

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – MARCH 18, 2016
RICHARD “DICK” COHEE BOARD ROOM**

PPFF MISSION STATEMENT:

To provide long term benefits to participants and their beneficiaries

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
Richard Patsy, Trustee
Willard Payne, Trustee
William E. Scheu, Trustee

STAFF

Beth McCague, Interim Executive Director – Plan Administrator
Paul Daragjati, Fund Attorney
Dan Holmes, Summit Strategies
Devin Carter, Chief Financial Officer – *via phone*
Debbie Manning, Executive Assistant
Cindy Danese, AAA Reporters

EXCUSED

Lt. Richard Tuten III, Board Secretary – *via phone off and on until 10:24am*

GUESTS

Mike Weinstein, Director of Finance – *left meeting at 9:38am*
Tommy Hazouri, City Council Liaison
Joey Greive, Fund Treasurer
Steve Durden, Office of General Counsel
Steve Zona, FOP President
Randy Wyse, Jax. Assoc. of Fire Fighters
David Bauerlein, Times Union

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Eileen Kelley, Times Union
Curtis Lee

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.

CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AT 9:06AM

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

Wilbur G. Cox, Retired Fire Captain
James "Pnut" T. Wilson, Retired Fire Fighter Engineer
Francis "Frank" Pellicer Jr., Retired Fire Fighter Engineer

The Board of Trustees recited the Pledge of Allegiance.

PUBLIC SPEAKING PERIOD

CHAIRMAN SCHMITT ASKED IF THERE WERE ANY SPEAKER REQUESTS. CURTIS LEE WAS THE ONLY REQUEST. CURTIS SPOKE TO THE BOARD. THERE WERE NO FURTHER REQUESTS. CHAIRMAN SCHMITT CLOSED THE PUBLIC SPEAKING PERIOD.

CHAIRMAN SCHMITT INTRODUCED OUR SPECIAL GUEST, MIKE WEINSTEIN.

MIKE WEINSTEIN UPDATED THE BOARD REGARDING THE MAYOR'S SURTAX PROPOSAL. THE PROPOSAL IS CURRENTLY IN A HOLDING PATTERN. THE GOVERNOR CAN VETO THE PROPOSAL. HE HAS 15 DAYS TO DECIDE.

THE MAYOR AND CITY COUNCIL WOULD DECIDE WHEN THE REFERENDUM WOULD TAKE PLACE. NO TIME FRAME, NO DEADLINE. WHATEVER OPTION IS CHOSEN, IT WON'T JEOPARDIZE THE LIQUIDITY OF THE FUND. THE FUND WILL BE A PART OF THE DECISION, WE'LL DO THAT TOGETHER.

CHAIRMAN SCHMITT RE-EMPHASIZED THE POLICE AND FIRE PENSION FUND MISSION STATEMENT: *To provide long term benefits to participants and their beneficiaries*

CONSENT AGENDA - ITEMS 2016-03-(1-10)CA

2016-03-1CA MINUTES TO BE APPROVED

2016-03-2CA DISBURSEMENTS

2016-03-3CA PENSION DISTRIBUTIONS

2016-03-4CA APPLICATION FOR TIME CONNECTIONS

2016-03-5CA APPLICATION FOR SURVIVOR BENEFITS

2016-03-6CA APPLICATION FOR CHILD'S BENEFIT

2016-03-7CA REFUND OF PENSION CONTRIBUTIONS

2016-03-8CA APPLICATION FOR DROP

2016-03-9CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2016-03-10CA DROP DISTRIBUTIONS

A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE CONSENT AGENDA ITEMS 2016-03-(1-10)CA. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

OLD BUSINESS

LEGAL – *Paul Daragjati*

- Update on active Securities Litigation cases

PAUL DARAGJATI STATED THEY HAVE NOT HEARD ANYTHING REGARDING THE PLAINS ALL AMERICAN CASE

- Report on NII Holdings Litigation attorney fees

NII HOLDINGS LITIGATION IS STILL IN A HOLDING PATTERN WAITING ON AN ORDER FROM THE COURT

JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD TRUSTEES V. FRANK DENTON, FLORIDA SUPREME COURT CASE NO. SC14-2490 - Presentation of final Plaintiff legal bill

PAUL DARAGJATI SAID THE CURRENT FOCUS IS TO DISCUSS THE CLAIMS FOR LEGAL FEES. IF A PARTY WINS, THEY GET ATTORNEY FEES. DENTON FEES OF \$306,000 ARE TO BE SPLIT BETWEEN THE PENSION FUND AND THE CITY.

