

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: June 17, 2016
TIME: 9:01 to 11:29 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
Willard Payne, Trustee

STAFF PRESENT:

Beth McCague, Interim Executive Director
Debbie Manning, Executive Assistant
Devin Carter, Chief Financial Officer
Paul Daragjati, Board Counsel
Steve Lundy, Pension Benefits Specialist

CITY REPRESENTATIVES PRESENT:

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

GUESTS:

Robert Dees, Esq.
Randy Wyse, Jacksonville Association of
Firefighters

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

Denice C. Taylor, FPR
AAA Reporters
steno@comcast.net
904.354.4789

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BOARD MEETING

June 17, 2016

9:01 a.m.

- - -

CHAIRMAN SCHMITT: So one minute after nine. We'll go ahead and get started.

Observe a moment of silence for the fallen deceased members: Richard Scott McLeod, retired police sergeant; Amy Coarsey, retired police sergeant; George Grosse, retired police officer; and Jerry Green, retired police captain.

(Pause)

And 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.

CHAIRMAN SCHMITT: We have a quorum. Bill Scheu is on the way from the airport, but we'll go ahead and get started without him.

Welcome to our guests, Council Liaison Tommy Hazouri, and City Treasurer Joey Greive. And we also have our attorney, Paul Daragjati at the table as well.

First we'll go with the public speaking period. Do we have any public speakers?

1 MS. MANNING: No, I did not receive any
2 requests.

3 CHAIRMAN SCHMITT: Okay. Public speakers?

4 All right. Public speaking is closed. I'm
5 going to miss that.

6 (Laughter)

7 CHAIRMAN SCHMITT: First item on the agenda,
8 the Consent Agenda, items 2016-6, 1 through 11.

9 It goes from page 2 over to page 5.

10 Do we have a motion?

11 MR. TUTEN: I'll make a motion we accept the
12 Consent Agenda.

13 CHAIRMAN SCHMITT: We have a motion. Do we
14 have a second?

15 MR. PAYNE: Second.

16 CHAIRMAN SCHMITT: We've got a second. Any
17 discussion?

18 (No responses.)

19 CHAIRMAN SCHMITT: All in favor?

20 (Responses of "aye.")

21 CHAIRMAN SCHMITT: Opposed?

22 (No responses.)

23 CHAIRMAN SCHMITT: Passes for the Consent
24 Agenda items.

25 Next item is 2016-5-5-CA, Application for

1 Membership, previously approved under Trustee
2 Rule 13.3, now cleared and unrestricted.

3 We have one individual listed under there.
4 Do we need a motion on that as well?

5 MS. McCAGUE: I think that's just the report
6 with the corrections. It's fine.

7 CHAIRMAN SCHMITT: Okay.

8 Next item, 2016-5-9-CA, DROP Distributions.
9 Another correction. We'll show that as received
10 for information.

11 Going over to page 6, under 2015-11-5,
12 Correction for effective date of Independent
13 Contractor Agreement for Beth McCague from May
14 31, 2016 to June 1, 2016.

15 We'll also show that as received for
16 information.

17 Under tab 2, item 2016-1-7, Fiduciary
18 Liability Insurance Proposal.

19 MS. McCAGUE: This is a follow-up to the
20 authority the Board gave me last month to
21 finalize this contract. We do have a contract in
22 place effective July 1, a million-dollars' worth
23 of coverage. We have a \$10,000 deductible. And
24 this is, again, for fiduciary liability.

25 So this is -- it was recommended to us by

1 Risk Manager for the City, Twane Duckworth. And
2 you may remember it also came up in the forensic
3 report that was issued last year.

4 So that policy will be in place effective
5 July 1.

6 CHAIRMAN SCHMITT: Okay. Show a copy of
7 that into the record. Show it received as
8 information.

9 MS. MANNING: I believe we might need a
10 motion on that one.

11 CHAIRMAN SCHMITT: I thought we already --

12 MS. MANNING: Did we approve it before?

13 CHAIRMAN SCHMITT: -- approved it the last
14 time.

15 MS. MANNING: I thought we had discussion,
16 but I don't know. Did we approve it?

17 MS. McCAGUE: Well, in case we didn't, we
18 need a motion.

19 CHAIRMAN SCHMITT: All right. Do we have a
20 motion?

21 MR. PATSY: I make the motion.

22 CHAIRMAN SCHMITT: We've got a motion --

23 MR. TUTEN: Second.

24 CHAIRMAN SCHMITT: We have a second.

25 Any discussion?

1 (No responses.)

2 CHAIRMAN SCHMITT: All right. All in favor?

3 (Responses of "aye.")

4 CHAIRMAN SCHMITT: Opposed?

5 (No responses.)

6 CHAIRMAN SCHMITT: Motion passes.

7 MS. McCAGUE: Thank you.

8 CHAIRMAN SCHMITT: All right. Next item
9 under Legal, Attorney Paul Daragjati is here to
10 give us an update on a few legal topics.

11 MR. DARAGJATI: Let me start with the Lee
12 cases. If the Board remembers, at the last
13 meeting the Board approved an award of \$410,000
14 to the law firm of Milam Howard to settle two
15 cases, the first which we referred to as the
16 open-records case was the first case that Mr. Lee
17 filed against the Board; and the second one was
18 what we refer to as the open-meetings case, which
19 is the second case that Mr. Lee and Concerned
20 Taxpayers of Duval County filed against the
21 Board.

22 The Lee -- the first case, open records,
23 that already had a judgment issued by Judge
24 Beverly for 78,000 and change. That was going to
25 be part of the agreement.

1 I agreed at the time to provide a prepared
2 settlement agreement to Mr. Dees, which I did.
3 Mr. Dees and I quickly worked to settle the
4 differences we had in it. It was presented to
5 the Concerned Taxpayers for their approval and
6 Mr. Lee for his approval. Mr. Lee signed off on
7 it. The Concerned Taxpayers did not.

8 One of the members of the Board of the
9 Concerned Taxpayers is a gentleman by the name of
10 John Winkler, who is an attorney.

11 What he has done is filed his own claim for
12 fees. We did the research and there is no
13 Florida law -- let me back up.

14 Mr. Willard --

15 MR. PAYNE: Not me. I apologize.

16 Mr. Winkler, during depositions, identified
17 himself as corporate counsel to the Concerned
18 Taxpayer group. We did the research, and there
19 is no law at the Florida level that says a
20 corporation that hires trial counsel should get
21 fees for any work performed by corporate counsel.

22 There is law at the federal level that says
23 a corporation will not get fees for corporate
24 counsel work when they hire trial counsel to
25 prosecute a case.

1 Our legal position is that Mr. Winkler is
2 not owed any fees, that they're not cognizable
3 under the law. I have relayed that to
4 Mr. Winkler. He's still insisting he's owed
5 fees. He claims he's owed \$35,000 in fees.

6 So what has happened is every time that
7 Mr. Dees has, in good faith, gone to the
8 Concerned Taxpayer group to get an agreement
9 signed, they've asked for it to be amended, which
10 to get this thing done, I've amended it. We did
11 it four times.

12 On the fifth time it came back the night
13 before last with an amendment, and it came
14 directly from Mr. Winkler that said -- that
15 basically incorporated the Concerned Taxpayers
16 themselves as not releasing any claim based upon
17 Mr. Winkler's claim.

18 Now, I view that as a partial release, not a
19 full release by the Concerned Taxpayers. I had
20 assured Mr. Winkler and the Concerned Taxpayers
21 group that if they signed the previous versions,
22 that when we go to a hearing, I was not going to
23 assert that Mr. Winkler is not owed fees because
24 the Concerned Taxpayers agreed to a settlement.
25 I was going to assert he's not owed fees because

1 it's not cognizable under the law.

2 I think it's sufficient to say at this point
3 that I am not recommending the Board sign off on
4 that portion of the agreement with the Concerned
5 Taxpayers on that particular case.

6 I am asking the chairman to sign off on the
7 agreement we have with Mr. Lee in reference to
8 the first case, the public records case. That
9 has a order that's already issued. I think we
10 need to get that behind us and move on.

11 What I'm asking the Board today is for
12 direction as far as what to do with this
13 Concerned Taxpayers group. We can go to a
14 hearing and it could go into a couple of
15 different iterations at the hearing.

16 I'm inclined -- and I ran this by other
17 folks at my firm and they agree with me. I'm
18 inclined to go to a hearing and simply tell Judge
19 Beverly, who we will be in front of, we had an
20 agreement with Mr. Dees for the remainder of
21 what's left, the 410- minus the payment to
22 Mr. Lee; and we think that he should be awarded
23 that, but we dispute Mr. Winkler's claims, and
24 proceed on a hearing on that.

25 I think -- and I have a reasonable belief to

1 believe that Judge Beverly would simply award the
2 fees that Mr. Winkler agreed -- excuse me -- that
3 Mr. Dees agreed to with the Board, and then
4 proceed on a hearing with Mr. Winkler's claim,
5 and then issue an order stating exactly that.

6 Alternatively, the Board can make an offer
7 to Mr. Winkler to simply make this thing go away.
8 If the Board wants to make a \$5,000 offer
9 contingent upon the fact that the City also makes
10 the similar offer, \$10,000 just to make him go
11 away, the Board would spend about that much just
12 on me preparing for the hearing and attending the
13 hearing. I'm talking about \$5,000.

14 So I know it's -- again, I don't think his
15 claims are cognizable under the law, but it's
16 just a simple fiduciary business decision at this
17 point.

18 MR. PATSY: Paul, if we say we want to go to
19 hearing, the expenses that we would incur for
20 your services could -- if the judge comes back in
21 our favor, would the judge make Winkler pay your
22 expenses?

23 MR. DARAGJATI: Well, yes, sir, that's a
24 very good question.

25 If we were to go to a hearing, part of my

1 strategy -- and I'll just say it out loud -- is
2 that I'm going to file what's called a Rule
3 57.105 motion. And basically that what means is
4 that I'm going to assert that Mr. Winkler's
5 motion for fees is frivolous and is not made in
6 good faith, and that he should pay this Board's
7 attorney's fees if the judge rules that he's not
8 owed attorney fees.

9 And basically the judge would issue an
10 order, not only against him. It would be split
11 between him and the Concerned Taxpayers, if he
12 did issue that order.

13 MR. TUTEN: Paul, when did this -- I mean,
14 we've talked about Mr. Lee and Denton and all the
15 rest of them for -- seems like an eternity, but
16 when did the Concerned Taxpayers jump in with
17 they want a cut for attorney fees?

18 How long has this been going -- I mean, when
19 was the first time we even -- this is the first
20 time I've even heard about it.

21 MR. DARAGJATI: Mr. Winkler filed his claim,
22 I think, about maybe two or three weeks before
23 the last Board meeting. I can't remember
24 exactly, to be honest with you.

25 And to be honest, I should have brought it

1 up to the Board. I just -- it simply slipped my
2 mind because it was such a -- to be quite honest,
3 I took much umbrage at the fact that he asserted
4 such a claim. It seemed like he was trying to
5 get something on his own on the way out.

6 MR. TUTEN: Sounds like he's trying to
7 piggyback onto the attorney fee train. I mean,
8 what tangible proof do we have that he
9 contributed to any part of any of the case? On
10 their side, obviously not our side.

11 MR. DARAGJATI: Yeah. On their side, I've
12 looked at the hours that he's listed. A lot of
13 it is "attended meetings and briefed the Board,"
14 "prepared discovery requests." Just simple
15 things like that that you would expect someone
16 who is a corporate counsel to do.

17 The only actual litigation he did was after
18 the first judgment in favor of Mr. Lee and their
19 group, he filed a second motion to set aside the
20 latest statute, 304(e) and the judge quickly
21 denied that. So the only real litigation he did,
22 he lost.

23 Almost everything he's listed as hourly fees
24 is attending -- he attended the appellate
25 argument. He wants to get paid for that. I

1 mean, it's just a bunch of nonsense.

2 MR. TUTEN: Well, I don't -- I don't feel
3 comfortable -- I mean, I understand the whole
4 thing of it would be cheaper just to make him go
5 away, but we're not an insurance company.

6 And I don't like the fact that someone is
7 coming in late, attaching his name to something,
8 and then all of a sudden -- it's basically
9 extorted us, you know, saying, Well, their guys
10 are tired of the media. They're tired of dealing
11 with Mr. Lee. I'll just throw my hat in the
12 ring. Maybe I can get a little something on out
13 the door with the rest of them.

14 That doesn't fly with me. I mean, if he had
15 a real reason, but he should -- he would have
16 been part of this whole process to begin with if
17 he was truly that tantamount to the whole case,
18 which he wasn't. He's just basically, you
19 know -- what do they call those little things
20 that hop on --

21 CHAIRMAN SCHMITT: Parasite.

22 MR. TUTEN: Well, yeah, like an remora on a
23 shark. He's just on the bottom, going along for
24 the -- so my personal opinion is we do what you
25 say. Fight it, get them to throw it out, and

1 then see if we can sue for attorney's fees from
2 them.

3 CHAIRMAN SCHMITT: I've got a couple more
4 questions when we go around.

5 MR. DARAGJATI: Sure. Everything -- Trustee
6 Tuten, everything you said, believe me, I
7 completely understand and agree with. My only
8 concern is that at some point we have to make a
9 business decision.

10 Mr. Dees is saying that Mr. Winkler filed
11 his motion in May of 2015. I don't remember that
12 ever being filed back then, to be honest with
13 you. I'm not saying that's incorrect
14 information, but it only came to our attention a
15 couple months ago.

16 CHAIRMAN SCHMITT: Well, if that were the
17 case -- that was one of my questions -- why
18 wasn't this part of this \$410,000 settlement?
19 All those attorneys that worked on the other side
20 worked together.

21 So why are we now trying to split this out
22 from the settlement that was negotiated and we
23 decided on the 410,000? That was it, thank you
24 very much. Have a good life.

25 MR. DARAGJATI: I -- I can't -- I don't

1 know.

2 CHAIRMAN SCHMITT: Okay. So if we continue,
3 we pay out the 410,000 like we agreed to do, is
4 that going to weaken our leverage with this
5 situation?

6 MR. DARAGJATI: I can't advise the Board to
7 pay anything before a judge issues an order
8 unless we have a full release from the Concerned
9 Taxpayers because I don't know what they will do
10 afterwards. It's just open-ended. It's just --

11 MS. McCAGUE: Are you saying don't pay any
12 amount? Because we prepared a check today for
13 the benefit of Mr. Lee. Are you saying that --

14 MR. DARAGJATI: No, no, no. For Mr. Lee,
15 yes, that's a separate case. That will get paid
16 because that's pursuant to --

17 CHAIRMAN SCHMITT: That's the open records.
18 We can go ahead and pay that one, that one's
19 settled?

20 MR. DARAGJATI: Yes. That's separate. I'm
21 talking about the open meetings case.

22 CHAIRMAN SCHMITT: Okay.

23 MS. McCAGUE: But to clarify --

24 MR. DARAGJATI: Sure.

25 MS. McCAGUE: -- the amount that is being

1 paid for the benefit of Mr. Lee is a part of the
2 410- that was approved last month.

3 MR. DARAGJATI: Yes, ma'am. That is
4 correct.

5 MS. McCAGUE: And Mr. Dees's firm is
6 agreeing that the amount we're paying for the
7 benefit of Mr. Lee is part of that 410-?

8 MR. DARAGJATI: It was part of that 410-
9 yes, yes.

10 CHAIRMAN SCHMITT: Will that weaken our
11 position with the -- whenever they call it,
12 Concerned Taxpayers? I think they're more
13 concerned about getting money from taxpayers in
14 Duval County.

15 But will that weaken our case?

16 MR. DARAGJATI: No, because it's a
17 separate -- that was an order issued two years
18 ago. So that has nothing to do with the
19 Concerned Taxpayers.

20 CHAIRMAN SCHMITT: So we have two decisions.
21 One, we approve the payment for the open records.

22 MR. DARAGJATI: Correct.

23 CHAIRMAN SCHMITT: Get that one out of the
24 way. The second decision is whether we decide to
25 offer an amount --

1 MR. DARAGJATI: A token amount --

2 CHAIRMAN SCHMITT: -- of \$5,000, which I
3 don't think we should involve the City at all.
4 This settlement is with us. So whatever
5 settlement we offer, we should offer not tied to
6 whatever the City wants to do, or tell them,
7 We'll see you at the hearing.

8 MR. DARAGJATI: Those are three options,
9 yes, sir.

10 (Trustee Scheu enters the room.)

11 MR. TUTEN: I'm on board with, no, I don't
12 think we should pay them. I think we should go
13 to the hearing.

14 CHAIRMAN SCHMITT: Bill, let's catch you up
15 here.

16 Paul is updating us on some of the legal
17 issues. We've got the open meeting case and the
18 open records case. And the open records case,
19 there an amount that has been designated as part
20 of the 410,000 that we agreed to pay out last
21 time, that amount designated for the payment
22 that's going to go through the trust to Mr. Lee.

23 We're discussing right now whether we can
24 just pay that, settle it and get it out of here.

25 The other portion of that is tied to

1 Concerned Taxpayers of Duval County. Mr. Winkler
2 has filed some sort of motion to where he's
3 claiming that he is owed some of the attorney's
4 fees related to the open meetings case.

5 MR. SCHEU: Yeah, I read that memo from Paul
6 last night. So I'm up to date.

7 CHAIRMAN SCHMITT: So where we're at right
8 now is deciding -- I think we should just do one
9 and then the other.

10 The first one is the open meeting --
11 correction -- the open records case, voting to
12 pay that portion out from the 410- and that will
13 completely resolve that case with the complainant
14 and the attorneys. So that's the first item.

15 MR. PAYNE: You're moving on them
16 separately?

17 CHAIRMAN SCHMITT: Yeah. We'll need two
18 separate motions, whichever way we go on the
19 second one.

20 But for the first one, we'll need a motion
21 to pay out the amount due on the open records
22 case. Do we have that specific amount, Devin?

