PRESENT

Lt. Richard Tuten III, Board Chair
Richard Patsy, Board Secretary
Lt. Chris Brown, Trustee
Willard Payne, Trustee
William Scheu, Trustee

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Bob Sugarman, Fund Attorney
Pete Strong, Fund Actuary
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Debbie Manning Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

Craig Coleman, Summit Strategies – via webex
Mike Weinstein, Director of Finance, City of Jacksonville

GUESTS

Greg Anderson, City Council
Joe Arnall
David Bauerlein, Florida Times Union
Beau Bottin, JSO/FOP
Anna Brosche, City Council Liaison
Tracey Devine, FIAC
Linda Dufresne, KBLD
Steve Durden, Office of General Counsel
Phillip Eddins, Retiree
Jason Gabriel, Office of General Counsel
Monica Garcia, FCN
Bill Gassett
Joey Greive, Fund Treasurer
Sean Hatchett, PFPF Advisory Committee
Lawskia Hodges, Office of General Counsel
Margie LeBow, Sugarman & Susskind
I. CALL TO ORDER

Chairman Tuten called the meeting to order at 9:04AM.

II. PLEDGE OF ALLEGIANCE

III. A MOMENT OF SILENCE WAS OBSERVED FOR THE FOLLOWING DECEASED MEMBERS:

Donald G. Aspinwall, Retired Police Officer
Franklin C. Bailey Jr., Retired Firefighter Engineer
Christopher B. Chaffee, Retired Fire Lieutenant
Dean F. Hodge, Retired Firefighter

IV. PUBLIC SPEAKING PERIOD

Public speaking from John Winkler (handout for the Board), Larry Pullo, and Bill Gassett. No further requests. Public Speaking Period closed.

V. CONSENT AGENDA - ITEMS 2017-03-(1-14)CA

2017-03-01CA
MEETING SUMMARY AND FINAL TRANSCRIPT APPROVED
1. Meeting Summary and Final Transcript of the Board of Trustee Meeting held on February 17, 2017. Copies held in the meeting files.

2017-03-02CA
DISBURSEMENTS

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

DISBURSEMENTS A - 2/1/2017 thru 2/28/2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Baker Gilmour Cardiovascular</td>
<td>$4,150.00</td>
</tr>
<tr>
<td>2. Sugarman &amp; Susskind</td>
<td>$427.50</td>
</tr>
<tr>
<td>3. ACCESS</td>
<td>$1,180.25</td>
</tr>
<tr>
<td>4. Pension Board Consultants</td>
<td>$19,500.00</td>
</tr>
<tr>
<td>5. Klausner, Kaufman, Jensen &amp; Levinson</td>
<td>$339.25</td>
</tr>
<tr>
<td>6. KBLD LLC</td>
<td>$25,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$50,597.00</strong></td>
</tr>
</tbody>
</table>

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

DISBURSEMENTS B

Transaction list of Accounts Payable distributions $14,523.07
2/1/2017 thru 2/28/2017

2017-03-03CA PENSION DISTRIBUTIONS

<table>
<thead>
<tr>
<th>A. February 10, 2017</th>
<th>Regular Gross</th>
<th>$5,263,345.69</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular Lumpsum</td>
<td>$7,702.52</td>
</tr>
<tr>
<td></td>
<td>Regular Rollover</td>
<td>$5,480.92</td>
</tr>
<tr>
<td></td>
<td>Regular DROP Gross</td>
<td>$1,049,085.11</td>
</tr>
<tr>
<td></td>
<td>DROP Lumpsum</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>DROP Rollover</td>
<td>$0.00</td>
</tr>
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</table>
B. February 24, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Regular Gross</td>
<td>$5,265,583.82</td>
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<tr>
<td>Regular Lumpsum</td>
<td>$1,184.73</td>
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<tr>
<td>Regular Rollover</td>
<td>$0.00</td>
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<tr>
<td>Regular DROP Gross</td>
<td>$1,048,945.04</td>
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<tr>
<td>DROP Lumpsum</td>
<td>$10,000.00</td>
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<tr>
<td>DROP Rollover</td>
<td>$297,476.02</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,623,189.61</strong></td>
</tr>
</tbody>
</table>

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN REVIEWED AND CALCULATED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

The following Consent Agenda items 2017-03-(4-6)CA were verified with supporting documentation and approved at the Advisory Committee meeting held on March 8, 2017. Vote was unanimous.

**2017-03-04CA**
APPLICATIONS FOR MEMBERSHIP

**2017-03-05CA**
APPLICATIONS FOR SURVIVOR BENEFIT

**2017-03-06CA**
APPLICATIONS FOR TIME SERVICE RETIREMENT

The following Consent Agenda items 2017-03-(7-14)CA were verified with supporting documentation and received as information at the Advisory Committee meeting held on March 8, 2017.

