

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES MEETING

DATE: June 19, 2015
TIME: 9:00 a.m. to 12:00 p.m.
PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

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

ALSO PRESENT:

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

GUESTS PRESENT:

Mayor Alvin Brown
Clay Yarborough, City Council President
William Gulliford, City Council Member
William Sheu, Esquire

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

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P R O C E E D I N G S

June 19, 2015

9:00 a.m.

- - -

CHAIRMAN BUSSELLS: Call the meeting to order.

MR. KEANE: All raise, please.

Please join us in a moment of silence for our deceased members who have died since our last meeting.

Arnold O. Haddock, retired Firefighter Engineer; Mark R. Stewart, Active Fire Lieutenant.

(Pause)

MR. KEANE: Amen.

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

Thank you very much. Please be seated.

CHAIRMAN BUSSELLS: So, fellow Trustees and attendees, the first item of business today is the Retirement Reform Agreement that's before us.

As you know, we've discussed this at length regularly in regular and special meetings,

1 including our special workshop yesterday, to
2 receive input from our members and others of the
3 public, and to be sure that any questions or
4 issues that any of us had have been
5 satisfactorily addressed, and I believe they
6 have.

7 But before I call for a motion and the vote,
8 I would like to go around the table with each
9 Trustee and provide a time to speak one more time
10 before we take a motion and action on this
11 matter.

12 Lieutenant, do you want to start?

13 MR. TUTEN: Sure. I would like to greet
14 everybody, Mr. Gulliford, the mayor, John.

15 I want to thank everybody involved in the
16 process -- it hasn't been easy -- especially you,
17 John. You and me have been here from the start,
18 brother, and we've had to undergo some rather
19 tough times.

20 I do want to thank the mayor and
21 Mr. Gulliford for doing something that no one
22 else has had the courage to do so far, which is
23 to provide a funding source. I mean that. It
24 wasn't popular, and I can assure you in the
25 future it's not going to be.

1 I've gone over this agreement dozens of
2 times. I have changed my mind, no doubt, three
3 or four at least. One thing I always do in any
4 argument is pick my side and then go back and
5 argue the other side, just to make sure that my
6 original decision -- well, as you can imagine,
7 that's changed here and there.

8 I do appreciate the members' input. I have
9 a lot of people that are concerned, and as you
10 can imagine, firemen do voice their opinion. So
11 I appreciate their opinions on the matter.

12 I've consulted lots of people, private
13 sector people, that have no pension that don't
14 really understand the issue, but they just give
15 me a general vibe as to what's going on.

16 But this decision is mine alone. I've been
17 down here a long time. I've got plenty of
18 knowledge with pension reform, pension law. You
19 name it. This is my decision. I do not take
20 being a Trustee lightly. I never have. This is
21 not just a carte blanche, He's a fireman, he's
22 going against the vote no matter what.

23 If I may remind everyone here, I voted for
24 the last reform bill that tied nine to nine. I
25 did that for one simple reason: My fiduciary

1 responsibility. This pension fund must be
2 properly funded, no ifs, ands or buts, gentlemen.
3 It must have the money. We don't. That's why
4 we're here.

5 Decades of mismanagement, not extravagant
6 benefits, are the reasons why we are here. I'm
7 not here to assign blame. I'm not. I've handed
8 out handouts at the table over there to back my
9 position. Just like I did in the very first
10 meeting, I can show that it's not extravagant
11 benefits, but it's mismanagement from the city
12 that has led us here.

13 That said, this bill does not solve that
14 problem. I am aware of the downside. I am aware
15 of the risks. I have it explained many times by
16 many people. And I still come back to the only
17 logical thing that I could come to.

18 At the end of the day, if this contract was
19 me buying a house or me buying a car or me buying
20 anything where two parties were involved, one
21 party would fulfill its obligations starting
22 today, which is the members; the other party
23 would promise to fulfill theirs.

24 Now, I will look Mr. Gulliford in the eye
25 and I will tell you, I have no doubt that you are

1 serious when you say you're committed to funding
2 this problem. I have no doubt, my friend, no
3 doubt.

4 And Mayor Brown, once again, I will thank
5 you for trying to, at least. Believe me, it is
6 welcomed to know that someone actually cares
7 about solving this problem.

8 That said, I cannot deal with the what-ifs.
9 I cannot deal with the variables. I cannot deal
10 with the abstracts that may or may not go along
11 with this deal, positive and negative. I'm aware
12 of them all.

13 Break it all down, at the end of the day, I
14 cannot commit my members to a deal where the
15 foundation is nothing more than promises. It's
16 time for someone in city leadership, whether it's
17 the next mayor, the next council, someone -- I am
18 all for pension reform. I want this pension fund
19 funded properly. I want this city to be in good
20 shape financially. I want my pension to be
21 around when I retire.

22 But at the end of the day, guys, we are
23 still in same spot we were in the first time we
24 started this. There is no funding source
25 dedicated to solving this problem.

1 My fear is, besides not having a pension, is
2 that -- the fact that the State of Florida will
3 come down I-10, like they have already done with
4 a letter, that the bond rating agencies will come
5 down and say, guys, we don't mind that you have
6 debt, but the problem has been you guys do not
7 have a plan to solve that problem. That is what
8 the bond rating agencies will dictate their
9 decisions on.

10 Debt is not a problem, gentlemen. Every
11 city has it. But if you don't have a problem
12 (sic) to solve that debt, that's where you get
13 into trouble. We have port expansion. We have a
14 million things the city wants to do. I
15 understand that.

16 But to be fiscally irresponsible and not
17 have a solution going into this deal, from my
18 perspective, from my members' perspective, and
19 from my logical perspective, I cannot override my
20 conscience. I do not enter contracts one-sided.

21 Like I said, I appreciate everyone's input.
22 Walt, this Board, I know what you guys have been
23 through.

24 John, I know what you've been through and I
25 appreciate every single thing you've helped me

1 with.

