

**JACKSONVILLE POLICE AND FIRE  
PENSION BOARD OF TRUSTEES  
MEETING MINUTES – SEPTEMBER 19, 2014  
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**

Walter Bussells, Chairman  
Dr. Adam Herbert, Trustee  
Asst. Chief Larry Schmitt, Police Trustee

**STAFF**

John Keane, Executive Director-Administrator  
Dan Holmes, Summit Strategies  
Richard Clark, City Council Liaison  
Kevin Stork, Controller  
Debbie Manning, Executive Assistant

**EXCUSED**

Nathaniel Glover Jr., Board Secretary  
Lt. Richard Tuten III, Fire Trustee  
Joey Greive, Fund Treasurer

**CITY REPRESENTATIVES INVITED**

C. Ronald Belton, Director of Finance & Chief Financial Officer, City of Jacksonville  
Kirk Sherman, City Council Auditor

**GUESTS**

Randy Bryan  
Bill Gassett  
Mark Muchowitz, Police Officer  
Dennis Blankenship, FOP  
Randy Wyse, Jax. Assoc. of Fire Fighters

**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 five business days in advance of the meeting to make appropriate arrangements.

**CHAIRMAN BUSSELLS CALLED THE MEETING TO ORDER AT 9:00AM**

**JOHN STATED WE WERE FORTUNATE THAT NO MEMBER OF THE FUND PASSED AWAY SINCE OUR LAST MEETING. LET'S TAKE A MOMENT TO REMEMBER THE HEROES OF 911.**

A moment of silence was observed for the:

*Heroes of 911*

The Board of Trustees recited the Pledge of Allegiance.

**JOHN ASKED THE CHAIRMAN AND BOARD OF TRUSTEES IF WE COULD DEVIATE FROM THE AGENDA FOR A MOMENT. WE HAVE A PRESENTATION.**

**CHARIMAN BUSSELLS SAID THE BOARD WOULD LIKE TO THANK COUNCIL MEMBER RICHARD CLARK FOR HIS SERVICE TO THE CITY OVER THE PAST SEVEN YEARS, AND HIS SERVICE AS OUR LIAISON FOR THE CITY. WE NOTICED THERE WAS A WONDERFUL ARTICLE IN THE FINANCIAL NEWS & DAILY RECORD THAT SUMMARIZED HIS LEADERSHIP. WE PRESENTED HIM WITH A PLAQUE OF THAT ARTICLE.**

**COUNCIL MEMBER CLARK THANKED THE BOARD.**

**JOHN ASKED CHAIRMAN BUSSELLS IF HE COULD INTERJECT AT THIS TIME. RECENTLY, JOHN HAS BEEN TREATED BY DR. SCOTT BAKER, HIS CARDIOLOGIST. JOHN HAS DEVELOPED ATRIAL FIBRILLATION. ONE OF THE MAIN CAUSES, THEY THINK, IS EXCESS STRESS. JOHN'S CONDITION IS WELL UNDER CONTROL WITH MEDICATION. THERE ARE A NUMBER OF PEOPLE WHO HAVE EXPRESSED CONCERN, YOU LOOK AWFUL TIRED. WHEN CHAIRMAN CLARK WAS RUNNING THOSE FINANCE COMMITTEE MEETINGS GOING FROM 9 – 5, AND FOR THREE DAYS BEFORE THEY WRAPPED UP THE BUDGET, IT WAS MANADATORY "ALL HANDS ON DECK", ALL DAY LONG, WORRYING. THAT TAKES A LOT OUT OF YOU. JOHN'S BLOOD PRESSURE AND CHEMISTRY ARE GOOD. EVERYTHING IS WELL UNDER CONTROL, AND WE ARE CONTINUING TO MOVE ON.**

**CHAIRMAN BUSSELLS SAID THIS IS OF GREAT IMPORTANCE FIRST AND FOREMOST TO JOHN AND HIS FAMILY, AND ALSO TO THE BOARD. KEEP US APPRISED APPROPRIATELY OF YOUR HEALTH, RESPECTING YOUR PRIVACY.**

**PUBLIC SPEAKING PERIOD**

**CHAIRMAN BUSSELLS RECOGNIZED BILL GASSETT AS A SPEAKER. MR. GASSETT PASSED OUT INFORMATION TO THE BOARD BEFORE SPEAKING.**

**MR. GASSETT EXPLAINED HE IS A PRIVATE CITIZEN. I'M ALSO A MBA DATA DRIVEN PERSON. HIS CONCERN IS THE FINANCE EFFORT THAT'S GOING ON AND THAT 1.6 BILLION OVERHANG FACING THE CITY. BONDS ARE DEATH. WRITE DOWN 14% - FS215.47. FS215.47 NEEDS TO BE REPEALED. GET CITY HALL TO BE A LOT SMARTER. THIS BOARD CAN DO THAT.**

**CHAIRMAN BUSSELLS ASKED IF THERE WERE ANY OTHER SPEAKERS. PUBLIC SPEAKING PERIOD CLOSED.**

**CONSENT AGENDA - ITEMS 2014-09-(1-10)CA**

**2014-09-1CA MINUTES TO BE APPROVED**

1. Minutes of the Board meeting held August 15, 2014. Copy held in the meeting file.

**2014-09-2CA DISBURSEMENTS**

The listed expenditures in DISBURSEMENTS A have been reviewed and deemed payable. The Police and Fire Pension Fund Controller certifies that they are proper. Professional Services costs are now exceeding their appropriated budget due to payments/accruals with the money manager fees. With the exception of the disbursement to John Keane, the other DISBURSEMENTS A amounts are professional services and exceed the appropriated budget amount.

**DISBURSEMENTS A**

1.	John Keane	\$	698.74
2.	Klausner & Kaufman	\$	38,345.09
3.	Lowenstein Sandler LLP	\$	770.00
4.	Dr. Scott Baker	\$	1,050.00
5.	Governance Services, LLC	\$	45,000.00
<b>TOTAL DISBURSEMENTS A</b>		<b>\$</b>	<b>85,863.83</b>

The listed expenditures in DISBURSEMENTS B have been reviewed and deemed payable. The Police and Fire Pension Fund Controller certifies that they are proper and in compliance with the appropriated budget.

**DISBURSEMENTS B**

Transaction list of Accounts Payable distributions. **\$ 56,269.10**

**2014-09-3CA PENSION DISTRIBUTIONS**

A. <b>August 15, 2014</b>	Regular Gross	\$4,288,141.70
	Regular Lump sum	\$ 0.00
	Regular Rollover	\$ 0.00
	Regular DROP Gross	\$ 803,611.39
	DROP Lump sum	\$ 522,160.29
	<b>TOTAL</b>	<b>\$5,613,913.38</b>
B. <b>August 29, 2014</b>	Regular Gross	\$4,287,432.01
	Regular Lump sum	\$ 0.00
	Regular Rollover	\$ 70,267.03
	Regular DROP Gross	\$ 804,179.87
	DROP Lump sum	\$ 100,000.00
	<b>TOTAL</b>	<b>\$5,261,878.91</b>
C. <b>September 12, 2014</b>	Regular Gross	\$4,289,827.74
	Regular Lump sum	\$ 0.00
	Regular Rollover	\$ 0.00
	Regular DROP Gross	\$ 804,931.00
	DROP Lump sum	\$ 37,500.00
	<b>TOTAL</b>	<b>\$5,132,258.74</b>

**ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.**

**2014-09-4CA TIME CONNECTIONS**

1. **BELESI, David C.**, Prior Wartime Military Service (2 yrs.).
2. **HENDRICKS, Lee A.**, Prior Wartime Military Service (2 yrs.).
3. **KELBERT, Jeffery A.**, Prior Wartime Military Service (2 yrs.).

**2014-09-5CA APPLICATION FOR SURVIVOR'S BENEFITS**

1. **McLANE, Shirley E.**, widow of George B. McLane who died August 7, 2014.

