

**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES  
MEETING SUMMARY – FEBRUARY 19, 2016  
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  
Richard Patsy, Trustee  
William E. Scheu, Trustee – *left meeting @ 11:22am*

**STAFF**

Beth McCague, Interim Executive Director – Plan Administrator  
Paul Daragjati, Fund Attorney  
Dan Holmes, Summit Strategies  
Devin Carter, Chief Financial Officer  
Debbie Manning, Executive Assistant  
Denice Taylor, AAA Reporters

**EXCUSED**

Willard Payne, Trustee – *pending City Council approval*

**CITY REPRESENTATIVES INVITED**

Tommy Hazouri, City Council Liaison  
Jenny Busby, City Council Assistant to Liaison  
Joey Greive, Fund Treasurer  
Steve Durden, Office of General Counsel

**GUESTS**

Steve Zona, FOP President

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Randy Wyse, Jax. Assoc. of Fire Fighters President  
Mark Muchowitz  
David Bauerlein, Times Union  
Curtis Lee

**CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AT 9:01AM**

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

Christopher C. Swary, Active Fire Fighter

The Board of Trustees recited the Pledge of Allegiance.

**PUBLIC SPEAKING PERIOD**

**CHAIRMAN SCHMITT ASKED IF THERE WERE ANY PUBLIC SPEAKING REQUESTS. CURTIS LEE WAS OUR ONLY SPEAKER. PUBLIC SPEAKING PERIOD WAS CLOSED**

**CONSENT AGENDA - ITEMS 2016-02-(1-9)CA**

**2016-02-1CA MINUTES TO BE APPROVED**

**2016-02-2CA DISBURSEMENTS**

**2016-02-3CA PENSION DISTRIBUTIONS**

**2016-02-4CA APPLICATION FOR TIME CONNECTIONS**

**2016-02-5CA APPLICATION FOR SURVIVOR BENEFITS**

**2016-02-6CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT**

**2016-02-7CA DROP DISTRIBUTIONS**

**2016-02-8CA RECESSION OF DROP PARTICIPATION**

**2016-02-9CA EDUCATIONAL OPPORTUNITIES**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO APPROVE THE CONSENT AGENDA ITEMS 2016-02-(1-9)CA. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.**

**OLD BUSINESS**

**2015-12-6** Share Plan Policy and Procedures Update – *Beth McCague*

**BETH McCAGUE UPDATED THE BOARD THAT THE SHARE PLAN POLICY AND PROCEDURES WERE IMPLEMENTED. THE PAPER STATEMENTS WILL BE MAILED TO OUR MEMBERS NEXT WEEK. IF THE MEMBERS HAVE ANY QUESTIONS, PLEASE CONTACT OUR OFFICE.**

**CHAIRMAN SCHMITT THANKED DEVIN CARTER AND ITD FOR THE IMPLEMENTATION OF THIS PROGRAM.**

**2016-01-10** Interim Executive Director signed with EFL to find a permanent Executive Director

**BETH McCAGUE ADVISED THAT THE EFL ASSOCIATES CONTRACT HAS BEEN SIGNED FOR THE NATIONWIDE SEARCH TO FIND A PERMANENT EXECUTIVE DIRECTOR. THE PROCESS WILL TAKE APPROXIMATELY 120 DAYS. THE JOB DESCRIPTION WILL ALSO BE POSTED ON THE CITY OF JACKSONVILLE WEBSITE.**

**RECEIVED AS INFORMATION**

**FINANCIAL/INVESTMENT REPORTS**

**OLD BUSINESS**

**2015-5-2** FY2015/2016 Budget - Quarterly Financial Report Actual vs Budget – January, 2016 – *Devin Carter*

**CHAIRMAN SCHMITT ASKED DEVIN CARTER, CHIEF FINANCIAL OFFICER, TO DISCUSS THE JANUARY BUDGET WITH THE BOARD.**

**DEVIN CARTER SAID WE HAVE USED 2% OF OUR BUDGET FOR THIS PHYSICAL YEAR. TRUSTEE SCHEU THANKED DEVIN FOR THE REPORT AND SAID THE REPORT WAS VERY HELPFUL.**

