

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: February 20, 2015
TIME: 9:04 to 11:18 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 (via telephone)
Nathaniel Glover, Jr., Board Secretary
Adam Herbert, Trustee
Larry Schmitt, Police Trustee
Richard Tuten, III, Fire Trustee

ALSO PRESENT:

John Keane, Executive Director-Administrator
Robert D. Klausner, Board Counsel
Paul Daragjati, Board Counsel
Kevin Stork, Controller
Dan Holmes, Summit Strategies
Debbie Manning, Executive Assistant

PUBLIC SPEAKER: Curtis Lee

These agenda matters of the regular meeting of the JPFPF Board of Trustees 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

February 20, 2015

9:04 a.m.

- - -

MR. KEANE: Mr. Chairman, it's 904. We're ready to convene the meeting. The majority of the trustees are present in person. Sheriff Glover is in a community event at a local school and he will join us when the event is over.

Are you ready to convene the meeting?

MR. TUTEN: Walt?

MS. MANNING: Walt, are you there?

CHAIRMAN BUSSELLS: Yes.

MR. KEANE: Did you hear the things I said, Director?

CHAIRMAN BUSSELLS: Yes. We're ready to convene the meeting.

MR. KEANE: If you'll call the meeting to call, we'll start.

CHAIRMAN BUSSELLS: I call the meeting to order. John.

MR. KEANE: All rise, please. Join as we have a moment of silence for our following deceased members who died since our last meeting.

Clarence Rodgers, a retired police sergeant;
Levi Starling, retired firefighter.

1 (Pause)

2 MR. KEANE: Amen.

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

8 Thank you very much. Please be seated.

9 CHAIRMAN BUSSELLS: John, I understand we
10 have one request for public speaking today.
11 Mr. Lee.

12 MR. KEANE: All right, sir. Mr. Lee.

13 MR. LEE: All right. There's no podium so
14 I'll just stand here.

15 I read the summary of the --

16 MR. KEANE: Come a little bit closer so the
17 court reporter can hear you, Mr. Lee.

18 MR. LEE: All right. I read the summary of
19 the last meeting, and there was discussion about
20 whether or not to hire Bobby Deal as the deputy
21 director. I would urge you not to do so.

22 First, as a general matter, he approved and
23 endorsed or engaged in activities that proved to
24 be illegal, among those was the lawsuit that I
25 commenced. And he is in substantial part

1 responsible for the wasting of over \$355,000 in
2 police and fire pension fund assets on that
3 lawsuit.

4 He, as part of that suit, threatened me with
5 legal fees right at the beginning. And I'll pass
6 that out. I have one copy for each of the five
7 trustees. I think I may have one or two extras.

8 Generally he has exhibited poor judgment as
9 Chairman of the Police and Fire Pension Fund
10 Board of Trustees. He engaged in significant and
11 excessive junketing while a member and chairman
12 of the Board of Trustees.

13 He engaged in the self-dealing with respect
14 to the DROP, as has been reported in the Florida
15 Times-Union. His education is inadequate for the
16 position. And ultimately an outsider is needed
17 to provide a fresh prospective as a deputy
18 director and the presumed successor to Mr. Keane.

19 Thank you.

20 CHAIRMAN BUSSELLS: Thank you, Mr. Lee.

21 Are there any others requesting to speak
22 today?

23 MS. MANNING: No, sir. That's all we have.

24 CHAIRMAN BUSSELLS: The public speaking
25 period is closed.

1 John, do you want to walk us through the
2 consent agenda?

3 MR. KEANE: Yes, sir. We have the consent
4 agenda, items 1 through 9.

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

6 MR. HERBERT: Second.

7 CHAIRMAN BUSSELLS: All in favor, say "aye."

8 (Responses of "aye.")

9 CHAIRMAN BUSSELLS: Opposed, like sign.

10 (No responses.)

11 CHAIRMAN BUSSELLS: I couldn't hear you-all.

12 Can you hear me?

13 MR. KEANE: Yes. No one voted no. They all
14 voted yes.

15 CHAIRMAN BUSSELLS: All right.

16 MR. KEANE: It's unanimous. And just a
17 second. The next item is the budget review.
18 Kevin.

19 MR. STORK: Okay. We're under budget so far
20 for the fiscal year mainly due to the unfilled
21 position of the deputy executive director.

22 And then also the money manager's fees are
23 down primarily because investments for the first
24 quarter were down less than budgeted through
25 January, through the first quarter end in

1 January.

2 February has picked up significantly. So,
3 you know, if things hold true, we'll be in better
4 shape at the end of February. We'll be above
5 budget then for that. But overall we're under
6 budget.

7 And then just open it up to questions. The
8 sheet before us is pretty self-explanatory.

9 CHAIRMAN BUSSELLS: Are there any questions
10 of Kevin?

11 MR. KEANE: Mr. Chairman, we'll show it --

12 CHAIRMAN BUSSELLS: Later on in the agenda
13 we do have the attorney general's opinion that we
14 had requested concerning the statutory authority
15 over the fund's budget. And so we'll come to
16 that later in the agenda today.

17 MR. KEANE: All right, sir.

18 CHAIRMAN BUSSELLS: But if there's no
19 questions on Kevin's report, John, do you want to
20 move on?

21 MR. KEANE: We'll show that received as
22 information.

23 We going to skip over the actuary report
24 temporarily because we're going to have to get
25 Jarmon on the phone.

1 And we're now on the final audit. The audit
2 was approved last month. The final copies are
3 here, the letter to the Board. We have sent
4 letters to the required city officials and
5 notified them and sent them copies of the audit
6 as well as to the state. And we would like to
7 show that received as information.

8 MR. KLAUSNER: And it was a clean audit?

9 MR. KEANE: Clean audit.

10 CHAIRMAN BUSSELLS: Okay.

11 MR. KEANE: The next item is update on the
12 temporary disability of Stephen Colvin.

13 Mr. Colvin is a Jacksonville firefighter who
14 had previously been on temporary disability. It
15 was denied -- his permanent application for
16 disability was denied by the Board.

17 He has reapplied. He previously was
18 extended to February 27. We have received a
19 letter from his attorney who has reported
20 yesterday afternoon that he is working diligently
21 with the fire department to obtain relief for
22 Mr. Colvin in a limited-duty position. And
23 Attorney Sheppard has requested a one-month
24 extension, until March 27, which I believe is in
25 order and would recommend to the Board.

1 CHAIRMAN BUSSELLS: John, we've done this
2 sort of thing before in similar cases, I
3 believe --

4 MR. KEANE: Yes, sir.

5 CHAIRMAN BUSSELLS: -- to provide every
6 opportunity to work it out in a way that fits our
7 rules and also is appropriate for the employee
8 involved.

9 MR. KEANE: Yes, sir.

10 CHAIRMAN BUSSELLS: Correct?

11 MR. KEANE: Yes, sir. Correct. We need a
12 motion.

13 MR. TUTEN: I make a motion.

14 MR. KEANE: Motion by Tuten.

15 DR. HERBERT: And I second it.

16 CHAIRMAN BUSSELLS: Any discussion or
17 questions?

18 All in favor, say "aye."

19 (Responses of "aye.")

20 CHAIRMAN BUSSELLS: Opposed, like sign.

21 (No responses.)

22 CHAIRMAN BUSSELLS: Carries.

23 MR. KEANE: That was unanimous.

24 The next item, Mr. Chairman and Trustees,
25 Personnel Committee.

1 Dr. Herbert.

2 DR. HERBERT: Mr. Chairman, as you will
3 recall, we discussed at the last meeting the
4 process that we needed to pursue to begin the
5 search for John's successor. And there's several
6 things that we need to do today to follow up on
7 that.

8 Let me tell you that the folks at City Hall
9 have been very helpful to us as we tried to
10 identify all the issues that need to be
11 addressed.

12 As you know, we do have the position
13 descriptions. We've shared that previously with
14 members of the Board. And one of the things that
15 we need to do in order to begin the process of
16 advertising is deal with the creation of a
17 defined contribution plan for the person who will
18 be in that position. We need to deal with the
19 contribution rate for the senior management
20 employees who will be covered by that plan.

21 We have followed up on getting the salary
22 survey and we'll ask our counsel to tell us a
23 little bit about that. And so, John, I need your
24 help on this.

25 Let's go through with regard to the defined

1 contribution plan. If you will recall, one of
2 the things that we discussed was the need for a
3 defined contribution plan that was comparable to
4 what the city currently offers.

5 And, John, could you just report to the
6 Board on that so everyone understands what we
7 would be looking at?

8 MR. KEANE: Yes, sir.

9 As previously discussed at the meetings last
10 fall, we have contacted Nationwide, one of the
11 largest providers of defined contribution plans.
12 They have many other public pension clients and
13 public governmental units in Florida as clients.

14 We recommend a contribution rate at 8
15 percent from the employee matched by the
16 employer. It's a nationally recognized plan, as
17 I say. It's in effect in many other
18 jurisdictions.

19 The city plan permits vesting on a graduated
20 scale of up to five years. It takes five years
21 to vest. The Nationwide plan, you're vested at
22 the first day. So we believe that would be a
23 better fit for us and recommend that I be
24 authorized to sign the appropriate documents
25 setting the contribution rate.

1 CHAIRMAN BUSSELLS: What are the
2 contribution rates for the city's DC plan for the
3 executive-type participants?

4 MR. KEANE: 8 percent.

5 DR. HERBERT: It's 8 percent also,
6 Mr. Chairman.

7 CHAIRMAN BUSSELLS: So the 8 percent, 8
8 percent on both sides is exactly what the --

9 MR. KEANE: Yes, sir. Mirrors the city
10 plan. Yes, sir.

11 DR. HERBERT: And the only difference is the
12 vesting period. So that in order for us to be
13 competitive nationally, what we would do is have
14 that occurring -- the vesting would occur
15 automatically beginning year one.

16 CHAIRMAN BUSSELLS: Okay.

17 Why -- I know we've gone over this before,
18 but why is there a vesting period for a DC plan?
19 Just refresh my memory. I get it for DB plans,
20 but why DC vesting?

21 MR. KLAUSNER: I wrote the plan. I can tell
22 you.

23 MR. KEANE: Bob Klausner can answer.

24 MR. KLAUSNER: I actually wrote the current
25 provisions of the general plan. That was simply

1 part of their discussion process. They wanted to
2 ensure that anybody who came to work here stayed
3 in order to get something.

4 And as you know, the proposed pension
5 agreement would require the city actually to
6 amend the general employees plan to add the
7 Police and Fire Pension Fund as a contributing
8 employer, along with the other various
9 independent agencies.

10 Now, the port and the airport will never
11 participate because they're considered county
12 agencies and are required by law to participate
13 in the Florida Retirement System.

14 Why is there a vesting period? It was a
15 policy decision made. Micky Miller, who was the
16 Director of Finance at that time, insisted on it.
17 He was the chairman of the working committee that
18 brought that to the city council and that was his
19 judgment and recommendation.

20 CHAIRMAN BUSSELLS: Okay. Bob, in your
21 extensive experience, would it be quite very
22 unusual to have a vesting period in a DC plan?

23 MR. KLAUSNER: Yes. Anything longer than a
24 year would be surprising to me. Most DC plans
25 either vest on the first day or vest upon the

1 completion of a year. Generally the only waiting
2 period you see in a DC plan is you have to wait
3 between six months and a year of employment to
4 join the plan, but then you're allowed to make
5 the contribution retroactively. And that's
6 customarily solely for the purposes of passing
7 some probationary period which most employers
8 provide. It's very unusual.

9 CHAIRMAN BUSSELLS: Yeah. I thought so.

10 MR. KLAUSNER: It was not my recommendation.

11 CHAIRMAN BUSSELLS: Well, rather than
12 immediate, what if we had a year so that if we,
13 you know, brought someone in from the outside,
14 they had to at least stick with us for a year and
15 prove themselves?

16 MR. KLAUSNER: My recommendation would be
17 that they join the plan after a year, but then if
18 they complete the first year of service, that you
19 would give them that year's contribution
20 retroactively.

21 CHAIRMAN BUSSELLS: Okay. I see. Better
22 idea, I think.

23 DR. HERBERT: Would they then have an
24 obligation to come back and put their 8 percent
25 in retroactive?

1 MR. KLAUSNER: Yes.

2 DR. HERBERT: For that one year.

3 CHAIRMAN BUSSELLS: I see. That's strikes
4 me as a better idea.

5 DR. HERBERT: Mr. Chairman, I also just want
6 to make clear that this would go into effect with
7 the hiring of the executive director.

8 CHAIRMAN BUSSELLS: Yes. This would have no
9 impact on any current employee. This is just the
10 future hire.

11 MR. KEANE: Correct.

12 DR. HERBERT: That's correct. So perhaps
13 the thing to do is to go through each one of
14 these and make a decision on them.

