

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
MEETING MINUTES – OCTOBER 19, 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
Walter Bussells, Trustee
Dr. Adam Herbert, Trustee
Lt. Richard Tuten III, Fire Trustee

EXCUSED

Nathaniel Glover Jr., Board Secretary

STAFF

John Keane, Executive Director-Administrator
Robby Gorman, Executive Assistant
Dan Holmes, Summit Strategies
Ann Bryant, Summit Strategies

CITY REPRESENTATIVES

Joey Greive, Acting City Treasurer

GUESTS

Nelson Cuba, FOP President
Mark Muchowitz, Police Officer
Randy Wyse, President, Local 122

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 9:00 a.m.

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

William Granger Jr., Retired Fire Captain
John D. Seymour, Retired Firefighter Engineer

Cecil I. Beasley, Retired Police Detective Sergeant

The Board of Trustees recited the Pledge of Allegiance.

The Executive Director-Administrator noted that 50 years ago the Cuban Missile Crisis Blockade started, which this area was heavily involved with and that 25 years ago was Black Monday when the stock market fell 25% in one day.

CONSENT AGENDA - ITEMS 2012-10-(1-11)CA

2012-10-1CA MINUTES TO BE APPROVED

1. Minutes of the Board meeting held September 21, 2012. Copy in the meeting file. **DEFERRED FOR ADDITIONAL INFORMATION TO BE INCLUDED.**
2. Clarification of August Minutes. Attachment

2012-10-2CA DISBURSEMENTS

The listed expenditures 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 A

1.	John Keane	\$	609.55
2.	Klausner, Kaufman, Jensen & Levinson	\$	21,981.04
3.	Fowler White Boggs	\$	1,434.50
4.	Pension Board Consultants, Inc.	\$	19,275.00
	Total	\$	43,300.09

DISBURSEMENTS B

Transaction list of Accounts Payable distributions. Attachment \$ 140,655.05

2012-10-3CA PENSION DISTRIBUTIONS

A.	September 28, 2012	Regular Gross	\$3,705,937.29
		DROP Gross	\$ 663,300.96
		Total	\$4,369,238.25
B.	October 12, 2012	Regular Gross	\$3,722,058.36
		DROP Gross	\$ 670,728.41
		DROP Lumpsum	\$ 378,098.30
		DROP Rollover	\$ 374,775.04
		Leave Lumpsum	\$ 58,310.46

Total \$5,203,970.57

2012-10-4CA APPLICATION FOR SURVIVOR'S BENEFITS

1. **Boyle, Lona H.**, widow of George T. Boyle, who died September 3, 2012.
2. **Strickland, Marie**, widow of Charles W. Strickland, who died September 11, 2012.

2012-10-5CA APPLICATION FOR VESTED RETIREMENT

1. **Reynolds, Lance A.**, date of vesting October 5, 2012, to be placed on pension October 4, 2013. Fire Captain.
2. **Snyder, William D.**, date of vesting September 14, 2012, to be placed on pension February 27, 2013. Police Officer.

2012-10-6CA REFUND OF PENSION CONTRIBUTIONS

1. **Wagner, David J.**, Firefighter, resignation/termination on October 17, 2012, will be issued a refund of his pension contributions directly to him.

2012-10-7CA TIME CONNECTIONS

1. **Avery, Debra A.**, Prior Florida Service, (1 year, 5 days).

2012-10-8CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

1. **Autry Sr., Frank**, DROP commencement date July 25, 2008, termination of employment effective date September 28, 2012. Fire Lieutenant.
2. **Bisplinghoff, Dave**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Police Officer.
3. **Brown, Thomas C.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Fire Battalion Chief.
4. **Burford, Dale C.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Firefighter Engineer.
5. **Cloer, David W.**, DROP commencement date April 18, 2008, termination of employment effective date October 5, 2012. Fire Lieutenant.
6. **Freeman, Claud D.**, DROP commencement date April 18, 2008, termination of employment effective date November 9, 2012. Police Officer

7. **Grant, Gregory A.**, DROP commencement date April 17, 2009, termination of employment effective date October 9, 2012. Police Officer
8. **Handres, Robert J.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Police Officer.
9. **Lockley, Frank D.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Police Officer.
10. **Morgan, James G.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Firefighter Engineer.
11. **Peacock Jr., Harold L.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Police Officer.
12. **Williams, Cynthia J.**, DROP commencement date October 19, 2007, termination of employment effective date September 28, 2012. Fire Lieutenant.

