

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: January 16, 2015

TIME: 9:00 to 10:58 a.m.

PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

Walter Bussells, Board Chair
Nathaniel Glover, Jr., Board Secretary
Adam Herbert, Trustee
Larry Schmitt, Police Trustee
Richard Tuten, III, Fire Trustee

ALSO PRESENT:

John Keane, Executive Director-Administrator
Debbie Manning, Executive Assistant
Paul Daragjati, Board Counsel
Kevin Stork, Controller

GUESTS:

Linda Mendillo, Senior Auditor with KBLD, LLC

These agenda matters of the regular meeting of the JPPFPF came on to be heard at the time and place aforesaid, when and where the following proceedings were reported by:

Denice C. Taylor, FPR
AAA Reporters
233 East Bay Street, Suite 912
Jacksonville, Florida 32202
904.354.4789

P R O C E E D I N G S

January 16, 2015

9:00 a.m.

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CHAIRMAN BUSSELLS: I call the meeting to order.

MR. KEANE: All rise, please. Join us in a moment of silence for our following deceased member, Rembert F. Arnold, retired firefighter, who died since our last meeting.

(Pause)

MR. KEANE: Amen.

Please remain standing and join me as we pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

Thank you very much.

Mr. Chairman and Trustees, we have the advisory -- the consent agenda. I'm sorry.

CHAIRMAN BUSSELLS: John, I have the public speaking.

MR. KEANE: Oh, I'm sorry.

CHAIRMAN BUSSELLS: I have one request.
Bill.

MR. KEANE: I didn't see Bill over there.

1 MR. GASSETT: In yesterday's meeting I
2 offered John a proposition, if he would give me
3 \$25, I wouldn't speak this morning. Seriously,
4 though, thank you for letting me speak.

5 I attended the meeting yesterday held by the
6 city legislature. And I've just got to tell you
7 guys, from my perspective, the sword has been
8 drawn and the blade has been sharpened.

9 But it was made apparent that our
10 under-funded liability equals 10 percent of the
11 whole state's unfunded liability.

12 The other problem I had with that whole
13 meeting was as I listened to the comments and
14 speech from the councilmen and stuff like that, I
15 got the impression that they just don't get it.
16 They don't understand what's going on.

17 We have a -- I know you have to look at the
18 cooperation, but look at -- you know, the mayor's
19 group is its own silo, the city council is its
20 own silo, and you guys are your own silo. And,
21 yes, you need to work together.

22 But by the same token I would like to
23 suggest that don't be overly cooperative. And
24 what I mean by that is I think the time has come
25 that you need to take a more proactive stance in

1 preparing yourself to fight what could come down
2 from the state legislature, because they were
3 walking out of there breathing of fire.

4 Surprisingly, some of the folks on the state
5 legislature penal were not unfriendly towards us,
6 towards the citizens of Jacksonville. They were,
7 I felt, a little bit discourteous toward
8 Mr. Keane, but that's, you know, my perspective.

9 Some of the speakers, as a matter of fact,
10 were kind of understanding on behalf of the
11 pension fund. But I would like to ask that you
12 begin to give some thoughts to forming perhaps a
13 subcommittee or two and say, okay, let's get
14 ready to answer quickly and dramatically the
15 questions that will be asked by these people.

16 I would also like you to consider
17 disassociating yourself with my kind of thinking
18 that please the city council, chart your own
19 future from here, because that way at least
20 you'll have control and steer what may be coming
21 down the pike over the next several weeks and
22 several months.

23 Thanks very much.

24 CHAIRMAN BUSSELLS: Public speaking period
25 is closed.

1 John.

2 MR. KEANE: The next item on the agenda,
3 Mr. Chairman and Trustees, is the consent agenda,
4 items 1 through 10.

5 MR. TUTEN: I make a motion we accept.

6 MR. SCHMITT: Second.

7 CHAIRMAN BUSSELLS: John, is there anything
8 unusual or out of the ordinary in the consent
9 agenda?

10 MR. KEANE: No, sir. This is one of our
11 longer consent agendas because we have all the
12 DROP information on there. That's why there's so
13 many pages. It's the people that are dropping as
14 well as the people that are making their
15 distribution elections.

16 CHAIRMAN BUSSELLS: On the new DROPs, John,
17 are you confident that the administrative details
18 and such are consistent with a ordinance and
19 everything?

20 MR. KEANE: Yes, sir. We think that once we
21 can get something passed, we believe that there's
22 going to be quite a slow down in the rush for the
23 door.

24 CHAIRMAN BUSSELLS: And then the issue that
25 we're looking at separately about the exact day

1 or week to begin the process, these fit within
2 the letter of the ordinance and all that?

3 MR. KEANE: Yes, sir.

4 CHAIRMAN BUSSELLS: All right.

5 MR. KEANE: Yes, sir.

6 CHAIRMAN BUSSELLS: Any questions?

7 MR. KEANE: Just while we're at that one
8 point there, do you want to address that
9 independent review a little bit later or you want
10 to talk about it right now?

11 CHAIRMAN BUSSELLS: No, let's wait.

12 MR. KEANE: Okay.

13 CHAIRMAN BUSSELLS: Any other questions or
14 comments?

15 All in favor, say "aye."

16 (Responses of "aye.")

17 CHAIRMAN BUSSELLS: Opposed, like sign.

18 (No response.)

19 CHAIRMAN BUSSELLS: Carries unanimously.

20 MR. KEANE: Under Old Business, Mr. Chairman
21 and Trustees, I request that you deviate from the
22 agenda. We have our independent auditor here.
23 We could take up the draft of the audit.

24 Linda, do you want to move up to here? It's
25 item 2015-1-2.

1 MR. TUTEN: It's got the clip on it. It's
2 in the back.

3 CHAIRMAN BUSSELLS: Kevin had emailed that
4 out to us in advance of the meeting. I've have a
5 chance to read it.

6 Is it Linda?

7 MS. MENDILLO: Yes, sir. Linda Mendillo.

8 CHAIRMAN BUSSELLS: Very good. I just
9 wanted to be sure.

10 Questions, comments for the independent
11 accountant?

12 Rich.

13 MR. TUTEN: Yeah, I was just going to ask,
14 how long does it take to actually do this?

15 MS. MENDILLO: It depends. In all honesty,
16 if we have all the information, it doesn't take
17 very long. We -- Kevin is usually waiting on
18 transfers from the city and for them to close
19 their books. That was a little delay this year,
20 but it wasn't --

21 MR. TUTEN: I'm not being -- I mean, more
22 like a -- a month, two? How long -- once you get
23 all your information from us, how long does it
24 take your guys to do it?

25 MS. MENDILLO: I would say about a month to

1 six weeks. I mean, honestly, depends -- you
2 know, we have to do tests. We have to get
3 confirms back. Confirms back from certain people
4 takes longer. And that was -- we got one on
5 Friday.

6 MR. TUTEN: Right.

7 MR. STORK: We're running -- you know, we're
8 running things all the time, and then they do
9 confirmations, you know. But the length of time
10 is delayed depending on what you're waiting for
11 and -- and I made some -- trying to get some
12 things early. I made some estimates on some
13 things the city usually does, and I told the
14 city, well, when you get your stuff in
15 November -- they usually make those in November.
16 So I did them in October so I could get the
17 statements there.

18 But, you know, if it's far off, we'll see --

19 MR. KEANE: Turn this way, Kevin, so the
20 court reporter can hear you.

21 MR. STORK: It's a thousand- or two-thousand
22 dollars, you know, difference. That's not
23 material, so we move on with the estimate there.

24 MR. TUTEN: That's fine. I was just --
25 well, and the reason I ask was because some of

1 the things we do or in the process of doing, you
2 know, relies on the city for them to get stuff
3 done, and I'm just kind of up here, you know,
4 trying to put things together.

5 MR. STORK: Well, this year I did estimates
6 rather than waiting on the city for their things.
7 Next year we'll have the GASB 68 where they have
8 to do -- look at pension liability next year.

9 But we also get part of that because we have
10 five individuals that run through the city
11 pension. And so we'll be part of that.

12 So I'm real concerned about next year, how
13 to do that. And, you know, I've already talked
14 to them about doing an estimate. They're kind of
15 balking a little bit of me doing an estimate.

16 So this way I said, well, I can't wait until
17 December to get your finalized numbers, if you
18 get them then. I talked to the city yesterday
19 about how they were doing on their GASB 67 for
20 the general employees, and they haven't gotten
21 them from the actuary yet.

22 Yet we're done now, and we have to, you
23 know, submit by January, but yet they haven't
24 even got their parts. So if they don't get that
25 next year, you know, until later, here it is

1 January. We -- unless I do an estimate, we can't
2 make the deadlines.

3 MR. TUTEN: Are estimates valid with the
4 state, John, as far as submitting this to them?

5 MR. KEANE: No. We just use their estimates
6 so they can start doing their work until the
7 paperwork catches up. But we're going to talk
8 about 2015 next year. We need to get back on
9 this one right here.

10 MR. STORK: Right. Well, we have a couple
11 of things that -- we had a transposition, made a
12 difference of 27,000 we'll have to correct, and
13 things that we did in our final review yesterday
14 and a couple little wording things. So we'll fix
15 that up, but I wanted to get this out because
16 otherwise it would be another month.

17 CHAIRMAN BUSSELLS: So, Linda, your opinion
18 letter will be dated sometime in January, next
19 week or whatever --

20 MS. MENDILLO: It will be as soon as, you
21 know, we get a heads-up, because in form, this
22 is -- it's complete. We're finished with our
23 audit work. So as soon as -- I've sent Kevin
24 some minor changes, some grammatical changes or
25 what have you. I've sent those to him. He's

1 seen them. He hasn't had time to review
2 everything.

3 MR. STORK: Right. We're looking for
4 approval with the caveat with the scrivener's
5 things, and that way we can date it today -- get
6 to reviewed today and get it dated today. That
7 way we'll finalize, get the final report sometime
8 next week, but it will be dated today.

9 CHAIRMAN BUSSELLS: I noted that -- go
10 ahead.

11 MR. SCHMITT: Just to summarize, this is a
12 clean opinion, no material misstatements?

13 MS. MENDILLO: Yes, sir, it is.

14 CHAIRMAN BUSSELLS: I mentioned to John when
15 I read it when Kevin sent it out to us, our
16 senior executive retirement plan, according to
17 the disclosure, was created in 2000 and amended
18 in 2009. I had in my mind that it had been
19 created in '90 or '91.

20 MR. STORK: Well, they had a -- I think they
21 had a DC plan before they had this DB, but the DB
22 was 2000.

23 CHAIRMAN BUSSELLS: Okay.

24 MR. KEANE: Current plan was in 2000. We
25 previously had two different types of plans.

1 Every time they kept rolling forward into the new
2 plan.

3 CHAIRMAN BUSSELLS: Okay. So the pre-2000
4 plan was a defined contribution plan.

5 MR. KEANE: It was a defined contribution
6 plan, money purchase plan, and it was a problem
7 with the fees.

8 CHAIRMAN BUSSELLS: So the current plan, the
9 DB plan started in 2000?

10 MR. KEANE: Correct.

11 CHAIRMAN BUSSELLS: All right.

12 MR. KEANE: When Mr. Cohee was hired, part
13 of his contract required a retirement plan that
14 replicates the Florida Retirement System, and
15 that was what we used.

16 CHAIRMAN BUSSELLS: All right. Anything out
17 of the ordinary in your work, Linda, anything we
18 should be alert to that we can be of assistance
19 in proving or strengthening or changing in terms
20 of our processes and systems, procedures and
21 such?

22 MS. MENDILLO: No. You have a clean
23 opinion. Internal controls are there. Kevin is
24 easy to work with. All of the staff is,
25 actually. Everybody is forthcoming. The only

1 issues we have are just, you know, typical delays
2 with, you know, getting information in or those
3 kinds of things.

4 You know, you've implemented new GASB 67,
5 and so that took a little more time. It took
6 time throughout the whole year for Kevin and I to
7 look at that stuff, but everything went off
8 without a hitch.

9 MR. GLOVER: That was my question.

10 MS. MENDILLO: Okay.

11 CHAIRMAN BUSSELLS: Any other questions or
12 comments for the accountants?

13 All in favor of accepting the 2014 audit,
14 say "aye."

15 (Responses of "aye.")

16 MR. GLOVER: Did you get a motion?

17 MR. KEANE: Make a motion.

18 CHAIRMAN BUSSELLS: I'm sorry. Could I get
19 a motion on the 2014 audit?

20 MR. GLOVER: I move --

21 MR. TUTEN: I just have one question.

22 Did you say that we needed to take into
23 account some of those changes that need to be
24 made in the motion?

25 MR. STORK: Well, I think we're going to

1 have to make a few minor changes, scrivener's.

2 CHAIRMAN BUSSELLS: I'm asking to -- so the
3 ideal motion would be to accept it and delegate
4 the staff the authority to make immaterial
5 adjustments and final changes.

