

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: May 20, 2016
TIME: 9:00 to 11:26 a.m.
PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

Larry Schmitt, Board Chairman
Richard Tuten, III, Secretary
Richard Patsy, Trustee
William Scheu, Trustee (Via teleconference)
Willard Payne, Trustee

ALSO PRESENT:

Beth McCague, Interim Executive Director
Debbie Manning, Executive Assistant
Devin Carter, Chief Financial Officer
Paul Daragjati, Board Counsel
Dan Holmes, Summit Strategies

CITY REPRESENTATIVES PRESENT:

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

GUESTS:

Twane Duckworth, City of Jacksonville,
Risk Management
Robert Dees, Esq.

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

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P R O C E E D I N G S

May 20, 2016

9:01 a.m.

- - -

CHAIRMAN SCHMITT: All right. It's 9:01. I call the meeting to order.

We'll have a moment of silence for our deceased member, Cleveland Smith, retired police officer.

(Pause)

CHAIRMAN SCHMITT: Amen. If you'll join me as we, pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

All right. We'll open up with the public speaking period.

Debbie, do we have any public speakers?

MS. MANNING: I have no notices.

CHAIRMAN SCHMITT: Nothing today, Mr. Lee?

MR. LEE: Sorry to disappoint you.

CHAIRMAN SCHMITT: Okay. Public speaking is closed.

We'll go to the Consent Agenda. It goes from page 2 to the end of page 6.

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

1 CHAIRMAN SCHMITT: We have a motion.

2 MR. PATSY: Second.

3 CHAIRMAN SCHMITT: We have a second. All in
4 favor?

5 (Responses of "aye.")

6 CHAIRMAN SCHMITT: All right. The Consent
7 Agenda item passes.

8 First item under Educational Opportunities
9 on page 7, 2016 Summit Client Conference,
10 September 26 and 27 in St. Louis, Missouri.

11 I just wanted to make a note that just
12 because there's an educational opportunity listed
13 on the agenda, that does not mean somebody has or
14 is going to attend. That's for informational
15 purposes if somebody does want to attend. So
16 we'll show that for informational purposes.

17 Under Old Business, we have one correction
18 on the DROP Participation Termination of
19 Employment, and then one DROP Distribution
20 addition. I think they're on there just for
21 informational purposes.

22 MS. McCAGUE: Yes. It was just a slight
23 error, a typo. It was a 90 cent error, but we
24 want to correct it for the record.

25 CHAIRMAN SCHMITT: Okay.

1 First item under tab 1 is 2016-1-7,
2 Fiduciary Liability Insurance for the Police and
3 Fire Pension Fund.

4 MS. McCAGUE: Mr. Duckworth is not here yet,
5 is he?

6 MR. CARTER: Yeah, he's here.

7 MS. McCAGUE: Oh, there you are. Welcome.
8 Well, I would like to introduce Twane
9 Duckworth. Twane is the head of Risk Management
10 for the City of Jacksonville.

11 And when Russell Grice from Cecil Powell
12 brought us an insurance proposal in January for
13 fiduciary insurance, we had questions about, What
14 is this really going to cover? Is it really
15 going to help us?

16 And so we finally got smart and went to the
17 head of Risk Management and said, Will this help
18 us? And so we asked Twane to take a look at
19 this, and he is -- he wants to share some
20 information with us.

21 So we have a few minutes for you this
22 morning. Thank you very much for being here.

23 MR. DUCKWORTH: Thank you. I appreciate it.

24 Good morning, everybody. I'm not -- I
25 recognize, actually, a lot of faces in here. I

1 didn't know who the members of the Board were.

2 In any event, again, my name is Twane
3 Duckworth. I'm the chief over Insurance and Risk
4 Management for the City. I don't know if I can
5 agree with Beth that it was a smart decision to
6 ask me, but it was a decision. So to the extent
7 that she has asked, I responded, and my response
8 is simply this:

9 When it comes to fiduciary liability, I
10 think it's a prudent and wise decision to invest
11 in getting that coverage. It is an
12 insurance-coverage type, and what it does is
13 basically protects the trustees and people who
14 are making decisions as a part of the investment
15 process for the pension fund assets.

16 And one of the things that is critical about
17 it is that not only will it protect and provide
18 legal coverages for legal expenses should a
19 situation arise where someone alleges that funds
20 were invested improperly, or if there was some
21 sort of violation of the fiduciary
22 responsibilities of the members of the Board, but
23 in addition, it also can and will address actual
24 losses from the fund if there is something that
25 could be proven that way where the coverage

1 applies.

2 So it has a two-fold perspective, and I
3 believe, quite frankly, you can't necessarily per
4 se buy enough because you're never going to have
5 the amount of insurance you have for the actual
6 fund assets, but it is an offset. It is a way to
7 hedge against potential losses and, quite
8 frankly, to get away from having certain expenses
9 being incurred from a legal standpoint.

10 So there's also industry sort of
11 perspective. Obviously I know that there's ERISA
12 considerations, although we don't have to abide
13 by those per se. From an ERISA standpoint, it's
14 also very prudent simply because when they talk
15 about fiduciary standards, the higher that they
16 are -- most pension funds around the country, as
17 I did a research analysis on, do carry some form
18 of fiduciary liability insurance with some
19 varying levels of limits on them.

20 So it's really a personal decision of the
21 Board; however, from my perspective and the
22 research that I've done thus far, it is wise, it
23 is prudent, and it certainly does have its
24 benefits as it relates to potential allegations
25 of the providence in which the Board made

1 decisions. And no one wants to be questioned
2 about that secondarily.

3 MS. McCAGUE: So thank you very much.

4 So if the Board wants to go ahead with this,
5 what I would like authority to do is get back in
6 touch with Mr. Grice.

7 Things have changed since January when he
8 first made this proposal. We can see if this
9 pricing is still the same, or because we have no
10 lawsuits lodged against us right now, does that
11 do anything to also reduce the price. And then
12 we would come back to you with the final
13 proposal.

14 MR. PATSY: The original question I think we
15 had was one that Bill brought up about sovereign
16 immunity as far as the Board members are
17 concerned. Is this in addition to that or in
18 lieu of that? I don't --

19 MR. DUCKWORTH: Let me answer your question.

20 The sovereign immunity is going to be
21 applicable to any operating board or committee
22 for the City. It falls under the City umbrella.
23 So that protection is there. So the answer to
24 your question, this is in addition to that.

25 But sovereign immunity really deals more so

1 with the tort aspect, and more than likely any
2 allegation against the Board is really going to
3 be from a fiduciary aspect or an investment-type
4 aspect that's not really covered by Florida
5 Statute 768.28, which is the sovereign immunity
6 statute.

7 So you have some protections there, but it's
8 not the protection really that you need as it
9 relates to your decisions and the outcomes of
10 those decisions.

11 MR. PATSY: So this protects us in the
12 highly unlikely circumstance that we made a
13 decision that's effectively a breach of our
14 fiduciary responsibility?

15 MR. DUCKWORTH: That's correct.

16 And, mind you, that's going to be the
17 allegation. And really what you're talking
18 about, the true import of the policy is really to
19 protect you against even allegations.

20 It's like when I talk to a lot of people
21 about buying sexual molestation and abuse
22 coverage. They go, Well, you can't actually
23 insure for the illegal act.

24 We're not insuring against the abuse of
25 molestation. You're insuring against the

1 allegation. Defending the allegation is costly,
2 let alone if it actually happened. The insurance
3 doesn't cover the illegal act. It can't cover
4 the illegal act. So if you actually had an
5 illegal act occur, that's not what the insurance
6 is for.

7 You've got to recognize the cost per hour
8 for the attorneys that defend these allegations
9 and recognize that, is it worth it to have that,
10 you know, \$30,000 policy on hand versus a few
11 hundred-thousand-dollar legal bill you'll get if
12 you didn't have it.

13 And, again, in addition to that, it's
14 two-fold. It also does have a component where it
15 actually can protect against actual losses. And
16 that's when people start to make the decision
17 about how much they're going to buy, and that's
18 certainly a discretionary decision.

19 MS. MCCAGUE: But this really goes back to
20 the original question that Bill Scheu asked
21 Russell Grice. And that is, this is really about
22 helping to defray legal expense that goes on when
23 a lawsuit is in place.

24 MR. SCHEU: And that's my question.

25 Rick, thanks for raising that because I

1 wanted to ask about the sovereign immunity
2 coverage too.

3 Are you saying that sovereign immunity does
4 not cover torts or it doesn't cover statutory
5 liability?

6 MR. DUCKWORTH: Actually, sovereign immunity
7 does cover torts. That's in the affirmative.
8 That's what it's designed for. And most of the
9 allegations that would be lodged against this
10 Board, if there were any, are not going to be
11 tort -- I mean, are not going to be that kind of
12 tort related.

13 MR. SCHEU: Would that be statutory
14 immunity -- I mean, statutory -- which is a
15 statutory obligation, would that be covered by
16 sovereign immunity?

17 MR. DUCKWORTH: By sovereign immunity? I
18 don't know. No, I don't believe so.

19 MR. SCHEU: And the amount of this policy,
20 as I recall, Beth, was what, a million dollars?

21 MS. McCAGUE: That's what Cecil Powell firm
22 was able to get for us, yes.

23 And as Mr. Duckworth showed when he was
24 reviewing the research of a group of other funds,
25 their funds may be 10, 15, 100 times our size,

1 and their policies aren't anywhere near the total
2 amount of their funds. Their policies would be 5
3 million, maybe 10 million.

4 So just because we have a million dollars,
5 it doesn't seem like a lot, but it certainly
6 would help us in the future if we were sued. It
7 would help defray expenses.

8 Bill, did we lose you?

9 COUNCILMAN HAZOURI: While he's doing that,
10 let me --

11 MR. DUCKWORTH: Yes, sir.

12 COUNCILMAN HAZOURI: What is the deductible?

13 MR. DUCKWORTH: I'm not certain it's
14 actually within this form. I didn't study this
15 particular policy.

16 MS. McCAGUE: Let's see. I can give you
17 that information if you give me just a minute.

18 COUNCILMAN HAZOURI: While she's doing that,
19 does the General Employees and the Corrections,
20 do they have --

21 MR. DUCKWORTH: Currently they do not,
22 Councilman, but I'm suggesting they obtain it.

23 COUNCILMAN HAZOURI: So they'd have this
24 kind of a policy?

25 MR. DUCKWORTH: Yes, sir.

1 MR. SCHEU: We got disconnected.

2 COUNCILMAN HAZOURI: I don't want to bring
3 up a social issue here. Under the mayor's --
4 this is just for my own edification.

5 Under the mayor's dictum about HRO, about
6 all the City employees and vendors who would or
7 would be doing business, you know, I'm thinking
8 of Cecil Powell and his own philosophy.

9 This is just me and I'm not trying -- I
10 would not imagine him having that policy. And I
11 didn't know how that applies to what the mayor's
12 executive order -- and I'm not trying to pick and
13 chose about our policies.

14 It's just something I think is important
15 because, you know, if it's going to be what he
16 says, how does that apply? And you don't know
17 that probably.

18 MR. DUCKWORTH: Yeah. I was just going to
19 say that.

20 COUNCILMAN HAZOURI: But I think it's
21 important for you to find out or someone, and
22 I'll find out too, because I just -- you know, I
23 hate to bring that up, but that's a great example
24 of one of these vendors coming along the line who
25 would not be in that category. I'm guessing that

1 he wouldn't be, knowing all the emails I've seen
2 over the years.

3 But, anyway, so you are going to do the
4 General Employees or recommending --

5 MR. DUCKWORTH: That's my recommendation.

6 COUNCILMAN HAZOURI: -- and for the
7 Corrections.

8 I just think -- Beth and I talked about this
9 a while back, and I thought it was really
10 something that we should have, especially for all
11 the suits that are piling up, that if they had
12 such a policy, and I didn't know if they did and
13 they said you-all are looking at that.

14 MR. PATSY: What do you mean?

15 COUNCILMAN HAZOURI: What do I mean?

16 MR. PATSY: Yeah. What do you mean?

17 Elaborate.

18 COUNCILMAN HAZOURI: The executive order,
19 during the HRO discussions these past few months
20 or several months ago, the mayor came up and he
21 said, Well, this wouldn't be prudent for the bill
22 that I had proposed. But he did propose one
23 based on his -- for the City employees, an
24 antidiscriminatory with anybody that works for
25 the City, any vendor -- and there are about

1 18,000 -- who do business or who would be doing
2 business with the City, would have to have a
3 similar policy or they wouldn't do business with
4 us.

5 And I just wanted -- because this is
6 something at the beginning, Bill, that we need --
7 I need to know and -- you know, because we're not
8 going to be able to pick and chose, and I didn't
9 know how it applied here.

10 And for you -- if you-all are recommending
11 it, you-all would probably use the same company,
12 I would imagine. I like to see us pool that, you
13 know. If we could pool our resources on
14 something like this.

15 But I just -- this is just something that
16 just popped up when you mentioned his name, and I
17 just happened to think about where he's been and
18 how the mayor would respond to that.

19 I'm not trying to tell you not to use him.
20 I mean, you have to get the best deal that you
21 can. I'm just saying that he's a conduit for
22 this, and if he's listed as a vendor, then I
23 don't know how that applies to the mayor.

24 Is that elaborated enough?

25 CHAIRMAN SCHMITT: I think that's a

1 discussion for a different day.

2 COUNCILMAN HAZOURI: Right, it is. I didn't
3 mean to bring it, but if you go that far and
4 we're considered part of this and he's with the
5 City and he's doing this, then I think it has to
6 be something that has to be considered.

7 I'm not trying to stop it. I'm very
8 supportive of what we're doing. And this is just
9 me talking as councilman and as you-all's
10 liaison. I just didn't know how -- this just
11 came up as an example of how that would apply in
12 the case. That's all.

13 CHAIRMAN SCHMITT: Got it. You got
14 something?

15 MR. GREIVE: Mr. Chairman, my
16 understanding -- and Twane, you can correct me if
17 I'm wrong -- but any contracts that the City
18 enters into, since the executive order, needs to
19 include a standardized paragraph --

20 MR. DUCKWORTH: Right.

21 MR. GREIVE: -- regarding
22 antidiscrimination.

23 MR. DUCKWORTH: There's an
24 antidiscrimination in there regardless.

25 MR. GREIVE: So when they get into contract

1 negotiation, we just have to make sure that that
2 paragraph makes it. And if they don't want to
3 agree to it, then, you know.

4 MR. SCHEU: On the discussion of the amount
5 of -- is the deductible (inaudible)

6 MS. McCAGUE: 10,000.

7 MR. DUCKWORTH: The deductible is 10,000.

8 MR. SCHEU: 10,000. And then the premium
9 was what?

10 MS. McCAGUE: The premium that was quoted
11 was just under 30,000. It's about \$28,000.

12 MR. SCHEU: Okay. Thank you.

13 CHAIRMAN SCHMITT: So for today's
14 discussion, we can authorize Beth to go ahead and
15 continue discussions with Cecil Powell, check on
16 the current amount of the premium and present
17 that for the next Board meeting.

18 Sound good? All right.

19 MS. McCAGUE: Well, we will just say that
20 working together, it may be that we can help pay
21 this expense by cutting some of our other
22 expenses, including the crime insurance policy
23 that we -- that was recommended to us. We voted
24 on that because we thought it was needed.

25 In talking with Twane, it turns out that the

1 City employees who work at this fund are already
2 covered by the City crime policy and also covered
3 by the City's workman's comp policy.

4 So we have some research to do, but we think
5 we can drive down our insurance expenses on those
6 other areas.

7 MR. DUCKWORTH: That's a side-by-side
8 analysis of the existing crime policy that the
9 Board has and the City's current policy. And you
10 can see why we're -- our coverage is already
11 existing and exceeds what you're purchasing from
12 them.

13 MS. McCAGUE: Okay. Thank you.

14 So I hope by next meeting we'll have a
15 chance to go over these two other areas and be
16 able to tell you what the net savings would be.