2012-10-9CA DROP & RETIRMENT LEAVE DISTRIBUTIONS

1. **Autry Sr., Frank**, a portion of his DROP account paid directly to him and the remaining balance of his DROP account paid to him bi-weekly over the next 8 years.
2. **Bisplinghoff, Dave**, the entire balance of his DROP account paid to him bi-weekly over the next 49.5 years.
3. **Brown, Thomas C.**, the entire balance of his Retirement Leave Account paid directly to him, a portion of his DROP account paid in direct rollover to Pershing, LLC and the remaining balance of his DROP account paid to him bi-weekly over the next 30 years.
4. **Burford, Dale C.**, a portion of his DROP account paid directly to him and the remaining balance of his DROP account paid to him bi-weekly over the next 15 years.
5. **Cloer, David W.**, the entire balance of his DROP account paid to him bi-weekly over the next 18 years.
6. **Freeman, Claud D.**, the entire balance of his DROP account paid to him bi-weekly over the next 42.6 years.
7. **Grant, Gregory A.**, the entire balance of his DROP account paid to him bi-weekly over the next 30 years.
8. **Grooms, Joseph**, the entire balance of his DROP account paid directly to him.

9. **Handes, Robert J.**, the entire balance of his DROP account paid to him bi-weekly over the next 30 years.
10. **Lockley, Frank D.**, the entire balance of his Retirement Leave Account transferred into the Terminal Leave Conversion Program and the entire balance of his DROP account paid to him bi-weekly over the next 30 years.
11. **Morgan, James G.**, the entire balance of his DROP account paid to him bi-weekly over the next 28 years.
12. **Peacock Jr., Harold L.**, a portion of his DROP account paid directly to him and the remaining balance of his DROP account paid to him bi-weekly over the next 30 years.
13. **Rodgers, Rusty R.**, the entire balance of his DROP account paid directly to him.
14. **Williams, Cynthia J.**, the entire balance of her DROP account paid to her bi-weekly over the next 45.5 years.

2012-10-10CA EDUCATIONAL OPPORTUNITIES

Alternative Investing Summit – December 2- 4, 2012 – Opal Financial Group

Trustees & Administrators Institute – February 18-20, 2013 – IFEBP

Commonfund Forum – March 9 – 12, 2013

Investments Institute – April 22-24, 2013 – IFEBP

Portfolio Concepts & Management – May 6-9, 2013 – IFEBP

NCPERS 2013 Annual Conference – May 19-23, 2013

Washington Legislative Update – May 20-21, 2013 – IFEBP

2012-10-11CA

1. Trip Report

A MOTION WAS MADE BY ADAM HERBERT TO APPROVE THE CONSENT AGENDA ITEMS 2012-10-(1-11)CA, DEFERRING ITEM 2012-10-1CA 1 UNTIL REQUESTED CHANGES ARE MADE TO THE SEPTEMBER MINUTES. WALT BUSSELLS SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

NEW BUSINESS

MONTHLY REPORTS

EXECUTIVE DIRECTOR'S REPORT

Investment Report

2012-10-1 Investment Reports from Summit Strategy. Attachment **DEFERRED UNTIL
END OF MEETING.**

2012-10-2 Baillie Gifford Proxy to approve an amendment to the advisory agreement.
Attachment

**RICHARD TUTEN MADE A MOTION TO APPROVE THE AMENDMENT TO
THE ADVISORY AGREEMENT WHICH CHANGES HOW THE FEE IS
CALCULATED BUT DOES NOT RESULT IN AN INCREASE. THE MOTION
WAS SECONDED BY WALT BUSSELLS AND PASSED UNANIMOUSLY.**

2012-10-3 Prudential Fixed Income report on long—term U.S. interest rates. Attachment
RECEIVED AS INFORMATION

Legislative Report

2012-10-4 Resolution 2012-624 introduced by Council Member Crescimbeni at the October
9th City Council meeting authorizing the General Counsel to commence litigation
to determine the legal validity of the Senior Staff Voluntary Retirement Plan.
Attachment **RECEIVED AS INFORMATION**

**The Chairman updated the Board on communications with the City
regarding this issue. He pointed out that the City is quoting Article 16
which applies only to City employees and are ignoring Chapters 175/185.
He also noted that JEA and JTA have similar plans for non-City employees.**

Legal Report

2012-08-1 Agreement for legal services with Sugarman & Susskind as advocate in the
Forfeiture Proceedings-Richard Cannon. Attachment **RECEIVED AS
INFORMATION**