2 Mayor Brown, Mr. Gulliford, once again, I've
3 gone back and forth. But I cannot accept this
4 agreement simply for the fact it's not logical,
5 and no one in this room would enter into a
6 contract with these terms.

7 So my vote is going to be no.

8 CHAIRMAN BUSSELLS: Thank you, Lieutenant.
9 Sheriff.

10 MR. GLOVER: Well, let me just say that I
11 want to thank those individuals that had the
12 courage to step up, the mayor, Mr. Gulliford,
13 Mr. Yarborough, all of the people here who
14 actually laid it on the line to get where we are
15 today.

16 I appreciate the input of the Sheu
17 Commission. I just want to make sure we don't
18 push that to the side and not acknowledge that.
19 It's just great input.

20 Listening to those officers yesterday really
21 moved me. And it begged the question, Why?
22 Well, the fact of the matter is for three years
23 as director in the sheriff's office, eight years
24 as sheriff, I hired a number of them. And I said
25 to them, Come, and we've got a deal for you.

1 Good agency. Good pension. We're going to take
2 care of you.

3 Now, a number of those officers said similar
4 things, but they all said it differently. But
5 the theme of what they said was simply this: You
6 broke your promise.

7 And I feel awful about that because a couple
8 of times -- and I haven't felt this way in
9 years -- I had to drop my head because I felt
10 like they were talking directly to me.

11 I lost sleep last night because I thought --
12 I thought I was at a certain point. And after
13 the testimony elicited yesterday, I started to
14 feel badly. Let me tell you a little history.

15 Mr. Chair, if you will indulge me a little
16 bit.

17 When I was elected sheriff, we had the
18 highest spike on police officers retiring,
19 resigning, leaving the department, not wanting to
20 be here. They just left, you know. And I asked
21 John about those numbers and he confirmed them.
22 It was the highest.

23 Now, it just so happened they were all white
24 and just didn't want to be here. And when asked
25 about that at one of the civic organizations --

1 asked me about that high attrition rate in that
2 particular month, I think I said, I just don't
3 think they wanted to work for a tall guy.

4 So -- but here's what happened. It created
5 some vacancies. And I went out and had to
6 recruit and bring in some new officers, new,
7 young white kids. But they came in, and let me
8 just tell you this. I felt like then and I feel
9 like now, they -- if I told them to run through
10 that wall, you'd better not be on the other side
11 because they did it without questioning and
12 without reservations.

13 And when I started hearing those
14 testimonials yesterday, I felt like I was
15 betraying them because they were saying, Here's
16 what you promised us and you're not living up to
17 that promise. So I felt badly about that. I
18 felt awful about that.

19 But here's the deal. I had to look at what
20 we're trying to get done here. I had to look at
21 what's going on around the country with pensions,
22 and I had to look at how hard we worked on this
23 thing, back and forth. And I'm concerned about
24 two things. Number one is seven years. I said
25 that up front, and I feel awful about it because

1 I thought the ten years we talked about was the
2 negotiated agreement. And I'm concerned about
3 the new hires.

4 We cannot say to people that we ask that you
5 have more education, you come here better
6 qualified, you come here with a college degree,
7 but we're going to offer you less.

8 But when all is said and done, we had to
9 look at our constituencies, our fiduciary
10 responsibility, the citizens, and this council
11 and the council that's coming on July 1st.

12 And so I'm going to say, with hesitation and
13 with reservations, I'm going to support this
14 reform. I'm going to support it because, ladies
15 and gentlemen, we had to look at the whole
16 playing field and cut a deal. It's painful to
17 cut a deal sometimes. And I feel like this is
18 the right thing to do.

19 One of the things -- one of my requirements
20 in making tough decisions, I make sure that I
21 decide in a way that when I look back
22 retrospectively, five, ten years from today, that
23 I feel like I did the right thing.

24 And in this instance, I feel like we're at
25 the place where it's painful, it's bitter, but we

1 have to go on a few promises from some people
2 who, to be honest with you, I trust.

3 So with that, I'll support it.

4 CHAIRMAN BUSSELLS: Thank you, Sheriff.

5 Dr. Herbert.

6 DR. HERBERT: First, I also want to thank
7 Mayor Brown and Councilman Gulliford and
8 president of the council, and all those on that
9 body who have supported what we're looking at
10 today.

11 As both Trustee Tuten and Mr. Gulliford have
12 indicated, yesterday was a very significant
13 meeting for me in the sense that I heard about
14 some of the personal sacrifices that you've
15 described, Sheriff. And, you know, it's clear
16 that there's some important issues there that
17 have to be taken into account.

18 I was -- I appreciated the opportunity to
19 talk with the leadership of both the police and
20 firemen, their unions. The comments that they
21 provided I thought were helpful.

22 Yesterday, as we ended up the process, I was
23 especially struck by what Trustee Tuten said
24 relative to the conversations that he had with a
25 number of his colleagues, and the fact that when

1 the meeting started, there were significant
2 reservations; but after he responded to questions
3 and shared with us the document, the Q and A
4 sheet, that that did allay many of the concerns
5 that have been articulated. That for me was
6 especially important.

7 And I was touched by hearing about the fact
8 that officers have served for 19 years, 18 years,
9 and suddenly they're coming up to deal with the
10 20-year issue, and hearing about officers who
11 have been wounded in the line of duty and some of
12 the sacrifices that were made there. That was
13 very touching, and it causes you to really think
14 very carefully about the decision you're going to
15 make.

16 Like Trustee Glover, it was hard for me to
17 go to sleep last night thinking about some of
18 those additional factors. Then I take a look at
19 the broader picture.

20 And I've had the opportunity now for almost
21 50 years to deal as a professor of public policy
22 administration. I've been involved in a number
23 of court decisions, observing legal actions that
24 are taken with regard to municipal governments or
25 state governments.