**2014-09-6CA APPLICATION FOR VESTED RETIREMENT**

1. **HEINE, Adam J.**, date of vesting August 29, 2014, to be placed on pension July 28, 2028. Police Officer
  
2. **MADDOX, J.K.**, date of vesting August 2, 2014, to be placed on pension November 17, 2023. Fire Fighter Engineer

**2014-09-7CA APPLICATION FOR DROP**

- |                                   |        |
|-----------------------------------|--------|
| 1. <b>APELGREN, Charles H.</b>    | Police |
| 2. <b>BAILEY, Jeffrey S.</b>      | Fire   |
| 3. <b>BARTLEY, Hassan A.</b>      | Fire   |
| 4. <b>BOWERS, Bobby F.</b>        | Police |
| 5. <b>COOK, David P.</b>          | Police |
| 6. <b>DOBSCHA, William J.</b>     | Police |
| 7. <b>FUTCH, Richard W.</b>       | Police |
| 8. <b>GALLAHER, Stephen G.</b>    | Police |
| 9. <b>GORDON II, Ronald D.</b>    | Fire   |
| 10. <b>GUESS, Scott A.</b>        | Police |
| 11. <b>HERRERA, Jairo D.</b>      | Fire   |
| 12. <b>MERRITT, Jon T.</b>        | Police |
| 13. <b>MEYER, Patrick J.</b>      | Police |
| 14. <b>MOULDER, Peter A.</b>      | Police |
| 15. <b>NEWMAN, Herschel J.</b>    | Police |
| 16. <b>NEWMAN, Mark A.</b>        | Police |
| 17. <b>NORRIS, Timothy L.</b>     | Fire   |
| 18. <b>OMAN III, Douglas F.</b>   | Police |
| 19. <b>OTTINGER, James N.</b>     | Police |
| 20. <b>OVERSTREET, Steven M.</b>  | Police |
| 21. <b>OWENS, Isiah G.</b>        | Police |
| 22. <b>PAYNE, James W.</b>        | Police |
| 23. <b>PENA, Mark</b>             | Fire   |
| 24. <b>SHACKLETT, Robert B.</b>   | Police |
| 25. <b>SMITH, Karen M.</b>        | Police |
| 26. <b>SOSNOWSKI, David J.</b>    | Police |
| 27. <b>STRICKLAND, Michael D.</b> | Fire   |
| 28. <b>THOMAS, Kevin D.</b>       | Fire   |
| 29. <b>WASHINGTON JR., Donald</b> | Police |
| 30. <b>WHITE, Andrew L.</b>       | Fire   |
| 31. <b>WILLIAMS, Patrick W.</b>   | Fire   |

**2014-09-8CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT**

1. **LEE, Charles K.**, DROP commencement date of October 16, 2009, termination of employment date effective August 29, 2014. Fire Fighter Engineer
2. **SMITH, Sheldon T.**, DROP commencement date of January 22, 2010, termination of employment date effective August 22, 2014. Fire Lieutenant

#### **2014-09-9CA DROP DISTRIBUTIONS**

1. **LEE, Charles K.**, a portion of his DROP account paid to him lump sum; the balance of his DROP account paid to him bi-weekly over the next 25 years.
2. **SMITH, Sheldon T.**, a portion of his DROP account paid to him lump sum; the remaining balance of his DROP account paid to him bi-weekly over the next 48.8 years.
3. **WALLS, Jimmy L.**, the balance of his DROP account paid in a direct rollover to Merrill Lynch.

#### **2014-09-10CA EDUCATIONAL OPPORTUNITIES**

*12<sup>th</sup> Annual Global ARC Boston – October 20-22, 2014 – Boston, MA*

*2014 Public Safety Employees Pension & Benefits Conference – October 26-29, 2014 – New Orleans, LA*

*16<sup>th</sup> Annual Public Funds Summit – Opal Financial Group - January 12 – 14, 2015 – Scottsdale, AZ*

**A MOTION TO APPROVE THE CONSENT AGENDA 2014-09-(1-10)CA WAS MADE BY TRUSTEE HERBERT. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

#### **OLD BUSINESS**

**2012-06-13** 2013/2014 Budget – August, 2014 review - *attachment*

**KEVIN DISCUSSED. MONEY MANAGERS ARE ACTUALLY OVER BUDGET AND ALSO THE LEGAL FEES. RECOMMENDATIONS ARE ON THE AGENDA UNDER NEW BUSINESS.**

**JOHN STATED THE CONTROLLER IS RECOMMENDING A BUDGET AMENDMENT IN ACCORDANCE WITH THE BUDGET ORDINANCE. WE NEED TO NOTIFY THE COUNCIL AUDITOR WITHIN 24 HOURS. AS POINTED BY KEVIN AND CHAIRMAN**

**BUSSELS, THE UNPRECEDENTED GROWTH OF THE ASSET BASE HAS CAUSED US TO SPEND MORE IN MONEY MANAGER FEES. WE NEED 1.1 MILLION INCREASE IN OUR BUDGET, AND INCLUDING WHAT THE CITY PASSED WHICH WAS \$650,000. TOTAL \$1,750,000.**

**CHAIRMAN BUSSELLS VERIFIED OUR RETURNS ARE AT 14.5%, WAY AHEAD OF OUR PLAN. JOHN SAID WE DOUBLE WHAT WE BUDGETED FOR. IN THE PRIOR YEAR WE EXCEEDED AS WELL WHICH KEVIN CONFIRMED. GOOD NEWS IS WE HAVE ALMOST \$100 MILLION NOT PROJECTED. THAT'S EXCELLENT.**

**A MOTION WAS MADE TO AMEND THE 2013/2014 BUDGET BY \$1.1 MILLION BY TRUSTEE HERBERT. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**2014-08-1 Personnel Committee – Annual Evaluation – Executive Director Report**

**TRUSTEE HERBERT REPORTED ON THE ANNUAL EVALUATION FOR THE EXECUTIVE DIRECTOR. TRUSTEE HERBERT RECEIVED WRITTEN FEEDBACK FROM EACH OF THE MEMBERS OF THE BOARD USING A MORE COMPREHENSIVE INSTRUMENT TO ASSURE THAT BOARD MEMBERS COULD PROVIDE VALUABLE FEED BACK ON MORE AREAS THAN WE HAVE IN THE PAST. TRUSTEE HERBERT HAS GONE THRU THOSE ASSESSMENTS.**

**THE EVALUATION WAS BROKEN INTO TWO PARTS. ONE PART FOCUSED ON GENERAL COMPETENCIES, AND THE SECOND PART FOCUSED ON ADMINISTRATION, INVESTMENT, AND FIDUCIARY. SUMMARIZED WITH REGARD TO BOTH OF THESE CATEGORIES, THERE WERE SOME AREAS WHERE THERE WERE DIFFERENCES FROM AN EVALUATION PERSPECTIVE, THE GOOD NEWS IS THAT IN BOTH OF THESE CATEGORIES, JOHN DEFINITELY EXCEEDED EXPECTATIONS. THIS IS A TRIBUTE TO THE OUTSTANDING WORK THAT HE HAS DONE.**

**WITH REGARD TO GENERAL COMPETENCIES, ONE THAT STOOD OUT WAS THAT EVERYONE WAS IN AGREEMENT THAT HIS MEMBER FOCUS WAS A MAJOR STRENGTH. IT IS VERY CLEAR THAT HE IS CONCERNED ABOUT HOW WELL OUR MEMBERS ARE BEARING. HE ALSO HAD A VERY STRONG WORK ETHIC. TRUSTEE HERBERT NOTED THAT JOHN HASN'T HAD A VACATION SINCE 2011. HE'S BEEN WORKING SO HARD PLUS ALL OF THE TIME HE DEVOTES ON A DAY TO DAY BASIS REINFORCES THAT ASSESSMENT. THERE WAS ONE OBSERVATION WHICH WAS THAT WE ARE VERY STRONG FROM A TACTICAL PERSPECTIVE, BUT AS WE GO FORWARD, WE ALSO NEED TO BE MUCH MORE STRATEGIC. BOTTOM LINE IS THAT JOHN CLEARLY, BASED UPON THE MAJORITY OF THE MEMBERS OF THE BOARD, IS MEETING OUR EXPECTATIONS WITH REGARD TO THOSE GENERAL COMPETENCIES. IN THE BROAD CATEGORY OF ADMINISTRATION, INVESTMENTS, AND FIDUCIARIES, THE BOARD FELT JOHN WAS DOING A VERY GOOD JOB WITH EMPLOYEE RELATIONS. FIDUCIARY, INVESTMENT MANAGEMENT, AND SECURITIES LITIGATION, OVERALL**

**THE BOARD FELT VERY GOOD ABOUT THOSE AREAS. THE BOARD APPRECIATES ALL THAT JOHN HAS DONE THUS FAR. AS WE GO FORWARD, WE WILL IDENTIFY IN GREATER DETAIL SOME OF THE THINGS WE HOPE TO FOCUS ON IN THE BROADER CONTEXT OF OUR GOALS FOR NEXT YEAR.**

