. HOLMES: Will do. Thanks. Bye.

9 (Dan Holmes leaves the board meeting via  
10 Webex.)

11 CHAIRMAN TUTEN: What do we have? Director  
12 Johnson.

13 DIRECTOR JOHNSON: All right. I'm going to  
14 hit a lot of highlights today. I'm not going to  
15 take a lot of time. There's a lot of detail in  
16 my report, and it would probably be best, if you  
17 have any specifics, to give me a call because  
18 there's just so much in it.

19 I do draw your attention to the cover of the  
20 Board Book. Lundy has taken over the  
21 responsibility of producing this document. I  
22 produced it for you when I first started, and  
23 it's been a great tool. He had some extra time  
24 on his hands.

25 If you look at the cover, you compare July

1 and August, you'll see the building circa 1948  
2 here on my left.

3 MR. BROWN: Did you draw this?

4 MR. LUNDY: Oh, no. It's an old post card.

5 MR. BROWN: This is really good.

6 DIRECTOR JOHNSON: Is that cool?

7 MR. BROWN: I like this.

8 DIRECTOR JOHNSON: Well, this is an angle  
9 looking at Main toward the Main Street Bridge.  
10 The building, the WT Grant building, is on the  
11 right side of the page -- that's us -- versus the  
12 same building on Adams looking north.

13 CHAIRMAN TUTEN: Yeah.

14 MR. BROWN: Now, what would be cool is if  
15 every month represents a one-year gain  
16 chronologically.

17 MR. HERRERA: No pressure.

18 (Laughter)

19 DIRECTOR JOHNSON: It's just fun to look at  
20 that picture of Jacksonville and this building.

21 So turn your attention to the Executive  
22 Director tab page.

23 Staff continues to do a great job. Every  
24 month I give you a snapshot of the dashboards  
25 comparing the prior month end, which in this case

1 would be July, and the fiscal year-to-date.

2 And the staff is just crested a thousand  
3 transactions with our members. If you total all  
4 the refunds and the meetings and the  
5 applications, over a thousand transactions with  
6 members so far this year.

7 CHAIRMAN TUTEN: Wow.

8 DIRECTOR JOHNSON: And that doesn't include  
9 emails and letters and phone calls, people  
10 dropping in. That's just the things that create  
11 paper that we track, right? So they're doing a  
12 great job.

13 MR. BROWN: Could I ask one thing, Tim.

14 DIRECTOR JOHNSON: Yes, sir.

15 MR. BROWN: Not that it would need to be  
16 added to this dashboard, but just -- it's good, I  
17 guess, to keep the finger on the pulse given that  
18 public records requests are such a hot topic in  
19 Jacksonville for all government entities.

20 DIRECTOR JOHNSON: Yes.

21 MR. BROWN: I know that if you glance at  
22 this, it would seem like there's only a few  
23 outstanding, but I know that there were some from  
24 2016 that I guess kind of affected the numbers.

25 Do you have an estimate of how many would be

1 outstanding right now?

2 DIRECTOR JOHNSON: Yeah, that's a great  
3 question. It's funny. That's the second time  
4 that question has come up this week. It's just  
5 interesting that you should ask.

6 So what's great is that, you know, we now  
7 have Jessica on board. And Jessica has gotten  
8 her turnover of requests down to a couple of  
9 weeks. There's very few things that people ask  
10 for that we don't have possession of.

11 So the work in process, since I'm reporting  
12 on a monthly basis, for the most part doesn't  
13 exist. In other words, we track the prior month.  
14 We're tracking what came in, and in 99 percent of  
15 the instances what went out. There's very little  
16 that you get in June that we don't report on  
17 until August. You with me?

18 MR. BROWN: Yes.

19 DIRECTOR JOHNSON: Because her turnover is  
20 so quick. So that's the good news.

21 You piggyback on that the fact that she not  
22 only shows you what came in, what was completed,  
23 but she gives you the pages as well. So you're  
24 able to get a really good sense of how much  
25 actual data is leaving this place.

1           So the delta between these two months is  
2           only one, in this instance, and it's usually very  
3           close that like.

4           MR. BROWN:   Okay.

5           DIRECTOR JOHNSON:   On the second page,  
6           you'll see the carryover of our retention  
7           project.   And that's a huge project as well.   So  
8           year-to-date, we've -- we've got probably 53,000  
9           documents that have been scanned into the system.

10          Access is the company that we're using.   So  
11          we're taking boxes out of our records storage,  
12          which is right here in the building, sending it  
13          to Access.   It's getting scanned and index and  
14          returned within the same week.

15          And then new records that we create, we scan  
16          in-house.   So if you come and you do a benefit  
17          application today, we're doing that inhouse.  
18          Something from a retired member, we're shipping  
19          out.   So the progress has been great.

20          We've got about 300,000 records that we've  
21          got to get to.   So you can get a sense of where  
22          we are relative to that.

23          MR. BROWN:   And she's going both, the public  
24          records requests and the scanning?

25          DIRECTOR JOHNSON:   She's doing both.   And

1 that's why she was such a big part, a big part of  
2 this hire. It supports the Board's commitment to  
3 transparency and responsiveness. Otherwise, you  
4 would have continuing complaints. People are  
5 asking for stuff and they're not getting it. Or  
6 they're asking for and it's taking too long.

7 MR. BROWN: Agnes Carswell came from here?

8 DIRECTOR JOHNSON: That's right.

9 MR. BROWN: So she's a huge asset to JSO, so  
10 thank you --

11 DIRECTOR JOHNSON: Yes.

12 MR. BROWN: -- for training her up so we  
13 could steal her.

14 (Laughter)

15 DIRECTOR JOHNSON: Under the Updates,  
16 there's a bunch of things that we're doing right  
17 now on this transformation journey in which we're  
18 continuing to build a team and a foundation and  
19 an infrastructure so that we can be agile and  
20 professional and thorough in our work.