**2017-03-07CA**
APPLICATIONS FOR TIME SERVICE CONNECTION

**2017-03-08CA**
REFUND OF PENSION CONTRIBUTIONS

**2017-03-09CA**
SHARE PLAN DISTRIBUTIONS

**2017-03-10CA**
APPLICATIONS FOR DROP
2017-03-11CA
DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2017-03-12CA
DROP DISTRIBUTIONS

2017-03-13CA
DROP DISTRIBUTIONS FOR SURVIVORS

2017-03-14CA
DROP ENROLLMENT STATISTICS

A motion was made by Bill Scheu to approve the Consent Agenda items 2017-03-(01-14CA), seconded by Chris Brown. The vote was unanimous.

VI. EXECUTIVE DIRECTOR’S REPORTS – Timothy H. Johnson

Tim Johnson reviewed the monthly status report with the Board and clarified that there are a lot of public records in process, and that we are ahead of schedule in processing them. Tim said that the average turnaround time to complete the requests is around 2 weeks. Tim clarified that since the PFPF receives the requests directly, turnaround time is fast.

Tim Johnson reviewed the FIAC report from their meeting on 3-10-2017. He recommended that the Board authorize himself and Dan Holmes to request the three managers listed on the report (HS Management, Loomis Sayles, and Sustainable Growth Advisors) for interviews.

A motion was made by Chris Brown, seconded by Richard Patsy, to call the managers to be interviewed. The vote was unanimous.

VII. COUNSEL REPORTS – Lawsikia Hodges & Bob Sugarman

There were no new counsel reports.

VIII. ACTUARY REPORT – Pete Strong

Pete Strong told the Board that he is diligently working to replicate Jarmon Welch’s reports. Pete said that he should be able to completely replicate the reports to within 1% variance from Jarmon Welch’s reports in a couple of weeks’ time.

Joey Greive gave a handout to the Board requesting that the Board perform an Actuarial Impact Statement by March 31st to determine the new Actuarially Determined Employer
Contribution based upon the funding modifications contained in the 2017 agreements between the Police and Fire unions and the City.

Chairman Tuten asked Pete Strong if he is using the new 6.5 – 6.5 – 7.0 % raises in his replication calculations of Jarmon Welch’s reports.

Pete Strong replied that he is just replicating the original reports now, and that a deadline of March 31st is pushing it.

Tim Johnson informed the Board that Jarmon Welch’s 10-1-16 report is being reviewed in regards to the newly proposed payroll growth rate of .067 which will be phased in over the next 3 years. He said that we have not received an approval or official response from the State yet.

Bill Scheu asked Joey Greive what discount rate is being used if he is recording the present value of the future surtax revenues in his calculations.

Joey Greive said that the actuarial assumed rate of return for the plan, 7.0%, is being used in his calculations.

Chairman Tuten said that the Board was under the assumption that the Board had to approve this deal. Tuten said that Jason Gabriel is now saying that this is not the case. Tuten wants Pete Strong to incorporate analysis in time for the April Board of Trustees Meeting using alternative discount rates.

Bill Scheu said that the Board must follow ordinance, and that the FIAC must review any actuarial matters.

Jason Gabriel said that once the new ordinance is filed, he will be required to bring supporting documents to the Board. Depending on the time it is filed, it will ‘start the clock ticking’. 5-6 weeks would be most likely. Public Hearings will be held as well.

Bill Scheu said that April 21st is the next Board meeting, and that the Board cannot accept any new payroll growth assumptions without an experience study.

Chairman Tuten said that we don’t even have approval by the State yet.

Bill Scheu said that we should change wording in the request.

Chairman Tuten said that the Board cannot pass something based on a ‘report’. The Board needs a study – an impact statement – which falls under the Board’s fiduciary responsibility. First of all, the Board needs the State’s approval.
Bill Scheu reiterated that if they want an impact statement, then the FIAC must review by law. If we just want a study, the FIAC does not need to review.

Chairman Tuten said that the Board can request preliminary reports containing calculations using alternative assumptions. He said that we need a disclaimer that says this is not a legal document.

Bob Sugarman said that we should give the City calculations with all assumptions, and let the City decide what they want. Then we get approval by the State, and send it through the FIAC.

Chris Brown said that we should move as fast as possible, however the 31st seems too soon.

Bob Sugarman recommended a motion to:

1. Ask Actuary for report incorporating calculations using assumptions provided by the City;
2. Provide Actuarial Impact Study once requested by the City.

The motion was made by Chris Brown, and seconded by Bill Scheu. The vote was unanimous.

IX. INVESTMENT CONSULTANT REPORTS – Craig Coleman w Summit

1. Large Cap Growth Search/Review
2. Flash Report – February 28, 2017

In the interest of time, Chairman Tuten deferred the Investment Consultant Reports to the April, 2017 Board of Trustees Meeting.