**TRUSTEE HERBERT SAID THE BOARD NEEDS TO COME BACK AT A FUTURE MEETING TO DISCUSS OUR GOALS AND EXPECTATIONS FOR THE BOARD, AND FOR JOHN AS WE LOOK TO NEXT YEAR.**

**TRUSTEE HERBERT AND JOHN ALSO TALKED ABOUT THE ISSUE OF THE CURRENT SENIOR MANAGEMENT PLAN. THERE WAS A RECOMMENDATION COMING FROM THE SCHEU TASK FORCE THAT WE CLOSE THAT PLAN. TRUSTEE HERBERT RECOMMENDS TODAY, THAT WE OFFICIALLY CLOSE THAT PLAN. IT IS FULLY FUNDED AS KEVIN CONFIRMED. GIVEN OUR EFFORTS TO BE SENSITIVE TO THE RECOMMENDATIONS FROM THAT TASK FORCE, AND LOOKING PRAGMATICALLY WHERE WE ARE NOW, IT IS TRUSTEE HERBERT'S INTENTION TO RECOMMEND WE CLOSE THAT PLAN. MORE SPECIFICS WILL FOLLOW.**

**THE THIRD ITEM DISCUSSED WAS THAT AT THE PRESENT TIME, WE HAVE A SEARCH UNDERWAY FOR A DEPUTY DIRECTOR. WE TALKED ABOUT TWO THINGS IN THAT REGARD. JOHN DOES NEED SOME SUPPORT TO HELP HIM DEAL WITH MANY OF THE DAY TO DAY ACTIVITIES THAT HE IS INVOLVED IN. WE ALSO TALKED ABOUT THE ISSUE OF THE TIMING FOR THE APPOINTMENT OF A DEPUTY DIRECTOR. I THINK IT'S CLEAR THAT HE DOES NEED ASSISTANCE. THE QUESTIONS IS, IS NOW THE TIME TO APPOINT A DEPUTY DIRECTOR? OR IS THIS SOMETHING WE SHOULD DEAL WITH IN THE CONTEXT OF WHOEVER MIGHT SUCCEED JOHN IN THAT ROLE SO THAT WE ARE ABLE TO TAKE INTO ACCOUNT WHO HIS SUCCESSOR MIGHT BE, AND WHAT KIND OF SKILL SETS WOULD BE NECESSARY. TRUSTEE HERBERT WOULD ALSO LIKE TO MAKE A MOTION TO DISCONTINUE THE SEARCH FOR THE DEPUTY DIRECTOR AND GIVE JOHN THE OPPORTUNITY TO HIRE SOMEONE, AT LEAST SHORT TERM, TO HELP JOHN DEAL WITH SOME OF THE IMPORTANT ITEMS FROM A LEGAL OR ADMINISTRATIVE PERSPECTIVE. MORE SPECIFICS WILL FOLLOW.**

**THE NEXT ITEM DISCUSSED WAS THE SENIOR RETIREMENT PLAN. WE TALKED ABOUT THE IMPORTANCE OF ESTABLISHING ANOTHER RETIREMENT OPTION, NOT ONLY FOR JOHN, BUT LOOKING AHEAD. THE TASK FORCE RECOMMENDED WE PLACE THE ADMINISTRATOR INTO THE GENERAL EMPLOYEES PENSION FUND. THAT DOES REQUIRE CITY COUNCIL APPROVAL. SO WE DON'T KNOW WHAT WILL HAPPEN THERE. WHAT WE CAN DO IS ADOPT A DEFINED CONTRIBUTION PLAN. IT IS IMPORTANT FOR THE BOARD TO DEAL WITH THE SENIOR MANAGEMENT PLAN. THE PERSONNEL COMMITTEE WILL MEET AND COME FORWARD AT OUR NEXT MEETING WITH A RECOMMENDATION. JOHN'S CONTRACT DOES PROVIDE FOR THE SENIOR MANAGEMENT PLAN. SO IT WILL BE NECESSARY TO MODIFY HIS CONTRACT. THE KEY HERE IS THAT JOHN NEEDS TO LET US KNOW THAT HE IS COMFORTABLE WITH THE BOARD GOING FORWARD WITH THIS.**



**THE LAST THING JOHN AND TRUSTEE HERBERT DISCUSSED WAS SUCCESSION PLANNING. THE IMPORTANCE, FROM A BOARD PERSPECTIVE, IS TO CONTINUE TO FOCUS ATTENTION ON THAT AS WE GO INTO THE NEXT YEAR. TRUSTEE HERBERT WOULD LIKE TO RECOMMEND TO THE BOARD, THAT THE PERSONNEL COMMITTEE BE INSTRUCTED TO BRING TO THE BOARD AT THE NEXT MEETING, A DETAILED SUCCESSION PLAN THAT INCLUDES POSITION DESCRIPTION, SALARY, BENEFITS, WHETHER OR NOT TO INCORPORATE A DEFINED CONTRIBUTION PLAN, FOR WHOEVER MIGHT SUCCEED JOHN, WITH JOHN'S INPUT.**

**TRUSTEE HERBERT SAID JOHN FELT VERY GOOD ABOUT THE FEED BACK HE HAS GOTTEN FROM THE BOARD. JOHN CONFIRMED. TRUSTEE HERBERT WOULD LIKE TO MAKE A SERIES OF MOTIONS.**

**CHAIRMAN BUSSELLS WANTED TO CLARIFY THE SENIOR RETIREMENT PLAN HISTORY. EARLIER THIS FISCAL YEAR, THE BOARD TOOK TWO ACTIONS. ONE WAS TO FULLY FUND THE PLAN ACTUARILLY, AND TWO TO CLOSE THE PLAN TO NEW MEMBERS. WE CURRENTLY HAVE TWO BENEFICIARIES IN THE PLAN. THIS THEN IF ENACTED, WOULD BE THE FINAL STEP TO CLOSE THE PLAN FOR THE ONE ACTIVE MEMBER WHO IS FULLY VESTED. WITH JUST A FEW EXCEPTIONS, THIS WOULD FULLY IMPLEMENT THE SCHEU TASK FORCE RECOMMENDATIONS, THE ONES MADE TO US AS OPPOSED TO THE CITY.**

**TRUSTEE HERBERT WANTED JOHN TO SHARE WITH THE BOARD THE PROPOSED RESOLUTION.**

**JOHN SAID TO FOLLOW UP WITH WHAT TRUSTEE HERBERT HAS REPORTED, THE SCHEU COMMISSION ORIGINALLY TALKED ABOUT CLOSING THE SENIOR RETIREMENT PLAN IN AUGUST. THIS IS A FOLLOW UP OF THE RECOMMENDATION THAT WAS MADE BY THE MEDIATED SETTLEMENT PLAN THAT WAS NOT ENACTED BY THE CITY COUNCIL. AS STATED BY THE CHAIRMAN, THE BOARD HAD PREVIOUSLY CLOSED THE SENIOR RETIREMENT PLAN TO NEW ENTRANTS. THIS ACTION GETS US ONE STEP AHEAD ON THIS LONG JOURNEY TO CLOSE THE PLAN, AND TO ESTABLISH THE DEFINED CONTRIBUTION PLAN GOING FORWARD. THE TIME AND TEMPERMENT AT THE CITY COUNCIL TO AMEND THE GENERAL EMPLOYEES PENSION PLAN TO PERMIT OUR SENIOR MANAGEMENT EMPLOYEES TO JOIN IS NON-EXISTENT. AS TRUSTEE HERBERT POINTED OUT, TO LAUNCH A SEARCH AS PART OF OUR SUCCESSION PLAN, YOU HAVE TO HAVE SOME TYPE OF BENEFIT STRUCTURE TO OFFER THE PERSON.**

**TRUSTEE HERBERT'S PROPOSAL IS TO ESTABLISH A DEFINED CONTRIBUTION PLAN THAT MIRRORS THE CITY'S DEFINED CONTRIBUTION PLAN WHICH IS ADMINISTERED BY GREAT WEST, WHICH SHOULD NOT BECOME AN ISSUE. THIS PROPOSED ACTION BY THE BOARD SHOWS THE BOARD IS IN CONCERT WITH MANY OF THE RECOMMENDATIONS OF THE SCHEU COMMISSION, AND THAT WE ARE TRYING TO DIFUSE WHAT THEY CONSIDER TO BE A VOLITILE SITUATION. AS TRUSTEE HERBERT**