6 MR. STORK: Right.

7 CHAIRMAN BUSSELLS: As long as they're
8 agreed to.

9 MR. GLOVER: Nonsubstantive changes.

10 CHAIRMAN BUSSELLS: Nonsubstantive changes.
11 As long as they're agreed to by the
12 independent accountant as well.

13 How does that sound? Was that your motion?

14 MR. GLOVER: Yes.

15 CHAIRMAN BUSSELLS: Can I get a second?

16 DR. HERBERT: Second.

17 CHAIRMAN BUSSELLS: Any further questions or
18 comments?

19 All in favor, say "aye."

20 (Responses of "aye.")

21 CHAIRMAN BUSSELLS: Opposed, like sign.

22 (No responses.)

23 CHAIRMAN BUSSELLS: Carries unanimously.

24 MS. MENDILLO: Thank you again for letting
25 us be here.

1 MR. TUTEN: John, do we post this on the web
2 after we get the final version?

3 MR. KEANE: Sure do. We send it to the city
4 and lots of other people, and then in March it
5 goes over to Tallahassee.

6 CHAIRMAN BUSSELLS: Kevin, I think the
7 city's audit opinion is usually dated February.

8 MR. STORK: March.

9 CHAIRMAN BUSSELLS: Oh, even later?

10 MR. STORK: Hopefully March, yeah.
11 Sometimes we hit February.

12 CHAIRMAN BUSSELLS: So we're faster.

13 MR. STORK: Yeah. I have an earlier
14 deadline component. We're a blended component
15 unit. But the component units have an earlier
16 deadline, and that's -- that's today. But
17 sometimes we don't make that. But they shoot for
18 February, but it's usually the end of March.
19 Last year they went into April. They had to
20 get --

21 CHAIRMAN BUSSELLS: Really?

22 MR. STORK: -- they had to ask for -- that
23 was mainly due to a couple things, but that's on
24 the city side.

25 CHAIRMAN BUSSELLS: Okay.

1 MR. KEANE: Regular order of business,
2 Mr. Chairman. Old business, Budget Review.
3 Kevin.

4 MR. STORK: Budget Review. That's the big
5 sheet.

6 In December we were running a little bit
7 ahead on the money managers, but the fees were
8 less than estimated. That's due to the mix and
9 where Mr. Holmes recommended placing those
10 dollars we got from the city to different places
11 where I had estimated they go. And so we're
12 lower -- earnings are a little bit more. The
13 price we paid is a little bit less. I'm accruing
14 an estimate on that.

15 Staff salary and benefits are under because
16 of the deputy executive director position is
17 unfilled.

18 I do have -- I moved up from the other less
19 than 40, moved it up to the 40 and over months
20 for the judgment and claims, and they're over
21 budget. That was due to that lawsuit settlement
22 that the Board voted on last month.

23 And so overall we're under budget by 63,000.

24 CHAIRMAN BUSSELLS: Questions or comments on
25 the budget report? All right. Let's move on.

1 MR. KEANE: Received as information?

2 CHAIRMAN BUSSELLS: Received as information.

3 MR. KEANE: Next item.

4 Mr. Chairman and Trustees, we electronically
5 sent you the 2014 Actuarial Valuation prepared by
6 Pension Board Consultants. Our goal -- I
7 discussed it with the Chairman. The goal was to
8 get a document in front of you to receive it
9 formally this month and to act on it next month
10 when we can have Jarmon either on the phone or
11 here in person. So the purpose of it being on
12 the agenda today, Mr. Chairman and Trustees, is
13 to receive it as information.

14 CHAIRMAN BUSSELLS: All right. Investment
15 Report.

16 MR. KEANE: We have the -- the December
17 Flash Report is in your folder. Page 3, I
18 believe it is. That's the summary of the
19 performance for the -- as of December. You'll
20 see we're above our total fund policy all across
21 the board right now for ten years.

22 There are issues, of course, that the Board
23 is familiar with. The market is done
24 substantially this week. Price of crude oil is
25 now stabilized; however, it's caused an increase

1 in international tensions because of our alliance
2 with Saudi Arabia.

3 The total impact of the falling oil prices
4 on Europe has not been recognized yet, but
5 hopefully it won't be as bad as some people think
6 it's going to be.

7 Our MLP portfolio, as you'll see at the
8 bottom, have very, very strong returns
9 continuing.

10 CHAIRMAN BUSSELLS: You know, I think our
11 MLPs are primarily like pipelines --

12 MR. KEANE: Yes, sir.

13 CHAIRMAN BUSSELLS: -- not production,
14 right?

15 MR. KEANE: Right. They're pipelines.

16 CHAIRMAN BUSSELLS: That's good. The
17 pipelines ought to be, if anything, better
18 because there will be more product moving because
19 it's cheaper.

20 MR. KEANE: Yes, sir.

21 CHAIRMAN BUSSELLS: We'll see how long it
22 lasts.

23 MR. KEANE: Yeah.

24 CHAIRMAN BUSSELLS: Natural gas was back
25 below 3 bucks a decatherm the last few weeks,

1 which is remarkable. And I'll get back on topic
2 now with the agenda. I'll just observe, in the
3 world of energy, that's remarkably good.

4 Well, John, Fixed Income just keeps on
5 making money too.

6 MR. KEANE: It does.

7 CHAIRMAN BUSSELLS: Interest rates just keep
8 going lower. It's remarkable.

9 MR. KEANE: It's remarkable. Housing --
10 interest rates for housing as of yesterday,
11 lowest since the mid-early 2000s, both on 30 and
12 15. We, of course, would like to reduce our
13 fixed exposure with the proposals that were
14 contained in the agreement that are incorporated
15 in the new legislation that the mayor's office is
16 working on. We will be able to do that.

17 Bill spoke to the delegation yesterday and
18 told them if they're thinking about any changes
19 in the state law, repeal the requirement to have
20 20 percent fixed.

21 Show the Summit Investment Report is
22 received as information?

23 CHAIRMAN BUSSELLS: Yes. Any further
24 questions or comments on the investment report to
25 date? So far this looks good.

1 MR. GLOVER: Looks like our MLPs is mostly
2 transporting energy through pipelines. Natural
3 gas is something that wouldn't hit us too hard
4 one way or another.

5 CHAIRMAN BUSSELLS: I think it will be good
6 for us because the usage in natural gas keeps
7 climbing in the U.S. for a variety of reasons.
8 And so the pipes just get more and more used.
9 And so the fee income to the pipe owners keeps
10 going up. I think it's good for the pipes. I
11 think it's good that we've invested in pipes, in
12 my view.

13 MR. KEANE: And the House has approved the
14 pipeline from Canada, and it's going over to the
15 Senate. It faces a presidential veto and an
16 uncertain future, but it's moving on.

17 CHAIRMAN BUSSELLS: Yes. America has more
18 natural gas than any country in the world.

19 MR. TUTEN: A ton of it.

20 CHAIRMAN BUSSELLS: That's good.

21 MR. KEANE: We'll also show that --

22 MR. GLOVER: We're mostly a fossil fuel use
23 in this county. And this whole notion of natural
24 gas, we still have people who are somewhat
25 apprehensive about it because they're a little

1 afraid of it.

2 CHAIRMAN BUSSELLS: The fracking and all
3 that.

4 MR. GLOVER: Yeah.

5 MR. KEANE: All right. The next item,
6 Mr. Chairman and Trustees, is the Summit Monthly
7 Economic and Capital Market Update.

8 Without objection, we'll show that received
9 as information.

10 Under Administrative, the deputy executive
11 director's position.

12 CHAIRMAN BUSSELLS: We've earlier processed,
13 with Dr. Herbert's leadership, the job
14 description, the process, the procedures for this
15 essential position and authorized the
16 commencement of recruitment maybe a couple of
17 meetings ago -- I'm going from memory, which I
18 should not do -- did we not? And so I'm eager
19 for us to begin the recruitment process. And I
20 just want to know the status because we --

21 DR. HERBERT: Actually, as I recall it, the
22 director position was one thing, and the deputy
23 position, I thought city council had told us that
24 we couldn't move forward.

25 MR. KEANE: The city council took it out of

1 the budget, but we're working on having that
2 resolved.

3 DR. HERBERT: So the question is, should we
4 go forward notwithstanding that; and if so, then
5 we can proceed right away. Simultaneously we
6 have talked about the director position. And
7 Mr. Klausner isn't here today, but I asked him to
8 talk with the firm about the study of salaries.

9 Have you heard anything about that?

10 MR. DARAGJATI: No.

11 DR. HERBERT: John?

12 MR. KEANE: Yes, sir. I talked to Bob
13 earlier this week and told him that it was going
14 to be on the agenda. He's got some information
15 from two of the sources that he discussed with
16 us, NASRA, the National Association of State
17 Retirement Administrators, as well as from the
18 Segal people who did our previous salary survey.
19 He's got that. He's working on a report that
20 we'll have here for next month.

21 DR. HERBERT: And is the way that he's
22 submitting that, is that consistent with the
23 wording in the agreement that we submitted back
24 to city council?

25 MR. KEANE: The wording in the agreement

1 says there's going to be a salary survey, and
2 Segal is the recognized company to do that.

3 DR. HERBERT: Okay.

4 MR. KEANE: So their work can then be
5 adopted by the committee to recommend to the
6 Board.

7 DR. HERBERT: Okay. I think, Mr. Chairman,
8 that the critical issue there is, should we go
9 forward with the deputy position? We're all set
10 with regard to the director position. It's just
11 a question of --

12 MR. TUTEN: I was going to ask you, Adam, we
13 already have the qualification set?

14 DR. HERBERT: Yes.

15 MR. TUTEN: Okay.

16 DR. HERBERT: We've approved all that.

17 MR. TUTEN: I didn't want to start the
18 search if we're still trying to round out all
19 that kind of good stuff.

20 DR. HERBERT: Everything has been approved.
21 We met with --

22 MR. KEANE: The city. Rhonda Charlotte with
23 the city.

24 DR. HERBERT: So all of that is ready to go
25 for both the director and the deputy director

1 positions.

2 MR. TUTEN: Okay. So are we going to
3 advertise just for the deputy first and then --

4 DR. HERBERT: Well, it's a question of what
5 the Board's preference is. The key thing is that
6 we can't proceed with the director position until
7 we have the salary survey.

8 MR. TUTEN: Okay.

9 DR. HERBERT: So my hope is that we'll have
10 that at our next meeting.

11 MR. KEANE: We will.

12 DR. HERBERT: And so the advertisement
13 stuff, we've already developed that. And, again,
14 we have position descriptions for both.

15 MR. TUTEN: Yeah. I mean, since we're
16 having a little bit of a down time meeting today,
17 which is rather pleasant, obviously, I think the
18 focus ought to be, do we really want to entertain
19 deciding on two different people for two
20 different position at the same time.

21 You know, I mean, is that how you're
22 thinking about doing it? Do you want -- I mean,
23 I'm up for anything, but to me it would seem like
24 it would be a little less hectic, stressful, et
25 cetera, if we focused on one or the other.

1 MR. GLOVER: Well, let me interject here.

2 One of the things that we created far down
3 the road in vetting --

4 MR. KEANE: Sheriff, could you speak up?

5 MR. GLOVER: Yeah.

6 We're pretty far down the road in vetting
7 that deputy's position. And, of course, we had
8 eliminated a couple of candidates and had gotten
9 down to looking at Bobby. And some things came
10 up in the public media, and we thought under the
11 circumstances we need to revisit thought or at
12 least pause, I think.

13 So, I mean, I'm -- when I look at a
14 transition period, I'm looking for stability.
15 I'm looking for some sense of continuity. I'm
16 looking at trying to make certain that we don't
17 have this hitch that sometimes takes 18 months in
18 a learning curve for people to come in. So
19 you've got the controversy there, and this is a
20 good time to discuss this.

21 So are we still saying -- because if we're
22 going to put it back out and come back to the
23 same thing -- are we still saying that's too
24 rocky a road to consider?

25 CHAIRMAN BUSSELLS: Let me briefly give my

1 view on what Rich asked about, and then that will
2 tie right back into that.

3 MR. GLOVER: All right.

4 CHAIRMAN BUSSELLS: My thought is to go
5 looking for a deputy with the thought we're going
6 to find somebody who could then succeed John when
7 he retires.

8 So my thought at least is we're looking for
9 someone who can do important, valuable work
10 immediately, and then subject always to
11 performance, would be the logical successor. So
12 we don't then have to go have another transition
13 period as was being addressed now.

14 So at least my thought was that in some ways
15 that's the most important of the two right now.
16 One of the most important things fiduciaries do
17 is succession planning and make sure we've got
18 everything set up where you don't have a gap or
19 something. And so to me at least the deputy is
20 the more important recruitment.

21 But looking for somebody who could do
22 important, valuable work for the fund, and then
23 subject to their performance, would be the
24 logical successor when John retires.

25 So that's my -- that's my thought on it.

1 MR. GLOVER: That would make sense. That
2 would make sense. And we should not be hiring
3 anybody as a deputy that we couldn't live with as
4 the person in the first place. So, I mean,
5 that's low-hanging fruit and I agree with that.
6 I guess that's a long way of saying I agree with
7 you.

8 But I think my question still is that this
9 whole notion of this particular individual whom I
10 think is eminently qualified, and, of course,
11 we've got to look at the whole terrain, and the
12 time, which will begin now, is it something
13 that's too -- just too stormy a road to travel?
14 And I just want to kind of openly discuss that.

15 MR. SCHMITT: And I think you've hit on both
16 the issues. The controversy of that selection.
17 Is that the best thing for the fund?

