

**JACKSONVILLE POLICE AND FIRE  
PENSION BOARD OF TRUSTEES  
SPECIAL MEETING SUMMARY – JANUARY 5, 2015  
RICHARD “DICK” COHEE BOARD ROOM**

**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.

**PRESENT**

Walt Bussells, Chairman  
Nathaniel Glover Jr., Board Secretary  
Dr. Adam Herbert, Trustee  
Asst. Chief Larry Schmitt, Police Trustee  
Lt. Richard Tuten III, Fire Trustee

**STAFF**

John Keane, Executive Director-Administrator  
Robert Klausner, Fund Attorney  
Kevin Stork, Controller  
Debbie Manning, Executive Assistant  
Denice Taylor, Court Reporter w AAA Reporters

**EXCUSED**

**GUESTS**

Mayor Alvin Brown, City of Jacksonville  
Chris Hand, Mayor's Administrative Aide, City of Jax.  
David DeCamp, Mayor's Administrative Aide, City of Jax.  
C. Ronald Belton, Director of Finance & Chief Financial Officer, City of Jax.  
Joey Greive, Fund Treasurer, City of Jax.  
Randy Wyse, President Jax. Assoc. of Fire Fighters  
Steve Amos, President FOP  
Stephen Durden, Office of General Counsel  
Jason Gabriel, Office of General Counsel  
Ashley Benson, Office of General Counsel  
Robert Dezube, Certified Actuary  
Phillip Eddins, IAFF, Retired Member  
Kelly Dobson, IAFF, Active Member

James Holderfield, Advisory Committee Member  
C. Quinn, Jax. Chamber  
B. Manning, Jax. Chamber  
Kevin Golino, JSO  
D.A. Janson, JSO  
Mark Muchowitz, JSO  
James Padilla, JSO  
Steve Zona, JSO  
Wayne Young, JEA  
Bill Gassett  
Eric Smith  
Curtis Lee  
David Bauerlein, Times Union  
Eileen Kelley, Times Union  
Roger Weeder, First Coast News

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

**CHAIRMAN BUSSELLS CALLED THE MEETING TO ORDER AT 8:30am.**

A moment of silence was observed for the following deceased members:

Shawn P. "Pat" Acosta, Retired Fire Captain  
Edward M. Defoor, Retired Police Officer  
Gary F. Keys Sr., Retired Fire Chief  
Edward P. Lowstuter, Retired Fire Division Chief

The Board of Trustees recited the Pledge of Allegiance

**PUBLIC SPEAKING PERIOD**

Bill Gassett - *Handout*

**OLD BUSINESS**

**COMPREHENSIVE PENSION REFORM**

1. Recommendations and Discussion regarding Ordinance 2014-386-E
  - **City Council Amendments to 2014 Pension Agreement**
  - **Review of Council Proposed Resolution from Bob Klausner**

**CHAIRMAN BUSSELLS BEGAN DISCUSSION REGARDING ORDINANCE 2014-386-E:**

**GROUP II MEMBERS (NEW MEMBERS TO BE HIRED AFTER 2015 UNDER NEW PLAN)**

**TRUSTEE HERBERT MOVED FOR APPROVAL ONCE THE CITY COUNCIL CHANGES THE MATHEMATICS IN THE CHART. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**ESTABLISHMENT OF SHARE PLAN – PG 5**

**TRUSTEE HERBERT MADE A MOTION FOR THE ENACTMENT OF THE SHARE PLAN AS OUTLINED ADDING SECTION (f), TO ADMINISTER THE PLAN. SECONDED BY TRUSTEE SCHMITT. VOTE WAS UNANIMOUS.**

**ENHANCED BENEFIT – PG 3**

**MOTION TO APPROVE WITH AN ADDITIONAL CLAUSE TO ADD THAT IF THE CITY DOESN'T FULFIL THEIR OBLIGATION THEY WILL PAY A HARSH PENALTY. CHAIRMAN BUSSELLS SAID WE NEED A REMEDY THAT FITS THE OFFENSE.**