**POINTED OUT, THIS WILL REQUIRE AN AMENDMENT TO JOHN'S EMPLOYMENT AGREEMENT. WE ARE GOING TO SCHEDULE A MEETING OF THE PERSONNEL COMMITTEE THAT WILL BE NOTICED. WE WILL HAVE BOB KLAUSNER HERE SO THAT EVERYTHING IS ALL TIED TOGETHER. THIS WILL BE EFFECTIVE TODAY'S DATE, SINCE THE AUGUST DATE HAS PASSED, WHICH COINCIDES WITH THE PAYROLL PERIOD, IT ALL HAPPENS TO FALL JUST AT THE RIGHT TIME. A CLEAN BREAK TO CLOSE THE SENIOR MANAGEMENT PLAN, AND TO ESTABLISH THE DEFINED CONTRIBUTION PLAN.**

**TRUSTEE HERBERT MOVES FOR THE ADOPTION OF THE RESOLUTION COMPLETELY CLOSING THE SENIOR MANAGEMENT PLAN EFFECTIVE SEPTEMBER 19, 2014, AND TO ESTABLISH A DEFINED CONTRIBUTION PLAN THAT MIRRORS THE CITY'S CURRENT DEFINED CONTRIBUTION PLAN WITH GREAT WEST. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**TRUSTEE SCHMITT HAS AN ISSUE PUTTING BOTH OF THEM TOGETHER. PREVIOUSLY THE CITY COUNCIL HAD AN ISSUE THAT THEY DIDN'T KNOW OF THE PRIOR SENIOR MANAGEMENT PLAN. BEFORE ESTABLISHING A NEW PLAN, TRUSTEE SCHMITT WANTS TO MAKE SURE THAT THEY ARE AWARE THAT THE BOARD IS DOING THIS, SO THAT THIS ISSUE DOESN'T COME UP AGAIN.**

**TRUSTEE HERBERT SAID THE REASON HE WAS TRYING TO COMBINE THEM IS BECAUSE JOHN HAS A CONTRACT THAT SPEAKS TO THE SENIOR MANAGEMENT PLAN. WE'VE GOT TO MODIFY HIS CONTRACT. SO IT SEEMS SINCE THE CITY CURRENTLY HAS A PLAN, THAT IS OPERATIONAL, AND WHAT WE ARE DOING IS SAYING SINCE THE CITY HAS A PLAN, WE ARE GOING TO ALLOW OUR SENIOR STAFF TO PARTICIPATE IN THE CITY PLAN. THIS SHOULD NOT BE A CONTROVERSIAL MATTER SINCE IT'S ALREADY APPROVED AND ESTABLISHED.**

**JOHN HANDED OUT PAPERWORK TO THE BOARD.**

**THIS FINAL FORM OF THE DOCUMENT HANDED OUT, NEEDS TO BE REVIEWED BY BOB KLAUSNER AND BROUGHT BACK TO THE OCTOBER BOARD MEETING. ACTUALLY, JOHN SAID KLAUSNER DID CREATE THE DOCUMENT. THIS IS THE AMENDMENT WITH CORRECTED TYPOS. AMEND THE MOTION TO INCLUDE, BEFORE FINAL RATIFICATION AT THE BOARD MEETING, SEND NOTIFICATION AND INVITATION TO COMMENT WITHIN 30 DAYS, FROM BOTH THE MAYOR AND CITY COUNCIL, SO BOTH COULD HAVE FEED BACK ON THE ISSUE. WE ARE DOING THIS VOLUNTARILY.**

**KEVIN STORK BROUGHT UP A VESTING PROVISION THAT IS IN THE GEPP DEFINED CONTRIBUTION PLAN, AND NOT KNOWING HOW LONG JOHN WILL STAY, THEY WOULD HAVE TO WAIVE THAT PROVISION BECAUSE JOHN HASN'T BEEN CONSIDERED A CITY EMPLOYEE. SO JOHN WOULD HAVE TO RE-VEST.**

**CHAIRMAN BUSSELLS CONFIRMED THAT WHAT HE HEARD JOHN SAY WAS, THAT**

**WHAT THE BOARD WILL ESTABLISH FOR OUR STAFF IN THE FUTURE, IS A PLAN THAT WILL "MIRROR" THEIRS, BUT WILL NOT BE PART OF THE CITY, BUT THE CONTROL IS STILL HERE WITH THE BOARD. IN THE FUTURE ANY CHANGES WOULD BE DONE BY THE BOARD.**

**TRUSTEE HERBERT SAID IF WE ARE GOING TO FINALIZE THIS AT OUR NEXT BOARD MEETING, WE HAVE TIME TO DEAL WITH ALL OF THOSE KINDS OF ISSUES AS WELL AS GET FEEDBACK FROM THE MAYOR AND CITY COUNCIL.**

**JOHN SAID CONTINUING ON DISCUSSION, CHAIRMAN BUSSELLS AND TRUSTEES, ON THE SECOND PAGE OF THE HANDOUT PERTAINING TO THE RESOLUTION, UNDER THE "THEREFORE", AUGUST 8<sup>TH</sup> NEEDS TO BE CHANGED TO SEPTEMBER 19, 2014. ON THE THREE ITEM AMENDMENT, UNDER "SECTION 10, UNDER B1" ON THE SECOND LINE, AFTER DECEMBER 31, 2014, STRIKE THE "T" AND MAKE THE WORD "HE". ON B2, THE SEVENTH WORD THERE IS A DOUBLE "AND-AN". AND NEEDS TO BE DELETED. THIS DOCUMENT WILL BE RE-DRAFTED. BUT IT'S IMPORTANT THAT WE CLOSE THE PLAN NOW FOR ACTUARIAL WORK THAT BEGINS ON OCTOBER 1<sup>ST</sup>. CHAIRMAN BUSSELLS SAID IN THE NEXT 30 DAYS, THERE IS TIME TO FINALIZE REVIEW BY ALL THE MEMBERS OF THE BOARD. TAKE INTO ACCOUNT THE FINAL REQUIREMENTS REGARDING VESTING.**

**TRUSTEE HERBERT'S REQUEST THAT THE CHAIRMAN DIRECT THE PERSONNEL COMMITTEE TO HOLD A MEETING TO COME FORWARD WITH A SUCCESSION PLAN FOR REVIEW AND APPROVAL AT THE NEXT BOARD MEETING. TO BE SECONDED, CHAIRMAN BUSSELLS SAID YES, THIS IS ENTIRELY APPROPRIATE WITHIN OUR FIDUCIARY RESPONSIBILITIES.**

**TRUSTEE HERBERT SAID TO ALLOCATE AN HOUR BEFORE THE NEXT BOARD MEETING TO DISCUSS THIS. THEY WILL BE AS THOROUGH AS POSSIBLE.**

**THE LAST ISSUE IS THE CURRENT SEARCH FOR A DEPUTY DIRECTOR. AS A RESULT ABOUT OUR SUCCESSION PROCESS, TRUSTEE HERBERT WOULD LIKE TO MAKE A MOTION TO DISCONTINUE OUR SEARCH FOR DEPUTY DIRECTOR AT THIS POINT AND TIME, UNTIL WE ARE ABLE TO ADDRESS OUR SUCCESSION PLANNING ISSUE, AND THEN COME BACK TO DEAL WITH THIS. IT WOULD BE HELPFUL TO JOHN TO BE IN A POSITION TO HIRE SOMEONE AT A LOWER LEVEL TO ASSIST HIM AS HE DEALS WITH THE RESPONSIBILITIES THAT HE HAS. DO WE WANT TO DISCUSS THIS MOTION FIRST?**

**JOHN SAID THE ISSUE IS BEFORE THE PERSONNEL COMMITTEE. IF THE COMMITTEE DOESN'T DO ANYTHING, IT STAYS IN NEUTRAL. OR ANOTHER OPTION IS TO FORMALLY ABANDON THE SEARCH. JOHN RECOMMENDED LEAVING IT IN NEUTRAL. THAT LEAVES THE BOARD WITH MORE OPTIONS, HOWEVER, EITHER WAY WILL WORK.**