1 And I've been reflecting on all of that.
2 One thing -- well, one of the things that does
3 concern me is that I am very reluctant to face
4 the future -- except in unusual circumstances
5 such as civil right cases -- I've very reluctant
6 to gamble on the decision-making process of one
7 person, a judge, not knowing what the potential
8 outcome is going to be. There's so much at risk
9 with regard to all of this that that causes me
10 concern.

11 I am struck by the fact that -- I really
12 appreciate the fact that Mayor Brown reached out
13 to us in an effort to resolve a critical problem.
14 We cannot -- as you said, Trustee Tuten, we
15 cannot continue to operate in the fashion that we
16 are with the kind of shortfall that we have.
17 We've got to address that. And he had the
18 courage to step up and say, We're going to do it.
19 And he was willing to work with us in coming up
20 with a solution.

21 I think that with the guidance that we gave
22 to John, that John did a very effective job of
23 articulating our issues, the priorities that we
24 had, and the reality is that the mayor did
25 listen.

1 He talked with members of the Sheu
2 Commission. We appreciate Mr. Sheu's leadership
3 in all of this in terms of the community getting
4 involved and coming up with concrete ideas.

5 But, you know, when I heard John talk about
6 the meetings about the issues, I know how
7 strongly he feels about our members. I know that
8 he would not have put something on the table or
9 agreed to something that was not in their best
10 interest. And so his leadership in trying to get
11 all this resolved, it seems to me, was critically
12 important.

13 We had a council vote. It was turned down.
14 And, obviously, the ten-year issue was a major
15 matter for us, and we had a 3-to-2 vote on that
16 issue. So that was our decision.

17 If Councilman Gulliford had not come forward
18 and raised this whole issue again, we would be in
19 very serious trouble today. And you heard me say
20 on a couple of occasions how proud I am of him as
21 one of his constituents for standing up and
22 saying, the right thing for us to do as a city is
23 to address this issue.

24 He and the mayor, I think, came forward with
25 a plan that they felt would address the needs

1 that we have. Clearly there is a major funding
2 issue long-term in terms of the big bucks, but
3 they have put forward a plan that I think begins
4 to lay the foundation for addressing that issue.

5 One other thing that struck me as I have
6 thought through this, and that is that the
7 agreement does lay out the context for our
8 establishing a share plan for current members.
9 And that has not been discussed enough.

10 I think that that is a critical additional
11 variable in this process, because I am concerned
12 about our current members and what's available to
13 them. I feel so strongly about this that my view
14 is that not only should we move quickly to
15 establish that plan, but I would even support the
16 idea for the next two or three years shifting all
17 the monies that we have available that can be
18 used for that purpose, including the money for
19 retirees, because they already have a holiday
20 bonus.

21 Put all of that into the share plan so we
22 can begin to build up those resources as quickly
23 as possible so the current members can see that
24 there is an additional pool of funds there that
25 can be used in some instances maybe to address

1 some of the problem, the promises issues that
2 Sheriff Glover indicated.

3 So in taking everything into account, my
4 belief is that -- one other thing. I am
5 personally strongly convinced, as I look at the
6 committee structure for the council for next
7 year, that there was one committee in particular
8 that stood out for me, and that was the Finance
9 Committee and the fact that Councilman Gulliford
10 is chair of that committee.

11 I am strongly convinced that he is
12 determined to secure the funding that is
13 necessary to address the issue that you
14 articulated. I have no doubt about that. I
15 believe that he is going to be able to convince
16 his colleagues to address this on a priority
17 basis.

18 We don't know what the new mayor is going to
19 do, what his position will be, but just as a
20 professor of public administration -- and I've
21 taught public finance -- the reality is that this
22 next council and mayor have no choice but to
23 address this issue.

24 If they don't do it, the financial
25 implications that you indicated in terms of bond

1 ratings, that's a serious problem. They have to
2 do it.

3 And I think that John Keane has done a very
4 good job in working with Councilman Gulliford and
5 with the mayor in assuring that there will be an
6 opportunity for us to address that. And if they
7 don't, there's a penalty, and our members will
8 begin to reap the benefits of that.

9 So, on balance, notwithstanding the comments
10 that we heard yesterday, which did touch me a
11 great deal, and after listening to the leadership
12 of both unions, I'm convinced that this plan is
13 the optimal one for us to support.

14 I am going to vote in favor of it because
15 from a fiduciary perspective and looking at the
16 long-term best interest of our members, I want to
17 be involved in the process of defining the future
18 as opposed to letting a judge do it for us.

19 So I am going to vote yes.

20 CHAIRMAN BUSSELLS: Thank you.

21 Chief Schmitt.

22 MR. SCHMITT: Thank you.

23 I'll start with Sheriff Glover. I am one of
24 those officers that you hired, and I'm one of
25 those officers who would have ran through that

1 wall without question. Still would. I have a
2 great deal of respect for what you've done as
3 sheriff.

4 MR. GLOVER: I know.

5 MR. SCHMITT: And for this Board.

6 We've debated over and over again the merits
7 of this plan and the pluses and the minuses. And
8 like Trustee Tuten said, I've been back and forth
9 so many times I can't remember where I started.

10 When you listened to the testimony
11 yesterday, and this has been mentioned already,
12 those officers kept their promise. It's hard to
13 make a decision to say, You've kept your promise,
14 you've done everything you said you're going to
15 do, but we're not going to keep our promise.

16 If there's one thing I could change in this
17 agreement, it would be to protect those that have
18 kept their promise all these years, and we keep
19 ours and not affect the current employee
20 benefits.

21 I think the Board has worked hard. The city
22 has worked hard, and especially Councilman
23 Gulliford. I appreciate the effort that you have
24 made. Without his efforts, we wouldn't be
25 sitting at this table today with this agreement.

1 And I trust in what Councilman Gulliford says. I
2 hope his efforts in the future are as strong as
3 they have been recently to guide the next council
4 into doing the right thing.