23 MR. CARTER: I think it's \$83,200.

24 MR. DARAGJATI: Right, yes. \$83,200.

25 CHAIRMAN SCHMITT: So do we have a motion --

1 MR. PAYNE: I make a motion that we do that.

2 CHAIRMAN SCHMITT: So the motion for the
3 first one is to pay out the \$83,200 for the open
4 records case, payable to the trust, and that will
5 be paid out --

6 MR. DARAGJATI: Actually, sir, what they
7 have agreed to is that the check would actually
8 be paid specifically to Curtis -- to Mr. Lee --

9 CHAIRMAN SCHMITT: Okay.

10 MR. DARAGJATI: -- on that one because I
11 guess he -- whatever arrangement they had between
12 Mr. Lee and Mr. Dees, they've agreed that the
13 fund will pay Mr. Lee directly.

14 CHAIRMAN SCHMITT: So the check will be made
15 payable to Mr. Lee for \$82,300 (sic), payment in
16 full and resolve the open records case.

17 MS. McCAGUE: \$83,200.

18 CHAIRMAN SCHMITT: \$83,200. So that's the
19 motion.

20 MR. SCHEU: I'll second it.

21 CHAIRMAN SCHMITT: We have a second.

22 MR. SCHEU: But that -- Concerned Taxpayers
23 is not part of that suit; that completely wipes
24 out that case?

25 CHAIRMAN SCHMITT: Correct.

1 So we have a motion, second. Any further
2 discussion?

3 (No responses.)

4 CHAIRMAN SCHMITT: All in favor?

5 (Responses of "aye.")

6 CHAIRMAN SCHMITT: Opposed?

7 (No responses.)

8 CHAIRMAN SCHMITT: Motion passes.

9 The second item is the issue with the motion
10 that was -- or the item that was filed in the
11 courts by Concerned Taxpayers of Duval County by
12 Mr. Winkler related to fees in the open meetings
13 case.

14 So our decision point here is whether we
15 make an offer to pay him a sum to make him go
16 away, which does not -- will not get my vote, or
17 to authorize our attorneys to go to a hearing and
18 make our argument that he should receive nothing
19 for this motion.

20 MR. SCHEU: Paul, reading it quickly, it
21 seems to me, and my recollection is, that
22 Concerned Taxpayers really is Mr. Winkler and
23 he's not acting in the capacity as an attorney,
24 but as a principal.

25 MR. DARAGJATI: My understanding from -- and

1 I don't attend their meetings. Let me put that
2 on the record.

3 But my understanding from dealing with them
4 is that they rely on his advice to them. He is
5 their corporate counsel on what to do, and he
6 seems to be the one driving this train.

7 COUNCILMAN HAZOURI: I know you-all are
8 voting. I'm just listening to this scenario.

9 Just out of curiosity, counselor, if you
10 agree with some fee, then you've conceded the
11 fact that you owed him something.

12 If you take it to court, it's that you don't
13 owe him anything. And so, you know, if it went
14 to court because he didn't agree with the amount
15 of money that you agreed to, then that would be
16 another issue for him to bring in and say, Well,
17 they were going to pay me something. Now they're
18 saying, We don't owe him anything.

19 Is that the way it works? I don't know. It
20 sounds like you're caught in a dilemma unless you
21 go all the way and say, We don't owe them
22 anything; and then if you offer him something
23 again and he doesn't accept it and he goes to
24 court and says, Well, they tried to offer me so
25 they admit that they owe me something, but we

1 want this amount.

2 MR. DARAGJATI: Generally under the law
3 negotiations are not admissible evidence in
4 court --

5 COUNCILMAN HAZOURI: They're not?

6 MR. DARAGJATI: They're not, no. So if we
7 made an offer to him contingent on the fact that
8 we don't -- under the law we don't recognize us
9 as owing you this money, but we're doing it as a
10 business decision just to move on with this
11 thing, that's how any agreement would be framed.

12 CHAIRMAN SCHMITT: All right.

13 So does someone want to make a motion one
14 way or the other, if we want to make a motion to
15 not authorize any payment or any settlement and
16 authorize the attorney to seek a motion in front
17 of the judge?

18 MR. DARAGJATI: And just for the record,
19 Mr. Dees is present. I don't know if the Board
20 wants to hear from him or not. It's up to the
21 Board. Or if he wants to make a statement before
22 you, it's up to you.

23 CHAIRMAN SCHMITT: Mr. Dees, would be like
24 to speak?

25 MR. DEES: I'm certainly happy to answer any

1 questions. Obviously I'm not happy about this
2 any more than you are.

3 Mr. Winkler did file a motion. It was last
4 May, about a year ago, asking for fees. I do
5 think that -- he's got a good argument that he
6 can get some of them.

7 I have made my position clear. I sent a
8 long email to Mr. Daragjati, Mr. Wedner and Rita
9 Mairs in the general counsel's office yesterday
10 laying out exactly where we're at, and how, you
11 know, we have this -- what should be a settlement
12 of the overall matter and now it's about to go
13 off the rails because we've got the tail wagging
14 the dog in Mr. Winkler's claim.

15 I do think he's got a good argument on some
16 of it. I don't think he's going to get anywhere
17 near \$35,000. As Mr. Daragjati said, he's trying
18 to bill for watching, you know, me and him argue
19 to the First District and things like that.

20 CHAIRMAN SCHMITT: And I should also send a
21 bill in for that.

22 MS. McCAGUE: Me too.

23 MR. DEES: Okay. Yeah.

24 And I have actually gone through his bill
25 and I highlighted, Okay, you're not going to get

1 that, you're not going to get that. And I came
2 to about -- it was like 13- to 15- that I think,
3 Okay, the judge might do that.

4 As far as -- obviously in my interest I just
5 want to go ahead with our settlement and keep
6 going. We have been trying to work out a way so
7 that if the Board doesn't want to pay Mr. Winkler
8 anything, we can go ahead with our settlement,
9 get that done, and then just litigate that.

10 And that would make sense to me because if
11 we -- if we still litigate my claim, I'm going to
12 be asking -- you know, I compromised, and so I'm
13 not going to be doing that if we go to a hearing.

14 And in this email I pointed out to the group
15 that interest is running on my claim, at least
16 since the First District granted my motion for
17 fees on April 6.

18 And from now until September 20 -- that's
19 the first time we can get a hearing. The judge
20 is really busy. The interest is \$13,000. And so
21 even if the Board wins, it's going to be a net
22 \$2,000. So I would like there to be some way for
23 us to carve out the dog and deal with the tail so
24 it's not wagging us.

25 CHAIRMAN SCHMITT: Right. And I understand

1 what you're saying, and I would like to do that
2 too. But, unfortunately, your colleague is the
3 one creating this situation, not us. We thought
4 we had the situation resolved.

5 MR. DARAGJATI: And to be clear --

6 MR. DEES: I'm with you.

7 MR. DARAGJATI: And to be clear, Mr. Dees
8 and I have placed several iterations of this
9 agreement before the Concerned Taxpayers, and
10 each time it would have been acceptable to both
11 parties to do exactly that, carve out this --
12 this issue with Mr. Winkler and proceed just on
13 that.

14 But Mr. Winkler has successfully sabotaged
15 this thing every time. Every time we do what he
16 asks, he comes back with more. It's more. It's
17 more.

18 I mean, I don't feel uncomfortable saying in
19 public that he's acting in bad faith. He has
20 done everything he can to make sure that the deal
21 between -- that was created at the last meeting
22 has been torpedoed.

23 This last iteration, we cannot proceed on
24 that. And all they've got to do is remove
25 Concerned Taxpayers from the language of the

1 settlement, the way it's crafted right now.

2 CHAIRMAN SCHMITT: If we go ahead with this
3 without having their sign-off on it, we
4 haven't -- technically haven't resolved the
5 issue. So we're almost stuck with not being able
6 to do it.

7 MR. TUTEN: Can we legally separate it? I
8 mean, we can't bifurcate it and say, Okay, you're
9 over here; we'll get you your money. But the way
10 it's drawn up now, it's too entangled, we can't
11 do one without the other?

12 MR. DARAGJATI: The first four iterations
13 would have legally separated the thing. It just
14 had the Board squaring their problems with --
15 squaring the fees with Mr. Dees on behalf of the
16 Concerned Taxpayers with the carve-out for
17 Mr. Winkler's claim that we would litigate later
18 on.

19 But the last iteration of this thing says
20 that a carve-out of the Concerned Taxpayers on
21 behalf of Mr. Winkler. If the Concerned
22 Taxpayers are still there in that fashion, I see
23 it as an open-ended nonrelease, a partial
24 release. And I don't know what will come
25 afterwards that I can't say, No, we didn't

1 contemplate that. I know he's already submitted
2 a fee claim, but they can come back for more. I
3 don't know what they'll do.

4 That's why these agreements, settlement
5 agreements, need to be final. That's the
6 concept.

7 MR. DEES: Could I just add one more thing?

8 CHAIRMAN SCHMITT: Sure.

9 MR. DEES: I feel like we're acting in good
10 faith. We have the some goal. I think we should
11 be able to put our heads together and come up
12 with an agreement that does what needs to be done
13 that would get the Board to a hearing with
14 Mr. Winkler with all of its rights and defenses
15 and it not barring him from making his claims
16 because Concerned Taxpayers settled mine.

17 So that's not the argument before the judge.
18 It's just, Is he entitled to fees or not?

19 MR. DARAGJATI: Right. And I've -- given
20 the Concerned Taxpayers' assurance through
21 statements and email, which I'm sure was
22 presented to them, my theory when we go to the
23 hearing is not going to be the Concerned
24 Taxpayers settled, so he's not owed anything.

25 I'm not going to make that argument. It's,

1 he's not owed anything because the law says he's
2 not owed anything, period. But --

3 MR. TUTEN: If we agreed to this, though,
4 what's to prevent any lawyer that's attached to
5 any party that's attached to a lawsuit with the
6 Board from coming in at the last minute and
7 saying, Oh, by the way, I did all this work;
8 here's a list of my billable hours; I want to get
9 paid too? How does that happen? I mean, you
10 know.

11 MR. SCHEU: Two things.

12 Number one, I think Bob would be a good
13 candidate for the Board. He's been coming to so
14 many meetings.

15 (Laughter)

16 MR. DEES: I don't think I'm qualified. I
17 don't have a house in North Carolina.

18 CHAIRMAN SCHMITT: I always find it
19 interesting that he's trying to help us. He's
20 got a future with OGC.

21 COUNCILMAN HAZOURI: He's going to charge
22 you for this time.

23 MR. SCHEU: What I would like to ask, the
24 underlying claim is done with the settlement;
25 it's only the attorney's fees that's the issue?

1 MR. DEES: Well, there was no settlement.
2 There was a final judgment.

3 MR. SCHEU: Right. Okay. But that's done?

4 MR. DEES: That's done. That's appealed --

5 MR. SCHEU: So the only issue to litigate is
6 the attorney's fees.

7 MS. DEES: The only thing is the attorney's
8 fees.

9 MR. SCHEU: So would it be possible that we
10 do something in the nature of an interpleader
11 where we interplead the sum to the Court, have a
12 joint motion by you and Paul to say, We would
13 like to settle the case. Here's the money.
14 Mr. Winkler's got this claim which ought to be
15 adjudicated. We jointly request the fees be
16 funded out to you and litigate the rest of it.

17 So that it becomes a joint motion, acting
18 together. Could you do that?

19 MR. DEES: You're saying put the -- whatever
20 it is, 410- minus 80- whatever -- call it 360,
21 what it is, put that into the Court, ask the
22 Court to say pay that as settlement to Dees and
23 litigate Winkler?

24 MR. SCHEU: Or agree that we can put it into
25 the neutral title company, say, with an

1 interest-bearing account until it's resolved so
2 that money is earning interest. It's not a lot.
3 But that way it will get settled except for that
4 one thing. So it's in the nature that everything
5 is done. You join with us on the arguments about
6 the fees.

7 MR. DEES: I would entertain that. You
8 know, standing here right now -- like I said
9 earlier, I want to avoid the expense of going and
10 hiring experts and taking depositions and all
11 that stuff.

12 MR. SCHEU: But you wouldn't have to do that
13 as it relates to your claim if we did something
14 like this. We just end up having jointly moved
15 for the disposition, which could almost be done
16 ex parte so that you wouldn't have to wait for a
17 hearing, and then leave the balance of it.

18 MR. DEES: Well, there wouldn't be a balance
19 for --

20 MR. SCHEU: Right, but leave the issue.

21 MR. DEES: Right.

22 MR. SCHEU: Let the Court reserve
23 jurisdiction.

24 MR. DEES: I think we could probably do
25 something along those lines.

1 MR. SCHEU: That's what I would suggest.

2 MR. PAYNE: Is that a motion, Bill?

3 MR. SCHEU: I'll make a motion --

4 CHAIRMAN SCHMITT: Let's hear from Paul
5 first.

6 MR. DARAGJATI: Yeah. I think that's
7 probably a good resolution if Mr. Dees is
8 amenable to that, assuming, of course, that -- I
9 just want to make sure we talk about this
10 briefly.

11 If we do go forward with that, it's probably
12 going to require us to delve within your
13 attorney-client relationship with the Concerned
14 Taxpayers because we need to know exactly what
15 Mr. Winkler did for you. I mean, he's claiming
16 all these fees and you're trial counsel.

17 And I think the law is clear that once
18 there's a fee dispute between an attorney and the
19 client, that the attorney-client privilege can be
20 pierced because they decline --

21 MR. DEES: They put the fees at issue.

22 MR. DARAGJATI: Right. This is kind of a
23 weird situation because the fee dispute is not
24 clearly between you and the Concerned Taxpayers.
25 It's almost a three-way issue. You're not

1 getting paid because they're objecting to
2 something that they're claiming.

3 MR. DEES: They're objecting to a settlement
4 without him being paid.

5 MR. DARAGJATI: Right.

6 MR. DEES: "They" being him.

7 MR. DARAGJATI: So I guess you could say
8 that they put the fee in dispute with you,
9 because technically the fee -- I apologize to the
10 Board. I'm getting very esoteric at this point.

11 But under the law, the plaintiff, the
12 client, is owed the fee, not the attorney. So
13 when they object to the fee . . .

14 CHAIRMAN SCHMITT: Some of this looks like
15 it's going to have to be worked out.

16 MR. DARAGJATI: Right. But I think it can
17 be worked out that way. I think that the -- I
18 have no problem if the funds are placed in the
19 court depository and the Court issues an order to
20 pay Mr. Dees's firm. That's fine. It came as an
21 order of the Court. I'm okay with that.

22 I just don't want to sign an agreement
23 leaving future potential liability out there with
24 the Concerned Taxpayers group when I don't know
25 what that liability is.

1 CHAIRMAN SCHMITT: Okay. So -- well, two
2 items here.

3 First, do we have a motion on whether we're
4 going to offer the Concerned Taxpayers of Duval
5 County some sort of settlement; or the motion, I
6 guess, would be we are not going to offer them
7 any settlement related to their motion that they
8 filed with the Court.

9 MR. SCHEU: I think the better way to do it
10 would be -- just picking up what we just said, to
11 authorize our counsel to file a joint motion with
12 Mr. Dees concerning the resolution of the case
13 and, if necessary, deposit the funds in the
14 registry of the court or other suitable
15 depository.

16 And that we authorize him to litigate on the
17 remaining issues of the fees to Mr. Winkler and
18 to negotiate that as part of that, because that's
19 complicit anyway.

20 So that would be my motion, that we're just
21 authorizing. Doesn't sign anything. It's a
22 joint motion.

23 CHAIRMAN SCHMITT: Okay. Do we have a
24 second on that motion?

25 MR. PATSY: Second.

1 CHAIRMAN SCHMITT: Discussion?

2 MR. TUTEN: My only concern is by doing
3 anything like that, we're not implying -- we're
4 sort of saying, Okay, we're going to give them
5 the money, we're going to put it here, we're
6 going to hold it, we're going to wait for the
7 hearing; but are you sort of intimating that
8 you're willing to pay the Concerned Taxpayers,
9 Mr. Winkler, if the judge doesn't go along with
10 us by doing this?

11 I mean, I don't want to do anything -- and
12 no offense to Mr. Dees --

13 MR. PATSY: No, I got you.

14 MR. TUTEN: -- but I don't want to do -- not
15 take any steps to even remotely imply that
16 we're -- okay, we're going to fight this but
17 we'll live with it if we have to.

18 I just think this is nothing more than a
19 1930-style heist move, is what this is. You
20 know, they took the cargo from the airport and
21 now all of a sudden somebody is coming in and
22 wants a piece of that cargo.

23 Well, you weren't in on the game plan, boss.
24 You weren't part of the plan. You weren't
25 supposed to get paid.

1 MR. SCHEU: That's not the intent of the
2 motion. The intent of the motion is to get it
3 done and leave that for litigation. And always
4 in the course of litigation you can always
5 negotiate. That just doesn't say one way or the
6 other. And now our position is we don't owe it.

7 MR. TUTEN: Well, I don't know what good it
8 does.

9 CHAIRMAN SCHMITT: Bill, I have the same
10 concerns as you do. We've obviously been working
11 in good faith to get this thing resolved. We
12 thought we had it resolved, and now this other
13 party wants to come in at the last minute and
14 leverage this Board to get some money for them.
15 That's wrong. And we shouldn't -- as fiduciaries
16 for this fund, we should not allow that.

17 MR. TUTEN: Well, the Concerned Taxpayers --
18 he's concerned about taxpayer money, unless, of
19 course, that taxpayer money is going to line his
20 pocket.

21 Please quote me on that one. And it's bull.

22 (Laughter)

23 MR. DARAGJATI: Everything the Board is
24 saying is understandable and well taken. But I
25 think also there is value in stepping back in a

1 very antiseptic, surgical manner without any
2 emotion and saying, You know what, if we can
3 resolve this for \$5,000, there's value in that.

4 And as fiduciaries you can do that. That's
5 reasonable. That's within your powers as
6 trustees of this fund. And I'm not encouraging
7 you to do either way, but I am saying that it is
8 a reasonable position to take just to -- I mean,
9 I know, and you don't want to be considered as an
10 insurance company, but to an extent, they do it
11 all the time.

12 Every lowball slip-and-fall in this City,
13 they'll just pay it because it's cheaper to pay
14 the guy who slipped and fell at Walmart than it
15 is to pay their attorneys to defend that case.
16 It's the same concept.

17 MR. SCHEU: The intent of this motion is
18 we're going to litigate that, but we're going to
19 ask jointly for the disbursement to Mr. Dees,
20 leaving the other.

21 And if Mr. Winkler wants to make a proposal,
22 that's down the road. We're going to court, just
23 like any other lawsuit, and doing whatever is in
24 the best interest of the fund is concerned.

