

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
MEETING SUMMARY – NOVEMBER 20, 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

Chief Larry Schmitt, Chairman
Lt. Richard Tuten III, Board Secretary
Nathaniel Glover Jr., Trustee – *Left meeting at 11:09am*
William E. Scheu, Trustee – *Left meeting at 11:00am*

STAFF

Paul Daragjati, Fund Attorney
Dan Holmes, Summit Strategies
Devin Carter, Controller
Debbie Manning, Executive Assistant
Denice Taylor, AAA Reporters

CONSULTANT

John Keane

EXCUSED

Dr. Adam Herbert, Trustee

CITY REPRESENTATIVES INVITED

Kirk Sherman, City Council Auditor

GUESTS

Tommy Hazouri, City Council Liaison

Steve Durden, Office of General Counsel
Joey Greive, Fund Treasurer
Beth McCague, Nominee for Plan Administrator
Richard Patsy, City Council Appointee to the Board
Eric Smith, Governance
Steve Amos, FOP President
Randy Wyse, President Fire Fighters
Rick Muchowitz
Bill Gassett
Curtis Lee
Roger Weeder, First Coast News
Eileen Kelley, Times Union

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.

CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AT 9:00AM

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

Joseph W. Connor Jr., Retired Fire Fighter
Gilbert D. Cannon Jr., Retired Police Officer
Larry F. Downey, Retired Police Officer

The Board of Trustees and guests recited the Pledge of Allegiance.

PUBLIC SPEAKING PERIOD

**CURTIS LEE AND BILL GASSETT REQUESTED TO SPEAK TO THE BOARD.
PUBLIC SPEAKING PERIOD WAS THEN CLOSED.**

CONSENT AGENDA - ITEMS 2015-11-(1-10)CA

2015-11-1CA MINUTES TO BE APPROVED

2015-11-2CA DISBURSEMENTS

2015-11-3CA PENSION DISTRIBUTIONS

2015-11-4CA APPLICATION FOR TIME CONNECTIONS

2015-11-5CA APPLICATION FOR SURVIVOR BENEFITS

2015-11-6CA APPLICATION FOR TIME SERVICE RETIREMENT

2015-11-7CA APPLICATION FOR VESTED RETIREMENT

2015-11-8CA REFUND OF PENSION CONTRIBUTIONS

2015-11-9CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2015-11-10CA DROP DISTRIBUTIONS

MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE CONSENT AGENDA - ITEMS 2015-11-(1-10)CA. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

OLD BUSINESS

2015-10-4CA APPLICATION FOR TIME SERVICE

MACDONALD, Bryan S.

(amended – previously purchased 1 yr. prior Florida Service. Amended to 8 mths. at a cost of \$13,089.58)

MOTION WAS MADE BY TRUSTEE TUTEN TO APPROVE 2015-10-4CA – APPLICATION FOR TIME SERVICE AMENDED. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.

2015-10-11CA APPLICATION FOR MEMBERSHIP

CLEAR & UNRESTRICTED - CORRECTIONS

GRIFFIN, Samantha M.

(amended – previously under Trustee Rule 13.3 – changed to Cleared)

HIXON, Christopher W. (correction – last name **HIXSON)**

MOTION WAS MADE BY TRUSTEE TUTEN TO APPROVE THE CORRECTIONS NOTED FOR 2015-10-11CA – APPLICATION FOR MEMBERSHIP. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

2015-10-3 Amendment to the Investment Agreement with Tortoise Capital Advisors –
reviewed and recommended by Dan Holmes - attachment

DAN HOLMES WITH SUMMIT DISCUSSED THE AMENDMENT TO THE INVESTMENT AGREEMENT WITH TORTOISE WITH THE BOARD. JOEY GREIVE SUPPORTS THIS AND GENERAL EMPLOYEES APPROVED THIS AMENDMENT AS WELL.

MOTION WAS MADE BY TRUSTEE GLOVER TO APPROVE THE AMENDMENT TO THE INVESTMENT AGREEMENT WITH TORTOISE CAPITAL ADVISORS. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

2015-10-5SM Resolution to appoint the Fifth Trustee to the Board of Trustees – *attachment*

AFTER REVIEWING THE AGENDA, TRUSTEE HERBERT E-MAILED THE BOARD STATING HE DID NOT FEEL THAT ACTION SHOULD BE TAKEN ON THIS MATTER AT THIS MEETING WHILE HE WAS OUT OF TOWN.