15 Mr. Chairman, I would move that we adopt a
16 Nationwide defined contribution plan for the next
17 executive director, and that the contribution
18 rate be at 8 percent from the Board and 8 percent
19 from the employee, and that the first year the
20 senior executive would not be eligible.

21 At the end of that first year, they would be
22 eligible retroactively and we would make a
23 contribution consistent with what our counsel
24 just said.

25 CHAIRMAN BUSSELLS: Okay. We have a motion.

1 Is there a second?

2 MR. SCHMITT: Second.

3 CHAIRMAN BUSSELLS: Any further questions or
4 discussion?

5 MR. TUTEN: Yeah. As far as the DC plans
6 themselves -- well, I'll save it for something
7 else. Nevermind.

8 MR. SCHMITT: This would cover just the
9 executive director and the deputy executive
10 director; is that correct?

11 DR. HERBERT: The thing I'm trying to do is
12 focus first on the executive director so that
13 that's clear.

14 MR. TUTEN: Okay.

15 DR. HERBERT: And then we'll come back and
16 deal with it.

17 MR. TUTEN: I have a question, then.

18 On the Nationwide defined contribution
19 plan -- this goes to Bob -- are we required to do
20 any sort of search or RFP or anything like that
21 for something like this?

22 MR. KLAUSNER: No. The only thing you're
23 required to do a request for proposal or a search
24 statutorily is if you build a new building.

25 MR. TUTEN: Okay.

1 DR. HERBERT: And in that regard, I did ask
2 John to look take a look at a wider range of
3 plans, and this is what he's come up with as
4 being the best one, as he indicated earlier.

5 MR. TUTEN: Okay. Got you.

6 MR. KLAUSNER: They're the largest in this
7 space of the market, meaning largest number of
8 customers.

9 DR. HERBERT: And greater security as a
10 consequence.

11 CHAIRMAN BUSSELLS: Any other questions or
12 comments?

13 All in favor, say "aye."

14 (Responses of "aye.")

15 CHAIRMAN BUSSELLS: Opposed, like sign.

16 (No responses.)

17 CHAIRMAN BUSSELLS: I could not hear the
18 vote. Sorry.

19 MR. KEANE: It was unanimous.

20 CHAIRMAN BUSSELLS: Okay. Passes
21 unanimously. Next.

22 DR. HERBERT: Mr. Chairman, the next issue
23 is benefits. And what I would recommend is that
24 all of the benefits that are currently available
25 to employees in comparable positions would apply

1 in this case as well.

2 So that means holidays that are authorized
3 and 116-601 annual leave, all of those items
4 would be -- would apply to the position.

5 John, do you have anything that you would
6 like to add to that?

7 MR. KEANE: Yes, sir.

8 Mr. Chairman and Trustees, I spoke with
9 Chief Parr, who is the chief of compensation and
10 employee benefits, concerning the wide array of
11 benefits that the city offers to meet the diverse
12 needs of its workforce, health insurance, vision,
13 fitness programs, life insurance coverage,
14 flexible spending accounts, the entire array of
15 programs. He assured me that the new executive
16 director would be eligible to be enrolled in all
17 these programs.

18 The reason this is before the Board right
19 now, in the original paperwork the Board approved
20 was the job description. And normally at the
21 bottom of that job description when they make an
22 announcement seeking employees, they have these
23 other items here, what the fringe benefits are
24 and the pension and vacation, what have you.

25 So what we're doing at this stage of the

1 game is just catching the rest of the document
2 requirements up with the document that the Board
3 has previously approved.

4 CHAIRMAN BUSSELLS: And so, John, if I could
5 summarize to be sure I understand the
6 recommendation.

7 The same other benefits besides the
8 retirement plan, which we're already enacted for
9 the next executive director, would be the same as
10 provided for city executives and managers?

11 MR. KEANE: And all other city employees.
12 Yes, sir.

13 CHAIRMAN BUSSELLS: And all city employees.

14 MR. KEANE: Yes, sir. Standard benefit
15 package.

16 DR. HERBERT: Mr. Chairman, I would move
17 that we approve the inclusion of all of the
18 benefits available for other city employees, that
19 that be included in our position announcement.

20 CHAIRMAN BUSSELLS: I have a motion. Is
21 there a second?

22 MR. SCHMITT: Second.

23 CHAIRMAN BUSSELLS: Any further questions or
24 discussions?

25 All in favor, say "aye."

1 (Responses of "aye.")

2 CHAIRMAN BUSSELLS: Opposed, like sign.

3 (No responses.)

4 MR. KEANE: That was unanimous.

5 CHAIRMAN BUSSELLS: I believe it carried
6 unanimously.

7 MR. KEANE: Okay.

8 DR. HERBERT: The next issue, Mr. Chairman,
9 is the salary range for the next executive
10 director.

11 And, Bob, do you want to comment on that,
12 please?

13 MR. KLAUSNER: Yes. I asked the Segal
14 Company to update our salary survey that they did
15 for us in 2005, and I still do not have their
16 salary survey. I called again yesterday because
17 I knew I was coming here.

18 As I have reported, looking at -- we're
19 working with some other pension funds around the
20 country of comparable size that are in the midst
21 of salary searches. And I thought that for a
22 fund of this size and the complexity and, quite
23 frankly, the difficult political circumstances,
24 that in order to attract someone, that you would
25 need a minimum salary of about \$200,000.

1 MR. TUTEN: Now, Bob, can I ask a quick
2 question? I know we haven't gotten to the deputy
3 director because we're down here on Number 6, but
4 is that part -- is the deputy director part of
5 the survey, or is it just the deputy director?

6 MR. KLAUSNER: I asked for what -- I asked
7 for -- you know, a lot of funds have multiple
8 deputies --

9 MR. TUTEN: Right.

10 MR. KLAUSNER: -- like they might have,
11 like, a chief investment officer would be a
12 deputy or a chief benefits officer. I asked
13 Segal to just give me a rule of thumb on what the
14 deputy salary should be relative to the director.
15 You know, anecdotally they told me usually it's
16 about 2/3rds to 75 percent of the director's
17 salary.

18 MR. TUTEN: Gotcha. Well, I was just
19 curious because I didn't want to spend more money
20 on another salary search if we didn't have to.

21 MR. KLAUSNER: No. Well, actually, I asked
22 Segal to do this because we're engaged in some
23 other work, and they do work for the city as --
24 their actuarial side does the city general
25 employees plan. So I asked them to do this for

1 me as a courtesy.

2 MR. TUTEN: Very good.

3 MR. KLAUSNER: So we're not going to get a
4 bill on this one.

5 DR. HERBERT: Bob, I guess the key question
6 then is, can we take action on establishing a
7 salary without having the results of that survey?

8 MR. KLAUSNER: You could. I would rather
9 wait for it and do it at next month's meeting,
10 but you don't want to wait.

11 MR. KEANE: Why don't you take the action
12 based on -- if they was to call you Monday, you
13 know, we don't need to wait another month.

14 MR. KLAUSNER: Well, that's true. You could
15 approve it and we'll just insert the number,
16 based on the average within their report. Take
17 the mid point that they report and use that as
18 your number.

19 CHAIRMAN BUSSELLS: Adam, what do you think
20 about that idea? I agree, it should be based on
21 a current survey.

22 DR. HERBERT: Yeah.

23 CHAIRMAN BUSSELLS: But if that's imminent,
24 even though we don't quite have it this morning,
25 we could --

1 MR. KLAUSNER: It should be. We spoke about
2 it.

3 CHAIRMAN BUSSELLS: -- and then have to run
4 it by you and get your concurrence, Adam, as head
5 of our personnel group. Would that make sense?

6 DR. HERBERT: Counsel, let me ask this.
7 What you're suggesting, then, is that we
8 establish the salary, plus or minus and up to
9 \$200,000?

10 MR. KLAUSNER: I wouldn't exceed that for
11 the advertisement purposes. I would say based on
12 the salary survey, but not to exceed 200,000.

13 DR. HERBERT: That's my motion,
14 Mr. Chairman.

15 MR. TUTEN: I'll second it.

16 CHAIRMAN BUSSELLS: Okay. I have a motion.
17 Is there a second?

18 MR. TUTEN: Tuten second.

19 CHAIRMAN BUSSELLS: Any further questions or
20 comments?

21 All in favor, say "aye."

22 (Responses of "aye.")

23 CHAIRMAN BUSSELLS: Opposed, like sign.

24 (No responses.)

25 MR. KEANE: It's unanimous, Mr. Chairman.

1 CHAIRMAN BUSSELLS: It sounded unanimous.

2 MR. KEANE: Yes, sir, it is.

3 CHAIRMAN BUSSELLS: Okay. Passes
4 unanimously.

5 DR. HERBERT: Mr. Chairman, also in talking
6 with the folks in human relations, what we have
7 discussed, it is the regular posting of the
8 position, but also with John's help, we have
9 identified several organizations that do provide
10 job announcement possibilities.

11 And, John, could you just briefly go over
12 that so that we know? This would be our strategy
13 rather than hiring an outside firm, which we
14 question the need for. What we would do is
15 pursue the strategy that John will now outline.

16 MR. KEANE: Mr. Chairman and Trustees, what
17 I've spoken with the employee benefits
18 coordinator over at the city is, in addition to
19 the distribution of the announcement through the
20 normal city channels, that we would send a copy
21 to and have posted on the job boards as positions
22 available at the International Foundation of
23 Employee Benefits Plans, the National Conference
24 on Public Employee Retirement Systems, the
25 National Association of State Retirement

1 Administrators, the National Conference on
2 Teacher Retirement Systems, the Government
3 Finance Officers Association, and the Florida
4 Government Finance Officers Association.

5 We also -- we belong to two other trade
6 groups that we will -- we're trying to determine
7 if they have an active job board at this time.
8 But wherever we can get it posted, we're looking
9 for the maximum circulation of the job
10 announcement.

11 DR. HERBERT: So, Mr. Chairman, I don't
12 think that that requires a vote. I just wanted
13 the members of the Board to know what the
14 strategy is about going forward. I think that
15 those are the major issues.

16 Have I missed anything, John?

17 MR. KEANE: No, sir.

18 DR. HERBERT: So as soon as we have the
19 information about the results of the salary
20 study, we're ready to begin the announcement for
21 the position.

22 The other matter before us, Mr. Chairman, is
23 the deputy executive director, assistant
24 administrator position. And we would recommend
25 that we also get -- that we also begin that

1 search.

2 And, John, you might want to comment on what
3 that takes. I think that the key thing is that
4 we do need to take separate action on the
5 availability of the Nationwide defined
6 contribution plan for that deputy executive
7 director.

8 We do have a position description that the
9 Board as previously approved, and given our
10 earlier conversation, the deputy executive
11 director also would make contributions of up to 8
12 percent to be matched by the Board. And all the
13 other benefits that we discussed a few moments
14 ago for the executive director would be available
15 for this person as well.

16 So I guess the only other question that
17 remains, then, is the salary.

18 MR. KLAUSNER: I'll follow up on that.

19 DR. HERBERT: Okay. So as soon as counsel
20 follows up on that, we will know.

21 So if the Board is in agreement with
22 initiating that search consistent with the other
23 elements that were included in the benefits for
24 the executive director, we can proceed.

25 I just want to see if there are any

1 questions. If not, I'd like to move that we
2 begin the process of searching for an executive
3 director consistent with what I've just
4 described.

5 CHAIRMAN BUSSELLS: I have a motion. Is
6 there a second?

7 MR. SCHMITT: Second.

8 CHAIRMAN BUSSELLS: Any further questions or
9 discussion?

10 MR. TUTEN: Are we going to post these as
11 two separate?

12 MR. KEANE: Two separate things.

13 DR. HERBERT: Definitely keep separate.

14 MR. KEANE: Two separate things.

15 DR. HERBERT: I should just note,
16 Mr. Chairman, that the only other question that
17 might come up is the initiative that you raised
18 earlier about the -- I'm not sure how to say
19 this -- that the council took some actions with
20 regard to our being able to fill the position.

21 So I think it's just important that we have
22 some conversation about that at some point just
23 so that it's clear that we have the authority to
24 go forward on this.

25 CHAIRMAN BUSSELLS: Well, I believe the

1 attorney general opinion that we will come to
2 later in the agenda is very explicit and
3 unambiguous on that subject, but we'll come to
4 that shortly, I think.

5 DR. HERBERT: So I do move that we proceed
6 with regard to filling this position.

7 CHAIRMAN BUSSELLS: So we have a motion. I
8 think I already had it second.

9 MR. KEANE: Yes, sir, you do.

10 CHAIRMAN BUSSELLS: Questions or discussion?
11 All in favor, say "aye."

12 (Responses of "aye.")