**TRUSTEE HERBERT MADE A MOTION TO REVISE THE PRIOR MOTION THAT ANY PAYMENT THAT THE CITY FAILS TO MAKE GOES INTO THE ARC. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**STATEMENT WAS MADE BY BUSSELLS THAT THE BOARD NEEDS TO SEND A COMPREHENSIVE RESPONSE TO THE CITY ON ALL RECOMMENDATIONS BY JANUARY 15, 2015.**

**PURCHASE OF SERVICE – PG 2**

**TRUSTEE GLOVER MADE A MOTION TO APPROVE THE SERVICE PURCHASE. SECONDED BY TRUSTEE HERBERT. VOTE WAS UNANIMOUS.**

**MARRIAGE DEFINITION FOR SURVIVING SPOUSE BENEFITS – PG 15**

**TRUSTEE GLOVER MADE A MOTION TO APPROVE THE DEFINITION OF SPOUSE LIVING WITH MEMBER AT THE TIME OF ADMISSION TO FACILITY. SECONDED BY TRUSTEE HERBERT. VOTE WAS UNANIMOUS.**

**GROUP II MEMBERS – DROP**

**MOTION MADE BY TRUSTEE TUTEN TO REJECT CHANGE IN DROP TO 0% – 10%. SECONDED BY TRUSTEE SCHMITT. VOTE WAS 4 – 1. (BUSSELLS OPPOSED ASSUMING THAT WE WILL FIX IRS PROBLEM).**

**A NEW MOTION WAS MADE BY TRUSTEE TUTEN TO ACCEPT THE CHANGE IN DROP TO 5% - 10% AND KEEP THE CONTRIBUTION. SECONDED BY TRUSTEE SCHMITT. VOTE WAS 4 – 1 (BUSSELLS OPPOSED).**

**GROUP II MEMBERS - COLA**

**MOTION WAS MADE BY TRUSTEE HERBERT TO ACCEPT THE AMENDMENT BY CITY COUNCIL. SECONDED BY BUSSELLS. VOTE FAILS 2 – 3 (TUTEN, SCHMITT, AND GLOVER OPPOSED).**

**MOTION MADE BY TRUSTEE GLOVER TO ACCEPT THE ORIGINAL AGREEMENT WITH THE MAYOR (3%). SECONDED BY SCHMITT. VOTE WAS 3 – 2. (BUSSELLS AND HERBERT OPPOSED).**

**CHAIRMAN BUSSELLS CALLED FOR A RECESS @ 10:05a.m.**

**CHAIRMAN BUSSELLS RE-CONVIENED THE MEETING @ 10:20a.m.**

**DISCUSSION CONTINUED WITH SECTION 121.502 – PG 18.**

**GENERAL RESPONSIBILITIES AND DUTIES OF FINANCIAL INVESTMENT AND ADVISORY COMMITTEE – PG 18**

**MOTION MADE BY TRUSTEE HERBERT TO LEAVE WORDING AS IS. SECONDED BY TRUSTEE GLOVER. VOTE WAS 3 – 2. (TUTEN AND SCHMITT OPPOSED).**

**CITY COUNCIL SHALL DESIGNATE WHETHER THE INITIAL TERM IS FOR TWO OR FOR THREE YEARS – PG 18**

**MOTION WAS MADE BY TRUSTEE HERBERT TO ACCEPT THE COUNCIL WORDING. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**WITH REGARD TO INDIVIDUAL SELECTION OF INVESTMENT MANAGERS – PG 19**

**MOTION WAS MADE BY TRUSTEE HERBERT TO APPROVE WITH RECOMMENDED AMENDMENT. SECONDED BY TRUSTEE SCHMITT. VOTE WAS UNANIMOUS.**

**SECTION 121.505 – PG 19**

**MOTION WAS MADE BY TRUSTEE HERBERT TO APPROVE THE RECOMMENDATION ON WHAT CITY COUNCIL ENACTED. SECONDED BY BUSSELLS. VOTE WAS UNANIMOUS.**