21 So the hiring of the Finance Manager is a  
22 perfect example. We didn't find any candidates  
23 from the internal search that we did, so we're  
24 launching an external search to fill that  
25 position.

1 I won't go through each of these  
2 individuals, but you'll see staff performance  
3 reviews, public purchasing rules, employee  
4 conflict of interest, property performance  
5 analysis, which relates to a document that you  
6 received in your mailbox.

7 You know, these are all things that we're  
8 doing so that we're a stronger team so whatever  
9 comes our way, we're able to take it on and  
10 administer it well.

11 A big part of that, obviously, is the reform  
12 administration working group. We had that  
13 meeting the day before the July Board meeting.  
14 Randy was involved. Steve had a representative  
15 here. Pedro was here in town.

16 We published a document which we sent to all  
17 of you, and it shows everything that's  
18 outstanding that we've got to get our hands  
19 around in order to administer this reform.

20 You-all know, Lawsikia will attest to this,  
21 we're still administering actions from the 2015  
22 agreement.

23 MS. HODGES: Right.

24 DIRECTOR JOHNSON: The public purchasing  
25 policy is an example of that. So just because

1 legislation passes doesn't mean you can ignore  
2 it. We've got to administer this professionally.  
3 So that's a big part of what we're doing right  
4 now.

5 If you move on, you'll see two documents,  
6 and I wanted to give attention to this. I'm  
7 looking right now at the work of the FIAC,  
8 because it was part of what the Chair brought up  
9 a couple of months ago.

10 We had 100 percent attendance at this  
11 month's FIAC meeting. I was very happy to see  
12 that. And the FIAC has worked to create this  
13 work plan for the 2017-18 fiscal year.

14 It is an outstanding piece of work. I met  
15 with the chairman of that committee privately. I  
16 met with Dan Holmes. And we admitted this to the  
17 committee for review. The committee created some  
18 changes and updates to it.

19 So I won't go through every line, but as you  
20 can see, they are now projecting what they're  
21 going to work on for the next 14 or 15 months.  
22 So that -- I think it's another example of their  
23 commitment to get back on track.

24 Above that is an outline of their suggested  
25 or recommended terms staggering. So as you know,

1 at last month's Board meeting we talked about  
2 introducing legislation that would stagger the  
3 terms for at least the committee.

4 Within those committees there are people  
5 that have been elected to terms. So when you  
6 stagger the terms going forward, it's going to  
7 affect individuals.

8 This group went far enough to say, well, if  
9 you're going to stagger the terms, we're willing  
10 to stagger our individual terms as such. All  
11 right? So now the Board has a sense of how they  
12 would stagger it.

13 I don't want to take any thunder away from  
14 Lawsikia, who is going to talk about that  
15 legislation, but that's what that is.

16 We're back to publishing biweekly  
17 newsletters. This is another great piece of work  
18 by Stephen Lundy. So this is our current  
19 newsletter. That's what you see.

20 MR. BROWN: Did you say biweekly, not once a  
21 month?

22 DIRECTOR JOHNSON: I'm sorry. Bimonthly.  
23 Every other month we're going to get it out. I  
24 apologize.

25 MR. HERRERA: Steve's heart skipped.

1           DIRECTOR JOHNSON: He's about to ask me for  
2 a raise, and that's not happening.

3           (Laughter)

4           DIRECTOR JOHNSON: So thank you. I noticed  
5 that. It's bimonthly. I apologize to you. You  
6 did a great piece of work here, and I hope the  
7 members are going to benefit from it.

8           And this is particularly important. With  
9 all the change that's going on, we need to touch  
10 our members as often as we can. So we're going  
11 to do a better job of that.

12          MR. BROWN: Steve, your skillset on  
13 presentation is top-notch. I'll tell you what,  
14 seriously. It's really good.

15          DIRECTOR JOHNSON: He does a great job.

16          And then I want to comment briefly on the  
17 mail that you've received. There are two  
18 invitations to upcoming trustee conferences. One  
19 is by NCPERS, and the other -- I think they're  
20 both by them.

21          MR. BROWN: Yes.

22          DIRECTOR JOHNSON: There is another  
23 invitation I'm going to be sending to you from  
24 the Division of Retirement for the State of  
25 Florida.

1           This was the same conference you and I did a  
2 year ago. They do that conference every year in  
3 the central part of the state. It's an  
4 outstanding review of fiduciary responsibilities  
5 and state law. They do a new trustee session on  
6 day one, which is Wednesday, and then Thursday  
7 and Friday they do a session for more seasoned  
8 trustees.

9           The audience is bigger than that, though.  
10 There's investment professionals. There's  
11 administrators. There's staff. There's  
12 attorneys. So I'll be sending that invitation  
13 out.

14           It happened, unfortunately, to conflict with  
15 our November Board meeting. So it's a Wednesday,  
16 Thursday, Friday conference. Friday you'll need  
17 to be here for the Board meeting. But that  
18 doesn't mean if you're willing and available and  
19 you want to go down on Wednesday and Thursday,  
20 you can drive down and come back. Obviously the  
21 fund will foot the expense of it.

22           But I wanted to remind you about it. We  
23 were there last year. I thought it was quite  
24 good. And I'll be extending that invitation as  
25 well to the committees because it is great

1 training.

2 MR. BROWN: Especially if any of them -- if  
3 there's any prospective new fire trustees that  
4 could possibly come out of the advisory committee  
5 (indiscernible).