13 CHAIRMAN BUSSELLS: Opposed, like sign.

14 (No responses.)

15 CHAIRMAN BUSSELLS: I believe it carried
16 unanimously.

17 MR. KEANE: Yes, sir.

18 DR. HERBERT: I think that concludes my
19 report. But were there any other items that I
20 missed?

21 MR. KEANE: Yes, sir. Creating a 415(m),
22 Excess Benefit Plan.

23 DR. HERBERT: Yes. Could you explain that,
24 Counsel?

25 MR. KLAUSNER: I can.

1 Constitutionally, the public pension fund is
2 required to pay all of the benefits that are
3 owed. However, there are some restrictions
4 within of the Internal Revenue Code about what
5 can be paid directly out of a prefunded
6 retirement plan.

7 The tax code was amended some years ago to
8 add in a provision which says, if you -- if the
9 amount owed exceeds the maximum permitted, then
10 the employer can, on an annual basis, deposit
11 that additional into the retirement plan and make
12 the payment that way.

13 I know the City of Jacksonville does it
14 because directors of the agencies like JEA or
15 JTA, often their pensions, if they're long-term
16 employees, exceed the number. The State of
17 Florida has one. In fact, every city has one
18 that I'm aware of.

19 The State of Florida hasn't addressed it,
20 but the Supreme Court of Illinois says, if you
21 owe the money, you owe the money, make a 415
22 plan.

23 And so what would happen is, is that
24 Mr. Keane is right at the limit. So that what
25 happens is if he was slightly over the limit,

1 then it would just be an additional part of the
2 budget. But the obligation that's been prefunded
3 in the senior staff plan, you get an actuarial
4 gain from. So the two essentially offset
5 themselves.

6 And that number, that maximum number, is
7 indexed like the same way Social Security is
8 indexed. And each time the IRS issues its annual
9 maximum number, then the amount of the excess
10 goes down and the amount the prefunded plan can
11 pay goes up.

12 So it doesn't -- it doesn't create an
13 additional pension benefit. It's just a means
14 that the IRS requires for the funding of the
15 benefit.

16 MR. KEANE: The payment.

17 MR. KLAUSNER: Correct.

18 MR. SCHMITT: And what would happen if we
19 did not establish a 415?

20 MR. KLAUSNER: Then you would have -- you'd
21 be in breach of your employment contract with
22 your director.

23 DR. HERBERT: And this is consistent with
24 the current city practices?

25 MR. KLAUSNER: I wrote the one over there.

1 MR. STORK: Yes, I can attest to that. When
2 I was city comptroller, we paid out two or three
3 individuals that were over the pension limit and
4 we made separate payments to them. And it
5 continues until the point where it -- sometimes
6 the index can catch up.

7 MR. KLAUSNER: But I did want to emphasize,
8 it's not an increase in the benefit. It's simply
9 a different methodology of funding of benefit.

10 DR. HERBERT: Mr. Chairman --

11 CHAIRMAN BUSSELLS: Bob, if someone else
12 will speak, I interrupted you, I'll stop. I'm
13 having a hard time picking up some of you guys on
14 the speaker phone.

15 DR. HERBERT: Mr. Chairman, for discussion
16 purposes, I was just going to move that we
17 establish the 415(m) excess benefit plan.

18 CHAIRMAN BUSSELLS: Let ask some questions
19 first, if I could.

20 So Bob and John, so, first, what is the
21 actuarial impact of acting on this on the fund?
22 In other words, what is the projected additional
23 costs to the fund of approving this?

24 MR. KEANE: There's no additional cost --

25 CHAIRMAN BUSSELLS: John, I'm going to stop

1 you right there. To my knowledge, this is not
2 included in the actuarial studies currently; is
3 that correct?

4 MR. KLAUSNER: I have no idea.

5 MR. STORK: I would say that would be
6 correct. It's -- the incremental -- when he does
7 that, the incremental above the limit would not
8 be included and that would have to be separately
9 budgeted each year as a pension contribution
10 through the normal budgeting process, that
11 excess. And that's how the city does it also.

12 CHAIRMAN BUSSELLS: That was my
13 understanding when we were talking about our
14 obligation to fund the senior retirement plan,
15 oh, a year or so ago, that if we were to do this,
16 it would be an additional cost on the fund that
17 would serve to increase the unfunded liability.
18 And I'm curious to know approximately how much
19 more this would increase the unfunded liability
20 if it were approved.

21 MR. KLAUSNER: You're talking in the
22 thousands as opposed to anything else. Because,
23 John, as I understand --

24 CHAIRMAN BUSSELLS: Let's aggregate that so
25 I can understand it, because I -- my knowledge

1 about this is now dated almost 11 years. So you
2 need to bring me current, Bob. It's been a long
3 time since I had any involvement with this sort
4 of thing.

5 MR. STORK: Could I interject something
6 before Bob starts? On the budgeting process and
7 the actuary process, since we're covering the
8 normal yearly budgeted expenses through a
9 one-line item that doesn't affect the unfunded
10 liability, I would say it doesn't affect the
11 unfunded liability.

12 Those are paid current and collected current
13 through the actuary process. And so there's no
14 effect on the unfunded liability. Each year it's
15 paid on its own.

16 CHAIRMAN BUSSELLS: Kevin, I disagree with
17 you because I've had to spend far more time than
18 I ever intended or desired with Jarmon over the
19 last year in particular understanding the
20 mechanics of the ins and outs and what we deduct
21 and charge for the assumed operating budget and
22 all the rest of it.

23 But if I understand what we're talking
24 about, it would darn sure increase the unfunded
25 liability. The question is, I think, how much?

1 So I would respectfully disagree.

2 MR. KLAUSNER: I'm not sure that it
3 increases the unfunded liability, Walt. This is
4 Bob. Because the unfunded liability is based on
5 benefits that we paid to police officers and
6 firefighters and their beneficiaries.

7 Anything you pay your staff is on your -- is
8 part of the normal costs of the plan, which is
9 funded separately as a part of your overall
10 operating budget. So it would add a few
11 thousands dollars. I don't know the exact amount
12 because I don't know exactly how old John is and
13 I don't know how much his pension benefits is
14 going to be. Jarmon could answer that.

15 But the unfunded liability is related solely
16 to the benefit obligations to our public safety
17 folks. This is part of the annual budget that's
18 paid in full each year. So it's not a carry-over
19 item from year to year.

20 And it would be a decreasing sum over time
21 because the amount of the maximum increases
22 annually and, therefore, the amount of the excess
23 decreases annually. And that, of course, is
24 dependent on the rate of inflation and the
25 Internal Revenue Service's published rates which

1 come out every December for the year ensuing.

2 So, I mean, as far as the actual math,
3 Jarmon would have the answer.

4 CHAIRMAN BUSSELLS: And, Bob, my
5 understanding is what you say is technically
6 correct, but substantively not because the
7 mechanics of the calculation of the unfunded
8 liability on the one hand technically follows
9 along what you just said.

10 But to figure out the amount available,
11 we -- I say "we" -- Jarmon, the actuary, first
12 deducts the projected operating budget costs over
13 time. And this will serve to increase that,
14 which will serve to increase the unfunded
15 liability mathematically. It's not precisely
16 legally as you just described.

17 MR. KLAUSNER: The senior management plan is
18 fully funded. And so actually what's going to
19 happen -- well, of course, when Mr. Keane
20 retires, it's not going to -- the liability is
21 fixed. And it's going to end up overfunded, and
22 to the extent money couldn't --

23 CHAIRMAN BUSSELLS: Bob, I'm going to
24 interrupt you because you touch on an important
25 point, that if accurate, is at variance with what

1 John has said to me before on this point.

2 What I've been told consistently is that
3 when we funded the senior retirement plan, oh, a
4 year or so ago now, whenever that was, the
5 actuarial calculations that Jarmon did and that
6 we voted to contribute was limited by the
7 projections of the IRS limits of what could be
8 paid out of the actual retirement fund and did
9 not include excess payments to be paid from
10 another source.

11 MR. KLAUSNER: I wouldn't -- I don't know
12 the mechanics of that.

13 CHAIRMAN BUSSELLS: John, what is the
14 correct answer on that point?

15 MR. KEANE: The correct answer is the
16 payment from the senior management plan goes
17 down, and the amount it goes down is then picked
18 up and paid on the excess side. It's the same
19 amount of money. It's coming from two different
20 sources.

21 For example, if my pension was \$100,000 but
22 the IRS maximum was 95,000, I could only get paid
23 95,000 from the senior management plan, and 5,000
24 would come out of the excess benefit plan.

25 MR. SCHMITT: And that's my understanding of

1 how it works as well. Whatever the IRS says is
2 the cap is all that can be paid out of the senior
3 management plan.

4 Our employment contract requires to pay
5 whatever that amount is. So if the total amount
6 is over the IRS cap, we are still required to pay
7 that. We're just, by IRS rules, are not allowed
8 to pay that out of the senior retirement plan.
9 And that's why we would need to establish the 415
10 to pay that additional amount if there is an
11 additional amount over the IRS cap.

12 CHAIRMAN BUSSELLS: Well, let's talk
13 about -- let's lay that aside. We'll come back
14 to that. Let's talk about the amounts.

15 Now, Bob, again, my knowledge is 11 years
16 old now. So this may have changed with the IRS
17 and everything since then.

18 But my understanding of the mechanics of the
19 IRS limit is the IRS says the maximum base salary
20 against which the percentage of pension can
21 applied is X dollars.

22 MR. KLAUSNER: Correct.

23 CHAIRMAN BUSSELLS: Currently I think it
24 might be 160-, 170,000.

25 MR. KLAUSNER: No. It's actually -- for

1 2015 it is -- I'm waiting on the IRS table to
2 load, which it is not.

3 It was 165- back in 1986. And that has been
4 updated, and while we're talking I've been
5 looking for -- here it is. IRS.gov. And it is
6 for 2015, the defined benefit limit is 210,000.

7 CHAIRMAN BUSSELLS: Okay.

8 MR. KLAUSNER: Assuming you are at least age
9 62. John is 70 --

10 CHAIRMAN BUSSELLS: If we could, if we could
11 just stay on the basic point and kind of get to
12 that and then get into other details.

13 MR. KLAUSNER: Yeah. 210.

14 CHAIRMAN BUSSELLS: So if you wouldn't mind,
15 say that number again you just said.

16 MR. KLAUSNER: 210,000. And if you are
17 older than age 62, it actually is a little
18 higher, but it's an actuarial calculation for
19 each year, and I'm not on my math skills. So
20 it's a little over -- 210,000 is a reliable
21 number to work with.

22 CHAIRMAN BUSSELLS: Okay.

23 Now, John's salary currently, I think, I'm
24 going from memory, which I should not do, is
25 round about 300,000?

1 MR. KEANE: Correct.

2 CHAIRMAN BUSSELLS: And let's say just for
3 my -- so I can understand what we're talking
4 about, John's percent of his retirement base was
5 70 percent. And I'm just trying to make the
6 arithmetic easy.

7 And what the IRS does is say, 70 percent
8 times 210,000 is the maximum amount that could be
9 paid to John out of the senior retirement plan;
10 is that correct?

11 MR. KLAUSNER: No. They would say that he
12 could receive a benefit from the senior staff
13 plan not to exceed 210,000 a year, annually
14 adjusted by whatever the increased percentage
15 rate is. Sometimes it's 2 percent, sometimes 5
16 percent. They set it. Somebody at the Bureau of
17 Labor Statistics comes up with some number.

18 But if your salary was 300,000 and your
19 accrued benefit was 70 percent, then you would be
20 right at the number. If your at -- if your
21 number -- if your actual number, let's say, was
22 214,000 based on some additional months of
23 credited service, then the excess plan would pay
24 the 4,000. The senior staff plan would pay the
25 210.

1 CHAIRMAN BUSSELLS: Okay. And, Bob, I know
2 you're sure that's precisely correct; is that
3 right?

4 MR. KLAUSNER: I am sure that that is
5 precisely correct. I simply do not know what
6 John's precise calculation is. Only Jarmon would
7 know that.

8 MR. TUTEN: Well, Bob, let me ask you a
9 question, though. This is pretty much standard
10 procedure for these types of compensation plans?

11 MR. KLAUSNER: Yes.

12 MR. TUTEN: Okay. And in order to attract
13 candidates that we're looking to attract, we
14 pretty much need to have this as part of the
15 plan?

16 MR. KLAUSNER: As you know, the future
17 director will have the choice between a DC plan
18 or the city general employee's retirement plan.
19 If the person chooses a DC plan because it's
20 portable --

21 MR. TUTEN: Right.

22 MR. KLAUSNER: -- then this will not be an
23 issue. The only issue there is the amount that
24 could be contributed each year, which also is on
25 the -- that's the 415(c) table, which is a

1 different number.

