

JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES MEETING

---

DATE: April 20, 2015  
TIME: 9:43 to 10:28 a.m.  
PLACE: Jacksonville Police and Fire Pension Fund  
One West Adams Street  
Suite 100  
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

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

ALSO PRESENT:

John Keane, Executive Director-Administrator  
Debbie Manning, Administrative Assistant  
Robert Klausner, Board Counsel  
Kevin Stork, Controller

INVITED GUESTS  
PRESENT:

Ronald Belton, CFO, City of Jacksonville  
Joey Greive, Fund Treasurer  
Chris Hand, Office of the Mayor

SPEAKERS:

Curtis Lee, Steve Amos, Bill Gassett

These agenda matters of the regular meeting of the JPPFF 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

	TABLE OF CONTENTS	
		PAGE
1		
2		
3	Speaker requests:	
4	Curtis Lee	6
5	Steve Amos	8
6	Bill Gassett	10
7	Consent Agenda	12
8	Report by Chris Hand	13
9	Litigation matter	20
10	Personnel Committee Report	24
11	Budget Review	28
12	DROP Enrollment Statistics	29
13	Annual Report to the state	29
14	Ordinance 2015-200, Forensic Audit	29
15	Ordinance 2015-258, New Hires	31
16	Summit Flash Report	33
17	Records Retention Update	34
18	Legal Review	34
19	Board Action List	35
20	DROP Classes	38
21	Legislative Report	39
22	Certificate of Reporter	44
23		
24		
25		

## P R O C E E D I N G S

April 20, 2015

9:00 a.m.

- - -

CHAIRMAN BUSSELLS: We're going to get started. We have a fair amount to do today. I call the meeting to order.

MR. KEANE: Please rise and join me as we observe a moment of silence for our fallen deceased members: C.E. Bird, III, retired firefighter engineer; T.R. "Rudy" Inman, retired police officer and firefighter; and Bubba Bennett, J.E. Bennett, retired firefighter engineer.

(Pause)

MR. KEANE: Amen.

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

Thank you very much, please be seated.

CHAIRMAN BUSSELLS: General Counsel Klausner, do you have a request for a closed meeting today?

MR. KLAUSNER: I do, Mr. Chairman. I have a

1 request for a closed session, the sole purpose of  
2 which is to confer with the Board to discuss  
3 settlement negotiations and litigation strategy  
4 related to litigation in the matter of Curtis W.  
5 Lee and Concerned Taxpayers of Duval County,  
6 Inc., versus City of Jacksonville and  
7 Jacksonville Police and Fire Pension Fund Board  
8 of Trustees, Case Number 16-2011-CA-004348, Duval  
9 County Circuit Court, Fourth Judicial Circuit.

10 CHAIRMAN BUSSELLS: Let me ask for a motion  
11 to go into closed session based on counsel's  
12 recommendation.

13 DR. HERBERT: Move it.

14 MR. GLOVER: Second.

15 CHAIRMAN BUSSELLS: Questions or  
16 discussions? All in favor, say aye.

17 (Responses of "aye.")

18 CHAIRMAN BUSSELLS: Opposed, like sign.

19 (No responses.)

20 CHAIRMAN BUSSELLS: The motion carries  
21 unanimously.

22 The persons in attendance at the closed  
23 session will be the five Trustees: Myself, Walt  
24 Bussells, Dr. Herbert, Sheriff Glover, Lieutenant  
25 Tuten and Chief Schmitt.



1 a five-minute bathroom break, and then we will  
2 resume at 9:50.

3 MR. KLAUSNER: Chair, were any motions or  
4 actions taken during the closed session?

5 CHAIRMAN BUSSELLS: Yes.

6 In the closed session there were no motions  
7 made or actions taken. And thank you for  
8 reminding me, Counselor.

9 The closed session was ended at 9:43 a.m.,  
10 and there were no actions taken during the closed  
11 session. We're back in open session now. We're  
12 taking a five-minute break and we will resume at  
13 9:50 with the speakers.

14 (A break was taken; thereafter, the open  
15 session of the Pension Board meeting continued as  
16 follows:)

17 CHAIRMAN BUSSELLS: Okay. I've got  
18 9:50 a.m. We're going to go to the agenda.  
19 We're going to go to the public speaking session  
20 for the agenda.

21 I have three requests for speakers. In  
22 order, first is Curtis Lee, then Steve Amos, and  
23 then Bill Garrett (sic).

24 Curtis.

25 MR. LEE: All right. My name is Curtis Lee.

1 My address is 7537 --

2 THE REPORTER: Could you speak up, please.

3 MR. LEE: Robert Klausner's law firm has --

4 MR. TUTEN: We can't hear you on the  
5 microphone.

6 MR. LEE: Oh, okay. All right.

7 Robert Klausner's law firm has, by my  
8 estimate today, wasted at least a million dollars  
9 in a string of losing cases. Plus, Mr. Klausner  
10 had promised Mr. Bussells in writing to not  
11 charge anything regarding the Police and Fire  
12 Pension Fund appeal to the Florida Supreme Court  
13 of the \$75,000 judgment in my favor.

14 And then later he turned around and billed  
15 the Police and Fire Pension Fund over 50,000,  
16 which the Police and Fire Pension Fund paid.

17 Mr. Klausner has shown that he is inept and  
18 his word means little. Why keep him? It is time  
19 for the Police and Fire Pension Fund to do an RFP  
20 for new local counsel. Twenty-five years is long  
21 enough. As fiduciaries, I suggest to you this is  
22 a must, a no-brainer.

