

**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES  
MEETING SUMMARY – APRIL 15, 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  
Lt. Richard Tuten III, Board Secretary  
Richard Patsy, Trustee  
William E. Scheu, Trustee

**STAFF**

Beth McCague, Interim Executive Director – Plan Administrator  
Paul Daragjati, Fund Attorney  
Dan Holmes, Summit Strategies – *via phone*  
Debbie Manning, Executive Assistant  
Denice Taylor, AAA Reporters

**EXCUSED**

Willard Payne, Trustee  
Devin Carter, Chief Financial Officer

**CITY REPRESENTATIVES INVITED**

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

**GUESTS**

John Schickel, Fund Special Legal Counsel  
William Winko, Retired JSO

Police and Fire Pension Fund  
Board of Trustees  
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Steve Zona, FOP President  
Mark Muchowitz  
Jenny Busby, Asst. to City Council Liaison  
David Bauerlein, 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 9:02AM**

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

Robert A. Barlanti Sr., Retired Police Officer  
Joseph E. Starling, Retired Police Sergeant  
Robert C. "Bob" Dickinson, Retired Police Sergeant  
Milton A. Rhoden, Retired Fire Fighter  
Raymond K. Eminisor, Retired Police Officer

The Board of Trustees recited the Pledge of Allegiance.

**PUBLIC SPEAKING PERIOD**

**CHAIRMAN SCHMITT ASKED IF THERE WERE ANY PUBLIC SPEAKING REQUESTS. ONE REQUEST FROM CURTIS LEE. A HANDOUT WAS DISTRIBUTED TO THE BOARD.**

**WITH NO ADDITIONAL REQUESTS, CHAIRMAN SCHMITT ADVISED THAT THE PUBLIC SPEAKING PERIOD WAS CLOSED.**

**BETH MCCAGUE INFORMED THE BOARD THAT AT THE SUGGESTION OF TRUSTEE PATSY, WE ARE TRYING SOMETHING NEW WITH THE ATTACHMENTS FOR THE MEETING. THEY ARE IN A NOTEBOOK, UNDER TABS. WE WILL REFERENCE THE TAB AS THEY ARE DISCUSSED DURING THE MEETING.**

**CONSENT AGENDA – ITEMS 2016-04-(1-9)CA**

**2016-04-1CA MINUTES TO BE APPROVED**

**2016-04-2CA DISBURSEMENTS**

**2016-04-3CA PENSION DISTRIBUTIONS**

**2016-04-4CA APPLICATION FOR SURVIVOR BENEFITS**

**2016-04-5CA REFUND OF PENSION CONTRIBUTIONS**

**2016-04-6CA APPLICATION FOR TIME SERVICE RETIREMENT**

**2016-04-7CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT**

**2016-04-8CA DROP DISTRIBUTIONS**

**2016-04-9CA DROP DISTRIBUTIONS FOR SURVIVORS**

**A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE CONSENT AGENDA ITEMS - 2016-04(1-9)CA. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.**

**OLD BUSINESS**

**LEGAL – *Paul Daragjati***

- Legal information regarding activity on class action CVB case
- Background and update on Lee open meetings case
- Update on Securities Litigation cases pending

**PAUL DARAGJATI DISCUSSED WITH THE BOARD UPDATED INFORMATION ON SEVERAL SECURITIES LITIGATION CASES SUCH AS CVB, NII, AND TOWER. MOST ARE STILL PENDING.**

**REGARDING JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD TRUSTEES V. FRANK DENTON, FLORIDA SUPREME COURT CASE NO. SC14-2490. AT THE BOARD'S LAST MEETING, \$280,000 SETTLEMENT WAS APPROVED WITH THE BOARD AND CITY PAYING 50/50. SINCE THEN, THE LEGAL FEES WERE REDUCED TO \$270,000, WITH THE BOARD PAYING \$156,000 VS \$114,000 THAT THE CITY SHOULD PAY.**

**A MOTION WAS MADE BY TRUSTEE SCHEU TO AUTHORIZE PAYMENT IN THE AMOUNT OF \$156,000 BY THE JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES AS SETTLEMENT IN THE FRANK DENTON, FLORIDA SUPREME COURT CASE NO. SC14-2490. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.**