17 So thank you very much. We very much
18 appreciate your help and you being here today.

19 CHAIRMAN SCHMITT: All right. We'll move on
20 to tab 2, 2016-1-10, EFL Associates status update
21 for Executive Director position.

22 MS. McCAGUE: I hope everyone has June
23 7th -- Tuesday, June 7th on your calendar. The
24 Board will be meeting beginning at 9:00. You
25 will have an hour and a half with each of the

1 candidates, Tim Johnson and Corrine Koch.
2 They're very excited about coming here.

3 We have arranged a day of interviews with
4 them, first you-all, and then they will be
5 visiting with some City Council members and
6 members of the administration.

7 So what I hope will happen is that at the
8 end of the interviews that you-all do, you will
9 come up with who your strongest candidate is, and
10 then we'll get the feedback from City Council and
11 be ready to move forward with an offer to the top
12 candidate.

13 MR. PATSY: Beth, are we going to meet at
14 some juncture once all the additional interviews
15 are finished, or are we going to make a decision
16 at the end of the meeting pending the outcome of
17 the additional interviews?

18 MS. McCAGUE: That will be up to the Board.
19 My recommendation would be the latter, that
20 you-all come up with your strongest candidate,
21 and unless we get unusual feedback from the other
22 interviews, then we would be ready to go.

23 But if you-all want to wait and have a
24 chance to take a look at the feedback, then we
25 could set up another session even later that

1 afternoon or the following week.

2 CHAIRMAN SCHMITT: Logistically that would
3 be pretty difficult to do. So I think we need to
4 plan on coming up with who we think is the best
5 candidate at the end of that meeting or meeting
6 after we get done meeting with them, come
7 together and make that decision.

8 Pending, you know, something blowing up down
9 the street, I can't imagine they've gotten this
10 far and would fall flat on their face after
11 leaving here.

12 COUNCILMAN HAZOURI: When is the deadline --
13 I mean, when is the start date? Do we have one
14 or do they have one that they can agree with?

15 MS. McCAGUE: Well, no, because both of them
16 are under contract, and like the other candidates
17 interviewed, they said they could cut their time
18 short. But we do not have a start date.

19 My belief is that if we're ready to make an
20 offer on the 7th, we would negotiate the next
21 week the contract, and my hope would be that they
22 would be in in early July.

23 MR. PATSY: Beth, we make that decision in
24 an open meeting, correct?

25 MS. McCAGUE: Correct.

1 MR. PATSY: So, in theory, they will know
2 our decision before they start their other
3 interviews.

4 CHAIRMAN SCHMITT: If they stay here for our
5 meeting.

6 MR. CARTER: If they stay here for the
7 meeting.

8 (Laughter)

9 MR. PATSY: Yeah.

10 MS. McCAGUE: Well, that's the beauty of
11 operating under the Sunshine.

12 MR. PATSY: Well, that's how Tim Johnson
13 found out he made it to the next level.

14 MR. SCHEU: Well, would that militate for
15 coming back about 4:00 or something like that on
16 that day and get the input?

17 CHAIRMAN SCHMITT: I could make it work, but
18 getting at least three of us together to do that,
19 that's the challenge. If we have room on all of
20 our calendars to do that, be happy to.

21 MS. McCAGUE: That would be great.

22 MR. PAYNE: I just think that's the way we
23 should do it. I mean, to go through this half
24 cycle again, we need to make the decision, you
25 know, to do it.

1 MS. McCAGUE: So you're saying you would
2 rather decide who the strongest candidate was
3 once you finished the interviews?

4 MR. PAYNE: Yeah.

5 MS. McCAGUE: Okay.

6 MR. PAYNE: That would be my . . .

7 CHAIRMAN SCHMITT: Rich, what do you think?

8 MR. TUTEN: I'm with you. We should know.

9 MR. PATSY: I'm not going to give you a hard
10 time about it.

11 CHAIRMAN SCHMITT: Okay.

12 MR. PAYNE: I mean, it's not like we haven't
13 spoken to any of them. We've already spoken to
14 them.

15 CHAIRMAN SCHMITT: Right.

16 MS. McCAGUE: We will begin at 9:00 on the
17 7th. Dan Cummings from EFL will be here to help
18 guide us through the interview process. And just
19 like we did before, we will not be scripted by
20 any stretch of the imagination, but he will
21 provide a series of questions that you-all may
22 decide to ask which are developed to help elicit
23 really conversation with the candidates that
24 would give you insight into how they would
25 perform when they're here.

1 CHAIRMAN SCHMITT: Okay. So we lost Bill
2 again.

3 MR. PAYNE: Because he's up there in the
4 mountains. That's why.

5 MR. GREIVE: Mr. Chair, it seems like, and
6 Beth can correct me, but the Board may not have
7 to worry about them hanging around because it
8 looks like they've got meetings in City Hall
9 right after that 9:00 window.

10 MR. PAYNE: Yeah, they do.

11 CHAIRMAN SCHMITT: All right. When we get
12 Bill back -- all right. There he is.

13 All right. Bill, it sounds like we're going
14 to go with the original plan of making the
15 decision right after we get done with the
16 interviews.

17 MR. SCHEU: Sure. Whatever you-all want to
18 do.

19 COUNCILMAN HAZOURI: Are you in your hotel
20 room?

21 MR. SCHEU: I'm in my home.

22 MR. GREIVE: I was going to say, it's a nice
23 hotel.

24 CHAIRMAN SCHMITT: All right. We'll move on
25 the tab 3, 2015-11-6, City Council Finance

1 Committee final report on subpoenas for
2 documentation.

3 MS. McCAGUE: This is the final report that
4 I just wanted to share with the Board. This came
5 from Councilwoman Anna Brosche. She was the
6 chair of the subcommittee of the Finance
7 Committee.

8 And that subcommittee's charge was to look
9 at documentation the City Council had required
10 and to see if they had -- needed other additional
11 information or had other questions.

12 So it's a very short report, as you can see,
13 and what she says here is that, although they
14 didn't review every single document or get every
15 document they thought they wanted, that they
16 worked a compromise with us on what to review in
17 detail, and the committee was totally satisfied
18 with everything they had looked at.

19 For instance, in the recapture agreement
20 questions, initially they wanted to see the
21 records of all recapture agreements since the
22 beginning of the fund. And when I talked with
23 the councilwoman, I told her we would be glad to
24 do that, but it would take months of work and a
25 lot of manpower.

1 And so she agreed with the auditor, that
2 what they would do is take our largest recapture
3 arrangement, which was with Convergex, go back
4 and look at all of the checks that came in in
5 that particular arrangement, make sure they were
6 all going to the right place.

7 They did that. They were very happy with
8 their results, and so they didn't feel like they
9 needed all of the initial information they had
10 asked for.

11 And securities litigation, it was the same
12 thing. We told her we'd be happy to give her
13 everything we had, but in some cases, we would
14 have pleadings and motions that were hundreds of
15 pages long that I don't think anybody was
16 interested in. So we gave examples of many of
17 those types of legal documents.

18 And the subcommittee, as you can see, said
19 they have no further questions or comments and
20 they didn't need our attorney or our custodian to
21 come and make a presentation to them.

22 So I believe that that chapter is closed.

23 CHAIRMAN SCHMITT: And just a little more
24 succinct summary on the report. They didn't find
25 anything wrong, but didn't want to say everything

1 was good.

2 So we'll move on to the next, tab 4,
3 2015-11-4, Extension of Independent Contractor
4 Agreement for Beth as Interim Executive Director.

5 This extends the contract from May 31st to
6 August 31st, with a cap of 70,200 for that
7 three-month period.

8 And this one here we need a motion on to
9 extend it.

10 MR. PATSY: I make the motion.

11 MR. PAYNE: Second.

12 CHAIRMAN SCHMITT: Motion and a second. Any
13 further discussion?

14 (No responses.)

15 CHAIRMAN SCHMITT: All in favor?

16 (Responses of "aye.")

17 CHAIRMAN SCHMITT: Passes unanimously.

18 MS. McCAGUE: Thank you.

19 CHAIRMAN SCHMITT: Move on to the next item,
20 Legal. Paul Daragjati is here. He's got a few
21 items to update us on.

22 MR. DARAGJATI: Let's start with the Lee
23 cases.

24 The older case, which is the open records
25 case, Judge Beverly issued an order on fees back

1 in 2014, which was stayed pending the other items
2 that were going on. That order was for \$75,500.
3 With the interest -- statutory interest that has
4 built up since then, it's now \$82,700,
5 approximately.

6 The fees that the attorney for Mr. Lee is
7 claiming on the open meetings case, which was the
8 more recent one, is \$379,287. Now, an
9 approximate number, combining them together, is
10 \$462,000. I met with Mr. Dees, who is the
11 attorney representing Mr. Lee.

12 MS. McCAGUE: Who is here with us today.

13 MR. DARAGJATI: He happens to be in the
14 audience. I'm sure he has an interest in what's
15 going on here. This is where I want to make sure
16 that the Board is completely educated on this
17 issue.

18 On an hourly basis, Mr. Dees is claiming
19 that he should be paid 440 an hour on this new
20 case. On the old case, he agreed to get paid 250
21 an hour.

22 In December of 2014, Mr. Dees settled a
23 public records case, a Sunshine case, actually,
24 with the Office of the General Counsel
25 representing the Board at the time. And he

1 settled that case on a fee basis of 350 an hour.

2 When I spoke with Mr. Dees -- I met with him
3 last Friday, and what I was hoping to do was to
4 craft a universal settlement.

5 Like I said, the combined fees that they're
6 claiming between the first and second case is
7 462-. In the interest of settling this and
8 moving on, I tried to get him to come down to
9 400-. Right now, Mr. Dees is at 420- he's
10 willing to take to settle both cases. That is
11 what is before the Board.

12 Now, if -- there are a couple of different
13 paths that the Board can take. The first is,
14 write a check for the 420- and move on.

15 The second is the Board can pay the first
16 judgment, which is approximately 82-, \$83,000,
17 and then we can head to hearing to litigate the
18 hourly basis of 440 an hour.

19 If Judge Beverly agrees with us that
20 Mr. Dees should be paid at 350 an hour like he
21 was paid about a year ago, that would lower what
22 the fund would owe on that particular case from
23 379- down to approximately 293-.

24 Judge Beverly could agree that he's worth
25 440 an hour. What Mr. Dees is basing the

1 440-an-hour multiplier on -- I should say the
2 440-an-hour figure on is on a multiplier based
3 upon what's called Quanstrom factors.

4 And basically those are factors that are
5 used in providing a multiplier on cases that are
6 of significant public interest.

7 Usually they're applied to environmental or
8 discrimination cases. I did the research. I
9 haven't found anywhere where it's been applied to
10 a Sunshine law or public records case.

11 That being said, there are no guarantees
12 that the judge might find that they should be
13 applied here.

14 So therein lies your decision at this point.

15 CHAIRMAN SCHMITT: So the difference between
16 the 350-an-hour rate and the 440-an-hour rate is
17 about \$40,000?

18 MR. DARAGJATI: It's actually more than
19 that. It's about 86-.

20 MR. CARTER: 86- to 87-.

21 CHAIRMAN SCHMITT: That's if it's at 300?

22 MR. DARAGJATI: No. That's if it's at 350.
23 If it's at 300, it actually brings it down -- if
24 the judge finds he's worth 300 an hour, it would
25 bring it down to 251,000 that the fund,

1 approximately, would owe for the second case.

2 I want to make sure you guys -- this is just
3 the second case I'm talking about, the opening
4 meetings case, not the combined two.

5 CHAIRMAN SCHMITT: Right.

6 MR. TUTEN: The first case, the fees were
7 350 an hour?

8 MR. DARAGJATI: They were 250 an hour.

9 MR. TUTEN: And then the second case is 440?

10 MR. DARAGJATI: 440.

11 MS. McCAGUE: Well, there was one in
12 between.

13 MR. DARAGJATI: There was one in between
14 where -- which was settled in December of 2014
15 for 350 an hour.

16 MR. TUTEN: And what was the justification
17 between the rate going up 90 bucks an hour?

18 MR. DARAGJATI: Between the 250 -- or the
19 350 and the 440?

20 MR. TUTEN: What you're talking about,
21 the --

22 MR. DARAGJATI: Mr. Dees is asserting that
23 he should be given a multiplier on his time based
24 upon --

25 MR. TUTEN: The type of case it was.

1 MR. DARAGJATI: -- the type of case, the
2 risks that he took taking on the case, various
3 other factors that go into that type of a
4 computation under the Quanstrom factors.

5 MR. TUTEN: And you talked to the attorney
6 and he's not willing to settle for the original
7 fee level?

8 MR. DARAGJATI: No. He wants -- he wants --
9 which is right about 409 an hour, is what he's
10 willing to do.

11 MR. TUTEN: Okay.

12 MR. SCHEU: Paul?

13 MR. DARAGJATI: Yes, sir.

14 MR. SCHEU: This was the case in which
15 the -- the retirement negotiating settlement that
16 led to the ordinance, this was the case similar
17 to the Denton case that held it was a violation
18 of Sunshine Law; is that right?

19 MR. DARAGJATI: That is correct. This is
20 the case where Judge Beverly held that the
21 restated agreement that was reached between the
22 City and the fund in the year 2000 was a
23 violation of the Sunshine Law. That is correct,
24 sir.

25 MR. SCHEU: Had the Denton case already been

1 decided?

2 MR. DARAGJATI: Yes, that is correct.

3 MR. SCHEU: So the law that was made --

4 (Lost connection)

5 (Pause)

6 MR. SCHEU: I'm sorry. I keep dropping off.

7 The law that was made was made in the Denton
8 case?

9 MR. DARAGJATI: That would -- that would be
10 correct, as a general proposition. Yes, sir.

11 MR. SCHEU: But it wasn't any really new law
12 here. And I guess this should really be the
13 benefit of a Shade session, with him sitting
14 there.

15 So Mr. Dees thinks that he made the new law
16 rather than the Denton case making the new law?

17 MR. DARAGJATI: No. I wouldn't go so far as
18 saying that.

19 During appellate arguments, I think
20 everybody agreed that the case was basically moot
21 at that point because of the new agreement
22 reached between the City and the fund, and it was
23 really over attorney's fees.

24 So if there was law that was made, it was
25 made in Denton. I'm not even -- I want to be

1 clear on the record that I wouldn't say that new
2 law was made in Denton. I think basically they
3 just found a Sunshine violation and that was it.

4 CHAIRMAN SCHMITT: I want to get back on
5 track. I enjoy all the lawyer talk, don't get me
6 wrong, but I prefer to get back on the accounting
7 talk.

8 MR. DARAGJATI: Sure.

9 CHAIRMAN SCHMITT: The difference between
10 the 350 and the 440 is about 79,000, you said?

11 MR. DARAGJATI: Correct, yes.

12 CHAIRMAN SCHMITT: And any additional
13 fees -- we'd have to do a motion in front of a
14 judge, correct?

15 MR. DARAGJATI: There would be -- to be
16 clear, we would have to hire an expert to come in
17 and testify as to going rates in the community,
18 the value of this case. That could go easily
19 \$10,000.

20 CHAIRMAN SCHMITT: Okay. So we could
21 potentially spend another \$10,000 to save the
22 taxpayers, net, basically \$70,000?

23 MR. DARAGJATI: \$10,000 on the expert, and
24 our fees as well.

25 CHAIRMAN SCHMITT: Okay. Plus attorney's

1 fees. So \$60,000.

2 MR. DARAGJATI: We're actually cheaper than
3 Mr. Dees at this point, but we'd still be -- it
4 would be expensive.

5 CHAIRMAN SCHMITT: Okay. So, really, the
6 net cost potential savings is \$60,000?

7 MR. DARAGJATI: I guess shooting from the
8 hip, you could say that. Yes.

9 CHAIRMAN SCHMITT: And we would not be
10 responsible --

11 MR. SCHEU: -- Dee's fees on the appeal -- I
12 mean, on the motion too.

13 CHAIRMAN SCHMITT: I thought in the motion,
14 we don't pay the other attorney's fees.

15 MR. DARAGJATI: Right. I would say at this
16 point we wouldn't end up paying any fees because
17 we're litigating over fees, which generally they
18 don't award fees for.