23 Second: On January 7th I e-mailed all  
24 trustees demanding that they commence proceedings  
25 regarding the forfeiture of the pensions of

1 Robert Freitas and Nelson Cuba. They entered  
2 guilty or no-contest pleas to felonies. These  
3 documents are public.

4 I was ignored, so I'll say it again. You  
5 must commence such proceedings. You recently  
6 forfeited the pension of a JSO officer named  
7 Hamlin for falsifying records, effectively  
8 stealing from the JSO.

9 You can't discriminate in favor of felons  
10 that you like. See FS, Florida Statutes,  
11 112.3173. The Board, quote, "shall," unquote,  
12 "commence forfeiture proceedings." You have no  
13 choice, so please stop delaying. If you don't  
14 start soon, I will take further action as  
15 appropriate. Contact me if you desire further  
16 detail.

17 Thank you.

18 CHAIRMAN BUSSELLS: Thank you, Mr. Lee.

19 MR. AMOS: Thank you Mr. Chairman.

20 Steve Amos, Fraternal Order of Police  
21 President, 5530 Beach Boulevard. Thank you for  
22 the opportunity to speak to you this morning.

23 I am the President of the Fraternal Order of  
24 Police Lodge 530 and I represent 3300 law  
25 enforcement officers in Jacksonville, the vast



1 majority of which are members of the Police and  
2 Fire Pension Fund.

3 Today you will decide whether or not to take  
4 an appeal of the recent court ruling handed down  
5 by Judge Beverly. Counsel for the fund will most  
6 certainly guide the Board and give them a  
7 thorough brief, and, of course, his best advice  
8 on the strategy going forward.

9 I'm here not only as a member of the fund,  
10 but also as a representative of police officers  
11 who are members of the fund.

12 It is clear that my members want me to  
13 strongly encourage the Trustees to vote to appeal  
14 Judge Beverly's ruling and to remind them of  
15 their primarily duties as Trustees, which is to  
16 be a fiduciary to the members.

17 The fund and its members are much invested  
18 in the current settlement agreement. The members  
19 have also made considerable sacrifices and  
20 considerations in the spirit of pension reform.

21 Please do not forget that the city and  
22 pension fund entered into an agreement to make  
23 improvements for the members' plan. The city  
24 accepted well over \$100 million in exchange for  
25 pension enhancements.

1           The members also gave up pay increases, took  
2 pay cuts, and including an increase in their  
3 pension contribution.

4           All of this has been paid over the years by  
5 the members. The city, on the other hand, has  
6 promised these benefits and refused to properly  
7 fund them. All in all it appears that maybe the  
8 city has perhaps sold the fund and its members a  
9 bill of goods and now they refuse to honor their  
10 commitment.

11           In closing, it should be very clear that as  
12 Trustees, you must exercise your fiduciary duty  
13 to the members and vote to appeal Judge Beverly's  
14 ruling.

15           Thank you for your time.

16           CHAIRMAN BUSSELLS: Thank you, Mr. Amos.  
17           Mr. Garrett (sic).

18           MR. GASSETT: Bill Gassett, Jacksonville,  
19 Florida. My comments here I will honestly say  
20 are based on I think what I'm saying is correct,  
21 and I should be corrected if I'm not.

22           After this upcoming election is completed,  
23 it's my view that a correct assessment as to the  
24 true unfunded liability needs to be made.

25           The current appraisal method appears to be

1       inaccurate, and if the liability changes based on  
2       current stock market value, as some people do,  
3       then this is a *quid pro quo* that is entirely  
4       inaccurate and should be tossed out.

5               This body, your Board here, I think should  
6       lead the, quote, "relook," at the redefining of  
7       the calculation program. This group should be, I  
8       believe, the lighthouse on both the large  
9       economic things facing our city as well as what  
10      I'll call the moral issue.

11              We are approaching, based on my approach,  
12      the \$2 billion mark in the unfunded liability,  
13      which could be quite an awakening the next  
14      morning when everybody thinks you've solved it at  
15      1.6. So please give that some thought. I think  
16      it needs to done.

17              A separate issue *pro bono*. The bond market  
18      is definitely not the place to be in. Our  
19      researches show that the best you're going to  
20      earn for any fresh money deposited today would  
21      just simply be the interest rate, which is about  
22      2 to 3 percent.

23              You'll recall in the past I prepared a  
24      relatively light academic piece of work showing  
25      that it has cost the fund \$10 million annually

1 based on a ten-year average. The problem with  
2 that is that was good for money put in ten years  
3 ago.

4 Money put in as low as three or four years  
5 ago is now approaching like a \$15 million loss  
6 because the value of bond returns has gone down  
7 and you're still required to keep what someone's  
8 called that fixed charge of investing, that silly  
9 20 percent bond rule.

10 Thanks very much.

11 CHAIRMAN BUSSELLS: Thanks, Mr. Gassett.

12 Debbie, were there any other speakers  
13 requests beyond these three? Did I get them all?

14 MS. MANNING: Not that I'm aware of, no.

15 CHAIRMAN BUSSELLS: If you'll pass that  
16 down.

17 I'm going to suggest -- well, let's do the  
18 consent agenda next.

19 John.

20 MR. KEANE: Yes, sir.

21 Mr. Chairman and Trustees, we have the  
22 consent agenda, items 1 through 9.

23 MR. TUTEN: Make a motion we accept it.

24 MR. GLOVER: Second.

25 CHAIRMAN BUSSELLS: Questions or comments?

1 All in favor, say aye.

2 (Responses of "aye.")