2 If the person is in the city retirement
3 plan, they would have a 415(m) excess plan
4 automatically because the city already adopted
5 it.

6 MR. TUTEN: Gotcha.

7 MR. KEANE: Mr. Chairman and Trustees, we
8 have a long agenda. You want to defer this to
9 another time? We don't need to resolve this
10 today. And we're also going to be speaking with
11 Jarmon later in the meeting.

12 CHAIRMAN BUSSELLS: That might be timely.
13 And I'll just advise, the other things of
14 interest to me are when the senior plan was first
15 enacted in 2000 and then amended in -- I think it
16 was 2006, is what was in the audit report, in
17 there somewhere, it's surprising to me, it's of
18 interest to me, why this provision was not put in
19 those plan creation documents or the plan
20 amendment documents, you know, done some years
21 after the establishment of the plan 15 years ago.

22 And, Bob, I'm not sure if your firm did the
23 work to draw the documents or someone else did or
24 a group of people did it, but --

25 MR. KLAUSNER: We did the original ones. We

1 didn't do the tax qualification work. I don't
2 know who did. But I think the answer is, is that
3 there was not an expectation at that time that
4 the number was going to reach there.

5 But you've had a person of significant
6 longevity in the position, and the structure of
7 your employment contract which ties the executive
8 director's salary to the median point of other
9 independent agencies over whom you have no
10 control of the budget, probably took the salary
11 past that point.

12 And it was, as Mr. Keane was indicating a
13 desire to retire, had he retired in 2012 when I
14 think was the original plan, he wouldn't have
15 been over the limit. Now is he because of the
16 untimely death of Mr. Cohee, which was your
17 original succession plan, and this fact that we
18 have not been able to bring in a successor since
19 then, Mr. Keane's salary has crept to the
20 point -- or his service has crept to the point
21 where he now is slightly over the 415 limit.

22 CHAIRMAN BUSSELLS: I would just say the
23 answer is not persuasive to me. I -- and because
24 instead of John, insert Dick, if that's how
25 things have processed, that this would be an

1 issue at some point. It's already an issue with
2 the city. And it's just -- it's just of concern
3 to me that this was not in either the original or
4 the amended documents.

5 MR. KLAUSNER: It wasn't available when the
6 original was adopted. It wasn't an approved
7 future. It came in in the Pension Reform Act of
8 2006.

9 CHAIRMAN BUSSELLS: You're saying in the
10 year 2000, that excess benefit plans were not
11 being done in the public sector?

12 MR. KLAUSNER: They were not as widely done
13 in the public sector as they were after the 2006
14 Pension Reform Act.

15 CHAIRMAN BUSSELLS: But they were being done
16 in the public sector in 2000?

17 MR. KLAUSNER: There were some. I think you
18 needed to get the IRS's approval of the plan.
19 And like I said, I wasn't --

20 CHAIRMAN BUSSELLS: Again, I'm going from my
21 memory 11 years ago, which is dated now, but I
22 have a different recollection of what was
23 explained to me in the '90s concerning another
24 public sector executive in Jacksonville's
25 retirement.

1 So I'll just say that concerns me. I just
2 don't like that part of it, based on what I
3 know -- based on what I know so far. And it
4 would be important, I think, for us to make an
5 informed decision to have the financial impact on
6 the fund. If it's \$4,000 a year, that's one
7 thing, decreasing from there to zero.

8 If it's 40,000 a year or a hundred thousand
9 a year, you know, whatever, it's another thing
10 and that seems to me to be something we should
11 know.

12 And then on the earlier point that Larry
13 expressed very well, the interaction of the
14 employment agreement with this is an interesting
15 subject because it seems to me when the current
16 employment agreement was executed, what was it,
17 three, three and a half, four years ago -- when
18 did your current contract get executed, John?

19 MR. KEANE: Last time it was amended I
20 believe it was about three years ago, maybe four.

21 CHAIRMAN BUSSELLS: Yeah, three or four
22 years ago. Certainly this was known to the
23 parties, and why this was not addressed at that
24 date given the circumstances of his expected
25 longevity of service and the ties to the

1 independent authorities, those points that Bob
2 just made were certainly known then, I believe.
3 And why this would not have been addressed then
4 is of concern to me too.

5 So those would be the things that I think we
6 should understand and discuss before taking a
7 decision. But this symbolically and
8 substantively concerns me, you know, just for
9 those reasons.

10 So we need some more -- at least I need some
11 more information and understanding of how this
12 came to be and why we find ourselves in this
13 position here in 2015 dealing with this. We'll
14 do the right thing, but it concerns me. I don't
15 like how this has progressed and is now before
16 us, just as one trustee.

17 But we'll come back to it as early as next
18 month, if that makes sense, John.

19 MR. KEANE: Yes, sir. We'll show that item
20 deferred.

21 The next item under New Business is election
22 of board officers.

23 DR. HERBERT: Mr. Chairman, I would like to
24 make a proposal on this. We're in the midst of a
25 number of important decisions, and the one thing

1 that strikes me is that you have really gone very
2 deeply into all these issues.

3 And for purposes continuity, I would like to
4 propose that we delay the election of officers,
5 that we ask both you and Trustee Glover to remain
6 in your current positions at least until we get
7 through all of our discussions with city council
8 and get the resolution of the need for pension
9 reform.

10 So what I would like to recommend is that we
11 either reelect our current officers for another
12 year, or at least delay the election of new
13 officers until June or July, just for discussion
14 purposes.

15 CHAIRMAN BUSSELLS: Well, I'll just say from
16 my point of view, I'm a big believer in rotation
17 of officer roles on Boards like ours. And I had
18 intended to serve a year, thinking that whatever
19 was going to happen could have happened by now.
20 But we're close, but we're not quite there yet.

21 So while I'm not interesting in serving
22 another full year because I do believe in
23 rotation, if it's a couple of more months while
24 this thing comes to closure one way or the other,
25 just speaking for myself, that would -- I'm

1 certainly willing to do that.

2 But I would probably have to decline another
3 full year commitment today; but, you know, a
4 month or two, whatever it takes for this to play
5 out would be okay with me if it's okay with Nat
6 as well.

7 MR. TUTEN: Yeah. I think I would like to
8 wait until Sheriff Glover is here to vote or
9 express his opinion. That way we can make sure
10 of it.

11 CHAIRMAN BUSSELLS: That's a good point too.
12 Yeah, that's a great point, Rich.

13 DR. HERBERT: It's just not taking action
14 now so we have a chance to think through all that
15 and also see what is going to happen across the
16 street.

17 MR. SCHMITT: You're far more optimistic
18 than I am.

19 CHAIRMAN BUSSELLS: And I've been
20 consistently wrong.

21 MR. SCHMITT: What are our actual
22 requirements for electing Board members?

23 MR. KEANE: Annually.

24 MR. SCHMITT: Annually. So can we elect
25 them for less than a year?

1 MR. KLAUSNER: They're supposed to be for a
2 year.

3 MR. KEANE: You're looking for a year, and
4 if they resign, then that's a way out.

5 MR. SCHMITT: So our requirement is to elect
6 Board members for a year?

7 MR. KEANE: Yes.

8 DR. HERBERT: Of officers.

9 MR. SCHMITT: Of officers.

10 CHAIRMAN BUSSELLS: Larry raises a good
11 point there. You know, you heard what I said. I
12 would be reluctant to -- well, I would not accept
13 another year of commitment. I just don't think
14 that's the right way for us to proceed. And I
15 would not want to accept it knowing that I intend
16 to resign as chairman or that to be what
17 transpired, you know, in two or three or four
18 months or whatever.

19 But if it were possible to -- and I agree
20 that -- a year -- and we should all be involved
21 in this certainly. But for a time certain and
22 then have sort of a mid election or a special
23 election, so to speak, that would be okay with me
24 as well.

25 Maybe having a little bit more

1 definitiveness in structure to it would be a good
2 thing rather than leaving it open ended, assuming
3 that our Robert Rules of Order or whatever
4 controls this sort of thing contemplates such an
5 action by the Board.

6 MR. TUTEN: John, you said Sheriff Glover is
7 on his way?

8 MR. KEANE: Yes. Maybe a little bit later
9 in the meeting.

10 MR. TUTEN: Okay. You want to just defer it
11 until he gets here?

12 MR. SCHMITT: Let's move it to the end.

13 CHAIRMAN BUSSELLS: Yeah, let's do that.

14 MR. KEANE: Okay.

15 CHAIRMAN BUSSELLS: Make sense, Everybody?

16 DR. HERBERT: Yes.

17 MR. KEANE: Okay. We're going to
18 temporarily pass this until the end of the
19 agenda.

20 We're now ready to take up Dan Holmes with
21 the Flash Report as well as the Fourth Quarter
22 Performance Review.

23 MR. HOLMES: Good morning. Can you hear me
24 okay?

25 CHAIRMAN BUSSELLS: Yes, I can, Dan. Thank

1 you.

2 MR. HOLMES: Okay. Great.

3 I've got a number of things on the agenda.
4 I'll hit the big take-aways, kind of at the
5 10,000-foot level, and then allow you to kind of
6 dig down and ask questions from there.

7 As John said, the first thing on the agenda
8 is the Flash Report for January. The quick
9 background for January was basically we saw
10 continued strong economic data being released.
11 Principally we saw the unemployment rate -- it
12 actually went up 5.6 to 5.7 percent, but that was
13 because more Americans joined the labor force, or
14 I should say rejoined the labor force looking for
15 jobs.

16 The job growth was strong with over 257,000
17 jobs for the month being created. In addition to
18 that, we saw strengthening growth in the United
19 States. It's one of the few global areas where
20 there is actual economic growth.

21 We also saw the converse, which is 14
22 central banks around the world take actions to
23 ease monetary conditions, whereas we've already
24 moved through that. The United States stopped
25 quantitative easing last October. You've got the

1 European Central Bank kind of entering into it
2 and Japan having entered into it earlier.

3 And so the bottom line is that the US dollar
4 is strengthening. Our economy looks stronger on
5 the global basis relative to a lot of the other
6 economies.

7 So that translates into performance as
8 follows:

9 First of all, looking at the Flash Report at
10 the end of March -- strike that -- January, we
11 were slightly outside of policy. The real estate
12 target is about 22 basis points below the policy,
13 the policy weight. That's because equities went
14 down during the month. They're ahead, and so far
15 this month, my expectation is we'll be back
16 within policy the end of February.

17 And so in total we were underweight relative
18 to target for the real estate and real
19 estate-related securities, and we were overweight
20 in the area of the domestic equities.

21 For the month, the total fund fell by 1.18
22 percent. Call it 1.2 percent. That was about a
23 half percent below the policy benchmark.

24 So far this fiscal year-to-date, the plan is
25 up 73 basis points, and about 46 basis points, or

1 about a half percent, above the policy index.

2 Kind of breaking things down, what we see
3 is, is that the US equity benchmark -- or US
4 equity deposit was down almost 4 percent during
5 the month.

6 Domestic equities were negative for the
7 month of January on concerns with regard to
8 slowing economic growth here, and kind of on the
9 backs of what it means for a stronger dollar,
10 i.e., less exports. And also the continuation of
11 the sell off in energy. And so the U.S. equity
12 markets were reacting to those issues.

13 On a fiscal year-to-date basis, the equity
14 benchmark, the US equity benchmark, is up 2
15 percent.

16 Kind of the converse is true for
17 international equities. So far this year even up
18 through the end of January, into November through
19 last Friday, international equities were
20 outperforming US equities despite the
21 strengthening dollar.

22 There are lots of opportunities to be had
23 looking at local currency opportunities. The
24 problem is that strengthening of the dollar
25 translates that back into a weaker US return.

1 So the international equity benchmark is up
2 50 basis points for the month of January. It was
3 63 basis points above the index, the index being
4 negative.

5 So far this year on a relative basis -- the
6 fiscal year, I should say -- on a relative basis,
7 your manager, your international equity deposit,
8 are up -- or, I'm sorry. Should say down less
9 than the benchmark. The benchmark is down by
10 about 4 percent and your portfolio is down about
11 2 percent.

12 Fixed income deposits up 2 percent so far
13 for the month, and it's up almost 3 1/2 percent
14 on the fiscal year-to-date basis.

15 Real assets continue to play a strong role.
16 Real estate has not been fully marked to market.
17 We only have one manager who has reported
18 returns. That represents that 63 basis points of
19 returns that came from principal during the
20 month.

21 So far on the fiscal year-to-date basis, the
22 real estate portfolio is the strongest part of
23 the portfolio returns, up 3.8 percent on the
24 fiscal year. And, again, it's going to be up
25 even more than that because not all managers have

1 reported market values yet.