X. OLD BUSINESS

1. FINAL of 2016 KBLD Financial Audit – Linda Dufresne

Linda Dufresne gave the Board a final quick review of some corrections of typos to the 2016 Financial Audit.

Devin Carter said that the Board needs to approve the Audit report.
Anna Brosche asked Pete Strong if the change of mortality tables from 2014 to 2000 makes sense on page 22.

Pete Strong said that the move was required by State Statute.

A motion was made by Richard Patsy to approve the 2016 Financial Audit, seconded by Willard Payne. The vote was unanimous.

Chairman Tuten called a break at 10:21AM. He resumed the meeting at 10:36AM.

XI. **NEW BUSINESS**

1. **Review and Discussion of the Pension Reform Surtax**

Tim Johnson said that he had two questions:

1. **What specific action must be taken by the Board?** Jason Gabriel now says, upon research, that no action must be taken by the Board.

   Tim Johnson reiterated that the City has given us no information as to forgo the supplemental payments, and that Mike Weinstein is not present to give a presentation.

2. **What has changed in the past 30 days?**

Chairman Tuten said to Jason Gabriel that the City made contracts with the Police and Fire unions, and that the City met with the Board of Trustees individually last month. But now the Board of Trustees doesn’t need to vote. He said he found this revelation curious since it is just now coming out, days before discussion with the Board.

Jason Gabriel began telling his account of the story of the Police and Fire Pension Fund’s history, including his take of the 1990, 2000, 2013, and 2015 agreements and proposed agreements between the PFPF and the City. He noted three highlights of the 2015 agreement: Benefit Design, Financial Transactions (unfunded liability), and Governance and Administration.

Jason said that the Board of Trustees has no place negotiating collective bargaining agreements (CBAs), per Florida Law.

Jason Gabriel said that to answer Tim’s second question, the City and the unions entered into ‘good-faith’ collective bargaining for the first time in the past 20 years. The Board does not
interfere with rights to agree on benefits and collective bargaining. And that the state statute should not be violated – thus the Board should not vote.

Bill Scheu asked Jason to make it clear that no governance reforms made as a result of the 2015 agreement will be changed, and Jason clarified that no changes to governance will be made.

Chairman Tuten asked how an agreement between two parties can be changed when one of the parties is excluded from a new agreement. Tuten expressed his dire concern with the General Counsel’s ability to advise the Board of Trustees free from conflicts of interest, given the evident fact that Jason Gabriel is hired directly by the Mayor, and ultimately answers to the Mayor.

Jason Gabriel said that his conclusion is that there is no need to dissolve the 2015 agreement. His conclusion is that the CBA complies with 2015-304-E.

Bill Scheu said he wants assurance that the Board is free from fiduciary responsibility relating to the CBA.

Bob Sugarman said that there is no need to be worried about fiduciary responsibility concerning the new CBA, and that the Board has no right to vote on it. The Actuarial Impact Statement is basically a bill to the City. He said the real concern to the Fund is liquidity resulting from forgoing the supplemental payments – basically does the bill give us enough cash to operate. He said that the ‘stuff’ will ‘hit the fan’ when we present the Actuarial Impact Statement. Bob said that we’ll have to say, ‘This is how we value the surtax via our actuary’. Actuaries must disclose what are and are not reasonable assumptions. The growth of the surtax cannot be spoken to by the actuary; it is out of their scope.

Chairman Tuten said, for the record, “The Mayor’s plan is terrible.” He wants to save money now, putting the problem off for years – for a future administration to deal with. He said the Board may have to sue the City to stop implementation of the new plan.

A motion was made by Bill Scheu to authorize Tim Johnson to employ a financial consultant to evaluate all the City’s assumptions, including the growth of the surtax, seconded by Chris Brown. The vote was unanimous.

Bill Scheu recommended that the questions he wrote concerning the new agreement be provided to City Council. He said he encourages the Mayor and Council to consider continuing the supplemental payments.

Chris Brown said the City shouldn’t let the ‘credit card bill’ continue to grow over the next 13 years without at least paying the interest.
Richard Patsy said the unfunded liability will continue grow and compound regardless of if the City’s surtax revenue scheme pans out or not.

A motion was made by Richard Patsy to:

1. Recommend the City get independent financial analysis (and to include the questions provided by Bill Scheu).

2. Consider continuing the supplemental payments.

The motion was seconded by Chris Brown. The vote was unanimous.

XII. ADJOURNMENT

Chairman Tuten adjourned the meeting at 11:52AM.

NOTES:

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Pension Benefits Specialist at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

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.

Additional items may be added / changed prior to meeting.

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Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on April 21, 2017