6 DIRECTOR JOHNSON: Right, right. That could  
7 happen. You never know.

8 MR. BROWN: You never know.

9 DIRECTOR JOHNSON: Anyway, I've talked a  
10 lot. I've talked fast. Is there any question I  
11 can answer for you?

12 CHAIRMAN TUTEN: No. But I would make a  
13 comment. I do like the advisory committee's  
14 little -- what do we call it?

15 DIRECTOR JOHNSON: We're calling it a work  
16 plan, but it's the same idea.

17 CHAIRMAN TUTEN: I think we shared some of  
18 the blame and I know I came off a little harsh on  
19 them. But, you know, they need direction, you  
20 know, because it's a new committee.

21 And, you know, there's nothing worse than  
22 not knowing what your job is supposed to be short  
23 of being thrust into the spotlight of making a  
24 decision when everybody else is looking right at  
25 them.

1           But at least this gives them an outline.  
2           They know which direction to head in, so that's  
3           good.

4           DIRECTOR JOHNSON: I think you're right.  
5           And the fact that, you know, their work is a  
6           preview of what's coming to this Board. So the  
7           better job that they do, the more confidence  
8           you-all can have in the due diligence.

9           As you can see, in September and October,  
10          they're going to do two orientation sessions.  
11          They asked for this.

12          The first one is going to review that  
13          70-page investment policy statement, which we all  
14          should read. Obviously you paid me to read it,  
15          so I read it. But for volunteers, I mean, that's  
16          a tough job opening that book.

17          So we're going to take a 90-minute session.  
18          Dan is going to come in and he's going to go over  
19          that investment policy statement.

20          In October Lawsikia and our ethics officer  
21          for the city are going to go over state and local  
22          law relative to the pension fund, as well as  
23          ethics, fiduciary and public records law and  
24          guidance.

25          So that's going to be great. They'll know

1 what they can do. They'll know what they can't  
2 do.

3 The asset liability study that the Board  
4 approved last month for Dan to initiate should be  
5 done in November. That will go to that committee  
6 first before it comes here.

7 In January the actuarial report for fiscal  
8 year-end '17 will be ready. That will go to that  
9 body before it comes to this body. They're going  
10 to look at International Small Cap. You heard  
11 Dan's comments about that.

12 The Asset Allocation review, they'd like to  
13 do an annual review, a holistic review, of all of  
14 our managers. In other words, instead of looking  
15 at relative performance on a monthly basis, they  
16 would like to see how our managers are doing  
17 across the board once a year.

18 And then the rest of the year you can see,  
19 external audit will be ready in May. And then  
20 we're going to talk about private equity real  
21 estate, which is the question I asked Dan early  
22 on, next June and July.

23 Obviously some of these dates are hard.  
24 Some of them can move, but I think it gives the  
25 Board too a much better confidence in what they

1 can expect from that committee and then what's  
2 going to be coming here to this body.

3 So thanks for giving me that entrée, Rich,  
4 to describe.

5 CHAIRMAN TUTEN: All righty, then. Is that  
6 it?

7 DIRECTOR JOHNSON: That's it, unless there's  
8 some questions.

9 MR. BROWN: Yeah, just a couple questions.

10 So in the newsletter it talked about  
11 stopping the direct deposit statements going out  
12 to retirees unless they, of course, in writing  
13 requested it.

14 If they did request in writing to still  
15 receive them, it would be the same format as  
16 they're currently getting?

17 DIRECTOR JOHNSON: Correct.

18 MR. BROWN: And then I did talk to Steve,  
19 that there are plans to give them an online  
20 statement.

21 DIRECTOR JOHNSON: Yeah.

22 MR. BROWN: Similar to what we have with the  
23 city. Using kind of what they have as the  
24 foundation may be easier. I don't know what the  
25 current, you know, work is looking at that, but

1 if -- you can probably use the platform they're  
2 using to make it a lot simpler.

3 MR. LUNDY: Yeah. Chuck is talking with ITD  
4 and I think they're trying to sort of follow that  
5 template.

6 DIRECTOR JOHNSON: That's a great point.  
7 We're not going to reinvent the wheel.

8 MR. BROWN: Yeah.

9 DIRECTOR JOHNSON: We're using centralized  
10 ITD, so whatever the solution is, it's going to  
11 be the same solution they used to solve that  
12 problems for others.

13 But it will save money and it still gives  
14 the members the latitude to get paid how they  
15 want. We're targeting a 50 percent enrollment,  
16 for lack of a better word.

17 So of our 2,200 retirees, if 1,100, 1,200 of  
18 them keep the opt-out, it could save us \$15,000.  
19 That's just in postage.

20 MR. BROWN: That's great.

21 CHAIRMAN TUTEN: Well, you ought to be able  
22 to go back and see how long they've been retired.  
23 Anybody who is retired or has retired in the last  
24 five years, six years, they should be pretty  
25 computer savvy. You know, they're probably going

1 to opt-in.

2 DIRECTOR JOHNSON: Yeah.

3 CHAIRMAN TUTEN: Before we go anywhere else,  
4 let's take a five-minute break, if anyone wants  
5 to run to the restroom, because I think we're  
6 going to start talking about a bunch of stuff.

7 DIRECTOR JOHNSON: All right. No problem.

8 CHAIRMAN TUTEN: Take a five-minute break.

9 (A break was taken.)

10 CHAIRMAN TUTEN: All righty. Everybody back  
11 in place. Ready down there? All right. Back to  
12 order.

13 All right. Pedro, are you going first?

14 MR. HERRERA: I think Lawsikia should go  
15 first. Obviously we don't have a whole lot to do  
16 other than just say we're kind of reviewing some  
17 things and working with Lawsikia's office.