3 CHAIRMAN BUSSELLS: Opposed, like sign.

4 (No responses.)

5 MR. TUTEN: I hear bells.

6 MR. KLAUSNER: I keep hearing bells.

7 MS. MANNING: I apologize. We're having  
8 trouble with this today.

9 CHAIRMAN BUSSELLS: You can't miss it.

10 I would like to suggest -- Chief Hand is  
11 over with us today, which is great. And I'd ask  
12 him to give us -- since he was directly,  
13 immediately involved in all the activities over  
14 the last month since our last meeting concerning  
15 the proposed legislation which did not pass on a  
16 tie and so forth, to give us an update so that we  
17 have the benefit of knowing everything that's  
18 going on in the last month and currently to  
19 inform our actions later on in the meeting today.

20 So, Chris, if we could call on you now, I  
21 appreciate you taking the time.

22 MR. HAND: Sure.

23 Mr. Chairman, I will pass these around.

24 If I might, Mr. Chairman, I just prepared a  
25 very brief presentation as to -- and I thought I

1 brought a jump drive.

2 Do we have PowerPoint capability today?

3 MS. MANNING: We do.

4 MR. HAND: Okay. Let me see -- all right.  
5 We'll just work off paper, if that sounds good.

6 MR. TUTEN: That's fine.

7 MR. HAND: It's short enough.

8 Just as a quick reminder, as you know, back  
9 in January of 2015, this Board approved a revised  
10 version of retirement rule reform. It was very  
11 similar to what City Council had passed in  
12 December of 2014. Those revisions that this  
13 Board passed were introduced as new legislation,  
14 which is 2015-54.

15 As you no doubt followed in the news and  
16 otherwise, after a couple of months of  
17 deliberation, City Council split on 9/9 votes on  
18 a variety of amendments and on the final bill,  
19 which the council equates to a defeat of the  
20 final bill.

21 What I thought I would do today is give you  
22 just sort of a snapshot of that council debate,  
23 trying to identify kind of issues of agreement  
24 and issues of disagreement.

25 On the agreement side, there was basically

1 consensus of City Council about the package for  
2 new employees that this Board has, frankly,  
3 passed multiple times and passed again in January  
4 of 2015. So very little debate about that  
5 consensus that that was the right way to go and  
6 no attempt to amend that at all.

7 There was also generally consensus about the  
8 benefits package for current employees that this  
9 Board passed in January of 2015. Again, except  
10 on one small issue which I'll talk about in a  
11 second, really no effort to amend those as well.

12 Council did not attempt to amend the funding  
13 provisions that this Board passed in January as  
14 part of 2015-54. And, generally speaking, as it  
15 relates to all the governance reforms that were  
16 part of the package this Board passed, Council  
17 did not attempt to amend those as well.

18 So, again, in the good news department,  
19 these are four major categories where the City  
20 Council essentially agreed with what the Police  
21 and Fire Pension Fund Board of Trustees passed in  
22 January of 2015. So that's in the good news  
23 category.

24 In the category where there is still some  
25 areas of disagreement, I just sort of wanted to

1 point out really sort of the three issues that  
2 were the focus of the City Council committee  
3 debate and the full council debate, particularly  
4 on that last night where they ended in a 9/9  
5 vote.

6 Really three issues. One relates to the  
7 so-called net interest rate for DROP.

8 As you will recall, what this Board passed  
9 in January was a provision that says that current  
10 employees going forward would get the net rate of  
11 return as it relates to DROP, subject to a floor  
12 of 2 and a ceiling of 14.4. Net being, when this  
13 Board passed it, the investment expenses.

14 In other words, you know, if the plan earned  
15 7 percent and the investment expenses are, you  
16 know. 0.5, the net rate of return in that case  
17 would be 6.5.

18 After a lot of debate on the full council  
19 floor, council passed an amendment that would  
20 broaden that beyond the investment expenses and  
21 made it so that it included all expenses. So not  
22 just the investment expenses, but also the  
23 operational and administrative expenses of the  
24 fund.

25 That amendment did pass with the full



1 council. Of course, the overall bill failed, so  
2 it's sort of irrelevant. But just to identify  
3 those issues of discussion, that's one you should  
4 know about that was an amendment by Councilman  
5 Crescimbeni at the full council.

6 The other issue was the issue of term. And  
7 obviously that's been a great debate. As you  
8 know, the agreement you passed put into effect a  
9 provision that said that the city would not  
10 impose pension benefits for a period of ten  
11 years.

12 A number of alternatives were discussed at  
13 the council. There were many who said, no, that  
14 period can't be longer than three years. There  
15 were a couple of council members who suggested  
16 that it ought to be six years or seven years as  
17 opposed to the ten years.

18 And Councilwoman Boyer and Councilman  
19 Crescimbeni introduced an amendment which they  
20 called the Assumptions Contingency Amendment.  
21 Essentially what that would have done is kept it  
22 at a ten-year period, but said essentially that  
23 if any of the projections -- as the projections  
24 that were made in, I guess, December of 2014 --  
25 if any of those projections varied by more than

1           10 or 20 percent, at that point the city would  
2           then regain the right to go back in and impose  
3           benefits.

4           That amendment was defeated at full council.  
5           It lost on a 9 to 9 vote. So it wasn't part of  
6           the overall package. But, again, just for your  
7           awareness, this was some of the dialogue that  
8           existed about term.