**INDIRECTLY CONTRACT WITH OR PROVIDE SERVICES FOR INVESTMENT – PG 20**

**MOTION MADE BY TRUSTEE HERBERT TO NOT APPROVE ALLOWING WAIVERS OF CONFLICT. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**BOARD OF TRUSTEE MEMBERS SHALL COMPLY WITH ALL REQUIREMENTS OF STATE LAW – PG 20**

**PREVIOUS AUTHORIZATION THAT WAS GRANTED AT THIS MEETING SUBJECT TO CORRECTING SCRIVENER'S ERROR IN WHICH "FINANCIAL INVESTMENT AND ADVISORY COMMITTEE" SHOULD BE REPLACED WITH "BOARD OF TRUSTEES".**

**SECTION 121.602. ACTUARIAL ASSUMPTIONS – PG 20**

**PREVIOUS AUTHORIZATION THAT WAS GRANTED AT THIS MEETING SUBJECT TO STYLISTIC CORRECTION "MAYOR AND CITY COUNCIL" REPLACED WITH "CITY".**

**ON PAGE 56, LINE 4**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO DELETE (2) WHICH DOES NOT LIMIT THE NUMBER OF SCENARIOS. THE REMAINING SECTIONS TO BE RENUMBERED. SECONDED BY TRUSTEE SCHMITT. VOTE WAS 3 – 2.**

**A MOTION WAS MADE BY TRUSTEE GLOVER TO AMEND PAGE 56, LINE 4 PHRASE TO NOT LESS THAN (2) ALTERNATIVE FUNDING SCENARIOS. SECONDED BY TRUSTEE HERBERT. VOTE WAS UNANIMOUS.**

**PAGE 56, LINE 14 – (7) UNFUNDED LIABILITIES WILL BE AMORTIZED AS SEPARATE ANNUAL BASES**

**MOTION WAS MADE BY TRUSTEE GLOVER TO STICK WITH WHAT THE SCHU COMMISSION RECOMMENDED. SECONDED BY TRUSTEE HERBERT. VOTE WAS 3 – 2. (SCHMITT AND TUTEN OPPOSED).**

**SECTION 121.604. ANNUAL FINANCIAL REPORTS - PG 22**

**A MOTION WAS MADE BY TRUSTEE HERBERT TO AGREE WITH AN ANNUAL INDEPENDENT AUDIT AS WE ALREADY COMPLY WITH THIS. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**PAGE 57, LINE 15 – UNACCEPTABLE DATES**

**A MOTION WAS MADE BY TRUSTEE TUTEN RECOMMEND AN ALTERNATIVE TO THE TERM “UNACCEPTED UPDATES”. SECONDED BY TRUSTEE SCHMITT. VOTE WAS UNANIMOUS.**

**PAGE 57, LINE 20 – ANNUAL FINANCIAL STATEMENTS**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO RECONSIDER AND DELETE 5.4% ASSUMED RATE OF RETURN. SECONDED BY TRUSTEE SCHMITT. VOTE WAS UNANIMOUS.**

**PAGE 57, LINE 29 – SEC 121.605. PUBLIC INFORMATION**

**A MOTION WAS MADE BY TRUSTEE GLOVER TO ACCEPT THIS AS THIS IS THE CURRENT BOARD PRACTICE. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**PAGE 61, LINE 14 – TRUSTEES CHOSEN AND APPOINTED BY THE CITY COUNCIL – PG 23**

**A MOTION WAS MADE BY TRUSTEE HERBERT TO APPROVE AS WRITTEN. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**PAGE 61, LINE 19 – SECTION 6. RATIFICATION DISCLAIMER**