**IN THE CASES INVOLVING CURTIS LEE, THE POLICE AND FIRE PENSION FUND PREVIOUSLY WON SIX OUT OF EIGHT. IF WE CANNOT COME TO AN AGREEMENT ON THE AMOUNT OF LEGAL FEES OWED, WE MAY SEND A MOTION TO CLARIFY THE**

**OPINION WHICH MAY THEN GO TO THE SUPREME COURT. THIS COULD BE AVOIDED THRU SIMPLE NEGOTIATION, TRYING TO AVOID A HEARING**

**FINANCIAL/INVESTMENT REPORTS**

**OLD BUSINESS**

**2015-5-2** FY2015/2016 Budget - Quarterly Financial Report Actual vs Budget – March, 2016 – *Beth McCague*

**RECEIVED AS INFORMATION**

**2016-03-1** Revisions to Current Securities Litigation Policy – *attachment*

**BETH MCCAGUE ADVISED THAT REVISIONS TO THE SECURITIES LITIGATION POLICY GO BACK TO WHAT IT WAS SEVERAL YEARS AGO. MOVING BACK TO BOARD LEVEL.**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO APPROVE THE REVISIONS TO THE SECURITIES LITIGATION POLICY EFFECTIVE APRIL 15, 2016. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.**

**2016-01-5** Revision to 2015 Actuarial Valuation Report as of October 1, 2015 – *Beth McCague*

**BETH MCCAGUE EXPLAINED WITH THE BOARD THE REVISION TO THE 2015 ACTUARIAL VALUATION REPORT BASED ON CHANGES MADE BY JARMON WELCH WITH PENSION BOARD CONSULTANTS.**

**CHAIRMAN SCHMITT NOTED THAT OF THE TOTAL CITY MINIMUM REQUIRED PERCENTAGE OF PAYROLL 119.60%, OF THAT, 92.1% IS ATTRIBUTED TO THE UNFUNDED ACTUARIAL ACCRUED LIABILITY.**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO ACCEPT THE REVISION TO THE 2015 ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2015. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

**2016-02-1** Asset Allocation recommendations – *pg 2 of April 11<sup>th</sup> meeting materials – Dan Holmes*

**DAN HOLMES ADVISED THE BOARD THAT WE WILL BE WORKING UNDER THE NEW ALLOCATIONS, THAT WERE APPROVED AT THE MARCH 18<sup>TH</sup> BOARD OF TRUSTEE MEETING, WHEN WE REBALANCE THE FUNDS.**

**NEW BUSINESS – ITEMS 2016-04-(1-6)**

**2016-04-1** Summit – *Beth McCague and Dan Holmes*

**RECOMMENDATIONS FROM FIAC AND BOARD OF TRUSTEE WORKSHOP ON APRIL 11<sup>TH</sup>:**

1. Terminate Large Cap Value Manager – GAMCO

**MOTION WAS MADE BY TRUSTEE PATSY TO TERMINATE LARGE CAP VALUE MANAGER GAMCO FROM PORTFOLIO, AND REDISTRIBUTE THE ASSETS TO EAGLE AND NORTHERN TRUST S&P 500 INDEX FUND. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

2. Prepare Comparison of Sawgrass and Brown performance as of 3/31/2016. Maintain both managers.
  - *Summit to recommend Sawgrass fee - performance vs flat percentage fee*

**RECEIVED AS INFORMATION**

3. Terminate Small Cap Manager – DRZ (DePrince, Race & Zollo)

**TRUSTEE TUTEN STATED THAT THE BOARD HAS HAD DRZ FOR A LONG TIME AS A MONEY MANAGER. TRUSTEE TUTEN IS NOT COMFORTABLE TERMINATING DRZ WITHOUT HEARING FROM THEM. DAN HOLMES SPOKE TO DRZ ABOUT THIS EXPECTED CHANGE. TRUSTEE TUTEN STILL WOULD LIKE TO INTERVIEW THEM BEFORE HIRING SOMEONE NEW TO REPLACE THEM. TRUSTEE TUTEN REQUESTS THAT THE BOARD ALLOW DRZ TO DO A PRESENTATION AS WELL.**