5 CHAIRMAN BUSSELLS: Thank you, Chief.

6 Mayor Brown, President Yarborough, past
7 President Gulliford, Chairman Sheu, we appreciate
8 all of you-all being with us today. We
9 appreciate, I appreciate, the hard work, the
10 perseverance, the diligence, and the constructive
11 engagement that's been demonstrated here recently
12 on this most difficult issue facing our city.
13 The constructive engagement that's been
14 demonstrated by you and others has gotten us here
15 today.

16 When we've looked past -- and I associate
17 myself with the comments of my four colleagues.
18 I really do. In the two and a half years here,
19 Dr. Herbert and I, we've learned a lot and seen a
20 lot about how things came to be the way they are
21 over the last 15 years.

22 When we look back, there's been mistakes
23 made by all the parties involved, including this
24 Board and past Boards. Anything involving human
25 beings has mistakes. What separates success and

1 winners from the others is what you do about it
2 going forward, how you deal with it. And I'm
3 convinced that what we're doing here is dealing
4 with it the right way. Mistakes are always made.
5 It's a fact of human life. It's how you deal
6 with it once it occurs.

7 When I look at the -- from my background,
8 when I look at the mathematical financial reality
9 for our members -- and I was touched yesterday as
10 well -- I know that a continuation of the status
11 quo is financially harming the members closest to
12 retirement in a way that they were never recover.

13 If this continues as it has, no increases,
14 even roll-backs, when you do the mathematics,
15 when you do the mathematics, we have members that
16 are paying in more than those that have already
17 retired that will draw far less, and they will
18 never catch up.

19 A pension has two parts: The base pay when
20 you retire, and that's being harmed every year
21 because of the fiscal crisis our city is in, and
22 then the percentage. We're talking about the
23 percent here today. The city will have the
24 ability to address that general increase in the
25 future.

1 When I look at the city's chaffer and the
2 chaffer of the independent authorities, when I
3 reflect on what I know will be the actuary
4 results of this reform, I'm confident, as
5 difficult as it is -- and I appreciate the hard
6 work of the president, of the past president and
7 others dealing with these annual budgets -- that
8 the funding is there for both general increases
9 to begin catching up these last five or six
10 years, and the additional contributions that
11 indeed are voluntary currently without binding
12 commitments, as Lieutenant Tuten has correctly
13 said.

14 But I am convinced the will and the capacity
15 of this leadership and the incoming leadership is
16 there and will be exercised. I'm optimistic
17 about the future.

18 So there's much about this that I don't like
19 personally. I think if every one of us in the
20 room were the emperor of the city and could
21 decide what to do, each of us would do something
22 that would have differences in it. But this can
23 be done. This reflects constructive engagement.

24 And I think the greatest mistake that's been
25 made, and we've been a part of it here over the

1 last 15 years and recently, is the degradation of
2 trust and constructive engagement among the
3 parties. That is being corrected here, now, with
4 these people in this, in my opinion, and
5 continuing that. That's where success lies for
6 our members and the city in the future.

7 The blaming and the self-centeredness and
8 the selfishness, all those things as all of us as
9 human beings from time to time display, produces
10 where we are now, which is bad for everybody.

11 Constructive engagement, hard work and
12 perseverance, and this represents that, is where
13 success lies. So I'm optimistic about our
14 ability, the will of the leadership currently and
15 incoming; and the financial capacity when I look
16 at the numbers in the actuarial, I know what's
17 coming if this passes here, and it appears it
18 will this morning. I'm optimistic that the pay
19 side can resume where it needs to be.

20 First and foremost, we have to be
21 competitive to have the public safety employees
22 our citizens deserve and want. And if this
23 continues much longer, that will begin to be
24 impossible. That has to be corrected. This
25 enables us to do that.

1 And so with that, I'd call for a motion.

2 DR. HERBERT: Mr. Chairman, I move that we
3 accept the proposed amendment and the proposed
4 agreement that has been negotiated by our
5 director and the city and as approved by the City
6 Council.

7 CHAIRMAN BUSSELLS: And could you add, and
8 direct the Executive Director to execute the
9 agreement, just to be sure of the proper form.

10 DR. HERBERT: Yes.

11 We want the Executive Director to take
12 appropriate action to follow up and ensure
13 implementation, if passed.

14 CHAIRMAN BUSSELLS: Is there a second to the
15 motion?

16 MR. GLOVER: Second.

17 CHAIRMAN BUSSELLS: Any further discussion
18 or comments?

19 (No responses.)

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

21 (Responses of aye.)

22 CHAIRMAN BUSSELLS: Opposed, like sign.

23 MR. TUTEN: No.

24 CHAIRMAN BUSSELLS: Carries, I believe, four
25 to one.

1 At this time -- John.

2 MR. KEANE: At this time we're going to have
3 a recess. We're going to move to the atrium, and
4 the regular meeting will resume once we've
5 finished with our duties in the atrium.

6 CHAIRMAN BUSSELLS: So we will recess the
7 Board meeting and adjourned in the atrium.

8 * * * * *

9 (A recess was taken from 9:32 to 10:36 a.m.;
10 thereafter the Board meeting continued as
11 follows, with those in attendance being the
12 Board's Trustees, Executive Director John Keane,
13 Debbie Manning, Kevin Stork:)

14 CHAIRMAN BUSSELLS: Resume the meeting at
15 10:36.

16 So we'll have a public speaking period for
17 items other than the one just handled, which had
18 the public speaking period yesterday, for the
19 rest of the agenda.