18 Two: You brought up the selection of the
19 deputy director transitioning into the executive
20 director position when John retires. Does he
21 meet those qualifications? I don't know.

22 MR. TUTEN: Well, that's I think the hard
23 part in any of this. We've run into this on the
24 fire side, in the fire department, with guys that
25 I've tried to explain to them how the real world

1 worked as far as, you know, just because you have
2 a degree doesn't mean you're a smart guy. It
3 means you completed a degree.

4 But, then, again, you must -- there are
5 certain parameters and qualifications everyone
6 must process when you attain a certain position.
7 That said, I agree with Sheriff Glover to a
8 certain extent as far as Bobby doesn't have the
9 degree, but he's been around for God knows how
10 long. You know, and he understands how the Board
11 works, the fund works, et cetera, et cetera.

12 So, yeah, that's something that if everybody
13 wants to continue to talk about, we can. My
14 question is, okay, going forward, I think Bobby
15 is 60, something like that. Bobby's not going
16 to be the guy here, you know. That's not a
17 long-term solution. It's a medium to short term.
18 That's fine.

19 Going forward, though, because I know the
20 problems we had with the last search, I think
21 what people -- what you're saying, Walt, as far
22 as if they understand that this is possibly just
23 a step to the head guy, we may be able to entice
24 more people.

25 But the problem, I think, once again, and I

1 personally think we need to get the salary survey
2 done first before we do anything, because at
3 least we'll know how much money we're willing and
4 able to put out there to attract people, because
5 I think the problem people are going to have is
6 they see \$1.5 billion pension fund, they see
7 20-something hundred members, police and fire,
8 Jacksonville, Bold New City of the South, and
9 then when they find out how much money they're
10 going to make, wait a minute, that's not what
11 I -- you know, first thing they're going to say
12 is, well, how much did John make? And I know
13 John's been around a long time and he's a special
14 circumstance.

15 But you're going to see the interest go from
16 here to (making sound) just like last time. So I
17 think the first thing we need to do is get the
18 salary survey done, get the language maybe
19 tightened up to where they knew specifically what
20 they're expecting when they get here before they
21 even make the interview, because a lot of people,
22 I just don't think they're going to come if
23 they're thinking they're going to make, you know,
24 2/3rds of what John's making or half of what
25 John's making.

1 And then we say, no, that's not quite what
2 you're going to make. And then they go, well,
3 why would I leave where I'm at, because chances
4 are they're probably making that kind of money
5 anyway.

6 DR. HERBERT: Well, the survey will
7 definitely tell us that. In terms of the
8 preliminary conversations that I had with
9 Mr. Klausner, we are significantly above most of
10 the comparable funds --

11 MR. TUTEN: Right.

12 DR. HERBERT: -- you know, and that's a
13 function of how long John's been here and the
14 fact that he has held multiple hats
15 simultaneously.

16 MR. GLOVER: Right.

17 DR. HERBERT: But we're well over the
18 marketplace in terms of the initial feedback, but
19 we need to have hard numbers in our report in
20 order to be able to address issues that are
21 appropriately raised.

22 MR. GLOVER: I don't think salary will be a
23 deal breaker, really. I just -- I think we'll
24 get into the requirements in case you happen to
25 get a star that you can -- that you can consider

1 particular provision does specify a college
2 degree?

3 MR. KEANE: It does.

4 DR. HERBERT: And it did not provide for an
5 exception?

6 MR. KEANE: Well, it says that the Board can
7 consider it, but the way it's worded, it's
8 definite that we want -- the Board wants someone
9 that holds a degree.

10 DR. HERBERT: Okay. I ask that question
11 because I know when we had the conversation about
12 it, we did indicate that there might be unusual
13 circumstances, but the question from me then is,
14 does the ordinance make that point moot because
15 it does require the college degree, which is what
16 we had talked about with the possibility of the
17 exception?

18 MR. KEANE: Requires a college degree for
19 the executive director, not for the deputy
20 director.

21 DR. HERBERT: I understand for the executive
22 director.

23 MR. KEANE: I believe we need to do two
24 things here, if you would permit to speak here.

25 One, we're going to finish the salary

1 survey. But the second part, you need to decide
2 about this retirement thing. The recommendation
3 back to the city council was that the new people
4 would go in either the general employees pension
5 fund or a DC plan that the Board creates. Before
6 we can even advertise it, we're going to at least
7 need to have that DC plan authorized.

8 Now, previously the Board authorized that
9 and it's a little bit further down on the next
10 thing, but that was then scrapped. I would
11 recommend that you recreate the shell for the DC
12 plan so at least we can have that as an option
13 for the person.

14 That then gives the city council the option,
15 when they take up the mayor's next proposal,
16 that, you know, they've got to go ahead and amend
17 the general employees pension plan to let these
18 people in. I just wanted to bring that up
19 because we're right here at that time.

20 DR. HERBERT: And in terms of your
21 experience as you look at what's happening around
22 the country and around the state in terms of
23 other funds, what is the pattern? That's the
24 thing I don't know, is whether or not the firm is
25 going to be addressing that issue.

1 MR. KEANE: Well, the patterns are certainly
2 changing to DC environment now because of the
3 mobility of the executive directors. They're
4 four to five years and move on to the next spot.

5 We had -- just one example. The lady that
6 has head of the Colorado Police and Fire, she
7 retired from there. She went to Fort Worth,
8 stayed almost five years, and now she's up in
9 Wyoming running the state system there.

10 The guy that's running NASRA, he came from
11 Kansas, and prior to that he was in a city plan.
12 But there's a lot of moving around. They don't
13 have a lot of long tenure like we have here.

14 But we definitely need to have that as a
15 tool in the tool box to put in our add that they
16 could have this option.

17 DR. HERBERT: Mr. Chairman, what I would
18 like to do is to ask the firm to give us a
19 recommendation on that so that we can vote on all
20 that at one time, both the salary range and the
21 establishment potentially of a DC plan that would
22 apply to the new director.

23 MR. TUTEN: Well, part of that, Adam, when
24 they do these salary surveys, can they also list
25 the benefits included in this position? In other

1 words, you know, all that. In other words, let's
2 just get the whole kit and caboodle as far as all
3 that, whatever. I don't know.

4 DR. HERBERT: Yes, exactly.

5 CHAIRMAN BUSSELLS: Yes, let's do that.

6 MR. KEANE: We'll get that done.

7 MR. SCHMITT: The entire pay package, not
8 just salary.

9 MR. TUTEN: Yeah, the entire compensation.

10 MR. KEANE: As soon as I get the
11 information, I'll call you and we'll notice a
12 workshop of the personnel committee, if that's
13 okay. But we will definitely have something in
14 writing for the full Board at the next meeting.

15 CHAIRMAN BUSSELLS: Okay. And then my
16 recollection was, and it's not important what my
17 recollection was, but was that we approved the
18 creation of the DC plan but not you being in it.
19 But to create it for the succession plan
20 versus (indiscernible)

21 DR. HERBERT: Correct.

22 MR. KEANE: Correct.

23 CHAIRMAN BUSSELLS: If the Board needs to
24 take some further action for that to progress,
25 tell us. And I'm going to come back to the

1 qualifications and kind of my view and so forth
2 too. I hadn't forgotten what you told me there.

3 Do we need to do anything else for you to
4 have that created for our consideration?

5 MR. KEANE: Well, we've called the company.
6 They sent us one. We just need to adopt it as
7 the Board's plan.

8 CHAIRMAN BUSSELLS: Okay. So you'll put
9 that before us for further action --

10 MR. KEANE: Yes, sir.

11 CHAIRMAN BUSSELLS: -- at the next meeting.

12 MR. KEANE: That will be at the next
13 meeting, we'll have that. And it differs from
14 the city plan in that the city plan, you only
15 vest in it at 20 percent a year. This plan here
16 has an immediate vesting. So if the person stays
17 two years at least, they take their money and are
18 gone.

19 CHAIRMAN BUSSELLS: That's the way a DC
20 works.

21 MR. KEANE: It should. I agree with that.

22 CHAIRMAN BUSSELLS: Oh, yes, it should.

23 MR. KEANE: Right. But we'll have that for
24 the personnel committee and that will be part of
25 the all-encompassing recommendations to come back

1 to you.

2 CHAIRMAN BUSSELLS: In terms of -- and not
3 to speak about it individually, but on that
4 general subject, my thoughts are these, and
5 others have already said much of this.

6 Looking ahead 10 or 15 years, the role of
7 the person sitting in that seat is going to be
8 less politic and lobbying and public
9 communication because the setting of the benefit
10 formula is going to systematically move to
11 elected officials. It's just how long it will
12 take.

13 So I think that significant investment
14 management expertise and then significant
15 administrative expertise in processes and systems
16 to serve the members, both members and
17 beneficiaries, and then to manage the funds for
18 the best risk adjuster returns, those are the two
19 things I think that are most important going
20 forward.

21 And someone that has the technical
22 experience in both subjects is particularly
23 important, I think, going forward.

24 And I think in the long-term best interest
25 of the fund, sort of a fresh start is valuable,

1 all things considered. And so if you hear what
2 I'm saying, that's what I would be thinking would
3 be the ideal deputy going forward.

4 MR. TUTEN: You know, there's always going
5 to be a fresh start every four to eight years
6 anyway. You're going to have your politicians
7 and they're going to come through the door and
8 it's just going to be --

9 MR. GLOVER: What I think Walt is saying, we
10 should have kind of a theme on what we're looking
11 for that is going to be consistent right down the
12 line. And it makes sense.

13 I guess the older I get the more restricted
14 our -- I kind of resist in the sense that when
15 you -- when you say something like you've got to
16 have a college degree, no exceptions. I just --
17 I just generally feel a little uncomfortable with
18 that.

19 I also -- I also look closely at local
20 talent generally because I know we always seem to
21 be generally impressed with people coming in from
22 out of town, like they've got some magic, you
23 know. I think you do that only when you don't
24 have anything in town.

25 So it's just two of my philosophies that I

1 found that pretty much have worked well. But
2 then that's why we've got a Board, you know.

3 CHAIRMAN BUSSELLS: I always want someone
4 with roots and connections to my hometown.

5 MR. GLOVER: Yeah, yeah.

6 CHAIRMAN BUSSELLS: If I can -- that's
7 always what I want first. If we just can't find
8 the right technical skills, every once in a
9 while, well, somebody will come in and then we'll
10 expect them to grow roots here and be committed
11 to us. But I always want to start with somebody
12 that's got roots --

13 MR. GLOVER: Well, it's a learning curve.

14 CHAIRMAN BUSSELLS: I'm with you on that.

15 MR. GLOVER: It's a learning curve, and
16 sometime the fallout on the curve you have to
17 recover from and all of that, you know. So --

18 CHAIRMAN BUSSELLS: Just a brief thing I
19 will say, as time goes on, it's like, well, come
20 on, you've got to do it.

21 MR. GLOVER: You got to do it.

22 CHAIRMAN BUSSELLS: You know, if you're
23 serious about something, you've got to do it.

24 MR. GLOVER: And I agree with that, but
25 we're smart enough to figure out you should have

1 done it. And if you didn't do it, well, that's
2 it. Go home. I got you.

3 CHAIRMAN BUSSELLS: It's tedious and
4 everything. And I'm not speaking ill of higher
5 education. But you've got to punch the ticket,
6 you know. It's just the way the world is now
7 days.

8 DR. HERBERT: And I must confess, I've been
9 really persuaded on all this by my favorite
10 former sheriff who talked and convinced me that
11 it was really important for police officers to
12 have college degrees in terms of those who were
13 going to be hired.

14 And so he was so convincing to me on that
15 and that really impacts my assessment of these
16 kinds of positions.

17 MR. GLOVER: And to my mentor --

18 MR. TUTEN: Sounds like they were waiting on
19 you. Almost sounds like they saw you coming.

20 MR. GLOVER: To my mentor, I'm very, very
21 concerned about that here in Jacksonville. I
22 think we've got a model of the future here in
23 Jacksonville, and I don't want to see that roll
24 back, you know, because we bit the bullet and
25 we've got it engrained. We've created a culture.

1 We've bled, fought, and got it, and I don't want
2 to see us go back on that.

3 MR. KEANE: We show that item deferred and
4 the personnel committee will make a
5 recommendation.

6 CHAIRMAN BUSSELLS: And have everything
7 ready to go at the next meeting --

8 MR. KEANE: Ready to go.

9 CHAIRMAN BUSSELLS: -- to be able to make a
10 decision about how and when to move forward.

11 MR. KEANE: We'll have the information here
12 for you-all to approve the salary range supported
13 by the surveys and the city's recommendations so
14 we're ready to put the ad in the paper.

15 CHAIRMAN BUSSELLS: And the industry --

16 MR. KEANE: Yeah. Industry trade papers.

17 CHAIRMAN BUSSELLS: John, remind us, when
18 you entered into your current employment
19 agreement three or four years ago, its term is
20 2016, next year?

21 MR. KEANE: 2017.

22 CHAIRMAN BUSSELLS: 2017. Okay. And what
23 month in 2017?

24 MR. KEANE: December 31st.

25 CHAIRMAN BUSSELLS: So that's 36 months from

1 now.