**A MOTION WAS MADE BY TRUSTEE TUTEN TO INCLUDE DRZ IN THE INTERVIEWS FOR SMALL CAP MANAGERS. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

4. Schedule interviews for replacement of Small Cap Manager: Wedge, William Blair, AJO

**DAN HOLMES WILL SCHEDULE INTERVIEWS FOR THE BOARD AS SOON AS POSSIBLE WITH THREE SMALL CAP MANAGERS THAT WERE RECOMMENDED - WEDGE, WILLIAM BLAIR, AND AJO – AND INCLUDE DRZ WITH THE INTERVIEWS.**

5. Collapse Emerging Market Debt and Bank Loan asset classes into Core Plus Fixed.

**A MOTION WAS MADE BY TRUSTEE PATSY TO COLLAPSE EMERGING MARKET DEBT AND BANK LOAN ASSET CLASSES INTO CORE PLUS FIXED TO ACHIEVE A HIGHER RATE OF RETURN. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

6. Authorize Summit Strategies to negotiate with Neuberger and Blackrock

**AFTER CAREFUL THOUGHT, TRUSTEE PATSY FELT THAT NEUBERGER AND BLACKROCK TOGETHER WOULD NOT PRODUCE THE HIGHER RETURNS EXPECTED ONCE THE EMERGING MARKET DEBT, BANK LOANS, AND CORE PLUS FIXED WERE COMBINED THEREFORE, HE RECOMMENDS NEUBERGER AND LOOMIS AS THE MANAGERS FOR THIS ASSET CLASS.**

**A MOTION WAS MADE BY TRUSTEE PATSY TO HIRE NEUBERGER (60%) AND LOOMIS (40%) AS CORE PLUS FIXED MANAGERS. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.**

**2016-04-2** Summit – Monthly Economic & Capital Market Update – March, 2016 –  
*attachment*

**RECEIVED AS INFORMATION**

**2016-04-3** Summit – Flash Report – March 31, 2016 – *attachment*

**RECEIVED AS INFORMATION**

**2016-04-4** Notification regarding Medical Director, Dr. Scott Baker's retirement April 1, 2016

**BETH MCCAGUE ADVISED THE BOARD THAT DR. BAKER DID RETIRE BUT IS STILL A CERTIFIED M.D., AND WILL CONTINUE REVIEWING PHYSICALS FOR NEW RECRUITS AND DISABILITIES FOR THE PFPF UNTIL A REPLACEMENT CAN BE FOUND.**

**BETH SAID THE BOARD WILL ESTABLISH PERAMETERS FOR AN RFP AS SOON AS POSSIBLE.**

**RECEIVED AS INFORMATION**

**2016-04-5** Amendment to lease for the Office of Regional Criminal Conflict and Civic Regional Council

**BETH MCCAGUE SAID THE TENANTS ON THE SECOND FLOOR, OFFICE OF REGIONAL CRIMINAL CONFLICT, HAVE ASKED TO INCREASE THEIR SPACE ON THE SECOND FLOOR BY AN ADDITIONAL 1,300 SQUARE FEET, AND EXTEND THEIR LEASE FOR TWO YEARS EFFECTIVE JULY 1, 2016.**

**THE BOARD APPROVED MOVING FORWARD ON AN ADDENDUM TO THE LEASE AGREEMENT. FINAL LEASE TERMS WILL BE BROUGHT TO THE BOARD FOR APPROVAL PRIOR TO JULY 1<sup>ST</sup>.**

**LEGAL** – *John Schickel arrived at 10:20am to discuss the following case with the Board:*

**ATTORNEY SCHICKEL REVIEWED AND UPDATED THE BOARD OF TRUSTEES REGARDING CITY OF JACKSONVILLE V. BOARD OF TRUSTEES, POLICE AND FIRE PENSION FUND AND JOHN KEANE, FOURTH JUDICIAL CIRCUIT CASE NUMBER 2015-ca-007380.**

**ATTORNEY SCHICKEL REVIEWED THE INFORMATION DISCUSSED AT THE SHADE MEETING HELD ON MARCH 18<sup>TH</sup>. HE NOTED THAT SEVERAL OF THE TRUSTEES WERE NEW AND DID NOT HAVE THE BENEFIT OF HISTORY ON THE CASE. HE GAVE THE BACKGROUND REGARDING THE LAWSUIT.**