20 THE COURT: Do I have any speaker requests?

21 MS. MANNING: I have nothing in writing.

22 CHAIRMAN BUSSELLS: Okay.

23 MR. LEE: Shall I?

24 CHAIRMAN BUSSELLS: Yes. Where's the
25 podium?

1 MR. LEE: Well, I'll just talk from here.

2 CHAIRMAN BUSSELLS: All right.

3 MR. LEE: The reason I didn't fill out a
4 card was because there were no cards out there.

5 MR. KEANE: Just come up here a little bit
6 closer, Mr. Lee, so the court reporter can get
7 you down.

8 MR. TUTEN: Can't hear you.

9 MR. LEE: All right. The reason I didn't
10 fill out a card was because there were no cards
11 present when I came in this morning.

12 All right. I'm going to speak about
13 something other than what was just voted on.

14 On January 7th I sent an email to all the
15 trustees about commencing forfeiture proceedings
16 regarding Robert Freitas and Nelson Cuba.

17 Mr. Freitas pled guilty to one misdemeanor
18 and one felony in November 2014.

19 Nelson Cuba pled nolo contendere, which has
20 an effect of a guilty plea, to one felony and two
21 misdemeanors in early January 2015.

22 My communication was ignored, which I
23 believe is improper. It's a serious subject. I
24 communicated to all of you and you ignored me.
25 So a few months later I reminded you, and finally

1 it sounds like maybe you're going to do
2 something.

3 I would like to remind you that the law says
4 that the Board of Trustees shall commence
5 forfeiture proceedings when you're informed about
6 actions of members of the Police and Fire Pension
7 Fund that violate the law. And it's very
8 complicated, I know that.

9 But you shall commence forfeiture
10 proceedings. Plus your own rules state that you
11 shall commence them properly.

12 So I understand some work is being done, but
13 what I would like to do is urge you to get on
14 with it and to publicize it. It's a matter of
15 public importance, and it involves millions of
16 dollars because the collective, cumulative
17 payments to the two men would be at least a
18 million dollars both, assuming normal life
19 expectancies.

20 Plus, beyond that I would like for you to
21 establish more regular procedures. Someone
22 should be following all members of the Police and
23 Fire Pension Fund who are indicted and convicted
24 or who plead guilty or nolo contendere and make
25 sure that they automatically get addressed.

1 It shouldn't be up to someone like me to be
2 reading newspaper articles or following public
3 matters to remind you. I'm not a paid employee.
4 I'm might miss things. I should be automatic and
5 it should be systematic and it should be
6 comprehensive.

7 So that is my request to the Board of
8 Trustees. Thank you.

9 CHAIRMAN BUSSELLS: Okay. John.

10 MR. KEANE: Consent Agenda, Mr. Chairman and
11 Trustees, items 1 through 11.

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

13 DR. HERBERT: Second.

14 CHAIRMAN BUSSELLS: Questions or comments?

15 (No responses.)

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

17 (Responses of "aye.")

18 CHAIRMAN BUSSELLS: Opposed, like sign.

19 (No responses.)

20 CHAIRMAN BUSSELLS: Carries unanimously.

21 MR. KEANE: Next item is a resolution
22 approving the fiscal year 2015-'16 budget. It's
23 actually '16-'17, isn't it?

24 MR. STORK: No, '15-'16.

25 MR. KEANE: No, we got it right.

1 Go ahead, Kevin.

2 MR. STORK: There were no changes from what
3 I distributed before. I think that's the Budget
4 Review. If you need to see the budget again --

5 CHAIRMAN BUSSELLS: No, no. I recall from
6 last month.

7 MR. STORK: Okay.

8 CHAIRMAN BUSSELLS: Are there any further
9 questions or comments for the proposed budget for
10 fiscal '15-'16?

11 (No responses.)

12 CHAIRMAN BUSSELLS: Can I get a motion?

13 DR. HERBERT: I move for approval of the
14 resolution.

15 MR. TUTEN: I make a motion.

16 DR. HERBERT: I just moved for approval.

17 MR. TUTEN: Oh, okay. Second.

18 CHAIRMAN BUSSELLS: Questions or comments?

19 (No responses.)

20 CHAIRMAN BUSSELLS: All in favor say "aye."

21 (Responses of "aye.")

22 CHAIRMAN BUSSELLS: Opposed, like sign.

23 (No responses.)

24 CHAIRMAN BUSSELLS: Carries unanimously.

25 MR. KEANE: The next item is review of the

1 current budget.

2 Kevin.

3 MR. STORK: Pretty much standard. We're
4 performing better than the 7 percent forecasted
5 at a lower cost. Our asset mix is better than
6 anticipated. So we're coming out at 48.9 mills.

7 Still budget savings through not hiring a
8 deputy executive administrator position. That's in
9 process now. I don't know if John is going to
10 address that. I think there were 35 qualified
11 applicants by City HR Department.

12 CHAIRMAN BUSSELLS: So, Kevin, in summary,
13 the investment income is better than budget --

14 MR. STORK: Almost 40 million.

15 CHAIRMAN BUSSELLS: And the spending is
16 better than budget because it's under budget.

17 MR. STORK: Right.

18 CHAIRMAN BUSSELLS: So we're at positive
19 variance, both sides.

20 MR. STORK: That's correct.

21 CHAIRMAN BUSSELLS: Outstanding.

22 Any questions or comments?

23 (No responses.)

24 CHAIRMAN BUSSELLS: Received for
25 information.

1 MR. KEANE: Mr. Chairman and Trustees, the
2 next item is the Personnel Committee.

3 As Kevin just touched on, our series of
4 advertisements in the national publications and
5 on other websites has brought in over 60
6 applications that were received by the City
7 Employee Services Department.

8 They did the initial screening, and they
9 have provided us a list of about 20, 25
10 candidates who they rank as most qualified,
11 qualified, and extremely qualified.

12 I spoke with Dr. Herbert. City Personnel is
13 working on some additional information. She
14 hopes to complete it today, at which time I will
15 call the people on the list and explain to them
16 that in the job specs, it talks about prepares
17 reports; it does this and what-have-you.

