

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – JANUARY 20, 2017 @ 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PPPF MISSION STATEMENT:

To provide long term benefits to participants and their beneficiaries

NOTE: Any person requiring a special accommodation to participate in the meeting because of disability shall contact the Executive Assistant at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

PRESENT

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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Bob Sugarman, Fund Attorney
Dan Holmes, Summit Strategies – *via conference call*
Pete Strong, GRS Consulting – *via conference call*
Jarmon Welch, Pension Board Consultants – *via conference call*
Devin Carter, Chief Financial Officer
Debbie Manning, Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

Willard Payne, Trustee

CITY REPRESENTATIVES INVITED

Joey Greive, Fund Treasurer
Lawsikia Hodges, Office of General Counsel

GUESTS

Anna Brosche, City Council Liaison

Police and Fire Pension Fund
Board of Trustees
Meeting Summary
January 20, 2017

Steve Durden, Office of General Counsel
Randy Wyse, Jax. Assoc. of Fire Fighters
Rick Muchowitz
David Bauerlein, Times Union
Bill Gassett

I. CALL TO ORDER

CHAIRMAN TUTEN CALLED THE MEETING TO ORDER AT 9:10AM.

II. PLEDGE OF ALLEGIANCE

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

James E. Stevenson, Retired Fire Fighter Engineer
Henry T. Lindsey, Retired Police Officer
Doyle F. Hall, Retired Police Officer
David J. Addison, Retired Fire Captain
Claude C. Springs Jr., Retired Fire Captain

IV. PUBLIC SPEAKING PERIOD

WE HAD ONE REQUEST FOR PUBLIC SPEAKING FROM BILL GASSETT. HE PROVIDED THE BOARD WITH A HANDOUT.

THERE WERE NO ADDITIONAL REQUESTS FOR PUBLIC SPEAKING. PUBLIC SPEAKING PERIOD CLOSED.

V. CONSENT AGENDA - ITEMS 2017-01-(1-10)CA

2017-01-01CA FINAL TRANSCRIPT APPROVED

2017-01-02CA DISBURSEMENTS

DISBURSEMENTS A

DISBURSEMENTS B

2017-01-03CA PENSION DISTRIBUTIONS

2017-01-04CA APPLICATION FOR TIME SERVICE CONNECTIONS

2017-01-05CA APPLICATION FOR TIME SERVICE RETIREMENT

2017-01-06CA APPLICATION FOR VESTED RETIREMENT

2017-01-07CA REFUND OF PENSION CONTRIBUTIONS

2017-01-08CA SHARE PLAN DISTRIBUTION

2017-01-09CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2017-01-10CA DROP DISTRIBUTIONS

A MOTION WAS MADE BY TRUSTEE BROWN TO APPROVE CONSENT AGENDA ITEMS 2017-01(1-10)CA. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

V. EXECUTIVE DIRECTOR'S REPORTS – *Timothy H. Johnson*

- Monthly Status Report

TIM JOHNSON REFERRED TO HIS EXECUTIVE DIRECTOR REPORT IN THE BOARD BOOK. THE CHART SHOWN IS A CUMULATIVE TALLY OF THE PRODUCTIVITY OF THE STAFF DURING THE MONTH, TO BE APPROVED BY THE BOARD.

ALSO UNDER UPDATES, IN THE DAILY E-MAIL'S SENT TO THE COMMITTEES AND BOARD OF TRUSTEES ON THE MARKET VALUE OF ASSETS, WE ARE INCLUDING A LINK TO THE MORNING PULSE, A DAILY SNAPSHOT OF NEWS, ARTICLES, ETC. WHICH ARE INFORMATIVE FOR YOUR CHOICE OF READING.

VI. COUNSEL REPORTS

- Update regarding Keane vs. Board of Trustees – *Steve Durden*

JOHN KEANE OFFICIALLY SERVED THE BOARD OF TRUSTEES ON JANUARY 5, 2017. AN ANSWER IS DUE BY THE 26TH. RITA MAIRS AND LOREE FRENCH WITH OFFICE OF GENERAL COUNCIL ARE THE LAWYERS ASSIGNED TO THE LITIGATION.

- Lee case update (*Dec & Jan report*) – *Jacob Payne*

STEVE DURDEN GAVE AN OVERVIEW OF THE LEE PUBLIC RECORDS CASE WITH INFORMATION PROVIDED IN THE UPDATES FROM JACOB PAYNE IN THE BOARD

BOOK. SINCE THEN, THE ORIGINAL JUDGE HAS RECUSED HERSELF; A NEW JUDGE HAS BEEN APPOINTED; AND SEVERAL MOTIONS HAVE BEEN FILED. THE PFPF IS NOT A SEPARATE ENTITY.

BOB SUGARMAN GAVE A VERBAL REPORT TO THE BOARD. HE ADVISED THAT THE TRANSITION IS RUNNING SMOOTHLY FROM KLAUSNER TO HIS FIRM. BOB HAS BEEN WORKING WITH TIM JOHNSON ON VARIOUS NOVEL ISSUES. THEY ARE ON STANDBY AS A TEAM WITH OFFICE OF GENERAL COUNSEL TO ASSIST US.

BOB SUGARMAN WILL HAVE A DROP OPINION FOR THE BOARD WITHIN THE NEXT WEEK. THEY ARE OFF AND RUNNING.