TRUSTEE TUTEN SAID HE FELT RICK TOWNSEND WAS A BETTER FIT FOR THE BOARD AS HE IS FAMILIAR WITH THE TRUSTEES' OPERATION, TO KEEP THE BOARD RUNNING SMOOTHLY, AND RICK TOWNSEND IS CURRENTLY SERVING ON THE ADVISORY COMMITTEE.

MOTION WAS MADE BY TRUSTEE TUTEN TO TAKE A VOTE. THERE WAS NO SECOND MOTION. CLOSED.

TRUSTEE SCHEU MADE A MOTION TO NOMINATE FRANK MACKESY. HIS BIO WAS DISTRIBUTED TO THE BOARD. AFTER FURTHER DISCUSSION REGARDING THE FIFTH TRUSTEE, MOTION WAS SECONDED BY TRUSTEE TUTEN. MOTION WAS MADE TO DEFER UNTIL THE DECEMBER MEETING. VOTE WAS UNANIMOUS.

TRUSTEE HERBERT WILL RETURN BY THE DECEMBER MEETING AND MAY HAVE SOMEONE IN MIND TO NOMINATE ALONG WITH THESE TWO CHOICES TO BE VOTED ON.

ORDER OF THE AGENDA WAS CHANGED.

NEW BUSINESS – ITEMS 2015-11-(1-14)

2015-11-2 Motion to appoint Beth A. McCague as Interim Plan Administrator - *attachment*
TRUSTEE SCHEU RECOMMENDED BETH McCAGUE TO BE OUR INTERIM PLAN ADMINISTRATOR. A COPY OF HER BIO WAS HANDED OUT TO THE BOARD MEMBERS.

TRUSTEE HERBERT E-MAILED THE BOARD STATING HE STRONGLY SUPPORTED THE PROPOSAL TO APPOINT BETH McCAGUE TO THE FUND'S INTERIM LEADERSHIP POSITION. HER EXTENSIVE FINANCIAL EXPERIENCE, KNOWLEDGE

OF THE CITY, AND STRONG LEADERSHIP REPUTATION MAKE HER THE PERFECT CANDIDATE FOR THE POSITION.

TRUSTEE SCHEU INTRODUCED BETH McCAGUE AND SHE ADDRESSED THE BOARD STATING SHE IS NOT VYING FOR A PERMANENT POSITION. SHE PLANS TO STAY FOR SIX MONTH UP TO A YEAR. THE DIRECTOR POSITION IS A VERY GOOD JOB, BUT NOT AN EASY JOB.

TRUSTEE TUTEN ASKED IS BETH McCAGUE WAS PREPARED FOR THE MEDIA STORM STEPPING INTO THE FACT OF THE PENSION FUND WITH ACCUSATIONS WITH NO SUBSTANCE.

TRUSTEE GLOVER ADVISED BETH McCAGUE NOT TO REACT TO MEDIA OR PUBLIC PERCEPTION. TRUSTEE GLOVER SAID THE BOARD HAS NOT DONE ANYTHING INAPPROPRIATE OR CORRUPT. IS BETH PREPARED FOR THAT MEDIA STORM STEPPING INTO THE FACE OF THE PENSION FUND AND ACCUSATIONS WITH NO SUBSTANCE?

BETH McCAGUE SAID WE NEED TO BE OPEN AND TRNASPARENT IN THE FUND'S ACTIVITIES.

COUNCIL MEMBER HAZOURI SAID THE BOARD STILL HAS WORK TO DO. CHANGES WILL BRING MORE CREDANCE TO THE BOARD WITH LEADERSHIP AND CREDABILITY TO GET SECURITY BACK FOR THE MEMBERS.

MOTION WAS MADE BY TRUSTEE SCHEU TO APPOINT BETH McCAGUE AS INTERIM EXECUTIVE DIRECTOR AND PLAN ADMINISTRATOR EFFECTIVE DECEMBER 1, 2015 BASED ON CONTRACT NEGOTIATION WITH BOARD CHAIRMAN SCHMITT. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.