2 MR. KEANE: Yes.

3 CHAIRMAN BUSSELLS: Was that a six-year
4 employment agreement, in effect?

5 MR. KEANE: It seems like it was. They kept
6 using the same one. They just kept adding term
7 years to the end. As we sit here today, I can
8 assure you I will not be sitting here on this end
9 in December of 2017, unless we're having a lunch.
10 I will not be here in this capacity.

11 CHAIRMAN BUSSELLS: We understand. That's
12 why I work moving this forward timely.

13 MR. KEANE: Correct.

14 CHAIRMAN BUSSELLS: It's time to move this
15 forward.

16 MR. KEANE: The next item on the agenda,
17 Mr. Chairman and Trustees, is the senior
18 employees retirement plan.

19 As you know, the Board has previously voted
20 to close the plan to new entrants. There is only
21 one active person in the plan now and that's
22 myself.

23 In our previous agreements with the city, it
24 was agreed that the plan would close completely
25 in August of last year and that I would be moved

1 over to a DC plan, or money purchase plan or
2 something.

3 As we started down that process in the
4 summer to do that, the newspaper wrote a story
5 that, lo and behold, the pension plan -- the
6 pension board created another pension plan for
7 Mr. Keane. Well, it wasn't another. It was a
8 replacement.

9 But, nevertheless, because of that furor,
10 that idea of establishing a DC plan was dropped.
11 My employment agreement requires that I have a DB
12 plan. I'm willing to work to some degree to
13 modify it, but I'm not going to be the only
14 person in the entire city that doesn't have a
15 pension benefit.

16 So the plan is -- the latest Board action
17 plan is now open and I'm contributing. The
18 deductions being made from my check, we have not
19 transferred it to the pension fund yet. We're
20 accruing it, because once it goes over, it can't
21 come back. And we'll see what winds up out of
22 this.

23 Notwithstanding what the Board previously
24 did and told the city in our last agreement, they
25 have come back with this new agreement, got some

1 wrong words again, and in just a minute we'll get
2 to that. We have a recommendation on that.

3 But the update on the senior management plan
4 is it's now open and I'm continuing to
5 contribute, but it's not open to new people.

6 MR. TUTEN: What are we trying to solve
7 here, John? Because I know at the meeting we
8 kind of -- I thought we kind of solved all this
9 as far as -- you know, the city wanted us to shut
10 it down for you. We said, well, that's fine, but
11 now that he's 70.5 years old, the IRS says we
12 have to start paying him a retirement.

13 So rather than paying him a retirement for
14 doing the job he's doing right now and earning
15 the jack, why don't we just keep him in the
16 retirement plan, full well knowing that we closed
17 it down to future guys.

18 The future guy's going to have a DC plan, if
19 he wants one. He doesn't have to get anything he
20 doesn't want. But, I mean, are we back to, well,
21 now we're going to debate whether or not we're
22 going to give you a retirement check and shut
23 yours down or --

24 MR. KEANE: Oh, no, there's no debate that
25 I'm going to get retirement. There's no debate

1 on that. I agreed to that part, you know, sooner
2 or later when I retire. Now, I'm not trying to
3 get any money right now. I'm not trying to do
4 anything.

5 MR. TUTEN: I understand that.

6 MR. KEANE: I'm trying to reserve the rights
7 that we have. And one of the options, of course,
8 is to start a distribution. All that's going to
9 do is cause more unfavorable publicity and
10 distract from the mission at hand. I think the
11 Board reiterates its position. The plan's closed
12 to new entrants. I'm the only one in. It'll
13 keep going until I leave.

14 CHAIRMAN BUSSELLS: I asked John to put this
15 on the agenda because I just learned recently of
16 the suspension of cash transfers to the plan
17 since August because of, in John's mind, this
18 open question.

19 And so technically I think we're out of
20 compliance with the contract of your employment,
21 which is unacceptable. We cannot have that.

22 MR. KEANE: Right.

23 CHAIRMAN BUSSELLS: So I asked John to put
24 it on the agenda. I also thought it was squared
25 away and we knew what we were going to do, but

1 it's not, at least, in John's mind. So I wanted
2 to bring it back up and square it away and not
3 have any confusion about what we're doing and
4 why.

5 MR. TUTEN: The suspension of payments is
6 from whom?

7 CHAIRMAN BUSSELLS: From John's paycheck
8 into the --

9 MR. TUTEN: But who -- who -- the city?

10 MR. KEANE: No, no. They're taking the
11 money out of my check --

12 MR. TUTEN: Right.

13 MR. KEANE: -- and it's sitting here. It's
14 just not been transferred into the pension plan.

15 MR. TUTEN: So the city's not transferring
16 it into the --

17 MR. KEANE: No. The city doesn't have
18 anything to do with it.

19 MR. STORK: John's got me on hold. I've got
20 it in a reserve.

21 MR. TUTEN: Oh, okay. I was just assuming
22 we're starting everything back up again.

23 MR. KEANE: No, no, no.

24 MR. STORK: Well, we did get in the latest
25 ordinance, on this pension reform they've popped

1 back to August 26th. So there's still confusion.
2 And so we need to --

3 MR. TUTEN: Well, okay. That's a
4 separate -- are we going to talk about that?

5 MR. KEANE: In just a minute.

6 MR. TUTEN: Okay.

7 CHAIRMAN BUSSELLS: Larry.

8 MR. SCHMITT: My recollection was we vetted
9 this all out.

10 MR. KEANE: Right.

11 MR. SCHMITT: The option of continuing to
12 have John in the current defined benefit plan was
13 the least expensive option, and we decided to
14 remain as is, mainly for that reason.

15 MR. TUTEN: I agree.

16 CHAIRMAN BUSSELLS: That's what I thought we
17 did as well, John.

18 MR. KEANE: Correct.

19 CHAIRMAN BUSSELLS: Yes. So, therefore, to
20 me, unless I'm missing something here, your
21 contribution deduction should be going in with
22 the plan, not being held in reserves.

23 MR. STORK: Okay.

24 MR. KEANE: So to clarify the Board's policy
25 for the record, the plan is continuing to be open

1 for me. I've continued to make the payments.
2 The accumulated payments since August will be
3 transferred into the plan immediately, and future
4 payment deductions from the biweekly paycheck go
5 straight into the plan.

6 CHAIRMAN BUSSELLS: Just as had been the
7 case before.

8 MR. KEANE: That's right. That's the
9 Board's policy, in conformance with my employment
10 contract and long-term policy.

11 CHAIRMAN BUSSELLS: I agree with Larry. I
12 thought that's what we had moved and approved
13 earlier, a few months ago.

14 MR. TUTEN: There's what I assumed we --
15 everything was going back to the way it was.

16 MR. GLOVER: So why are we discussing it
17 again?

18 CHAIRMAN BUSSELLS: I learned recently that
19 there was a question in John's mind and he had
20 been discussing it with our counsel. And he has
21 had Kevin withhold his payroll deductions for his
22 share of the pension cost and not putting it in
23 the SERP plan itself.

24 To me, that is at least a technical
25 violation of the employment agreement and

1 unacceptable. And so because there was -- John
2 having that thought that there was somehow an
3 open issue, I wanted to bring it back up again,
4 be sure there's no open issues, and we don't have
5 the substance or appearance of not being in
6 compliance with your contract with the Board.
7 That's unacceptable.

8 MR. SCHMITT: If I'm hearing correctly, some
9 of that doubt came in because of some of the
10 language that was included in 386.

11 CHAIRMAN BUSSELLS: I'm not sure where it
12 came from.

13 MR. KEANE: The confusion came from 386.

14 MR. SCHMITT: Right.

15 MR. KEANE: That's what caused that.

16 MR. SCHMITT: So we resolved the issue, and
17 then language showed up in 386. But it's still
18 resolved as far as I'm concerned.

19 MR. GLOVER: I think we're still legally
20 obligated.

21 CHAIRMAN BUSSELLS: Yes.

22 MR. KEANE: No question about it.

23 CHAIRMAN BUSSELLS: We are and John is as
24 well for his contribution plan --

25 MR. KEANE: Exactly.

1 CHAIRMAN BUSSELLS: -- as well as the
2 employees. I agree with you. That's where we --

3 MR. DARAGJATI: I wanted to express to the
4 Board that your position is legally supported.
5 There's a series of cases out of Miami that state
6 that an entity can't contract with Party A to the
7 detriment of Party B, which they have already
8 contracted with.

9 It happened with the -- in the sense of
10 collective bargaining agreements. Although
11 John's not a collective bargaining agreement,
12 it's still a contract that he has with the Board.

13 This Board can't -- it's not legally
14 supported for this Board to enter into an
15 agreement with the city that would infringe on
16 John's contract rights, because this way this
17 language is now that came back to us from the
18 city, it's saying there's no more accruals after
19 August of 2014, which runs contrary to the
20 contract this Board with John. So I'm just
21 saying your position is legally supported.

22 MR. TUTEN: Yeah. Well, since that -- and
23 how ever many agreements are over there at this
24 point, I can't keep track anymore. That's not
25 technically legal yet regardless, correct?

1 MR. DARAGJATI: Correct.

2 MR. TUTEN: The agreement that we came to
3 here was, in essence, top to bottom, to support
4 John's contract. As he signed it, we agreed to
5 it, et cetera, et cetera.

6 So do we need to make a motion to authorize
7 the payments to go in, or are we just getting it
8 on the record?

9 MR. KEANE: No. We're just getting it on
10 the record that the Board's position is, the plan
11 is open. I continue to make my contribution,
12 busy as usual.

13 CHAIRMAN BUSSELLS: I'm going to be very
14 precise, and then I'm going to say it the way I
15 understand on each point. And then you correct
16 or revise if I'm missing something or
17 misunderstanding something.

18 The SERP plan is closed to any new members.

19 MR. KEANE: Correct.

20 CHAIRMAN BUSSELLS: There is one active
21 member --

22 MR. KEANE: Correct.

23 CHAIRMAN BUSSELLS: -- who will continue to
24 contribute.

25 MR. KEANE: Correct.

1 CHAIRMAN BUSSELLS: -- and the employer will
2 continue to contribute.

3 MR. KEANE. No. No employer requirement.
4 Fully funded. So they don't have to make a
5 contribution.

6 CHAIRMAN BUSSELLS: Okay. So they are
7 currently at zero?

8 MR. KEANE: Zero. So I'm the only one
9 paying.

10 CHAIRMAN BUSSELLS: The employer still has
11 the legal obligation --

12 MR. KEANE: Right.

13 CHAIRMAN BUSSELLS: -- but the actuarial
14 calculation currently produces zero.

15 MR. KEANE: Right.

16 CHAIRMAN BUSSELLS: And will continue to
17 have it deducted from his pay and transferred to
18 the fund timely every pay period.

19 Did I say that right?

20 MR. KEANE: That's right.

21 CHAIRMAN BUSSELLS: And the escrowed funds
22 since August will be transferred to the fund
23 promptly, immediately.

24 MR. KEANE: Correct. Today.

25 CHAIRMAN BUSSELLS: Today. All right.

1 MR. KEANE: Yes. That's the Board's
2 position.

3 DR. HERBERT: I just want to ask one
4 question. There was an issue, I thought, about
5 the excess plan in the context of IRS rules. Is
6 that applicable in this time frame we're talking
7 about?

8 MR. KEANE: That's goes when I start taking
9 a distribution of the excess benefit plan.
10 That's next down the line.

11 DR. HERBERT: Okay. I just wanted to make
12 sure.

13 MR. KEANE: We understand the Board's policy
14 as described by the Chairman. That is the policy
15 and that's what we're going to continue to
16 operate under.

17 CHAIRMAN BUSSELLS: Right.

18 MR. GLOVER: So you're sure we don't need to
19 vote now?

20 MR. KEANE: No, sir. No, sir. We just
21 reiterated the Board's policy and clarified it.

22 CHAIRMAN BUSSELLS: I would say we reaffirm
23 and clarify the action the Board took some months
24 ago on this subject, two or three, four months
25 ago, whenever it was.

1 MR. GLOVER: Okay.

2 MR. DARAGJATI: The Board has already voted
3 on this issue. It's just a matter of carrying
4 through administratively, and the Board is just
5 ordering the administrative personnel --

6 MR. GLOVER: But we had an interruption in
7 the funding of it.

8 CHAIRMAN BUSSELLS: That's true.

9 MR. GLOVER: And I did --

10 CHAIRMAN BUSSELLS: Yeah, let's put it in a
11 motion.

12 MR. KEANE: Yeah, yeah.

13 CHAIRMAN BUSSELLS: So I just made motion.
14 Can I get a second?

15 DR. HERBERT: Second.

16 CHAIRMAN BUSSELLS: Any further questions or
17 comments?

18 All in favor, say "aye."

19 (Responses of "aye.")

20 CHAIRMAN BUSSELLS: Opposed, like sign.

21 (No responses.)

22 CHAIRMAN BUSSELLS: Motion carries.

23 MR. GLOVER: Now you can refer to that and
24 we've got a landmark.

25 CHAIRMAN BUSSELLS: Right.

1 MR. KEANE: The next item is pension reform
2 draft from the city council, which fits right in
3 with what we're just talking about.

4 I have sent the proposed new ordinance and
5 agreement to Jarmon Welch. I spoke with them
6 again this morning. I have his email.