**CHAIRMAN BUSSELLS SAID WITH THE PASSAGE OF TIME, WHAT MADE SENSE A**

**YEAR AGO PROBABLY DOESN'T MAKE SENSE NOW. FOCUS ON SUCCESSION PLANNING AND SETTING THIS ASIDE FOR NOW.**

**TRUSTEE HERBERT SAID ONE ACTION IS FOR THE BOARD NOT TO TAKE ACTION. HE JUST WANTS TO HAVE A SENSE AS TO WHERE WE ARE.**

**TRUSTEE SCHMITT SAYS WE HAVE A HOLE THERE THAT NEEDS TO BE FILLED, AND IT'S NEEDED TO BE FILLED FOR A LONG TIME. TO TRUSTEE SCHMITT, NOT DOING SOMETHING IS NOT THE BEST SOLUTION. OPERATIONALLY FOR THE FUND, WE ARE LESS EFFECTIVE IN ADMINISTERING THE FUND WITHOUT THAT POSITION BEING FILLED. NO VACATION FOR THREE YEARS TELLS ME JOHN IS OVERWORKED.**

**TRUSTEE HERBERT SAID WHAT WE DO IS INITIATE A SEARCH FOR AN EXECUTIVE DIRECTOR DESIGNATE WITH THE IDEA THAT THEY COULD BE HERE FOR A PERIOD OF TIME. JOHN COULD HELP THEM DEVELOP RELATIONSHIPS. THERE ARE DIFFERENT REQUIREMENTS FOR EXECUTIVE DIRECTOR SUCH AS EDUCATION, ETC. MAYBE THE BEST THING TO DO NOW IS NOT TAKE ACTION AND COME BACK TO THE BOARD WITH A CLEAR PLAN FOR SUCCESSION. IF JOHN COULD FIND SOMEONE TO HELP HIM SHORT TERM, THEN LET'S AUTHORIZE HIM TO DO THAT. GIVE HIM FLEXIBILITY. TRUSTEE SCHMITT'S POINT IS WELL TAKEN.**

**CHAIRMAN BUSSELLS SAID THAT ALL OF THESE ISSUES WE'VE TALKED ABOUT THIS MORNING MUST BE ADDRESSED. SO, I WOULD BE WILLING AND HAPPY TO SUPPORT AN AUTHORIZATION TO FIND SOMEONE, HIGH SKILLED, THAT WORKS INDEPENDENTLY, WITH LIMITED DIRECTION THAT COULD EFFICIENTLY OFF LOAD ADMINISTRATIVE TASKS THAT MUST BE DONE.**

**JOHN SAID TO FOLLOW UP ON THIS. WE COULD HAVE A BUDGETARY IMPACT STATEMENT FOR THE BOARD TO APPROVE.**

**THAT CONCLUDES THE PERSONNEL COMMITTEE PORTION.**

**CHARIMAN BUSSELLS SUGGESTED A FIVE MINUTE BREAK AT 9:58AM. MEETING WAS RESUMED AT 10:03AM.**

**REGARDING THE DISCRETIONARY BONUS TO BENEFICIARIES, EITHER LAST NOVEMBER OR DECEMBER, THE BOARD AGREED AT THE END OF LAST YEAR TO GO AHEAD AND DO THIS ONE MORE TIME, AND NOTIFY THE MEMBERS THAT A CHANGE WAS UNDER CONSIDERATION. CHAIRMAN BUSSELLS ASKED JOHN IF THIS WOULD BE HANDLED UNDER OLD BUSINESS OR WAIT FOR THE EXECUTIVE DIRECTOR REPORT.**

**THIS WAS ADDED TO THE AGENDA AFTER THE ADMINISTRATIVE REPORT.**

**2014-08-8CA APPLICATION FOR PENSION**

**CLEARED**

1. CARVO, Italo
2. HALL III, Roy L.
3. JORDAN, Joshua J.

**MOTION WAS MADE BY TRUSTEE SCHMITT TO ACCEPT THE APPLICATIONS FOR PENSION. SECONDED BY TRUSTEE HERBERT. UNANIMOUS.**

**NEW BUSINESS – ITEMS 2014-09-(1-20)**

**2014-09-1** Correspondence to City Council President Yarborough regarding legal opinion from Florida Attorney General – *attachments*

**WE ARE WAITING TO HEAR BACK FROM COUNCIL PRESIDENT YARBOROUGH.**

**RECEIVED AS INFORMATION**

**2014-09-2** Memo to Mayor Alvin Brown regarding Comparison of Recent Fund Performance with Larger Plans – *attachment*

**RECEIVED AS INFORMATION**

**2014-09-3** Memo to Council Member Schellenberg regarding Comparative Investment Returns – Selected Dates - *attachment*

**RECEIVED AS INFORMATION**

**2014-09-4** Russian Investments (a & b) – *attachments*

**RECEIVED AS INFORMATION**

**2014-09-5** New Mortality tables another blow to DB plans - *attachment*

**THE ACTUARIAL COMMUNITY HAS ISSUED A NEW REPORT. THEY ARE WORKING ON NEW ACTUARIAL TABLES. IT COULD CAUSE AN ADDITIONAL INCREASE IN FUTURE CITY CONTRIBUTIONS. WE SENT A COPY TO JOEY GREIVE, CITY TREASURER, AS WE WANT THEM TO BE AWARE OF THIS.**

**RECEIVED AS INFORMATION**

**2014-09-6** Recommend the Board appropriate an additional \$1.1 million to Professional Services for a total FY2014 budget of \$10,193,836.

**TAKEN OUT OF ORDER AND APPROVED EARLIER.**

**2014-09-7** Recommend the Board approve the Controller to reallocate approved budget line items once September actual amounts are recorded.

**MOTION MADE BY TRUSTEE HERBERT TO APPROVE THE CONTROLLER TO REALLOCATE APPROVED BUDGET LINE ITEMS. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**EXECUTIVE DIRECTOR'S REPORT**

**Investment Report**

**THE RECOMMENDATION FROM DAN HOLMES FOR RE-BALANCING IS AS FOLLOWS:**

**\$32 MILLION FROM THE MLP PORTFOLIO, \$32 MILLION FROM THE NORTHERN INDEX FUND, AND \$30 MILLION FROM THE NORTHERN S&P INDEX FUND. SHOWN ON THE AUGUST 31<sup>ST</sup> FLASH REPORT, FIRST PAGE. IN EACH OF THOSE CASES, DAN TOOK DOLLARS FROM WHERE WE ARE OVERWEIGHT RELATIVE TO TARGET.**

**DAN STARTED WITH THE MLP'S WHICH ARE 2.1% ABOVE THE TARGET WEIGHT. OUR MLP PORTFOLIO IS UP 39% ON A FISCAL YEAR TO DATE BASIS. MY RECOMMENDATION IS TO PARE THAT BACK AT LEAST TO TARGET AND TAKE SOME PROFITS THERE.**

**THE RATIONALE BEHIND THE OTHER TWO RECOMMENDATIONS, INTERNATIONAL EQUITY AND US EQUITY ARE OVERWEIGHT BOTH RELATIVE TO TARGET. BOTH HAVE INDEX FUNDS. THE TRANSACTION COSTS IN BOTH OF THOSE CASES WOULD BE NIL. SO AS OPPOSED TO TAKING THE MONEY FROM ACTIVE MANAGERS AND EXPERIENCING THE TRANSACTIONS COST, IT'S EASIER TO DO THE TRANSFER IN THE INDEX PORTFOLIOS. HENCE THE RECOMMENDATIONS FOR THOSE TWO.**

**TRUSTEE SCHMITT ASKED TO CLARIFY THAT THIS IS A PAYMENT TO THE CITY FOR WHAT? KEVIN ADVISED THAT THE CITY ADVANCED CASH TO US IN DECEMBER AND THRU THE YEAR, SO WE RUN A NEGATIVE IN POOLED CASH, AND WE PAY THE NEGATIVE INTEREST ON THAT. THIS IS PAY BACK. MONEY GOES BACK INTO OUR POOLED CASH TO MAKE IT ZERO (POSITIVE) FOR FISCAL YEAR END.**

**JOHN CLARIFIED THAT WE ARE TAKING THE \$32 MILLION FROM THE MLP'S. LOOK ON PAGE 6 OF THE FLASH REPORT. WE'LL TAKE 50% FROM EACH OF THE INDEX ACCOUNTS, SPLIT EQUALLY BETWEEN THE TWO, AND WE'LL MAKE THIS HAPPEN SEPTEMBER 26<sup>TH</sup> PER JOEY GREIVE'S REQUEST.**