2015-10-1SM(c) Consulting Contract for John Keane amended – *attachment*

ORIGINAL CONSULTING CONTRACT WITH JOHN KEANE EXPIRES ON NOVEMBER 30, 2015. MOTION WAS MADE BY TRUSTEE SCHEU TO NEGOTIATE A TRANSITION AGREEMENT WITH JOHN KEANE FOR A MAXIMUM OF SIX MONTHS AS DETERMINED BY THE INTERIM EXECUTIVE DIRECTOR. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

MOTION WAS MADE BY TRUSTEE SCHEU TO RATIFY ORIGINAL CONSULTING CONTRACT FOR JOHN KEANE BASED ON CHANGES PREVIOUSLY APPROVED. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

CHAIRMAN SCHMITT ADJOURNED THE MEETING FOR A RECESS AT 10:12AM.

CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AGAIN AT 10:26AM.

CHAIRMAN SCHMITT MADE AN ANNOUNCEMENT INTRODUCING TO THE BOARD RICK PATSY WHO CITY COUNCIL NOMINATED TO REPLACE TRUSTEE HERBERT ON THE BOARD OF TRUSTEES EFFECTIVE DECEMBER 31ST.

2015-11-1 Motion to hire a search firm to assist with the selection of a new Executive Director

MOTION WAS MADE BY TRUSTEE SCHEU TO HIRE A SEARCH FIRM TO ASSIST WITH THE SELECTION OF A NEW EXECUTIVE DIRECTOR. OPEN SEARCH NATIONWIDE FOR POSSIBLY 60 TO 90 DAYS. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

TRUSTEE SCHEU WANTED THE NAMES OF TWO SEARCH FIRMS. ALSO IT WAS RECOMMENDED TO ASK THE CITY FOR THE TOP TEN APPLICANTS THEY HAVE RECEIVED FOR THE BOARD TO REVIEW AS WELL.

2015-11-3 Motion to confirm the five members of the Financial Investment Advisory Committee (FIAC) – *attachment*

MOTION WAS MADE BY TRUSTEE TUTEN TO ELIMINATE JEFFREY BERNARDO FROM THE LIST OF FINANCIAL INVESTMENT ADVISORY COMMITTEE APPLICANTS AND SEND THE REMAINING FIVE NAMES TO CITY COUNCIL FOR APPROVAL. SECONDED BY TRUSTEE GLOVER. VOTE WAS UNANIMOUS.

2015-11-4 Resignation Letter to City Council from Trustee Adam Herbert - *attachment*

RECEIVED AS INFORMATION

2015-11-5 Draft of Employment Contract for New Executive Director - *attachment*

PREVIOUSLY AUTHORIZED EARLIER IN AGENDA

2015-11-6 News Release - Public Statement by Board Chairman Larry Schmitt regarding "Forensic" report – *attachment*

RECEIVED AS INFORMATION

2015-11-7 Documents distributed by Board Chairman Larry Schmitt at meeting with Council Member Gulliford regarding "Forensic" report – *attachments*

- (a) City Contributions compared to payroll 1990 to 2014
- (b) COJ Millage Rate Summary 1990 - 2014
- (c) PFPF Funding Summary 1990 to 2014

RECEIVED AS INFORMATION. NOTED THAT THE BOARD TAKES RESPONSIBILITIES VERY SERIOUSLY.

TRUSTEE SCHEU ASKED COUNCIL MEMBER HAZOURI WHY THE CITY IS PAYING \$85,000 FOR THE FORENSIC AUDITOR FOR THE QUALITY OF WORK PERFORMED. WAS THAT MONEY WELL SPENT? WHY WAS THAT AUDITOR CHOSEN. WAS HE THE BEST ONE OUT THERE? THE CITY SHOULD HAVE DONE THEIR RESEARCH. COUNCIL MEMBER HAZOURI WILL CHECK ON THAT.

JOHN KEANE ADVISED THAT INVESTMENT REPORTS NEED TO BE DISCUSSED BEFORE SEVERAL BOARD MEMBERS HAVE TO LEAVE THE MEETING.

2015-11-12 Addition to Statement of Investment Policy – *Dan Holmes*

DAN HOLMES ADVISED THE BOARD THAT SUMMIT IS IN THE PROCESS OF REVISING THE STATEMENT OF INVESTMENT POLICY WITH THREE KEY AREAS TO UPDATE. THE RED LINED VERSION WILL BE PRESENTED AT THE DECEMBER BOARD MEETING.

IT WAS NOTED BY DAN HOLMES THAT TED SIEDEL'S OFFICE WAS PROVIDED WITH THE STUDY FROM SUMMIT AS REQUESTED.