7 "As requested, Kelly and I will immediately
8 begin work on the actuarial impact statement for
9 this proposed agreement. We'll work over the
10 weekend and send it to you by Tuesday."

11 So we cannot get it any quicker than that.

12 On the agreement, the proposed agreement, in
13 the provision of the staff plan -- let me back up
14 a little bit.

15 The forward marching orders dealing with the
16 city on this new version pension agreement are
17 the same as if the end of the last one. If I say
18 that, then what you-all agreed to previously will
19 still be agreed to. What you amended previously,
20 we're going to say, the Board wants this amended,
21 and what you rejected previously, will still be
22 rejected.

23 MR. TUTEN: Catch me up. Are we talking
24 about the latest proposal from the mayor?

25 MR. KEANE: That's what we're talking about.

1 MR. TUTEN: Do you have a copy of that,
2 John, or can you email us a copy of what the
3 mayor put in the proposal that's different at
4 least than what we have?

5 MR. KEANE: This one doesn't have the --

6 MR. DARAGJATI: I have a copy.

7 MR. KEANE: Do you have a copy of the
8 changes on it?

9 MR. DARAGJATI: With the city stuff, yeah.

10 MR. KEANE: Okay. Good. Give him a copy.

11 MR. SCHMITT: So we're talking about the
12 latest draft that we know of that was sent from
13 the mayor's office to the city council?

14 MR. KEANE: It's not gone there yet. They
15 tried to introduce it Tuesday night, they
16 wouldn't do it.

17 MR. SCHMITT: Gotcha.

18 MR. KEANE: They're working on putting a new
19 thing together. The bill that we worked on in
20 our workshops and our last meeting, that's gone.
21 That's forgotten. Did not become enacted. It
22 was repealed.

23 CHAIRMAN BUSSELLS: Let me say -- let me
24 describe the posture I believe we're in and then
25 invite you-all to expand, extend or correct my

1 description.

2 So at our workshop where we did not take
3 action, binding action, but at our special
4 meeting recently, whenever that was, we voted
5 item by item. Our position, including in some
6 cases a rejection of the council position and the
7 extension of a counterproposal in its place, and
8 in one significant -- I think only one
9 significant issue we rejected the council
10 position and did not offer a counterproposal,
11 that being the remaining term for active members.

12 And we delegated to our staff and our
13 general counsel the authority to work with the
14 city's general counsel in refining, drafting,
15 correcting, immaterial nonpolicy, nonsubstantive
16 matters jointly for the introduction to the city
17 council of the revised ordinance that this fund
18 has approved if enacted by the city council.

19 I think that's where we are.

20 MR. KEANE: Correct. Right.

21 CHAIRMAN BUSSELLS: And our counsel has been
22 extensively interacting with the city's counsel
23 in that drafting work.

24 MR. DARAGJATI: That's correct.

25 CHAIRMAN BUSSELLS: Okay.

1 MR. KEANE: And as an outgrowth of that and
2 those discussions, a new draft was circulated
3 Tuesday night, Wednesday morning. And in that
4 draft they have the words that the senior staff
5 will be frozen and closed as of August the 15th,
6 and no further benefits will accrue under the
7 senior staff plan. That's why we put that just
8 in front of this.

9 So we're trying to make sure that our
10 marching orders, as we continue to interact with
11 the general counsel and the mayor's staff are,
12 Board's position is as described in our
13 communication to you of last Thursday. The Board
14 supports these in total. The Board recommends an
15 amendment to these, and these two things the
16 Board did not accept. And one of them is the
17 senior staff plan.

18 MR. TUTEN: How many more changes to what we
19 submitted to the council are in the mayor's
20 proposal, John, as far as, are there any of the
21 financial numbers as far as the DROP, this, that
22 or the other?

23 CHAIRMAN BUSSELLS: Pardon me. Just for
24 context, we're talking about the current general
25 counsel draft.

1 MR. TUTEN: Right.

2 CHAIRMAN BUSSELLS: Not yet submitted but
3 needs to be submitted, I think, next Wednesday
4 for the normal two-week cycle of introducing
5 legislation.

6 MR. KEANE: Right, right.

7 CHAIRMAN BUSSELLS: So they're still active
8 back and forth on negotiations between our
9 counsel --

10 MR. KEANE: Discussions.

11 CHAIRMAN BUSSELLS: -- and general counsel
12 to get the language right or, failing that, we
13 will need to proffer an expression of
14 disagreement on this point or that if we cannot
15 come together, our counsel and the general
16 counsel, between now and Wednesday.

17 MR. DARAGJATI: That's an accurate
18 statement.

19 MR. KEANE: That's what we're trying to do.

20 CHAIRMAN BUSSELLS: I just want to be sure,
21 because this is moving quick and it's complex and
22 important.

23 MR. KEANE: And to keep it moving when it
24 gets to the council, our goal is to get the words
25 right before it gets introduced. Then that way

1 there's not the furor and confusion at the
2 committee level.

3 CHAIRMAN BUSSELLS: Absolutely. That's what
4 we're working on now. Absolutely.

5 MR. KEANE: Now, one thing they've changed
6 is the senior staff thing. And the second is the
7 amount of money that they want the pension fund
8 to put up.

9 CHAIRMAN BUSSELLS: Now, let's go back to
10 the first one. And so I'm going to state what I
11 believe is our position for our counsel to
12 express to the general counsel to seek to resolve
13 it. So I'm going to say what I think where we
14 are, and then let everybody revise or correct.

15 Because it is illegal by ordinance to change
16 a preexisting contract, this provision should be
17 modified.

18 MR. KEANE: Correct.

19 CHAIRMAN BUSSELLS: That's our position.

20 MR. KEANE: Correct.

21 CHAIRMAN BUSSELLS: That for this to be
22 introduced and recommended to the city council,
23 knowing that it is illegal because of the
24 preexisting contract, will just be a fundamental
25 error in law for the general counsel to be party

1 to that. I'm exaggerating.

2 MR. KEANE: That's all right.

3 CHAIRMAN BUSSELLS: And so, therefore, that
4 must be revised to not, on its face, be illegal
5 in our state, in Florida.

6 MR. DARAGJATI: We have some recommended
7 language that basically captures what you're
8 saying. And we're going to counter them and
9 simply state that the Board shall adopt rules to
10 effectuate this provision consistent with state
11 law and Internal Revenue Code.

12 CHAIRMAN BUSSELLS: And so this is
13 important. It has symbolic significance way in
14 excess of the substantive significance.

15 And I would suggest that we -- and I know
16 we're sort of negotiating with ourselves here,
17 but we also proffer a deadline date that the
18 Board will cause that to happen no later than 90
19 days after the effective date of the ordinance,
20 so it's not open-ended because they will, you
21 know, with some merit say, well, you can just
22 take forever and never do it. Right?

23 I mean, that's the way people -- this is so
24 legalistic, this process, back and forth, I
25 suggest we put that in there. You know, a

1 reasonable period to sort it out and work it out.

2 MR. TUTEN: Has the mayor's office talked to
3 you, John, about any of this?

4 MR. KEANE: No. I think, in answering your
5 question, most of this was drafted by one of the
6 newer employees who was here the other day. And
7 I spoke with her yesterday briefly, and she said
8 she's just trying to pull documents from all
9 places and put enough together to make it work.
10 And I said, well, you know, there's a couple
11 things in there that aren't correct.

12 She said, that's why in this drafting --
13 that's why we're going back and forth. And that
14 was why, because of the action the Board just
15 took, we can reiterate to them, you've got to
16 make this change.

17 CHAIRMAN BUSSELLS: But here's why.

18 MR. KEANE: And here's why.

19 CHAIRMAN BUSSELLS: And then here's a
20 solution that is legal and affects the -- I think
21 the intent of both us and them on this point.
22 But it's done in a way that's legal.

23 MR. DARAGJATI: Yes.

24 MR. KEANE: And what they're trying to do,
25 they're trying to side-step this head-on

1 collision with part of the people over there.
2 And we're agreeing to that as long as they do the
3 right thing.

4 MR. SCHMITT: Richard, I think you brought
5 this up at the last meeting. I am very
6 uncomfortable not seeing the draft before it is
7 sent to the city council, because that draft has
8 basically our Board approval on it, and I haven't
9 even seen the final draft. I'm not comfortable
10 sending in that final draft without at least
11 reading it.

12 MR. TUTEN: Well, yeah, I agree. I think
13 like Walt was saying, you know, in matters like
14 this where it's language -- you know, my biggest
15 concern obviously if we're talking about money or
16 benefits and people that we sat here and hashed
17 out and whatever for hours, if it's something to
18 do with this, the problem is this is just as
19 important as that, because basically in essence
20 it kills everything from going forward.

21 Now, I agree with Larry. The fact that,
22 okay, I would like to know, first of all, for the
23 mayor, why they feel the impetus to do this,
24 number one, after we've talked to them and the
25 counsel and each other now for who knows how

1 long.

2 Secondly, at least before they submit -- and
3 I guess we could get a copy of it before it goes
4 to the council. At least we can see. And my
5 question, along with Larry, is how does that
6 affect what we've agreed to? In other words, are
7 we just basically saying, look, we gave you the
8 authority to straighten out this kind of mess,
9 that's what you're doing, so we don't really need
10 to review it before it goes to the council?

11 Because --

12 MR. KEANE: Don't say that.

13 CHAIRMAN BUSSELLS: Let me ask this. Would
14 it be possible for us to get a redline version of
15 what the current status is between you and Bob's
16 work with the general counsel's office and
17 perhaps -- and blacklined from a redline, and
18 then annotated on the points where you-all have
19 not agreed, subject to the usual caveats of final
20 review by this Board and city council of open
21 issue?

22 And this would be an illustrative example.
23 If we had that redline before us -- if we had the
24 redline right now, I would want to see an
25 annotation on that provision that says, we do not

1 agree with this, this must be changed, or we
2 recommend not approving this point.

3 So the ones that don't make sense to you or
4 you've not reached agreement with the general
5 counsel, to see those highlighted to help our
6 review. And I too would like to read -- and I
7 recognize it's redlined and it's a process
8 through the week and Monday, Tuesday, Wednesday.
9 I'd like to read where it is now and see what's
10 been agreed to so far.

11 There's been lots of refinements and typos
12 and scrivener's errors and things. And then what
13 are the open issues that we could read. And then
14 if we need to get together, you know, notice of
15 special meeting by teleconference or some other
16 efficient method before that deadline next week
17 to stay on cycle, then that's what we'll do.

18 MR. TUTEN: Have they tried to change the
19 actual ordinance code that we submitted or is it
20 just the highlighted version of the agreement?

21 MR. KEANE: They have not made any
22 substantive changes to the benefits section.
23 There's two sections that they changed contrary
24 to what the Board had previously agreed to.

25 MR. TUTEN: Okay.

1 MR. KEANE: And one of them is the senior
2 management plan. And the other is, in our
3 discussions with Mayor Brown and his staff back
4 in the spring, we agreed -- I agreed on asking
5 the Board to put up over a period of time \$107
6 million. That was based on the 2013 numbers.

7 That number -- we now have more money. And
8 what they're providing in this agreement is to
9 take all of the money, plus seven years of
10 chapter funds, which means we would be giving
11 them -- transferring about 156 million. And our
12 agreement originally was on 107 million.

13 CHAIRMAN BUSSELLS: To be precise, seven
14 years of chapter funds less an annual holiday
15 bonus, subject to the 80 percent trigger.

16 MR. KEANE: Correct.

17 CHAIRMAN BUSSELLS: So it does not eliminate
18 the option for an annual holiday bonus.

19 MR. KEANE: No, sir.

20 CHAIRMAN BUSSELLS: Those funds are reserved
21 for the Board.

22 MR. KEANE: They're reserved, yes, sir.

23 CHAIRMAN BUSSELLS: And what's left over
24 after that for no more than seven years will flow
25 into the unfunded liability.

1 MR. KEANE: That's right.

2 CHAIRMAN BUSSELLS: Okay. I just want to be
3 sure.

4 MR. KEANE: In our previous discussions, all
5 those were the parameters, but the amount was
6 capped at \$105 million. And they've taken that
7 105 million out, and now it would be
8 substantially more because we've had two more
9 years of accumulations of extra chapter money.

10 CHAIRMAN BUSSELLS: One more year. Is it
11 two more years?

12 MR. KEANE: Two more years. You have '12
13 and -- '13 and '14, or '12 and '13, whichever way
14 you want to look at it. They were using the old
15 actuarial numbers.

16 CHAIRMAN BUSSELLS: My recollection from our
17 last meeting was the original one was the balance
18 at 10/1/13.

19 MR. KEANE: Correct.

20 CHAIRMAN BUSSELLS: Which we agreed to at
21 the negotiating table in the spring and summer of
22 2014.

23 MR. KEANE: Correct. And we had the number
24 in there. They left that number out, the maximum
25 number.

1 CHAIRMAN BUSSELLS: So it's one more year.

2 MR. KEANE: Right.

3 CHAIRMAN BUSSELLS: Okay. Not two.

4 MR. KEANE: One more year. Right.

5 CHAIRMAN BUSSELLS: And then roughly half of
6 the total is truly -- and, you know, these words
7 get misunderstood and misconstrued by the
8 media -- but city money --

9 MR. KEANE: Correct.

10 CHAIRMAN BUSSELLS: -- because for all --
11 not by design by but the formulary method the
12 city elects to do it, they put in -- they sent
13 more money to our fund than are required --

14 MR. KEANE: Right.

15 CHAIRMAN BUSSELLS: -- and so this
16 additional balance of 10/1/14, at least half of
17 it is city money sent in excess of what we
18 required.