18 A lot of these people have senior positions
19 in other agencies, and I need to make sure they
20 understand that it is they who will be preparing
21 the report because there's not a staff to do it.

22 And Rhonda Sarli is working on that. We'll
23 get all that information. We're going to then
24 make those phone calls to these people. And then
25 we'll have a new list to work from to do the

1 second round of screenings and ultimately get
2 down to having a list of three to five to present
3 to the full Board for their review.

4 DR. HERBERT: We also want to make sure that
5 all those folks continue to be interested in the
6 position, they understand the salary range, and
7 that sort of thing.

8 MR. KEANE: Received as information?

9 CHAIRMAN BUSSELLS: Indeed.

10 MR. KEANE: The next item for information is
11 analysis of the DROP enrollments.

12 CHAIRMAN BUSSELLS: The trend continues.

13 MR. KEANE: The trend continues.

14 CHAIRMAN BUSSELLS: No surprise.

15 MR. TUTEN: Yeah. That's what happens when
16 you treat people with a stick instead of a
17 carrot, you know.

18 MR. KEANE: We show that received as
19 information, Mr. Chairman and Trustees.

20 CHAIRMAN BUSSELLS: Yes.

21 Next item, Investment Reports. We have sent
22 the City Council Finance Committee a letter and
23 it's here.

24 When the council adopted the ordinance last
25 Tuesday night, we gave them their ten-day notice

1 to the Finance Committee that at this meeting the
2 Board would take up proposed changes in the asset
3 allocation, because we wanted to move forward --

4 CHAIRMAN BUSSELLS: Outstanding.

5 MR. KEANE: -- and they have been placed on
6 notice.

7 I've contacted Dan Holmes. He has provided
8 a Target Asset Allocation Review and his
9 recommendations are attached. And we have this
10 letter. It's up there?

11 MS. MANNING: Yes.

12 MR. KEANE: In addition to the printed
13 format that you have before you, Dan Holmes has
14 also sent this asset allocation.

15 He's changed it into plain words here where
16 he talks about funding the new allocation by
17 reducing the Northern Trust TIPS, reducing the
18 bond, reducing the DePrince, Race & Zollo, and
19 reducing the Northern Fund index account, but
20 that's over a period of time. First we have to
21 get the manager selected and then start drawing
22 down on that.

23 So we do need a vote on the change to the
24 target asset allocation.

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

1 MR. SCHMITT: Second.

2 CHAIRMAN BUSSELLS: Questions, comments?

3 (No responses.)

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

5 (Responses of "aye.")

6 CHAIRMAN BUSSELLS: Opposed, like sign.

7 (No responses.)

8 CHAIRMAN BUSSELLS: Carries unanimously.

9 And, John, too, if we could just be
10 attentive to continuing to keep our asset
11 allocation to the -- I'm trying to recall the
12 phrase we finally used. Emerging managers
13 program?

14 MR. KEANE: Yes, sir.

15 CHAIRMAN BUSSELLS: If we can be attentive,
16 because I think we've got head room for more.

17 MR. KEANE: We do.

18 CHAIRMAN BUSSELLS: To soliciting others and
19 allocating more assets. If we could keep -- stay
20 focused on that as well as the diversification.

21 MR. KEANE: In this round of manager
22 selection, we will. That's the top item on Dan
23 Holmes' agenda.

24 CHAIRMAN BUSSELLS: Very good.

25 DR. HERBERT: I'm really glad to hear that.

1 I think that's extremely important. And Trustee
2 Glover has occupied that also. So I just hope we
3 will really make that a priority.

4 CHAIRMAN BUSSELLS: And we're getting fine
5 performance from some of these smaller guys and
6 ladies.

7 MR. KEANE: As Dan has previously talked to
8 the Board about -- Aberdeen is one that he would
9 like to bring on at the appropriate time when we
10 have -- and now we're at the gate level, the
11 threshold level, of making those allocation
12 changes.

13 The next item, Mr. Chairman and Trustees, is
14 the monthly Flash Report.

15 CHAIRMAN BUSSELLS: Received as information.
16 That's good news.

17 MR. KEANE: Good news. All good news.

18 CHAIRMAN BUSSELLS: We're killing it.

19 MR. TUTEN: John, is there a way -- maybe
20 Debbie can -- I was talking to a friend of mine
21 the other day, and I want to find out what -- if
22 we could find out, say, going back the last 10,
23 15, or whatever we could, the performance of the
24 fund in August and September at the end of the
25 fiscal year, just because, you know, that's

1 always the time when we have to keep our fingers
2 crossed. You know, I just want to -- for me, I
3 just want to kind of see how we do for the last
4 whatever.

5 MR. KEANE: We'll get that for you. We'll
6 get that.

7 MR. TUTEN: Thank you.

8 MR. KEANE: The next item, Mr. Chairman and
9 Trustees, is the Procedural Review, Due Process.

10 We distributed this last month for your
11 review. This is how we conduct hearings and
12 notify people who are taken off the payroll and
13 what-have-you. And it's just an update. There's
14 been no changes to the law, the governing
15 statute. We just want to bring everybody up to
16 date on that.

17 CHAIRMAN BUSSELLS: So it's still
18 satisfactory and conforms with the law?

19 MR. KEANE: Yes, sir.

20 CHAIRMAN BUSSELLS: Got to review it every
21 once in a while.

22 MR. KEANE: Next item is the Skylight
23 Replacement. We have a series of attachments
24 here.

25 CHAIRMAN BUSSELLS: Do you need a motion on

1 this, John?

2 MR. KEANE: On the skylight?

3 CHAIRMAN BUSSELLS: Yes.

4 MR. KEANE: Yes, sir. We're going to need
5 that.

6 CHAIRMAN BUSSELLS: Can I get a motion on
7 the skylight replacement?

8 DR. HERBERT: Moved.

9 CHAIRMAN BUSSELLS: Can I get a second?

10 MR. SCHMITT: Second.

11 CHAIRMAN BUSSELLS: Questions or comments?

12 MR. KEANE: We have funds available to
13 encumber to start the project. Kevin is going to
14 encumber them. They will then carry over.