25 MR. TUTEN: Before we get to that, how -- to

1 play devil's advocate to myself about settling,
2 how, in realistic terms, how open do we think
3 Mr. Winkler is to taking less than \$35,000?

4 He obviously came up with that number for a
5 reason, whatever that was. I have no idea. But
6 in other words, are we spinning our wheels by
7 trying to negotiate or are we better off just
8 going straight to the judge and say, Look?

9 MR. DARAGJATI: I got a letter from him
10 about a week and a half ago saying that since the
11 fund agreed to a reduction of whatever the
12 agreement was with Mr. Dees, he would be amenable
13 to the same deduction. And he'd go down to like
14 \$30,200, something like that.

15 COUNCILMAN HAZOURI: That man is so
16 generous.

17 MR. TUTEN: Okay. I get it.

18 MR. SCHEU: We ought to litigate it. We
19 ought to bifurcate it and get rid of it.

20 MR. TUTEN: All right. I'll go along.

21 MR. DARAGJATI: To be clear, I don't know
22 the answer to that. I don't know.

23 MR. TUTEN: Well, I know you don't, Paul. I
24 was just curious if you -- during the discourse,
25 tone and all that stuff, when you said he's

1 willing to go from 35- to 30-, I think I got my
2 answer.

3 CHAIRMAN SCHMITT: Okay. Any further
4 discussion?

5 (No responses.)

6 CHAIRMAN SCHMITT: All in favor of Bill's
7 motion -- it's quite lengthy. If you want to
8 repeat it, you can. If not, we're go off the
9 record.

10 MR. SCHEU: I'll write it out for Debbie.

11 CHAIRMAN SCHMITT: So all in favor?

12 (Responses of "aye.")

13 CHAIRMAN SCHMITT: Opposed?

14 (No responses.)

15 CHAIRMAN SCHMITT: Motion passes. All
16 right. Ready for the next item.

17 2016-5-2, Office of General Counsel opinion
18 of Cecil Field Firefighters.

19 MS. MCCAGUE: And, Mr. Chairman, if I may
20 remind the Board, Steve Durden is here to talk
21 with us.

22 But some months ago we were approached again
23 by a group of firefighters who previously worked
24 for the Department of Defense out at Cecil Field,
25 and they wanted to be able to purchase time at

1 time served included in their pension.

2 And over time we have said no, that is not
3 allowable, but we went to general counsel to get
4 something in writing for them, and we have that
5 today.

6 Mr. Durden.

7 MR. DARAGJATI: And after Mr. Durden is
8 done, we still have to give the update on the
9 securities litigation. We skipped that one. Not
10 a big deal.

11 CHAIRMAN SCHMITT: Oh, I'm sorry. Yeah.

12 MR. DARAGJATI: We can go back around after
13 Mr. Durden is done.

14 CHAIRMAN SCHMITT: Will do. Okay.

15 MR. DURDEN: Briefly, the question came up
16 about Cecil Field firefighters. There's Section
17 121.107 of the ordinance code is the part that
18 discusses the variety of ways to earn time
19 service. You can purchase it. You can have it
20 by transfer, et cetera.

21 And in 2015-304 there was an amendment done
22 that referenced the concept of government in
23 Duval County. Well, based on the discussion at
24 the meeting and otherwise, what that meant was
25 beaches involvement. The term "government in

1 Duval County" refers to those governments in
2 Duval County.

3 So what had happened is, among the things --
4 what the ordinance code has is oversimplified,
5 and there's exceptions in this and that; but
6 generally speaking, if you once worked for the
7 Consolidated City of Jacksonville and left and
8 then you joined the Police and Fire Pension Fund,
9 then you can buy your time.

10 And then there's some exceptions on how much
11 you can buy and whether you were vested, but
12 that's generally.

13 In that group of working for the
14 consolidated government, that includes the
15 independent agencies, and also because of the
16 take-over of the Atlantic Beach Fire Department,
17 they also have that same right. And I don't
18 think very many people do that any more because
19 that take-over was so many years ago.

20 But, hypothetically, they're kind of -- this
21 is this group of people that can just simply
22 purchase time subject to some restrictions.

23 There's another group of people who, if
24 you're currently working for the City of
25 Jacksonville Consolidated Government and you're

1 in the General Employees Pension Fund, you can
2 transfer time.

3 Exactly how that works and what the
4 ramifications of that are a little bit more
5 complex, given the change in Group 1, Group 2.
6 But as far as transfer, that's certainly
7 permissible.

8 But, finally, there is another section that
9 said, Okay, we also want to protect firefighters
10 and police officers around the state. And
11 there's Subsection D of that ordinance provides a
12 very specific reference for allowing people who
13 were not vested, police officers and
14 firefighters, who worked for -- it says "other
15 governmental entities," and I'll explain that for
16 a second.

17 Other governmental entities who then come in
18 and work for the police and fire -- become
19 members, they're entitled to purchase five years
20 of time, up to five years, as long as they
21 weren't previously vested in another plan,
22 because some plans might have one-year vesting
23 and two-year vesting. So there's this limit.

24 All right. There was a section that then
25 said, You know what? What we want to do is, if

1 you worked in a government within Duval County as
2 a police officer and firefighter, we will not
3 only allow you to transfer -- we'll allow you to
4 purchase the time. In fact, we'll allow you to
5 purchase the time even if you were vested as long
6 as you don't later use that for vesting.

7 In other words, you could buy out. So,
8 generally, if you're a police officer and a
9 firefighter for another local government and
10 you're vested, you can't buy your time.

11 But if you're in this small group of
12 governments in Duval County and you're vested,
13 you could give up your vested rights and purchase
14 your time.

15 So it was an exception to the rule to allow
16 the people -- Atlantic Beach, Jacksonville Beach,
17 Neptune Beach's involvement to the extent people
18 had worked there -- could come be police officers
19 and firefighters and buy their time and get rid
20 of their old pension up to five years.

21 The argument for the firefighters who worked
22 for the Department of Defense -- I believe that's
23 who they worked for -- was that the term
24 "government in Duval County" meant any government
25 that happened to have an office in Duval County.

1 Then my memo attempts to go through the
2 variety of reasons why that doesn't make any
3 sense based on the actual -- if you look at
4 government in Duval County.

5 Well, the state governments in Duval County,
6 if you look carefully at the words, it doesn't
7 actually say that you had to actually work in
8 Duval County. It just simply says that the
9 government had to be in Duval County and you were
10 a firefighter certified or a police officer
11 certified by the state.

12 So, hypothetically, if they're correct, you
13 could be working as a firefighter in Germany for
14 the Department of Defense because the Department
15 of Defense is also in Jacksonville.

16 The better answer is clearly that -- and
17 particularly based on the terms of the discussion
18 in the adoption of 2015-304. The better meaning
19 is, it is restricted to those governments within
20 Duval County.

21 That's what they meant when they gave this
22 special benefit. It's not a big benefit, but it
23 is a slightly special benefit for the people who
24 worked for these governments in Duval County,
25 allowing them to get rid of their old pension if

1 they chose to, up to five years of it, to add
2 that to the time.

3 It's a special benefit that not everybody
4 has, but it makes sense in light of the fact that
5 there are overlapping taxpayers throughout the
6 county, meaning the people in Jacksonville
7 Beaches and Baldwin pay taxes to the City of
8 Jacksonville, et cetera, et cetera.

9 So it made sense. That's what I believe was
10 the intent. Please take a look at the memo, and
11 for anything -- as I'm going through this that
12 I've certainly learned in dealing with -- working
13 with Beth on this, I will read something, she
14 will read something. She's very good at pointing
15 out, Hey, I think you may have missed something.

16 This is -- but I don't think the opinion is
17 going to change, but just in case you-all see
18 something, let me know. I mean, no one is
19 perfect in statutory construction, but I believe
20 that's the correct answer.

21 So for the firefighters who worked in the
22 Department of Defense and Cecil Field, they are
23 not entitled to the buy-back purchase.

24 MS. McCAGUE: Thank you, Stephen.

25 So as a part of this examination of the

1 firefighters, Stephen was able to clarify for us
2 a couple of other issues that he mentioned, that
3 we talked at the Board level before about.

4 One is, for those people who work outside of
5 the county who were hired as firefighters and
6 police officers, could they buy time and what
7 group were they in?

8 The answer is they can buy up to five years'
9 worth of time, and they are in Group 2 if they
10 started after June of last year. So that was one
11 of the outstanding items.

12 We still are working for clarification on
13 transfer of city employees, as Stephen mentioned.

14 And do you also want to talk about -- I had
15 mentioned before, we had several individuals who
16 are in the process of buying time and they
17 completed that transaction before June 19 of last
18 year, they would have been in Group 1A.

19 But because they were on an installment
20 basis in several cases, and in one case a check
21 from Great Western Retirement had not come in,
22 they were considered -- we were told by Office of
23 General Counsel that they should be Group 1B.

24 And we've worked with Stephen and now he has
25 carefully looked at this and said -- Stephen?

1 MR. DURDEN: Sure.

2 And to clarify, this is an interesting
3 question. There are throughout the ordinance,
4 2015-304-E, there are references to some number
5 of years of service as of effective date.

6 And what had happened with at least four
7 people is that -- and one of the important ones,
8 as you know, is the 20 years as of the effective
9 date. It affects what your rights are.

10 It's probably not -- is not as dramatic an
11 effect that people think it is because you get --
12 if you're at 19 and a half, you get 19 and a half
13 years at the old plan and half a year of the new
14 plan; but there is an impact of the 20 years.
15 It's not nothing.

16 And so what had happened was prior to the
17 effective date, so as I understand it, a number
18 of -- only four that I'm aware of at this
19 point -- had gone to the Board and said, We would
20 like to purchase our time.

21 They might have worked for the city, you
22 know, before they became police officers or
23 firefighters or they may have worked for another
24 government.

25 But they were purchasing as allowed, and

1 they were purchasing prior to the effective date
2 of the 2015-304. Had they been able to go to
3 their bank account and write a check for whatever
4 that big number is and the checked cleared before
5 2015-304 was signed by the mayor, well, they
6 would have their 20 years prior to the effective
7 date.

8 In looking at the reasonableness of an
9 interpretation of it, they had done everything
10 they possibly could to get their 20 years.

11 Now, if they don't finish their contract,
12 that's a different thing. In other words, if
13 they leave before they pay off, they're not --
14 they don't get that 20 years of credit.

15 But whatever they had purchased, assuming
16 that they complete the purchase, the more
17 reasonable interpretation is that that should
18 count to their credited service with regard to
19 the 20 years in 2015-304.

20 As you might guess, it's virtually
21 impossible to find a case exactly on that
22 particular issue, but I did read as many possible
23 cases as I could that seemed to be related to
24 this idea of, What do you purchase for
25 time-service credit before or after certain

1 effective dates?

2 And there were a variety of cases, a number
3 of them -- I only referenced a couple of them --
4 a number of cases that said that if you purchase
5 credit after things have changed, well, you get
6 the new stuff, not the old stuff, suggestive that
7 if you purchased before things changed, you're
8 entitled to the old stuff and not the new stuff.

9 And then there could be ordinances that say
10 one way or the other clearly what's happening.

11 But the best -- there was actually a US -- a
12 Florida Supreme Court that I thought was very
13 helpful. It's not specifically related to this,
14 but the quote, which I have it here, is something
15 like this -- and I made it in terms of time
16 service.

17 And the Court says (as read): We think that
18 in the case, the right of the applicant, these
19 applicants, the years for time-service credit --
20 that's my addition -- became vested, one, by
21 reason of his having fully performed all that is
22 required to do under the terms of his pension
23 plan, which he did, as a condition precedent to
24 his having time-service credit allowed to him on
25 his application for time-service credit.

1 That's -- it seems -- now, admittedly, this
2 is about being in the pension, but it seems to be
3 that kind of analysis that makes sense. There
4 might be -- without saying that there's a
5 contractual right to it, because you don't
6 necessarily want to get into the contractual
7 rights or equitable rights, it seems to me that
8 the better interpretation is that they be
9 allowed -- you guys actually -- you do have the
10 authority to make interpretations in the code
11 where there's some sense of ambiguity.

12 And if you felt like you wanted to make a
13 better -- a different decision, well, talk to me
14 and maybe we'll, you know, come up with something
15 else.

16 But I think this is a very reasonable
17 interpretation of the 20 years. And I apologize
18 if I spent too much time talking to you about it,
19 but I know it's very important to these people
20 and I want you to understand that I spent -- I'm
21 a little slow on getting this done, but I spent
22 an awful lot of time trying to make sure I was
23 getting you guys the best possible answer.

24 CHAIRMAN SCHMITT: I have no doubt you spent
25 a lot of time on this.

1 (Laughter)

2 MS. McCAGUE: So three of the five
3 outstanding issues now we have official opinions
4 on and we can share this with the members.

5 And we'll continue to work on these last two
6 issues.

7 MR. SCHEU: So that doesn't require a Board
8 vote?

9 CHAIRMAN SCHMITT: I was just going to get
10 to that.

11 Something we may want to discuss here today
12 and whether we want to do a motion today to
13 clarify this within our policy, that those that
14 began to purchase their time service prior to the
15 new agreement taking place in 2015, even if they
16 were not fully paid off by the time the new
17 agreement went into place, are, in fact -- their
18 entire time purchased is covered under the old
19 agreement.

20 MR. SCHEU: I so move.

21 MR. TUTEN: Second.

22 CHAIRMAN SCHMITT: We have a motion. We
23 have a second.

24 MR. SCHEU: I would like to talk about it.

25 The observation that occurred to me on that

1 point, it's like when you buy a house and get a
2 mortgage and you have an installment purchase
3 agreement. You have bought it and you've got an
4 obligation to pay out, but you've bought that
5 house or that car --

6 CHAIRMAN SCHMITT: Under the original terms.

7 MR. SCHEU: -- under the original terms, and
8 that is a contract. To me, Steve made a great
9 analysis. That's my observation.

10 MR. DURDEN: I apologize. May I hear the
11 motion again? I wanted to make sure -- could you
12 read back the motion to make sure it's doing what
13 I think it's doing?

14 CHAIRMAN SCHMITT: I'll try it.

15 MR. DURDEN: Okay.

16 CHAIRMAN SCHMITT: The motion is to clarify
17 our policy that those individuals who are
18 purchasing time, they began to purchase their
19 time under the old agreement which was in effect
20 prior to June 19, 2015. They began to purchase
21 their time prior to that date.

22 They were still purchasing that time when
23 the new agreement went into effect.

24 MR. DURDEN: Okay.

25 CHAIRMAN SCHMITT: When they complete their

1 purchase of that time, it will -- that entire
2 purchase time will be under the old agreement
3 terms.

4 MR. DURDEN: What I want to clarify is, that
5 entire purchase will be credited as of that date.
6 Because, you know, you've got some dates in
7 there, like, at five years this happens, at 20
8 years this happens.

9 So it's not necessarily they get all of the
10 old benefits because they may only be at seven
11 years, but I just wanted to clarify that it meant
12 that they get the time-service credit, and
13 whatever is in the ordinance based on
14 time-service credit they're entitled to.

15 Does that make sense, because --

16 CHAIRMAN SCHMITT: Yes.

17 MR. DURDEN: -- because the 20-year people
18 get the entire old agreement --

19 CHAIRMAN SCHMITT: Right.

20 MR. DURDEN: -- but if you had begun your
21 purchase at -- you got four years in and you
22 begun your purchase of three years, you would be
23 credited with more than five years service, but
24 you don't get the whole -- so you were treated
25 like that --

1 CHAIRMAN SCHMITT: Right.

2 MR. DURDEN: -- you're not treated under all
3 the old benefits.

4 CHAIRMAN SCHMITT: Yes. I guess the point
5 is, they get that time-purchase credit the same
6 they would have if nothing changed.

7 MR. DURDEN: Yes. I just wanted to -- yes,
8 sir.

9 And by the way, I also did -- and you've got
10 it. You can call it a draft, but I have done --
11 this is, I hope, helpful, because you guys -- you
12 guys have been doing this for a long time, and
13 what you-all do and have done matters as far as
14 interpreting the code.

15 This is a discussion of the time-service
16 credits in general, some of which is overlapped
17 with some of the other memos; and, again, I
18 appreciate any comments you've got.

19 There will be some questions left open that
20 I -- that I will attempt to answer as best I can.
21 And to the extent that you-all have other
22 questions, please doesn't hesitate. And we'll
23 try to answer all of these time-service credit
24 questions, and this covers a variety of them as
25 well.

1 CHAIRMAN SCHMITT: Thank you.

2 COUNCILMAN HAZOURI: I know you-all are on
3 the amendment -- or the motion. I just wanted to
4 ask a question for clarification.

5 How many are you talking about?

6 CHAIRMAN SCHMITT: I believe there are four.

7 MS. McCAGUE: In this last case?

8 COUNCILMAN HAZOURI: Yes.

9 MS. McCAGUE: Four.

10 COUNCILMAN HAZOURI: This is all -- you're
11 talking about Cecil Field?

12 MS. McCAGUE: Oh, no. No, no.

13 CHAIRMAN SCHMITT: No, that's separate.

14 COUNCILMAN HAZOURI: Oh, that's different?

15 MS. McCAGUE: Yes.

16 COUNCILMAN HAZOURI: Okay.

17 MS. McCAGUE: What this last discussion was
18 about are the four people who were caught in the
19 trap. They had not completed their payment of
20 purchase --

21 COUNCILMAN HAZOURI: I got that. Okay.

22 MS. McCAGUE: -- of time service when the
23 law came into effect.

24 COUNCILMAN HAZOURI: Right. I understand
25 that. I just -- so you-all aren't doing the

1 Cecil yet, or you are?

2 MR. TUTEN: I mean, we've checked the people
3 that are currently buying their time back, and
4 let's say they had 17 years when they started to
5 buy five years before they -- not people trying
6 to get up underneath the limit, but people that
7 had been buying their time for a year.

8 MS. McCAGUE: Right.

9 MR. TUTEN: In other words, they bought it
10 with 17 years on. They bought four years, so
11 technically you're saying they've got 21 years,
12 so they would --

13 COUNCILMAN HAZOURI: Get one year.

14 MR. TUTEN: -- but because the deal was done
15 last year, they're assuming that they're under
16 the new plan because of the way the old language
17 was.