9           And the last issue that consumed a lot of  
10          debate was the issue of the senior staff  
11          voluntary pension plan. There was an amendment  
12          to remove it, any reference to it from the  
13          agreement, not to remove it per se, but to not  
14          have it be part of this agreement between the  
15          city and the Police and Fire Pension Fund.

16          That also died on a 9/9 vote in City  
17          Council. Pretty much all the votes that night  
18          were 9/9 votes. But that also died on a 9/9  
19          vote. And so it was not in the final bill they  
20          voted on, but is an issue of some interest for  
21          City Council members.

22          So, again, if we're tallying that up, that's  
23          sort of four categories where I think there's  
24          some general agreement at this point, and then  
25          three remaining issues where there's still some

1 disagreement and discussion about those.

2 But that's really it in a nutshell,  
3 Mr. Chairman. I just wanted to bring all those  
4 to the Board's attention today.

5 CHAIRMAN BUSSELLS: Thank you, Mr. Hand.

6 Any questions for Chief Hand?

7 MR. TUTEN: Not right now.

8 CHAIRMAN BUSSELLS: Thank you. We  
9 appreciate it.

10 MR. HAND: Okay. Thank you.

11 CHAIRMAN BUSSELLS: I know that Sheriff  
12 Glover does have a must-do commitment where he'll  
13 be needing to leave within about 10 or 15  
14 minutes. So my thought would be let's go ahead  
15 and take up the matter of litigation and see  
16 where the Board is on that subject, and then go  
17 back to the agenda in the remaining order.

18 And, then, John, if there's any other items  
19 requiring Board action today -- oh, and the  
20 personnel matter. Yeah, and the personnel  
21 matter.

22 So we'll deal with the instant litigation  
23 matter, and then the recruitment for the next  
24 executive director. So we'll do those two things  
25 before the sheriff needs to go, in about 15

1 minutes or so.

2 MR. KEANE: Okay.

3 CHAIRMAN BUSSELLS: Let's start with the  
4 litigation matter. Is there a motion from the  
5 Board on what to do today in that regard?  
6 Thoughts on that.

7 MR. TUTEN: Well, I don't think we have to  
8 do anything per se other than the fact, let's  
9 wait -- me, personally, I want to hear -- see how  
10 the rehearing motion goes and then we'll take it  
11 from there.

12 Is that fine with you, Bob?

13 MR. KLAUSNER: Yes. The time for appeal as  
14 to the Board does not commence until any motion  
15 for rehearing is dispensed with, and the motion  
16 is pending. There will be a hearing in the next  
17 couple of weeks which will decide it, and at that  
18 point the clock starts to run. So you would --  
19 today's the -- 20th?

20 MR. KEANE: 20th.

21 MR. KLAUSNER: Yeah. You'll reconvene on  
22 the 17th, as I recall, for your next regular  
23 meeting. So you would have an opportunity at  
24 that time to make a decision as to whether you  
25 appeal or not appeal.

1 DR. HERBERT: If that is a motion, I'll  
2 second it.

3 CHAIRMAN BUSSELLS: So I have a motion and  
4 second to not take action on whether or not to  
5 appeal Judge Beverly's ruling today, but to lay  
6 that down and take it up when appropriate as  
7 early as the next regular meeting since we have  
8 time to consider.

9 Are there questions or comments on that?

10 MR. KLAUSNER: Could I just say that the  
11 motion is, as I understood, to defer action on  
12 any further litigation beyond the motion for  
13 rehearing until that motion is decided. Is that  
14 what I understood the motion to be?

15 CHAIRMAN BUSSELLS: Yeah, that's what I  
16 heard.

17 MR. KLAUSNER: All right.

18 CHAIRMAN BUSSELLS: So I have a motion and  
19 second. Any further questions or comments?

20 All in favor say aye.

21 (Responses of "aye.")

22 CHAIRMAN BUSSELLS: Opposed, like sign.

23 (No responses.)

24 CHAIRMAN BUSSELLS: Carries unanimously.

25 On the same subject, are there other motions

1           concerning the current status of litigation that  
2           would be of interest to us today to consider?

3           So, for example, the possibility of there  
4           being a -- the parties coming together, given the  
5           circumstances, in the very near term to see if  
6           there's the possibility of a transactional  
7           agreement from the current reality to collective  
8           bargaining at some point in the future that could  
9           meet with agreement of all the parties and take  
10          one more shot at a voluntarily agreed to  
11          transition, not a litigated settlement ultimately  
12          of this?

13          Is there interest in considering that here  
14          today?

15          MR. GLOVER: Yes. I'll put a motion on the  
16          table to give counsel clear latitude to enter  
17          into some conversation, dialogue, with the  
18          parties to maybe come to a point where we have an  
19          agreement that we can all live with and bring  
20          back to the Board for consideration.

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

23          DR. HERBERT: Second.

24          CHAIRMAN BUSSELLS: And so, Counselor, I'm  
25          going to state what I think I heard just to be

1           sure we're all clear on this.

2           Assuming this is provided in the  
3           administrative procedures for the courts, that  
4           you would consult with the parties affected by  
5           the litigation, and if they're amenable to it,  
6           recommend to the judge, in this case, Judge  
7           Beverly, that he convene the parties affected by  
8           this to see if there is the possibility in that  
9           setting in the very near term to reach agreement  
10          that the parties could agree to, and then end the  
11          litigation, end everything else, and then have an  
12          agreement that transitions us from the current  
13          reality to a collective bargaining future with  
14          benefits and administration future for our Board.

