

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
MEETING MINUTES – AUGUST 17, 2012
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

Asst. Chief Bobby Deal, Chairman
Nathaniel Glover Jr., Board Secretary
Walter Bussells, Trustee
Dr. Adam Herbert, Trustee
Lt. Richard Tuten III, Fire Trustee

STAFF

John Keane, Executive Director-Administrator
Kevin Stork, Fund Controller
Dan Holmes, Summit Strategies
Robby Gorman, Executive Assistant

GUESTS

Carla Miller, Esquire, City Ethic Officer, making presentation to the Board of Trustees
Jason Gabriel, Office of the General Counsel
Larry Schmitt, Asst. Chief, Sheriff's Office
Tim Gibbons, Florida Times Union
Curtis Lee

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.

The meeting was brought to order at 9:05 a.m.

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

John Wright, Retired Fire Captain

The Board of Trustees recited the Pledge of Allegiance.

Taken out of order:

2012-07-8 Presentation by Carla Miller, City Ethics Officer.

Ms. Miller spoke to the Board of Trustees on Ethics Danger Areas giving the Trustees a handout and giving them 5 specific areas to watch:

- 1. Sunshine**
- 2. Florida Law**
- 3. Culture**
- 4. Objectivity**
- 5. Fiduciary Duty**

She answered their questions as they came up. RECEIVED AS INFORMATION COPY IN MEETING FILE

CONSENT AGENDA - ITEMS 2012-08-(1-10)CA

2012-08-1CA MINUTES TO BE APPROVED

1. Minutes of the meetings held July 18 and August 15, 2012. Copy in the meeting file.

2012-08-2CA DISBURSEMENTS

All disbursements have been verified by the staff and are within the annual budget expenditures:

DISBURSEMENTS A

1.	John Keane	\$ 609.55
2.	Klausner, Kaufman, Jensen & Levinson	\$ 28,863.94
3.	Fowler White Boggs	\$ 2,541.60
4.	Eaton Vance	\$ 44,368.07
5.	Blackrock Financial Management	\$ 49,990.40
6.	Harvest Fund Advisors	\$ 58,352.37
7.	Pinnacle Associates	\$ 118,351.00
8.	The Boston Company	\$ 64,483.17
9.	Gamco Asset Management	\$ 96,484.00
10.	J.P.Morgan	\$ 215,100.72
11.	Fayez Sarofim & Co.	\$ 63,006.00
12.	Montag Caldwell	\$ 107,323.27
13.	Tortoise Capital Advisors	\$ 55,393.07
14.	Thompson Siegel & Walmsley LLC	\$ 36,263.57
	Total	\$ 941,130.73

DISBURSEMENTS B

Transaction list of Accounts Payable distributions. Attachment \$ 45,615.69

2012-08-3CA PENSION DISTRIBUTIONS

A.	July 20, 2012	Regular Gross	\$3,691,323.38
		Regular Lumpsum	\$ 4,892.67
		DROP Gross	\$ 661,557.94
		DROP Lumpsum	\$ 215,095.45
		Total	\$4,572,869.44
B.	August 3, 2012	Regular Gross	\$3,695,691.99
		Regular Lumpsum	\$ 15,261.91
		Regular Rollover	\$ 39,985.98
		DROP Gross	\$ 658,914.43
		DROP Lumpsum	\$ 589,460.30
Total	\$4,996,314.61		
C.	August 17, 2012	Regular Gross	\$3,692,764.08
		Regular Lumpsum	\$ 4,937.63
		Regular Rollover	\$ 23,878.89
		DROP Gross	\$ 663,361.33
		DROP Lumpsum	\$ 174,613.60
Total	\$4,559,555.53		

2012-08-4CA APPLICATION FOR TIME SERVICE RETIREMENT

1. **Anderson, Kenneth S.**, at 20 years of service, at 60%, effective August 18, 2012. Police Officer.

2012-08-5CA APPLICATION FOR SURVIVOR'S BENEFITS

1. **Acker, Phyllis Ann**, widow of John Ellsworth Acker, who died August 2, 2012.
2. **Dowling, Betty**, widow of Albert R. Dowling, who died July 17, 2012.
3. **Edwards, Evelyn Lucille**, widow of Kenneth G. Edwards, who died July 11, 2012.
4. **Schoenauer, Betty**, widow of Dale H. Schenauer, who died July 21, 2012.

2012-08-6CA TIME CONNECTIONS

1. **Chase, Michael L.**, Prior Duval Service, (2 months).
2. **Ganntt, Vandaren C.**, Revised Prior Wartime Military Service, (5 months, 4 days).
3. **Lambert, Sean M.**, Revised Prior Wartime Military Service, (2 years).

4. **Maynard, Donald R.** Prior Wartime Military Service, (2 years).
5. **McManus, Erica G.**, Revised Prior Florida Service, (3 years, 11 months, 19 days).
6. **Mizeras, Bradley S.**, Revised Prior Florida Service, (4 years, 5 months, 3 days).
7. **Williams, George A.**, Revised Prior Duval Service, (26 days).

2012-08-7CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

1. **Chin, Don G.**, DROP commencement date April 18, 2008, termination of employment effective date July 27, 2012. Police Officer.
2. **Delong, Sebrena P.**, DROP commencement date January 21, 2011, termination of employment effective date August 24, 2012. Police Officer.
3. **Joyner, Thomas E.**, DROP commencement date April 18, 2008, termination of employment effective date August 3, 2012. Firefighter.
4. **Owens, Samuel G.**, DROP commencement date July 22, 2011, termination of employment effective date July 18, 2012. Firefighter Engineer.