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

16 (Responses of "aye.")

17 CHAIRMAN BUSSELLS: Opposed, like sign.

18 (No responses.)

19 MR. TUTEN: How old is the current skylight,
20 John?

21 MR. KEANE: Almost 15, 16 years old.

22 MR. TUTEN: Oh, wow, is it that old?

23 MR. KEANE: We've had problems with it
24 leaking, and the people that put it in are out of
25 business.

1 MR. GLOVER: Maybe that's why they're out of
2 business. That was just light-hearted.

3 MR. TUTEN: That, and who has skylights? I
4 mean, really.

5 MR. KEANE: The next item is the financial
6 report on the DROP.

7 CHAIRMAN BUSSELLS: So let me report on
8 that.

9 So I've got -- we've been focused on the
10 business this morning, obviously. I did get
11 yesterday or Tuesday, as per our direction from
12 the Board, the engagement letter for the
13 agreed-upon procedures we agreed upon at the last
14 Board meeting, the 3 years, 10 percent, and then
15 the three individuals who have been specifically
16 named in some media stuff.

17 So I have it. I just need to reread it,
18 frankly, which I'll probably do over the weekend.
19 I'll send it around for you. And then if it all
20 looks right to us -- and they wrote it based on
21 what we told them based on our last discussion,
22 you can execute it, and then they'll begin
23 getting the stuff --

24 MR. KEANE: Right. I already have the
25 records pulled. Ready for them.

1 CHAIRMAN BUSSELLS: And the CPAs know that,
2 as our independent accountants doing the audit,
3 they work directly with the Board.

4 MR. KEANE: Right.

5 CHAIRMAN BUSSELLS: Coordinate it with
6 staff. So we have all that good governance
7 process in place.

8 MR. KEANE: And we've pulled all the records
9 for them. As soon as the engagement letter is
10 approved --

11 CHAIRMAN BUSSELLS: I'll say that I've been
12 impressed with them so far. They seem to have a
13 substantial public sector practice. The manager,
14 Amanda, seems very knowledgeable, and she has a
15 number of public sector pension clients. So I
16 think these -- and you-all found them.

17 MR. DARAGJATI: Yes. They've worked with
18 many of our clients and they do have substantial
19 experience.

20 CHAIRMAN BUSSELLS: Yes. I mean, they've
21 inspired -- they really know the space. So it
22 shouldn't be a long learning curve.

23 MR. KEANE: No. So subject to any
24 last-minute changes in the engagement letter, we
25 need a motion to authorize me to execute the

1 engagement letter following you-all's final
2 review.

3 CHAIRMAN BUSSELLS: Right. Can I get a
4 motion?

5 DR. HERBERT: I move that.

6 MR. GLOVER: Second.

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

9 (No responses.)

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

11 (Responses of "aye.")

12 CHAIRMAN BUSSELLS: Opposed, like sign.

13 (No responses.)

14 CHAIRMAN BUSSELLS: Carries unanimously.

15 MR. KEANE: The next item for information,
16 Mr. Chairman and Trustees, is 20 questions on the
17 Society of Actuaries' review.

18 And the next item is our update on the
19 action list. New developments since last meeting
20 are in bold at the bottom of each section. We'll
21 show that received as information.

22 And the next item on the agenda also to be
23 received for information is the PFPF Records
24 Retention Policy. Debbie has been working with
25 some of the other city agencies to see how

1 they're doing in scanning things. And we talked
2 about possible equipment needs to scan our many
3 thousands and thousands of pages of paper
4 documents to reduce our storage space, because
5 we've leased part of our storage space to Hertz
6 out there. So it's now becoming very critical.

7 CHAIRMAN BUSSELLS: So I would just say
8 since we're running under budget on the
9 expenditures side, if you needed some budget
10 funding to get tools that would increase the
11 efficiency of the systemation of our records and
12 systems, I believe we would all join in providing
13 whatever is required.

14 This is extremely important. It's terrific
15 what you-all are doing. So if you need some
16 funding, I think we have some room in the budget.

17 MR. KEANE: Yes, sir.

18 CHAIRMAN BUSSELLS: So why don't we have --
19 let's have a motion for the Board to allocate
20 some amount that you're sure would be sufficient,
21 so when and as you choose to do it, to add
22 efficiency to your work, you've got it. You
23 don't have to wait for the next Board meeting.

24 So say a dollar amount.

25 MR. KEANE: \$10,000. We have that much in

1 supplies.

2 CHAIRMAN BUSSELLS: Debbie, what are you
3 thinking?

4 MS. MANNING: I have no idea.

5 CHAIRMAN BUSSELLS: Be sure you get what you
6 need, now, to do the job.

7 MS. MANNING: Yeah. I have no idea,
8 seriously.

9 MR. KEANE: If it's more than that, we'll
10 come back. But we have a threshold where we can
11 start getting bids and things done.

12 DR. HERBERT: Mr. Chairman, I move that we
13 authorize up to \$25,000 for the purpose of
14 fulfilling this responsibility.

15 CHAIRMAN BUSSELLS: I have a motion --

16 MR. GLOVER: Second.

17 CHAIRMAN BUSSELLS: I have a second.

18 Questions or comments?

19 (No responses.)

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

21 (Responses of "aye.")

22 CHAIRMAN BUSSELLS: Opposed, like sign.

23 (No responses.)

24 CHAIRMAN BUSSELLS: So whatever you need,
25 you ask us and we'll get it for you because

1 that's so important. The work you're doing is so
2 valuable for the long term.

3 MR. KEANE: Mr. Chairman, we have one item
4 to add to the agenda, and Debbie is passing it
5 out now. This is a letter from Jarmon Welch. I
6 spoke with him earlier this week.