18 I mean, have we accounted for them yet?

19 MR. DURDEN: I -- over time I've certainly
20 spoken with Ms. McCague to make sure that -- so
21 you would know how many people were involved.

22 So far as we understand, anybody who
23 purchased -- was purchasing, had begun the
24 purchase of enough time to get over the 20 years,
25 there were only four of those, whether it was 17

1 plus 4, started three years ago, or 19 plus 5,
2 started the week before the ordinance code.

3 Now, I don't obviously have the information
4 myself, but I know that Ms. McCague has worked
5 very hard to find the number of people who had
6 begun a purchase that would get them passed 20
7 years, no matter when they began that purchase.

8 MR. TUTEN: Okay.

9 COUNCILMAN HAZOURI: So you-all are just
10 talking about the existing --

11 MS. McCAGUE: Yes.

12 COUNCILMAN HAZOURI: -- so we haven't gotten
13 into the Cecil?

14 MS. McCAGUE: Yes. The Cecil Field
15 firefighters, the opinion there is that the Cecil
16 Field firefighters who were working for a US
17 government defense contractor are not allowed to
18 buy service.

19 COUNCILMAN HAZOURI: That's still there.
20 Okay. I got confused because I thought that they
21 could.

22 MS. McCAGUE: The only service you can buy
23 is military.

24 COUNCILMAN HAZOURI: Okay.

25 CHAIRMAN SCHMITT: Back to the time

1 purchase.

2 Any more discussion on the time purchase?

3 (No responses.)

4 CHAIRMAN SCHMITT: All right. We have the
5 motion. We have the second.

6 All in favor?

7 (Responses of "aye.")

8 CHAIRMAN SCHMITT: Opposed?

9 (No responses.)

10 CHAIRMAN SCHMITT: Motion passes.

11 MR. SCHEU: I've got a question on the Cecil
12 Field stuff.

13 CHAIRMAN SCHMITT: Yes.

14 MR. SCHEU: Acting as fiduciaries, now, I
15 want to make sure since we've been hearing about
16 fiduciary liability, it's your opinion -- well, I
17 guess the first question is, what are the
18 remedies of those people who we're going to
19 decline as part of the program?

20 And, number two, is there a risk of a breach
21 fiduciary liability?

22 MR. DURDEN: And, please, Paul, you can
23 certainly chime in on this.

24 But my understanding of your fiduciary duty
25 is always a little complex because you have a

1 duty to the entire fund. You have a duty to the
2 people that are retired. You have a duty to the
3 people that will retire, and you have a duty to
4 people that are applying.

5 And some of those are conflicting. In other
6 words, to let in the Cecil Field firefighters, to
7 take an example, hypothetically is a burden on
8 the fund financially; therefore, you've got the
9 fiduciary duty to the entire fund as a whole.

10 On the other hand, you still have a duty
11 to -- your main duty should -- I shouldn't say
12 maybe, but generally you're trying to make your
13 best interpretation of what is the plan. So your
14 duty in one way is just to interpret the plan as
15 best as possible.

16 As far as their remedies, they certainly
17 could bring a lawsuit saying, Okay, the code
18 clearly permits us to join. All right. They
19 could say that this interpretation is incorrect
20 and, therefore, they're entitled to join the
21 plan.

22 A second alternative is actually the
23 political one, which has a number of parts, but
24 my understanding is that when this proposal --
25 what it really does is allow these groups of

1 people -- this group of people -- as I said, I
2 think it allows this -- you have this group of
3 all firefighters in the state of Florida and then
4 a smaller group who worked in Jacksonville.

5 The all-in-Florida could buy as long as they
6 weren't vested. Those in Duval County could buy
7 even vested if they didn't use it for their
8 vesting. In other words, they gave up. So it
9 was a special right granted to them.

10 So one theory would be that, You know what,
11 we really want to let any firefighter from any
12 location, either in Florida, United States or
13 whatever; but to say, We want to recruit these
14 firefighters so we will allow them to purchase up
15 to five years of time, vested or not vested, as
16 long as they don't use it.

17 In other words, they have to give up their
18 vesting, but that's now a change that would need
19 to be made by code, either the City Council,
20 the -- not itself, of course. It would be part
21 of collective bargaining because of the change in
22 the relationships with the unions. So it could
23 be done that way.

24 That would be the -- those would be the two
25 main ways to make a change. One would be

1 litigation, and one would be to make a change via
2 the City Council and unions, however, that -- I'm
3 not an expert, but I know something about
4 collective bargaining, but I wouldn't say that.

5 MR. SCHEU: Well, I guess my question is,
6 thinking of our responsibility, and Steve, I
7 think, has conceded that the notion of fiduciary
8 duty is very ambiguous and confusing. You need
9 to have some clarity about that in lots of ways.

10 MR. DURDEN: I think it's complicated. It's
11 not just -- it's just that you have different
12 people.

13 MR. SCHEU: Sure. So I guess as our
14 counsel, are you going to give us the opinion
15 that by maintaining the policy as it is, we are
16 not breaching -- we are acting consistently with
17 our fiduciary duty?

18 I need an opinion about that.

19 MR. DURDEN: Sure. My view is if you're
20 acting consistently with the ordinance -- or the
21 plan, which is the ordinance, then you're acting
22 consistent with your fiduciary duty.

23 I didn't research that. I assume that that
24 case law would support the proposition that if
25 you act consistently with the plan, you're

1 complying with your fiduciary duty. I can't
2 imagine that your fiduciary duty is --

3 MR. SCHEU: Does the OGC have professional
4 malpractice insurance?

5 MR. DURDEN: Yes, we have. It's called
6 sovereign immunity.

7 CHAIRMAN SCHMITT: I will take that another
8 step. We're now a fiduciary of a nonmember.

9 MR. SCHEU: Yeah.

10 CHAIRMAN SCHMITT: We're fiduciaries of the
11 members. They're not members.

12 MR. SCHEU: I just wanted a legal opinion on
13 it.

14 MR. DARAGJATI: If I could just jump in real
15 quick.

16 CHAIRMAN SCHMITT: Yes.

17 MR. DARAGJATI: Dovetailing it with what
18 Steve and what the chairman said, generally the
19 state of law in Florida is that if there's a
20 question of granting benefits, the Board member
21 is to side on the side of granting benefits.

22 But in this case, you don't have members.
23 These aren't members yet. So you really don't
24 have a fiduciary duty to nonmembers.

25 MR. WYSE: Yes, they are. They're members.

1 CHAIRMAN SCHMITT: They're not members of
2 our fund.

3 MR. WYSE: Yes, they are. They're members
4 of the fund.

5 MR. DURDEN: They're currently members --

6 MS. McCAGUE: They just can't buy service.
7 They just can't buy the time service.

8 CHAIRMAN SCHMITT: These Cecil Field
9 firefighters are Police and Fire Pension Fund
10 members?

11 MR. WYSE: They've left Cecil Field and come
12 here as firefighters.

13 CHAIRMAN SCHMITT: Right, right.

14 MS. McCAGUE: We refer to them as Cecil
15 Field firefighters.

16 CHAIRMAN SCHMITT: Their time service was
17 not from member time service?

18 MS. McCAGUE: The time service they are
19 trying to buy.

20 CHAIRMAN SCHMITT: To me, it's similar to if
21 they're buying military time as a firefighter.

22 MR. TUTEN: Well, you've got to separate
23 them into the people that are perspective coming
24 here, looking, what they're entitled to buy and
25 the people that they have now. That's where the

1 confusion is overlapping at the current moment.
2 Believe me, I've gotten the phone calls.

3 And a lot of -- what happened was when the
4 state changed the law that left it up to the
5 municipality to say, Okay, even if you were
6 vested but you didn't take your money -- because
7 that's where my phone calls came from. People
8 took their money out but they had crossed the
9 vested line, but they wanted to connect their
10 time here.

11 Well, the state said, Okay, it's up to the
12 municipality. Well, naturally Jacksonville said,
13 No, it's going to cost us a lot of money, we're
14 not going to do it.

15 But what's going to happen is, over time,
16 people that are looking to come here -- which
17 Steve has already alluded to, as a recruiting
18 tool, not current members that were at Cecil, not
19 them, but just future -- what they can say is,
20 Okay, look, even though I vested, I took my money
21 with me, I'm not going to get a pension over here
22 and I can still connect up to five years, that's
23 what -- you know, that's where we're not a
24 fiduciary because they're not here yet.

25 We're not talking about the guys --

1 MR. PATSY: That's not our call, though,
2 because that's a leadership, slash, management
3 issue. If we have a problem retaining
4 firefighters and attracting new firefighters --

5 MR. TUTEN: Oh, I agree. I was trying to --
6 no, I agree. I was just trying to explain. I
7 think there was some cross-lateral confusion
8 going on as to who's a fiduciary and who wasn't,
9 because it's an issue with current members and
10 the people that are going to come here.

11 CHAIRMAN SCHMITT: But to Randy's point, I
12 see your point. They are members now, but it's
13 not the same as if they were a General Employee
14 Pension Plan member and then they wanted to
15 transfer that time over to the Police and Fire
16 Pension Fund.

17 MR. WYSE: My opinion, we'll collect it --
18 we will fix it at the collective bargaining
19 process. That's how we'll do it.

20 MR. SCHEU: That's what I was going to ask
21 you. This will be collective bargaining. That's
22 really what this is all about.

23 MR. WYSE: Yes.

24 COUNCILMAN HAZOURI: Right.

25 MR. SCHEU: Okay.

1 COUNCILMAN HAZOURI: Keeping in mind --
2 Mr. Chairman, in keeping in mind -- I know this
3 is down the road. That's a collective bargaining
4 issue. It's political.

5 But, also, if they decide to go one way or
6 the other, for example, FRS, recruiting in
7 Florida will be much easier because -- if they
8 get them from the county because all of them are
9 under FRS.

10 So that make that portability a lot quicker
11 and a lot easier than having to worry about
12 picking and choosing. Now --

13 MR. WYSE: Is that a proposal?

14 COUNCILMAN HAZOURI: Excuse me?

15 MR. WYSE: Is that a proposal?

16 (Laughter)

17 COUNCILMAN HAZOURI: It would be mine, but I
18 can't negotiate. We haven't passed a pension
19 bill yet.

20 CHAIRMAN SCHMITT: And while we're at it,
21 everybody vote yes on the half-cent sales tax.

22 (Laughter)

23 MR. TUTEN: The pension and the union have
24 nothing to do with each other. I don't want to
25 hear nothing --

1 MR. WYSE: I disagree with you. Now we do.

2 MR. TUTEN: No, no, no. Blah, blah, blah,
3 keep talking.

4 MR. WYSE: Yes, we do.

5 CHAIRMAN SCHMITT: All right. Anything
6 else?

7 COUNCILMAN HAZOURI: We've got a lot of work
8 ahead of us in the next 30 days, 60 days.

9 CHAIRMAN SCHMITT: Okay. We have that one
10 resolved. We're ready to move on from that one?
11 Good.

12 MR. SCHEU: Did you-all take up the
13 securities litigation?

14 CHAIRMAN SCHMITT: We're going back to that
15 now.

16 MR. SCHEU: I mean, excuse me. The
17 attorney's fees under this one case.

18 CHAIRMAN SCHMITT: Right. We're going -- I
19 skipped over those two remaining items for Paul
20 Daragjati.

21 Paul, if we could come back for those.

22 MR. DARAGJATI: Sure.

23 CHAIRMAN SCHMITT: The update on the Denton
24 Supreme Court case regarding the attorney's fees
25 and the update on the securities litigation cases

1 pending.

2 MR. DARAGJATI: We checked yesterday and it
3 appears as if the City Council has approved
4 the -- their portion of the Denton fees. It's
5 gone through second reading so we should have
6 that resolved hopefully very soon.

7 I believe the particular attorney that was
8 working on that on behalf of the City, I think
9 he's no longer employed by --

10 MR. DURDEN: David D'Agata.

11 MR. DARAGJATI: D'Agata. Is he --

12 MR. DURDEN: Yeah, he has left.

13 MR. DARAGJATI: Yeah, he's left. So I'm
14 trying to figure out who is driving that train
15 for them over there right now.

16 Unless it's you. Do you know?

17 MR. DURDEN: No, no, no. I would start with
18 Jon Phillips because he would oversee in general
19 the litigation.

20 MR. DARAGJATI: Okay.

21 MR. DURDEN: It's more than likely to be
22 Rita Mairs, but I don't really know right now.

23 MR. DARAGJATI: All right. It's just a
24 matter of now George Gable signing off on their
25 end and then we can get that behind us.

1 CHAIRMAN SCHMITT: Okay.

2 MR. DARAGJATI: In regard to securities
3 litigation, I will go through the list.

4 Tailored Brands, which is the case that we
5 discussed at the last meeting, the new case,
6 motion for lead status is pending.

7 A Scottish pension fund, a corporate fund,
8 has asserted that they want to be lead plaintiff
9 because they had a bigger loss than either
10 Jacksonville or Oklahoma, but their loss is not
11 bigger than the combined Jacksonville-Oklahoma
12 state police loss. So motions are going back and
13 forth on that one.

14 NII. The Court has provided a preliminary
15 approval to the settlements. The final hearing
16 is in September.

17 I would ask the controller, Devin, did we
18 get a document from the OBG regarding a claims
19 form on them yet? Do you know?

20 MR. CARTER: I haven't received one.

21 MR. DARAGJATI: Okay. I'm going to get with
22 Devin after the meeting to make sure that he gets
23 one because we need to file a claims form on
24 that. The claims forms are due by September 28.

25 CVB. The mediation is set for late July in

1 New York City. Bob will be attending that.

2 On the Tower litigation, discovery is
3 proceeding against the outside auditing firm.

4 And on Plains All American, the
5 International Association of Machinists Pension
6 Fund was appointed the lead, but Jacksonville
7 Police and Fire remains a class member. So we're
8 going to continue monitoring that litigation.

9 That, I believe, is all of the cases.

10 And dovetailing into that, there was an
11 agreement -- let me back up a little bit.

12 As the Board knows, Mr. Klausner spoke with
13 each trustee individually. Sorry, I just can't
14 see the other trustees over here --

15 MS. McCAGUE: Before you go there, Paul,
16 could we just take another moment on securities
17 litigation?

18 MR. DARAGJATI: Sure.

19 CHAIRMAN SCHMITT: On tab 13, 2016-6-14, I'm
20 going to sip down to that one since it's related
21 to securities litigation.

22 The Tailored Brands retainer agreement with
23 Bernstein Liebhard in tab 13, show that for
24 information purposes.

25 MS. McCAGUE: Yes. Several Board meetings

1 ago when the Board reviewed the securities
2 litigation policy, we put a new program in place
3 and required the lead counsel to provide us with
4 a retainer letter that would indicate the maximum
5 fees that they would ask the Court for as well as
6 the maximum fees that would be earned by our
7 counsel, Bob Klausner.

8 And that document from the lead counsel law
9 firm is provided for you on the Tailored Brands
10 case.

11 CHAIRMAN SCHMITT: It's dated May 27, 2016.

12 MR. SCHEU: Mr. Chairman.

13 CHAIRMAN SCHMITT: Yes, sir.

14 MR. SCHEU: When we talked about that
15 before, I think I said I had a conversation with
16 Bob Klausner, that he would be willing to
17 consider an allocation or reimbursement from any
18 fees, if any, he gets from this type of
19 litigation over his costs to reimburse us for
20 fees we had paid over some period of time.

21 And, Paul, is that the understanding?

22 MR. DARAGJATI: I -- I guess, yeah --

23 MS. McCAGUE: I've spoken with Mr. Klausner
24 following up on your comment.

25 MR. DARAGJATI: -- I was going to present

1 something slightly different. That may be what
2 you and Bob talked about. I was going to advise
3 the Board, but I'll wait until . . .

4 MR. SCHEU: I just want to make sure. And
5 one of the reasons that this was -- I mean, you
6 and I, we really had an antipathy for doing this
7 anyway.

8 CHAIRMAN SCHMITT: Right.

9 MR. SCHEU: Because it's just the lawyers.
10 So if we could get a benefit out of it, because
11 the lawyers in a sense get a treasure chest.

12 I know that's an overstatement, but they
13 should be willing to share that with what we had
14 paid them from the fund's resources to the extent
15 they get a windfall.

16 And so to the extent that 10 percent exceeds
17 the costs and fees attributable to this
18 litigation, he would use some portion of that,
19 which we didn't really agree on, to reimburse us
20 for attorney's fees we've paid out, I'll say,
21 during this fiscal year.

22 CHAIRMAN SCHMITT: Right. And I don't think
23 there is a final agreement on all that. I know
24 you-all were in discussions with it. But I think
25 eventually whatever that final agreement is going

1 to be needs to come before the Board and we vote
2 on it.

3 MR. SCHEU: Sure. Is there any follow-up?
4 Beth had alluded to that.

5 MS. McCAGUE: Yes.

6 MR. DARAGJATI: Yeah. I was actually going
7 to present to the Board -- and I'm glad you
8 brought that up because it dovetails into this.

9 Mr. Klausner had spoken to each trustee
10 individually -- I want to make sure this is on
11 the record; no two trustees at the same time,
12 individually -- that at the end of our contract
13 for services with the Board, we would not be
14 submitting a renewal to the Board on September
15 30. But we will be available to the Board on an
16 as-needed basis for specific pension-related
17 issues.

18 And what we are offering to the Board is to
19 provide 50 hours of free services every year in
20 exchange for consulting on the securities
21 litigation cases.

22 And even on years where we wouldn't get paid
23 by any securities litigation, we would still
24 provide 50 hours of free services, which has the
25 equivalent of 50 times 300 --

1 MR. SCHEU: \$25,500.

2 MR. DARAGJATI: Okay. You did the math.

3 Thank you, sir.

4 CHAIRMAN SCHMITT: And my comment on that, I
5 know the contract is up, I guess, the end of
6 August or the end of September, whatever it is.

7 I think the Board were making a mistake on
8 not trying to retain your firm as our
9 representative.

10 They have done an outstanding job for many,
11 many years, and to not -- or to try to -- to not
12 renew them for political pressures is the exact
13 opposite reason why you should do it.

14 The reason why we have political pressure is
15 because you-all do a fantastic job representing
16 us and our members. That's the number one reason
17 why we should keep you.