NEGOTIATIONS BEGAN BETWEEN THE PARTIES. THE CLIENT WAS WILLING TO SETTLE FOR \$280,000.

PAUL DARAGJATI SUGGESTED SETTLEMENT FOR \$250,000. IF WE GO WITH A HEARING, AND HIRE AN EXPERT TO REVIEW THE BILLING, THERE WILL BE FEES AND ADDITIONAL TIME INVOLVED. ALSO, DO WE WANT THIS TO CONTINUE IN THE PUBLIC EYE?

THE PENSION FUND AND THE CITY ARE TOGETHER ON THIS. THE FEE SHOULD BE SPLIT EQUALLY. IT STILL HAS TO GO TO CITY COUNCIL FOR THEIR APPROVAL.

A MOTION WAS MADE BY TRUSTEE SCHEU TO PROPOSE A SETTLEMENT AUTHORIZING THE JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES TO GO TO NOT MORE THEN \$140,000 WITH THE CONDITION UPON RELEASE FROM ANY OTHER SUIT OBLIGATION. SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

STEVE DURDEN WITH THE OFFICE OF GENERAL COUNSEL STATED THERE MAY BE AN ISSUE WITH JOINT LIABILITY. THIS CASE CAME TO US AS A TOTAL SETTLEMENT.

ALSO, PAUL DARAGJATI WAS ASKED TO UPDATE THE BOARD ON THE LEE CASE. THERE ARE TWO CASES STILL PENDING:

- **MARCH, 2015 CASE IS NOT RESOLVED. KLAUSNER'S OFFICE IS BILLING FOR THIS CASE.**
- **THE OPEN MEETINGS CASE IS TO BE ARGUED NEXT TUESDAY. APPELLATE ISSUES. KLAUSNER'S OFFICE IS NOT BILLING FOR THIS CASE. IF THEY WIN, THEY RECEIVE FEES.**

2015-11-3 - Motion to confirm two new members on the Financial Investment Advisory Committee (FIAC) for approval by City Council – *attachments*

- (a) Michael Lukaszewski Sr.
- (b) Arlie Rodney VanPelt

INTERIM EXECUTIVE DIRECTOR, BETH McCAGUE CONFIRMED THAT BOTH MEMBERS HAVE BEEN INTERVIEWED AND THEY HAVE BEEN ATTENDING MEETINGS.

A MOTION WAS MADE BY TRUSTEE PATSY TO CONFIRM THE TWO NEW MEMBERS, MICHAEL LUKASZEWSKI SR. AND RODNEY VANPELT FOR THE FINANCIAL INVESTMENT ADVISORY COMMITTEE (FIAC). SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

2016-1-7 - Risk Management discussion regarding the addition of Employee Crime Insurance Policy – *attachment*

BETH McCAGUE DISCUSSED ADDING EMPLOYEE CRIME INSURANCE PER THE ATTACHED QUOTE. FOR A \$1,000,000 COVERAGE, THE COST IS \$5,000 A YEAR WITH A \$20,000 DEDUCTIBLE. THIS DOES NOT APPLY TO BOARD MEMBERS.

A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE A \$1,000,000 POLICY FOR EMPLOYEE CRIME INSURANCE AT A COST OF \$5,000 WITH A \$20,000 DEDUCTIBLE. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

FINANCIAL/INVESTMENT REPORTS

OLD BUSINESS

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

DEVIN CARTER, VIA PHONE, DISCUSSED THE BUDGET WITH THE BOARD. RECEIVED AS INFORMATION

2016-02-1 Asset Allocation recommendations – *Dan Holmes*

A MOTION WAS MADE BY TRUSTEE PATSY TO ADOPT THE RECOMMENDATIONS MADE BY DAN HOLMES WITH SUMMIT. SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

A SECOND MOTION WAS MADE BY TRUSTEE SCHEU TO ADD PRIVATE EQUITY TO THE PORTFOLIO WITH A ZERO ALLOCATION. SECONDED BY TRUSTEE PAYNE. VOTE WAS THREE TO ONE. TRUSTEE PATSY WAS AGAINST.

CHAIRMAN SCHMITT SAID THIS ADDS STRENGTH TO OUR PORTFOLIO. IF WE DON'T INCLUDE THE PRIVATE EQUITY, WE REDUCE OUR OPTIONS.