18 MS. HODGES: All right. I'll take it.

19 Good morning, Trustees. You have two  
20 documents in your package that I'm going to  
21 report to you on.

22 The first one the Chair was just mentioning,  
23 this is the Office of General Counsel's response  
24 to the motion to disqualify our office from the  
25 Keane litigation. Of course, you-all have a copy

1 of that.

2 Loree French and Rita Mairs in our office  
3 are the litigation staff attorneys that's been  
4 handling that case. So I won't get into it. I  
5 can't, because I'm not the litigator that's  
6 working on it.

7 But what they would prefer to do for  
8 strategic reasons is sit down with each of you  
9 individually and explain, you know, what's in  
10 this document, where we are, what the thought  
11 process is.

12 And she informed me yesterday that she's at  
13 this point already reached out. So all of you  
14 should have gotten some sort of correspondence  
15 from her assistants, either by email or by phone.  
16 And I'll definitely take your comments back to  
17 make sure that they have the right email to make  
18 sure that you get it.

19 And we can go from there, you know, working  
20 on times that's most convenient for you, for you  
21 to get an update on where we are and exactly what  
22 our arguments are to this response. Okay.

23 So the next item is a follow-up with Tim's  
24 earlier executive report that, as you'll recall  
25 at our last Board meeting, you authorized me to

1 go ahead and prepare some legislation. We  
2 prepared it. It was filed and introduced in the  
3 City Council August 8th.

4 And this legislation inserts the stagger in  
5 the advisory committee as well as the Financial  
6 Investment and Advisory Committee. And so the  
7 stagger with respect to the advisory committee,  
8 if you recall, all of those members were going to  
9 turn out at the same time. So it's a  
10 seven-member committee.

11 And so we have -- if you look at page 2 of  
12 the legislation, it states that the seven persons  
13 elected to serve on the committee in the November  
14 2017 elections, one police member and one  
15 firefighter member shall serve an initial term of  
16 two years, and then one police member and one  
17 firefighter member will serve a term, an initial  
18 term, of three years. And then the other two  
19 will have four years, and the retired member will  
20 have a four-year term.

21 So as to these members that were staggering,  
22 all other terms after that will be the regular  
23 four-year term.

24 And there's an exhibit, if you keep flipping  
25 through, to this legislation, Exhibit 2, page

1 101. It's a couple of pages after the minutes  
2 because we haven't attached the minutes where the  
3 Board approved me doing this.

4 If you look at Exhibit 2, it kind of spells  
5 out exactly the end of the stagger term, okay?  
6 Are you guys there? The end of the stagger term,  
7 and then it also spells out the subsequent term,  
8 what the end date of the subsequent term would be  
9 if those particular members were reelected for  
10 another four years.

11 And so that way we have a clear, kind of  
12 record here, and the legislation helps Tim keep  
13 everybody in place.

14 We didn't do that for the FIAC because at  
15 the time, if you recall, with the FIAC members,  
16 there are three members that were going to term  
17 out in 2019 and two members were going to term  
18 out in 2018.

19 And so the suggestion there was to insert an  
20 initial stagger of one year so that two of those  
21 members would then end up terming out in 2020.  
22 And then that's creates your stagger.

23 So two members -- you know, your maximum  
24 amount of members rolling off will only be two on  
25 a five-member committee, and that's the best kind

1 of stagger that you can get.

2 And so based on Tim's earlier discussion and  
3 meeting with the advisory committee, it's great  
4 that they have already decided a consensus on who  
5 is going to get that extra year.

6 And so what I'll need to do in the form of a  
7 motion is to file some corrective legislation to  
8 adjust the terms of those two members, Tracey  
9 Devine and Craig Lewis, so that we are appointing  
10 them for an initial term of one year -- and this  
11 is all, of course, contingent upon the City  
12 Council approving this, okay? -- that they would  
13 be appointed for an initial term of one year and  
14 then reappointed for the three years so that  
15 their terms actually end at 2020.

16 So if anybody could offer a motion for me to  
17 move to file those corrective legislations,  
18 contingent upon City Council approving  
19 2017-564 -- is the bill number -- then that would  
20 be proper.

21 MR. BROWN: I'll make that motion.

22 MR. PAYNE: Second.

23 CHAIRMAN TUTEN: All right. We have a  
24 motion and a second to approve this, everything  
25 Lawsikia just said.

1 Any questions or comments?

2 (No responses.)

3 CHAIRMAN TUTEN: All in favor?

4 (Responses of "aye.")

5 CHAIRMAN TUTEN: Any opposed?

6 (No responses.)

7 CHAIRMAN TUTEN: No.

8 MS. HODGES: Okay. So the only other thing  
9 I wanted to mention -- well, actually, there's a  
10 couple other things I wanted to mention.

11 But relative to the legislation that I was  
12 just referring to is that when we met with the  
13 advisory committee, I think Tim and I found out  
14 for the first time the process in which they do  
15 those elections. It's kind of  
16 the-most-populous-vote type of thing as opposed  
17 to somebody selecting the seat that they're  
18 running for.

19 And so I just wanted to give you the heads  
20 up that they had some nice recommendations, and I  
21 see we have one of our members that's sitting out  
22 here, as far as how those elections should go.

23 And so the Board will need to assign -- I'm  
24 sorry, approve, any sort of revisions to the  
25 elections rules based on any sort of

1 recommendations in this new stagger that we have.

2 And so Tim and I will be working on  
3 something to bring before the Board in September  
4 so that you can kind of sign off on that, because  
5 we need to, of course, give people adequate  
6 notice.