18 But obviously that's down the road a little
19 bit, but I want to throw my two cents in as to
20 why I think we need to, as a Board, try to keep
21 them if at all possible.

22 If not, we need to do a diligent search on a
23 replacement firm, but I would hope to not have to
24 do that.

25 MR. TUTEN: Well, I thought we were putting

1 in an RFP for pension lawyers, pension firms,
2 correct?

3 CHAIRMAN SCHMITT: Yeah. I didn't put that
4 on the agenda.

5 MR. SCHEU: That's a larger issue that I
6 thought we were going to talk about some today.
7 This probably isn't the right time.

8 I just want to make it clear that they're
9 going to have a give-back of some substantial
10 amount, whether \$25,000 is the number or not,
11 that's substantial as far as I'm concerned,
12 whether or not they're providing -- I'd encourage
13 our executive director to pursue that.

14 MS. McCAGUE: Thank you.

15 CHAIRMAN SCHMITT: Paul, do you have any
16 other items?

17 MR. DARAGJATI: No, sir.

18 CHAIRMAN SCHMITT: Okay. I'll check with
19 Denice. Do you want to take a break or keep
20 going?

21 THE REPORTER: Well, I'd like to take one
22 before we get to Dan Holmes.

23 CHAIRMAN SCHMITT: Yes, so would I. We'll
24 definitely do that.

25 So the next item that we'll cover is in tab

1 3, 2016-6-2, Request to Attorney General Pam
2 Bondi.

3 We have a copy of our letter that we sent to
4 the attorney general and her response. And as
5 predicted, her response did not address the
6 issues. Even though she is the attorney general
7 for the State of Florida, she conveniently left
8 out Florida Statutes in her response.

9 So I think as a Board we need to continue to
10 operate under our fiduciary duty and relying on
11 the advice of our attorneys that represent us and
12 our members, and continue to do what is right
13 under the law and municipal ordinance and, like I
14 said, our fiduciary duty.

15 Yes, sir.

16 MR. SCHEU: Would you entertain a discussion
17 of this at this point?

18 CHAIRMAN SCHMITT: Absolutely.

19 MR. SCHEU: I think we're at a point, you
20 know, where we need to accept the fact that the
21 general counsel's articulated position that the
22 attorney general has acquiesced to, that this is
23 a local concern, whether we agree with that or
24 not.

25 So we're left in the position of the general

1 counsel has issued this letter, not to us, but to
2 the other parts of the government, vis-à-vis the
3 senior plan. That's really not the issue.

4 The real issue is how can the general
5 counsel, as these conflicts come up, represent us
6 when we have, as Steve has conceded, a very
7 ambiguous or confused notion of fiduciary duty,
8 because we have fiduciary responsibilities to the
9 members that may or may not be dependent upon
10 whether the general counsel is right on a
11 particular issue.

12 He asserts that we have an obligation, a
13 legal obligation, to do whatever he directs us to
14 do, vis-à-vis a legal issue, or, for that matter,
15 other disputes.

16 But that is not -- in thinking of our
17 fiduciary responsibility and our liability, that
18 is still not a bind -- that is not an opinion
19 directed to us. We're in limbo still because the
20 general attorney hadn't rendered an opinion and
21 the general counsel hadn't rendered an opinion.

22 I went back and looked at the task force
23 report. The task force report recommended that
24 the Board seek an opinion from the general
25 counsel as to all of this, which would then

1 become binding one way or the other and there
2 would be responsibilities.

3 So now not having the attorney general's
4 opinion, it seems to me that we should ask our
5 counsel, Mr. Daragjati and his firm, to recast
6 the letter to the attorney general and make that
7 a letter requesting an opinion from the general
8 counsel so that it becomes a binding opinion on
9 us one way -- and on the rest of the government,
10 so that then, if we make a decision based on a
11 direction from the OGC, we have exercised our
12 fiduciary responsibility in relying on counsel
13 and being bound by that -- by that decree.

14 So I think that we ought to take up now for
15 the future of the fund -- it's not just us, it's
16 going forward -- what is the interaction, what is
17 the effect on fiduciary duty? Because
18 Mr. Klausner's opinion is a breach of fiduciary
19 duty. So you've got two lawyers -- I guess
20 whenever you've got two lawyers, you'll going to
21 have argument.

22 But it seems to me that we ought to request
23 a binding opinion, ask the Klausner firm to
24 recast our request to the attorney general, make
25 that to OGC, so that we are -- have something we

1 can rely on going forward.

2 I just think that's the wise thing to do.

3 CHAIRMAN SCHMITT: See, I have a different
4 perspective on that. We already have from our
5 attorney our responsibility as fiduciary to this
6 fund. There's no ambiguity there. We are
7 fiduciaries. We're trustees of this fund and the
8 members of this fund. Not to the mayor, not to
9 OGC, not to the citizens.

10 Although I feel responsibilities towards all
11 them, my fiduciary duty is to this fund and its
12 members, period. It's very -- there's no
13 ambiguity in there. That's what the statute
14 says.

15 The thought of going to the attorney who is
16 claiming to have total authority over our
17 fiduciary duty and asking him, If we rely on you,
18 are we okay; well that doesn't absolve us from
19 our duty. That's number one.

20 Number two: The attorney general did not
21 give an opinion. She avoided the opinion. She
22 avoided the fact that the statutes apply and
23 override any local charter or municipal
24 ordinance, and I think she intentionally did that
25 because we can't do that without impacting all

1 the Chapter 175 and 185 funds throughout the
2 State of Florida.

3 She's intelligent not to address that
4 because she knows state statutes don't apply just
5 in Jacksonville. They apply throughout the
6 entire State of Florida.

7 So I think by her not addressing it is very
8 clear that she thinks it does not apply.

9 MR. SCHEU: Well, you know, I really respect
10 you and I know we've carried this dialectic --

11 CHAIRMAN SCHMITT: Yeah.

12 MR. SCHEU: -- through this, but I think for
13 the good of the community we need to put it to
14 bed because we're going to be -- it's just -- and
15 the task force recommended that we at least see
16 what -- if the general counsel asserts this, then
17 he ought to tell us that directly and not in --
18 not by telling somebody else, so that we can then
19 rely on it.

20 And then if we object to it, we can either
21 seek an attorney general's opinion then or we can
22 file a declaratory rights suit.

23 Now, the City Council takes the position
24 that we can't do that without their consent.

25 CHAIRMAN SCHMITT: Right.

1 MR. SCHEU: That's another issue. But an
2 individual trustee can certainly file the
3 declaratory rights suit --

4 CHAIRMAN SCHMITT: Okay.

5 MR. SCHEU: -- and that -- and so, anyway, I
6 just think it's gone on --

7 CHAIRMAN SCHMITT: Two things. Why do you
8 not think it's not in the best interest of the
9 city for the Office of General Counsel to abide
10 by the state laws and allow this -- and allow
11 this Board to operate as state law dictates?

12 MR. SCHEU: See, the thing is, he's saying
13 he is relying on state laws because the charter
14 is a state law. It's not a local -- you-all
15 really did a great job on that opinion -- I mean,
16 on that request.

17 MR. DARAGJATI: Thank you.

18 MR. SCHEU: And that sets the issues out.
19 So all I want to do is pin down the general
20 counsel and let me answer -- make him answer
21 those questions as it relates to us.

22 CHAIRMAN SCHMITT: But we already know what
23 he's going to say.

24 MR. SCHEU: Well, I don't know that. But at
25 least we've set -- get him to say, You are not

1 breaching your fiduciary responsibilities if you
2 rely on my opinion.

3 CHAIRMAN SCHMITT: Right. But just because
4 he says that doesn't mean it's true.

5 MR. SCHEU: But under the statute, we can
6 rely on opinion of counsel.

7 MR. TUTEN: Bill, let's back up just a
8 second. I can't believe I'm going to be the --
9 look, this is my third or fourth general counsel
10 as a trustee. We have never, ever had a letter
11 fired to us or disagreement like we have from
12 Mr. Gabriel recently that's set off this whole
13 storm.

14 Okay. Never. I mean, there's been
15 disagreements. We, as a Board -- according to
16 state law, we either take our outside counsel's
17 advice or we can listen to the general counsel.
18 We've gotten plenty of advice from them over the
19 years, but it's still up to us to make the
20 decision based on our best informed choice.

21 Now, going into the future, what was this
22 whole thing literally about? It was about the
23 retirement plan set up for John and the other two
24 employees. Truthfully, that's about it.

25 My opinion, and I think some others share

1 here, that the general counsel over -- went a
2 little overboard with the authoritarian approach
3 to, This is what I say.

4 If they would have just issued a letter
5 strictly focusing on the topic at hand in a
6 professional manner, we would not have gotten to
7 the point that we are today. The problem is, we
8 have fired not one, but two letters off to
9 Mrs. Bondi. In the past, if you remember -- what
10 was it, about a year and a half ago or so -- both
11 times, like the chairman says, she knows better
12 than to step into this one. She deferred, Well,
13 we don't really like to interfere with local
14 politics, essentially is what she said.

15 Well, because she knows Vero Beach, Pinellas
16 Park and every other pension fund out there,
17 which I think there's about 300 local plans in
18 the state -- can of worms. So we're back to
19 square one.

20 How about this? We've got an attorney, or
21 whomever we decide to hire. The general counsel
22 is going to have their opinion. If they don't
23 agree with what we do, they can probably do what
24 they've already done one time before, which is
25 what? Sue the Board. Okay. We're going to go

1 to court and we'll find out.

2 I don't think, Bill, there's a way to avoid
3 what you're dealing with now by simply asking the
4 General Counsel to -- we already know what their
5 answer is going to be. He's already told us
6 point blank in no uncertain language, they are
7 the authority, we'd better listen.

8 MR. SCHEU: Here's where it's going to
9 manifest itself right now.

10 Beth got a letter from Jason about who we
11 could hire as pension counsel. It's in here
12 somewhere.

13 CHAIRMAN SCHMITT: Yeah. They're
14 authorizing us to hire.

15 MR. SCHEU: Right. But that's what the
16 charter says. And so he's -- then he put this
17 self-serving footnote that talks about our being
18 obligated to follow, which that -- he -- again,
19 he went too far.

20 CHAIRMAN SCHMITT: Yes.

21 MR. SCHEU: But that being said, so we're
22 going to go out and let's say we decide to renew
23 the Klausner contract, or let's just say we
24 decided we want to hire --

25 CHAIRMAN SCHMITT: Whoever.

1 MR. SCHEU: -- whoever. He's going to say,
2 You can't do that. And so the City Council is
3 then going to be all up in a roar. The mayor is
4 going to once again say how arrogant we are. And
5 that's really not what it's about. It's really
6 about fiduciary duty and responsibility, despite
7 what the mayor may assert. It's really about
8 that.

9 And so I just think we need to take the step
10 of binding us, but we need to bind them too
11 because it's going to come up and it's going to
12 continue to be a canker on this relationship.

13 CHAIRMAN SCHMITT: Let's assume we send the
14 letter and we get the response and OGC says,
15 You're covered completely as long as you do what
16 I tell you to do, how I tell you to do it and
17 when I tell you to do it.

18 MR. SCHEU: Right.

19 CHAIRMAN SCHMITT: You're under my complete
20 control. So as long as you're under my complete
21 control, it doesn't matter fiduciarily what you
22 do.

23 That's not the way the law works.

24 MR. SCHEU: He would be saying you would be
25 acting as a fiduciary if you do what I tell you

1 to do.

2 CHAIRMAN SCHMITT: Basically we're a
3 fiduciary of him.

4 MR. TUTEN: But, see, they've already shown
5 you what they think of the Board. They're
6 saying, Submit and give us total control, you
7 rely on our theme. But they've already shown you
8 that if we do anything that they don't agree
9 with, they're going to sue us.

10 I mean, if we have a contract with those
11 three employees, which I won't get into, but
12 because you want to enforce this contract, we're
13 now suing you.

14 There cannot be a symbiotic relationship
15 with someone who is that antagonistic. And it's
16 not always been that way. I can promise you, it
17 has not -- Mr. Delaney, even Ms. Laquidara. We
18 have disagreements. We have talks. We kind of
19 hash it out, figure it out and do whatever.
20 That's it.

21 There's not this storm-trooping of, Here's
22 my manifesto, read it, love it, learn it, don't
23 disobey me.

24 State law specifically gives us the right as
25 an independent authority. And I question anybody

1 to find me where the general counsel has fired
2 off a letter like this to the port authority,
3 airport, JTA. Show me where the general counsel
4 wants to assert this much authority over any
5 other independent agency. They have not and they
6 will not do it.

7 So why us? I'm tired of it, man.

8 MR. SCHEU: I know you are. And what I'm
9 trying to do is bring it to a head on both sides
10 and bind them as much as us. And at the risk of
11 being -- who was the guy that tilted at wind
12 mills?

13 MR. DARAGJATI: Don Quixote.

14 MR. SCHEU: Don Quixote.

15 COUNCILMAN HAZOURI: Tommy Hazouri
16 (inaudible).

17 MR. SCHEU: The mayor probably called you
18 that.

19 But at the risk of being Don Quixote, I'd
20 just like to make the motion that we ask our
21 counsel to reframe that opinion request to the
22 attorney general to the general counsel's office
23 and that we request such an opinion.

24 Now, it may not get a second, but I just
25 think it's good for the community to do it. And

1 if it even gets a second, it may not get passed.

2 CHAIRMAN SCHMITT: Okay. Before we do that,
3 question for you as an attorney.

4 It doesn't matter what law firm you work
5 for, The Florida Bar rules apply, correct?

6 MR. SCHEU: Well, that's another issue,
7 vis-á-vis this -- and that needs to be resolved,
8 but The Florida Bar rules certainly apply to me.

9 CHAIRMAN SCHMITT: It mean, it doesn't
10 matter who you're working for. Whether it's a
11 local firm, you're independent or you work for a
12 government entity, the same Florida Bar laws
13 apply?

14 MR. SCHEU: I thought that until I read the
15 Klausner request and the Gabriel opinion, and
16 both of them had some discussion of The Florida
17 Bar rules, and I'm not competent to answer it,
18 but maybe Paul is.

19 MR. DARAGJATI: As far as government
20 attorneys are concerned, the Bar rules, as far as
21 conflict representation are relaxed slightly as
22 applied to government attorneys.

23 But in the comments to the rules, there is
24 some discussion as to the definition of that
25 relaxation. And they really apply to government

1 attorneys who subsequently go work for private
2 organizations and then represent private
3 organizations in front of government entities.

4 They don't necessarily speak to a single
5 government in-house counsel organization
6 representing two distinct governmental entities
7 in litigation against each other. That's -- I
8 didn't find anything specifically related to
9 that.

10 MR. SCHEU: If I were arguing the case, I
11 would say it would be more like a parent-sub,
12 that you've got a general counsel for General
13 Motors, and he or she is not going to let all the
14 subsidiaries fight among themselves. There's no
15 conflict --

16 CHAIRMAN SCHMITT: Right. We've discussed
17 it. That's great if General Motors owns the
18 subsidiary and they own all the stock of that
19 subsidiary.

20 MR. SCHEU: Right.

21 CHAIRMAN SCHMITT: But if I'm a stock owner
22 of the subsidiary and General Motors is trying to
23 sue me, it doesn't work. I'm getting my own
24 attorney. If it's a wholly owned subsidiary,
25 that's one thing. But we're an independent

1 agency by state statute, so we're not wholly
2 owned.

3 MR. SCHEU: That's a good general argument.

4 So, anyway, I'd just like to make the motion
5 for direction.

6 MS. McCAGUE: We have a motion on the table.

7 CHAIRMAN SCHMITT: Okay. And what -- here
8 comes the voice of reason.

9 MR. PATSY: This is my two cents on it.

10 I come from the corporate side of the
11 equation, and I am very empathetic to Bill's
12 position on fiduciary liability.

13 If I do something with my company that I
14 think is right but ultimately violates my
15 fiduciary responsibility to our plan, my
16 attorney, our attorney, our corporate attorney,
17 if I do it on his advice, he can defend me.

18 If the judge rules against us, who's going
19 to jail, me or the attorney?

20 CHAIRMAN SCHMITT: Depends on what advice
21 the attorney gave you.

22 MR. PATSY: You're right, you're right. If
23 it was illegal.

24 But the bottom line is, the way I conduct
25 myself is that ultimately I'm the one that's

1 responsible and I'm the one that's going to be
2 held accountable.

3 What I think Bill was saying is this is
4 going to be an issue we're going to be confronted
5 with again. We're going to have to make a
6 fiduciary decision based on what we think is in
7 the best interest of our plan participants.

8 And there will be an instance where that
9 will be in conflict with the direction we get
10 from the Office of General Counsel.

11 And what I hear Bill saying is, let's
12 resolve those issues now. Let's establish a
13 playing field so that when we are confronted with
14 it, we're not in this volatile situation, that
15 the situation is even made worse and we can't
16 come to some viable conclusion in a timely
17 manner.

18 CHAIRMAN SCHMITT: But are you saying
19 there's a question now whether, if we rely on the
20 advice of OGC in our fiduciary duty and we get
21 sued -- are you saying there's a question as to
22 whether OGC would represent us?

23 MR. PATSY: No, I'm not saying that it will.

24 MR. SCHEU: What I'm saying is, is if OGC
25 tells us to do one thing and Klausner's firm says

1 do another and we rely on general counsel, I want
2 to be protected. That's all I'm saying.

3 MR. PATSY: I want to understand -- well,
4 this is what my interpretation of what your
5 motion is: That you want to force the Office of
6 General Counsel to address this issue now; and
7 the way we're approaching this, he has come to us
8 and said at some juncture in that memo that the
9 right approach would have been to send our letter
10 through the Office of the General Counsel to the
11 attorney general.

12 MR. SCHEU: In one -- right.

13 MR. PATSY: Is that what you're saying to
14 do?

15 MR. SCHEU: I'm saying let's get a letter
16 from the OGC. If he asserts to be our legal
17 officer, then let's put him firmly on the record
18 as to what that relationship is and what our --
19 what that does in terms of our fiduciary duties.

20 MR. PATSY: That's reasonable.

21 MR. TUTEN: I think so. Bill, trust me,
22 brother. I understand what you're saying.
23 You're looking at it strictly from a liability
24 risk. I understand that.