2009-10-3 Greenleaf update. Attachment **RECEIVED AS INFORMATION**

Administrative Report

2012-10-5 Trustee Herbert was honored by a UNF building dedication. **RECEIVED AS
INFORMATION**

2012-10-6 Resolution designating the Fund's senior Retired Police Officer, Sergeant
Herman J. Davis. Attachment

A MOTION WAS MADE BY ADAM HERBERT TO ADOPT THE RESOLUTION COMMEMORATING THE FUND'S SENIOR POLICE OFFICER, SERGEANT HERMAN J. DAVIS. RICHARD TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

2012-07-10 CFO Ronnie Belton's response on Pension Reform "Plan B". Attachment
RECEIVED AS INFORMATION

ADDENDUM:

2012-10-7 Recent review revealed a computer error resulting in a widow being overpaid for 8 years. She has agreed for repay \$139.24 per pay period for her lifetime with any remaining debt to be paid by her estate if she dies before payment is made in full.

RICHARD TUTEN MADE A MOTION TO APPROVE THE REPAYMENT AGREEMENT SETTLEMENT OF \$139.24 PER PAY PERIOD WITH ANY REMAINING DEBT PAID BY HER ESTATE. THE MOTION WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.

2012-06-13 Trustee Bussells asked that the Budget study be implemented. After discussion, it was decided that the budget would be divided in 3 segments, a segment would be sent out to the Trustees prior to the regular meetings with supporting information, and then would be discussed at the meetings.

The Trustees then took up the Investment Reports.

2012-10-1 Investment Reports from Summit Strategy. Attachment

Dan Holmes gave a brief overview of the September Flash Report which was good news. The Fund earned a 19.27% return for the Fiscal Year.

Ann Bryant, an actuary with Summit Strategies, went over the Asset Liability Study based on the Actuarial Valuation as of 10/1/2011 with the Trustees. Summit Strategies thinks they can achieve a 7.5% (opposed to the 6.9% we are currently set up for) future return with further diversification of our asset classes, especially reducing Core Fixed Income. Ms. Bryant noted that the Fund does not have a liquidity problem.

The Board told Ms. Bryant that they were requesting a new valuation as of 10/1/2012 partly because pay had been frozen. Mr. Bussells asked for an estimate (after noting she probably would not want to answer without having the figures before her) on how the frozen pay would move the unfunded liability. Ms. Bryant told Mr. Bussells that he was correct, she could not answer that. There was discussion also on how the increased 20 year retirements would change liabilities also. Richard Tuten noted that when the DROP was first implemented most people retired after 30-32 years. Now they're leaving at 45-48 years old. Mr. Bussells is concerned

about the Member's pay being frozen while the retirees continue to get COLA raises, increasing liabilities while the contributions do not. Ms. Bryant noted that for additional percentage of return, the Fund would save \$30 to \$40 million.

Mr. Bussells noted that Board's primary responsibilities are Policy Makers for Asset Allocation and the execution of that asset allocation plan. He's concerned that though the Fund has had good returns over the last 10 years, it has performed below average. He asked Mr. Holmes what the funds that were doing better were doing differently. Mr. Holmes said he could only answer as far as his other clients, but they had more in International Equities, Small vs. Large Caps, Real Estate, and more diversified Fixed Income.

Both Mr. Bussells and Mr. Holmes spoke of moving to indexing, where appropriate, such as liquid assets, for better performance and lower fees. Mr. Bussells mentioned a study he had read that showed overwhelming evidence that few managers outperform the market with liquid assets and fees are higher. Richard Tuten asked if indexing could compound a bad market? Dan Holmes said that's why you have to decide where it will serve you best and that you still have to be diversified.

Mr. Bussells had cut out an article from Sunday's New York Times that he wanted the Board to see. It has been distributed by copy and email.

Mr. Holmes recommends reducing the Core Fixed Income from 20% to 5% and adding Noncore Real Estate, High Yields (choosing carefully in order to not have overvalued ones), or Emerging Markets providing further diversification in Fixed Income. The plan would also have additional allocation and diversification to Real Estate, increase MLP allocations, and reduce Domestic Equity.

Joey Greive, Acting City Treasurer, noted that the General Employees Retirement Fund was getting ready to do their own Asset Liability Study for the same purpose, noting that the market is changing, and that core Fixed Income was expensive with a low return.

The next steps, if the Board should decide to follow the recommendations:

Development of an implementation plan

Review of existing managers and determination of desired portfolio structures

Manager searches as necessary

Adjustments of investment Policy Statement, as necessary

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There being no further business, the meeting was adjourned at 11:00 a.m.

Nathaniel Glover, Board Secretary