WE SKIPPED AHEAD TO OLD BUSINESS AS JARMON WELCH, PENSION BOARD CONSULTANTS, WAS ON THE CONFERENCE LINE TO FURTHER DISCUSS HIS LETTER WRITTEN ON BEHALF OF THE BOARD TO THE DIVISION OF RETIREMENT CONCERNING THE ACTUARIAL VALUATION OF OCTOBER 1, 2016. COPY OF THE DRAFT WAS HANDED OUT TO THE BOARD.

VIII. OLD BUSINESS

- Actuarial Valuation as of October 1, 2016

BASED ON THE DISCUSSION AT THE PREVIOUS SPECIAL MEETING HELD ON JANUARY 18th, THERE ARE THREE ARGUMENTS STATED IN JARMON'S LETTER:

- 1. CONSISTENT WITH PAST PRACTICE PUT IN OVER SEVERAL YEARS.**
- 2. THE STATE IS REQUIRED TO MAKE SURE THE MINIMUM CONTRIBUTION IS PAID INTO THE FUND. SET AT STAGGERED LEVEL. (MAIN ARGUMENT)**
- 3. GOING FORWARD THERE WILL BE PAY INCREASES.**

JARMON STATED HE ALSO SPOKE TO DOUG WITH THE DIVISION OF RETIREMENT ON THE PHONE AND ADVISED THAT THE BOARD NEEDED TO HAVE PROMPT ACTION. JARMON ASKED HIM TO PLEASE GET BACK TO US IN A FEW WEEKS. JARMON WAS ENCOURAGED BY THE CONVERSATION.

DOUG SAID HE WOULD TAKE UNDER ADVISEMENT TO APPROVE STAGGER.

IF THE DIVISION OF RETIREMENT OK'S THE RECOMMENDATION, WE HAVE TWO MOTIONS TO BE MADE BY THE BOARD.

A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE ACTUARIAL VALUATION AS OF OCTOBER 1, 2016 AS PRESENTED, BUT SUBJECT TO REVISIONS IF NEEDED,

BASED ON REVISIONS PENDING FROM DIVISION OF RETIREMENT AND OTHER SUBSEQUENT REVISIONS. SECONDED BY TRUSTEE BROWN. VOTE WAS UNANIMOUS.

A MOTION WAS MADE BY TRUSTEE BROWN TO DRAFT A SHORT LETTER TO THE CITY STATING THAT IN ORDER TO MEET THE JANUARY 31ST DEADLINE FOR THE ACTUARIAL VALUATION, WE ARE SUBMITTING SUBJECT TO REVISIONS. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.

DAN HOLMES WAS NOW ON THE LINE TO DISCUSS HIS REPORTS

VII. INVESTMENT CONSULTANT REPORTS – *Dan Holmes w Summit*

- Economic & Capital Market Review – December, 2016
- Flash Report – December 31, 2016

ECONOMIC & CAPITAL MARKET REVIEW AND FLASH REPORT WERE REVIEWED WITH THE BOARD AND QUESTIONS ANSWERED.

- Neuberger Berman Funding Update

NEUBERGER BERMAN FUNDING IS COMPLETE

- Discussion on Loomis Sayles Funding

PER DAN HOLMES, LOOMIS WILL BE FUNDED NEXT WEEK. ALREADY APPROVED BY THE BOARD. \$35 MILLION FROM BOND, \$74 MILLION TO THOMPSON, SIEGEL & WALMSLEY EQUALS \$109 MILLION. \$1 MILLION TO CASH AND THE REST TO LOOMIS.

- Review of Capital Market Risk and Opportunities

TRUSTEE PATSY COMPLIMENTED DAN'S REPORT. IT WAS GREAT! COMPLICATED BUT NOT TOO COMPLICATED.

DAN'S REVIEW BY THE NEXT MEETING AND HIS GOALS ARE:

- 1. BRING MORE MACRO INFORMATION**
- 2. SHORTER PRESENTATIONS**

AT THE FEBRUARY BOARD OF TRUSTEE MEETING DAN WILL HAVE THE INVESTMENT PERFORMANCE QUARTERLY REPORT.

DAN WILL ALSO HAVE A REPORT ON BROWN IN FEBRUARY – AN OVERVIEW OF THEIR PERFORMANCE.

DAN STATED AN ACTIVE MANAGER IN LARGE CAP IS DIFFICULT. BROWN IS UNDER PRESSURE. THEY RUN A MORE CONCENTRATED PORTFOLIO. IN THE END THAT'S WHY THEY HAVE BEEN WORSE.

THE QUESTION IS, SHOULD THE BOARD CONTINUE WITH REPLACEMENT; GET RID OF BROWN; OR CHOOSE ANOTHER.

IX. NEW BUSINESS – Devin Carter / Linda Dufresne

- DRAFT of 2016 KBLD Audit - *handout*

PER DEVIN CARTER, LINDA DUFRESNE WITH KBLD WAS UNABLE TO ATTEND THE MEETING TODAY. THE DRAFT OF THE 2016 KBLD AUDIT HAS BEEN DEFERRED WAITING ON INFORMATION REGARDING THE ACTUARIAL VALUATION AND THE KEANE LAWSUIT THAT IS PENDING.

WE SHOULD HAVE THE DRAFT OF THE 2016 KBLD AUDIT FOR THE FEBRUARY 17TH BOARD OF TRUSTEE MEETING.

X. ADJOURNMENT

CHAIRMAN TUTEN ADJOURNED THE MEETING AT 10:45AM

NOTE: If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

TO BE APPROVED AT THE BOARD OF TRUSTEE MEETING ON FEBRUARY 17, 2017

Richard Patsy, Board Secretary