25 But the truth of the matter is, as this

1 Board, as an independent agency, we're going to
2 make decisions that the mayor, the council, they
3 don't agree with for whatever reason.

4 Now, it doesn't happen that often, believe
5 it or not, but we've always taken advice of the
6 general counsel's office. Hey, man, what do
7 you-all think? We've taken advice of Bob and the
8 rest of them.

9 But it still -- whoever says they've got the
10 ball and is in charge and we listen to them, it
11 doesn't -- it's kind of like your accountant.
12 Doesn't matter who does your taxes. The IRS says
13 you are responsible for -- at the end of the
14 day -- one, two, three -- we're going to be the
15 ones held responsible.

16 Now, we might be able to offset some of our
17 mistake by saying, Hey, look, we got advice here,
18 advice there, advice here, advice there; but
19 assuredly, the state law says the five amigos are
20 responsible for every decision.

21 I mean, you know, now that being said, I
22 can't think -- tell me, has a Board in the state
23 gotten in trouble for making bad financial or
24 other decisions lately, ever? Do you know?

25 MR. DARAGJATI: I think the Board in Key

1 West -- I want to say something happened within
2 the last few years. I hate to put it in that
3 fashion, but --

4 MR. TUTEN: In order words, while we're all
5 worrying about doomsday scenarios here, realize
6 that this rarely ever --

7 MR. PATSY: I get that, but if we're going
8 to have a constructive working relationship, if
9 we want to have a constructive working
10 relationship with the Office of General Counsel
11 on issues like this, then we've got to do
12 something like this.

13 We've got to force the issue at this
14 juncture; otherwise, when we're confronted with
15 an issue where we legitimately disagree, we have
16 problems. Let's force the issue now.

17 MR. TUTEN: Well, I think part of the
18 problem, Richard, is the fact that -- like before
19 pension reform and the City Council back and
20 forth, back and forth. Well, Mr. Gulliford
21 finally showed up, sat down and talked to us.
22 What he realized is, you know, there's not a room
23 full of boogymen here.

24 Mr. Gabriel is more than happy to come here,
25 talk to us, let's sort of just hash it out

1 versus, you know, press release, press release.
2 In other words, you know, what's the main
3 problem? What's his biggest concern? What
4 doesn't he like about whatever it is we do?

5 Hey, let's figure -- it may not be that
6 complicated. But when you issue a nine-page
7 manifesto basically telling everybody, Do as I
8 say, and that's it, I mean, you know, we're all
9 adults here, man.

10 MR. SCHEU: That's the -- if he issues a
11 manifesto, we're still left in limbo --

12 MR. TUTEN: I agree.

13 MR. SCHEU: -- because he didn't address it
14 to us. So I want to say, Mr. General Counsel, if
15 you say that you're in charge, then I want you to
16 tell us that that absolves us from any
17 fiduciary -- in your opinion, it absolves us from
18 fiduciary liability.

19 MR. TUTEN: But, see, I know better. And
20 you're a lawyer. You should know better too,
21 Bill. There's just no way that they are going to
22 issue anything that even remotely comes close to
23 Teflon and you, brother. You know how the city
24 works.

25 MR. SCHEU: I want him to say that relying

1 on his advice is sufficient to sustain our
2 fiduciary responsibility.

3 MR. TUTEN: Another problem we have, though,
4 Bill, we don't know if the general counsel will
5 be here in three years. There might be a new
6 general counsel and he -- you can't hold him
7 to -- what a minute? What did this guy do --

8 MR. SCHEU: Oh, yeah.

9 MR. TUTEN: -- and we're going to be right
10 back to where -- you know --

11 MR. SCHEU: I don't think so.

12 MR. TUTEN: I would prefer just, Come here,
13 let's chat, man. Let's see what's going on.
14 What is it that we need to do to make you feel
15 better? Honestly.

16 MR. SCHEU: I want to say, I just -- I
17 respect all of you. This is not personal. It's
18 just really --

19 MR. TUTEN: No. It's never been personal
20 for me. I've never met the man. I don't know.

21 COUNCILMAN HAZOURI: You ought to have him
22 come and have a little staff gathering. I guess
23 you-all have to be in the Sunshine, right?

24 MS. McCAGUE: Right.

25 COUNCILMAN HAZOURI: Honestly, I would have

1 a meeting, and I will talk to him too, because I
2 talk to him occasionally about this. And, you
3 know, he's pretty open about things.

4 I would try to sit down and say, Look,
5 let's -- we need to know where we're going.
6 We've got the Board. We've got a new director.
7 We're going to be moving forward. Let's move
8 together, and I don't want to -- so we don't have
9 to, you know, discuss this in the news, in the
10 media. It will be done here and we'll know where
11 we stand in every area.

12 And if we disagree, then you-all have to
13 decide what you-all disagree on. But I just
14 think it's important. I didn't know that you-all
15 hadn't met with the general counsel. I know
16 Steve -- look at Steve. He scares me just
17 looking at him.

18 (Laughter)

19 MR. SCHEU: I'm so glad you conceded the
20 ambiguity of the confusion that's a fiduciary
21 duty.

22 MR. DURDEN: No, no, I didn't say ambiguity.
23 I said there's multiple responsibilities.

24 COUNCILMAN HAZOURI: Don't you think that's
25 a good idea, though?

1 MR. DURDEN: So, look, I am here and you
2 guys can -- and you-all have -- various members,
3 have spoken to me. And certainly if you would
4 like to have a conversation with Mr. Gabriel, I
5 will certainly let him know.

6 I don't want to speak for him. I know
7 generally -- without going into details, I know
8 generally what he's looking for, but I think it
9 might -- I think it makes sense to talk to him.

10 COUNCILMAN HAZOURI: Absolutely.

11 MR. DURDEN: Whether it's at a Board meeting
12 or individually so you can understand what he's
13 trying to get at. And it may be that you-all are
14 not nearly as far apart as sometimes things seem.

15 The expectations, what you-all want, I mean,
16 whether you do a letter to him formally or you
17 call him, I know that he -- his goal is to
18 remember that you are a -- I mean, this is where
19 there is some disagreement, I admit.

20 But the charter, we -- admitted, we're a
21 charter -- we believe in the charter. That's
22 certainly what general counsel has said. The
23 charter is very specific as to various things.

24 Mr. Gabriel's memo outlines how the charter
25 creates you and makes you an independent agency.

1 And you can see the analysis that he gives, such
2 as it is. It's there in the open as to what he
3 sees, which I think is pretty clear.

4 You're an independent agency. The JTA is a
5 independent agency. JEA is an independent
6 agency. They're all independent with all various
7 duties and even fiduciary duties to various
8 people, including, by the way, the Board of the
9 General Employees Pension Fund, which also has
10 fiduciary duties, and he's their lawyer as well.

11 And to help you -- I would like you to know,
12 I don't know -- I won't speak to tone of memos,
13 but the general counsels over the past have
14 issued opinions that have told independent
15 agencies they could do what they wanted, even
16 though other members of the city didn't like it.

17 They told elected official they can't do
18 things, even though they wanted to do them. For
19 example, various so-called constitutional
20 officers, the clerk of the court, those -- they
21 have been told, No, you can't do this, or, You
22 can.

23 There are various memos that talk about the
24 budgets of independent agencies, both what the
25 City Council can do and what they can't do, sort

1 of supporting and not supporting.

2 But there was a very specific memorandum
3 where -- the facts were there was -- the City
4 Council adopted a resolution related to zoning.
5 There was -- and the mayor vetoed it. So there
6 was a case that went to -- and I forgot which
7 mayor. I think it was Delaney that vetoed it.

8 But it went to court. And there was a
9 question from the City Council president, I
10 believe, said, Hey, wait a minute; we don't think
11 the veto is valid. The plaintiff doesn't think
12 it's valid. Why don't you -- can we hire our own
13 lawyer to go to court and say the veto is not
14 valid?

15 The answer -- and I'll get you the opinion
16 if you want it. The answer to the general
17 counsel was, The veto is not valid; no, you can't
18 hire your own lawyer; and, by the way, No, Mayor,
19 you may not hire your own lawyer to challenge us
20 either.

21 So to let you know, there has been at least
22 one very specific statement where two very --
23 elected people, elected people with very
24 important positions, were given answers one
25 liked, one didn't like, and the response was,

1 That's the answer for the consolidated government
2 for the City of Jacksonville.

3 And so the answer is, There have been
4 elected officials that have been told they cannot
5 do what they want and, no, they can't hire their
6 own lawyer to challenge it.

7 Now, whether you think that applies here or
8 not is irrelevant. I'm just letting you know
9 this is -- the general counsel has in the past
10 said, No, you can't, and, No, you can't hire a
11 lawyer. So it's not new where general counsels
12 have -- and then there's others.

13 To be honest, there was an opinion of a
14 general counsel that goes back -- by the time --
15 I think I was having breakfast -- I used to eat
16 breakfast with a guy.

17 MR. SCHEU: That wasn't Counsel Durden, was
18 it?

19 MR. DURDEN. Yeah, it was.

20 And he actually once wrote a discussion of
21 the charter that said to the -- I believe it was
22 the clerk of the court. I don't want to mislead,
23 but I'm pretty sure it was the clerk of the
24 court.

25 He said, Dear Clerk, you looked at this

1 charter, and you know what? According to you,
2 the charter does two things. It creates two
3 governments. The clerk of the court and
4 everybody else.

5 My dad's opinion and the general counsel's
6 opinion was, No, there's one government, one
7 charter. You-all are in the charter. You-all
8 are -- and I know this is what Mr. Gabriel said.
9 You-all are in the charter as an independent
10 agency. You're no more independent than the
11 charter says you are. You're no more dependent
12 than the charter says you are.

13 So to the extent that that's your question,
14 that's what he's trying to get it. However,
15 conversing with him, I think -- I don't think he
16 wants anything other than to have a lawyer-client
17 relationship with the guys because he sends me
18 here.

19 CHAIRMAN SCHMITT: If that were the case, he
20 would have been fired a long time ago.

21 (Laughter)

22 MR. SCHEU: Well, that's a good example, the
23 clerk of the court, because that is also
24 constitutionally and statutorily set up
25 differently. That's a good example.

1 MR. DURDEN: There's no question about that.

2 CHAIRMAN SCHMITT: Well, it is. But we also
3 have state statutes that come into play under 175
4 and 185. But, you know, I think we've gotten too
5 far off track here.

6 Let's get back to your motion.

7 MR. SCHEU: I made the motion that we ask
8 our counsel to reformat that request so that it
9 asks the OGC for a similar ruling, and add into
10 it a delineation of what our fiduciary duties are
11 if we -- if he determines that he is our general
12 counsel and we must obey him.

13 And that's the motion. And Paul can work
14 out the details.

15 MR. TUTEN: Repeat it, Larry, louder. I
16 couldn't quite hear it.

17 MR. SCHEU: I'm not sure we have to agree
18 with his opinion. I'm just saying, let's get the
19 opinion -- because that binds him too.

20 CHAIRMAN SCHMITT: Basically the motion is
21 for us to send a letter to the attorney
22 general -- I'm sorry, OGC, Office of General
23 Counsel, asking him to stipulate what his -- or
24 what would our fiduciary responsibility be if we
25 rely on his advice.

1 MR. SCHEU: Plus answer the other question,
2 analyzing it from the perspective of the analysis
3 that Paul's firm did.

4 MR. TUTEN: Okay. Now, if hypothetically we
5 relied on him as the sole legal opinion for the
6 pension fund, what would be the fiduciary
7 liability for the trustees?

8 MR. SCHEU: Yes. All of that.

9 MS. McCAGUE: Point of clarification.

10 Not sole. Rich's question is, if we relied
11 on Office of General Counsel as the sole attorney
12 on all issues.

13 MR. SCHEU: Or responded by doing what he
14 directed us -- he or she, directed us to do,
15 notwithstanding that we may have a different view
16 of fiduciary -- our duties, under the state
17 statutes, would we nevertheless be insulated from
18 personal liability?

19 CHAIRMAN SCHMITT: And that is an excellent
20 point. Where we're being directed by him and his
21 authority, how does that leave us as far as our
22 fiduciary responsibility and liability?

23 MR. SCHEU: And that's the way -- would we
24 be insulated from personal liability?

25 MR. TUTEN: I have no problem with that.

1 CHAIRMAN SCHMITT: Is that a second?

2 MR. TUTEN: That's a second.

3 MR. SCHEU: Oh, Lord, my soul.

4 (Laughter)

5 CHAIRMAN SCHMITT: Any other discussion?

6 MR. PATSY: I just have one point I want to
7 add to this.

8 I have a very small history of this,
9 obviously, but as Rich pointed out, we've
10 conducted business since this Board was
11 conducted -- or --

12 CHAIRMAN SCHMITT: Established?

13 MR. PATSY: -- established in a certain way.
14 And now, I guess starting in 2012, all of a
15 sudden there's been a question about how we
16 conduct business in regards to legal matters and
17 our relationship with the Office of General
18 Counsel.

19 It apparently wasn't an issue prior to 2012,
20 but all of a sudden it's now become an issue.
21 And all I would like to do is see if we can
22 incorporate that in some way, shape or form
23 into a letter --

24 COUNCILMAN HAZOURI: How we got here.

25 MR. PATSY: Wait a minute. I don't know

1 when this was established, 1990?

2 We conducted business for 22 years in a
3 certain way and it was perfectly fine prior to
4 2012. Now all of a sudden in 2012 it's a
5 problem.

6 And whether you appreciate it or not, we've
7 been doing business a certain way and now you're
8 telling us that it's not correct. And, you know,
9 we need more than a clarifying letter saying that
10 we're obstinate and -- anyway, that's my pitch.
11 Other than that --

12 MR. TUTEN: Mr. Gabriel has been in the
13 general counsel's office for quite a while. It's
14 not like he showed up last week when he got
15 appointed by the mayor.

16 He was down there when all this supposed
17 shenanigans was taking place. It's circular
18 logic back to Bill.

19 My comment would be, Hey, I'm all for
20 getting an opinion. I would like to find out
21 myself, but the Olympics is due to start in a
22 couple, what, weeks, I think? Summer Olympics.
23 I think you're about to see some beautiful
24 back-stroking taking place, I'll just say.

25 COUNCILMAN HAZOURI: Or the Zika virus.

1 MR. DARAGJATI: I do have a question for the
2 Board so I make sure I understand how we're
3 articulating this letter -- or this request.

4 Is the request, if the instance arrives
5 where the Board wants to take a certain action
6 and the Office of General Counsel advises against
7 that action and the Board listens to the Office
8 of the General Counsel's advice, is the Board
9 relieved of liability in that instance? Is that
10 what I'm asking?

11 MR. SCHEU: Yes. Insulated from liability.
12 But before you get to that, I also -- he needs to
13 answer the questions that we asked the attorney
14 general. And I think you need to piggyback what
15 the history has been.

16 I think the way we operated -- as a matter
17 of fact, what really prompted it was the Cindy
18 Laquidara memorandum -- it's not an opinion --
19 to John Crescimbeni over the legality -- I think
20 that was the legality of the plan.

21 And we had contrary legal advice that it was
22 legal, and so then we get the massive dictate.
23 So, yes, Paul, but it needs to incorporate all
24 that we asked the attorney general, plus it needs
25 to go on to further say, If you decide X and we

1 act in reliance upon your advice, even when we
2 may feel otherwise, are we insulated from
3 liability?

4 CHAIRMAN SCHMITT: And I will be voting no
5 on this because I think it's already clear what
6 our fiduciary responsibility is. And I think
7 it's pretty clear that he does not have the
8 authority that he's claiming to have in dictating
9 to us that we do what he tells us to do as a
10 Board.

11 That's not how this is supposed to operate,
12 and it's not how it's set up under 175 and 185.

13 MR. TUTEN: I agree with you, Larry, but --
14 100 percent, but if nothing -- I don't think in
15 this case there's anything wrong with getting an
16 opinion from the general counsel just to see what
17 he says, not only for now, but for future actions
18 taken.

19 That way we know going forward, at least,
20 what his position is. Like I said before,
21 though, he may not be the general counsel in two
22 years. He may go out off to Shuster, Shuster and
23 Shuster somewhere and then they bring in somebody
24 else and he has a totally a different opinion.
25 That's what happens with general counsel.

1 MR. SCHEU: Thank you.

2 CHAIRMAN SCHMITT: Any further discussions?

3 MR. PATSY: I just want -- our relationship
4 with you, my experience with general counsel when
5 I was in the Employees Retirement System Board,
6 all good. Day-to-day stuff, we can get stuff
7 done.

8 CHAIRMAN SCHMITT: Absolutely.

9 MR. PATSY: Okay. So it's -- you know, the
10 mechanics of this I don't think we have an issue
11 with. And my experience with the Employees
12 Retirement Board, every time we had an issue that
13 was beyond the scope of John Sawyer, he called
14 Klausner's firm. They were our outside counsel.

15 So this can work, but, you know, we need to
16 lower some of the barriers here.

17 COUNCILMAN HAZOURI: If you-all were making
18 zillions of dollars, you-all wouldn't have any
19 problems.

20 CHAIRMAN SCHMITT: That's true.

21 MS. McCAGUE: True.

22 COUNCILMAN HAZOURI: Can I say something
23 before I leave after you-all finish?

24 CHAIRMAN SCHMITT: Go ahead.

25 COUNCILMAN HAZOURI: No, you-all go ahead

1 and vote.

2 CHAIRMAN SCHMITT: All right. So any
3 further discussion on the motion?

4 MR. DARAGJATI: Can I just make one
5 observation?

6 CHAIRMAN SCHMITT: Yes.

7 MR. DARAGJATI: I think the point was
8 properly made earlier that a lot of these issues
9 came up around the time that the senior staff
10 plan became an issue. And assuming that those
11 individuals file a lawsuit, those questions are
12 going to get answered.

13 MR. SCHEU: Absolutely.

14 MR. DARAGJATI: They're going to get
15 answered by a judge, either state or federal, but
16 a judge is going to answer those questions.

17 So even if the Board doesn't proceed on
18 this, those questions are going to get answered
19 one way or the other eventually.

20 I mean, I'm not saying that I have any
21 inside knowledge of whether those lawsuits -- I
22 just know John Keane, and unless he gets hit by
23 lightning, he's probably going to file a lawsuit.