19 CHAIRMAN SCHMITT: So the proposed
20 settlement amount is how much?

21 MR. DARAGJATI: 420- for both combined.

22 CHAIRMAN SCHMITT: Okay. So if we went down
23 to 360-, that would be the break-even point.
24 420- minus 60-, basically.

25 MS. McCAGUE: Does 360- include both cases?

1 MR. DARAGJATI: When you say 360-, I want to
2 make sure I'm understanding what you're talking
3 about.

4 MR. TUTEN: He's factoring in the amount of
5 money we would save if we paid the 10 grand for
6 you and the other fees versus what we would pay
7 with the total 80 grand now.

8 MR. DARAGJATI: That's 360- -- yeah, I guess
9 you could say that. Yeah.

10 MS. McCAGUE: Okay. If we can just make
11 sure we're clear on it.

12 The first case, 82,000.

13 MR. DARAGJATI: 82,000.

14 MS. McCAGUE: All right. The second case.
15 What is the -- what is the fee?

16 CHAIRMAN SCHMITT: 379-. Is that --

17 MR. DARAGJATI: It's 379- currently.

18 MS. McCAGUE: Currently. And both of those
19 have been negotiated down to 420-, correct?

20 MR. DARAGJATI: Correct.

21 MS. McCAGUE: Okay.

22 CHAIRMAN SCHMITT: Yeah. I was just taking
23 the 397- by itself.

24 MR. DARAGJATI: All right. I just wanted to
25 make sure. You lost me for a second. I

1 apologize.

2 MR. TUTEN: Yeah. If we go to fight the
3 fees to get the judge to lower them, we could
4 possibly save 60 grand after we paid fees and all
5 that good stuff.

6 MS. McCAGUE: Possibly. And when is the
7 first hearing date that's scheduled?

8 MR. DARAGJATI: The hearing is
9 set September -- I think it's September 8th. I
10 don't remember off the top. I can get you the
11 date quickly if you need it. But it's in
12 September.

13 MS. McCAGUE: But it's in September. So we
14 would be months with this still unresolved.

15 MR. DARAGJATI: Right.

16 CHAIRMAN SCHMITT: All right. So if we
17 split that difference -- because there's a 50-50
18 chance, I'd say, of going to a judge and have a
19 hearing and it could go all one way, all the
20 other way, or right down the middle -- so if we
21 split that difference right down the middle,
22 we're talking 390-. So, to me, 400- seems a very
23 reasonable settlement offer.

24 MR. SCHEU: It might be if we did something
25 like that and Mr. Dees heard that and we agreed

1 to get him the check within a couple of weeks,
2 that he would be willing to do that.

3 CHAIRMAN SCHMITT: Mr. Dees, any input?

4 MR. DEES: Hi, I'm Bob Dees. Thanks.

5 I probably -- I think I need to talk to my
6 partners about it. I agreed with probably 95
7 percent of what Paul has said as far as, you
8 know, the background.

9 But, Bill, one thing I would disagree with,
10 just to give you some of the history of it, we
11 filed our case before the Denton case, and we
12 were set for trial in -- it was early spring of
13 2013 when the -- when that whole thing with the
14 federal court and the mediation happened.

15 The City at that point told me that they
16 had -- that if the statute passed, then our case
17 would be moot.

18 And so I knew at that point I either had to
19 go back to square one, amend my complaint and
20 bring that into it, or try and get some help.

21 And so I spoke with folks I know at the
22 Times-Union. You probably -- I used to work with
23 George and represented him for years. And I'm
24 the one who got them involved to kind of handle
25 that rifle-shot issue of Denton.

1 And our case, during the Denton appeal, just
2 sort of -- you know, we just let it sit because
3 that was going to answer one of the big
4 questions.

5 The Denton case did not involve the validity
6 of the 30-year agreement. Our case did. Denton
7 didn't. And so that's the difference.

8 So, in a sense, Denton just handled that
9 rifle-shot issue and then we had the big one.

10 MR. SCHEU: And that issue never was
11 resolved on the validity?

12 MR. DEES: No. Judge Beverly said that the
13 30-year agreement was void.

14 MR. SCHEU: That's right. Okay. Thank you.
15 That's helpful.

16 MR. DEES: Okay. Thanks.

17 MR. SCHEU: But, Bob, if you could get a
18 quick check, would you be willing to negotiate as
19 the chairman has said?

20 MR. DEES: Yeah. I mean, we met and we were
21 negotiating. It's a little difficult for us to
22 negotiate the two cases together because the one
23 case is just set. A judgment was entered. It
24 has postjudgment interest. And so it's kind of
25 hard for us to -- in fairness to Mr. Lee, because

1 it's reimbursing him -- it's hard for us to lump
2 those two together and negotiate.

3 I already agreed to a 10 percent reduction
4 on the other case, and I think the number that I
5 left Paul with last week was 420-. He said he
6 thought he could get 4-.

7 If we could do 410-quickly, I would push for
8 that, and I think -- I think that would happen.
9 Because I think -- I mean, I'm the one who took
10 all the risks.

11 And just so people know this Quanstrom
12 thing, I took the case on a contingent fee basis,
13 meaning if I lost, I wouldn't get anything. And
14 under those circumstances, they do allow for a
15 higher rate than normal, and that is a higher
16 rate than normal. It's 350 times 1.3. I could
17 have asked for more, but I represent a taxpayer
18 group and I didn't want to make them mad so I
19 held back. So if that helps.

20 MR. SCHEU: Thank you. It does.

21 CHAIRMAN SCHMITT: All right.

22 Do we want to settle these two things
23 separately?

24 MR. DARAGJATI: I think if Mr. Dees is
25 willing to accept 410-, I think I would encourage

1 the Board to do it at this point.

2 We can always go to hearings and litigate
3 this thing, but in the end, I think for the risk
4 versus reward at this point, it might be best for
5 the Board to just settle it and move on.

6 CHAIRMAN SCHMITT: All right.

7 MR. SCHEU: This was something the task
8 force really felt too, that this ought to be put
9 behind us, as you'll recall.

10 If you want to entertain a motion, I'll move
11 for what Mr. Daragjati's recommended.

12 MR. DEES: Can I say one more thing?

13 I will, on behalf of my clients, say we
14 would settle for 410- with the pension fund if
15 the Board agrees to that.

16 CHAIRMAN SCHMITT: Okay. So the motion
17 is -- Bill, your motion?

18 MR. SCHEU: Motion is to accept the
19 settlement of the two cases for the aggregate sum
20 of 410,000 net. That's with the idea that we
21 would --

22 (Connection lost)

23 MS. McCAGUE: I think what he was saying is
24 promptly made.

25 MR. TUTEN: What was the summation? Both,

1 just pay them?

2 MS. McCAGUE: 410- promptly.

3 MR. TUTEN: Versus what was the other total,
4 420- something?

5 CHAIRMAN SCHMITT: Some crazy amount, 480-.

6 MR. PAYNE: But as our counsel, that's what
7 you would --

8 MR. DARAGJATI: I would recommend settling
9 it for 410-. Yes, sir.

10 MR. SCHEU: I'm sorry.

11 MS. McCAGUE: Bill, I think in just a minute
12 what we're going to do is go ahead and open up
13 the conference call, so we'll continue to hear
14 your audio even if we don't -- if we can't see
15 you. That may be better.

16 MR. SCHEU: Sure. Right.

17 So I move that we settle the cases on the
18 basis of the \$410,000 net, with the prompt
19 payment -- as reasonably prompt as that can be
20 processed.

21 CHAIRMAN SCHMITT: Okay. That's the motion.

22 Devin, how long do you think it would take
23 to process that payment?

24 MR. CARTER: As soon as we get the
25 paperwork, I pretty much speculate probably about

1 two days to set it up and pretty much remit the
2 check accordingly.

3 CHAIRMAN SCHMITT: So within five to --

4 MR. CARTER: Five business days.

5 CHAIRMAN SCHMITT: -- seven business days
6 would be plenty of time?

7 MR. CARTER: Yes.

8 CHAIRMAN SCHMITT: Okay. Any further
9 discussion on this?

10 MS. McCAGUE: We need a second.

11 MR. PAYNE: Did you get a second?

12 CHAIRMAN SCHMITT: Sorry. Do we have a
13 second?

14 MR. PAYNE: I'll second.

15 CHAIRMAN SCHMITT: Okay. So we have a
16 second.

17 Any further discussion on this?

18 MR. PATSY: So the motion is to settle the
19 attorney's fees aspect of this --

20 MS. McCAGUE: Devin?

21 MR. CARTER: For both cases.

22 CHAIRMAN SCHMITT: And these are the final
23 two cases?

24 MS. McCAGUE: Yes. We have not been handed
25 an invoice for the Denton case, which you agreed

1 last month to pay the 156,000. We're just
2 waiting on the invoice to do that, but then that
3 is it. We have no cases pending.

4 MR. SCHEU: Beth, did the City agree to its
5 half, or does that have to go to the City Council
6 on the Denton case?

7 MS. McCAGUE: I'll let Paul answer that.

8 MR. DARAGJATI: The City has agreed in
9 spirit. I believe at next Tuesday's Council
10 meeting will be the first reading on -- on the
11 legislation that will get their portion paid on
12 Denton.

13 CHAIRMAN SCHMITT: And I don't want to get
14 sidetracked on that one again. Let's try to wrap
15 up these two.

16 So we have the motion. \$410,000 to settle
17 both cases, with payment going out within five to
18 seven business days.

19 MR. CARTER: Yes.

20 MS. McCAGUE: And just for point of process,
21 will we receive a bill for that amount? Will we
22 receive an invoice for that amount? Who will it
23 come from?

24 MR. DARAGJATI: What I'm going to do is
25 prepare -- or get with Mr. Dees and prepare an

1 actual settlement agreement --

2 MS. McCAGUE: Okay.

3 CHAIRMAN SCHMITT: -- which the chairman
4 will have to sign and whoever Mr. Dees' client is
5 is going to have to sign. I'm not sure who would
6 sign on that position. But once that's put
7 together, that will act as your invoice.

8 MR. CARTER: Okay.

9 MS. McCAGUE: Okay. So we'll go ahead and
10 start our paperwork on our end --

11 MR. DARAGJATI: I think it's -- yes, it's
12 prudent.

13 MS. McCAGUE: -- but we'll need that invoice
14 before we could release a check.

15 MR. DARAGJATI: Absolutely. Yes.

16 CHAIRMAN SCHMITT: All right. Any further
17 discussion?

18 COUNCILMAN HAZOURI: Bill, just for your --
19 I would think that the first read -- well, we've
20 get six weeks. Nevermind. I'm just thinking
21 that at some point maybe Beth could be there and
22 explain that after we do the settlement and
23 you-all have done this one --

24 CHAIRMAN SCHMITT: Sure.

25 COUNCILMAN HAZOURI: -- it's clean and we're

1 done.

2 CHAIRMAN SCHMITT: Bill, can you still hear
3 us?

4 MR. SCHEU: I can.

5 COUNCILMAN HAZOURI: I just think the
6 Council would like to hear that. Once it's all
7 done and we finish the first reading and go
8 through this last thing with Denton, then at some
9 point Beth can get up there or Larry and say it's
10 finished. I think that's a positive note for us
11 and the Council.

12 Okay. Are you frozen?

13 Nevermind. That's it.

14 CHAIRMAN SCHMITT: We're having a little bit
15 of technical difficulties. They're asking you to
16 call in, Bill, but I'd like to go ahead -- if
17 there's no further discussion, we'll go ahead and
18 vote.

19 MR. SCHEU: I can hear you. Can you hear
20 me?

21 MS. McCAGUE: Yes.

22 CHAIRMAN SCHMITT: Okay. So on the motion
23 to settle both of these cases for \$410,000, is
24 there any further discussion?

25 (No responses.)

1 CHAIRMAN SCHMITT: Okay. All in favor?

2 (Responses of "aye.")

3 CHAIRMAN SCHMITT: Opposed?

4 (No responses.)

5 CHAIRMAN SCHMITT: Passes unanimously.

6 All right. Paul, do you have a securities
7 litigation update?

8 MR. DARAGJATI: I do.

9 MS. McCAGUE: Let me just check. But, Bill,
10 are you -- do we have Bill on the conference call
11 yet?

12 MR. SCHEU: Yeah. If you'll give me the
13 number to call in. The problem is the video goes
14 out too. So I'll just reconnect every time that
15 happens.

16 MS. McCAGUE: Okay. I'm sending you the
17 call-in information right now.

18 CHAIRMAN SCHMITT: Okay. While they're
19 working on that, Paul, do you want to go ahead
20 with the update?

21 MR. DARAGJATI: Sure.

22 CHAIRMAN SCHMITT: Okay.

23 MR. DARAGJATI: Okay. You have four active
24 securities litigation cases going on right now.

25 The first is NII. We're waiting on an order

1 on fees on that one.

2 The second is Tower. As I've discussed in
3 the past, our counsel is pursuing outside
4 auditing firm. Right now they're engaged in
5 motion practice and discovery on that case.

6 The third is Plains All American Pipeline.
7 The motion to dismiss has been filed in that case
8 and that's proceeding to a hearing.

9 And then the fourth one is CVB, which is set
10 for mediation in July.

11 There is a new case that I'm presenting to
12 the Board today that the law firm of Bernstein
13 Liebhard would like to pursue with this fund as
14 lead counsel.

15 CHAIRMAN SCHMITT: Hold on a second.

16 (Pause)

17 CHAIRMAN SCHMITT: Okay. Go ahead, Paul.

18 MR. DARAGJATI: This case involves Taylor
19 Brands. Taylor Brands is commonly known as The
20 Men's Warehouse. Men's Warehouse, about a year
21 and a half ago, purchased Joseph A. Bank, and at
22 the time Men's Warehouse was worth approximately
23 \$45 a share.

24 The question was whether or not Men's
25 Warehouse could absorb Joseph A. Bank and their

1 penchant for running specials, buy one, get three
2 free, and still make a profit.

3 They made representations to the market that
4 they could and it turned out to be a disaster.
5 The stock is worth right now about \$13 a share.
6 And this fund lost, I think, about \$1.2 million
7 overall based upon that droppage and share price.

8 The CEO for Men's Warehouse -- or Taylor
9 Brands, I should say, has subsequently made
10 representations that --

11 CHAIRMAN SCHMITT: Hold on a second, Paul.

12 MR. DARAGJATI: Sure.

13 CHAIRMAN SCHMITT: I think we're good now.

14 MR. SCHEU: Sorry.

15 MR. DARAGJATI: The CEO has subsequently
16 made representations that they knew beforehand
17 that it was going to be a rocky road ahead,
18 because once they had stopped doing the
19 buy-one-get-three specials, which Joseph A. Bank
20 customers had been groomed for, they would lose
21 customers and the price would drop, and they had
22 an awareness of this.

23 The theory is that they committed a fraud on
24 the market by knowing ahead of time that it was
25 going to cause difficulties with their own share

1 price. They nevertheless made representations
2 that it would be smooth sailing. And the CEO
3 himself, based upon the merger, increased his
4 yearly salary threefold.

5 So part of the theory would be to ask for
6 discouragement of his salary. This firm would
7 like this fund to be co-lead plaintiff with the
8 Oklahoma State Retirement System, who also lost
9 approximately as much as this fund.

10 The motions are ready to go. We're just
11 waiting on this fund to take a vote and see if
12 you want to pursue that as lead plaintiff.

13 CHAIRMAN SCHMITT: And why do they need two
14 lead plaintiffs? Why co-lead plaintiffs?

15 MR. DARAGJATI: I think the theory is, is
16 that the combination -- this fund and the
17 Oklahoma fund are the biggest losers, I guess you
18 could say, in the grand scheme of stock losses.

19 The purported lead plaintiff right now,
20 which I believe is a fund in California, did not
21 have as much losses as this fund did. And this
22 is being filed in Texas, in federal court in
23 Texas.