**CHAIRMAN BUSSELLS SAID WE ARE ACCOMPLISHING SEVERAL NEEDED AND GOOD THINGS INCLUDING STAYING WITHIN OUR ASSET ALLOCATION.**

**JOHN SAID WE ARE PAYING OUR BILLS AND BRINGING THINGS BACK IN LINE FOR OUR OWN POLICY STATEMENT.**

**MOTION WAS MADE TO APPROVE THE RE-BALANCING OF OUR FUNDS BY TRUSTEE HERBERT. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**THE FOLLOWING ITEMS WERE TAKEN OUT OF ORDER AND DISCUSSED AFTER THE PEYTON DISCRETIONARY BONUS.**

**JOHN INTRODUCED DAN HOLMES WHO HAS A NUMBER OF ISSUES TO DISCUSS.**

**2014-08-7** Summit Investment Performance Review – June 30, 2014 – *attachment*  
**FROM LAST MONTH TO BE REVIEWED WITH DAN HOLMES**

**PAGE 2 – WE SAW THE SMALL CAP SELL OFF AND ROTATE TO EMERGING MARKET DEBT, AND THE LOWER INTEREST RATES. STOCKS AND BONDS WERE POSITIVE FOR THE QUARTER.**

**PAGE 16 & 17 – RISK AND RETURNS. WE CONTINUED TO OUTPERFORM OUR BENCHMARK.**

**TRUSTEE HERBERT CONFIRMED THAT DAN HEARD THE PRESENTATION TO THE BOARD REGARDING BONDS. COULD YOU COMMENT ON THE BOND ISSUE. THERE ARE LIMITATIONS FOR US. AT THIS POINT AND TIME DAN WOULD HOLD OFF ON THIS TYPE OF STRATEGY.**

**REAL ESTATE AND MLP PORTFOLIO HAS BEEN OUTSTANDING. WE HAVE RECEIVED A FEE DISCOUNT FROM BOTH MANAGERS.**

**2014-09-8** Summit – Flash Report – August 31, 2014 – *attachment*

**JULY WAS A NEGATIVE MONTH, ACROSS THE BOARD. STOCKS AND BONDS WERE NEGATIVE. MLP'S WERE OFF 2½%, AND THEN AUGUST CAME ROARING BACK. MLP'S JUST FOR THE MONTH OF AUGUST, WERE UP OVER 8%. STOCKS AND BONDS WERE POSITIVE. BASICALLY, ALMOST ALL RISK ASSETS WERE POSITIVE DURING THE MONTH.**

**2014-09-9** Summit Monthly Economic & Capital Market Update – August, 2014 – *attachment*

**WE SAW ALL TIME HIGHS FOR THE S&P AND DOW. INTERNATIONAL EQUITIES WERE A LITTLE BIT OFF DURING THE MONTH OF AUGUST. WE ALSO SAW THE UNEMPLOYMENT RATE GO DOWN TO 6.1%, AND THE REAL GDP NUMBER FOR THE SECOND QUARTER WAS RELEASED AT 4.2%. BIG JUMP OFF THE NEGATIVE FOR THE FIRST QUARTER. CPI WAS UP A LITTLE BIT IN JULY. THE INDICATORS WITHIN THE HOUSING MARKET WERE ALL POSITIVE. THE MANUFACTURING INDEX SCOOTED UP EVEN HIGHER. EVERYTHING POINTING TO A CONTINUING, EXPANDING ECONOMY, IT'S SLOW, BUT IT'S POSITIVE. ALL OF THIS BACKGROUND LEAD TO A PRETTY DECENT AUGUST.**

**ASSET ALLOCATION IS WITHIN POLICY RANGE. THE TOTAL MARKET VALUE WAS AT APPROX. 1.6 BILLION.**

**LOOKING AT RETURNS FOR THE MONTH, THE TOTAL PLAN WAS UP 2.8%. SO FAR ON THE FISCAL YEAR TO DATE BASIS, THE PLAN IS UP 14.4% ON A GROSS BASIS, AND A 13.9% ON A NET BASIS. WE ARE ABOVE THE POLICY INDEX.**

**US EQUITY PORTFOLIO RELATIVE TO THE BENCHMARK HAS BEEN A DRAG ON PERFORMANCE DUE PRIMARILY TO THE UNDERPERFORMANCE OF THE LARGE CAP MANAGERS. INTERNATIONAL HAS PERFORMED WELL ON AN ABSOLUTE AND RELATIVE BASIS – ABOVE BENCHMARK UP ALMOST 12% ON A FISCAL YEAR TO DATE BASIS. FIXED INCOME A LITTLE BELOW THE BENCHMARK AT 4%. THE FLO RATE BOND PORTFOLIO WILL RUN IT'S COURSE AND DAN WILL HAVE SOME RECOMMENDATIONS NEXT MONTH. THAT WAS THE BIGGEST DRAG ON THE BOND PORTFOLIO. TIPS DID PRETTY WELL.**

**REAL ESTATE UP OVER 11% AND 2% ABOVE THE BENCHMARK. MLP'S UP 39%. WE'VE GOT A COUPLE MORE WEEKS TO GO IN THE MONTH. ABSENT OF ANYTHING CATASTROPHIC, WE ARE IN LINE FOR A DECENT FISCAL YEAR.**

**ALL OF THE MANAGERS CONTINUE TO BE TOP TIER MANAGERS EVEN THOUGH SOME HAVE NOT PERFORMED WELL.**

**2014-09-10 Summit Core Plus Manager Search – September, 2014 – *attachment***

**SUMMIT HAS LOOKED AT A NUMBER OF CORE PLUS MANAGERS FOR THE PORTFOLIO. GIVEN WHERE THEIR THOUGHTS ARE, EACH OF THE VARIETY OF MANAGERS REVIEWED, BRING A BROADER EXPOSURE TO THE BOND PORTFOLIO WHERE WE DON'T HAVE ANY. SUMMIT HAS A PREFERENCE NOW TO MINIMIZE THE AMOUNT OF HIGH YIELD EXPOSURE IN THE PORTFOLIO.**

**THE RECOMMENDATION IS THAT WE RETAIN ABERDEEN. THE REASON IS BASICALLY BECAUSE OF THEIR NON US EQUITY EXPOSURE THAT CAN GO UP TO 40% AND INCLUDES DEVELOPED AND EMERGING MARKET COUNTRIES. THEY**



**DON'T HAVE ANY HIGH YIELD, IT'S AN INVESTMENT RATE ONLY PORTFOLIO. THEY'VE BEEN ABLE TO ACHIEVE A 1% EXCESS RETURN ABOVE THE BENCHMARK WITHOUT HAVING TO GO DOWN IN CREDIT WHICH IS DESIRABLE. FINALLY, DAN HAS NEGOTIATED A FEE DISCOUNT. BECAUSE OF THEIR INTERNATIONAL EXPOSURE, THE TRANSACTION COSTS ARE HIGHER FOR US THAN NON-US, SO WHAT THEY DO IS CHARGE A 7½ BASIS POINT FEE ON THE TRANSACTIONS. THAT WILL ULTIMATELY BENEFIT US WHEN WE ARE IN THE FUND. THAT WAY WHEN INVESTORS ENTER OR EXIT THE TRANSACTION, THE COST IS BORN BY THE INVESTORS, NOT BY THE PARTICIPANTS IN THE FUND.**

**IT IS COMINGLED FUND, SO GOING THRU THE CONTRACT WILL TAKE TIME. THE INVESTMENT POLICY CALLS FOR 7½% ALLOCATION. THE BEST COURSE OF ACTION WOULD BE TO NEGOTIATE THE CONTRACT, THEN COME TO THE BOARD. JOHN SUGGESTED MAYBE WAITING UNTIL DECEMBER.**

**2014-09-11** Summit Public Equity Valuation – September, 2014 – *attachment*

**RECEIVED AS INFORMATION**

**2014-09-12** Summit Real Estate Review – September, 2014 – *attachment*

**RECEIVED AS INFORMATION**

**2014-09-13** Summit Review of Domestic Equity Managers – June 30, 2014 – *attachment*

**RECEIVED AS INFORMATION**

**2014-09-14** Northern Trust Global Securities Lending - *attachment*

**TAKEN OUT OF ORDER BEFORE EXECUTIVE DIRECTORS REPORT.**

**JOHN SAID WE RECOMMENDED AND THE BOARD AUTHORIZED US TO RE-ENTER SECURITY LENDING LAST FALL. THRU JUNE 30<sup>TH</sup>, WE HAVE RECEIVED \$244,355. IN SECURITY LENDING REVENUE.**