TRUSTEE PATSY SAID THIS IS A VERY SPECIALIZED MARKET SEGMENT.

2015-11-6 Forensic Investigation – *attachments*

- (a) Final Report of the Subcommittee on Subpoenas Related to PFPF
- *Attachment 1*
 - *Attachment 2*
 - *Attachment 3*

RECEIVED AS INFORMATION

NEW BUSINESS – ITEMS 2016-03-(1-8)

2016-03-1 Review of Current Securities Litigation Policy – *attachment*

BETH McCAGUE ADVISED THE BOARD THAT THIS POLICY HAS BEEN IN EFFECT SINCE 2013. SEVERAL ITEMS NEED TO BE CHANGED SUCH AS PARAGRAPH 6 AS WE DON'T HAVE AN AUDIT COMMITTEE; THE LANGUAGE FOR THE EXECUTIVE DIRECTOR NEEDS TO BE CLEANED UP.

BETH WILL WORK ON THIS AND BRING CHANGES TO THE BOARD AT NEXT MONTHS MEETING.

THE BOARD IS IN FAVOR OF CHANGING THE POLICY TO BE APPROVED BY THE BOARD, AND TO RE-WORD AND ADD AT THE END - WILL BE MADE BY A VOTE OF THE BOARD.

A MOTION WAS MADE BY TRUSTEE SCHEU TO CHANGE THE WORDING TO ADD AT THE END, WILL BE MADE BY A VOTE OF THE BOARD. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

2016-03-2 Review of Current Commission Recapture Agreements

BETH McCAGUE ADVISED THE BOARD THAT WE CURRENTLY HAVE FOUR COMMISSION RECAPTURE AGREEMENTS. THEY ARE WITH CONVERGEX, KNIGHT, CAPITAL INSTITUTIONAL SERVICES, AND ABEL NOSER. SOME OF THESE WE CURRENTLY DON'T DO BUSINESS WITH. RECEIVED AS INFORMATION

2016-03-3 Summit – Monthly Economic & Capital Market Update – February, 2016 – *attachment*

RECEIVED AS INFORMATION

2016-03-4 Summit – Flash Report – February 29, 2016 – *attachment*

RECEIVED AS INFORMATION

2016-03-5 Summit – Core Plus Manager Search discussion

DAN HOLMES CONFIRMED THAT FOUR MANAGERS MADE PRESENTATIONS AT THE WORKSHOP MEETING YESTERDAY.

TRUSTEE PATSY WAS UNABLE TO ATTEND THE MEETING BUT HAS STUDIED THE PRESENTATION DOCUMENTS. HE LIKES LOOMIS, WAMCO, AND BLACKROCK. HE RECOMMENDS ELIMINATING EMERGING MARKET DEBT AND HIRE TWO CORE PLUS MANAGERS.

ALL OF THESE MANAGERS RECOMMENDED BY SUMMIT ARE TOP TIER.

JOEY GREIVE, CITY TREASURER, RECOMMENDED WE FIND A WAY TO MOVE FORWARD ON CORE PLUS.

THE BOARD OF TRUSTEES AUTHORIZED DAN HOLMES TO PROCEED WITH WORKING THE BEST FIT AND FEE.

FIAC MEMBERS ARE COMFORTABLE WITH MAKING THE CHANGES RECOMMENDED.

2016-03-6 Summit – Active vs Passive, Manager & Fee Reviews - *attachment*

DAN HOLMES REFERRED BOARD TO PAGE 72 OF THE ATTACHMENT. SUMMIT LOOKED AT FEES AND RANKED THEM. OUT OF ALL THE MANAGERS, TWO CAME IN LAST.

DEFERRED TO WORKSHOP

2016-03-7 Analysis of DROP Enrollment Statistics FY1999 to April FY2016 - *attachment*

RECEIVED AS INFORMATION

ADMINISTRATIVE REPORTS

2016-03-8 Beth McCague, Interim Executive Director update on pending projects – *attachment*

SEE LIST ATTACHED FOR SUMMARY

CHAIRMAN SCHMITT INTRODUCED PAUL DARAGJATI, FUND COUNSEL

NOTICE OF EXECUTIVE SESSION – *Paul Daragjati*

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CLOSED SESSION

END OF CLOSED SESSION

CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 12:59PM.

**TO BE APPROVED AT THE NEXT BOARD OF
TRUSTEE MEETING ON APRIL 15, 2016**

Richard Tuten III, Board Secretary