7 This bill, by the way, will be adopted by  
8 City Council September 12th. I think your next  
9 meeting is around September 15th, the third  
10 Friday -- should get us there.

11 And so at that meeting you should be all  
12 ready to go with nicely approved stagger rules  
13 that we can present to you, and then that way you  
14 can begin to do your kind of marketing to that --

15 CHAIRMAN TUTEN: Well, once you two get done  
16 with that, Tim can send it to us, you know, via  
17 email. Hey, this is what we've come up with.

18 MS. HODGES: Oh, yeah.

19 CHAIRMAN TUTEN: Then we just come here and  
20 vote yes and take it on down the road.

21 MS. HODGES: Yes. Absolutely, absolutely.

22 So I have nothing to add. But let me just  
23 address Trustee Brown, because I want to -- in  
24 full disclosure, when we had our last meeting,  
25 there was a recommendation to insert a stagger in

1 the Board member terms.

2 And Tim and I had a discussion about that,  
3 and this bill will be in committees the first  
4 week of September. So certainly I wanted to have  
5 this discussion. I can certainly put forth an  
6 amendment while it's in the committee process  
7 before we get to this September 5th week.

8 But with the trustees, we talked about a  
9 couple of things. The members that have to be  
10 confirmed by council, not the elected members, I  
11 think there's some administrative sort of  
12 corrections that we can do to ensure that there's  
13 a proper stagger with those three members,  
14 because I think what we've been doing is that  
15 legislation inadvertently has been submitted to  
16 City Council and approved where the member just  
17 starts whenever this Board approves that, you  
18 know, appointment, for example, the fourth  
19 member -- or, I'm sorry, the fifth member that  
20 the Board has to select.

21 But the way that it should work is that you  
22 have a fixed term of four years. And, for  
23 example, Bill Scheu, who has been serving beyond  
24 his term, whoever comes in and replaces him gets  
25 the remainder of that term. It's not a new

1 started term from the time that Bill leaves.

2 And so I think there's some administrative  
3 things that we can correct when these three  
4 members that are confirmed by council -- you  
5 know, the end of their term, we can make sure we  
6 kind of get it right moving forward, and I think  
7 that will give you that natural stagger of five  
8 where it's two, two and one.

9 MR. BROWN: Well, what Trustee Patsy brought  
10 up is that -- and this was his suggestion, and  
11 him even being one of the city's trustees, and I  
12 definitely agree with it, is that the way it's  
13 currently structured, the police and fire  
14 trustee, their terms end at the same time.

15 And in theory, if a new trustee were to  
16 replace each one of them, you would completely  
17 lose out on all the public safety representation,  
18 at least have a brand new set of folks without  
19 any sort of institutional knowledge carryover. I  
20 think that's --

21 MS. HODGES: Okay. So that is the main  
22 concern?

23 MR. BROWN: Yes.

24 MS. HODGES: Okay. And so --

25 DIRECTOR JOHNSON: Well, we talked about

1           that.

2           MS. HODGES: Right, and we did, we talked  
3 about that. And so the thought was that, of  
4 course, is a change to your charter, which isn't  
5 as simple as the change to the committee. That's  
6 an ordinance code change.

7           And my concern was I didn't want the charter  
8 change to bog down the committee change when we  
9 have elections, and we kind of can't afford for  
10 this to be deferred.

11          MR. BROWN: Sure.

12          MS. HODGES: Now, if you're comfortable --  
13 because this is the way that this is going to  
14 work. The legislation has been filed. Tim is  
15 going to meet with the 19 members or whoever is  
16 in the committee. It's probably the rules  
17 committee. No reason why it would go to finance.  
18 It may just be in rules.

19          But he's going to have to schedule meetings  
20 with the rules committee members and other  
21 council members to talk about this bill.

22          If you're comfortable, I didn't have a  
23 chance to mention it at the last meeting because  
24 we kind of did it so quickly, but after talking  
25 it through with Tim and drafting the bill, that

1 thought came to me. And so I wanted to kind of  
2 give you the opportunity to, I guess, confirm if  
3 you wanted to move forward with that change now.

4 You can. I would just have to introduce it  
5 as an amendment as opposed to dealing with that  
6 at a later date.

7 MR. BROWN: Yeah, I think dealing with it at  
8 a later date is completely fine.

9 CHAIRMAN TUTEN: Yeah. I think you're going  
10 to bog down.

11 MS. HODGES: Yeah, that's what my concern  
12 was. Okay.

13 CHAIRMAN TUTEN: The only thing I would like  
14 to add to that as far as the City Council  
15 appointed members, is if there's any way you can  
16 get language in there, I know they'll balk, but  
17 truthfully, what it boils down to is that they  
18 get busy doing other city things.

19 MS. HODGES: Right.

20 CHAIRMAN TUTEN: They should be looking at  
21 replacements six months before the term ends.  
22 That way --

23 MS. HODGES: Oh, yeah. That way, keep it --

24 CHAIRMAN TUTEN: -- we've got Bill from CSX  
25 wants to jump in. The Bill from Roger Towers,

1 boom, boom, boom. Sure. Bill Number 1 leaves.  
2 Next day, Bill Number 2 shows up. We're done.

3 MS. HODGES: Right.

4 CHAIRMAN TUTEN: But the council is the one  
5 that's sort of holding up the show here --

6 MS. HODGES: Yeah.

7 CHAIRMAN TUTEN: -- and then you expect  
8 someone to stay over for six -- how long has Bill  
9 been here now? Too long.