24 MR. TUTEN: Will we get notified when that
25 lawsuit -- I mean, I'm assuming the Board is

1 probably going to be named as part of the lawsuit
2 since we're not fulfilling our contract.

3 MR. SCHEU: Sure we are.

4 MR. DARAGJATI: I'm assuming you're probably
5 correct, yeah, because this Board had the
6 employment contract with Mr. Keane.

7 MR. SCHEU: And that will actually prompt
8 the issue, because our feelings may be -- well,
9 they should be different in terms of setting up
10 the plan, the legality of it, based on counsel,
11 with the illegality asserted by the general
12 counsel.

13 But we need to get now what the relationship
14 is. But that's very astute, Rich, because that's
15 going to come about.

16 MR. TUTEN: I may be the only trustee here
17 when that gets settled. Who knows, man? I feel
18 like -- I think I'm the only one who hasn't
19 gotten the memo for some reason.

20 CHAIRMAN SCHMITT: Okay. Let's move on.

21 If there's no further discussion, we'll move
22 on with this vote. We've got three other items I
23 want to get through before we get to a break, and
24 then after the break, we'll go with Dan Holmes.

25 So we have the motion, we have the second.

1 Any further discussion?

2 (No responses.)

3 CHAIRMAN SCHMITT: All in favor?

4 (Responses of "aye.")

5 CHAIRMAN SCHMITT: Opposed?

6 (One response of "aye.")

7 CHAIRMAN SCHMITT: Motion passes.

8 Tab 4, 2016-6-3, Dr. Trevor Greene's
9 contract.

10 MS. McCAGUE: Yes. At the last meeting the
11 Board authorized the staff members to meet with
12 Dr. Trevor Greene, who was a partner of Dr. Scott
13 Baker's, and will take over the contract as
14 medical services director for the fund.

15 Debbie Manning, Steve Lundy and I did meet
16 with Mr. Greene, and he was very excited about
17 working with the Board. He will come and visit
18 with the Board at a later date.

19 And he has signed a contract. The terms are
20 exactly what the terms were with Dr. Baker.

21 CHAIRMAN SCHMITT: Okay. Show that for
22 informational purpose received.

23 MS. McCAGUE: I think we need to approve
24 that contract.

25 CHAIRMAN SCHMITT: Okay.

1 MR. TUTEN: I make a motion.

2 CHAIRMAN SCHMITT: We have a motion.

3 MR. SCHEU: Second.

4 CHAIRMAN SCHMITT: We have a second.

5 Discussion?

6 (No responses.)

7 CHAIRMAN SCHMITT: All in favor?

8 (Responses of "aye.")

9 CHAIRMAN SCHMITT: Opposed?

10 (No responses.)

11 CHAIRMAN SCHMITT: Contract's approved.

12 MS. McCAGUE: Thank you.

13 Likewise, we ask for approval on this second
14 contract, which is a contract with Votenet
15 Solutions. We've used them before for their
16 online voting mechanism.

17 Chris Brown, as you know, ran unopposed to
18 replace Larry Schmitt as the representative of
19 the police officers, so we do not have to have an
20 election for him. But he will leave the advisory
21 committee, so we need to have an election to
22 replace him on the advisory committee.

23 Also in December, David McCall, a
24 firefighter on the advisory committee, will be
25 leaving the organization. So we will need to

1 replace him.

2 And, finally, Brady Rigdon, same,
3 firefighter and chairman of that advisory board,
4 will be leaving in April and we need to replace
5 him.

6 So we have an annual contract that Debbie
7 has negotiated for three different elections, and
8 that is included for you on tab 5. But we need
9 approval on that.

10 MR. TUTEN: I make a motion.

11 CHAIRMAN SCHMITT: We have a motion.

12 MR. PATSY: Second.

13 CHAIRMAN SCHMITT: We have a second.

14 MR. GREIVE: Just a quick point of
15 information.

16 The General Employees Board has recently
17 engaged the Supervisor of Elections Office to
18 handle all of our committee votes and, you know,
19 ballots for our PACS and co-PACS. And it works
20 out pretty well.

21 I don't know that we see a directed bill.
22 We may see an internal service charge at some
23 point. But that may just be food for thought for
24 the Board, rather than engaging outside services.

25 CHAIRMAN SCHMITT: Can they do it online?

1 Can they vote -- can members vote online?

2 That's the big advantage of this one is that
3 officers can just vote on their laptops.

4 MR. GREIVE: Because they're all so spread
5 out.

6 MS. McCAGUE: Right.

7 MR. GREIVE: Good question.

8 MS. McCAGUE: We did talk briefly with Terry
9 Wood about that option.

10 THE REPORTER: Excuse me. I didn't get who
11 made the motion and who seconded.

12 CHAIRMAN SCHMITT: I think we had the motion
13 by Rich and second by Rick.

14 Okay. Any further discussion?

15 (No responses.)

16 CHAIRMAN SCHMITT: All in favor?

17 (Responses of "aye.")

18 CHAIRMAN SCHMITT: Opposed?

19 (Motion passes.)

20 MS. McCAGUE: Under tab 6, you'll see the
21 DROP enrollment statistics. Take just a moment
22 to look at that please.

23 We're continuing to see entry into the DROP
24 at just over 20 years, and that's fairly stable.
25 We have another DROP coming up in October.

1 At the request of the chairman, we're also
2 going to start tracking some other interesting
3 information, and that is, we're going to start
4 tracking how long people stay in the DROP, number
5 one, because we think that that may be
6 decreasing, that people who entered the DROP
7 don't stay for the five years.

8 They used to stay four to five years.
9 They're not staying -- they're indicating they're
10 not going to stay that long now, having to do
11 with the change in benefits for some of them who
12 are Group 1 but B candidates.

13 Also, we're going to start tracking how many
14 people are leaving without entering the DROP. So
15 they may have 20 years, but they're going on to
16 greener pastures. So we will be providing that
17 information at a future meeting.

18 MR. TUTEN: Are you going to be interviewing
19 people that leave with less than 20? In other
20 words, like, eight, nine, ten? Is that what
21 you're going to be studying too, or just people
22 that leave at 20 without going into the DROP?

23 MS. McCAGUE: People who leave at 20, right,
24 because we're not the HR division. But for
25 purposes of pension, since we run the DROP, we

1 thought that would be a reasonable thing to do.

2 MR. TUTEN: Just out of the curiosity, when
3 is the last sign-up day for the October 1 DROP
4 enrollment period? What is that, August
5 something? September something.

6 MS. McCAGUE: I'll have to get back with
7 you. I do not know --

8 MR. LUNDY: I think it's September 3.

9 MR. TUTEN: Oh, September 3.

10 MR. LUNDY: I believe so.

11 MS. MANNING: That's the last day. You have
12 the month of August.

13 CHAIRMAN SCHMITT: And I'm going to go a
14 little off track here.

15 We have all these documents and Dan Holmes
16 waiting for us. But if you-all are not opposed,
17 we all have copies of these documents. They've
18 been distributed. They're going to be posted on
19 the website.

20 Rather than get Dan Holmes on and just
21 basically go through each one of these for the
22 next hour and a half, two hours, I'm going to
23 propose that we read these into the minutes as
24 received for information and continue on to the
25 last item, which is Administrative Reports.

1 MR. PATSY: He's got a search that he's
2 proposing in here, this International Equity
3 Search.

4 CHAIRMAN SCHMITT: Okay.

5 MR. PATSY: My preference is we defer that
6 to the next meeting.

7 MS. McCAGUE: Okay.

8 CHAIRMAN SCHMITT: So that one is deferred.
9 That's 2016-6-11, Summit International Equity
10 Search under tab 11.

11 MR. SCHEU: Could I ask a question on one of
12 the documents?

13 CHAIRMAN SCHMITT: Sure.

14 MR. SCHEU: It's the JP Morgan fee
15 agreement.

16 MS. McCAGUE: Yes.

17 CHAIRMAN SCHMITT: I was confused because it
18 seemed awful high to me. It says in all these
19 cases that the fee was an annual fee, but it was,
20 let's say, 1 percent at the end of each quarter.
21 So the base is the same. So 1 percent times 4 --

22 MS. McCAGUE: No, it's 1 percent annually.

23 MR. SCHEU: But it doesn't say that. It
24 says "1 percent determined at the end of each
25 calendar quarter," which would add up to 4

1 percent. So I --

2 MS. McCAGUE: Devin --

3 MR. CARTER: I understand your concern, but
4 what they do, you divide it by 4 again.

5 MR. SCHEU: It doesn't say that. And this
6 is the contract.

7 MR. CARTER: Okay. Well, it should say
8 that, the contract, because that's how the
9 invoices pretty much are. They pretty much come
10 in, and when I recalculate, we divide it by 4
11 again. So they show it annually.

12 MR. SCHEU: Yeah. It just seemed awful high
13 to me.

14 MS. McCAGUE: So we do not pay 4 percent.
15 Let me go on the record with that. But what we
16 will do is work -- ask them to clarify that
17 language.

18 MR. SCHEU: Fine. No problem with that.

19 MS. McCAGUE: And by the way, the blended
20 rate is now 90 basis points.

21 MR. SCHEU: Okay. And that would apply to
22 all these paragraphs?

23 MS. McCAGUE: Yes. Thank you.

24 CHAIRMAN SCHMITT: And I'm just going to
25 read into the record, 2015-5-2. That's the

1 2015-16 Budget Update for May of 2016.

2 Next item is 2016-6-6. The budget for
3 2016-2017.

4 MR. CARTER: Yes. For that, Chairman, I
5 want to pass a summary out here because in the
6 packets is the detail information.

7 But this will give a summary overview of the
8 full budget for '17, which realize also showing
9 how much we'll spend for professional services.

10 MS. McCAGUE: Excuse me one moment.

11 Have we finished with Dan Holmes?

12 CHAIRMAN SCHMITT: The only thing I'm going
13 to do is read into the record.

14 MS. McCAGUE: Okay. I do need to tell you
15 that he was asking for action on the
16 recommendation he's bringing to you on transition
17 plan summary.

18 We're getting ready to move a great deal of
19 money in accordance with the rebalancing and
20 allocation that you-all have approved over the
21 last months.

22 CHAIRMAN SCHMITT: Okay.

23 MS. McCAGUE: But what he wanted to do is
24 ask for your approval.

25 He has three transaction managers that he is

1 getting bids from. One is our custodian,
2 Northern Trust; one is State Street; and one is
3 Luke out of Chicago.

4 His firm has worked with all three firms,
5 and what he wants to ask your permission and your
6 authorization to do is negotiate the most
7 economical contract with any one of those three
8 and allow him to move forward so that we can get
9 this transition in place.

10 MR. TUTEN: I make a motion.

11 CHAIRMAN SCHMITT: We have a motion from
12 Rich to allow him to negotiate with those three
13 to come up with the best transition.

14 MR. PAYNE: Second.

15 CHAIRMAN SCHMITT: Second.

16 MR. PATSY: Why Luke? Where did he get Luke
17 from?

18 MS. McCAGUE: He has worked with Luke
19 before. They may have come from another agency.
20 It is a minority-owned business out of Chicago,
21 and he knows that in the past, when we have a
22 chance to do business with minority companies,
23 that we do so. But he believes they have done
24 very good work.

25 CHAIRMAN SCHMITT: Any other discussion on

1 that?

2 MR. TUTEN: Yeah. Can we put a caveat in
3 there that disclose the fees -- if he can
4 disclose the fees for all three for us, and once
5 the final, all the transition and transaction
6 costs are done, how much that is going to cost
7 us. You know, just with fees, not necessarily
8 when you sold it versus when you bought it.

9 CHAIRMAN SCHMITT: All right.

10 MR. TUTEN: That way we can be sure they
11 kept their word and all that stuff.

12 MS. McCAGUE: Okay. Yes. Thank you.

13 CHAIRMAN SCHMITT: Any other discussion?

14 (No responses.)

15 CHAIRMAN SCHMITT: All in favor?

16 (Responses of "aye.")

17 CHAIRMAN SCHMITT: That motion passes.

18 MS. McCAGUE: Thank you.

19 CHAIRMAN SCHMITT: All right.

20 2016-6-9. The Monthly Economic and Capital
21 Market Update. Show that as received for
22 information.

23 2016-6-10. Flash Report from Summit dated
24 May 31, 2016. Show that received for
25 information.

1 2016-6-11, the International Equity Search.
2 We already addressed that one, did we not?

3 MS. McCAGUE: Yes. Deferred.

4 CHAIRMAN SCHMITT: 2016-6-12. Summit
5 Transition Plan Summary. We just did that one.
6 Motion passed.

7 And 2016-6-13, Summit Terminated versus
8 Replacement Manager Performance Comparison. Show
9 that received as information.

10 MR. SCHEU: That was interesting.

11 CHAIRMAN SCHMITT: It was.

12 MR. SCHEU: It really was. Thank you. I
13 think you asked for that. It was really
14 interesting.

15 MR. TUTEN: That was good. I appreciate it.

16 MS. McCAGUE: Excuse me.

17 Steve, would you let Dan Holmes know he does
18 not need to stand by.

19 MS. MANNING: I got it.

20 MR. LUNDY: Also, I would like to correct my
21 answer to Trustee Tuten's question. The deadline
22 for the October class is September 2.

23 MR. TUTEN: Dan, will be, I'm sure, severely
24 disappointed he doesn't have to talk to us today.

25 (Laughter)

1 CHAIRMAN SCHMITT: Okay. Under
2 Administrative Reports --

3 MS. McCAGUE: Did we want to hear more from
4 Devin on the budget, fiscal year-to-day, or next
5 year's budget?

6 MR. CARTER: At least next year's. We need
7 a vote on that.

8 CHAIRMAN SCHMITT: Okay. We need a vote to
9 approve --

10 MR. CARTER: To approve it, yeah.

11 MR. SCHEU: We need to approve next year's
12 budget?

13 MS. McCAGUE: Yes.

14 MR. SCHEU: We really haven't had a chance
15 to look --

16 MR. CARTER: Yeah, because we have to send
17 it by July 1.

18 CHAIRMAN SCHMITT: This is my recommendation
19 again. We have copies of it. If there are
20 changes we want to make, we certainly can do that
21 after this month, but we need to submit the
22 budget.

23 MR. SCHEU: Well, for example, on
24 professional, fees are going -- expenses are
25 going down by 400,000?

1 MR. CARTER: Yes, sir.

2 MR. SCHEU: Is any of that attributable to
3 the reduction for the expected cost for the
4 General Counsel fees, or is that all --

5 MR. CARTER: Yes, it is. If you look at the
6 second page of the attachment --

7 MR. SCHEU: Okay. Great.

8 MR. CARTER: -- it gives you a breakdown of
9 professional services for the previous three
10 years, and you can see where the increase and
11 decrease is taking place at.

12 MR. SCHEU: Thank you.

13 MS. McCAGUE: But it also includes that
14 reduction in fees that we've been able to get
15 from our money managers.

16 MR. SCHEU: That's great.

17 COUNCILMAN HAZOURI: Mr. Chairman, when do
18 you-all -- you-all submit that, because I'm not
19 familiar with it. I was just asking Joey about
20 that.

21 You-all submit that to the mayor and us at
22 the same time so we could be looking at it? Is
23 that -- how do you-all do that; do you know?

24 MS. McCAGUE: Yes. It will go to council
25 and to the auditors and on to the mayor's office,

1 but that happens next week.

2 COUNCILMAN HAZOURI: Right. I mean, a lot
3 of them are starting to do that.

4 MS. McCAGUE: Right.

5 COUNCILMAN HAZOURI: So the mayor's office
6 will have it, decide -- you know, they'll hammer
7 it out or whatever they do, or look at it and see
8 if they want to make changes or whatever, or
9 recommendations, and we're doing the same thing.

10 But we don't usually do that until it comes
11 to us from the mayor. Isn't that correct, or is
12 that the way it works?

13 MS. McCAGUE: My understanding from the
14 auditors is that this goes right to City Council.

15 COUNCILMAN HAZOURI: Just us?

16 MR. CARTER: Uh-huh.

17 COUNCILMAN HAZOURI: Not to the mayor?

18 MR. CARTER: No. We're part of the
19 independent agencies when they did a review for
20 that. So what we do when we submit it, we submit
21 it to the council auditor's office, and of course
22 they'll submit it to City Council. And we pretty
23 much will be in the budget hearings with the
24 independent agencies --

25 COUNCILMAN HAZOURI: Okay.

1 MR. CARTER: -- and that's when City
2 Council --

3 COUNCILMAN HAZOURI: Because they're going
4 to start -- I think she's naming a chairman on
5 the 30th, or the end of this month.

6 But what I wanted to ask you-all, and I
7 don't want to get into -- I mean, I'm going to
8 leave you-all doing this.

9 You know, I don't know if this is my last
10 meeting with you-all. I don't know whether
11 Lori's going to reappoint me to this or put me
12 somewhere else or however they do that.

13 I just want to thank you-all. It's been a
14 learning experience for me, and having chaired
15 that committee in the legislature for a number of
16 years and then trying to transfer down here to
17 figure out -- you know, a lot of that is our law
18 that we passed with Morgan and Hazouri when I was
19 in the legislature.

20 And then in '90, when I was mayor, some more
21 came out of the legislature talking about
22 autonomy for the Board. And I really felt
23 strongly about it and I still do from that
24 perspective.

25 Now, how the nuances occur after that is

1 just based on interpretation and what have you,
2 and I'll leave that up to you-all and the General
3 Counsel.

4 Larry, I want to thank you, and I really
5 hate to see you leave. This is me speaking
6 personally. Working with you, we've worked on
7 other issues. We're working on legislature as a
8 matter of fact.

9 And we just got you back on board,
10 hopefully. It's the first reading. And I asked
11 Greg about Scheu here, and he says, Well, he says
12 he just wanted to do it until, you know,
13 whenever. And I hope that he sticks around.
14 You-all have an outstanding Board. I just want
15 to tell you from my perspective. I don't know
16 who -- maybe I do know him when I see him, but
17 the new person who's going to be replacing
18 you-all.

19 He's here?

20 MR. TUTEN: He was here somewhere.

21 MR. BROWN: I'm here.

22 COUNCILMAN HAZOURI: Okay. I didn't realize
23 who it was. Okay. Thank you.

24 So it's been really enlightening for me, and
25 you-all are heading in the right direction. I

1 interviewed, as all of us did on the council, for
2 about two minutes with your -- you know, the two
3 people and they both were very good. And I think
4 you-all made some great choices.