15          MR. KLAUSNER: Understood.

16          CHAIRMAN BUSSELLS: I have a motion and a  
17          second. Questions or comments on that?

18          All in favor, say aye.

19          (Responses of "aye.")

20          CHAIRMAN BUSSELLS: Opposed, like sign.

21          (No responses.)

22          CHAIRMAN BUSSELLS: Carries unanimously.

23          So, Counselor, if you'll make that a high  
24          priority and reach out to the parties.

25          MR. KLAUSNER: Calls will start today.

1           CHAIRMAN BUSSELLS:  Have we missed anything  
2           on the litigation, John or Bob?

3           MR. KEANE:  No, sir.

4           MR. KLAUSNER:  No.

5           CHAIRMAN BUSSELLS:  Okay.  Let's now move on  
6           the agenda to --

7           MR. KEANE:  Next item on the agenda,  
8           Mr. Chairman, is the Personnel Committee Report.

9           CHAIRMAN BUSSELLS:  Yes, the Personnel  
10          Committee Report.

11          Dr. Herbert.

12          DR. HERBERT:  Members of the Board, at the  
13          last meeting we discussed our desire to move  
14          forward with the search for a Deputy Executive  
15          Director and also to begin the process of  
16          finalizing all the paperwork for the Executive  
17          Director position.

18          Let me focus today on the Deputy Executive  
19          Director position.  In your folders, 2014-08-1 is  
20          the advertisement that we're proposing for the  
21          position of Deputy Executive Director.  We've had  
22          a lot of help from staff in the HR area, and I  
23          really appreciate the time that's been involved  
24          in this.  John has worked extremely hard on it as  
25          well.



1           What we did was to go back through and take  
2 a look at the position description that we  
3 previously approved. This summarizes it all, the  
4 position requirements. We went through that  
5 again, and I won't read it because it's all here.  
6 But the bottom line is that we do indicate that  
7 there's a ten-year combination of education  
8 and/or professional experience in the areas of  
9 the compensation benefits, pensions, investments,  
10 accounting, actuarial science, reporting and data  
11 systems.

12           And we indicate that a bachelor's or  
13 master's degree is preferred and a few other  
14 things in here, but the key thing is that this  
15 does encompass all of the responsibilities that  
16 the employee would have.

17           And what we have done is, from an  
18 advertising perspective -- let me get John just  
19 to report on what we're talking about there. And  
20 with your approval, we're all set to go today.

21           Oh, there's one other thing. As a result of  
22 the feedback that we received from the salary  
23 survey, the salary range for this position would  
24 be 115- to 130-. In the context of what we see  
25 nationally, this is fair and it is not excessive

1 and it's tied back to the salary for the  
2 Executive Director. It's a percentage of that.  
3 It's consistent with what we've done in the city  
4 in terms of comparable kinds of positions, and  
5 that is a director and deputy director.

6 John.

7 MR. KEANE: Yes, sir.

8 Trustees, as Dr. Herbert reported, we've  
9 been meeting with Rhonda Sarli from the city HR.  
10 She's our assigned business partner. She's been  
11 of extraordinary assistance to us in developing  
12 the revisions to the job spec. She helped us  
13 word the additional knowledge, skills and ability  
14 part.

15 We are, as previously directed by the Board,  
16 undertaking a national search for this position.  
17 We have an advertisement scheduled to run  
18 tomorrow in the national edition of *Pension and*  
19 *Investments*. We're also going to place it on a  
20 number of industry websites: Florida Government  
21 Finance Officers Association and organizations we  
22 belong to to get the maximum exposure for this  
23 position.

24 The ad is going to run for three weeks.  
25 It's going on the city website tomorrow. The

1 closing date is June the 10th at 4:00. All  
2 applications have to be made online to the city  
3 HR, and they will be the repository of all  
4 applications.

5 DR. HERBERT: And I would note also, because  
6 this was included in Chris Hand's presentation,  
7 that we do not have -- based upon our prior  
8 action, we do not have the senior staff voluntary  
9 pension fund. We do make reference to the 401(a)  
10 Defined Contribution Plan that we established  
11 previously.

12 Any questions?

13 From a process perspective, our intent would  
14 be that once we get an approved -- not approved,  
15 but once we get a list of acceptable candidates  
16 who meet all of our requirements, Sheriff Glover  
17 and I will proceed to interview candidates, and  
18 if any of you would like to as well, those  
19 sessions will be posted.

20 Mr. Chairman, to facilitate discussion, I  
21 move approval of the plan for searching to fill  
22 the position of Deputy Executive Director, slash,  
23 Assistant Administrator with the understanding  
24 that we will begin posting this tomorrow --  
25 actually, posting it this afternoon, but will

1 begin advertising tomorrow.

2 MR. GLOVER: Second.

3 CHAIRMAN BUSSELLS: Any further questions or  
4 comments on this?

5 All in favor, say aye.

6 (Responses of "aye.")

7 CHAIRMAN BUSSELLS: Opposed, like sign.

8 (No responses.)