DAN HOLMES ALSO ADVISED THAT HE WILL CLARIFY AT THE

2015-11-10 Summit – Flash Report – October 31, 2015 – *attachment*

RECEIVED AS INFORMATION

2015-11-11 Summit – Investment Performance Review – September 30, 2015 – *attachment*

RECEIVED AS INFORMATION

2015-11-13 Recommendations regarding investment of Funds from the City – *Dan Holmes*

DAN HOLMES AND JOEY GREIVE, FUND TREASURER, DISCUSSED THE UPCOMING DECEMBER CONTRIBUTION FROM THE CITY OF \$153 MILLION PROPOSED ALLOCATION TO THE PFPF WITH RECOMMENDATIONS TO THE BOARD AS TO HOW TO ALLOCATE THOSE FUNDS FOR APPROVAL. THE SPREADSHEET WAS NOT AVAILABLE AT THE TIME OF THE MEETING BUT RECOMMENDATIONS WERE DISCUSSED WITH THE BOARD.

MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE RECOMMENDATIONS MADE BY SUMMIT. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

ALSO DAN HOLMES DISCUSSED AND ADDED TO THE AGENDA THE FEE AMENDMENT TO THE INVESTMENT ADVISORY AGREEMENT WITH PINNACLE ASSOCIATES, LTD. MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE FEE AMENDMENT. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

DAN HOLMES ADVISED THAT IN DECEMBER, HE WOULD REVIEW AND DISCUSS AMENDING THE FEE TO THE INVESTMENT ADVISORY AGREEMENT WITH BROWN ADVISORY.

2015-11-14 Renewal of Professional Services Agreement for Dr. Scott Baker – January 1, 2016 – December 31, 2018

MOTION WAS MADE BY TRUSTEE GLOVER TO APPROVE THE RENEWAL OF THE PROFESSIONAL SERVICES AGREEMENT FOR DR. SCOTT BAKER. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.

PUBLIC RECORDS INFORMATION UPDATE

TWO DOCUMENTS PERTAINING TO THE FOLLOWING PUBLIC RECORDS REQUESTS WERE HANDED OUT AT THE MEETING.

2015-11-8 Documentation showing \$20,000 discount to PFPF from Klausner - *attachment*

RECEIVED AS INFORMATION AND DISTRIBUTED TO CURTIS LEE

2015-11-9 Frequent Flyer mileage - *attachment*

CHAIRMAN SCHMITT ADVISED THE BOARD THAT NO POLICY IS IN PLACE REGARDING FREQUENT FLYER MILEAGE, THEREFORE NOTHING WAS VIOLATED. THE CITY DOES NOT HAVE A POLICY ACCORDING TO GENERAL COUNSEL. WE ALSO CHECKED WITH THE STATE OF FLORIDA, GOVERNOR'S OFFICE CODE OF ETHICS.

PAUL DARAGJATI, FUND COUNSEL, STATED THAT FREQUENT FLYER MILEAGE IS NOT INCOME.

RECEIVED AS INFORMATION AND DISTRIBUTED TO CURTIS LEE

ADMINISTRATIVE REPORTS

2014-11-1 FY2014/2015 Budget – *attachment*

RECEIVED AS INFORMATION

Investment Reports

2015-5-2 FY2015/2016 Budget – October, 2015 - *attachment*

RECEIVED AS INFORMATION

OFFICE ADMINISTRATION

2014-11-10 PFPF Records Retention – November, 2015 – *on going discussion*

BRIEF DISCUSSION. STILL MEETING WITH VENDORS.

TRUSTEE GLOVER HAD TO LEAVE THE MEETING THEREFORE CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 11:09AM.

CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AT 11:09AM AS A WORKSHOP.

TRUSTEE SCHEU ASKED DEVIN CARTER, CONTROLLER, IF THE BOARD WOULD HAVE THE ACTUARIAL EVALUATION BY DECEMBER 31ST. DEVIN CARTER CONFIRMED.

THE DECEMBER MEETING SCHEDULED FOR THURSDAY, DECEMBER 17TH HAS BEEN RESCHEDULED FOR FRIDAY, DECEMBER 18TH AT 9:00AM.

WITH NO FURTHER DISCUSSION, CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 11:14AM.

TO BE APPROVED BY THE BOARD OF TRUSTEES ON DECEMBER 18, 2015

Richard Tuten III, Board Secretary