19 MR. KEANE: No question about. No question
20 about it.

21 CHAIRMAN BUSSELLS: And so what's at issue
22 is a piece of chapter money for 12 months.

23 MR. KEANE: That's right.

24 CHAIRMAN BUSSELLS: I just want to be sure
25 that I'm saying the same thing.

1 MR. KEANE: And the amount of chapter money
2 that -- the total amount of chapter money that
3 we're going to be committing to them. So that's
4 one issue.

5 CHAIRMAN BUSSELLS: Do you take issue with
6 the way they've written the seven years, less the
7 holiday bonus with an 80 percent trigger? Do you
8 disagree with how they've written that?

9 MR. KEANE: Only to the standpoint of what
10 they're going to do with the money.

11 CHAIRMAN BUSSELLS: Just one thing at a
12 time, John.

13 MR. KEANE: All right.

14 CHAIRMAN BUSSELLS: Do you disagree with how
15 they've written the use of chapter funds less the
16 holiday bonus every year with the 80 percent
17 trigger stopping it, if it occurs before seven
18 years?

19 Have they written that in a way that matches
20 what you think you agreed to at the negotiating
21 table last spring?

22 MR. KEANE: No. And that's because they did
23 not put the maximum in there. The money we came
24 to was, they're going to do their 400 million,
25 we're going to do 105 million. This combination.

1 Now, we're not talking about using all of
2 their money and saving a lot of the chapter
3 money. I'm not talking about doing that.

4 CHAIRMAN BUSSELLS: Let me stop you. I
5 never recall discussing a cap on the seven-year
6 chapter money less the holiday bonus. I never
7 recall a number capping what that could be.
8 Seriously.

9 MR. SCHMITT: And I do recall that because
10 that was our trigger for the share plans, and
11 that was a selling point to the members. Look,
12 we don't have to wait for the city to do what
13 they're responsible for doing. We hope they
14 will, but if they don't, here's our trigger to
15 where we start the share plan.

16 CHAIRMAN BUSSELLS: I agree with the
17 trigger, but my recollection of the trigger was,
18 the earlier of seven years or 80 percent. Once
19 we hit that, all the chapter funds and the
20 holiday bonus would be go towards
21 (indiscernible).

22 MR. TUTEN: Well, there was a trigger in the
23 agreement too as far as if they didn't live up to
24 their expectations, if you remember me going off
25 on my little tangent there.

1 CHAIRMAN BUSSELLS: Oh, on the 400
2 million --

3 MR. TUTEN: -- and we would take the share
4 plan and start it right then.

5 CHAIRMAN BUSSELLS: That's a separate issue.

6 MR. KEANE: That's fine.

7 CHAIRMAN BUSSELLS: The 400 million, let's
8 separate that. It's important and we've got to
9 deal with it, but let's keep that separate from
10 this thing.

11 MR. KEANE: So we can live with this seven.
12 I mean, it's just an issue. But they are
13 providing that they can use the money, not to pay
14 down the unfunded, but they can use it to
15 supplement their contribution. So that's -- and
16 that's what they want to do.

17 The main thing they've changed in here is
18 what the Board agreed to the last time, that Bob
19 Klausner recommended, if they fail to make a
20 payment, that payment will be rolled over to next
21 year and part of the ARC, and they took that out.

22 If they miss a payment, it would be then
23 rolled forward and part of the ARC for the
24 following year. They've taken that out.

25 CHAIRMAN BUSSELLS: Okay. So let's do that

1 after they we do -- let's stay on that first
2 thing first.

3 MR. KEANE: Okay.

4 CHAIRMAN BUSSELLS: The arithmetic of the
5 funds flows, I believe, is such, the way it's
6 written, that whether they characterize for this
7 limited period the use of those funds for normal
8 costs within the ARC for unfunded liability
9 recovery in the ARC, that regardless of how it's
10 characterized, it doesn't change the total funds
11 flows in, when they have to occur, and what we're
12 going to get as a result.

13 MR. KEANE: That's correct.

14 CHAIRMAN BUSSELLS: Then why do we care
15 about the words on this point?

16 MR. KEANE: We care about the words,
17 Mr. Chairman, because if they take our money in
18 this hand, and we're marching towards an 80
19 percent goal, and instead of putting their money
20 in with this hand together, they take our money
21 and put it in this hand and they say, here's the
22 contribution.

23 It will take longer to get to the 80 percent
24 goal because they could essentially not -- they
25 could reduce their contribution by the amount

1 we're giving them.

2 MR. SCHMITT: And I think what you just said
3 is -- I don't think is -- it does make a
4 difference on how much comes into the fund.
5 Because if they're allowed to use this pot of
6 money, so to speak, for their payment, then
7 they're not going to make an additional --
8 they're not required to make an additional
9 payment towards the ARC or towards the unfunded
10 liability portion.

11 That can use that payment for one or the
12 other and still meet their obligations under this
13 language. Under the language that I understood
14 it is they're required to use those funds for the
15 unfunded liability and their ARC is totally
16 separate. They cannot use those funds for their
17 ARC.

18 MR. KEANE: That's what we originally
19 discussed.

20 CHAIRMAN BUSSELLS: When I say -- when I use
21 the acronym ARC, my understanding of what that
22 means precisely from Jarmon and others is, for
23 this year, that's how much money has to go into
24 the fund to be over the 30 years eliminating any
25 unfunded liability plus funding the normal costs.

1 MR. SCHMITT: For current year.

2 CHAIRMAN BUSSELLS: One year at a time.

3 MR. SCHMITT: Right.

4 CHAIRMAN BUSSELLS: It counts every year.

5 It used to be every third year and that was a
6 problem. We'll do it every year now, but that's
7 right.

8 So the ARC is a single number. It's a
9 percent of payroll. It's a single number. And
10 whether you parse the number in terms of
11 components, it doesn't change the amount of money
12 the city's got to send over here to the fund.

13 MR. SCHMITT: For the current year.

14 CHAIRMAN BUSSELLS: One year at a time.

15 It's capped each year.

16 MR. SCHMITT: Right. So it's 1/30th or
17 1/27th of whatever the 30-year payment is. And I
18 agree with that. That's with your understanding
19 of the ARC. That's my same understanding.

20 CHAIRMAN BUSSELLS: Okay.

21 MR. SCHMITT: What I think the issue as I
22 see it is, they're now saying they can apply
23 these funds, these reserved funds, not towards
24 the additional unfunded liability, but to pay
25 their current year obligation.

1 MR. TUTEN: What they're doing in essence in
2 what they've always done, which is take money
3 from the general fund or another account to pay
4 their annual required contribution, which is the
5 ARC. Instead of saying, no, we're going to pay
6 our normal bill and we're going to take this
7 extra money that the pension fund gives us and
8 pay down the unfunded, what they're trying to do
9 is take that money, skip over the unfunded, put
10 it in the ARC account.

11 And basically if they take 25 million from
12 us, that gives them 25 million extra in the
13 general fund they don't have to pay towards the
14 pension. And that's how we got here.

15 MR. SCHMITT: Right. So the unfunded
16 liability will not be decreased.

17 MR. TUTEN: Right.

18 MR. SCHMITT: Because they're using that
19 portion that we're saying should go towards the
20 unfunded liability and they're using it for their
21 current year portion only of that unfunded
22 liability.

23 MR. GLOVER: Yeah. We did discuss a lot of
24 that because -- and I do remember too. And it
25 wasn't a tangent. I mean, he was on point. And

1 now I see how important it was he was on point
2 about that and what the discussion was. They
3 didn't use our contribution to supplement their
4 contribution because it took a long time --
5 longer time to get to the 80 percent funding
6 layer.

7 So I do remember it like that as well.

8 MR. TUTEN: Well, if you remember too, the
9 first of the very onset of negotiations with the
10 mayor, there were similar ideas of doing the same
11 thing with the budget.

12 In other words, the mayor was in a hurry to
13 get it done because he's going to take 61
14 million, I think, or 60 million and basically
15 help with the budget for that year, that year.
16 Of course, the councilmen kind of balked and
17 stuff.

18 So this is literally going back to that line
19 of thinking but on a much bigger scale. Instead
20 of a one-year type of a bonus from the pension to
21 the budget, now they're trying to apply it to the
22 ten-year term of the deal. And that's just not
23 what we talked about.

24 CHAIRMAN BUSSELLS: I understand the
25 arithmetic differently, and it's important to me

1 and I think it's important to us, because if
2 we're going to pick a fight with them on these
3 words and it doesn't change the results for our
4 members, we ought not to do it.

5 So I'm not saying I'm a hundred percent
6 sure, but I'm just not persuaded on how the
7 arithmetic works. Let me say this.

8 Would you agree that the amount that's going
9 to come to us until we're at 80 percent every
10 year is going to be the ARC that our actuary
11 calculates and brings to us before it's sent to
12 them for the budget every year, plus 40 million a
13 year, until they get 400 million over the ARC,
14 unless we hit 80 percent sometime before that
15 happens; is that correct?

16 MR. KEANE: ARC plus 40 million.

17 CHAIRMAN BUSSELLS: So what I said is
18 correct.

19 MR. KEANE: Correct.

20 CHAIRMAN BUSSELLS: Arithmetically, where
21 ARC comes from I don't think changes one penny
22 how fast our fund recovers and gets to 80
23 percent. I'm not -- I'm trying to understand,
24 but I don't see it, why it makes a different,
25 what words we apply to a dollar.

1 MR. SCHMITT: Okay. But we're talking
2 accounting versus cash flow. From a cash flow
3 perspective, what we're saying is the ARC is the
4 amount that the city is required to pay net, what
5 the city's required to pay for 1/30th of whatever
6 is due in the unfunded liability.

7 CHAIRMAN BUSSELLS: Plus normal costs.

8 MR. SCHMITT: Plus normal costs. Right.

9 So take that number -- and now what we're
10 saying is in this agreement, the city has agreed
11 to pay that ARC plus an additional \$40 million,
12 infusion of additional \$40 million in cash.

13 CHAIRMAN BUSSELLS: Right.

14 MR. SCHMITT: Under this wording, this new
15 wording, as I understand it, their proposal is
16 the ARC amount is calculated, but instead of
17 infusing an additional \$40 million, they're using
18 this other \$40 million and counting it as their
19 \$40 million.

20 CHAIRMAN BUSSELLS: Okay. Well, that's
21 different than what I was thinking before.

22 MR. SCHMITT: So that's my understanding of
23 their new language, which is what all the
24 contention was about last time, is counting
25 that -- it's not -- they're proposing not an

1 infusion of an additional \$40 million. They're
2 requesting to use that \$40 million that's already
3 there and apply it to their ARC.

4 CHAIRMAN BUSSELLS: Okay. I would agree
5 with that.

6 So is the language as written now, they
7 could take the chapter funds, less the holiday
8 bonus, subject to the 80 percent trigger, and
9 count it toward 40 million?

10 MR. KEANE: Yes.

11 CHAIRMAN BUSSELLS: That's what that
12 language says to you? If that's what that
13 language says, I agree on that point, that is not
14 the deal.

15 MR. KEANE: That's correct.

16 CHAIRMAN BUSSELLS: I don't read the
17 language that way, but if it's unclear, I agree
18 with you on that, that does make a difference.
19 That does make a different.

20 MR. SCHMITT: And from the statements that
21 I've heard from the mayor and chief of staff,
22 that is their interpretation of what this
23 language would be, which I don't agree with.

24 CHAIRMAN BUSSELLS: Yeah, that was not the
25 deal. So if we say chapter funds may not be used

1 for the 40 million, I agree with that.

2 MR. TUTEN: Right.

3 CHAIRMAN BUSSELLS: But I have to say
4 chapter applied to ARC, I don't think it makes a
5 difference to us, just on -- and, yeah, I'm
6 ignoring accounting principles --

7 MR. TUTEN: I know -- I know what you're
8 getting at, Walt. Look, it's a bill and we're
9 paying it down, regardless of what we say it's
10 due for, it's still going towards the same bill,
11 that's fine.

12 CHAIRMAN BUSSELLS: But using chapter funds
13 for the 40 million, that was not the deal. I
14 agree with that, and that -- that does make a
15 different.

16 MR. TUTEN: The difference is in seven years
17 that will expire. In other words, say they are
18 using the chapter funds for helping them pay down
19 the ARC or whatever, it's still going to the same
20 pot, I understand. But that 40 million is still
21 good for ten years. You know, that's not going
22 to -- that's need to come above and beyond all
23 this other stuff.

24 MR. KEANE: It's on page 32. And it's the
25 "Additional Unfunded Liability Payments." One

1 talks about the first --

2 CHAIRMAN BUSSELLS: What section is it?

3 MR. KEANE: D. It's called "Additional
4 Unfunded Liability Payments."

5 CHAIRMAN BUSSELLS: Yeah, but is it, 1, 2,
6 3, 4? What number?

7 MR. KEANE: We're going to start out with
8 number 1. It says we're going to give them this
9 money. And then number 2, the city is going to
10 do this \$40 million.