**RECEIVED AS INFORMATION**

**CHAIRMAN SCHMITT ADVISED THAT THE FOLLOWING AGENDA ITEM WILL BE TAKEN OUT OF ORDER**

**ADMINISTRATIVE REPORTS**

**2014-11-10 Records Retention – February 2016 – *review and approval***

**BETH McCAGUE ADVISED THE BOARD THAT AFTER A LONG REVIEW PROCESS, WE HAVE CHOSEN ACCESS TO ASSIST WITH THE RECORDS RETENTION PROJECT. WE FELT VERY STRONGLY ABOUT WORKING WITH THEM IN IMPLEMENTING THIS PROCESS.**

**A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE SIGNING A CONTRACT FOR RECORDS RETENTION WITH ACCESS. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**ALSO ADDED TO THE AGENDA, BETH DISCUSSED THE FOLLOWING:**

**MULTIPLE REQUESTS FOR DOCUMENTS IS COVERING EXTENSIVE PERIODS OF TIME AND/OR SUBJECT MATTER DISTRACTS THE FUND EMPLOYEES FROM FOCUS ON THE CORE MISSION OF THE OFFICE.**

**AT THE MARCH MEETING, A REVIEW OF SALARY RANGES AND POLICY ON SALARY INCREASES WILL BE REVIEWED.**

**THE FOUR MEMBERS OF THE FINANCIAL INVESTMENT ADVISORY COMMITTEE ARE SCHEDULED TO APPEAR AT THE MARCH 1<sup>ST</sup> RULES COMMITTEE WITH FULL COUNCIL APPROVAL EXPECTED TO TAKE PLACE ON MARCH 15<sup>TH</sup>. THE FIFTH MEMBER, MIKE LUKASZEWSKI HAS STARTED THE PROCESS FOR APPROVAL.**

**OUR NEWEST BOARD MEMBER, WILLARD PAYNE, HAS APPEARED BEFORE THE RULES COMMITTEE AND IS ON THE AGENDA FOR MINISTERIAL APPROVAL AT THE CITY COUNCIL MEETING ON FEBRUARY 23<sup>RD</sup>.**

**PART TIME EMPLOYEE AMY SHAW WAS HIRED EFFECTIVE FEBRUARY 22<sup>ND</sup> TO ASSIST WITH THE PREPARATION OF OUR RECORDS RETENTION PROJECT.**

**WORKSHOPS COVERING POLICY REVIEW OF COMMISSION RECAPTURE AND SECURITIES LITIGATION FOLLOWED BY ASSET MANAGER PRESENTATIONS WILL BE SCHEDULED OVER THE COURSE OF SPRING AND SUMMER. IT IS HOPED THAT WE CAN GET EVERYONE FOCUSED ON OUR CORE MISSION.**

**THE REPAIR OF THE SKYLIGHT PREVIOUSLY AUTHORIZED BY THE BOARD WILL BEGIN IN MARCH.**

**BETH McCAGUE MADE A RESOLUTION TO ENGAGE IN A FURTHER STUDY REGARDING INSURANCE PRODUCTS AT NO COST AND NO COMMITMENT TO THE FUND.**

**TRUSTEE PATSY HAS MANY QUESTIONS REGARDING THIS AND CAUTIONED NOT TO SPEND A LOT OF TIME ON THIS.**

**A MOTION WAS MADE BY TRUSTEE SCHEU TO ADOPT A RESOLUTION AUTHORIZING THE POLICE AND FIRE PENSION INTERIM EXECUTIVE DIRECTOR TO FURTHER STUDY AN ASSET BACKED INSURANCE LENDING (ABIL) PLAN WHICH WOULD PROVIDE FUNDING FOR THE JACKSONVILLE POLICE AND FIRE PENSION FUND. SECONDED BY TRUSTEE TUTEN. VOTE WAS UNANIMOUS.**