24 So the theory is, is that the combination of
25 the two would provide for a pretty substantial

1 argument that we should be lead plaintiff.

2 CHAIRMAN SCHMITT: So there's a benefit to
3 being -- having co-leads because the total amount
4 of the loss is more significant?

5 MR. DARAGJATI: Absolutely. Yes, sir.

6 CHAIRMAN SCHMITT: Okay. And if we vote to
7 be co-lead, the fund will not be spending any
8 money on this litigation?

9 MR. DARAGJATI: There will be no -- not a
10 cent. Any cost that would be incurred by the
11 fund -- for example, fees for sending your
12 administrator for depositions, things like that,
13 would be reimbursed by the firm that would be
14 prosecuting this case.

15 All of the risks involved in this case would
16 be borne by Bernstein Liebhard.

17 MS. McCAGUE: And in addition, Mr. Chairman,
18 what our policy says that we approved last month
19 was not only is this a Board decision, but that
20 any of these cases that come forward, the Board
21 would also review a retainer agreement from the
22 attorneys, which would indicate the maximum
23 percentage they would receive as well as any
24 other counsel involved, which would be our
25 counsel.

1 CHAIRMAN SCHMITT: Okay.

2 MR. DARAGJATI: That is correct.

3 MR. SCHEU: Mr. Chairman, on that note, Bob
4 Klausner and I had a brief discussion yesterday
5 in which he said that he would be willing to
6 consider in those negotiations giving a credit
7 against time on other matters for any excess that
8 they received on this.

9 Now, we didn't get into any details, but as
10 we negotiate a retainer agreement, that would be
11 something to consider, that we would get an
12 offset against the general work on any excess
13 fees that they got on this over their time.

14 CHAIRMAN SCHMITT: Okay. Do we have a
15 motion?

16 MR. TUTEN: You need a motion?

17 CHAIRMAN SCHMITT: Yes.

18 MR. TUTEN: Yeah.

19 CHAIRMAN SCHMITT: We have a motion to
20 authorize the law firm to file us as co-lead on
21 this litigation.

22 Do we have a second?

23 MR. PAYNE: Second.

24 CHAIRMAN SCHMITT: Okay. We have a second.
25 Further discussion?

1 (No responses.)

2 CHAIRMAN SCHMITT: All right. We'll go
3 ahead and vote.

4 All in favor?

5 (Responses of "aye.")

6 CHAIRMAN SCHMITT: Opposed?

7 (Response of "aye.")

8 CHAIRMAN SCHMITT: Okay. Passes. All
9 right.

10 Paul, do you have any other items for
11 update?

12 MR. TUTEN: Paul, are you going to be around
13 for later when we talk about the senior staff
14 retirement plan?

15 MR. DARAGJATI: I am. I can make myself
16 available then or now or however you want to do
17 it.

18 CHAIRMAN SCHMITT: Very good.

19 MR. SCHEU: Paul, were you going to talk
20 today the OGC and what was going on with that at
21 this point or does that come later?

22 MR. DARAGJATI: I believe that's on the
23 calendar for a little bit later, but if the
24 Board -- I serve at the pleasure of the Board.
25 However you want to do it.

1 CHAIRMAN SCHMITT: That's on the agenda --
2 one of the last items on the agenda. I would
3 like to just save it for that spot and get
4 through all these other items because that could
5 be a fairly lengthy discussion.

6 MR. SCHEU: Okay. I don't have it on the
7 agenda that was sent out. Sorry about that.

8 CHAIRMAN SCHMITT: I actually asked them to
9 add it after the original one came out.

10 MR. SCHEU: Sure. That's fine.

11 CHAIRMAN SCHMITT: All right.

12 The next item is 2016-5-1, Mark Schreiber,
13 firefighter, 12 years of service. Application
14 for disability retirement.

15 It was unanimously approved by the advisory
16 committee at their meeting on May 11, 2016. I
17 don't know if we need any additional information
18 on this one other than they did review it
19 extensively and did determine that he was not
20 able to come back as a firefighter.

21 Do we need a motion for this one?

22 MR. TUTEN: I make a motion.

23 CHAIRMAN SCHMITT: Okay. We have a motion
24 to approve the retirement disability for
25 firefighter Mark Schreiber.

1 Do we have a second?

2 MR. PATSY: I second it.

3 CHAIRMAN SCHMITT: A motion and second.

4 Other further discussion?

5 (No responses.)

6 CHAIRMAN SCHMITT: All in favor?

7 (Responses of "aye.")

8 CHAIRMAN SCHMITT: Opposed?

9 (No responses.)

10 CHAIRMAN SCHMITT: Passes.

11 Next item is 2016-5-2, Office of General

12 Counsel opinion on Cecil Field Firefighters.

13 Mr. Durden, from OGC.

14 MS. McCAGUE: We had some time ago asked for
15 some help from Office of General Counsel in order
16 to respond to a group of individuals who are
17 currently firefighters for the City of
18 Jacksonville who were attempting to buy service
19 for time served for contractors out at Cecil
20 Field who were working for the Navy.

21 And this has come up several times over the
22 years. We do not think they fit into our program
23 based on the definitions that we have in the plan
24 itself. We asked OGC for help on this. And we
25 do have an opinion from counsel that agrees with

1 our past decisions that says this is not military
2 service and it is not allowable time service
3 purchase.

4 Stephen, do you want to add anything to
5 that?

6 MR. DURDEN: Not unless there are any
7 questions.

8 MS. McCAGUE: Okay. So what we'll now do --
9 is Mr. Wyse in the room still?

10 MR. WYSE: Yes, ma'am.

11 MS. McCAGUE: So we'll make sure Mr. Wyse
12 gets a copy of this, and we will explain to the
13 firefighters and share the legal opinion with
14 them also.

15 MR. DURDEN: Beth, remember, I am revising
16 that legal opinion, just so you know.

17 MS. McCAGUE: But you're not revising to a
18 different outcome?

19 MR. DURDEN: No, no, no, no, no.

20 MS. McCAGUE: Thank you.

21 MR. DURDEN: I just need to modify it to
22 clean it up.

23 MS. McCAGUE: That's right. We do not need
24 a motion on that. That's just for information.

25 CHAIRMAN SCHMITT: Okay. Any further

1 discussion on that one?

2 (No responses.)

3 CHAIRMAN SCHMITT: All right.

4 We'll move on to tab 5, which 2016-5-3,
5 Addendum to Fixed Income Investment Advisory
6 Agreement between Thompson, Siegel & Walmsley and
7 PFPF.

8 MS. McCAGUE: And, Devin, if I say anything
9 incorrect here, correct me.

10 But Devin realized that there was, from
11 month to month, a slight difference in the fees
12 being charged by this money manager, Thompson
13 Siegel, and it had to do with their evaluation of
14 their fund versus using our custodian's
15 evaluation of the amount in the fund.

16 And so he talked to them. It was not --
17 it's not a material difference, but everyone else
18 is using our custodial balances. And so we asked
19 for change in our contract to have them use the
20 market value represented by the custodian, and
21 they have agreed, and that is what you see in
22 front of you.

23 CHAIRMAN SCHMITT: Show that received as
24 information.

25 MR. CARTER: And pretty much that was just

1 the accrued interest at the time, so it was much
2 more overall just from a payment-wise, it was
3 diminished, like, \$30. But, nonetheless, it's so
4 that we can check the amounts that we're paying
5 according to the market value. That's what we
6 use, the custodian statement.

7 CHAIRMAN SCHMITT: Okay.

8 Move on to tab 6, which is 2016-5-4, DROP
9 memo regarding date correction for July 2011 DROP
10 class.

11 MS. McCAGUE: So we shared this with you for
12 information also.

13 We learned as we were -- people were coming
14 off the DROP that they had signed up for 60
15 months ago, that during that period we realized
16 that the application for DROP said one date, July
17 8th, but the July actual DROP date was July 1st.
18 We realized that back in 2011 and made that
19 change and sent the notices out to everyone who
20 had signed up before we realized the error in the
21 date.

22 However, the systems at the fire department
23 reflected the July 8th date. I think the police
24 was the same. So we needed to have them change
25 that date so everyone knew that their last day

1 would be June 30th, not July 7th.

2 We went to the City auditors to say, what
3 corrections do we need to make? They laid out
4 for us what we share with you right here; that
5 is, we're just noting everyone's file who was
6 affected that their official DROP ended 6/30, not
7 July 7th. There is no additional salary that
8 anybody has received.

9 Right, Devin?

10 MR. CARTER: Right.

11 MS. McCAGUE: There's no money involved
12 here. It's just correcting.

13 Since when the Board approved the DROP
14 applications in 2011, there was not a date
15 associated with the DROP, we don't need to have a
16 motion to change a date or change a record. This
17 is just for information only.

18 CHAIRMAN SCHMITT: Okay. We'll show that as
19 received for information.

20 We'll move on to the financial investment
21 reports, 2015-5-2, the 2015-16 Budget.

22 Devin.

23 MR. CARTER: Overall, April was under budget
24 about 31 percent. Just a slow month for us, been
25 nonetheless will pick up next month due to the

1 end of the quarter.

2 Likewise, overall budget, we're under by 60
3 percent.

4 And next month -- me and Beth, we're
5 currently working on the budget for next year,
6 and we will present that at the next Board
7 meeting.

8 MR. PATSY: Devin --

9 MR. CARTER: Yes.

10 MR. PATSY: -- these numbers, particularly
11 on the fiscal year-to-date basis, are significant
12 in that we're overbudgeted. Is this just a
13 timing issue?

14 MR. CARTER: It's a timing issue because,
15 you have to remember, we pay our money managers
16 quarterly. And what we did, pretty much allocate
17 the budget. We took the total budget based on
18 line item, divided by 12 instead of 4.

19 So that's why you have some that are over
20 and under, based on timing.

21 MR. PATSY: All right.

22 CHAIRMAN SCHMITT: So the year-to-date
23 actual is actual cash paid out?

24 MR. CARTER: Yes.

25 CHAIRMAN SCHMITT: Okay.

1 MS. McCAGUE: And we still have some large
2 bills that we know we need to pay. The biggest
3 is the roof, the replacement of the roof. We
4 thought that would be done and we'd be paying
5 that bill now. It's been delayed. I guess
6 they're going to do it at the height of rainy
7 season.

8 (Laughter)

9 MS. McCAGUE: But the roof is in Florida.
10 We know that.

11 MR. PATSY: They'd better hurry.

12 MS. McCAGUE: That's right.

13 CHAIRMAN SCHMITT: All right. Show that for
14 information purposes received.

15 The next item, 2016-5-5, Summit
16 recommendation for transfer of \$2 million to
17 Northern Trust Collective Aggregate Bond Fund to
18 NT Paid Receipts Account.

19 MS. McCAGUE: Devin.

20 MR. CARTER: This here is just transferring
21 cash from Bonds to Paid Receipts to pay for our
22 operating expenses. And, of course, we do this
23 monthly, accordingly, to get a better rate as far
24 as the market and interest, rather than trying to
25 liquidate for six months.

1 CHAIRMAN SCHMITT: Okay. Do we need a
2 motion on that?

3 MS. McCAGUE: I think we do need a motion.

4 MR. CARTER: Yes.

5 MR. PATSY: Make a motion.

6 MR. TUTEN: I'll second.

7 CHAIRMAN SCHMITT: All right. Motion from
8 Rick and seconded.

9 And the motion was for the transfer of \$2
10 million from Northern Trust Collective Aggregate
11 Bond Fund to NT -- Northern Trust Paid Receipts
12 Account.

13 MR. CARTER: Yes.

14 CHAIRMAN SCHMITT: All right. Any further
15 discussion?

16 (No responses.)

17 CHAIRMAN SCHMITT: All in favor?

18 (Responses of "aye.")

19 CHAIRMAN SCHMITT: Opposed?

20 (No response.)

21 CHAIRMAN SCHMITT: Passes.

22 All right. Next item, 2016-5-6, Summit
23 Monthly Economic and Capital Market Update, tab
24 8.

25 Dan.

1 MR. HOLMES: Thank you.

2 It's fun to be able to report positive
3 numbers again. And so if you turn to the Capital
4 Market and Economic Update, I'll give you a quick
5 background.

6 What we saw over the month of April, first
7 of all, was a little bit more calmer markets,
8 less volatility, less news coming out of China,
9 and some positive economic movement in the energy
10 sector.

11 To put numbers on it and also to kind of
12 look at the big picture, for the second
13 consecutive quarter, we saw the manufacturing --
14 I'm sorry -- yeah, the manufacturing sector
15 expand. So this has been a bit more positive for
16 the economy. That's also been beneficial with
17 regard to international returns as well.

18 On the concerning side, first of all, we saw
19 new jobs added, but they were added at less than
20 what was expected. So consequently we saw no
21 change in unemployment during the month of -- the
22 unemployment rate during the month of April.

23 During the month of April we also saw that
24 the Fed changed its measurement of fourth quarter
25 GDP and first quarter GDP. So fourth quarter's

1 measure of GDP was increased to 1.4 percent. But
2 more importantly what we saw was GDP for the
3 first quarter has come down below 1 percent, but
4 the measure for the second quarter the Atlanta
5 Fed is predicting to come in at about 1.7
6 percent.

7 So it remains positive, but the rate is
8 slowing. With the beginning of the year, the
9 Atlanta Fed has said their expectation was about
10 a 2 to 2.4 percent GDP number for calendar year
11 2016. And we're on pace to be a little bit
12 slower than that. So that was one of the issues
13 during the first quarter that was of concern to
14 the market.

15 What we saw during the quarter -- or I'm
16 sorry -- during the month was basically not much
17 change in interest rates. But we did see returns
18 continue to pick up, especially in risk assets.

19 And so in the first quarter, the first
20 quarter was marked by a big drawdown in January
21 and February. The market was off over 10
22 percent. The equity markets I mean. They were
23 off by 10 percent. In March we saw that start to
24 turn around.

25 What had happened was less concern about

1 slowing global growth. China had taken steps to
2 devalue its currency. There's less concern over
3 the Chinese equity market. And so in March we
4 saw things starting to turn and in April that
5 continued.

6 So as a result, we've seen a big turnaround
7 in some of the returns for -- for instance,
8 international equities, international bonds and
9 master limited partnerships in the energy sector.

10 And so putting numbers on it, what we see
11 now is, is that on -- or for the last three
12 months ending April, the S&P is up 7.2 percent,
13 whereas for the first quarter it was only up
14 about 1.2 percent.

15 The Russell 2000 during the first quarter
16 was negative. Over the last three months it's up
17 9.7 percent.

18 EAFE was negative, and over the last three
19 month is up 7.6 percent. And kind of following
20 the suit, we saw that the emerging market debt
21 index continues to be up positive this year, and
22 it was up 13 percent for the last three months.
23 And then we saw a big turnaround for the last
24 three months. The Alerian MLP index is up 20
25 percent.

1 And so so far this year now what we've seen
2 is for the most part all the equity indices
3 through April were basically modestly positive or
4 strongly positive. We've seen bonds up this year
5 as well and we've seen the dollar depreciate.
6 And so that's been a basically tailwind at the
7 back of some of the international investments.

8 So those are the major themes that are going
9 on. Any questions about those?

10 Rich, nothing?

11 MR. TUTEN: I have a question. My overall
12 question is, why do you think the smaller foreign
13 and the offbeats, like the MLP and stuff, are
14 still way in the hole for one year versus the
15 large gap sector? Seems like they're sort of at
16 least breaking even at this point or doing
17 better.

18 MR. HOLMES: They're catching back up.
19 Yeah, they're catching back up. Different
20 reasons. And so in the energy sector and the
21 effect on the MLPs, basically what you saw was
22 more discussion about control over production.
23 And so a lot more discussion and tentative
24 agreements, and then there was a question about
25 whether or not Iran was going to participate

1 between the OPEC nations as to whether or not
2 they were going to increase the flow of oil or
3 the production of oil, or whether basically they
4 were going to cap it and about where output was.

5 And what we've also seen is, is that
6 (inaudible) has come down. And so in a response
7 you've seen lower -- we've seen demand come up
8 and we've seen supply start to come back down.
9 And that was -- and it's kind of coming on just
10 on schedule as a lot of the analysts have said.