11 And the amounts -- if you look at the
12 sentence there, the second sentence, "The amounts
13 applied in paragraph 1 shall count toward any
14 amounts required by this paragraph."

15 MR. SCHMITT: So they're not making any
16 additional amount. There's no additional \$40
17 million infusion.

18 CHAIRMAN BUSSELLS: Well, the chapter less
19 bonuses, like 8 or 9 million bucks. They've got
20 to put something in there, right? That's
21 currently; is that right? Chapter today less
22 holiday bonus --

23 MR. KEANE: \$8 million.

24 MR. TUTEN: John, can we back up? And
25 Walt --

1 CHAIRMAN BUSSELLS: Just real quick, Rich.

2 So I agree that that language we never
3 agreed to, including in our Board meeting. And
4 that does make a difference cash-on-cash to how
5 fast our fund gets healthy and was not the deal.
6 I agree with that.

7 MR. KEANE: And the real difference comes in
8 in paragraph number 3, which talks about our
9 continuing payments, that we're going to make
10 these payments with left-over money, dah, dah,
11 dah, dah, dah, dah, dah. And the city can
12 substitute that money for their contribution.

13 MR. SCHMITT: So they're reducing their
14 current year contribution by the chapter funds.
15 Okay. If you're going to do that, then you have
16 to infuse an additional \$40 million somewhere.

17 MR. KEANE: Correct.

18 MR. SCHMITT: You can't count it for both.

19 CHAIRMAN BUSSELLS: I agree with that.
20 Yeah.

21 MR. KEANE: But in this paragraph 3, that
22 the language the Board agreed to on January the
23 5th, that if the city did not make their
24 \$40-million payment or a part of their
25 \$40-million payment, it would roll over into the

1 next year's ARC.

2 CHAIRMAN BUSSELLS: But paragraph 3, as
3 written now, is okay with us. Would you agree
4 with that?

5 Well, we need to add in, if you didn't do
6 it, you've got to roll it over and it goes into
7 ARC. But as written, is 3 objectionable to us?
8 I thought 3 was the deal.

9 MR. KEANE: Well, as it says is the money,
10 "including without limitation, to fund the base
11 benefits, to reduce the unfunded accrued
12 actuarial liability, or to mitigate the city's
13 annual required contribution to the plan."

14 CHAIRMAN BUSSELLS: Okay. So we need
15 clarification: Is the city's annual contribution
16 to the plan inclusive of the extraordinary 40
17 million a year or exclusive of it?

18 If it's exclusive, I believe mathematically
19 it's okay with us. If it's inclusive, it's not
20 because that was not the deal when using chapter
21 funds. Does that make sense?

22 MR. KEANE: Yes.

23 MR. TUTEN: Well, I got a problem with the
24 third line in D with "a total of seven fiscal
25 years." Because if drop down, "used as described

1 above," dah, dah, dah, dah, but why doesn't it
2 say "seven consecutive"?

3 In other words, there needs to be a
4 parameter on that seven years because -- and I'm
5 sure I'm going to read through most of this other
6 stuff. With the other agreement, the problem I
7 had with the city was, okay, if they missed a
8 payment, they could bounce it to the next year.

9 Well, are they going to turn around and say,
10 well, that's seven fiscal years; we just meant
11 every other year for 14 years. But we're going
12 to use the seven fiscal years when we want to use
13 them.

14 MR. KEANE: The seven fiscal years applies
15 to our payment right there.

16 CHAIRMAN BUSSELLS: I think Rich is
17 suggesting putting in the word "consecutive."

18 MR. TUTEN: Yeah. Seven from the effective
19 date -- ends in seven years after the effective
20 date starts.

21 CHAIRMAN BUSSELLS: Instead of the intent.

22 MR. TUTEN: I'm not saying what they're do.
23 I'm just saying they just don't use it against
24 us, or try to.

25 MR. KEANE: Okay. Add the word

1 "consecutive."

2 MR. SCHMITT: I think that should not be
3 rejected by anybody.

4 MR. KEANE: Right. For our discussions with
5 them, I'm going to try to translate some of that
6 language you just said into -- the Board agrees
7 to transfer this money. It's to be used to pay
8 down the unfunded. It's not to be used to
9 supplement their payment. Is that correct? Is
10 that the way you said that? You used two
11 different little words there.

12 CHAIRMAN BUSSELLS: I would say it
13 differently. I would say --

14 MR. KEANE: Excuse me just a minute. Make
15 sure to get these words down.

16 Go ahead.

17 CHAIRMAN BUSSELLS: The chapter funds may
18 not be used for the 40-million payment obligation
19 of the city.

20 MR. KEANE: Okay.

21 CHAIRMAN BUSSELLS: That solves it, I
22 believe, mathematically and practically every
23 other way.

24 MR. GLOVER: And there was a lot of
25 discussion about that.

1 CHAIRMAN BUSSELLS: Oh, yeah.

2 MR. GLOVER: And sometimes I think my seat
3 mate here is a little suspicious of the city
4 fulfilling their obligations, but he's on point
5 now that we've spent 30 minutes to talk about
6 this thing. We cleared it up here.

7 CHAIRMAN BUSSELLS: But, as you know, this
8 is real money and important. And I missed
9 earlier chapter for the 40. Well, of course, I
10 haven't read this.

11 MR. KEANE: No, no, no, and I know. And we
12 also need to put the rollover language in there
13 that the Board previously agreed to. If they
14 don't pay, it rolls over.

15 CHAIRMAN BUSSELLS: If the city fails to
16 make its complete annual 40-million payment or
17 its present value equivalent, any such amount
18 will be added to the next succeeding year's ARC.

19 MR. DARAGJATI: We had that language in
20 there when we sent this to them and they took it
21 out.

22 MR. KEANE: They took it out.

23 MR. DARAGJATI: We'll send back the same
24 language and say, that is what, this is what we
25 agreed to.

1 CHAIRMAN BUSSELLS: And we don't agree with
2 that. So that's material and it goes to the core
3 of the deal. That's all the shared sacrifice
4 stuff. This is their side of shared sacrifice.

5 MR. TUTEN: Yeah. Just scanning over
6 paragraph 1 and then you fast forward down to
7 paragraph 2, it almost -- if I'm correct, just by
8 looking at this it's basically saying they can
9 take the entire donation that we give them in
10 paragraph 1 and apply it towards their \$40
11 million for ten years, if I'm not mistaken.

12 MR. SCHMITT: Right. The way it reads.

13 MR. KEANE: We'll got that fixed.

14 CHAIRMAN BUSSELLS: Just so you know, we're
15 running over what we expected the meeting time to
16 be.

17 Are there other issues that you need a vote
18 on or that might be -- we might need to dialogue
19 about to see where we are on this subject?

20 MR. KEANE: No, sir. I believe that -- just
21 to reiterate, the action the Board took at the
22 workshop on January the 5th is the Board's
23 position going forward. And that will then
24 clarify this issue we just talked about, plus the
25 rollover amount and all the issues we talked

1 about.

2 CHAIRMAN BUSSELLS: We're going to be very
3 prescriptive here. So -- because when you say
4 the position we took on the 5th, I would -- we
5 might have a comment or we might not have a
6 comment or memory of the salient points.

7 I think we should restate the salient
8 points, because the one that I think might still
9 be open in our minds is the October 1, '14
10 balance or the October 1, '13 balance.

11 MR. KEANE: Right. Okay.

12 CHAIRMAN BUSSELLS: Right?

13 MR. DARAGJATI: Yes.

14 CHAIRMAN BUSSELLS: Because I thought we
15 were okay with -- you know, whatever it is, it's
16 already in there. Half of it or so is their over
17 contribution above ARC anyway and the earnings on
18 it. There are some additional chapter funds that
19 have accumulated, no doubt about that less, but
20 it's less than 15 percent.

21 MR. KEANE: Right.

22 CHAIRMAN BUSSELLS: I thought if it closed
23 the deal, we were okay. I could be mistaken, but
24 I thought we were okay with that. So it's kind
25 of sunk cost, so to speak. It's water over the

1 dam, water under the bridge.

2 MR. TUTEN: Well, John, another thing to
3 point out to is their language of net present
4 value as far as their contributions. If it was
5 me, I would like to see them -- I think that's
6 part of the reason we get into it that one time,
7 you know.

8 There's a lot ambiguous language here as far
9 as, well, when are they going to count -- are we
10 counting net present value year one and then
11 applying it to the rest of the years, or are we
12 going to come back in year two when the balance
13 has gone up or our unfunded has gone way down, so
14 we're only going to do, you know, based on that
15 number, which will help us?

16 I mean, how -- what's the parameters with
17 this thing? That's what I want cleared up with
18 the city. There should be no ambiguity
19 whatsoever.

20 CHAIRMAN BUSSELLS: I'll say what I think we
21 agreed to what the deal is.

22 Let's say that they do the 40 million a year
23 for the first three years, and then for the
24 beginning of year four they say, let's go ahead
25 and pay it off, the rest of it.

1 It would be the present value of -- if I can
2 do it in my head -- 280 million for seven years,
3 present value to a number at that point in time.
4 Because they already put 120- in. They left 280-
5 to go seven years. So the PV of 280- for seven
6 years is what our deal was.

7 MR. TUTEN: Sure.

8 MR. KEANE: The present value on the
9 remaining --

10 CHAIRMAN BUSSELLS: So making that clear
11 would be a good thing.

12 MR. TUTEN: Right.

13 MR. KEANE: The present value on the
14 remaining obligation, of the remaining \$400
15 million initial obligation.

16 CHAIRMAN BUSSELLS: Yes.

17 MR. KEANE: We got that.

18 CHAIRMAN BUSSELLS: I think that would be a
19 good clarification. I agree with that.

20 MR. KEANE: Fine. And that concludes our
21 discussion on the basic agreement here, but we do
22 want to tell you one other thing.

23 The Board has talked about the budget and
24 the authority of the budget and it's also in this
25 agreement here, and they've reworded that a

1 little bit. We have not received the answer back
2 from the council president. So the letter has
3 been sent to the attorney general saying, what
4 about the budget? They're ruled twice. We're
5 just asking what their current position is, and
6 everybody will be bound by it when it gets back.

7 CHAIRMAN BUSSELLS: Okay.

8 MR. KEANE: That concludes this.

9 CHAIRMAN BUSSELLS: And then I'll mention
10 just a couple of other things just real quick and
11 we'll be done with the business that needed to be
12 done today.

13 Some months ago we had agreed to have our
14 general counsel go find a legal expert
15 practitioner on Florida public sector pension law
16 and then an expert CPA-auditor type on public
17 sector pension in Florida who had not earlier
18 worked for either us or the city so there would
19 be no appearance of conflict, and have them come
20 in and do an agreed-upon procedure on the
21 administration, the precise administration of
22 DROP procedurally versus what law and regulation
23 specifies. And if there are any gaps, to have
24 those identified and quantified, directly working
25 with the Board.

1 And so our general counsel identified the
2 two firms. I've had a chance to talk to both of
3 them now, the CPA and the lawyer, legal firm.
4 Both seemed extremely well-qualified to me. They
5 could do this very efficiently. We just need to
6 get the lawyer down in, I think, Sarasota-Tampa
7 area, Southwest Florida.

8 MR. KEANE: Mr. Deaner.

9 CHAIRMAN BUSSELLS: Deaner. Lee Deaner.
10 Lee's just got to make some time very quickly to
11 read the relevant ordinance or statute, whatever,
12 on this very technical subject so he can then
13 give the agreed-upon procedure task to the CPA to
14 pull a statistical sample of DROP applications
15 and processing, and then report directly to us,
16 just like we have with the independent
17 accountant, what they found.

18 Full compliance or not. If there appears to
19 be a deviation, very specifically what is it and
20 quantify it for us. And then once we have that,
21 hopefully before the next meeting, if action is
22 appropriate, we'll take it. If none is required,
23 we will then post the actions we took to leave no
24 stone unturned that this has been according to
25 Hoyle on the website and (indiscernible).

1 We can never get the city council lawyer to
2 come meet with us, unfortunately, to process it
3 with them. But that's their choice.

4 MR. TUTEN: So, Walt, basically what we're
5 doing is we're inspecting the way we handle our
6 DROP as far as the sign-up, et cetera, et cetera,
7 the time periods, from an outlaw firm, outside
8 law firm besides Bob's. And they're going to
9 compare our procedure on top of how we do
10 everything around the state?

11 MR. KEANE: No. With the ordinance code.

12 CHAIRMAN BUSSELLS: Our ordinance code for
13 us. It will be like the independent accountant
14 subject matter expert providing a review of our
15 financial reporting and financial statements that
16 staff does, and then giving us an opinion it's
17 correct.

18 MR. TUTEN: Okay. Simply an opinion based
19 on state law and how we enforce the ordinance
20 code.

21 CHAIRMAN BUSSELLS: On this narrow, specific
22 subject, since it has been controversial, since
23 the auditor raised it as a possibility of perfect
24 compliance. So it will be like that, so accounts
25 would follow agreed-upon procedures.