9 CHAIRMAN BUSSELLS: Carries unanimously.

10 MR. KEANE: Who seconded that motion,  
11 Mr. Chairman?

12 CHAIRMAN BUSSELLS: Sheriff Glover.

13 MR. KEANE: Next item on the agenda is  
14 budget review.

15 Kevin.

16 MR. STORK: Okay. We're under budget so far  
17 through six months of the fiscal year. Our  
18 investments are performing over budget,  
19 annualized as just slightly under 8 percent.  
20 We've --

21 CHAIRMAN BUSSELLS: So, Kevin, that means in  
22 summary that we have a positive budget variance  
23 in the operating budget, and our earnings are  
24 ahead of the actuarially assumed 7 percent  
25 halfway through this fiscal year.

1 MR. STORK: That's correct.

2 CHAIRMAN BUSSELLS: Thank you.

3 MR. KEANE: Good report.

4 MR. STORK: Okay.

5 CHAIRMAN BUSSELLS: Any there any questions  
6 or comments on those two pieces of good news?

7 MR. KEANE: We'll show that as received as  
8 information, Mr. Chairman and Trustees.

9 CHAIRMAN BUSSELLS: Excuse me for  
10 interrupting, Kevin, but we need to kind of move  
11 along here.

12 MR. STORK: Okay.

13 MR. KEANE: The next item is the updated  
14 analysis of the DROP Enrollment Statistics. We  
15 present this to the Board every quarter just so  
16 the Board will be aware of what's going on with  
17 the DROP plan. We'll show that received as  
18 information.

19 Our Annual Report to the state has been  
20 approved, reviewed and approved. We'll show that  
21 received as information.

22 Next item is a -- we received from the  
23 Office of General Counsel a copy of Ordinance  
24 2015-200, wherein the City Council is planning on  
25 appropriating \$85,000 from the general fund to do

1 a forensic audit of the Police and Fire Pension  
2 Fund. We will show that also as received as  
3 information.

4 DR. HERBERT: When does that begin?

5 MR. KEANE: We don't know.

6 CHAIRMAN BUSSELLS: Well, John, if that's  
7 enacted, if you'll reach out and invite them, as  
8 we do our independent auditor as well with City  
9 Council, to come meet to the Board anytime --

10 MR. KEANE: Sure.

11 CHAIRMAN BUSSELLS: -- we would love to meet  
12 with them directly --

13 MR. KEANE: Sure.

14 CHAIRMAN BUSSELLS: -- and facilitate and  
15 move things along. That would be -- when and if  
16 appropriate, put them on the agenda, if they  
17 would like.

18 MR. KEANE: We'll make sure that the  
19 independent auditors meet with them and provide  
20 them any work papers they want to see.

21 CHAIRMAN BUSSELLS: And just as with our  
22 independent CPAs and the council auditor, we want  
23 everything to be out in the open from day one and  
24 so forth with everybody. Very good.

25 MR. KEANE: Next item on the agenda is

1 Ordinance 2015-258 introduced by Council Member  
2 Boyer. She has taken the proposed benefits for  
3 the new hires, the Group II people, lifted them  
4 out of Ordinance 2015-54, and has introduced a  
5 stand-alone ordinance to only change the benefits  
6 for the new people.

7 We have received also from the Office of  
8 General Counsel a request to prepare the  
9 actuarial impact statement to support this  
10 ordinance. And as previously authorized by the  
11 Board, to continue to cooperate, I've contacted  
12 Jarmon Welsh also, told him to prepare the  
13 actuarial impact statement and send it back here  
14 to us as soon as possible.

15 MR. TUTEN: John, let me ask you a question.  
16 I mean, although this is a stand-alone agreement  
17 as far as the impact statement, aren't we  
18 spinning our wheels to the sense that it's all  
19 part of one pension fund? In other words, you  
20 can't calculate what the new guys hired -- how  
21 they're going to be effected before you calculate  
22 the rest of the employees as far as returns and  
23 future values. Does it --

24 MR. KEANE: This doesn't have anything to do  
25 with investment returns, now.

1 MR. TUTEN: I know.

2 MR. KEANE: This is the cost of the plan.

3 MR. TUTEN: Correct.

4 MR. KEANE: For the proposed people.

5 MR. TUTEN: But how can you do an actuary  
6 study just based on these when you're not given  
7 the whole picture? In other words, you still  
8 have this whole -- we're all part of the same  
9 pension.

10 MR. KEANE: Right. Well, he looks at the  
11 whole picture. Now he's just going to look at  
12 this one spot, very similar to one he did -- the  
13 previous actuary report.

14 MR. TUTEN: Okay. Let me ask you this,  
15 then.

16 What I'm getting to is the assumptions he's  
17 making for the current employees are based on the  
18 last actuary study. Is that what he's going to  
19 use?

20 MR. KEANE: Correct, correct.

21 MR. TUTEN: Okay.

22 CHAIRMAN BUSSELLS: And, of course, we have  
23 no role to play in collective bargaining here.  
24 And so any questions about the appropriate  
25 process for these matters would be left to our



1 friends in the city. We have no responsibility  
2 or authority in regards to the appropriate  
3 process. That would be correct?

4 MR. KLAUSNER: That would be correct.

5 CHAIRMAN BUSSELLS: Okay. Very good.

6 MR. KLAUSNER: The city ought to notify the  
7 unions, which I'm assuming they've done.

8 MR. KEANE: Next item is we have a copy of  
9 the Summit Flash Report. We've also distributed  
10 a two-page memo from Dan Holmes. He's traveling  
11 today. He makes much of the same point that  
12 Kevin previously did.

13 The returns are up across the board above  
14 the expected rate of return of the strong market,  
15 up until last Friday, anyway. Has pulled returns  
16 for the last ten years. All above the projected  
17 and assumed rate of return.