2 And then, finally, the MLP portfolio. MLPs
3 did very well for you last year, and by last year
4 I mean calendar year. And that was because of
5 the strong performance in the first three
6 quarters of the year.

7 Everything energy-related, even MLPs, sold
8 off fairly dramatically during the fourth
9 quarter. And that was basically on a very large
10 supply-demand imbalance: Lots of supply of oil
11 and natural gas and a very, very weak global
12 demand for oil.

13 And as a result, prices went down when OPEC
14 decided not to cut the production. And so the
15 bottom line is that continued into January, and
16 we see that the MLP portfolio was down 3 percent
17 during the month of January.

18 Our point is that we think this is
19 temporary. MLPs were very, very rich in value.
20 I recall discussing with you at the end of
21 September, the MLPs were up over 30 percent on a
22 calendar year-to-date basis through the end of
23 September. We did reduce that weight. Took some
24 of that money off the table before the decline,
25 which was fortunate.

1 But we do think that energy prices, the
2 price of oil per barrel, will recover and we will
3 see a rebound in the MLP portfolio.

4 The bottom line is, they were expensive and
5 we were reducing. Now we believe they are priced
6 cheap, but we're being cautious on the
7 reintroduction or rebalancing back to target
8 there.

9 So that's the Flash Report for the month of
10 January.

11 With regard to any individual managers, I
12 won't bring any individual managers to your
13 attention. I do want to have -- continue the
14 conversation about replacing Eaton Vance in the
15 bank-debt portfolio. And I do want to -- I do
16 have a plan of action for this year that I'll
17 touch on before we end.

18 Let me stop there and see if there's any
19 questions on the Flash Report.

20 Walt, no questions?

21 CHAIRMAN BUSSELLS: No.

22 MR. HOLMES: Okay. Fair enough.

23 MR. KEANE: We show that received as
24 information.

25 MR. HOLMES: The next agenda item is the

1 capital market review for the month of January.
2 I touched on the highlights. I won't go into
3 really much detail from there other than to kind
4 of point out that large cap stocks, small cap
5 stocks were negative for the month of January.
6 MLPs were negative during the month of January.

7 So what was positive, basically
8 international stocks were basically flat to
9 slightly positive during the month of January.
10 Bonds were positive, and because of declining
11 rates again.

12 It should be noted that TIPS are relatively
13 cheap these days. The market's pricing in slower
14 growth, and by that, I mean slower economic
15 growth, and it is also pricing in deflationary
16 pressures.

17 So TIPS look very cheap relative to where
18 they've been in quite some time. They were up
19 over 3 percent, 3 1/2 percent for the month of
20 January. So that small TIPS allocation in the
21 portfolio proved to be helpful.

22 That's it on that second point with regard
23 to the capital market update.

24 MR. KEANE: Any questions?

25 No questions, Director --

1 CHAIRMAN BUSSELLS: Dan, I don't have a
2 question. I'll just make this quick observation.

3 I do have interest in a couple of companies
4 that are effected by, in the US only, the price
5 of natural gas and oil. I had the opportunity to
6 spend time with and meet with people that have
7 been in the oil and gas business in the US for a
8 long time, through all the up-and-down cycles,
9 who have done well, you know, up and down.

10 And what I consistently hear is that this
11 drop in the price of oil over the last three
12 months from 105 or 110 to the 40s and now the low
13 50s is an even bigger buying opportunity than
14 1986 when it went from 30 to 10 in the course of
15 a month. I remember that when I was at the
16 utility.

17 And they are backing up the trucks and
18 buying everything they can. So I would just -- I
19 would just suggest if our exposure to energy, the
20 MLPs, is below our current asset allocation
21 policy, I, for one, would suggest getting it back
22 up to our current asset allocation policy amount
23 because this appears to be an extraordinary -- of
24 course, you described it as cheap, which I would
25 agree with.

1 People other than me that have been in the
2 business would describe it as double, triple
3 cheap and the buying opportunity of a lifetime.

4 And so I would just maybe, rather than
5 caution, moving in a deliberative fashion to get
6 us up to the asset allocation policy amount. It
7 looks like a pretty good buying opportunity.
8 That's my two cents on that.

9 MR. HOLMES: That would be moving from where
10 we are in terms of 6.7 percent to 7 1/2 percent.

11 CHAIRMAN BUSSELLS: Yes. On the one hand
12 it's not a lot, but if that thing doubles over
13 the next 18 to 24 months, which a lot of smart
14 oil and gas people believe is extremely likely,
15 that's a nice plus for the fund overall.

16 MR. HOLMES: I would agree. I would agree.

17 CHAIRMAN BUSSELLS: All right. I'm done.

18 MR. HOLMES: In order to accomplish that, we
19 are overweight in domestic equity, especially in
20 the large cap area. And the natural source for
21 that rebalancing would come from the S&P Index
22 Fund.

23 CHAIRMAN BUSSELLS: Great.

24 MR. KEANE: So, Mr. Chairman, we need a
25 motion from one of the trustees here to

1 reallocate funds from the S&P 500 Index account
2 in an amount necessary to bring the MLPs up to
3 7.5. Is that right, Dan?

4 MR. HOLMES: Yes.

5 MR. TUTEN: Dan, on that point, though, as
6 far as investing the extra money, is it going to
7 be just putting more money into what we have now,
8 or are we actually going to be pursuing a newer
9 company?

10 MR. HOLMES: For the purpose of the
11 rebalancing, the answer is for what we have now,
12 but that's an important distinction because that
13 was going to be a point that I made to the
14 Chairman's point or comment relative to his
15 point; and that is, I would agree that there are
16 a lot of energy and distressed credit companies
17 that are raising capital to invest in multiple
18 areas within the energy industry.

19 The point being that our economy has grown
20 in the energy industry in multiple directions,
21 and with the downturn in energy, there are going
22 to be a lot of buying opportunities and also a
23 lot of lending opportunities. Unfortunately a
24 lot of those opportunities are accessed through
25 private investments.

1 Right now we do not have the ability to
2 invest using private equity or private debt. The
3 only private investments this system is allowed
4 to invest in would be real estate investments.

5 To the extent that there was a new
6 ordinance, and you, Bob, correct me if I'm wrong
7 in terms of how this would go, a new ordinance
8 would have to be enacted to permit a wider
9 latitude and specifically permit private
10 investments in order to access a lot of those
11 opportunities.

12 MR. KLAUSNER: Yes. And that's part of what
13 the revised settlement agreement or fourth
14 amendment to the settlement agreement would do if
15 it was enacted by the city council. This has
16 been an issue that we've been pushing for for
17 some for.

18 Originally the city said they wouldn't --
19 the state originally was the impediment. We sued
20 the state and successfully got the authority, but
21 it still requires the city to enact an ordinance
22 to implement that broader authority, and that has
23 not been done, but it is on the table as part of
24 the overall settlement agreement.

25 MR. HOLMES: Okay. Great.

1 So, Mr. Chairman, the bottom line is we're
2 looking to -- looking for those opportunities as
3 well, and what we find, if appropriate, we'll
4 bring to your attention.

5 CHAIRMAN BUSSELLS: Okay. And so could I
6 get a motion to rebalance the portfolio
7 consistent with our existing asset -- investment
8 asset allocation policy as we just discussed
9 concerning energy?

10 DR. HERBERT: I move it.

11 MR. TUTEN: I'll second.

12 CHAIRMAN BUSSELLS: I have a motion and a
13 second. Any further questions or comments?

14 All in favor, say "aye."

15 (Responses of "aye.")

16 CHAIRMAN BUSSELLS: Opposed, like sign.

17 (No responses.)

18 CHAIRMAN BUSSELLS: Passes unanimously.

19 MR. KEANE: And for clarification,
20 Mr. Chairman and Trustees, we're going to take
21 that money and divide it equally among the two
22 MLP managers. That was the intent?

23 MR. HOLMES: Yes. Between Tortoise and
24 Harvest.

25 CHAIRMAN BUSSELLS: Fine with me. Whatever

1 you-all think is the prudent thing to do.

2 MR. KEANE: Okay. We'll get that taken care
3 of. We'll work on that this afternoon.

4 Dan.

5 MR. HOLMES: Okay. The last item I have is
6 the Asset Allocation Review.

7 At the beginning of every year what I like
8 to do is -- or I should say, at least
9 periodically, but I try to do it every year, is
10 touch base on our capital market assumptions,
11 especially if they've changed, and bring those
12 changes to your attention, and then look to see
13 whether or not the asset allocation for the plan
14 is on track to achieve its goals.

15 Again, I'll start kind of at the 10,000 foot
16 level and you let me know where we need to dig
17 deeper.

18 I will direct your attention to -- let's
19 see. Let me jump around here for a second.
20 Let's turn to page 7 in the presentation. Does
21 everyone have a copy of the presentation?

22 CHAIRMAN BUSSELLS: I do.

23 MR. HOLMES: The first thing I want to point
24 out is that as we talked about in the past: Our
25 expected returns for our capital market

1 assumptions are low. The expected return for
2 large cap stocks, for example, is 5 percent.

3 For the year, the difference between last
4 year and this year, almost all of our capital
5 market assumptions have come down by about 50
6 basis points.

7 The only asset classes that went up was high
8 yield and public bank loans, not private bank
9 loans but public bank loans. They both went up
10 about -- the assumed rate of return went up by
11 about a percent, but everything else dropped by
12 about 50 basis points.

13 The reason they dropped by about 50 basis
14 points across the board is our inflation
15 assumption has dropped. We use a building-block
16 approach to create our capital market
17 assumptions, and the first stone in that
18 foundation or that building block is the assumed
19 rate of inflation.

20 We derive our assumed rate of inflation by
21 looking at what the Philadelphia fed produces as
22 its expected return, and then also looking at the
23 difference, what the market says the expected
24 return is, and that's by looking at the
25 difference between TIPS and nominal treasury

1 bonds for that difference.

2 And so those two are both right around 1.75
3 percent. So our assumed inflation return for the
4 next ten years is 1.75 percent. Think about what
5 that means.

6 MR. TUTEN: On fixed income?

7 MR. HOLMES: No. That's just inflation
8 for -- you know, basically think of it as CPI.
9 Our expected return or expected inflation rate is
10 1.75 percent for the next ten years.

11 MR. TUTEN: Less than 2 percent?

12 MR. HOLMES: I'm sorry?

13 MR. TUTEN: Less than 2 percent?

14 MR. HOLMES: Less than 2 percent.

15 MR. TUTEN: Wow.

16 MR. HOLMES: That's what's being priced into
17 the market right now. That's because the market
18 is saying the economy is going to grow positively
19 but slowly, and then at the same time it's not
20 pricing in any really inflationary growth.

21 So because of that, all of our assumptions
22 start with that. It's a lower basis to start off
23 with, and then the rest of the expected returns
24 have dropped accordingly.

25 The other thing I will point out, which is

1 on the prior page, page 7, is that if you look at
2 our capital market assumptions and look at the
3 line where we've drawn across at 7 percent, there
4 are only a couple asset classes where we're
5 expected to -- or the expected return is above 7
6 percent.

7 They include MLPs, private equity, non-core
8 real estate and emerging markets. And non-core
9 real estate is basically value added or
10 opportunistic real estate. Statutorily, you are
11 allowed to invest in that now. That should be on
12 our agenda of things to talk about.

13 Value-added real estate is essentially
14 managers buying properties that have some sort of
15 flaw, fixing the flaw, and then selling that --
16 getting occupancy up, stabilizing rents, and then
17 selling that property off to the core real estate
18 managers like the ones you currently have in the
19 portfolio.

20 So it's more of a capital appreciation
21 opportunity. So that's something that we should
22 talk about because it is -- the only way you can
23 privately -- or the only way you can access
24 private markets, and there is a premium to be
25 paid for illiquidity risks right now.

1 So if we look at the expected returns for
2 the portfolio now, the expected return for the
3 target allocation is 6.6 percent. There's
4 multiple ways to get it close to 7 percent, but
5 in order to do so we either have to significantly
6 ration up risks, i.e., add a lot more to
7 equities, which we would not recommend because at
8 this point in time you get paid less for taking
9 more risks. That's basically the relationship in
10 the capital markets right now.

11 Or the other thing you can do is you can try
12 to get access to private markets, private energy
13 or private natural resources, and also private
14 real estate and also private equity.

15 Using those at basically reducing public
16 equity and reallocating those three on an
17 expected basis would get you to 7 percent, and
18 keep -- actually, what's interesting is keep
19 volatility where it is now or perhaps even reduce
20 volatility. In other words, make the portfolio
21 more efficient.

22 Couple other comments real quick. We're not
23 recommending any changes for now. I do want to
24 concentrate on getting closer to the target
25 allocation. That's Number 1.