**RECEIVED AS INFORMATION BY A SMILING BOARD.**

**CHAIRMAN BUSSELLS SAID AS WE ARE THINKING ABOUT THESE LAST MONTHS OF THE CALENDAR YEAR, BE THINKING ABOUT A WORKSHOP ON ASSET ALLOCATION POLICY AS WE HAVE DONE IN THE PAST. MARKETS KEEP CHANGING. MAYBE DO A WORKSHOP IN THE FALL.**

**DAN SAID HE USUALLY DOES AN ASSET ALLOCATION REVIEW AND CHECK IN THE**

**SPRING, AFTER SUMMITT GETS THE CAPITAL MARKET ASSUMPTIONS. THAT MIGHT COINCIDE WELL WITH OTHER POSSIBLE STRATEGIES.**

**Legal**

**2014-09-15** E-mail from Robert Klausner regarding IRS Requirement to Amend Retirement Plans to Account for Same Sex Marriages - *attachment*

**JOHN SAID THE STATE OF FLORIDA DOES NOT RECOGNIZE SAME SEX MARRIAGE HOWEVER, THE PLAN IS GOVERNED NOT ONLY BY THE LAWS OF FLORIDA BUT BY IRS AS A RESULT OF THE SUPREME COURT DECISION. KLAUSNER'S ADVICE IS THAT IF THE PLAN IS PRESENTED WITH A VALID MARRIAGE CERTIFICATE FROM A MEMBER, WE SHOULD HONOR IT.**

**CHAIRMAN BUSSELLS SAID THIS IS A FEDERAL LAW TRUMP STATE LAW. JOHN SAID BY IRS REGULATIONS. WE DON'T HAVE THAT YET, BUT WE'VE HAD A LOT OF INQUIRES OVER THE YEARS. RECEIVED AS INFORMATION FOR NOW. TO BE DISCUSSED LATER WITH KLAUSNER.**

**TRUSTEE HERBERT SAID WITH REGARD TO THE WORDING, ONE OF THE THINGS JOHN AND HE DISCUSSED WITH THE EVALUATION WAS STATED IN THE LAST SENTENCE OF KLAUSNER'S E-MAIL. IN THE PAST, JOHN HAS MADE REFERENCE TO A SPOUSE THAT MIGHT BE IN A NURSING HOME OR MEDICAL FACILITY AT THE TIME OF THEIR DEATH AND NOT LIVING TOGETHER. THIS NEEDS TO BE CLARIFIED.**

**CHAIRMAN BUSSELLS SAID POSSIBLY WE COULD BUNDLE TOGETHER ISSUES SUCH AS THIS, AND PREVIOUSLY DISCUSSED ISSUES BROUGHT UP BY TRUSTEE TUTEN REGARDING MENTAL HEALTH ISSUES FOR A WORKSHOP AND GET KLAUSNER HERE.**

**JOHN SAID THERE ARE A NUMBER OF TECHNICAL ISSUES IN TODAY'S ENVIRONMENT SUCH AS THOSE PREVIOUSLY STATED AND DEALING WITH MULTIPLE SYBLINGS. CLARIFICATION OF THE WORDING FOR THE PENSION FUND SPOUSAL BENEFIT WOULD BE HELPFUL. VESTING ISSUE AS WELL.**

**2014-09-16** Lease Agreement for the Office of Criminal Conflict and Civil Regional Counsel, First DCA Region – *attachment*

**JOHN STATED THEY ARE RENTING THE ENTIRE SECOND FLOOR AS OF DECEMBER 1, 2014. A THREE YEAR LEASE.**

**MOTION WAS MADE TO APPROVE THE LEASE AGREEMENT FOR THE OFFICE OF CRIMINAL CONFLICT AND CIVIL REGIONAL COUNSEL BY TRUSTEE HERBERT. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**JOHN NOTED WE HAVE FUNDS IN NEXT YEAR'S BUDGET TO PAINT AND FIX UPSTAIRS TO WELCOME THEM.**

**2014-09-17** Lease Agreement for Hertz – *attachment*

**JOHN ADVISED THAT HERTZ WILL BE LEASING 550 SQ FT., HALF OF THE FORMER FIREHOUSE SUBS, PLUS FIVE SPACES IN THE GARAGE. AT A VERY GOOD RATE.**

**MOTION WAS MADE TO APPROVE THE LEASE AGREEMENT FOR HERTZ BY TRUSTEE HERBERT. SECONDED BY TRUSTEE SCHMITT. UNANIMOUS.**

**2014-09-18** General Counsel's memo to City Council regarding Pension Contributions – *attachment*

**RECEIVED AS INFORMATION**

**2014-09-19** General Counsel's memo - Budget Authority regarding Administrative Expenses - *attachment*

**RECEIVED AS INFORMATION**

**CHAIRMAN BUSSELLS ASKED GENERALLY WOULD JOHN SAY THE CONCLUSION THAT THE GENERAL COUNSEL DRAWS IS THAT THE CITY COUNCIL CONTROLS OUR BUDGET. JOHN SAID THAT'S THEIR CONCLUSION ALTHOUGH, THEIR EXHIBITS TO THEIR CONCLUSION TAKE THE EXACT WORDS OUT OF THE ORDINANCE CODE THAT SAYS THE BOARD SHALL SUBMIT A BUDGET TO THE CITY COUNCIL, AND THE COUNCIL SHALL APPROVE IT. THAT'S AN ISSUE THAT'S GOING TO BE RESOLVED AS THE BOARD HAS PREVIOUSLY AUTHORIZED.**

**2014-09-20** Retainer Agreement for Detecting and Recovering Trade-Through Losses - *attachment*

**JOHN ADVISED ONE OF OUR SECURITY LITIGATION LAW FIRMS IS STARTING A NEW PRACTICE TO ANALYZE THE SECURITY TRADES. THEY HAVE ACCESS TO OUR TRADE INFORMATION. IF WE ENTER INTO THIS AGREEMENT, THIS DOESN'T COST THE PENSION FUND ANYTHING. THEY WILL BEAR ALL OF THE EXPENSES TO LOOK INTO IT, IF IT RESULTS IN LEGAL ACTION, THEY COVER ALL OF THAT. IF THEY RECOVER, IT'S 50/50. IF THEY DON'T RECOVER ANYTHING, IT DOESN'T COST US ANYTHING.**

**CHAIRMAN BUSSELLS ASKED IF WE HAVE EVIDENCE THAT THIS IS MARKET PRICE, 50/50. JOHN CONFIRMED.**

**TRUSTEE SCHMITT ASKED IF THE BOARD REVIEWS PRIOR TO ACCEPTING. JOHN SAID THE BOARD ALWAYS HAS THE LAST YES OR NO TO MOVE FORWARD.**

**MOTION WAS MADE TO APPROVE THE RETAINER AGREEMENT FOR DETECTING AND RECOVERING TRADE-THROUGH LOSSES BY TRUSTEE SCHMITT. SECONDED BY TRUSTEE HERBERT. UNANIMOUS.**

### **Administrative Report**

**2014-03-4** Board Meeting Action List for September, 2014 – *attachment*

**JOHN SAID UNDER B - THE DENTON CASE, THE FIRST DISTRICT COURT OF APPEAL HAD A HEARING THIS PAST WEDNESDAY. STORY IN TODAY'S TIMES UNION.**

**UNDER G – THE CITY COUNCIL DECIDED TO DELETE THE PROPOSED MEDIA RELATIONS POSITION OUT OF NEXT YEAR'S BUDGET. THAT WILL BE ADDRESSED IN THE LONG TERM WITH THE ATTORNEY GENERAL'S OPINION.**

**TRUSTEE HERBERT ASKED WITH REGARD TO J, COLLECTION OF OVERPAYMENT OF PENSION BENEFITS, THERE ARE TWO CASES THAT REMAIN UNDER REVIEW? JOHN SAID ORIGINALLY THERE WERE FIVE CASES UNDER REVIEW. WE'VE COLLECTED 100% ON ONE, BI-WEEKLY PAYMENT ON ANOTHER ONE, AND THERE ARE THREE REMAINING. ONE CASE WE ARE DEALING WITH THE BENEFICIARY'S ATTORNEY, AND THE OTHER TWO THE STATE ATTORNEY IS HANDLING BOTH.**