18 Dan Holmes is going to be here next month to  
19 discuss some additional changes that he is going  
20 to recommend to realign the portfolio and also  
21 talk about valued-added real estate.

22 We would like to show that received as  
23 information, Mr. Chairman and Trustees.

24 CHAIRMAN BUSSELLS: Well, that's good news.  
25 We're running ahead of the actuarial assumption.

1 That's always good.

2 MR. KEANE: It's good new. Of course, the  
3 problem for last Friday was the Chinese. Their  
4 economy has taken a severe drop and they reported  
5 that at the end of the quarter, as well as the  
6 issue in Greece, which caused the market to go  
7 down nearly 300 points. The market makers  
8 thought about it over the weekend and it's on the  
9 way back up this morning. Who can guess?

10 We also have a copy of the Summitt  
11 Strategies Monthly Economic and Capital Markets  
12 Update. Both of these are already placed on the  
13 Board's website.

14 The next item is our Records Retention  
15 Update that Debbie is working on. And they're  
16 going to have a conference call on April the 30th  
17 as we continue to work through it.

18 And we have the Board Meeting Action List  
19 which simply updates --

20 CHAIRMAN BUSSELLS: Just real quick, John.

21 On our DROP review, Bob, I think it's  
22 accurate to say we expect the independent counsel  
23 review of the law versus our past practices soon?

24 MR. KLAUSNER: This week.

25 CHAIRMAN BUSSELLS: This week. At which

1 time we can have the independent CPA do the  
2 agreed-upon procedures, and then have a valid set  
3 of independent data about practice versus legal  
4 requirements. And then we can consider that  
5 hopefully at the May Board meeting.

6 MR. KLAUSNER: As I recall the Board's  
7 motions correctly, Chairman, once you receive the  
8 opinion from the lawyer, you can pass it on  
9 directly to --

10 CHAIRMAN BUSSELLS: The CPA.

11 MR. KLAUSNER: -- the CPA and they'll  
12 contact the office here about access to files.

13 CHAIRMAN BUSSELLS: Shouldn't take long.

14 MR. KLAUSNER: No, it shouldn't take long.

15 CHAIRMAN BUSSELLS: Perfect. Very good.

16 Thank you.

17 MR. KEANE: So that takes the legal review.

18 We have the Board Action List that we're  
19 handing out. I'm sorry I got some of this stuff  
20 out of order.

21 CHAIRMAN BUSSELLS: John, does that include  
22 the Investment Advisory -- our first Investment  
23 Advisory formation?

24 MR. KEANE: Yes, sir.

25 CHAIRMAN BUSSELLS: Do you have an update on

1           that?

2           MR. KEANE: Yes, sir. We've sent out  
3 applications to five individuals who expressed a  
4 desire to serve. We've received three of them  
5 back. One of them came in last week and wanted  
6 to know would he be covered under the city's  
7 insurance policy, the Board's insurance,  
8 sovereign immunity situation.

9           Down there at the bottom, Bob K. People  
10 that are going to serve.

11          MR. KLAUSNER: Yes, I've actually researched  
12 it. The question that I was asked by the  
13 administrator is whether someone who served on  
14 the Advisory Committee would fall under the  
15 protections of sovereign immunity under Florida  
16 law. The answer is yes.

17          Any officer/employee who acts in good faith  
18 not only is immune from damages, but can't even  
19 be named as a defendant in litigation. Any act  
20 that's performed is considered the act of the  
21 agency and only the agency has exposure up to the  
22 statutory limit.

23          MR. KEANE: And we're going to notify the  
24 three applicants who we received their completed  
25 application back, plus the other two, I'm going

1 to send them a letter and say, just for your  
2 comfort, you're protected by Florida's sovereign  
3 immunity statute.

4 One of the individuals called and said that  
5 his company had approved him of serving, but they  
6 wanted him to be well aware they were not going  
7 to cover him on their insurance. And to kind of  
8 have the application going like this, well,  
9 maybe, maybe not, just give it to us and we'll  
10 proceed.

11 MR. KLAUSNER: I'll provide a written  
12 opinion so that that -- a general opinion, a  
13 to-whomever opinion so it can be distributed to  
14 any future applicants as well.

15 MR. KEANE: And Bob has continued to work on  
16 the training that we're going to provide for  
17 these folks once we have enough of them here, the  
18 Board selects which five, and then we'll start  
19 the training and be ready to go.

20 MR. KLAUSNER: Yeah. I'll have educational  
21 materials completed shortly just on general  
22 principles of fiduciary duty, and then  
23 specifically Florida Statutes and our fund's  
24 rules.

25 CHAIRMAN BUSSELLS: Larry.

1 MR. SCHMITT: I have one item on something  
2 we've already covered I want to go back to.

3 CHAIRMAN BUSSELLS: Sure.

4 MR. SCHMITT: On the review of the aspects  
5 of the DROP plan, hopefully we'll get those  
6 results before the next DROP class, but if we  
7 don't, I would like to make sure that we keep  
8 doing it the way we're doing it for that next  
9 DROP class.

10 MR. KEANE: Fine.

11 CHAIRMAN BUSSELLS: Yeah.

12 MR. KEANE: Right.

13 CHAIRMAN BUSSELLS: Until there's some  
14 substantive basis to change current practice,  
15 I'll agree.

16 MR. KEANE: No change.

17 CHAIRMAN BUSSELLS: And then everybody will  
18 see it at the same time and then we'll take a  
19 decision. Absolutely.