10 MS. HODGES: Oh, yeah, it's been a year --

11 DIRECTOR JOHNSON: Since June of 2016.

12 MS. HODGES: Yes, over a year. And that's  
13 not the way -- right.

14 CHAIRMAN TUTEN: Yeah. And there's no  
15 excuse for them not to -- you know, come on,  
16 fellas, make a decision here.

17 MS. HODGES: Yeah. And, you know,  
18 appointments are like that on the mayor's side as  
19 well. I mean, where the people just stay longer  
20 than should, and it's hard to maybe recruit  
21 people. I mean, who knows what the reasons are.

22 But I can definitely get with Rachel Welsh,  
23 I think it is, on the council side who is over  
24 that. I think Johnny Gaffney is over the mayor's  
25 side of any sort of appointments. But I can

1 definitely get with them to kind of remind them.

2 CHAIRMAN TUTEN: Well, and I think too, you  
3 know, the part with the city is, to stick up for  
4 Bill and Patsy, is the fact that, you know, when  
5 me and Chris showed up, we signed on for it.

6 MS. HODGES: Right.

7 CHAIRMAN TUTEN: You know, these guys, I  
8 think the private sector guys are here to kind of  
9 do a good job. But the city, in my opinion, is  
10 sort of abusing some of that goodwill they got by  
11 them signing up by making them stay here, because  
12 state law says you have to stay until you have a  
13 replacement --

14 MS. HODGES: Right.

15 CHAIRMAN TUTEN: -- obviously you don't have  
16 to show up, but you're still on the Board, and  
17 there's no reason that somebody should stick  
18 around or have to stay that long.

19 MS. HODGES: No. Totally well-taken.

20 CHAIRMAN TUTEN: You know, those people down  
21 the road may go, I don't know if I want to stay  
22 there eight years because they won't find a  
23 replacement.

24 MS. HODGES: Right. When I had a four-year  
25 term. Right, right, right. No, I get it. Yeah,

1           that's totally well-taken.   Totally well-taken.

2           So the only other two things I want to  
3           update you on, just to let you know that we  
4           haven't forgotten about you, your lawyers at  
5           Office of General Counsel, I spoke with my  
6           General Counsel, and you're going to be getting  
7           two things within the next week.   Okay.

8           That's going to be the answers to your  
9           questions that you sent over.   So you'll be  
10          getting that.   We were actually hoping that we  
11          would have it by this Board meeting, but they're  
12          doing some final touches on that.   And so you'll  
13          definitely have it well in advance of your next  
14          Board meeting.

15          And what the General Counsel likely would  
16          prefer to do is, you know, meet with you, you  
17          know, individually to kind of talk about what  
18          those responses are, if you're amenable to that.

19          The other update I wanted to give you is on  
20          the bailiffs' opinion.   That's going to be coming  
21          out the same time.

22          This came up at the advisory committee  
23          meeting, and we definitely are sensitive of the  
24          time that people will need to apply --

25                 MR. BROWN:   Sure.

1 MS. HODGES: -- you know, whether or not  
2 there will be on onslaught of people that are  
3 eligible to connect, we don't know.

4 But what the second opinion supplement to  
5 the first is really doing is giving some very  
6 clear parameters as to what it means to be  
7 full-time in light of all these other things that  
8 would point to you're not full-time.

9 And so you'll be getting those two things in  
10 short order.

11 MR. BROWN: So this meeting Tuesday with  
12 Jason, I didn't get any context on it other than  
13 pension stuff.

14 Are there a variety of topics that he needs  
15 to speak to us about or is it just a --

16 MS. HODGES: You know, I was -- the only  
17 meeting -- I know that Jason was going to reach  
18 out to you specifically on the questions that the  
19 Chair had. I wasn't -- I don't know if he's  
20 going to be merging those two, because they're  
21 kind of two big discussions. That might make for  
22 a long meeting.

23 So one -- one topic is the answers to the  
24 Chair's questions that relate to having to go  
25 before this federal judge real soon here. Okay.

1 So that's one meeting.

2 The other meeting has to do with the city's  
3 response to the motion to disqualify. So, I  
4 mean, those are pretty two important topics. So  
5 I'm not certain that those two are going to be  
6 merged.

7 MR. BROWN: Okay.

8 MS. HODGES: So I know that Loree French has  
9 reached out to everybody at this point. But if  
10 you got a call, that would be Loree French and  
11 Rita Mairs and their assistant that's initiating  
12 those meetings.

13 If you got a call from Jason Gabriel's  
14 assistant, then that could be related to the  
15 opinion regarding the questions related to the  
16 upcoming, you know, suit that we're going to have  
17 to talk to the respective federal judge.

18 CHAIRMAN TUTEN: So there's two issues: The  
19 consent decree and the John Keane suit.

20 MS. HODGES: Right.

21 MR. BROWN: Right. And so that's what we're  
22 dealing with, then.

23 And so the second opinion for the bailiff  
24 buy-back, that's being done. Is it done by  
25 Durden or --

1 MS. HODGES: Oh, yeah. So that's going to  
2 be issued -- Steve Durden is drafting that  
3 opinion, and that's not anything that we were  
4 intending we would be meeting with you on because  
5 it's really just going to give more guidance, I  
6 think, to Tim and his job as to when this  
7 application, here's what you kind of need to look  
8 for, working with these other employment agencies  
9 and verify, and that's an easy verification.

10 I mean, this is sound evidence, employment  
11 documents, that kind of thing.

12 MR. BROWN: So Durden's the lead on that?

13 MS. HODGES: Yes. Exactly, yes.

14 MR. BROWN: We don't get to see him anymore.

15 MS. HODGES: And since you've been  
16 interested in that opinion, Trustee Brown, I'll  
17 have him reach out to you as soon as that so that  
18 he can kind of just walk you through that for  
19 sure.