**CHAIRMAN SCHMITT TURNED THE MEETING OVER TO DAN HOLMES.**

**NEW BUSINESS – ITEMS 2016-02-(1-4) – Dan Holmes**

**2016-02-1 Summit – Asset Allocation Review – February 12, 2016 – *attachment***

**DAN HOLMES TOLD THE BOARD WE NEEDED TO DISCUSS ASSET ALLOCATION FIRST BEFORE WE REVISE THE STATEMENT OF INVESTMENT POLICY. THIS WOULD BE THE PRIMARY FOCUS FOR TODAY'S MEETING.**

**DAN DISCUSSED THE FIRST FEW PAGES OF THE ASSET ALLOCATION REVIEW AT LENGTH.**

**CHAIRMAN SCHMITT CALLED A RECESS AT 10:35AM.**

**CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AGAIN AT 10:40AM.**

**DAN CONTINUED WITH THE ASSET ALLOCATION REVIEW AND DISCUSSION.**

**DAN HOLMES ADVISED THAT NEXT MONTH, THE BOARD WILL DISCUSS MAKING CHANGES TO THE MANAGERS AND MANAGER CONSOLIDATION AS WELL AS A REBALANCING EFFORT. THE MANAGERS TO BE REVIEWED ARE AS FOLLOWS:**

**GABELLI – PROBABLY RECOMMEND TERMINATION  
DRZ – LONGER TERM CHALLENGED  
BROWN – TO BE REVIEWED  
SAWGRASS – TO BE REVIEWED  
BAILEY GIFFORD – TO BE REVIEWED**

**SOME POSSIBLE CHANGES WOULD BE:**

- TO DECREASE TARGET TO MLP'S TO TAKE VOLITILITY OFF THE TABLE
- WE NEED TO FIND A CORE PLUS MANAGER
- TAKE 5% FROM DOMESTIC EQUITY TO PRIVATE EQUITY
- BE MINDFUL OF STATUTES UNTIL WE KNOW WHAT WE CAN DO

**DAN HOLMES LIKES PORTFOLIO E. TRUSTEE PATSY LIKES PORTFOLIO D.**

**A MOTION WAS MADE BY TRUSTEE PATSY TO GIVE SUMMIT AUTHORIZATION TO DO SEARCHES FOR CORE PLUS FIXED INCOME, EMERGING MARKET DEBT, AND NON-CORE REAL ESTATE. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

**2016-02-2** Summit – Monthly Economic & Capital Market Update – January 31, 2016 – *attachment*

**DAN HOLMES SAID EVERYTHING WAS NEGATIVE.**

**RECEIVED AS INFORMATION**

**2016-02-3** Summit – Flash Report – January 31, 2016 – *attachment*

**DAN HOLMES STATED THAT JANUARY, 2016 WAS AN AWFUL MONTH FOR ALL CATEGORIES.**

**RECEIVED AS INFORMATION**

**2016-02-4** Summit - Investment Performance Report – December 31, 2015 – *attachment*

**DAN HOLMES WENT OVER A QUICK SUMMARY OF THE INVESTMENT PERFORMANCE REPORT.**

**ADMINISTRATIVE REPORTS**

**2014-11-10** Records Retention – February 2016 – *review and approval*

**AGENDA ITEM TAKEN OUT OF ORDER. SEE ABOVE**

**BETH McCAGUE ASKED PAUL DARAGJATI TO DISCUSS OUR PENDING SECURITIES LITIGATION CASES. PER PAUL THE STATUS IS AS FOLLOWS:**

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**ALL PLAINS COMPANY CASE FILED UPON BOARD APPROVAL LAST MONTH.**

**CVB CASE NOW BACK ON GOING THROUGH DISCOVERY.**

**DISH IS ON APPEAL.**

**TOWER WAS SETTLED WITH INSURANCE COMPANY. THEY ARE FILING ACTION AGAINST PWC.**

**CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 11:35AM.**

**TO BE APPROVED AT THE BOARD OF TRUSTEE MEETING ON MARCH 18, 2016**

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Richard Tuten III, Board Secretary