5 I hope you-all get Mr. Johnson in from the
6 very beginning so he can hear -- because he's --
7 like you mentioned in the paper, you know,
8 communications, transparency, that's a big deal.

9 And even though it's more stuff that needs
10 to be done here at this level, I think the
11 outreach from him and representing this Board to
12 the new council chair of finance and the
13 president and all is going to be really
14 important.

15 And I know Beth is going to have to come and
16 help him along. So I'm looking forward to
17 even -- whether I'm on this or not, looking
18 forward to working with him and letting him know
19 that, just let us know what's going on.

20 I think his communication is the key, and
21 that's what you said about the new director.
22 That's what it has to be. Beth has done a great
23 job.

24 Going back to the other commission -- what
25 we do call that board?

1 MS. McCAGUE: Advisory.

2 COUNCILMAN HAZOURI: Yeah, the advisory
3 board. We almost made it home the other day
4 except for Mike Lukaszewski, who's a cousin of
5 mine, but I know he's very talented and very
6 good.

7 I don't know what happened along the lines
8 of not meeting with all the members of the rules
9 committee or calling them, but apparently Anna
10 had a real problem that he never did reach out
11 to -- and maybe he didn't -- I don't know if he
12 did anybody else or not. I didn't ask.

13 And it's a shame, because I don't think
14 anybody wants a "yes" person on the Board. But
15 you can't be -- even act like you're arrogant
16 about doing that. I think, you know, for Anna's
17 sake, you know, she likes them coming one-on-one,
18 face-to-face. And she requested that of a couple
19 of them, and I think one of them finally did. I
20 don't know what happened with Mike --

21 MS. McCAGUE: He interviewed with her.

22 COUNCILMAN HAZOURI: What?

23 MS. McCAGUE: He interviewed with her.

24 COUNCILMAN HAZOURI: Who?

25 MS. McCAGUE: Mike and Anna.

1 COUNCILMAN HAZOURI: He interviewed with
2 her.

3 MS. McCAGUE: Last Monday. Yes, sir.

4 COUNCILMAN HAZOURI: Well, why did she say
5 she hadn't met?

6 MS. McCAGUE: Can we cover this outside the
7 meeting?

8 COUNCILMAN HAZOURI: Yeah, we will.

9 Well, that didn't come up, and that's
10 interesting. Because I thought that you-all
11 were -- you know, it was moving along.

12 So, anyway, I just want to tell you how much
13 I appreciate it and I'm looking forward to
14 working with you as a councilman, and if Lori
15 wants me to sit on this committee and do it
16 again, I'll be glad to do that.

17 But the relationship, I think, is really
18 good. Okay. I didn't know I was going to get
19 into -- well, you-all already started your little
20 things the year before I got here, but I can see
21 how things happen from a political side and
22 you-all's side.

23 And I can see where -- and it did begin, I
24 think, as you were saying. It began back with
25 Cindy and with -- and with the three members, and

1 John, talking about people that stay steadfast on
2 things. And they do. And they have opinions.
3 And they're not elected, so they can kind of do
4 what they want to do.

5 But it's been great. It's been a good
6 observation. And, Larry, I just -- I hate to see
7 you go. That CPA background of yours really
8 helps, I think. And hopefully you can utilize it
9 somewhere else within the City before you leave
10 Dodge.

11 CHAIRMAN SCHMITT: I plan to. And, you
12 know, from my seat and me personally, I want to
13 thank you. You've done a fantastic job as a City
14 Council liaison.

15 COUNCILMAN HAZOURI: I appreciate it.

16 CHAIRMAN SCHMITT: I hope they reappoint you
17 because you've been a real asset to the Board.
18 You listen and you try to help resolve issues.

19 COUNCILMAN HAZOURI: I know I interject
20 stuff sometime, but I try to do it from what I
21 know the council is going to say later.

22 CHAIRMAN SCHMITT: Right.

23 COUNCILMAN HAZOURI: You know, and you-all
24 know that.

25 There's something you mentioned about the

1 data, tracking that data on DROPS. I bet you it
2 stops pretty quickly once collective bargaining
3 ends and they know what they've got.

4 I think the unassuredness of what's going on
5 is what's making -- I'm not telling you-all
6 anything new. It's making probably the officers
7 in every plan a little uneasy. And I can
8 appreciate that.

9 I wish that wouldn't happen because I know
10 the difficulty in recruiting now, much less what
11 it may be like in the future, especially with
12 police and fire.

13 But thank you-all.

14 CHAIRMAN SCHMITT: We certainly appreciate
15 your support. Thank you.

16 MR. SCHEU: Thank you, Tommy.

17 (Councilman Hazouri exits the Board
18 meeting.)

19 CHAIRMAN SCHMITT: Councilman Hazouri has to
20 leave, but we've got a few extra items to go
21 here. We'll get back on track. I don't know who
22 does it better, the councilman or Steve Durden.
23 But we'll come back on track here.

24 (Laughter)

25 MS. McCAGUE: Did we take a vote on the

1 budget?

2 CHAIRMAN SCHMITT: We have not.

3 MS. McCAGUE: Okay. May I just say one
4 thing?

5 And I'm going to work with Devin on this,
6 but as you-all consider approving this budget, if
7 you would give me latitude to perhaps take the
8 part-time position I have and move it to full
9 time. If I could pull that somewhere else in the
10 budget.

11 We're losing Agnes Carswell. She's going to
12 JSO. And we need to make sure that we've got
13 somebody here who can stay the course for the
14 next year, year and a half, as we get these
15 projects done. And I'm not sure we can find a
16 part-time person who's going to do that.

17 CHAIRMAN SCHMITT: Yeah. And that is an
18 important position, to get those public records
19 processed. I agree. We need to get that done.

20 Do we need a motion?

21 MR. SCHEU: I make a motion.

22 MR. PATSY: Second.

23 CHAIRMAN SCHMITT: We have a motion. We
24 have a second. So that's for the budget with the
25 latitude related to the part-time position.

1 MR. CARTER: Okay.

2 CHAIRMAN SCHMITT: Any further discussion?

3 (No responses.)

4 CHAIRMAN SCHMITT: All in favor?

5 (Responses of "aye.")

6 CHAIRMAN SCHMITT: Opposed?

7 (No responses.)

8 CHAIRMAN SCHMITT: Passes.

9 I think we have one more item. Two more
10 items. I added one.

11 MS. McCAGUE: Let me just say, Tommy alluded
12 to it, but Rick Patsy is starting the process for
13 reappointment, that President-Elect Boyer took
14 his name. We're grateful for that.

15 Tim Johnson, our new executive director. He
16 has the contract. He was traveling this week.
17 He did not have a chance to give it to his
18 advisors who he wants to look at it. It's a
19 financial advisor and attorney.

20 He wants you to know he's very enthusiastic
21 about this opportunity. He has concerns about
22 relocation and what we might do for him in terms
23 of relocation.

24 He has some questions about some of the
25 other benefits, and when he is back in town next

1 week, he and I will have a conversation. So I
2 will do my best to get that contract settled as
3 quickly as possibly.

4 We do have a new -- our newest member of the
5 Finance Investment Advisory Committee, Rodney Van
6 Pelt was approved.

7 We're starting, finally, a couple of
8 projects we've been promising for months. One is
9 we have our electronic records management pilot
10 starting this week -- actually next week.

11 You heard when you came in the skylight,
12 which was supposed to be completed in March, is
13 in process now. Troy opens the building at
14 6 a.m. in the morning so the workers can get up
15 there and get a lot of the work done before the
16 sun gets too, too hot.

17 I do need your authority to go ahead and
18 extend the lease with the Regional Conflict
19 Counsel upstairs. I mentioned last week they
20 were interested in renewing and extending the
21 lease. We're working out the final terms, but I
22 would like your authority to get it approved
23 before the state's new fiscal year begins July 1.

24 What they're doing is paying an additional
25 30,000 a month to take some increased space,

1 extending the lease, which now matures December
2 17, through June of 2019, and the 3 percent
3 increase is in place for this year and begins
4 again in 2018. So we will get more money and the
5 total floor is now leased out.

6 CHAIRMAN SCHMITT: We need a motion to
7 approve that?

8 MR. SCHEU: So made.

9 CHAIRMAN SCHMITT: Motion.

10 MR. PATSY: Second.

11 CHAIRMAN SCHMITT: Second. Any discussion?

12 (No responses.)

13 CHAIRMAN SCHMITT: All in favor?

14 (Responses of "aye.")

15 CHAIRMAN SCHMITT: Opposed?

16 (No responses.)

17 CHAIRMAN SCHMITT: Motion passes.

18 MS. McCAGUE: Okay. One other thing -- two
19 other things.

20 One is we will elect a new chairman in July
21 because we will be without a chairman, so I would
22 ask that you be considering that over the course
23 of this month.

24 And also, as I mentioned to you when I first
25 came here and certainly when you renewed my

1 contract through August, I am out of the office
2 from July 9 through the 25.

3 We have a Board meeting scheduled for the
4 15th, and I'm wondering if you would be agreeable
5 to changing that Board meeting to the Friday
6 before the 15th, which would be July 8th.

7 Would you be available to do that?

8 MR. PATSY: Good question.

9 MR. SCHEU: I would be. That's our wedding
10 anniversary.

11 MR. PATSY: I can do that. Same time?

12 MS. McCAGUE: Yes. 9:00.

13 MR. PATSY: I can do that. July 8th?

14 MS. McCAGUE: The 8th. That's right. Thank
15 you.

16 Is Chris Brown still in the room?

17 MR. BROWN: Yes.

18 MS. McCAGUE: Can you do the 8th?

19 MR. BROWN: Yes.

20 MS. McCAGUE: Okay. Thank you.

21 Okay. That is my report.

22 MS. MANNING: So it was changed to the 8th?

23 CHAIRMAN SCHMITT: July 8th, 9:00.

24 Trustee Patsy has requested to put an item
25 on the agenda. A request for proposal for a new

1 actuary.

2 MR. PATSY: Background. We went through the
3 actuary report from our current actuary in, what,
4 January or February?

5 MS. McCAGUE: January, uh-huh.

6 MR. PATSY: I wasn't that impressed with
7 their process. Given everything that's going on,
8 I thought that this would be a good time to put
9 it on the agenda to issue a new RFP for a new
10 actuary because it's going to take time.

11 October 1 starts a new fiscal year. We're
12 going to have to have a new actuary on board by
13 then if we decide to go that direction. And if
14 we have one -- regardless of how the referendum
15 goes in August, there's going to be changes as
16 far as, you know, our plan coming down the road.

17 The sooner we have a new one on board, the
18 better.

19 MR. TUTEN: So you want to put out an RFP
20 for a new actuary?

21 MR. PATSY: New actuary. Give Beth the
22 authority to do it. This way we don't have to
23 wait until Tim's on board before --

24 MR. TUTEN: I agree.

25 MR. PATSY: -- we sit down and do it.

1 MR. SCHEU: And that's what we had talked
2 about doing earlier, and I think it makes good
3 sense to get started.

4 MS. McCAGUE: And the pension actuary that
5 we have now, the contract runs through the end of
6 this year. If I go back and read that, I believe
7 we have the opportunity to terminate that
8 contract before then. So I will work on that.

9 MR. TUTEN: Beth, could you do me a favor on
10 the actuaries? Could you get references, like
11 other pension funds they have. I want somebody
12 that does our type of actuary stuff --

13 MS. McCAGUE: Right.

14 MR. TUTEN: -- versus Teamsters or
15 something, you know?

16 MS. McCAGUE: Public pension funds.

17 MR. TUTEN: I mean, you know, I just want
18 somebody that's comfortable with police-and-fire
19 type governmental.

20 CHAIRMAN SCHMITT: All right. We have a
21 motion.

22 MR. TUTEN: Second.

23 CHAIRMAN SCHMITT: We have a second. Any
24 further discussion?

25 (No responses.)

1 CHAIRMAN SCHMITT: All in favor?

2 (Responses of "aye.")

3 CHAIRMAN SCHMITT: Opposed?

4 (No responses.)

5 CHAIRMAN SCHMITT: Motion passes.

6 Last item. I would like to welcome the new
7 trustee that will be replacing me, Chris Brown.
8 He's a new lieutenant with the Jacksonville
9 Sheriff's Office. He's going to do a fantastic
10 job.

11 Welcome.

12 (Applause)

13 CHAIRMAN SCHMITT: Second generation or
14 third generation?

15 MR. BROWN: Second generation. My father is
16 a retired lieutenant. He was actually hired the
17 year I was born. So it's a long time.

18 MS. McCAGUE: And like Larry, Chris's
19 background, although he didn't work in finance or
20 economics, but he's a graduate of Stanton,
21 undergraduate at UNF, economic degree?

22 MR. BROWN: Yes.

23 MS. McCAGUE: And an MBA from UNF. So he
24 brings great business acumen to us.

25 MR. BROWN: I'm looking forward to joining

1 this. I've been on the advisory committee for a
2 couple of years so I've been able to kind of hear
3 the discussions, not only attending these, but
4 also in our monthly meetings, we get updates. So
5 I'm looking forward to jumping in.

6 MR. SCHEU: Great.

7 MS. McCAGUE: I think Richard Tuten has one
8 more item.

9 MR. TUTEN: Before we leave, I'm going to
10 pay a nice little tribute here to my fellow
11 trustee, Mr. Schmitt. It's not going to be
12 anything fancy like we did for Bobby Deal
13 because, you know, he was more important. And I
14 like Bobby a little better. Nothing personal.

15 (Laughter)

16 CHAIRMAN SCHMITT: Me too.

17 MR. TUTEN: But, anyway, as a current public
18 servant with you, my friend, on the Board, even
19 though you've only been here two years, I
20 appreciate the job you have done, especially as
21 chairman.

22 You say the things I say, but in a much more
23 polite way. Probably the right way. It's
24 debatable.

25 (Laughter)

1 MR. TUTEN: But you get the point across.
2 And you're a defender of the members, not just
3 the retirees, but the current people on this job,
4 because you know as well as I do, this job is
5 important. You know, regardless of what some of
6 the members think, it's not conferences and
7 cupcakes around here all the time.

8 And, unfortunately, for you, your short
9 tenure has been probably during the -- I won't
10 call it the worst two years of being a trustee,
11 but definitely the most difficult. Take my word
12 for it, without a doubt, the last two years have
13 been tough. Hopefully they'll get easier.

14 But you've done an excellent job. I hate to
15 see you go. I'm sure your replacement is going
16 to do a great job. I really, really hate to see
17 you go simply for the fact that I had planned on
18 trying to escape before you did.

19 (Laughter)

20 MR. TUTEN: And when you announced that you
21 were leaving, it kind of threw a monkey wrench,
22 because now I'm the only one that's left that's
23 been here for -- anyway.

24 I congratulate you. I hope you enjoy
25 wherever it is you're going. My advice would be

1 the same thing I told Bobby. Don't even think
2 about pension stuff for the next -- at minimum,
3 five years. Just sign up for the DROP and enjoy
4 your life, brother, you know, because this
5 place -- you know, it's over with.

6 But I appreciate you, man. You've done a
7 heck of a job.

8 CHAIRMAN SCHMITT: Thank you. Appreciate
9 it. I do.

10 (Applause)

11 MS. MANNING: This is very heavy, Larry.

12 CHAIRMAN SCHMITT: Thank you. That will go
13 proudly on my wall in my office.

14 I feel like I'm retiring. I got to tell
15 you, I don't want to retire. Just give me a
16 second here.

17 Everyone on this Board, their hearts are in
18 the right place. It's been an absolute honor to
19 serve with you guys. You know, we don't always
20 agree, but I know your intentions are pure and
21 it's for the best interest of the members.

22 Invariably others of us haven't always agreed,
23 but we've always come through with what we think
24 is best for the members.

25 And that part I'm going to miss more than

1 anything else working on this Board. The other
2 stuff, I won't miss at all.

3 But I've got to tell you, it's been a tough
4 two years, but I would not have replaced it.
5 I've grown myself. You know, proven to myself
6 some of the things that I didn't think I was
7 capable of doing, and it was all with the
8 assistance that you-all have given me.

9 So I really appreciate the time that you-all
10 put in and the effort that you put in and the
11 seriousness that you give this issue, because it
12 does mean whether our members are going to be
13 able to live a comfortable life when they retire.
14 We've always kept our eye on that ball, and I
15 think we've done a fantastic job with that.

16 So thank you. I appreciate it.

17 MR. SCHEU: Mr. Chairman, it's common in
18 organizations to have it spread upon the minutes
19 that we actually have passed a resolution of
20 posterity, with sincere and deep appreciate for
21 your service. And I for one, the thing I
22 appreciate more than anything is humility and
23 servant leadership.

24 And despite what others have accused you as
25 our representative, you are a sincerely

1 servant-oriented, humble leader. And the
2 community has been well served by you.

3 Thank you.

4 CHAIRMAN SCHMITT: Thank you.

5 MS. McCAGUE: Do we need a motion for that?

6 MR. SCHEU: I'll move that. Yes.

7 MR. PATSY: I'll second it.

8 And, in fact, I've only been here for a
9 short period of time, and I admire your calmness,
10 and with the calm you get things done and say
11 what you need to say. And I appreciate it, being
12 here and being with you for this short period of
13 time.

14 And thank you. And I know all of the people
15 in this City appreciate what you've done,
16 especially the officers and the firemen.

17 Thank you.

18 MR. PATSY: Enjoy it. It's been good.

19 MS. McCAGUE: Call the vote?

20 CHAIRMAN SCHMITT: Call the vote.

21 All in favor?

22 (Responses of "aye.")

23 CHAIRMAN SCHMITT: Passes unanimously.

24 Thank you. We're adjourned.

25 (Applause)

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(The meeting concluded at 11:29 a.m.)

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CERTIFICATE OF REPORTER

I, Denice C. Taylor, Florida Professional Reporter, Notary Public, State of Florida at Large, the undersigned authority, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings, pages 3 through 146, and that the transcript is a true and correct computer-aided transcription of my stenographic notes taken at the time and place indicated herein.

DATED this 27th day of June, 2016.

Denice C. Taylor, FPR
Notary Public in and for the
State of Florida at Large

My Commission No. FF 184340
Expires: December 23, 2018