20 MR. BROWN: Okay. Thank you.

21 DIRECTOR JOHNSON: On our part, we will  
22 resend those documents to you for convenience.  
23 You've seen them. We'll send them out one more  
24 time so they're in an email. So we'll send a  
25 letter that this Board approved that was sent to

1 the Office of General Counsel relative to that  
2 federal judge report in October. It was a letter  
3 that was done. We'll send you another copy of  
4 that letter.

5 And we'll also send you the initial motion  
6 to disqualify the Office of General Counsel and  
7 then the Office of General Counsel's response.  
8 Right now you just have the response. We'll send  
9 you the initial motion so now you'll have both  
10 documents, you can read them and be prepared for  
11 those.

12 MR. PAYNE: So when are you sending them  
13 out?

14 DIRECTOR JOHNSON: We'll do it today.

15 MR. PAYNE: Okay.

16 CHAIRMAN TUTEN: Perfect. Nothing like a  
17 lawsuit to make everybody happy.

18 (Laughter)

19 CHAIRMAN TUTEN: I'm dragging this sucker  
20 out till December. You can't get me after that,  
21 baby. You've got to find somebody else to put on  
22 the witness stand. I'm out.

23 I think that's how it works, right? When I  
24 leave here, they can't call me back.

25 MS. HODGES: That's not true.

1 MR. HERRERA: I doubt it.

2 MS. HODGES: And I'll defer to Pedro for the  
3 remainder reports.

4 Do you have any?

5 MR. HERRERA: Well, are you going to cover  
6 the forfeiture under New Business?

7 DIRECTOR JOHNSON: It's under New Business,  
8 yeah.

9 MS. HODGES: Oh, okay.

10 MR. HERRERA: That's okay.

11 So just under Legal Reports, really, we  
12 did -- thank you. Lawsikia and the OGC did send  
13 over a securities litigation policy. So we'll  
14 be -- we'll be looking at that. I took a look at  
15 it yesterday just really quickly. I know it's  
16 not on the agenda, but we'll get back with the  
17 OGC if we have any kind of constructive  
18 commentary, anything like that.

19 But it looks fairly straightforward. I  
20 think it kind of encompasses what -- what we had  
21 discussed with Tim as well as with the OGC's  
22 office and what the best plan would be for going  
23 forward with those kinds of matters.

24 I did want to bring up something. And you  
25 guys may have already addressed it. During the

1 public records -- during your executive  
2 director's report, did -- with the change in the  
3 public records law that just happened, are we  
4 covered in terms of -- you know, we already  
5 appointed a records management liaison officer.

6 MS. HODGES: Right --

7 DIRECTOR JOHNSON: Yeah, we have. We have a  
8 notice on our front counter --

9 MR. HERRERA: Great.

10 MS. HODGES: A front placard.

11 DIRECTOR JOHNSON: -- a plaque. And  
12 coincidentally, we hired Jessica, and she's been  
13 designated as that official public records  
14 officer.

15 MR. HERRERA: Great. Perfect.

16 DIRECTOR JOHNSON: Lawsikia sent us a  
17 reminder to tell us to do it. So we were on top  
18 of that.

19 MR. HERRERA: So, no, I think that's all we  
20 have, unless there was something else that I'm  
21 not remembering. But I think that was it for  
22 legal counsel's report.

23 CHAIRMAN TUTEN: All righty.

24 Looks like we've got Application for  
25 Membership under Old Business. Is that where

1 we're at now? Or Forfeiture of Pension first?

2 DIRECTOR JOHNSON: I was going to go to  
3 Forfeiture. Do we have a -- so we had a -- if  
4 you wouldn't mind going to New Business and  
5 looking at this document here.

6 CHAIRMAN TUTEN: That's it. I got it.

7 DIRECTOR JOHNSON: We had a member, Michael  
8 Rounsville, who was convicted -- a document  
9 verifying that conviction is included in your  
10 Board book.

11 The advisory committee had initially wanted  
12 to postpone recommending action to the Board  
13 relative to forfeiture until this member went  
14 through the appeal process.

15 That decision was reconsidered a month ago  
16 and was replaced with a recommendation that all  
17 members have the opportunity to due process  
18 following a Board action. In other words, they  
19 can appeal the Board's decision, ask the Board to  
20 reconsider.

21 So in this case, we're working on a  
22 forfeiture procedure, but it was felt that it  
23 would be risky if the Board did not take action  
24 to approve this benefit application because the  
25 member made the application and it's just kind of

1           been sitting out there in cyberspace for a while.

2           We need to handle this business first, then  
3           put together the procedure for appeal, and then  
4           give this member the opportunity to go through  
5           that process. We don't want to hold up the  
6           application while we're getting the procedure in  
7           place so the member won't lose its right and the  
8           Board will handle this business more efficiently.

9           So the motion is to accept the  
10          recommendation of the advisory committee to deny  
11          the benefit application for Rounsville as a  
12          result of this conviction, which forfeits his  
13          retirement benefits.

14          MR. BROWN: Absolutely make a motion to deny  
15          the benefit from (indiscernible).

16          MR. PAYNE: Second.

17          CHAIRMAN TUTEN: Okay. Call for the  
18          question. You're going to have to fill me back.  
19          What was he doing again?

20          MR. BROWN: Just did it within organized  
21          crime syndicate, ran people's names on NCIC and  
22          then gave them information in exchange for money.

23          CHAIRMAN TUTEN: Okay. So that's what he  
24          got convicted of and proven, I guess.

25          (Simultaneous speech)

1           DIRECTOR JOHNSON: Now hold on. We've got a  
2 lot of conversation going. We have a reporter  
3 trying to get it.