7 Based on the approval of the ordinance this
8 morning, there will be an actuarial change in the
9 requirements for the city for the fiscal year
10 beginning October 1.

11 Jarmon has revised the requirement. And
12 this letter will serve as an amendment to the
13 actuarial evaluation that has been previously
14 been approved by the Board and submitted to the
15 state.

16 It shows that the city contribution, city
17 required contribution, can be reduced about \$7
18 million. And this will be received with welcome
19 smiles at City Hall once we receive it.

20 The Board needs to adopt this as an
21 amendment to the actuarial evaluation. That's
22 our recommendation.

23 DR. HERBERT: I move it.

24 MR. GLOVER: Second.

25 CHAIRMAN BUSSELLS: Questions or comments?

1 (No responses.)

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

3 (Responses of "aye.")

4 CHAIRMAN BUSSELLS: Opposed, like sign.

5 (No responses.)

6 CHAIRMAN BUSSELLS: Carries unanimously.

7 This is an example of savings that can be
8 applied to restoring pay cuts and the voluntary
9 additional contribution. \$7 million. So it
10 starts now.

11 MR. TUTEN: You're reading my mind, Walt.

12 CHAIRMAN BUSSELLS: Here's 7 million that
13 nobody expected for the new fiscal budget
14 starting in 90 days. So we need to put that word
15 out.

16 MR. TUTEN: Well, let's see what happens, my
17 friends.

18 CHAIRMAN BUSSELLS: I'm with you.

19 MR. TUTEN: Let's see what happens. I'm
20 hoping for the best.

21 CHAIRMAN BUSSELLS: But we've provided them
22 a tool.

23 MR. KEANE: And the vote was on the motion?

24 MS. MANNING: And who was first and second?

25 DR. HERBERT: I moved it.

1 CHAIRMAN BUSSELLS: Dr. Herbert moved it.
2 The sheriff seconded it. It was unanimous.

3 MR. KEANE: The last item we have to add to
4 the agenda today is the election of Board
5 officers.

6 CHAIRMAN BUSSELLS: Yes.

7 As you recall back in January, we said we'd
8 extend it till June the existing ones for
9 continuity, so if something happened, happened.
10 Something happened. So we need to have new
11 officers. And we can do it at the next meeting,
12 if that would be okay with you-all, if you want
13 to think about it a little bit.

14 And -- actually, I'd suggest we do it at the
15 next meeting, unless you-all want to do it now.

16 MR. TUTEN: Whatever you-all want to do.

17 I'm going to nominate Larry for chairman.

18 DR. HERBERT: And just for the record, I'm
19 going to second that.

20 CHAIRMAN BUSSELLS: I think that that would be a
21 timely purpose for us.

22 Now, we're assuming that Chef Schmitt might
23 be receptive to service.

24 MR. SCHMITT: I would be, and I appreciate
25 your confidence.

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

3 (No responses.)

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

5 (Responses of "aye.")

6 CHAIRMAN BUSSELLS: Opposed, like sign.

7 (No responses.)

8 MR. KEANE: Board Secretary is the next
9 position.

10 CHAIRMAN BUSSELLS: Sheriff?

11 MR. GLOVER: I -- I'm going to say . . .

12 MR. TUTEN: You can say you've had enough.
13 I'll take it. That's fine.

14 MR. GLOVER: I just want to say to the
15 Board -- take this opportunity to say to the
16 Board that I really do plan to cycle off.

17 So I'm going to nominate Tuten as secretary,
18 and we can go from there.

19 DR. HERBERT: I second that nomination. I
20 think it's a great idea.

21 CHAIRMAN BUSSELLS: Question or comments on
22 the motion?

23 (No responses.)

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

25 (Responses of "aye.")

1 CHAIRMAN BUSSELLS: Opposed, like sign.

2 (No responses.)

3 MR. KEANE: That concludes the agenda we had
4 to present to the Board today, Mr. Chairman and
5 Trustees.

6 DR. HERBERT: Could I just ask one other
7 thing? We need to get you to submit to all of us
8 the evaluation form for you so that we can deal
9 with that at the next Board meeting. So if you
10 could do that.

11 MR. KEANE: I'll send them out between
12 now -- we'll send them out first part of next
13 week.

14 Also I want to remind everybody about their
15 annual disclosure --

16 CHAIRMAN BUSSELLS: The annual disclosure
17 form. I have not done mine year. I got that
18 email. I will do it this weekend, but I
19 appreciate the reminder. We never want to be
20 late on that thing.

21 MR. KEANE: We already have some in, right?

22 MR. TUTEN: Mine's here.

23 MS. MANNING: Well, I have three. I'm
24 working on the second.

25 CHAIRMAN BUSSELLS: I'll do mine over the

1 weekend.

2 Is there any further business commanding the
3 attention of the Board today?

4 MR. KEANE: We do have. The attorney wants
5 to make a report to us.

6 MR. DARAGJATI: One minor issue.

7 The law office that's assisting us with the
8 Cuba, Freitas investigation, Sugarman & Suskind,
9 has advised us that they've finished their
10 investigation and are drafting a report which
11 should be available to the Board by the next
12 Board meeting.

13 MR. SCHMITT: Excellent.

14 CHAIRMAN BUSSELLS: Is there any further
15 business commanding the attention of the Board?

16 Hearing none, we are adjourned. Thanks.

17 (The Board meeting concluded at 12:00 p.m.)

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CERTIFICATE OF REPORTER

I, Denice C. Taylor, Florida Professional Reporter, Notary Public, State of Florida at Large, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings, and that the transcript, pages 3 through 49, is a true and correct computer-aided transcription of my stenographic notes taken at the time and place indicated herein.

DATED this 8th day of July, 2015.

Denice C. Taylor, FPR
Notary Public in and for the
State of Florida at Large

My Commission No. FF 184340
Expires: December 23, 2018