**ATTORNEY SCHICKEL STATED HE AND MR. KEANE MET WITH CITY ATTORNEYS IN NOVEMBER AND BELIEVED THAT AN AGREEMENT HAD BEEN REACHED. NEVERTHELESS, THE CITY FILED SUIT ON NOVEMBER 20, 2015.**

**AT THE FEBRUARY 22, 2016 CITY COUNCIL MEETING, THE COUNCIL AGREED MR. KEANE WAS DUE A PENSION, BUT COULD NOT AGREE ON A DISCOUNTED AMOUNT. PENSION IS PART OF THE COMPENSATION ESTABLISHED BY THE BOARD.**

**SERVICE WAS FILED ON MARCH 7, 2016. AT THAT TIME, MRS. COHEE, SURVIVOR BENEFICIARY OF DECEASED FUND EMPLOYEE RICHARD COHEE, AND DONNA WALMSLEY, FORMER PENSION FUND EMPLOYEE, WERE ADDED AS PARTIES TO THE SUIT. HOWEVER, MRS. COHEE HAD NOT BEEN SERVED NOTICE AS A RESULT OF HER SEVERE MEDICAL SITUATION.**

**CITY ATTORNEYS THEN REQUESTED AN EXTENSIVE LIST OF DOCUMENTS. MR. SCHICKEL MADE A REQUEST TO THE CITY FOR A LIST OF DOCUMENTS. HE INDICATED AS OF MARCH 18<sup>TH</sup> MEETING THAT THE HE HAD HEARD NOTHING MORE FROM THE CITY ATTORNEYS REGARDING A SETTLEMENT AND ADVISED THE BEST COURSE OF ACTION AND THE ALTERNATIVE TO DOING NOTHING, WAS TO FILE A MOTION TO DISMISS WHICH WOULD PUBLICLY STATE THE FUND'S POSITION AND DEFENSES. ON APRIL 7<sup>TH</sup>, ATTORNEY SCHICKEL FILED THE MOTION TO DISMISS.**

**CHAIRMAN SCHMITT NOTED ATTORNEY SCHICKEL'S PRESENTATION TO THE BOARD TODAY, HAS REFLECTED THE DISCUSSION HELD AT THE SHADE MEETING ON MARCH 18<sup>TH</sup>.**

**ATTORNEY SCHICKEL NOTED SINCE MARCH 18<sup>TH</sup>, HE STILL HAS HEARD NOTHING FROM THE CITY. ATTORNEY SCHICKEL IS REPRESENTING ALL THREE DEFENDENTS.**

### **ADMINISTRATIVE REPORTS**

**2016-04-6** Beth McCague, Interim Executive Director update on pending projects - *attachment*

**BETH MCCAGUE ADVISED THAT EFL ASSOCIATES WILL PRESENT RESUMES TO THE BOARD FOR THE TOP EIGHT CANDIDATES FOR THE EXECUTIVE DIRECTOR POSITION AT A WORKSHOP SCHEDULED FOR MONDAY, APRIL 25<sup>TH</sup> FROM 10:00AM TO 11:30AM.**

**THE ACCESS CONTRACT FOR A RECORD IMAGE/STORAGE SOLUTION HAS BEEN FINALIZED AND SIGNED.**

**WE HAVE HIRED A PART TIME (10 TO 20 HRS PER WEEK) PUBLIC RECORDS SPECIALIST TO START ON MAY 2<sup>ND</sup>.**

**THE OFFICE OF GENERAL COUNCIL HAS SEVERAL ISSUES STILL PENDING FOR THE PFPF:**

**BALDWIN BILL  
FIDUCIARY INSURANCE COVERAGE  
CECIL FIELD FIREFIGHTERS – AWAITING OGC OPINION  
CLARIFICATION ON MEMBERSHIP DATE ADJUSTED UPON COMPLETION OF PURCHASE OF TIME SERVICE  
CLARIFICATION OF DATE OF ELECTION OF DROP**

**CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 10:43AM**

**TO BE APPROVED AT THE NEXT BOARD OF TRUSTEE MEETING ON MAY 20, 2016**

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Richard Tuten III, Board Secretary