4           THE REPORTER: Thank you.

5           MR. BROWN: I'm not sure what his sentence  
6 was, but he did receive a felony conviction. And  
7 under state law, when you commit a crime and it  
8 is basically for financial gain, you're doing  
9 it -- leverage your ability -- your power as a  
10 public servant, you qualify to forfeit your  
11 pension.

12           CHAIRMAN TUTEN: Yeah. What -- he was in  
13 police uniform using police computers? Is that  
14 what he was doing?

15           MR. BROWN: Yeah. He was running them  
16 through NCIC.

17           CHAIRMAN TUTEN: Okay. We have a motion and  
18 a second to --

19           MR. BROWN: Pedro?

20           MR. HERRERA: Just one quick comment.

21           So even under the state law, he still is  
22 entitled to a refund of his contribution without  
23 any interest. So I don't know if that needs to  
24 be worked in or if that's --

25           CHAIRMAN TUTEN: Well, I'm asking you. I

1 mean, does this seem like this is the proper -- I  
2 mean, we're covered as far as interpretation of  
3 the law, what he did, what he's not allowed to  
4 get, all that stuff.

5 MR. HERRERA: No, I believe so. And I  
6 apologize. I was just checking with Lawsikia. I  
7 mean, we're still going to have to hold a  
8 hearing --

9 CHAIRMAN TUTEN: That's fine.

10 MR. HERRERA: -- to actually determine  
11 whether or not we're going to forfeit his  
12 pension. But this --

13 MR. BROWN: What this motion does is --

14 MR. HERRERA: -- is simply --

15 MR. BROWN: -- denies it, but then it starts  
16 the due process.

17 MR. HERRERA: Right. This motion is simply  
18 denying the application pending resolution of the  
19 forfeiture hearing.

20 CHAIRMAN TUTEN: All right. We have a  
21 motion and a second.

22 MR. BROWN: Well -- and I believe that in  
23 due process, he would go before the advisory  
24 committee, not the Board --

25 DIRECTOR JOHNSON: Well, we're working

1 through that right now. So you'll see it because  
2 it will ultimately be the Board's process.

3 MR. BROWN: Sure. Yeah, okay.

4 DIRECTOR JOHNSON: So you-all will approve  
5 it. This is just handling the business on an  
6 application that was made in January or February.  
7 We've got to handle that business.

8 MR. BROWN: Absolutely. Okay.

9 CHAIRMAN TUTEN: Okay. Have a motion and  
10 second. Have we had enough discussion for now?

11 (No responses.)

12 CHAIRMAN TUTEN: All in favor?

13 (Responses of "aye.")

14 CHAIRMAN TUTEN: Any opposed?

15 (No responses.)

16 DIRECTOR JOHNSON: Let me just add one more  
17 comment to that. I don't think it's relative to  
18 the motion that passed, but because he's under  
19 his 20, he's at least a year of being able to get  
20 the benefit anyway.

21 CHAIRMAN TUTEN: Oh, okay.

22 DIRECTOR JOHNSON: So it's not like you're  
23 taking a benefit away from somebody right now,  
24 today.

25 MR. HERRERA: It's a vested defer.

1           DIRECTOR JOHNSON: It's a vested defer. So  
2 he's at least a year from when he would be able  
3 to elect anyway, and within that year, we should  
4 be able to make it through this process.

5           CHAIRMAN TUTEN: Well, you know, you say  
6 he's got 19 years on?

7           DIRECTOR JOHNSON: It's less than 20. It's  
8 probably 19 or maybe just a little shy of 19.

9           CHAIRMAN TUTEN: I got a question for you,  
10 Pedro. Nevermind. It's going to take too long.

11           How about if I just get -- could you give me  
12 a card? Give me your number and I'll call you  
13 later.

14           MR. HERRERA: Okay.

15           CHAIRMAN TUTEN: I've got a question. I  
16 don't want to open up a can of worms right now.  
17 It may not do anything.

18           DIRECTOR JOHNSON: All right. So thank you  
19 for that. We will notify the member as  
20 appropriate.

21           Now, through the Chair, I don't recall that  
22 we have any Old Business on this agenda.

23           MR. LUNDY: We do.

24           DIRECTOR JOHNSON: Lundy, do we?

25           CHAIRMAN TUTEN: Under where it says "Old

1 Business, Application for Membership."

2 MR. LUNDY: We took the New Business out of  
3 order. We've got to go back to Old Business.

4 CHAIRMAN TUTEN: Am I going crazy here or is  
5 this right?

6 DIRECTOR JOHNSON: No, you did the right  
7 thing. We just took it out of order.

8 Through the Chair, Lundy can explain this to  
9 you.

10 MR. LUNDY: Sure.

11 He's going through the membership process.  
12 You-all previously approved him under Trustee  
13 Rule 13.3. So he is in the process of working  
14 out whether he's a pre-existing condition or not.

15 We got the new documents back. The medical  
16 director is recommending that we clear him.

17 CHAIRMAN TUTEN: Okay.

18 MR. BROWN: All right. I make a motion to  
19 accept his application.

20 MR. PAYNE: Second.

21 CHAIRMAN TUTEN: And a second. Perfect.  
22 Any more questions, comments?

23 (No responses.)

24 CHAIRMAN TUTEN: All in favor?

25 (Responses of "aye.")

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CHAIRMAN TUTEN: Opposed?

(No responses.)

CHAIRMAN TUTEN: All right. Anything else?

DIRECTOR JOHNSON: That's it.

(The Board meeting adjourned at 10:35 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 80, 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 5th day of September, 2017.

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

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