20 MR. KEANE: Right, right.

21 The question was, if you'll recall, the  
22 council auditor brought up, we let people say, I  
23 want to get in the class before they had 20, but  
24 they had to have 20 to get in the class.

25 And so we have taken the very cautious

1 approach: Wait a minute; we're going to continue  
2 the current practice until change by Board action  
3 or based on these legal opinions.

4 That's what you were inquiring about, right?

5 MR. SCHMITT: Yes.

6 MR. TUTEN: When are we supposed to get that  
7 opinion back, Bob?

8 MR. KLAUSNER: I'm trying to not get  
9 involved so that --

10 MR. TUTEN: All right. From them, I mean.

11 MR. KLAUSNER: I've just been following the  
12 logistics. I'm told it will be this week.

13 CHAIRMAN BUSSELLS: And we have an  
14 independent CPA who's expert in such matters that  
15 can do the agreed-upon procedures. It shouldn't  
16 take long.

17 MR. KLAUSNER: You give them the files.  
18 They push a button, yeah.

19 CHAIRMAN BUSSELLS: Yeah.

20 MR. KEANE: Mr. Chairman and Trustees, that  
21 concludes the agenda.

22 MR. TUTEN: I'll make a motion we adjourn.

23 CHAIRMAN BUSSELLS: Just real quick. So  
24 the -- I just have not inquired in the last week.  
25 The status of the bill in Tallahassee concerning

1 chapter funds?

2 MR. KLAUSNER: I can speak to that.

3 CHAIRMAN BUSSELLS: Yeah. Where is that?

4 MR. KLAUSNER: There were a number of bills.  
5 There was one, 1279, filed by Representative  
6 Adkins. It's not going to move out because it  
7 never had a Senate counterpart.

8 There was another bill by a Representative  
9 Cummings in the House and Senator Ring in the  
10 Senate. Those bills are -- part of that is going  
11 to -- part of the House bill is going to get  
12 engrafted into the Senate bill, I think two  
13 amendments, and that bill is expected for Senate  
14 action either this week or next, meaning final  
15 action, because it passed the Senate but they  
16 held it in messages, waiting for the two  
17 amendments from the House.

18 And then it will be a question -- there's  
19 been some question as to whether the governor is  
20 going to sign the bill or not.

21 MR. KEANE: Right.

22 CHAIRMAN BUSSELLS: For reasons totally  
23 unrelated to anything to do with us.

24 MR. KEANE: Right.

25 MR. KLAUSNER: So I guess we'll find out.



1 MR. KEANE: The Senate bill is through all  
2 the committee shops and is waiting. It's already  
3 been enrolled. The House bill is on second  
4 reading, going to role over to third reading.

5 The plan as of last Friday, pass it in the  
6 House, under the rules, immediately certified to  
7 the Senate. They call up the Senate bill, lay it  
8 on the table, take the House bill and vote on it  
9 and send it on.

10 Senator Ring has been working on this for a  
11 number of years.

12 MR. KLAUSNER: This is the third year.

13 MR. KEANE: He's about to get there.  
14 Senator Bradley from Orange Park is the prime  
15 Senate sponsor, and it's a good bill.

16 As Bob pointed out, the bill that  
17 Representative Adkins filed had its hearing  
18 before the State Affairs Committee the other day,  
19 and they did a strike-all amendment and replaced  
20 the language in the bill with language they like  
21 better that she did not like. And they passed  
22 the amended bill, and it's on the way to the  
23 House Rules Committee who will decide when and if  
24 it gets on the calendar.

25 They did publicly discuss with

1 Representative Adkins the little likelihood it's  
2 going to go anywhere in the absence of a Senate  
3 companion.

4 CHAIRMAN BUSSELLS: Were the Senate bill to  
5 pass -- well, if both pass, both houses pass and  
6 the governor were to sign it, that would apply to  
7 us as well, obviously.

8 MR. KLAUSNER: Yes.

9 CHAIRMAN BUSSELLS: And allow chapter funds  
10 to be used for unfunded liability.

11 MR. KLAUSNER: Yes, some of it, and some  
12 goes to a share plan for the members.

13 CHAIRMAN BUSSELLS: Right.

14 MR. KLAUSNER: It actually has -- there's a  
15 formula for a split.

16 CHAIRMAN BUSSELLS: Yeah. Adam and I --

17 DR. HERBERT: I was just wondering, since  
18 the CFO is here, I was just wondering if Ronnie  
19 had anything he wanted to share with us.

20 MR. BELTON: We're fine with where we are.  
21 No additional comments.

22 CHAIRMAN BUSSELLS: It just gives more  
23 optionality to local folks. It's always a good  
24 thing to me.

25 MR. KEANE: Yeah.

1 MR. TUTEN: I make a motion to adjourn.

2 DR. HERBERT: Second.

3 CHAIRMAN BUSSELLS: All in favor, say aye.

4 (Responses of "aye.")

5 CHAIRMAN BUSSELLS: Meeting adjourned.

6 (The meeting adjourned at 10:28 a.m.)

7 - - -

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

## CERTIFICATE OF REPORTER

1  
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 3 through 43, is a true and  
8 correct computer-aided transcription of my  
9 stenographic notes taken at the time and place  
10 indicated herein.

11 DATED this 28th day of April, 2015.

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

18 My Commission No. FF 184340  
19 Expires: December 23, 2018  
20  
21  
22  
23  
24  
25