11 They said latter -- actually, maybe a little
12 bit ahead of that, latter half of '16 into '17,
13 where supply and demand was going to balance out.

14 In addition to that, what you saw was in
15 February when the price of a barrel of oil went
16 down to \$27 a barrel, that's where the market was
17 really, really spooked and the market sold off.
18 MLPs sold off dramatically around that time
19 period as well.

20 And what we've seen is, we've seen
21 improvements in the MLP sector. And so even
22 though you saw headlines -- and you continue to
23 see headlines about the risks with MLPs, or more
24 properly, not just -- it's not really just the
25 MLP sector, it's more the ENP, the exploring and

1 producing companies that are in more dire straits
2 than the pipeline -- the midstream pipeline
3 companies.

4 And the issues there are basically that they
5 don't have that much access to capital. It's
6 costing them more to produce, and they're not
7 getting paid for it because the price of oil is
8 down. That can have an effect on some of the MLP
9 or the pipeline companies if they need to
10 renegotiate contracts because they don't want to
11 pay expense -- you know, if they're not going to
12 be shipping, they don't want to have to continue
13 to pay the take-or-pay contracts on some of the
14 pipelines. And so you've seen some renegotiation
15 there.

16 But the bottom line is what we've seen over
17 the last month or so is a number of the pipeline
18 companies -- or the MLPs, I should say, in
19 general are starting to increase their payout,
20 which is positive. We're seeing -- especially
21 the MLP companies and especially the higher
22 quality companies get access to the financial
23 markets again, and financing is starting to
24 become easier for them.

25 In addition to that, you also saw the price

1 of oil basically stabilize above \$40 a barrel.
2 So all of those are multiple factors about what's
3 happened there.

4 MR. TUTEN: With our managers, when we look
5 at their portfolio or if they list their
6 portfolio, can they break down the people they
7 pick to invest in between, like, downstream,
8 midstream, upstream? Can we factor in, okay, why
9 this --

10 MR. HOLMES: They're all midstream.

11 MR. TUTEN: They're all midstream.

12 MR. HOLMES: They're all midstream. Yeah.
13 That's by definition in their investment policy.

14 MR. TUTEN: Okay.

15 MR. HOLMES: They're all midstream, and so
16 it's in the less risky part of the energy chain.

17 MR. TUTEN: Less risky I like up to a point,
18 but the problem is it seems like it's either
19 going to move the needle all the way this way or
20 all the way this way. There's no sort of --
21 anything to sort of buffer on either end with the
22 other types of investments.

23 I mean, is that -- I mean, I don't know,
24 does our investment policy preclude us from
25 investing in downstream and upstream, or is that

1 where they fall? Do they fall into the limited
2 area grade?

3 MR. HOLMES: Well, they're different
4 investment vehicles, and this is going to have to
5 take kind of a more detailed education section to
6 get into it. But the short answer is, there's
7 different investment vehicles that address
8 different parts of the energy chain.

9 And so on the downstream, the exposure there
10 would be more properly gathered or gained through
11 private investments as opposed to publicly traded
12 investments. And on the opposite side, you can
13 get publicly traded securities -- publicly traded
14 stocks that are already in your portfolio.

15 MR. TUTEN: Well, because I know in our
16 other investments we try to get away from things
17 being correlated. Well, if they're both MLP and
18 they're both midstream MLPs, seems to me like
19 they're correlated quite a bit, unless I'm
20 missing something. You know what I mean?

21 MR. HOLMES: The two managers there, you
22 mean?

23 MR. TUTEN: Right.

24 MR. HOLMES: Well, yeah, but that was by
25 definition because we didn't want to have too

1 many assets in one manager. They also -- the two
2 managers take two different approaches.

3 One is more oil and gas -- primarily oil and
4 gas pipeline transfer facilities and is more
5 focused on income. And the other one, Harvest --
6 that was Tortoise, was the first one. Harvest is
7 the second one. A similar basket type of
8 securities, but different companies being a bit
9 more focused on capital appreciation.

10 MR. PATSY: But, Rich, both of these guys
11 are much more at the high-quality end of the
12 spectrum. So that when the market throws the
13 baby out with the bath water, these guys are
14 going to get impacted; but when the market sobers
15 up and realizes, Hey, we've gotten rid of some
16 good stuff here, these guys should appreciate
17 much more quickly.

18 MR. HOLMES: And that's a very important
19 point. That is true. It's a very important
20 point. And if you look at the quality of the
21 companies which the managers are investing, they
22 haven't fallen -- you know, none of them have
23 fallen in the bankruptcy category.

24 In other words, none of the MLPs in their
25 portfolio have gone into bankruptcy and they

1 continue to produce returns as expected. And the
2 (inaudible) returns to be appropriate as well.

3 MR. TUTEN: Richard and Dan said stick with
4 MLPs. I'm going to blame Richard and you, Dan.
5 Just kidding.

6 MR. PATSY: I have a quality bias. Most
7 investors have some kind of a bias, and I have a
8 quality bias.

9 MR. PAYNE: That should be positive.

10 MR. PATSY: And I like that in these guys.

11 CHAIRMAN SCHMITT: I have a return bias.

12 MR. HOLMES: I'm sorry?

13 CHAIRMAN SCHMITT: A return bias. The
14 higher the return, the more biased I am.

15 (Laughter)

16 MR. PATSY: Academic research shows that
17 quality bias in the long run will pay off.

18 CHAIRMAN SCHMITT: I agree.

19 MR. PATSY: So we're on the same sheet of
20 music.

21 MR. HOLMES: So let me direct your attention
22 to the Flash Report.

23 And I think the bottom-line takeaway on the
24 Flash Report is that on a fiscal year-to-date
25 basis, the portfolio is up 5 and 1/2 percent. So

1 that represents a significant turnaround in the
2 direction of the market and the direction of --
3 on an absolute basis, direction of the portfolio.
4 And it's slightly above the policy index.

5 Asset allocation, you know, I kind of
6 skipped over to get to the bottom line, but asset
7 allocation remains in line with target. It's
8 overweight in -- relative to the policy or the
9 asset allocation target by a little -- in the
10 international part of the portfolio and the fixed
11 income part of the portfolio and continues to
12 remain underweight to real estate.

13 Breaking it down, what we saw for the
14 calendar -- I'm sorry -- for the fiscal year, the
15 U.S. Equity portfolio is up over 7 percent. It
16 is a little bit behind the composite benchmark.
17 And what we've seen is a change in leadership
18 with some of the managers.

19 So we've seen improvement on a relative
20 basis with Brown and DRZ. We've seen it kind of
21 flip a little bit with Sawgrass and Pinnacle.
22 Nothing -- no concern there. They tend to move
23 up and down.

24 Two things to note that kind of happened
25 during the course of the quarter, but we saw that

1 Eagle, a manager who has historically performed
2 extremely well, they had a portfolio holding in
3 the portfolio that was down approximately 75
4 percent that was valued pharmaceuticals.

5 They're in the process, if they haven't done
6 so already, of selling off that security in the
7 portfolio.

8 MR. CARTER: They sold that.

9 MS. McCAGUE: They've done it.

10 MR. HOLMES: They sold it? Oh, okay.

11 MR. CARTER: Yes.

12 MR. HOLMES: And so that drug down their
13 absolute relative performance during the first
14 quarter. And then we also saw a little bit of a
15 turnaround in GAMCO as well. But the
16 recommendations that we previously made still
17 stand.

18 In the international part of the portfolio,
19 over the last three months is up over 9 percent,
20 9.7. Fiscal year, it's up about 5.8 percent.
21 It's in line with the index. Here more recently
22 we've seen all the managers pick up on an
23 absolute and relative basis.

24 The manager that hurt in 2015, Baillie
25 Gifford, we recently had in the office, talking

1 with the Financial Investment Advisory Committee.
2 We'll note that they're up 9 and 1/2 percent over
3 the last three months. So they have done well
4 and have been well-represented in the come back.

5 Fixed income, fiscal year-to-date is up two
6 and three-quarters, in line with the index. And
7 then real estate is up about 5.7 percent. And as
8 I mentioned before, on a fiscal year-to-date,
9 they're up about 3 1/2 percent, MLPs are, and up
10 over 19 percent over the last three months.

11 So no change is recommended in managers
12 other than the ones that we've already -- are in
13 the process of moving forward with or moving
14 forward for replacement.

15 So I'll just kind of leave it at that unless
16 there's any questions.

17 MS. McCAGUE: Mr. Chairman, I do have one
18 question for Dan.

19 Dan, would you explain to the Board when you
20 will be transferring assets based on the
21 decisions that the Board has made over the past
22 months.

23 MR. HOLMES: Yeah. We're going to start
24 probably within the -- probably within the next
25 two weeks. And so part of the issue is, is that

1 we have to use -- or we would recommend using
2 transition management. That would be a
3 methodology to avoid the situation where if
4 you're terminating one manager and hiring another
5 manager -- let's say they both hold a couple of
6 the same stocks in the portfolio. You want to
7 avoid selling the stocks out of one manager's
8 portfolio and buying the same stocks back in the
9 other manager's portfolio.

10 We want to transfer those in kind. At the
11 same time, we don't want a manager who is being
12 terminated have the responsibility of selling the
13 stocks in their own portfolio. They don't have
14 any motivation to get best execution in that
15 particular case.

16 So what we're going to do is, once all the
17 managers for change have been identified, we're
18 going to aggregate those securities together with
19 a buy list, a sell list, transfer the common
20 assets in kind, and rebalance the portfolio at
21 the same time.

22 Since -- go head, Rick. You're dying -- I
23 know you've got a question.

24 MR. PATSY: Well, my only question is with
25 GAMCO and Eagle. You know, GAMCO is large-cap

1 value. Eagle is large-cap value. There is
2 inherently going to be some overlap associated
3 with the two?

4 MR. HOLMES: I would expect there would be,
5 especially with some of the money -- some of the
6 stocks going into the S&P index fund too.

7 MR. PATSY: But I would think that Eagle
8 would be able to execute transition from GAMCO to
9 Eagle just as effectively as a transition manager
10 if not more so.

11 MR. HOLMES: Eagle's commission costs tend
12 to be on the high side. And so what I would
13 prefer to do is look for a way to cross as much
14 of the portfolio internally by, you know,
15 basically transferring time between managers, and
16 then what I would like to do is transfer in kind
17 as much as I could externally, meaning from
18 managers to the index funds, and then looking --
19 using transition managers to look for
20 client-to-client transfer in kind as well or to
21 the index fund.

22 And so I think in doing that, my goal is to
23 keep it under two cents per share on the
24 commission costs as opposed to what I've seen in
25 the four and five cents per share with Eagle.

1 MR. PATSY: Why are Eagle's costs so much
2 higher?

3 MR. HOLMES: They're a boutique and they use
4 commissions to buy research.

5 CHAIRMAN SCHMITT: I have a question. With
6 DRZ, they're one of the managers interviewing
7 this afternoon; is that correct?

8 MS. McCAGUE: They're defending their
9 position. Yes.

10 CHAIRMAN SCHMITT: Okay. With their more
11 current performance, does that change your
12 perspective on them at all?

13 MR. HOLMES: No, sir. And this is something
14 I've point it out at the Financial Investment
15 Advisory Committee.

16 If you go into the big book with regard to
17 their long-term performance, I've seen the return
18 pattern before. They tend to do well in periods
19 where you've got a big drawdown, like we saw in
20 the first two months of this year. And they'll
21 protect and they're pop up in terms of ranking
22 during that time period.

23 But then going forward as the market
24 recovers and you kind of get back to an
25 appreciating market, they tend to lag during that

1 type of period. I think it's reflective of their
2 process in terms of their requirement to have --
3 just by dividend paying stocks, I think that kind
4 of limits their universe.

5 So you get into this pattern of one step
6 forward, two steps back, which I think has been a
7 drag on relative performance over time.

8 MS. McCAGUE: And before we leave this area,
9 Mr. Chairman, I would like to remind the Board
10 that in January you-all approved a program that
11 Dan put together for activities over the first
12 five months of the year.

13 And I know that you-all wanted to do -- to
14 move from spending most of your time on
15 distractions rather than the fund. And so we
16 concentrated work on the fund. And let me just
17 list for you, if I can, the accomplishments that
18 you have made so far this year.

19 Number 1: You approved fee reductions for
20 managers Brown, Pinnacle, Eagle and JP Morgan.

21 You approved adjustments to the asset
22 allocation model. You approved the strategy for
23 entering the core-plus fixed asset class.

24 You authorized the rollup of bank loans and
25 emerging debt classes into core-plus fixed.

1 You approved hiring two core-plus fixed
2 managers, Neuberger and Loomis Sayles.

3 You terminated low-performing cap equity
4 manager, GAMCO. You authorized rebalancing of
5 the portfolio to the allegation model.

6 You're in the process of selecting a new
7 manager for the small asset class. You reviewed
8 recapture commission policy and authorized
9 renewing contracts with four of the providers.

10 The investment policy update is underway.
11 Dan is leading that effort, and that will soon be
12 completed and shared with all of our asset
13 managers.

14 And the only thing that we have not done
15 that was in that program of work is to have
16 education and create a strategy on private equity
17 because our advisor suggested that we wait until
18 the surtax referendum, and then the negotiations
19 with the union, and then to see what our asset
20 liability model looked like before we entered
21 into the private equity market.

22 And then over the next six months, our plan
23 is Trustee Tuten asked to hear from more of our
24 managers, and so we will begin scheduling the
25 presentations one at a time for the managers to

1 come in during a Board meeting and report on
2 their progress.

3 So congratulations to you for getting a boat
4 load of work done in a short period of time.

5 And thank you to Summit Strategies.

6 CHAIRMAN SCHMITT: And thank you very much
7 for putting that list together.

8 MR. SCHEU: Thank you, Beth.

9 CHAIRMAN SCHMITT: Yes. It's easy to forget
10 how much we've accomplished with all the
11 distractions, but you-all have really done a lot
12 of good work --

13 MR. HOLMES: Thank you

14 CHAIRMAN SCHMITT: -- staying focused and,
15 you know, making the adjustments that sometimes
16 are difficult but absolutely necessary. It's
17 appreciated.

18 MR. HOLMES: I appreciate the effort by the
19 Board, the good questions, the willingness to
20 take the extra time to expedite the issues.

21 CHAIRMAN SCHMITT: One comment on the
22 investment policy.

23 Our investment policy is --

24 MS. McCAGUE: 72 pages long.

25 CHAIRMAN SCHMITT: Yes. It's difficult to

1 read, to say the least.

2 Is there some way to kind of reformat that
3 to kind of put the summary and executive summary
4 up front and then all the supporting information
5 behind that --

6 MR. HOLMES: Yes.

7 CHAIRMAN SCHMITT: -- for the Riches in the
8 world who want to go through and read all that?

9 MR. HOLMES: Well, I think -- yeah. To say
10 the least, I can say that it's cumbersome and
11 it's the longest investment policy for our firm.

12 And there was a reason behind that in the
13 past, but I think going forward the suggestion
14 would be that update the -- update the -- let's
15 say call it the financial portions of the policy
16 and take the legislative history part of the
17 policy and put that in an appendix.

18 CHAIRMAN SCHMITT: Yes. I think that would
19 help a lot.

20 MR. HOLMES: So when the dust settles and
21 our changes have been made, I will reflect all
22 the changes to target asset allocation, manager
23 lineup.

24 I'll take out a lot of the redundancies in
25 the policy and basically streamline it. And then

1 take the legislative history and put it in the
2 back so it will read -- it will be easier to
3 read.

4 MS. McCAGUE: And, Dan, when might the Board
5 see that draft?

6 MR. HOLMES: I'm shooting that to you for
7 the June meeting.

8 MS. McCAGUE: Wonderful. Thank you.

9 MR. SCHEU: And, Beth, could I ask a
10 question?

11 MS. McCAGUE: Yes, sir.

12 MR. SCHEU: Mr. Chairman, may I ask a
13 question?

14 CHAIRMAN SCHMITT: Absolutely. Beth said
15 so.

16 (Laughter)

17 MR. SCHEU: Dan, that area is not -- that's
18 more Rick's area than mine, but his formal
19 colleague, David Moore, in the task force who
20 spent a lot of time on the assumed rate of
21 return, and our assumed rate of return is 7
22 percent, not that we need to decide anything
23 today.