1 Number 2. If we do get permission to use
2 private investments, I will come back to you with
3 recommended managers and a finalized asset
4 allocation recommendation as soon as possible. I
5 would use -- I've got another handout that we can
6 use as an approximation for that.

7 The couple other points to note. The
8 probability of exceeding 7 percent under one of
9 those scenarios where private investment use goes
10 up to above 50 percent or above 50 percent,
11 that's some of the highest probability in these
12 studies I've seen for quite some time.

13 So I will end with this kind of point. So
14 if we're projected to fall short of 7 percent
15 over the next ten years -- and please note, our
16 assumptions are net of fees, net of volatility
17 for a ten-year investment time of horizon. So
18 why not make a change now or why not do something
19 to get a little closer to that target?

20 Our investment time horizon is ten years.
21 The actuary is looking at a 30-year time horizon.
22 It would be foolish for us to try to go out that
23 long simply because we can't use observable
24 relationships between asset classes in the
25 markets today to come up with a 30-year assumed

1 rate of return. Too many things change in the
2 interim. Ten years, we think, is possible.

3 And so I point it out simply because if
4 interest rates go up, then there's a higher
5 probability of reaching that 7 percent. Our
6 capital market assumptions would have to be
7 changed.

8 So that's why I feel comfortable
9 recommending no change in the target at this
10 time, but there will be a change if you get -- I
11 will recommend a change if you get permission to
12 use private investments of any sort.

13 Let me stop there and see if there's any
14 questions.

15 MR. TUTEN: I've got a question for you.

16 Dan, on your investment projections, how
17 often do you guys go back in time and compare
18 what you predicted versus what happened?

19 MR. HOLMES: Good question. I don't have it
20 with me, but we updated -- we're now to the point
21 where I think we're updating it annually. And so
22 I don't -- unfortunately, I don't have it with
23 me.

24 And in terms of the accuracy or -- I don't
25 remember the percentage of time, but it's fairly

1 close. That's why we feel confident in the
2 building-block approach that we use to look at
3 capital market assumptions. But, unfortunately,
4 I don't have it with me and I don't know actual
5 numbers.

6 MR. TUTEN: Why do you-all use the ten-year
7 mark?

8 MR. HOLMES: Because we can go and see
9 observable information. For instance, looking at
10 where -- where the market is telling us ten-year
11 Treasury Bonds are going to yield over a
12 particular period of time, looking at other
13 macroeconomic information, ten years is about as
14 comfortable as we feel -- far out as we feel
15 comfortable.

16 MR. TUTEN: What's the shortest you guys do?
17 I mean, I know you do annual.

18 MR. HOLMES: We use a ten-year assumption in
19 all of our modeling. We also have other models
20 where it adjusts the assumed shift in the yield
21 curve to adjust for shorter period of time.

22 We feel most comfortable in the five- to
23 ten-year time period, ten year probably being the
24 most.

25 But the model has the probability of looking

1 at the -- or has the ability, rather, of looking
2 at dispersion of returns and giving you basically
3 an assumption about what a worst case scenario
4 would look like over a one-through-five ten-year
5 time period.

6 So we tend to focus on the expected or the
7 worst case scenario. We kind of ignore what the
8 model says, would be the best case scenario. If
9 it happens, great. It's icing on the cake.

10 But what we want to do is frame decisions in
11 terms of what expected returns look like and what
12 the worst case could look like. And I skipped
13 over it, but that's buried in the presentation.
14 I shouldn't say "buried." Contained in the
15 presentation.

16 MR. TUTEN: Hidden.

17 MR. HOLMES: We're not hiding anything.

18 And then in the back of the presentation
19 there's a quick summary as to how we derived the
20 capital market assumptions.

21 MR. TUTEN: Well, the reason I'm asking, ten
22 years, I mean, today -- I mean, I know it's odd
23 coming from a 30-year pension fund, but in the
24 investment world, ten years just seemed to be
25 so -- that's why I asked the question of how do

1 you go back and, like, compare what you predicted
2 versus what happened.

3 MR. HOLMES: Yeah.

4 MR. TUTEN: Because that's a lifetime and
5 then some, you know, in the capital markets.

6 MR. HOLMES: Yeah. And that's why trying to
7 do it over 30 years is almost ridiculous.

8 MR. TUTEN: Yeah.

9 MR. KEANE: So, Dan, is the asset allocation
10 that you have in your document there, is that
11 your recommendation to the Board that they adopt
12 providing that the legislation passes that
13 authorizes private equity in real assets, which
14 shows a significant reduction in our fixed income
15 allocation as well as domestic equity?

16 MR. HOLMES: There's another pass-out. I
17 think the -- thank you, John.

18 Mr. Chairman, I apologize --

19 CHAIRMAN BUSSELLS: Dan, I would -- you
20 know, we've discussed the single factor that has
21 the greatest impact on returns is asset
22 allocation policy. The selection of which
23 manager for which fund or index versus active
24 management and all that play a role, but the
25 biggest determinative of how well you do is asset

1 allocation policy.

2 So what we're talking about is the most
3 important thing to the fund, I think. So,
4 therefore, with your projections you just
5 described to us, with which I personally
6 generally agree the way things are going and
7 appear to be going, it seems to me within our
8 current investment authority that we should be in
9 the not to distance future considering a change
10 up and down in the asset classes to the extent we
11 can within our current authority to reflect those
12 ten-year projections you just made.

13 And it may well be, and I'm just forgetting
14 it, that we're already maxed out by asset class,
15 the ones we would increase based on the current
16 look forward, and we just can't go any higher in
17 real estate or energy or whatever. I just can't
18 recall offhand.

19 MR. HOLMES: That is the case.

20 CHAIRMAN BUSSELLS: Okay. Never mind.

21 MR. HOLMES: And, Walt -- Mr. Chairman, the
22 part of the issue is, is that we have not fully
23 taken advantage of what we can in the way of
24 looking at private real estate. We can't do
25 private energy now. We can't do private equity

1 now. We can do private real estate. That has a
2 different set of assumptions and is projected to
3 pay a higher expected rate of return due to its
4 illiquidity premium.

5 CHAIRMAN BUSSELLS: Well, you know,
6 illiquidity doesn't bother us all that much.
7 It's one of the enormous investment advantages we
8 have, I think, compared to others.

9 But that being the case, I would welcome a
10 consideration of increasing that or doing that
11 for the first time within what we're currently
12 allowed to do as early as the March meeting, if
13 that's possible.

14 MR. HOLMES: What I will do -- what I prefer
15 to do is make an education presentation and make
16 sure we're all on the same playing field, make
17 sure we understand what the advantages and
18 disadvantages are, and then from there if the
19 Board is so inclined to move forward and look for
20 a manager or managers to populate that position.

21 CHAIRMAN BUSSELLS: Okay. But just move it
22 along timely if we could, because this subject,
23 the asset allocation, is Number 1 in terms of
24 returns. Nothing else is close. And so it's
25 appropriate to -- you know, the Board's

1 involvement and engagement, which is what we're
2 doing now, which is great. Yeah. So please do
3 it as quickly as possible, would be my desire.

4 MR. HOLMES: Understood.

5 MR. KEANE: Mr. Chairman and Trustees, I've
6 sent Summitt Strategies a copy of the proposed
7 legislation so that they can develop a
8 recommended asset allocation policy in line with
9 the authorizations contained in the new pension
10 reform ordinance so that could be brought before
11 you-all quickly for consideration.

12 We have to notify the city 30 days in
13 advance before they can be approved. As you have
14 pointed out and others, we don't want any grass
15 to grow under our feet once we get this new
16 authorization.

17 CHAIRMAN BUSSELLS: Okay.

18 MR. KEANE: So we will show without
19 objection, then, the discussion on the revisions
20 to the asset allocation plan as discussed by Dan
21 Holmes as received as information.

22 And if we could back up for just a minute,
23 Mr. Chairman and Trustees, the Fourth Quarter
24 Report, we need to show that received as
25 information that Dan Holmes discussed a few

1 minutes ago. I'm just trying to cross the T's
2 and dot the I's and get everything in the right
3 order here.

4 CHAIRMAN BUSSELLS: Okay.

5 MR. HOLMES: Now, the only thing I will
6 point out about that -- I apologize; I did skip
7 over that -- the report is as of -- is the report
8 for the quarter ending December 31st. The
9 advantages it does have is it points out or it
10 shows performance for the calendar year. And
11 what I will point out is that this plan was one
12 of my better performing clients.

13 Your return for the calendar year was up 7
14 1/4 percent. You ranked in the 35th percentile
15 according to -- or compared to other public
16 pension funds.

17 The overweight in US equities was helpful.
18 The overweight in MLPs earlier in the year was
19 helpful. Reducing the weight to MLPs before
20 October was helpful. And so the bottom line is
21 on an absolute basis and on a relative basis, it
22 was a pretty decent year.

23 International equity composite was down, as
24 I had mentioned before, which continued into
25 January, but at least the managers outperformed

1 their respective benchmarks.

2 Acadian and Silchester -- Silchester was
3 about flat, only slightly negative. But Acadian
4 was actually -- the emergent markets manager had
5 a positive 2 and change rate of return for the
6 year.

7 And real estates and MLPs was the big winner
8 for the year, up about 17 percent. Real estate
9 was up about 12 percent in aggregate, and then US
10 equity followed by bonds and then fixed income --
11 or by non-US equity, rather.

12 CHAIRMAN BUSSELLS: All right.

13 And, Dan, for the First Quarter Report for
14 2015, could you include as an appendix that
15 information that Rich bought up that I thought
16 was very helpful, very useful --

17 MR. HOLMES: Be happy to.

18 CHAIRMAN BUSSELLS: -- for looking at
19 actually results versus forecasts these last
20 several years? That would be useful to me as
21 well. I like that idea.

22 MR. HOLMES: Okay. Will do.

23 MR. KEANE: All right. Mr. Chairman and
24 Trustees, the next item under administrative --

25 CHAIRMAN BUSSELLS: John, just real quick, I

1 cannot see my colleagues' body language this
2 morning. Do we need to have a five-minute break?

3 MR. SCHMITT: I second.

4 CHAIRMAN BUSSELLS: I'll declare a
5 five-minute break.

6 (A break was taken at 10:36; thereafter the
7 proceedings continued as follows:)

8 MR. KEANE: It's 10:45 and we're resuming
9 the meeting.

10 The next item on the agenda, Mr. Chairman
11 and Trustees, establishment of a financial
12 services advisory committee.

13 You'll recall that the Scheu pension reform
14 commission recommended the establishment of this
15 committee. It's in the pension legislation, but
16 because of the delays in getting it, at the
17 chairman's direction, we went ahead and drafted a
18 rule to create one for the Board, and it's before
19 you.

20 If adopted we would send out the notice to
21 interested qualified parties. We already have a
22 very nice list of people that are interested and
23 willing to come and help, including an outline of
24 duties and responsibilities, the public filing
25 requirements. They have to file Form 1 annually.

1 The required ethics training. And it's a copy of
2 the Board rule that's attached.

3 We would recommend for adoption.

4 DR. HERBERT: I move to adopt.

5 MR. TUTEN: I'll second.

6 CHAIRMAN BUSSELLS: Any questions or
7 comments?

8 All in favor, say "aye."

9 (Responses of "aye.")

10 CHAIRMAN BUSSELLS: Opposed, like sign.

11 (No responses.)

12 CHAIRMAN BUSSELLS: Passes unanimously.

13 MR. KEANE: Yes, sir.

14 Next item, Ethics. The Form 9 Quarterly
15 Gift Disclosure for the period from October 1st
16 through December 31st, is due by the end of
17 March.

18 I just want to bring this to the Trustees'
19 attention. And if no one has received a gift
20 worth a hundred dollars or more during the period
21 October 1st through December 31st, you do not
22 have to file. But we would like you to tell us
23 that you did not get it so that when they call
24 and say where is the report, we say, We've talked
25 to them all, they didn't get it, or, Two got it

1 and here's the other reports, or whatever.

2 CHAIRMAN BUSSELLS: Okay. Received for
3 information.

4 MR. KEANE: Okay.

5 CHAIRMAN BUSSELLS: John.

6 MR. KEANE: Yes, sir. The next item is Old
7 Business. Review of the aspects of certain DROP.
8 Bob.

9 MR. KLAUSNER: Yes. I spoke with Lee Dehner
10 earlier this week, expressed the Chair and the
11 Board's concern that this be a -- really a
12 board-driven issue rather than a staff-driven
13 one.

14 I advised -- he wanted a copy of the DROP
15 packet. What I actually did is sent him the DROP
16 packet and I sent him with the name deleted one
17 of the DROP calculations with the facts at issue
18 so that he could see it graphically. I spoke to
19 him, I think, before he spoke to the Chair, if he
20 has, in fact, spoken to the Chair. I expressed
21 the need to do this quickly.