- **THE BOARD AGREES THAT NOTHING CHANGES FOR MEMBERS WITH 20 YEARS OF SERVICE AND UP.**
- **CALL THIS AN AMENDMENT OR NEW AGREEMENT? DIFFERENCE OF OPINION.**
- **WE NEED TO CLARIFY THE LANGUAGE, MAKE SURE IT MATCHES OUR INTENT.**
- **NOW PROPOSING CHANGES IN 3 YRS. VS 10 YRS FROM PRIOR NEGOTIATIONS IN JUNE. TRUSTEE SCHMITT SAID 3 YRS. IS UNACCEPTABLE GIVEN THE HISTORY.**

**MOTION WAS MADE BY TRUSTEE HERBERT TO WORK DIRECTLY ON REFINING THE ORDINANCE LANGUAGE TO BE CLEARER. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.**

**CHAIRMAN BUSSELLS SAID THE MAJOR ISSUES PERTAIN TO COLA, DROP AND TERM OF THE AGREEMENT. FOR A JUDGE TO DECIDE THIS COULD BE DETRIMENTAL TO OUR MEMBERS.**

**PAGE 61, LINE 27 – SECTION 7. APPROVAL OF 2014 RETIREMENT REFORM AGREEMENT**

**TRUSTEE HERBERT MADE A MOTION TO RECONSIDER OUR PREVIOUS STANCE WITH REGARD TO COLA. WE GO BACK TO COUNCIL WITH THE PROPOSAL FOR THE 0 TO 6%, AS OPPOSED TO 4. SECONDED BY TRUSTEE GLOVER. VOTE WAS 4 TO 1. (BUSSELLS OPPOSED).**

**TRUSTEE SCHMITT MADE A MOTION TO RECONSIDER INTEREST RATE FOR DROP FROM 2% TO 14.4% LESS FEES. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**MOTION MADE BY TRUSTEE HERBERT TO ACCEPT THE 3 YR. AGREEMENT. SECONDED BY CHAIRMAN BUSSELLS. VOTE FAILED 3 – 2. MOTION MADE BY TRUSTEE GLOVER TO ACCEPT THE 10 YR. AGREEMENT WITH THE MAYOR. SECONDED BY TRUSTEE SCHMITT. VOTE WAS UNANIMOUS.**

**KLAUSNER STATED WE HAVE ONE ISSUE LEFT WHICH THE CITY DIDN'T GIVE A RESPONSE TO REGARDING STAFF PENSION. IT WAS IN THE AGREEMENT WITH THE MAYOR AND COUNCIL REMOVED IT.**

**MOTION MADE BY TRUSTEE SCHMITT TO CLOSE SENIOR STAFF VOLUNTARY PENSION PLAN AS PREVIOUSLY VOTED ON BY THE BOARD OF TRUSTEES, BUT BENEFITS EARNED WILL BE PAID. SECONDED BY TRUSTEE HERBERT. VOTE WAS UNANIMOUS.**

**VESTED RETIREMENT BENEFITS FOR GROUP I MEMBERS – PG 9**

**TRUSTEE SCHMITT MADE A MOTION TO AMEND (1) FOR GROUP I MEMBERS WITH 10 OR MORE YEARS OF SERVICE TO 5 OR MORE YEARS OF SERVICE AS OF THE PROSPECTIVE EFFECTIVE DATE OF ORDINANCE 2014-386-E, WHO TERMINATE EMPLOYMENT ON OR AFTER THE PROSPECTIVE EFFECTIVE DATE OF ORDINANCE 2014-386-E WITH FIVE OR MORE YEARS. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**KLAUSNER, FUND ATTORNEY, WILL INCORPORATE THE CHANGES DISCUSSED AT THE SPECIAL BOARD MEETING. HE WILL GET BACK WITH JOHN KEANE AND CHAIRMAN BUSSELLS TO REVIEW THE CHANGES AND PRESENT THEM TO THE CITY COUNCIL BY CLOSE OF BUSINESS ON THURSDAY.**

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**CHAIRMAN BUSSELLS ADJOURNED THE MEETING @ 12:00 NOON.**

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Nat Glover, Board Secretary

**UPDATED 1-23-15**