24 David kept pushing a 5.4 percent assumed
25 rate of return, noting that that will create a

1 much more significant financial contribution.

2 Are you still comfortable, generally
3 speaking, with the assumed rate of return at 7
4 percent with the long view, or during the
5 investment policy review, would that be something
6 to take up too?

7 MR. HOLMES: No. For now, I believe that
8 the 7 percent is achievable over the long-term on
9 a net of fees basis. But I think moving into the
10 private investment area is going to be important
11 in that effort.

12 If the -- now, of course, if the actuarial
13 assumed rate of return continues to DROP under 7
14 percent, that just makes that return part
15 possible and it is more of a reflection of what
16 is available over the state of the next ten years
17 in the marketplace. So there's less of a need to
18 use private or other investments.

19 Does that make sense?

20 MR. SCHEU: Yeah. Thank you.

21 CHAIRMAN SCHMITT: Okay. Dan, anything
22 else?

23 MR. HOLMES: The next agenda item was to go
24 through the quarterly report. That's been
25 updated, I think, with the Flash Report.

1 To give you some idea of kind of the
2 magnitude of change, at the end of the quarter,
3 the fiscal year-to-date return was 3.9 percent.
4 And as I mentioned, it's now up to 5 1/2 percent.

5 So there's been pretty good come back in the
6 emerging market equity area and the MLP area,
7 which had plagued the plan in 2015.

8 So far this fiscal year, you were up -- I'd
9 say you're probably above median. Over the
10 last -- let me just -- if we go through, if we
11 had time to go through with real great detail the
12 quarterly report, you'd see in 2015 into the
13 first quarter of 2016.

14 That 12-month period from March to March '15
15 and '16 really captures a lot of the drawdown in
16 equities, in international. There's even some
17 negative periods in there for certain types of
18 bonds as well.

19 And so that discrete period was tough. The
20 ranking reflects that. On the other hand, what
21 we've seen is a comeback of that. I know if you
22 look over the long-term time period, we're still
23 above (inaudible) they have done fairly well.

24 So we're continuing to look for ways to
25 improve that by upgrading the managers and also

1 looking for ways to continue to try to dampen
2 volatility where we can.

3 It's hard because of your statutes. It
4 doesn't give you permission to invest in a lot of
5 other things other than real estate.

6 MR. TUTEN: What about real estate, Dan?
7 I'm sorry if I didn't hear you earlier. I was
8 reading all this.

9 But, I mean, JP Morgan actually used to
10 be -- I just happened to look at it -- net of
11 fees. In ten years they actually break even. I
12 mean, what's -- are they too big?

13 MR. HOLMES: No. I mean, basically you have
14 to -- one thing you have to understand is the
15 index that they're compared to is the NCREIF ODCE
16 index, ODCE standing for Open End Diversified
17 Equity Index.

18 So it's basically the universe. And the
19 benchmark that they're being compared to is the
20 other managers that are open-end diversified
21 portfolios like them.

22 And so it's basically the index is made up
23 of about 12 to 14 other real estate managers.
24 And it's a very small universe and they're all
25 kind of in the -- you know, they're all kind of

1 in the same general area.

2 The bottom line is looking at them versus --
3 looking at their return versus Treasuries,
4 looking at their return versus other asset
5 classes on an absolute basis I think is more
6 important.

7 Now, that being said, you should have asked
8 the question because it gives me a chance to say
9 one more point. I will be coming back to the
10 Board making a recommendation that we start to
11 redeem some money from the core real estate
12 managers. We're over target. Core real estate
13 is rich now. We're seeing net operating income
14 start to roll over. And by that I mean it
15 continues to accelerate, but it's accelerating at
16 a decelerating rate.

17 In other words, this is the first quarter
18 where we've seen a pretty good drop in that
19 operating income. And so -- and in addition to
20 that we have cap rate compression versus the
21 Treasury, and that's at an all-time low.

22 And what you want to do is you want to have
23 that -- the difference between cap rates relative
24 to ten year -- the ten-year Treasury, you want
25 that to be at a certain spread, if you will, of

1 real estate over the Treasury. That's now come
2 back in. And, remember, you have a certain
3 degree of illiquidity in that real estate
4 portfolio.

5 So what we want to do is take some profits
6 and get some money out before that gets so close
7 you have a rush of redemptions and then you have
8 more money locked in and you can't get the money
9 out.

10 Now, this is a real estate -- this is an
11 asset class I don't think we would every abandon.
12 You know, I think core real estate is very much
13 of an appropriate asset class for a pension
14 portfolio. So I don't think that we would ever
15 completely get out of this, but what we want to
16 do is take some profits off the table and
17 redeploy those assets.

18 MR. PATSY: Two questions. Is normally a
19 pretty good cue for people to get into core real
20 pension --

21 MR. HOLMES: Core real estate?

22 MR. PATSY: Core real estate funds.

23 MR. HOLMES: Yes.

24 MR. PATSY: I assume JP Morgan's is pretty
25 healthy.

1 MR. HOLMES: Yes, and so is Principal's.

2 MR. PATSY: They both are?

3 MR. HOLMES: Yeah.

4 MR. PATSY: Okay. So there's liquidity
5 there for us.

6 MR. HOLMES: There's liquidity, and that's
7 part of the reason --

8 MR. PATSY: That's good.

9 MR. HOLMES: -- is we'd rather take
10 advantage of liquidity while it's there.

11 MR. PATSY: Where are you going to go with
12 the money?

13 MR. HOLMES: Where?

14 MR. PATSY: Yeah. That's my second
15 question.

16 MR. HOLMES: When we get the money, I'll
17 have to take a look at it, but right now we're
18 overweight in equity. So we'll basically have to
19 go to fixed income with it.

20 MS. McCAGUE: But didn't you say in previous
21 months that there may be an opportunity to go
22 into a real estate plus category?

23 MR. HOLMES: Yeah. So core, but we haven't
24 gotten there yet. I mean, I don't have the
25 core-plus manager in place.

1 MS. McCAGUE: Right.

2 MR. HOLMES: That would be a great -- if we
3 had a core-plus manager in place, that would be a
4 good way to fund that manager. And so a
5 core-plus manager or a value-added manager,
6 they're not as dependent on net operating income
7 for return.

8 As a matter of fact, they're trying to kind
9 of do the opposite; that is, buy properties at
10 cheaper prices, fix them and then flip them and
11 sell them to the core managers of the world.

12 And so we still think -- you know, if they
13 can control their acquisition price, they'll
14 still make a healthy profit. And that comes down
15 to the quality of the manager. And so having one
16 of those managers in place would be a great way,
17 you know, to take from what's overvalued and put
18 it into something that still has some value left
19 in it.

20 MR. PATSY: I thought you were talking
21 Prudential and --

22 MR. HOLMES: Prisa II?

23 MR. PATSY: Yeah.

24 MR. HOLMES: We are.

25 MR. PATSY: No progress or --

1 MR. HOLMES: No. Great progress, but it's
2 going to take a lot of work. And what it's going
3 to boil down to is they've given us permission
4 to -- I don't want to make it sound special.
5 They've given their clients permission, and we've
6 verified and talked with them about how to do it,
7 to enter into a private transaction.

8 And so what you would have to do is find --
9 and they will give you a list of Prisa II clients
10 that want to get out or take some redemptions
11 from Prisa II. And then that will put you in
12 touch with those investors. And what you have to
13 do is negotiate a private secondary offering.

14 And so it would be a situation where the
15 attorney for your fund and the attorney for
16 another fund selling would get together and
17 hammer out, Okay, what's the price on selling X
18 number of your units to our plan?

19 They don't get -- Prisa does not get into
20 the middle of it. It's a privately negotiated
21 transaction. It's perfectly legal.

22 But the question then becomes on the
23 negotiation whether you buy those units at the
24 end of a day at net asset value or whether or not
25 you buy them at a discount or a premium.

1 So, for instance, if the City wanted to sell
2 some of their units, you would have to sit down
3 and talk with the City: Do we buy those units
4 from the City's plan at a discount or a premium?

5 MR. GREIVE: 110.

6 MR. PATSY: Yeah, Joey, come on.

7 Didn't we already give Dan permission to
8 work on that?

9 MS. McCAGUE: He was going to explore it.
10 He was going to explore it.

11 MR. HOLMES: So we've explored the
12 permissibility. We can do it. We have the path
13 of how to do it. I also know that there's one --
14 there's one manager -- sorry. Got in really late
15 last night because of the storm.

16 There's one client that Prisa has that is
17 putting in for some redemption. I know one of my
18 other clients was going to put in for a partial
19 redemption because they're way overweight there
20 and they needed to take some of the money off the
21 table.

22 And so at that point in time, I would --
23 this is my personal client. I don't want to get
24 in the middle of negotiation, whether it's sold
25 at a premium or discount. I think that's

1 probably more properly done between legal
2 counsel.

3 But the issue is they're not raising new
4 capital at least for probably another year. So
5 this is a way to fill part or all of your target
6 allocation very quickly.

7 CHAIRMAN SCHMITT: All right. Thank you,
8 Dan.

9 Denice, we have one more item -- actually
10 two more. One of them may be quite lengthy. Do
11 we need to take a five-minute break?

12 THE REPORTER: Yes, could we?

13 CHAIRMAN SCHMITT: Okay. Quick break. Be
14 back in five.

15 (A break was taken from 10:42 to 10:48 a.m.;
16 thereafter the Board meeting continued as
17 follows:)

18 CHAIRMAN SCHMITT: All right. 10:48. Back
19 in session. Next item -- why don't we wait for
20 Beth.

21 All right. The next item on the agenda is
22 2016-5-9 in tab 9. It's three items: A letter
23 to the Board of Trustees from OGC dated April 22,
24 2016; the second one is letter to Mayor Curry
25 from Office of General Counsel dated April 20,

1 2016; and Article 22.05, Liability of the Board.

2 I wanted -- I asked them to include those on
3 the agenda because -- you know, I know we sent
4 these out to all the trustees so they could
5 review them. But in the April 20th letter to OGC
6 to Lenny Curry, there are a few things in here to
7 me that were definitely worth noting and, I would
8 say, disturbing to me.

9 One of them, when they talk about the
10 binding legal authority of the General Counsel,
11 basically it makes it seem like we have
12 absolutely no legal authority whatsoever to do
13 any of the items that are stipulated in the
14 statutes and municipal ordinance as the
15 independent pension fund.

16 The second item was the -- I'm trying to
17 find the actual paragraph where it talks about
18 the perpetual disregard of the OGC's legal
19 advice. And what they failed to point out there
20 is some of that disregard of their legal advice
21 is at times when they're suing us.

22 MR. GREIVE: It's page 5 of the April 20th
23 memo.

24 CHAIRMAN SCHMITT: Page 5. Thank you.

25 Some of that is, like I said, during times

1 when they are actually suing the fund. So I'm
2 not sure how they would think the Board would
3 react to the attorney who is telling them -- the
4 attorney that's suing them telling them what to
5 do.

6 I would think that attorney would think we
7 would rely on the legal advice on the attorney
8 that we had hired.

9 And then on page 6 under Personal Liability,
10 this is perhaps the most disturbing part to me,
11 where in the comment from the OGC it says -- and
12 I'll read this part here.

13 Section 22.05, City Charter, provides
14 protection for the PFPF Board members, it quotes
15 (as read): When relying on the advice of an
16 attorney employed by the board does not shield
17 the PFPF Board members who rely on the advice of
18 an attorney who disagrees with the binding legal
19 opinion of the General Counsel.

20 That doesn't even make sense to me, because
21 in 22.05, which I included, it says, "No board
22 member shall be personally liable upon or with
23 respect to any agreement, act, transaction or
24 omission executed, committed or suffered to be
25 committed by himself as a member of the board or

1 by any other board member or agent,
2 representative or employee of the board.
3 Moreover, the board and any member or agent
4 thereof shall be fully protected when relying
5 upon the advice of any attorney employed by the
6 board insofar as legal matters are concerned."

7 So the OGC's letter says that's not true;
8 you can only do what I tell you to do and only
9 what I tell you to do because I'm OGC.

10 So I just wanted to point these things out.
11 They don't make any sense to me, and perhaps we
12 need a little discussion on where we go from here
13 considering these letters.

14 MR. TUTEN: Yeah, I have -- I agree with
15 you, Mr. Chairman. We've stated many times -- I
16 won't get into it -- but the Office of General
17 Counsel has two masters. Neither of them are the
18 pension fund. They're the mayor and the City
19 Council. And, unfortunately, a lot of times what
20 happens is, as with all cases of law,
21 interpretation becomes paramount.

22 Richard may look at something, I may look at
23 something, we both agree it's a car, but the
24 color might be a little different. That's why
25 we're entitled to have separate counsel. That's

1 why the state statute set it up that way.

2 Okay. On its face, I agree. The General
3 Counsel is saying that no matter what we say or
4 do, you're bound by it as a trustee on an
5 independent board. Obviously, in my personal
6 opinion, it's wrong just on its face.

7 But going on from there, Paul, what -- when
8 the mayor -- because essentially what this led to
9 was them saying we were not allowed to do the
10 retirement plan for John, Dick and Donna. Okay.
11 That's where we're at.

12 And I'm assuming that they got paid, what,
13 yesterday or today? I'm assuming that they're
14 retirement checks have been changed or cut or
15 whatever with John, Dick and Donna, like they
16 said they were going to do with them?

17 MS. McCAGUE: That's our understanding.

18 MR. TUTEN: My question for the Board and
19 for you, Paul, is as far as their compensation,
20 they made a contract with the Board at the time
21 and it stood for however many years before this.
22 What I'm afraid of is they'll say, Well, you guys
23 aren't paying me what you owe me; we're going to
24 file a suit.

25 Now, the City's General Counsel has said,

1 Look, this is not -- what they did back then was
2 not legal. That's not really what I'm concerned
3 about today. We're in a position here where I
4 feel like if we don't live up to the contract
5 that we signed with them back then, that they're
6 going to sue the Board now for the compensation
7 that they're owed.

8 And what the OGC has said in this mandate,
9 you know, no one has ever said that what we did
10 was technically or overtly illegal except for the
11 Office of the General Counsel. That's it.
12 There's no state Attorney General. There's no
13 judge.

14 In other words, as a Board, you know, what
15 do we do from here? Because I feel that we ought
16 to pay the people what we promised them, and
17 then if down the road a judge comes back or a
18 jury or a state Attorney General comes back and
19 says, No, you're going to have to start over,
20 then we start over.

21 Am I wrong, or what should we do?

22 MR. DARAGJATI: I think -- let me approach
23 this from 10,000 feet. And I say that because
24 Bob Klausner, who is the principal in my firm, if
25 John's issue goes to court, he will be a witness.

1 So that being said, I can't give the Board
2 specific legal advice regarding that potential
3 issue, but I will say this.

4 It's been clear in conversations that I've
5 had and Bob has had with individual members of
6 this Board and also in conversations that the
7 Board has had at the Board level during meetings
8 that there is a concern regarding the power of
9 the Office of the General Counsel to issue
10 opinions binding the ability of this Board to
11 make decisions regarding fund governance.

12 That being said, this Board is a creature of
13 state statute as is the charter of the City of
14 Jacksonville also a creature of state statute.

15 Whenever there is a need for some type of
16 advice, normally a city official in the state of
17 Florida will seek out advice from the Attorney
18 General, whose role -- part of that office's
19 role, is to provide advice to city leaders,
20 county leaders, state leaders.

21 And it may be an avenue that this Board
22 would want to take, to seek the advice of the
23 Office of General Counsel -- excuse me, the
24 Attorney General in figuring out how to approach
25 this problem of what exactly are the duties of

1 the Board vis-à-vis opinions of the General
2 Counsel's Office for the City of Jacksonville.