22 I've spoken with the accounting firm.
23 They're ready to move as soon as they get the
24 guidance from our outside legal advisor on this.

25 CHAIRMAN BUSSELLS: So, honestly, Bob, that

1 will be going pretty soon. And just as we do for
2 the independent accountants for the annual audit,
3 it's certainly appropriate for them to work
4 directly -- meet directly with or work directly
5 with the Board, just as you're doing.

6 MR. KLAUSNER: Yes. And I will stay on it.
7 I asked for a -- what's today, Friday?

8 I spoke to Lee last on Tuesday and I asked
9 him to give me an -- and I immediately asked our
10 benefit services person, Chuck Hayes, to send --
11 you know, to send the information by e-mail. I
12 told Lee I would check in with him the beginning
13 of next week.

14 CHAIRMAN BUSSELLS: Very good.

15 MR. KLAUSNER: But I think the accounting
16 people can't move until they know the legal
17 guidance that they're supposed to be looking for
18 to guide their audit.

19 CHAIRMAN BUSSELLS: Yeah. And this will
20 really be agreed upon procedures, not to get too
21 technical. But that's perfect. That's very
22 good.

23 MR. KLAUSNER: Okay. Very good.

24 MR. KEANE: All right. We will show that
25 item received as information.

1 The next item on the agenda, Mr. Chairman
2 and Trustees, is the request for a legal opinion
3 from the attorney general's office with the
4 attachments.

5 Just to remind you that in August the Board
6 directed that we write a letter to the council
7 president to see if he was interested in joining
8 with the Board in seeking an updated opinion from
9 the attorney general concerning the city
10 council's authority to reduce the Board's budget.
11 We received some communications back and forth
12 with the council president.

13 Ultimately we wrote a letter to the attorney
14 general on January 16, a copy of which you have
15 before you. We received a response from the
16 attorney general dated January 26th of this year,
17 in which the attorney general says -- let get the
18 report -- his response is.

19 MR. KLAUSNER: Yes. As is customary, the
20 attorney general assigned this to a deputy in the
21 opinion section.

22 MR. KEANE: They say, "After reviewing the
23 information you have submitted, it does not
24 appear that this is a matter which this office may
25 formally comment."

1 They then go on to talk about the pending
2 litigation. He says, "However, in an effort to
3 be of assistance, a search of the Florida
4 attorney general database shows that both
5 attorney general's opinions, 92-35 and 92-69,
6 have been cited a number of times since they were
7 issued. This office will continue to rely on
8 those opinions until subsequent case law appears
9 to the contrary or amendments are made to
10 statutory law."

11 So finally the attorney general's office
12 says the law is the law.

13 At the recent hearing before Representative
14 Janet Atkins' Special Committee on Pensions that
15 she had over at City Hall, one of the people
16 testifying was Chris Kahn, who is the -- Greg
17 Kahn, who is the legislative counsel for the
18 Florida League of Cities.

19 And in their view one of the problems with
20 the pensions, and he points out in a handout
21 we're distributing to the Trustees right now, is
22 that Boards operate without any budget oversight
23 or accountability to plan sponsors. That was one
24 of his complaints, which reinforces the position
25 that the Board has long held that the city

1 ordinance that says that the Board submit a
2 budget and the council approve it, the portion
3 from the settlement agreement that says we submit
4 them an approved budget over there for inclusion
5 in their books and records is still the guiding
6 principle.

7 So this touches back on what Dr. Herbert
8 brought up earlier about the city council finance
9 committee unilaterally reduced the salary in the
10 budget for the deputy executive director.

11 CHAIRMAN BUSSELLS: Bob, do you have any
12 observations from a purely legal standpoint about
13 where we stand now, where we have a disagree with
14 local counsel, you know, you and the city on this
15 point?

16 MR. KLAUSNER: I think that one of the
17 things that's important is under the legislation
18 in the city code relating to the creation of the
19 Office of General Counsel, it says that, if the
20 attorney general has specifically opined on an
21 issue, that that takes precedence over any
22 opinion from the general counsel's office.

23 So this was specific -- these two opinions
24 from 1992 were specifically requested by this
25 Board on this issue, and there have been some

1 legislative changes in either our special act,
2 which is Chapter 22 of the charter, nor in 112,
3 175 or 185, upon which that opinion was based.

4 So I think the AG opinion now stands as the
5 controlling law, I think, beyond dispute. You
6 know, others may have a different opinion, but
7 that's mine. And I think it was a good idea to
8 ask the AG to at least confirm that nothing has
9 changed.

10 And I think it's also particularly important
11 that the deputy general attorney pointed out that
12 they have relied on this opinion with regard to
13 other municipal governments on a number of
14 occasions since the issuance of these two
15 opinions in 1992.

16 CHAIRMAN BUSSELLS: Okay. We will provide a
17 copy for information over to the city's general
18 counsel and the city council auditor, both of
19 whom had an interest in this subject during the
20 council auditor's audit.

21 Would that make since?

22 MR. TUTEN: Yes.

23 MR. KLAUSNER: It does to me.

24 MR. SCHMITT: I would also recommend sending
25 a copy of the PowerPoint from the League of

1 Florida Cities which says the same thing.

2 MR. KEANE: All right, sir. We'll take care
3 of that today, Mr. Chairman and Trustees. We
4 will forward that over to them and show this item
5 as received for information.

6 CHAIRMAN BUSSELLS: Okay.

7 MR. KEANE: Our next item for discussion is
8 there are a number of ordinances and resolutions
9 pending over before the city council, and I've
10 given you a copy of all of them just for
11 information so you could have that.

12 CHAIRMAN BUSSELLS: Okay. Received.

13 MR. KEANE: The next item is the new pension
14 plan, 2015-54.

15 Following the Board action -- and we're
16 going to have the record show that Trustee Glover
17 has joined the meeting.

18 (Trustee Glover enters room.)

19 MR. KEANE: Following the Board action on
20 January 5th, we notified the city council and the
21 mayor of the Board's position on those pension
22 reform issues.

23 Mayor Brown's office developed a new
24 ordinance which incorporates the changes
25 recommended by the Board on January 5th. That

1 ordinance is 2015-54. It's been heard before the
2 finance committee, recreation, community health,
3 public health and safety.

4 Both committees passed it out without any
5 amendments. It was scheduled to be heard by the
6 rules committee this morning, but that meeting
7 was canceled because of the sudden death of the
8 father of city council member Matt Schellenberg.
9 It's unclear whether the ordinance 2015-54 is
10 going to come up Tuesday night or will be in the
11 next cycle.

12 But there are some -- we have copies of the
13 ordinance. There's one error in there that
14 they're going to correct under the authority of
15 Section 14 or 15 in the back gives the Office of
16 General Counsel authority to correct scrivener's
17 errors. There's one place where they failed to
18 make the change from ten years to five years. I
19 think it's on page 18.

20 MR. SCHMITT: On mine it's on page 26, line
21 9, under Section 121.201(a).

22 MR. KEANE: Right. This was an amendment
23 that the Board recommended that they meant to
24 include. I spoke with the assistant general
25 counsel who authored the ordinance and she admits

1 she missed that one, and they're going to correct
2 it with the authority in the back of the
3 ordinance there where they can make errors that
4 are technical and what have you.

5 CHAIRMAN BUSSELLS: John, do you think we
6 need to take some affirmative action that this
7 represented what we approved earlier, receive it
8 for information? What would you like us to do
9 with this?

10 MR. KEANE: I think we should show it
11 received as information. That way we can send an
12 affirmative response to the city that the Board
13 is aware of the introduction of this new
14 ordinance by the mayor's office. Attempts to
15 amend the ordinance in both committees were
16 defeated. But it's not in its final form.

17 So I would recommend, Mr. Chairman, that we
18 write them a letter and thank them for their
19 courtesies of giving an expedited hearing, and
20 waiting to hear from them when it's finalized.

21 MR. TUTEN: I mean, what's substantially
22 different about this compared to what we approved
23 at the last meeting, John?

24 MR. KEANE: This includes the changes that
25 you-all recommended.

1 MR. TUTEN: Okay.

2 MR. KEANE: That's what this does.

3 CHAIRMAN BUSSELLS: So, John, if the rules
4 committee voted it out and the full council
5 approved it, then it's done.

6 MR. KEANE: Yes.

7 CHAIRMAN BUSSELLS: I mean, they have the
8 funding plan they have to work out somehow, some
9 way in the future.

10 MR. KEANE: That's right. That's right.

11 CHAIRMAN BUSSELLS: That's still an open
12 issue we cannot control or influence.

13 MR. KEANE: That's right.

14 CHAIRMAN BUSSELLS: But, otherwise, it would
15 be acceptable to us based on our meetings,
16 special meetings; is that correct?

17 MR. KEANE: Yes, sir.

18 MR. GLOVER: Now, what I'm hearing is that
19 there were no substantive changes that would
20 cause us to have to deliberate over any issue; is
21 that correct?

22 MR. KEANE: That's correct.

23 MR. GLOVER: Okay.

24 MR. KEANE: As a result of the Board's
25 actions on January 5th, where some items were

1 approved, some items were amended, and some items
2 were rejected, that information was used to
3 create this new ordinance, 2015-54.

4 MR. GLOVER: All right. Works for me.

5 MR. KEANE: Received as information,
6 Mr. Chairman?

7 CHAIRMAN BUSSELLS: Okay.

8 MR. KEANE: Okay.

9 And the next item is the Actuarial Impact
10 Statement for this ordinance. Received as
11 information?

12 CHAIRMAN BUSSELLS: Okay.

13 MR. KEANE: The next item, every five years
14 we do an experience study where the actuary tests
15 the various actuarial assumptions that are used
16 to set the contribution rate.

17 The next one is due in 2016. And since
18 we're at this point, we wanted to bring it to the
19 Board's attention that we -- it's a needed action
20 it needs to take.

21 Jarmon estimates the cost of \$25,000. It's
22 not going to impact this year's budget, but we
23 wanted to bring it to the Board for approval so
24 that we can build it into next year's budget.

25 CHAIRMAN BUSSELLS: Can I get a motion?

1 MR. TUTEN: I'll make a motion.

2 DR. HERBERT: Second.

3 CHAIRMAN BUSSELLS: Any further questions or
4 discussion?

5 All in favor, say "aye."

6 (Responses of "aye.")

7 CHAIRMAN BUSSELLS: Opposed, like sign.

8 (No responses.)

9 MR. KEANE: It was unanimous.

10 CHAIRMAN BUSSELLS: Carries unanimously.

11 MR. KEANE: All right. Kevin, you got your
12 marching orders on that.

13 The Annual Report to the state. Kevin has
14 completed it. It's ready to be filed. It's due
15 on March 15th. This is the last Board meeting
16 before then. It's a very long and lengthy
17 report, 50-some odd pages.

18 MR. STORK: It has several attachments, five
19 major schedules. We do the first ten pages of
20 the financial information in the form that they
21 wanted. And it's the same information that was
22 in the audit.

23 I do need -- from the copy that we gave it,
24 I do need to change one figure to a different
25 line and change the affected total, but the net

1 totals do not change. It's just where the state
2 wants this one figure put.

3 I was reading my notes last night as a
4 double-check and I said, I want to move that up
5 to a line. So that's the only change I would
6 have. It's not a substantive change, but it is a
7 change from what we're handing out and I'll be
8 making that before we send it out.

9 MR. KEANE: Requires a motion.

10 MR. TUTEN: I make a motion.

11 DR. HERBERT: Second.

12 CHAIRMAN BUSSELLS: Any further questions or
13 discussion?

14 All in favor, say "aye."

15 (Responses of "aye.")

16 CHAIRMAN BUSSELLS: Opposed, like sign.

17 (No responses.)

18 CHAIRMAN BUSSELLS: Carries unanimously.

19 MR. KEANE: Our next item of business,
20 Mr. Chairman and Trustees, is a letter from the
21 Department of Management Services.

22 This was the story that was in the
23 newspaper. This is -- that's the second one.
24 It's a letter from the Secretary of Department of
25 Management Services where he talks about the

1 funding level of the fund. It's come to their
2 attention that we're funded less than 50 percent.

3 He makes some general admonishments that we
4 should consider increasing contribution from the
5 city, increasing contribution from the members,
6 potentially reducing benefits, taking other
7 steps, all of which already have been taken.

8 I spoke with the secretary last week, and he
9 said he recognizes that Jacksonville Police and
10 Fire has already taken all these steps, but
11 because we were in the same boat with some other
12 people, he sent us this same letter.

13 He did offer to provide technical assistance
14 to the Board. And I called him and I said, Well,
15 what kind of technical assistance can you offer?
16 And he said, Just let us know what we can do.

17 They have written a letter to us that
18 arrived yesterday. And this came from Keith
19 Brickman, the chief of the bureau of local police
20 and fire systems. And it talks about the Baldwin
21 Amendment that was adopted in the legislature
22 last year.