2012-08-8CA DROP DISTRIBUTIONS

1. **Chin, Don G.**, a portion of his DROP account paid to him lump sum, and the remaining balance of his DROP account paid to him biweekly over the next 30 years.
2. **Downer, Cynthia**, the entire balance of her DROP account paid to her lumpsum.
3. **Delong, Sebrena P.**, the entire balance of her DROP account paid to her lumpsum.
4. **Joyner, Thomas**, the entire balance of his DROP account paid to him lumpsum.
5. **Owens, Samuel G.**, the entire balance of his DROP account paid to him lump sum.

2012-08-9CA EDUCATIONAL OPPORTUNITIES

2012 Public Safety Employees Pension & Benefits Conference –October 7-10, 2012 – NCPERS

2012-08-10CA REFUND OF PENSION CONTRIBUTIONS

1. **Evans, Daniel A.**, Firefighter, resigned/terminated will be issued a refund of his pension contributions.

A MOTION WAS MADE BY NATHANIEL GLOVER TO APPROVE THE CONSENT AGENDA ITEMS 2012-08-(1-10). RICHARD TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

NEW BUSINESS

2012-07-8 Presentation by Carla Miller, City Ethics Officer. **Taken at the beginning of the meeting.**

MONTHLY REPORTS

EXECUTIVE DIRECTOR'S REPORT

Investment Report

2012-08-2 Investment Reports from Summit Strategy. Attachment **Deferred to the last item of the meeting.**

Real Estate Report

2012-06-8 Skylight and building repair update. **RECEIVED AS INFORMATION**

Administrative Report

2012-06-13 2012/2013 Budget Review. Attachment **DEFERRED AS REQUESTED BY COUNCIL FINANCE CHAIRMAN CRESCIMBENI TO REVIEW THE FUND BUDGET.**

The Chairman appointed Walt Bussells as chairman of a sub-committee to review the 2012/2013 budget. Richard Tuten was appointed as the 2nd member of the committee. The sub-committee will meet August 22, 2012 at 9 a.m.

2012-07-10 Pension Reform Plan B Attachment **The Chairman gave an overview of past reform discussions with the City for the benefit of the new Trustees. RECEIVED AS INFORMATION**

2012-08-3 Letter of approval for the State Annual Report. Attachment **RECEIVED AS INFORMATION**

2012-08-4 Letter of Engagement for either 1 year or 3 years for Grau & Associates Certified Public Accountants and the Annual Audit. Attachment **Assigned to the budget sub-committee to recommend which letter to go with.**

2012-08-5 Adjustment due Linda S. Williams, one time payment of \$240.74. Attachment

RECEIVED AS INFORMATION

The Board then took up the Investment Report

2012-08-2 Investment Reports from Summit Strategy.

Dan Holmes gave an overview of Summit Strategies and what services they perform for the Board for the benefit of the new Trustees. He then went over the Economic Report and Flash Report with the Board, answering their questions as they came up.

Mr. Holmes went over the performance of our managers, pointing out several to be replaced once we can put new managers in place. The quarterly report was also distributed for further study. RECEIVED AS INFORMATION. COPY IN MEETING FILE.

At this time, Chairman Deal said that Curtis Lee had asked to speak to the Board for 3 minutes.

Mr. Lee told the Board that he used to manage a fund and believed that the Police and Fire Pension Fund was badly in need of reform and restructuring of both personnel and policy; that we were a failed entity. He stated that the Fund was under using indexing. He asked for a new valuation with a 5% salary assumption and free documents at meetings.

AMENDED AT THE OCTOBER BOARD MEETING:

Curtis Lee - Thank you very much. I'm Curtis Lee. I live in Jacksonville. I've been attending these meetings, most of them anyway, since January of 2010. Since I wasn't necessarily expecting to talk, I'm not terribly organized but I'll make a few points.

The administrative cost issue, I think, is a serious one. Having managed a pension fund myself in the 80's and 90's, I believe this entity spends far too much money, largely because of the underuse of indexing. Having had, having dealt with active management for 17 or 18 years, I ended up becoming quite cynical in the sense that the managers you hire always look good when you hire them and then they tend to revert to mean and so for the pension fund for which I had responsibility and I was more akin to John Keane, I reported to a Board, the, I basically moved most of the equity and domestic bond money into indexing and considering a \$9 million dollar budget you can save a few million dollars that way a year which I think the City would greatly appreciate.

Another point to make is the, I would suggest doing a new valuation. The \$122 million dollars that the City is going to be asked to contribute could be reduced if you cut the 5% salary increase assumption to a more realistic assumption of say 2% and if you cut the 4.5% payroll increase assumption to, perhaps, a more realistic rate of 1% or less than 1%. In my view, it's

preposterous to have a 5% salary increase assumption built into the current valuation. And it's preposterous to have a 4.5% payroll increase assumption. I can't tell you off the top of my head how much the \$122 million would be knocked down but I believe it would be a few million dollars a year in savings.

The, also thank you for the 3 minutes. One other thing I would request is that like the other 2 pension funds, the General Employees and the Corrections Officers, that I and whoever else is present should be allowed to see for example the Flash Reports as you are looking at them. In other words, if you have 4 documents that you have before you during a meeting and I as a member of the public am attending a meeting I should be able to see the 4 documents that you are looking at. Now all I can do is after the fact buy the 4 documents so I can check whichever documents I happen to want.

There being no further business, the meeting was adjourned at 11:42 a.m.

Nathaniel Glover, Board Secretary