1 MR. TUTEN: Has the city or the general
2 counsel that have claimed that we're not doing it
3 the correct way, have they cited any sort of
4 outside facts or examples or precedent, or are
5 they basically stating in their opinion they
6 think we're not doing it the right way?

7 MR. KEANE: They say in their opinion
8 there's multiple ways to do it, and they think
9 that we're not doing it the way they would like
10 us to do it, even though they admit there's
11 multiple ways to do it.

12 MR. TUTEN: Okay. So they've never
13 specifically said that what we're doing is
14 illegal?

15 MR. KEANE: No. But this is the way to put
16 it to bed.

17 CHAIRMAN BUSSELLS: Well, I'll say that
18 council operative report that came out -- it's
19 been a year timewise, maybe 12 months --

20 MR. KEANE: Yeah, oh, yeah.

21 CHAIRMAN BUSSELLS: -- and we couldn't get
22 them to come meet with us and process it. I'm
23 going from memory, which I should not do, but on
24 that point, in Kirk Sherman's report, it didn't
25 say is illegal or is out of compliance. I

1 believe it says it may be or it should be further
2 reviewed.

3 It appears that the actual administrative
4 process is providing DROPing members a couple of
5 more weeks or months of benefits that they are
6 not due with the strict interpretation of the
7 ordinance.

8 That's what I recall. It just said, may be
9 or should be looked at, not, it is.

10 MR. KEANE: Right.

11 CHAIRMAN BUSSELLS: They could not conclude
12 based on their evidence that it is, but they said
13 maybe.

14 MR. KEANE: Right.

15 CHAIRMAN BUSSELLS: But they raised it, and
16 so, you know, we'll put it to bed.

17 MR. GLOVER: But even if they hadn't raised
18 it, it would be good governance to look at it and
19 just kind of -- you know, as a Board, anyway.

20 CHAIRMAN BUSSELLS: Yeah. It's a lot of
21 money.

22 MR. GLOVER: Yeah, yeah. Now, that's what
23 you would have to weigh, the old saying, is it
24 worth it?

25 CHAIRMAN BUSSELLS: These guys can do this,

1 I think, in five or six days. This is pretty
2 straightforward. Easy for me to say, but it's
3 pretty straightforward stuff.

4 MR. KEANE: The main objection that the
5 council auditor had was, assume we're going to
6 have a DROP class, get in four times a year, have
7 to sign up in November for the January class, and
8 if you were going to have your time January 5th,
9 January 19th, we'd let you sign up you. You
10 couldn't get in the DROP until you had 20, but we
11 let you sign up just because of the mass number
12 of people.

13 They said that we -- they said that any loss
14 was negligible, but they said there could be a
15 loss. So we fixed that. Nobody can sign up now
16 until they have at least 20 years. So they have
17 to work a whole extra quarter. But now they're
18 going to go back and look at everything else.

19 MR. TUTEN: John, do me a favor. When we
20 get this opinion or maybe the outside firm, based
21 on the auditor's report to us as far as what
22 could be, might be, sort of any disagreement they
23 have, bullet point style, however you want to do
24 it, point, counterpoint, I think it would be
25 easier to understand, this is their issue, this

1 is what our auditor found, or lawyer. This is
2 their issue. This is what we found.

3 MR. KEANE: Sure.

4 MR. TUTEN: In other words, a
5 paragraph-after-paragraph report. I personally
6 would rather have it just in a point, this is
7 what -- in other words, we can follow it a lot
8 easier, and I think the public and the general
9 counsel's office can follow it a lot easier too.

10 CHAIRMAN BUSSELLS: Yeah. It's sort of like
11 what we just went through with Linda, although
12 not that lengthy. But, you know, their finding,
13 succinct, one page. We did this; here's what we
14 found.

15 And then if somebody wants to get into some
16 of the details or look at what, you know, cases
17 they pulled at random or statistically to test
18 and have the testing done, they can look at all
19 the details. But the answer -- question, answer,
20 based on that.

21 MR. TUTEN: Sure.

22 CHAIRMAN BUSSELLS: Couple of quick other
23 things.

24 So the annual election of officers needs to
25 occur. I suggest we do that next month. So

1 Debbie, kind of on point in leading this. But if
2 you could talk about that with us, and then, in
3 addition, if we could -- and, John, you too, of
4 course.

5 If we can provide, you know, part-time or
6 special or whatever resources so this can be
7 completed timely -- it's the basic stuff, but
8 it's so important, so valuable that the records
9 be in perfect order and indexed -- you know, just
10 tell us. And I think we'll be supportive of it.
11 We want to be efficient, but we'll be supportive
12 of getting you what you need as you identify the
13 need to do it. I'm talking too much. I'll shut
14 up.

15 MR. TUTEN: Can I ask a question, Walt? Are
16 you looking at organizing basically the
17 documents, paperwork, et cetera, as far as being
18 able to retrieve it for somebody else as far as
19 what's laying around, like, in John's office?

20 In other words, what are we defining as what
21 we're going to try to retrieve one day?

22 CHAIRMAN BUSSELLS: I'll give you an
23 example. And I've said this before. And, you
24 know, I'm a management type. I can't help it.

25 But when I go in our conference room or

1 John's office, it terrifies me.

2 MR. TUTEN: Well, sure. I understand that.

3 CHAIRMAN BUSSELLS: Okay. And so if
4 somebody says, you know, I want to see all the
5 attorney general opinions we've ever asked for or
6 gotten on DROP --

7 MR. TUTEN: Right.

8 CHAIRMAN BUSSELLS: -- and DROP
9 administration, if somebody goes to an index, you
10 know, on their little thing, AG opinions or, you
11 know, A, B, C files, subject 1, 2, 3, and then
12 can go to an electronic folder or in some cases
13 and/or physical folder and get it, and not have
14 to think, where the hell did I put it, you know,
15 and all that stuff.

16 MR. TUTEN: Right.

17 CHAIRMAN BUSSELLS: So that's what I'm
18 thinking. And it's efficiency and effectiveness,
19 but I lean more towards the efficiency,
20 particularly the thing about succession planning
21 over the next year or so.

22 MR. KEANE: And so in concert with that,
23 when Debbie took over for Robby, Robby was a
24 librarian and she filed things one way.
25 Different people found it --

1 CHAIRMAN BUSSELLS: Was she really a
2 librarian?

3 MR. KEANE: Yes, she was.

4 CHAIRMAN BUSSELLS: I didn't realize that.

5 MR. KEANE: She was a trained librarian.

6 So Debbie has started with the corner filing
7 cabinet and started reworking all of this stuff
8 so that it's now reindexed and it's easy to find.

9 As the Chairman says, come to my office and
10 want to know something, I say, it's over there in
11 that third pile. If he walked in there by
12 himself and tried to find it, he would be still
13 looking tomorrow.

14 But Debbie has done a great job. You know,
15 she's very meticulous from the times you've
16 worked with her and she's working hard on this.

17 We've got some inquiries with the state. We
18 have tons, literally tons, of old records that we
19 want to discard.

20 Dick Cohee, as the Chairman, was an
21 accountant. He thought you ought to save every
22 piece of paper, and we did. And we did. We've
23 got lots of it. But in today's electronic age,
24 we're trying to narrow that down.

25 We just lost 500 square feet of storage

1 space with the arrival of Hertz out here in our
2 front yard here. So it's working close in with
3 Debbie to get all of this done.

4 And it's massive, isn't it, Debbie?

5 MS. MANNING: Huge.

6 MR. KEANE: Well, tell them.

7 MS. MANNING: Well, it is huge because you
8 had Dick with his own filing system and, of
9 course, he passed away and left everything, you
10 know, disrupted. Same thing with Robby. You
11 pretty much move in and have no idea how she
12 filed and what have you. So huge task.

13 So basically what you're saying is you want
14 to go more on the electronic side of it instead
15 of -- I mean, we kind of have to get, I guess,
16 everything organized at this point because I've
17 got stuff in the file room over here, I've got
18 Robby's office, I've got Dick's, the conference
19 room, John's office. And, you know, like you
20 said, duplicate copies of a lot of stuff.

21 So it is massive. I think Kevin said that
22 he had worked with some of that before, so Kevin
23 might be a good ally to work with me.

24 CHAIRMAN BUSSELLS: Larry, I know you direct
25 a massive record-keeping operations with

1 enormously stringent legal and other
2 requirements.

3 MR. SCHMITT: Right. And one of the biggest
4 ways we do that is try to go paperless.

5 MS. MANNING: Right.

6 MR. SCHMITT: And there are systems out
7 there --

8 MS. MANNING: That you can go paperless.

9 MR. SCHMITT: Right. You know, simple copy
10 machines now are scanners --

11 MS. MANNING: Right. And we are scanning a
12 lot of the stuff now and I'm trying or organize
13 it. But it's primarily in my filing system, in
14 my drive, not in G drive, for anybody to access.

15 MR. SCHMITT: Right. And there are actual
16 stand-alone software systems that will allow you
17 to do those things far more efficiently than
18 scanning it in your own file.

19 MS. MANNING: In G drive. I mean, in my
20 drive. Yeah.

21 MR. SCHMITT: And then dragging and dropping
22 all that stuff. Yeah.

23 MS. MANNING: Because I'm the only one that
24 has access to that.

25 MR. SCHMITT: Right. Which kind of creates

1 the same problem in electronic format.

2 MS. MANNING: Exactly.

3 MR. SCHMITT: But if we -- if there's a
4 product out there -- and, again, I'm more than
5 happy to assist in trying to find something like
6 that -- that will allow you to organize all those
7 records so that you only have to handle them one
8 time in a paper format --

9 MS. MANNING: Right.

10 MR. SCHMITT: -- and whenever you need to
11 find them, you can search electronically and find
12 them, it's way easier.

13 MS. MANNING: Right. Way easier.

14 MR. SCHMITT: I think the Board would be
15 supportive of getting whatever you need to help
16 do that.

17 CHAIRMAN BUSSELLS: Absolutely.

18 MS. MANNING: But we still have to retain
19 some original documents. I know when I worked in
20 insurance, you still have to maintain, you know,
21 certain documents for that.

22 MR. SCHMITT: Yeah. And those requirements
23 have lessened a lot as people have gotten use to
24 electronic documents.

25 MS. MANNING: Right.

1 MR. TUTEN: I think, Debbie -- believe it or
2 not, in a previous life I had microfiche
3 documents at the machine. So I could tell you it
4 takes about -- a trained monkey could do it. I
5 did.

6 Debbie, I think the goal for you is to get
7 the main organization done. We can find somebody
8 to come in behind you, take a stack of papers and
9 slide --

10 MS. MANNING: And scan it in and do the
11 paper part, yeah. I need to find out what all
12 we've got everywhere. You know, when somebody
13 asks for something, you know, we're looking in
14 five different directions.

15 MR. TUTEN: Right. I think if we have it
16 organized to the point where we can hire temps
17 for a week to come in and do nothing but, take
18 this stack, put it in that machine, put it back.

19 MS. MANNING: Right.

20 CHAIRMAN BUSSELLS: I think I here what
21 you're saying, Debbie and John. Job one is, see
22 what all we've got.

23 MS. MANNING: Right. Because it's massive.
24 And a lot of it's duplicate.

25 CHAIRMAN BUSSELLS: Because there's

1 extensive files. And then think about how to
2 organize it in an efficient manner.

3 MS. MANNING: Yes.

4 CHAIRMAN BUSSELLS: Job two would be
5 systematizing it for accessibility and updating
6 the management going forward. And maybe you
7 ought to go see Larry for a day.

8 MS. MANNING: Yeah, really. I could do
9 that.

10 CHAIRMAN BUSSELLS: I'm sure there will be
11 some very good learning insight on that.

12 MR. SCHMITT: I'll put you to work on my
13 public records requests.

14 MS. MANNING: No, I have plenty of those
15 already. That's sort of what we did with the
16 others.

17 MR. GLOVER: We are under the state
18 retention requirement, right?

19 MR. KEANE: Yes, sir.

20 CHAIRMAN BUSSELLS: All right. So we
21 appreciate the massiveness and importance of the
22 task. You-all tell us where we can help, all
23 right, any time. I'm confident we'll find a way
24 to do it because it's just essential work that
25 has to be done.

1 MS. MANNING: Right.

2 CHAIRMAN BUSSELLS: We appreciate it. We
3 appreciate how hard it is and what a good job
4 you're doing. People praise you behind your
5 back, whether you know it or not.

6 MS. MANNING: Well, that's always good to
7 hear. Always good to hear.

8 CHAIRMAN BUSSELLS: Well, I'm telling you.
9 And it's important to us. So whatever we can do,
10 you tell us now and we'll get you what you need.

11 MR. KEANE: And work with them getting some
12 of this newer technology that they're familiar
13 with that we don't ever see.

14 CHAIRMAN BUSSELLS: Yes. Maybe just
15 piggyback and you'd get a discount on the
16 software or something.

17 MR. KEANE: All right, sir.

18 CHAIRMAN BUSSELLS: John, have I missed
19 anything?

20 MR. KEANE: No, sir. I believe we've
21 covered it all.

22 CHAIRMAN BUSSELLS: Is there anything else
23 commanding the attention of the Board?

24 MR. KEANE: No, sir.

25 CHAIRMAN BUSSELLS: Hearing none, we're