3 CHAIRMAN SCHMITT: Now, we've obtained
4 opinions from the Attorney General previously on
5 somewhat related issues. And I think that's a
6 good idea in this case as well, but I think this
7 one -- not just readdressing what the Attorney
8 Generals have already said. We can do that, but
9 I think this one goes even further than the
10 previous ones.

11 It's basically telling us we can't rely on
12 outside legal counsel. I don't -- I don't see
13 how the OGC can tell us we can't rely on outside
14 legal counsel, and if we do, we're personally
15 liable. That makes no sense to me.

16 MR. DARAGJATI: And I think --

17 MR. SCHEU: Mr. Chair, when you get ready,
18 I'd like to speak. But, Paul, go ahead.

19 MR. DARAGJATI: Sure. I just wanted to draw
20 a distinction for the Board from my point of view
21 as to this particular legal opinion.

22 Generally, and I've dealt with this in the
23 past in my litigation with the City while I was
24 at the FOP, is that a City agency will seek
25 advice of the General Counsel on a particular

1 area where the charter is not clear, and the
2 General Counsel will issue an opinion.

3 Here, that power is being used as
4 litigation strategy, it seems to me, as opposed
5 to simply giving an opinion on a void in the City
6 charter. So I think that's probably why this is
7 coming to a head. But, again, I'm an attorney.
8 We give opinions.

9 CHAIRMAN SCHMITT: Yeah. And this isn't
10 opinion. This is, You will do what I tell you to
11 do; if you don't, I'm going to seek to hold you
12 personally liable.

13 MR. DARAGJATI: And that's the distinction,
14 yes.

15 CHAIRMAN SCHMITT: Bill.

16 MR. SCHEU: A couple things.

17 Larry, I agree with you entirely that Jason
18 was out of order in talking about the personal
19 liability. I just think that was he was trying
20 to use a hammer and I've told him that, and he's
21 got his own opinion.

22 I think Paul is right. Once you read the
23 shade meeting that the City Council had about the
24 litigation a couple weeks ago in this opinion,
25 this opinion -- Paul's insights are good in that

1 it really was litigation strategy because they
2 almost introduced it as a way of saying, Well,
3 here's what we're going to do so we can dismiss
4 the lawsuit, and they waited to dismiss the
5 lawsuit until after they talked about the opinion
6 so that they could have the shade meeting. If
7 they had dismissed the lawsuit first, they
8 wouldn't have been able to have the shade
9 meeting.

10 But that being said, there is a conflict
11 between different portions of the charter
12 internally between Article 7 and Article 22, I
13 think it is; and also there's a conflict between
14 the charter, which is a statute, a special act of
15 the legislature, and the general laws of the
16 legislature, which is 175 and 185.

17 And, you know, you and I talked about the
18 role of the General Counsel. It's true that the
19 charter, under Chapter 7, says that the General
20 Counsel is the counsel for all of the agencies,
21 and that if an agency is affected by an opinion,
22 then it has a way to review that, meaning to file
23 a declaratory rights suit in circuit court or
24 seeking an Attorney General's opinion.

25 The ordinance code also says that in order

1 for an agency to sue another agency of the City,
2 that it's got to get the consent of the City
3 Council. Well, you know that's never going to
4 happen.

5 And I'm changing my views a little bit, but
6 it seems to me that we can't do anything that
7 flies in the face of the opinion, that what we
8 should do is clarify our rights vis-à-vis the --
9 not necessarily this opinion, but what are our
10 responsibilities and rights vis-à-vis counsel
11 under the statues.

12 So I really hoped that what would come out
13 of this meeting is the authorization for the
14 chairman to seek on behalf of the Board an
15 opinion of the Attorney General that will clarify
16 this one way or the other, not in an adversarial
17 way, but in a -- we've really got a problem here
18 because we do have liability because we're
19 fiduciaries. And so as fiduciaries, how are we
20 supposed to act?

21 So I would encourage us to authorize the
22 chair on behalf -- on our behalf to seek an
23 opinion from the Attorney General as to how these
24 provisions all interrelate with each other.

25 And, Larry, I think your observations and

1 Paul's on the tactics and on the personal
2 liability, I think that was over the top.

3 MR. TUTEN: Well, they're also saying,
4 Bill, that -- remember, we're classified as an
5 independent agency. Well, guess who else is?
6 JEA and the JTA and the JAA. These are all
7 independent agencies.

8 So now are you telling me that the General
9 Counsel can -- their Board -- he can say, JEA
10 Board, what you did is wrong, we don't agree with
11 it, don't do it, change it? Because essentially
12 that's what they're saying --

13 MR. SCHEU: That's what this says. That's,
14 by the way, is why I've always disagreed with the
15 General Attorney about Cindy Laquidara's
16 memorandum to John Crescimbeni on the legality of
17 the employees' fund, because that was just a memo
18 to John Crescimbeni. It wasn't an binding
19 opinion. The General Counsel disagrees, but it
20 really wasn't and -- if you read -- if you look
21 at what a binding opinion really is.

22 So I think that the posture that they took
23 was the correct one in terms of the charter, but
24 that doesn't mean that we don't have avenues to
25 seek review of that through the Attorney General.

1 We do not need the approval of the City
2 Council to seek an opinion of the Attorney
3 General.

4 CHAIRMAN SCHMITT: I like that idea. And I
5 would encourage not just my name to be on there,
6 but every trustee's name to be on there when he
7 send that request to the Attorney General.

8 MR. SCHEU: Fine with me.

9 MR. PATSY: So rephrase what he wants us to
10 do.

11 CHAIRMAN SCHMITT: If I understood
12 correctly, Bill, and jump in anytime, you want
13 clarification from the Attorney General's Office
14 for what our authority of the Board is, the
15 Police and Fire Pension Fund Board is, related to
16 the specific conflicts between some of the items
17 within the charter itself, including Chapter 7
18 and Chapter 22?

19 MR. SCHEU: And as the charter relates to
20 the general statutes, 175 and 185.

21 CHAIRMAN SCHMITT: Right. Okay.

22 MR. PATSY: So we're effectively going over
23 the --

24 MR. SCHEU: The charter's chapters 22 and 7
25 are in conflict themselves. Yeah.

1 MR. PATSY: So we're effectively going over
2 General Counsel's head to get the Attorney
3 General's --

4 MR. SCHEU: The AG would be able to -- well,
5 that's a legal question that I don't know that
6 I'm competent to answer. The charter would seem
7 to say that since a General Counsel's binding
8 opinion could be overruled either by a circuit
9 court or by the Attorney General.

10 And I don't think that we seek review of
11 this binding opinion. What we're trying to do
12 going forward is clarify what our duties and
13 responsibilities and rights are, comparing the
14 charter and the statutes.

15 MR. TUTEN: Let me ask this, Paul, since you
16 mentioned the conflict with John and Bob.

17 Would it be smart for the Board to hire a
18 law firm or a consultant or something? I think
19 the biggest key for us to do from the jump is to
20 make sure we have a clear, concise list of our
21 conflicts, what we're looking for and why, not
22 just, Could you read what 175 and 185 and Article
23 22 of the charter and tell us what you think?

24 In other words, I want to make this as clear
25 and concise as I can for the people over in

1 Tallahassee. That said -- obviously I'm not a
2 lawyer -- should we hire someone else possibly
3 with experience --

4 MR. SCHEU: I don't think we need to do
5 that, and I think that -- we've tentatively been
6 working on this and I think you'll be pleased
7 with whatever might come out of it in terms of
8 specificity.

9 CHAIRMAN SCHMITT: But the goal is to get
10 clarification from the Attorney General's Office
11 to clarify our role, given the conflicts between
12 the charter, the municipal ordinances and the
13 statutes.

14 MR. SCHEU: Correct. And the internal
15 conflict within the charter itself.

16 CHAIRMAN SCHMITT: Okay. I like the idea.
17 I think we should do it.

18 MR. TUTEN: That's fine with me. Who is
19 going to make up a list of questions?

20 MR. DARAGJATI: I think --

21 MR. SCHEU: I didn't hear what you said.

22 CHAIRMAN SCHMITT: The list of specific
23 conflicts or questions that we want clarified.

24 MR. SCHEU: Hold on a minute.

25 MR. TUTEN: And I'm all for, hey, send --

1 you know, keep the General Counsel and the City,
2 whoever, in the loop. Tell them, Look, guys,
3 we're looking for a solution here for this
4 problem; we don't agree with this; don't take it
5 personal, but we're going to go somewhere else to
6 find out -- you know, clarify this both for us
7 and you in the future, you know.

8 MR. SCHEU: I think that's very important
9 that we not be adversarial. We're merely are
10 acting as fiduciaries and trying to clarify what
11 our rights and responsibilities are.

12 MR. TUTEN: And the long-term approach is
13 too, you've got to remember, General Counsel --
14 how long has Gabriel been down there now?

15 MR. GREIVE: He's been General Counsel for
16 seven, eight, nine months, but he's been in the
17 General Counsel's Office for a long time.

18 MR. TUTEN: Right. But as far as
19 decision-making, being the head guy, he's been
20 less than a year?

21 MR. GREIVE: Right.

22 MR. DURDEN: Almost two years.

23 MR. SCHEU: Yeah, but he's been with the
24 General Counsel a lot longer.

25 MR. TUTEN: Well, I mean, I recognize that

1 he's been down there a long time. I was on the
2 fire department for five or six years before I
3 became an officer. And, believe me, it's a lot
4 different once you become an officer versus being
5 on the fire department, you know.

6 So it's -- my point was simply going to be,
7 General Counsels come and go. We need something
8 long-term --

9 MR. PATSY: Sure. And I apologize for
10 interrupting, but the thing that makes me really
11 crazy about this is, this plan was put in place
12 in 2000, and all of a sudden there's an objection
13 in 2012?

14 MR. TUTEN: Well -- and there's conflict as
15 to when people actually knew about it on the
16 council as well, but I think that's for another
17 time zone.

18 MR. PATSY: Right. The cynic in me says --

19 MR. TUTEN: I agree with you on that.

20 MR. PATSY: Yeah, so the net net on this, if
21 we get an opinion back from the attorney general
22 clarifying our position on this, we know going
23 forward that putting a pension plan in place
24 is -- you know, for senior executives, that's not
25 happening again.

1 MR. TUTEN: Sure.

2 CHAIRMAN SCHMITT: Right. That's not the
3 issue here.

4 MR. PATSY: Right, right. So I try to think
5 of, okay, where are we today versus where are we
6 going to be next year from now? And that doesn't
7 change, other than the fact that we are looking
8 out for the three participants in the pension
9 plan.

10 CHAIRMAN SCHMITT: Yeah. And I look at it
11 when I read this letter not just in focus of this
12 specific issue. This letter doesn't make any
13 mention of that specific issue.

14 It basically applies these procedures and
15 policies across everything this Board does.

16 MR. PATSY: Okay.

17 MR. SCHEU: Rick, this really isn't about
18 the letter so much as we've got the same issue
19 going forward, which can we rely on counsel to
20 the point (inaudible) had charged me with trying
21 to work out an arrangement with the General
22 Counsel, but what does that really mean?

23 Is the General Counsel really going to be
24 our General Counsel? Do we have confidence in
25 the General Counsel, or should we have our own

1 General Counsel?

2 And those are -- we're granted the right to
3 do that in the statute and one part of the
4 charter, but in another part of the charter it
5 seems to (inaudible) General Counsel.

6 So it's really about the future boards so
7 that they're not stuck in the same place we are.
8 And that's why it's really not adversarial. It's
9 really, Okay, we've got these conflicts; Attorney
10 General, construe the statutes and tell us how we
11 should go.

12 MR. PATSY: Okay. That's good. That's
13 clear.

14 CHAIRMAN SCHMITT: Okay.

15 MR. TUTEN: Can I ask Paul --

16 MR. SCHEU: I'd make that motion if you
17 want, Mr. Chairman. Excuse me, Rich.

18 MR. TUTEN: Go ahead.

19 I was just going to ask Paul, for the other
20 boards out there, I mean, I'm assuming they all
21 have lawyers that deal with their issues,
22 specific issues, like the JEA or JTA or whoever?

23 MR. SCHEU: I think that they've got special
24 counsel. But, again, the OGC represents the
25 School Board, the JEA, the Port Authority, the

1 Aviation Authority, the JTA --

2 MR. TUTEN: Well, what I'm looking for,
3 Bill, is there ever a statement --

4 (Simultaneous speech)

5 CHAIRMAN SCHMITT: One at a time.

6 MR. SCHEU: -- that they felt the General
7 Counsel represented the mayor more than the City
8 Council. Remember that going back a couple
9 years?

10 So it really could be helpful to the whole
11 government to say, Well, how does all this work
12 out?

13 MR. TUTEN: Okay. That's fine.

14 CHAIRMAN SCHMITT: And we are a little bit
15 different from other entities because Chapter 175
16 and 185 make specific authorizations for this
17 Board and those other entities don't have that.

18 MR. SCHEU: Some may. I just don't know the
19 answer to that. But you're right. We're
20 definitely cut from a different cloth.

21 MR. TUTEN: Right.

22 CHAIRMAN SCHMITT: Okay. I'm not -- we
23 probably don't actual would require a motion and
24 approval, but let's go ahead and do it.

25 So the motion is to draft the letter to the

1 Attorney General specifying the items that are in
2 conflict between -- or within the charter and
3 between statutes and municipal ordinance to give
4 us better clarity into what exactly our authority
5 is and that relationship to OGC?

6 MR. SCHEU: Yes. Except I would say not
7 draft it. I would say we would authorize the
8 chairman and others who want to join in it to
9 request the opinion, because once we -- if we
10 start drafting opinions, it's like we
11 Presbyterians who start arguing about what a
12 sentence says.

13 I think if we rely on the opinion and the
14 judgment of our counsel, meaning Mr. Klausner and
15 Mr. Daragjati and the chairman, that we should
16 authorize them to go ahead and not have to come
17 back and approve whatever the draft is.

18 CHAIRMAN SCHMITT: Okay.

19 MR. SCHEU: That would be my recommendation.

20 CHAIRMAN SCHMITT: All right. Any further
21 discussion?

22 MS. McCAGUE: We need a second.

23 CHAIRMAN SCHMITT: Thank you for keeping me
24 in line.

25 Do we have a second? We have the motion.

1 Do we have a second?

2 MR. PATSY: I'll make a second.

3 MS. MANNING: Who was first?

4 CHAIRMAN SCHMITT: Bill was first. Rick is
5 second.

6 MR. SCHEU: Okay. I got confused. You said
7 Craig Lewis is joining the meeting. I didn't
8 know if --

9 MR. HOLMES: That's my analyst who is
10 calling in for --

11 MS. McCAGUE: Actually, I think that's Craig
12 Lewis from the Financial Investment Advisory
13 Committee --

14 MR. HOLMES: Oh, okay.

15 MS. McCAGUE: Craig, are you there?

16 MR. LEWIS: Yes. Hi, Beth. Sorry I'm not
17 able to be there in person, but wanted to join by
18 conference call.

19 MS. McCAGUE: That's fine. Thank you. If
20 you'll just hold on a few minutes, we're
21 finishing up to Board of Trustees' meeting.

22 MR. LEWIS: Okay. I apologize.

23 CHAIRMAN SCHMITT: Okay. So we have a
24 motion and we have a second. Any further
25 discussion?

1 (No response.)

2 CHAIRMAN SCHMITT: All in favor?

3 (Responses of "aye.")

4 CHAIRMAN SCHMITT: Opposed?

5 (Response of "aye.")

6 CHAIRMAN SCHMITT: Motion passes.

7 MR. TUTEN: Before we go on to something
8 else --

9 MR. DARAGJATI: Just to clear the confusion,
10 I think Bill was saying "aye" in agreement with
11 the motion. He wasn't opposed to it.