23 The city has never adopted the interlocal
24 agreement. I spoke with Loree French in the
25 general counsel's office. She sent me an e-mail

1 at 5:30 yesterday telling me that she brought it
2 to the attention of the mayor's office again and
3 they promised action within 30 days.

4 MR. SCHMITT: About how much money is that
5 per year?

6 MR. KEANE: It's unknown until they enact
7 the thing and we do it. But it could be as much
8 as a hundred thousand a year. In the meantime,
9 we have told them that we've notified the state
10 that we expect the city to have the paperwork
11 finished in the next couple months.

12 They will then put the local -- interlocal
13 agreement into the database, which then notifies
14 the insurance companies to recode all of their
15 policies from unprotected to Jacksonville so that
16 we will start getting the money in 2016.

17 So in our response to the secretary's
18 letter, I'm going to tell him we received this
19 follow-up communication from Keith Brinkman and
20 quote the e-mail from Loree French in the general
21 counsel's office, and that will then form the
22 basis of our response to his letter.

23 CHAIRMAN BUSSELLS: Okay. Received for
24 information.

25 MR. KEANE: Yes, sir

1 The next item, there's a statutory
2 requirement that we notify the governor, the
3 house speaker and the senate president of any
4 request we receive during the preceding year for
5 people wanting a list with our Social Security
6 numbers and things like that. We don't give out
7 that information. We have sent them the standard
8 response, None received.

9 CHAIRMAN BUSSELLS: Received for
10 information.

11 MR. KEANE: Yes, sir.

12 We have a memo on the JEA savings reflecting
13 the results of our energy efficiency program that
14 we started last year with a \$70,000 federal
15 pass-through grant to change the energy fixtures
16 in the parking facility as well as the light
17 safety fixtures in the stairwells.

18 We've had a nice decrease in the electric
19 costs, and I commend Troy Scherbinski for finding
20 the information on that grant. We did it at no
21 cost to the fund because of the grant monies.

22 CHAIRMAN BUSSELLS: Very good. Received for
23 information.

24 MR. KEANE: Yes, sir.

25 MR. TUTEN: Why is the bill so low in 2010,

1 John? We had vacancies or something in the
2 office?

3 MR. KEANE: Second floor was empty.

4 MR. TUTEN: Okay.

5 MR. KEANE: The next item is a memo from the
6 building manager concerning the maintenance
7 contract on the heating ventilation and air
8 conditioning system. It's a Trane system. He
9 recommends renewal of the maintenance agreement
10 with Trane, and we recommend.

11 MR. TUTEN: I'll make a motion.

12 CHAIRMAN BUSSELLS: This requires Board
13 action?

14 MR. KEANE: Yes, sir.

15 MR. TUTEN: I make a motion.

16 DR. HERBERT: I second.

17 MR. KEANE: But in our next year's budget
18 plan, we will fix it so these things don't come
19 up to the Board level. We'll have some
20 wordsmithing in there that maintenance agreements
21 that are budgeted are authorized to be signed and
22 we don't have to bring these things up here.

23 CHAIRMAN BUSSELLS: I have a motion and a
24 second. Other questions or comments?

25 All in favor, say "aye."

1 (Responses of "aye.")

2 CHAIRMAN BUSSELLS: Opposed, like sign.

3 (No responses.)

4 CHAIRMAN BUSSELLS: Carries unanimously.

5 MR. KEANE: Okay.

6 We're now ready to get Jarmon Welch on the
7 telephone.

8 This may or may not work, Mr. Chairman, with
9 you on there, but we're going to try this.

10 MR. KLAUSNER: Can I recommend before you do
11 that that you go back to the matter that you
12 deferred on the election of Board officers that
13 you were waiting for Sheriff Glover to return?

14 MR. KEANE: Mr. Chairman, did you hear that?

15 CHAIRMAN BUSSELLS: Talk about Board
16 officers now that Nat's here?

17 MR. KEANE: Yes, sir. Bob has recommended
18 we that we revert to the deferred item on the
19 election of Board officers.

20 CHAIRMAN BUSSELLS: Yes. Adam, do you want
21 to summarize our discussion on that earlier and
22 the work that's been done so far for Trustee
23 Glover's benefit? Then we'll see if we can take
24 action.

25 DR. HERBERT: Yes, sir.

1 As you know, we are required every year to
2 elect officers for the year. And what I was
3 suggesting was that we either delay the election
4 or we alternatively make a decision to elect --
5 the proposal I was making was that you and the
6 chairman be reelected for the year. And the
7 reason for that is that we're getting very close
8 to finalizing the agreement with the city for
9 pension reform, and there still may be some
10 issues.

11 And the reality is that the Chairman has
12 been our leader in terms of getting all this
13 done. And so my hope is that we would ask both
14 of you to continue serving as we go through this
15 period.

16 MR. GLOVER: I'm personally fine with it.
17 What's the Chair's thoughts?

18 DR. HERBERT: He indicated that he was
19 prepared to do it for a few months, that he
20 didn't want -- he feels strongly that the
21 chairmanship should rotate and that he was not
22 inclined to do it for an entire year. But he
23 would be open to doing it as we try to reach
24 closure on these matters before us.

25 So the question was, is it possible to elect

1 for the next -- until June or July, something
2 like that -- and, Mr. Chairman, you can speak for
3 yourself about what your views on it are.

4 CHAIRMAN BUSSELLS: Well, that's right. I'm
5 a big proponent of rotation of officers,
6 especially on smaller Boards like ours where --
7 well, everybody knows how ours works, and to pass
8 it around, the work and the involvement and the
9 roles.

10 And the pending legislation may or may
11 not -- well, it's going to be a few more months
12 at best. And so while I would not be interested
13 in serving another full year in the Chair seat, I
14 would be more than willing to serve for, you
15 know, at least two or three or four months, and
16 then we will see how things play out over in City
17 Hall and we can make a decision then.

18 But I would not want us to just have an
19 election without everyone knowing what I think we
20 should do and what I'm interested in doing and
21 then, you know, resign as Chairman or something
22 part way through another year.

23 So if we may do it under whatever the
24 prevailing rules are, have an election, say,
25 through May or June, that would be fine with me.

1 Nat, of course, you're the other officer of
2 the Board as secretary. So whatever we do should
3 be both seats, I think, both roles. But that
4 would be my preference and what I would be
5 certainly willing to do given where we are today.

6 MR. KEANE: Mr. Chairman, why doesn't the
7 Board consider changing the annual elections from
8 January to June?

9 CHAIRMAN BUSSELLS: Well, that's a thought.

10 MR. KEANE: And maintain the new officers
11 until the new election cycle kicks it.

12 CHAIRMAN BUSSELLS: That's a thought. We
13 would be on the same cycle as the city council
14 officers.

15 MR. KEANE: We certainly would.

16 MR. KLAUSNER: That would be permissible.

17 CHAIRMAN BUSSELLS: That's a thought.

18 MR. TUTEN: I'll make a motion.

19 DR. HERBERT: I second.

20 CHAIRMAN BUSSELLS: I have a motion and a
21 second. Any further questions or comments?

22 All in favor, say "aye."

23 (Responses of "aye.")

24 CHAIRMAN BUSSELLS: Opposed, like sign.

25 (No responses.)

1 CHAIRMAN BUSSELLS: Motion carries
2 unanimously.

3 MR. TUTEN: Just for the record, John, read
4 it back, what you're going to put.

5 MR. KEANE: We're going to move the election
6 of Board officers on the same cycle as the city
7 council officers' election. It will happen in
8 May, and current officers continue.

9 Mr. Chairman, we're going to try to get the
10 actuary on here, and if we lose you, we'll dial
11 you right back. And if we're not able to get
12 both of you on here, we'll --

13 CHAIRMAN BUSSELLS: Proceed without me. No
14 problems.

15 MR. KEANE: This is for the adoption of the
16 actuarial report that we gave out last month.

17 MR. KLAUSNER: The problem is, unless the
18 chairman can hear, he can't vote.

19 CHAIRMAN BUSSELLS: Let me ask you this,
20 John and Bob. On the one hand, the hour is
21 getting late. If there's not some statutory or
22 regulatory requirement that this be done in this
23 month, February, if we could do this -- take this
24 back up again at the regular March meeting when I
25 will darn sure be over my flu bug and everything

1 else. That might be better, all things
2 considered, if that's doable.

3 MR. KLAUSNER: I don't see any reason why
4 not.

5 MR. KEANE: Yes, sir, that could be doable.
6 We just may need to move the March meeting up a
7 week to comply with the state requirement.

8 MR. KLAUSNER: You just have to have the
9 actuarial evaluation approved by March 15th so
10 that you can submit it with the state report.

11 MR. KEANE: Correct.

12 MR. KLAUSNER: And so a motion to defer
13 would be in order with the understanding that you
14 will have to convene, even if only for the sole
15 purpose of addressing the valuation, on a date
16 prior, on or before March 15th.

17 CHAIRMAN BUSSELLS: Thoughts on deferring it
18 and moving the March meeting up, or do you want
19 to keep grinding on for another 30 minutes or so
20 and knock it out today?

21 MR. GLOVER: What would be the proposed
22 date?

23 MR. KEANE: Well, we'll check everybody's
24 schedule and get a proposed date for moving the
25 meeting up, or if we can't move the meeting up,

1 have a special meeting just for the -- a
2 half-hour meeting just to do the actuarial
3 report.

4 DR. HERBERT: It would have to be March
5 13th, if it's a Friday.

6 MR. KEANE: March the 13th. How does your
7 schedule look for that, Director?

8 CHAIRMAN BUSSELLS: That works for me,
9 actually. That's a pretty good day for me,
10 actually.

11 DR. HERBERT: It works for me.

12 MR. TUTEN: I'm sure it's fine for me.

13 MR. KEANE: Everybody is checking their
14 calendars right now.

15 CHAIRMAN BUSSELLS: Okay.

16 (Pause)

17 MR. TUTEN: That's fine for me. I think
18 it's an A shift though, special assignment.

19 MR. GLOVER: I'm okay.

20 MR. KEANE: All right. Mr. Chairman, the
21 trustees can uniformly meet on March 13th if we
22 want to formally reschedule the meeting till 9:00
23 in the morning on March 13th.

24 CHAIRMAN BUSSELLS: Okay. Let's do it. Do
25 you need a motion?

1 MR. KEANE: Yes, sir.

2 DR. HERBERT: Move it.

3 MR. GLOVER: Second.

4 CHAIRMAN BUSSELLS: I have a motion and a
5 second. Questions or comments?

6 All in favor, say "aye."

7 (Responses of "aye.")

8 CHAIRMAN BUSSELLS: Opposed, like sign.

9 (No responses.)

10 CHAIRMAN BUSSELLS: Carries unanimously.

11 MR. KEANE: That concludes the regular
12 agenda items for today, Mr. Chairman and
13 Trustees.

14 CHAIRMAN BUSSELLS: And I would suggest that
15 at the next regular meeting on March 13th we move
16 the records retention policy update further up
17 the agenda so we can be sure to have a good --
18 plenty of time for Peggy and others to present
19 where we are, what they're doing, what the status
20 is, the way of the path forward, and be aware of
21 what's going on.

22 And, then, you know, provide any support or
23 help or direction that may be required or useful
24 to you-all, John, you and the team, to get that
25 done timely.

1 MR. KEANE: All right, sir.

2 CHAIRMAN BUSSELLS: So that would be my
3 closing thought.

4 MR. KEANE: We'll put the actuarial
5 discussion with Jarmon Welch and the records
6 retention program as the first two items of
7 business.

8 CHAIRMAN BUSSELLS: Yes, let's do that.
9 That would make good sense, I think.

10 MR. KEANE: All right, sir.

11 CHAIRMAN BUSSELLS: All right.

12 MR. KEANE: That concludes the agenda.

13 CHAIRMAN BUSSELLS: Is there any further
14 business commanding our attention today?

15 Hearing none, we are adjourned. Thanks,
16 Everybody.

17 MR. TUTEN: Thanks. Feel better.

18 MR. KEANE: Thank you.

19 (The board meeting ends at 11:18 a.m.)

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1 CERTIFICATE OF REPORTER

2
3 I, Denice C. Taylor, Florida Professional
4 Reporter, Notary Public, State of Florida at Large, do
5 hereby certify that I was authorized to and did
6 stenographically report the foregoing proceedings, and
7 that the transcript, pages 2 through 103, is a true
8 and correct computer-aided transcription of my
9 stenographic notes taken at the time and place
10 indicated herein.

11 DATED this 3rd day of March, 2015.

12
13 _____
14 Denice C. Taylor, FPR
15 Notary Public in and for the
16 State of Florida at Large

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