### **ADDED TO THE AGENDA:**

**JOHN ADVISED WE ARE ADDING TO THE AGENDA, THE PEYTON DISCRETIONARY BONUS. HE'S ASKED JARMON WELCH TO RUN THE ACTUARIAL NUMBERS, 1%, 2%, 3% SO THE BOARD WOULD HAVE A FEEL FOR THAT. WE'LL HAVE THAT EITHER FOR THE WORKSHOP PRIOR TO THE NEXT MEETING, OR FOR THE NEXT BOARD MEETING.**

**TRUSTEE HERBERT ASKED IF ALL OF THE MEMBERS WERE NOTIFIED FROM OUR DISCUSSIONS LAST YEAR THAT THERE IS NO GUARANTEE OF ANYTHING. JOHN SAID EVERYONE UNDERSTANDS THAT IT IS A PERMISSIBLE THING AND WE SENT THEM ALL A LETTER LAST YEAR, WITH A COPY TO THE BOARD LETTING THEM KNOW.**

**CHAIRMAN BUSSELLS WILL JUST RE-FRAME IN THE CONTEXT THAT HE THINKS ABOUT IT IN ADVANCE OF THE WORKSHOP. THE REALITY OF THE LAST FOUR OR FIVE YEARS, IS THAT OUR ACTIVE EMPLOYEES ARE GETTING NO RAISES OR**

**ROLLBACKS, AND FOR SOMEONE WHO IS WITHIN A REQUISITE NUMBER OF YEARS FOR RETIREMENT, THEY ARE BEING HARMED FINANCIALLY IN A WAY THAT CAN NEVER BE RECOVERED. WHEREAS THOSE THAT RETIRED IN ADVANCE OF THEM, WHEN THERE WAS STILL FUNDING FOR REGULAR INCREASES, WILL ALWAYS MAKE MORE COMPOUNDED OVER TIME.**

**ON THE OTHER HAND, THE RETIREES EARNED IT, AND ARE ENTITLED TO IT, AND IT'S GREAT. OUR RETIREES GET A 3% RAISE EVERY YEAR COMPOUNDED, AND INFLATION IS AT 1½%. ALL THAT CAN CHANGE IN THE FUTURE, BUT WE HAVE A GROUP OF PEOPLE WHOM WE HAVE RESPONSIBILITY, WHO ARE BEING FINANCIALLY HARMED PERMANENTLY FOR THE REST OF THEIR LIVES, AND THEIR SURVIVING SPOUSES LIVES, WHERE ANOTHER GROUP WE HAVE RESPONSIBILITY FOR ARE GROWING AND ADVANCING WAY IN EXCESS OF WHAT WAS CONTEMPLATED.**

**WITH SOME DISCRETIONARY FUNDS WE HAVE, SHOULD WE BE KEEPING THOSE, AND FIGURING OUT A WAY TO BENEFIT THOSE BEING HARMED BY THAT, RATHER THAN CONTINUING TO VOLUNTARILY SEND IT TO THOSE WHO ARE BENEFITING. HOW CAN WE CONTINUE TO DO THAT?**

**CHAIRMAN BUSSELLS RECOGNIZES THAT OUR PRE 1999 RETIREES, FOR MANY OF THEM THIS IS EXTREMELY IMPORTANT. THEY HAVE BEEN UNFAIRLY IMPACTED BY ECONOMIC REALITY. FOR THAT GROUP OF OUR RETIREES, USING DISCRETIONARY FUNDS TO IN EFFECT GIVE THEM ADDITIONAL BENEFITS THAT WAS NOT LEGALLY REQUIRED. HE HAS A HARD TIME GIVING THE BENEFIT TO THOSE WHO HAVE BENEFITED.**

**TRUSTEE HERBERT PHILOSOPHICALLY ENDORSES WHAT CHAIRMAN BUSSELLS IS SAYING HOWEVER, HE HAS ONE QUESTION. ARE THERE ANY REQUIREMENTS THAT WE HAVE TO DEAL WITH IN THE CONTEXT OF THE UTILIZATION OF THOSE FUNDS? IS IT POSSIBLE FOR THE BOARD TO PUT INTO CATEGORIES, A GROUP OF THEM TO PROVIDE COMPENSATION, BUT NOT FOR THE ENTIRE CLASS. IS THAT POSSIBLE? IS THERE A WAY WE CAN ANTICIPATE SOMETHING FOR THEM.**

**JOHN SAID THE GENERAL REQUIREMENTS OF 175 & 185 CALL FOR UNIFORM APPLICATION. WE WILL GET WITH KLAUSNER PRIOR TO THE PERSONNEL COMMITTEE MEETING TO DISCUSS. THE FOLKS IN TALLAHASSEE, BECAUSE OF THE DYNAMICS OF RUNNING THE GOVERNMENT, HAVE CHANGED THEIR MINDS ON SEVERAL ISSUES RECENTLY. WE WILL GET THE MOST UP TO DATE ADVICE.**

**TRUSTEE SCHMITT SAID HE IS ONE OF THOSE CURRENT EMPLOYEES REFERRED TO, BUT FROM HIS PROSPECTIVE, THE SOURCE OF THE FUNDS IS CHAPTER MONEY WHICH IS SUPPOSED TO BE USED SPECIFICALLY FOR THE IDENTIFIED PURPOSES, ENHANCED BENEFITS. UNDER YOUR APPROACH, THE BOARD WOULD BE TAKING ON SOMETHING TO FIX THAT WE ARE NOT RESPONSIBLE FOR FIXING. THE SOLUTION**

**IS NOT TO DECREASE THE BENEFITS FOR RETIREES, BUT TO INCREASE THE BENEFITS FOR THOSE STILL WORKING. WE ARE NOT RESPONSIBLE FOR THAT.**

**IN THE OVERALL UMBRELLA, IT SEEMS OUT OF WHACK, BUT FOR ME THE SOLUTION IS FOR THE CITY TO DO WHAT THEY SHOULD DO AND INCREASE THE PAY FOR CURRENT EMPLOYEES. DON'T TAKE AWAY FROM THOSE THAT HAVE ALREADY EARNED THEIR BENEFITS.**

**TRUSTEE HERBERT SAID IF WE CAN'T CONTROL THAT, AND THE CITY DOESN'T, THEN WHAT DO WE DO FOR OUR CURRENT EMPLOYEES AND TO THOSE WHO HAVE RETIRED. THERE ARE THREE GROUPS WE TALKED ABOUT, ALL THREE WE HAVE TO TAKE A LOOK AT.**

**TRUSTEE SCHMITT SAID AS A CURRENT EMPLOYEE, HE SEES NO ISSUES WITH THE RETIREES RECEIVING WHAT THEY HAVE EARNED, AND HOPEFULLY SOMEDAY HE WILL BE IN THE SAME POSITION. THAT'S HOW HE AND THE MAJORITY OF CURRENT EMPLOYEES HE TALKS TO VIEW THAT. THERE'S NO SENSE OF ANGST FOR THE RETIREES RECEIVING THEIR BENEFITS THAT THEY HAVE EARNED. THAT'S NOT THE SOLUTION.**

**JOHN SAID OUR SENIOR RETIREES ARE JUST NOW CATCHING UP FROM THE 80'S AND 90'S, OUR SENIOR RETIRED PEOPLE. JOHN POINTED OUT TO THE SCHEU COMMISSION WHAT THE SOCIAL SECURITY COLA'S FROM 1975 FORWARD. FOUR YEARS AGO, PREVIOUSLY THE SOCIAL SECURITY COLA'S WERE AT 8%.**

**TAKEN OUT OF ORDER WE ARE GOING BACK TO THE INVESTMENT REPORT.**

**ADDED TO THE AGENDA**

**LIGHTNING STRUCK OUR FIRE ALARM SYSTEM IN THE PARKING GARAGE AT 2 WEST MONROE. WE'VE OBTAINED A BID FROM OUR BURGLAR ALARM COMPANY, \$2,150.00. WE HAVE FUNDS IN THE CURRENT BUDGET WE CAN PAY FOR REPAIRS. WE WILL GET THAT REPAIRED.**

**NO OTHER ITEMS UP FOR DISCUSSION.**

**CHAIRMAN BUSSELLS ADJOURNED THE MEETING AT 11:32AM.**

**TO BE APPROVED AT THE BOARD  
MEETING ON OCTOBER 17, 2014**

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