12 MR. PATSY: Right. He was just late.

13 MR. SCHEU: Right. I'll say "aye," meaning
14 in agreement, yes.

15 MR. DARAGJATI: Okay.

16 MR. TUTEN: As far as the City cutting the
17 check to the retirees on the plan, do we do
18 anything to account for that? Because we have
19 one woman who has cancer, one woman who just had
20 a stroke. They had a contract with us. They
21 expected a certain amount of money from us.
22 They're not getting that from us. Now, the City
23 has their opinion, but we also have ways of
24 making up that difference.

25 Are we willing to make up that difference

1 until we settle this, or are we just going to let
2 the City continue to do what they want to do? I
3 understand why the things were done and why they
4 were done, who they were done for.

5 But at the end of the day, I've got a woman
6 with cancer who is expecting a certain amount of
7 money and a woman who had a stroke, just like I
8 have 1300 men and women that are on this fire
9 department. Just like Mr. Schreiber here that I
10 know personally that's going to need healthcare
11 for the rest of his life, he's expecting a
12 certain amount of money at 60 percent for 20
13 years. That's his disability retirement.

14 I want these people to know that when
15 they're promised what they're promised, are they
16 going to get it? And I think we ought to give it
17 to them. That's just me.

18 I mean, is the Board willing to make up the
19 difference, or are we just going to wait and see
20 how this whole thing shakes out?

21 MR. SCHEU: I don't think, Mr. Chairman, we
22 should defy the letter. I think that we
23 should -- they have a right to have their counsel
24 and that's not -- I mean, in many ways I agree,
25 but I think that we're stuck in a peculiar legal

1 position that we just need to let this play out.

2 They -- we can't file suit -- we could, but
3 we would have to get the approval of the City
4 Council under the code, which we're not going to
5 get.

6 They don't require that approval. They
7 could sue us and they can sue the City. And I
8 think that's the consequence of this opinion.
9 I'm sorry, but that's what it is.

10 MR. TUTEN: Let me ask you a question, Paul.

11 Say the former employees who got their
12 paychecks reduced, their pension reduced, were to
13 sue the Board, would they sue the Board for
14 not -- for breaking the contract, obviously, or
15 not living up to the stated contract, would they
16 sue the Board as a whole and each individual
17 member now for not correcting the mistake, or
18 would it be the Board as a whole, or would you
19 know?

20 MR. DARAGJATI: And speaking just as a
21 general procedural matter, I think as a matter of
22 procedural law, the proper defendant would be the
23 Board as a whole, not individual trustees.

24 The Board had an employment contract with
25 these individuals, not the individual trustees,

1 not even the City of Jacksonville, actually.

2 I think if they were to bring suit, it
3 probably would be the Board as their only proper
4 defendant. That's kind of the quandary you're
5 being placed in by this opinion.

6 CHAIRMAN SCHMITT: And I agree with Bill.
7 You know, I'm torn between this. You know, a
8 promise made should be a promise kept. We
9 promised -- we, this pension fund, this Board --
10 and obviously not all of us were here at the
11 time -- made promises to those individuals who
12 are now retired. And, you know, the OGC comes in
13 and waves a magic wand and says, We're going to
14 reduce the payment amount.

15 I think when this goes to court, obviously I
16 think the members who will get their payments
17 reduced will file a suit and they will win. I
18 don't see any way we could possibly, as an
19 employer, after a person retires, for no other
20 reason other than we disagree -- or the OGC
21 disagrees with how much they were made -- we
22 could just arbitrarily reduce it.

23 So I agree with you. To me, it's just
24 blatantly -- it's not legal and it's unfair. To
25 me, it's even unethical. But we sent the payment

1 request over to the City like we do every two
2 weeks. If they choose to reduce it, then that
3 goes to the City. That's on the City.

4 And when the lawsuit gets filed, we, as a
5 Board, will be able to say, Your Honor, we sent
6 the request over to the City, the same amount
7 that we've sent every two weeks since they
8 retired, the City reduced it, the City is liable.

9 MR. TUTEN: I understand that, but we have
10 ways -- we can take money from separate accounts
11 to basically sort of keep us out of that
12 situation, is what I'm saying, in other words,

13 We pay them the difference based on certain
14 accounts that we have, and then it's up to them
15 to go after the City for trying to reduce their
16 payments or what have you.

17 MR. PATSY: But they have no incentive at
18 that juncture.

19 CHAIRMAN SCHMITT: Right.

20 MR. PATSY: Because they're being made
21 whole. And you're looking at two people, a
22 widow --

23 MR. TUTEN: There's three. There's John,
24 the widow, and Donna. Yeah.

25 In other words, the plan -- look, the whole

1 thing -- let's just come out -- I'll say it.

2 The whole thing was political from the jump,
3 okay, the reason why they cut John's pension,
4 they clipped it, this General Counsel's article.
5 I know it, you know it, everybody knows it.
6 Okay. We got a vote coming up, which I hope
7 passes, for the record.

8 But at the end of the day, you're picking on
9 one person because you don't like him, but you're
10 truly affecting the two people that really can't
11 afford to be affected, which I know is called
12 reality sometimes.

13 But I just want it clear and out there that
14 it's wrong, it shouldn't be done, and I just
15 don't think -- I think we should make up the
16 difference, and if the City doesn't like it, let
17 them deal with you.

18 CHAIRMAN SCHMITT: And I agree with your
19 assessment, but if we make up the difference, the
20 pension fund makes up the difference, we are now
21 right back to where we were. We are now right in
22 the middle of this lawsuit again.

23 MR. PATSY: Right. In principle, we may be
24 doing the right thing for those two individuals,
25 but the situation doesn't correct itself.

1 Like Bill's point, we may have to let the
2 legal process play out.

3 MR. TUTEN: I understand.

4 MR. PATSY: And if it comes down, this
5 opinion stands, then those three people are out
6 of pension assets.

7 If the opinion does not stand, then they
8 will be reimbursed. They'll be made whole on
9 payments that were missed. So . . .

10 MR. TUTEN: I'm hoping it's over quickly.

11 CHAIRMAN SCHMITT: If there's no further
12 discussion, I don't think we need a motion.

13 But, Rich, if you want to make a motion just
14 to have a vote, I'm certainly open to that.

15 MR. TUTEN: No. That's all right.

16 CHAIRMAN SCHMITT: Okay. So that -- is
17 there any other discussion on the three items in
18 tab 9 or this topic?

19 We'll go with the letter to the Attorney
20 General and see what we get back from them.

21 MR. DURDEN: Mr. Chairman, sir, just so -- I
22 know that you may have seen me as someone
23 (inaudible)

24 MS. McCAGUE: Can you speak up?

25 MR. DURDEN: Yes. Stephen Durden.

1 The Attorney General, on their website, has
2 the following language: "Questions relating to
3 power of duties of a board or commission or other
4 collegial body" -- which would be you -- "should
5 be requested by a majority of the members of the
6 board of that body."

7 I just want to make sure that that -- I
8 wasn't sure I heard that, but as long as it's
9 clear that it's done, the request should clearly
10 indicate the opinion sought by the majority.

11 That's all I wanted to make sure -- it
12 sounded like it might come from you, and I just
13 wanted to make sure that you-all did it properly.

14 MR. PATSY: No. We clarified it.

15 MR. DURDEN: Okay. I apologize. I
16 misunderstood what was going on.

17 MR. PATSY: And it was unanimous, wasn't it?

18 CHAIRMAN SCHMITT: Yes, it was unanimous.

19 MR. DURDEN: I just wasn't sure how it was
20 going to go out --

21 MR. PATSY: That's okay.

22 MR. DURDEN: -- to the Attorney General.
23 That's all.

24 CHAIRMAN SCHMITT: Okay. So I think what
25 Mr. Durden is saying is, the actual letter that

1 goes out to the Attorney General should be from a
2 majority of the trustees, which I'm fine with.

3 Okay. Any other discussion on that item?

4 MR. PATSY: Bill's talking.

5 MR. SCHEU: I'm sorry. It might be that
6 that could be -- I don't know how that works. I
7 guess we would have to have another meeting to
8 sign it because we couldn't circulate it by email
9 under the public records -- I mean, the Sunshine
10 Law --

11 CHAIRMAN SCHMITT: Well, do we have to sign
12 it?

13 MR. SCHEU: -- Larry were going to sign it
14 himself. He could sign it on behalf of the
15 majority and recite that it was unanimously
16 passed. I guess that would be okay.

17 CHAIRMAN SCHMITT: That's works for me. And
18 we have a record of it.

19 MR. SCHEU: Right.

20 MR. PATSY: Would this letter be ready by
21 June 7th?

22 CHAIRMAN SCHMITT: I hope so.

23 MR. PATSY: If it is, then we'll all be
24 here.

25 CHAIRMAN SCHMITT: Right.

1 MR. SCHEU: It might be ready before then.

2 CHAIRMAN SCHMITT: Okay.

3 All right. Any other discussion on that
4 item?

5 MR. DARAGJATI: If I could just -- for my
6 purposes so I make sure I understand this last
7 little bit you were talking about.

8 Are you asking for the Board as a whole to
9 review the letter before it's sent or no?

10 CHAIRMAN SCHMITT: No.

11 MR. DARAGJATI: Okay.

12 We're simply going to put a sentence in
13 there that says, This opinion is being asked on
14 behalf of the Board, as a whole, who are
15 unanimously in agreement with the above?

16 CHAIRMAN SCHMITT: Correct.

17 MR. SCHEU: We're unanimously submitting the
18 request.

19 CHAIRMAN SCHMITT: Well, if we -- if the
20 letter is ready June 7th and we're all here for
21 that meeting, we can all look at it before I
22 actually sign it and send it out.

23 MR. SCHEU: Sure. If that's the better way
24 to proceed, that's fine with me.

25 CHAIRMAN SCHMITT: Okay.

1 MR. PAYNE: And can it be sent out to us for
2 us to review before?

3 MS. McCAGUE: We'll work on that.

4 CHAIRMAN SCHMITT: Okay.

5 MS. McCAGUE: We'll work on that.

6 CHAIRMAN SCHMITT: All right. Any other
7 discussion on that item?

8 (No response.)

9 CHAIRMAN SCHMITT: Okay.

10 Next, 2016-5-10, Beth McCague, Interim
11 Executive Director Update on Pending Projects.

12 MS. McCAGUE: Yes. We do have business of
13 the fund going on, and let me just give you
14 updates on that.

15 We are still working with Office of General
16 Counsel to clarify the 304 ordinance regarding
17 purchase of time served, both for those people
18 who are attempting to purchase time coming from
19 outside the county and those are who currently
20 working for the City of Jacksonville who are
21 transferring in, and Steve Durden is assisting us
22 with that.

23 We talked about the retirement of our
24 long-term medical service director in previous
25 meetings, Dr. Scott Baker.

1 Dr. Baker, I'll remind you, retired April
2 1st, but he agreed to stay on and transition us
3 to a new medical services consultant. He said at
4 the time he was retiring he had a colleague who
5 was very interested in continuing providing these
6 services.

7 I will share with the Board that there is an
8 office administrative person at that doctor's
9 practice who is instrumental in helping us with
10 this process.

11 After discussion with his colleague,
12 Dr. Trevor Greene, Dr. Baker tells us that
13 Dr. Greene does want to step into this role.

14 And because we've had so much change at the
15 fund here over the past months, my recommendation
16 is that we continue staying with this firm so
17 that we have the administrative party who
18 continues to assist us.

19 Dr. Trevor Greene has worked with the Baker
20 firm since 2004. He is a specialist in
21 electrophysiology. And as I say, he's very
22 interested in serving in this capacity.

23 What I would ask the Board is, do you want
24 to interview Dr. Greene or do you just want the
25 staff to interview him?

1 MR. PATSY: I say staff is sufficient.
2 That's my opinion.

3 MR. PAYNE: I'm okay with staff.

4 CHAIRMAN SCHMITT: Staff.

5 MS. McCAGUE: Okay. Very good. We'll
6 proceed with that.

7 RFP for legal services. Per our discussion
8 just now and because we're waiting on our new
9 director to be in place before we select new
10 legal counsel -- that partnership is so
11 important, we want the new director to be a part
12 of that -- we have delayed moving forward with
13 that RFP.

14 We talked about June 7th, the date for the
15 face-to-face interviews with the finalists. That
16 is on your calendar.

17 Because the lawsuit from the City was
18 dismissed, I have requested that attorney Jake
19 Schickel send us his final bill, and he's agreed
20 to get that to us shortly.

21 The Baldwin bill, which has been on our list
22 of things to do for over a year, probably longer,
23 we are still working through that and I do not
24 have an update at this time.

25 I do have an update on the summary plan

1 document. We are almost finished with that. We
2 are actually still waiting to get the time
3 service issue I mentioned previously worked out
4 with the City Council.

5 But we're nearly finished with that summary
6 plan document. And it's very important that we
7 have it because we have so many new recruits
8 coming into our academies and we need to have
9 that document ready for them.

10 As Devin mentioned, we are beginning the
11 budget process, and we hope to have that to you
12 next week, and we hope to have an easy time
13 through City Council on that.

14 Also, I would mention to you that our two
15 City Council Board appointments, Mr. Patsy and
16 Mr. Scheu, expire 6/30 of this year, and so we're
17 working with Greg Anderson's office.

18 You-all both filled unexpired terms and
19 those terms will expire 6/30. And we're looking
20 forward to City Council reappointments, but this
21 is in the hands of not current president Greg
22 Anderson, but incoming president, who apparently
23 will be council member Boyer.

24 MR. PATSY: Oh, okay. I'm sorry, Beth. Do
25 we need to do anything?

1 MS. McCAGUE: We have talked with the
2 offices at City Council, and they say at this
3 point none of us need to do anything. I would
4 expect that you will be getting a call from City
5 Council's office shortly.

6 MR. PATSY: Okay.

7 MS. McCAGUE: We'll check again next week
8 because, although your terms -- you cannot leave
9 office until a replacement is confirmed by
10 council, we would like all that done before the
11 expiration date.

12 MR. GREIVE: You can check in, but can't
13 check out.

14 (Laughter)

15 MS. McCAGUE: That's my report.

16 CHAIRMAN SCHMITT: And related to that, June
17 17th will probably be my last Board meeting.
18 I've asked Beth to do a special election to
19 replace me on the Board on the police side.

20 So my last day will most likely be July 5th.
21 That will conclude two years on the pension fund.
22 There's a lot of factors that are involved in it.

23 Did Bill fall over?

24 MR. GREIVE: He might of.

25 CHAIRMAN SCHMITT: There's a lot of factors

1 involved in it, but this most recent letter from
2 OGC was no minor item.

3 So we'll do the special election this month,
4 select a replacement for me, and they should be
5 in place, hopefully, for July 5th.

6 MR. PATSY: So clarify for me. Are you not
7 seeking reelection?

8 CHAIRMAN SCHMITT: That is correct.

9 MR. TUTEN: When did your term end, July
10 5th?

11 MR. SCHEU: Larry, that's -- that's awful,
12 Larry.

13 MR. TUTEN: Dude.

14 MR. SCHEU: That's awful.

15 CHAIRMAN SCHMITT: My term technically
16 doesn't end until 2017. I thought it ended when
17 yours ended, but it's not actually until 2017.
18 But I've asked Beth to go ahead --

19 MR. TUTEN: Are you staying on the police
20 department or are you just retiring from the
21 Board?

22 CHAIRMAN SCHMITT: Just from the Board.

23 MR. SCHEU: You don't have that right. You
24 agreed to that term till 2017.

25 (Laughter)

1 CHAIRMAN SCHMITT: As a lawyer, you know
2 there's always an out.

3 MR. TUTEN: Not until he's replaced.

4 CHAIRMAN SCHMITT: So if there's no other
5 items, no other discussion, we are adjourned.

6 (The Board meeting concluded at 11:32 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,
5 the undersigned authority, do hereby certify that I
6 was authorized to and did stenographically report the
7 foregoing proceedings, pages 3 through 130, and that
8 the transcript is a true and correct computer-aided
9 transcription of my stenographic notes taken at the
10 time and place indicated herein.

11 DATED this 3rd day of June, 2016.

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

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20 My Commission No. FF 184340
21 Expires: December 23, 2018
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