

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
MEETING MINUTES – OCTOBER 25, 2013
RICHARD “DICK” COHEE BOARD ROOM**

NOTE: If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

PRESENT

Asst. Chief Bobby Deal, Chairman
Walter Bussells, Trustee
Dr. Adam Herbert, Trustee
Lt. Richard Tuten III, Fire Trustee

EXCUSED

Nathaniel Glover Jr., Board Secretary

STAFF

John Keane, Executive Director-Administrator
Robby Gorman, Executive Assistant
Kevin Stork, Controller
Dan Holmes, Summit Strategies

CITY REPRESENTATIVES

C. Ronald Belton, Director of Finance & Chief Financial Officer, City of Jacksonville
Joey Grieve, Fund Treasurer

GUESTS

Henry Cisneros, CityView
Kevin Lunguist, CityView
Eric Smith, Governance Inc.
Linda Defresne, KBLD LLC
Curtis Lee
Asst. Chief Larry Schmitt
Mark Muchowitz, Police Officer
Tad Delegal, Attorney
Stephanie Lachowicz, Court Reporter

NOTE: Any person requiring a special accommodation to participate in the meeting because of disability shall contact the Executive Director-Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

The Chairman called the meeting to order at 9:05 a.m.

A moment of silence was observed for the following deceased members:

Marcus A. Lennon, Retired Fire Battalion Chief
Dewey B. Sanders, Retired Police Officer
Walter H. Taylor, Retired Fire Captain
Joseph S. Gardner III, Retired Fire Captain
Douglas Wilce Richardson, Retired Firefighter Engineer
Harvey Glenn Batton, Retire Deputy Civil Officer

The Board of Trustees recited the Pledge of Allegiance.

The following item was taken out of order:

2013-10-4 **Bridges Jr., Ernest E.**, Police Officer, 9 years of service, applying for Disability Retirement. The Advisory Committee recommends approval for Disability Retirement for Mr. Bridges due to the doctors saying he is permanently and totally disabled as a police officer and the Sheriff's Office has no other job for him that he can perform.

A MOTION WAS MADE BY ADAM HERBERT TO APPROVE THE ADVISORY COMMITTEE MEMBERS' RECOMENDATION TO APPROVE THE DISABILITY RETIREMENT APPLICATION OF ERNEST BRIDGES EFFECTIVE JUNE 17, 2013. RICHARD TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

CONSENT AGENDA - ITEMS 2013-10-(1-11)CA

2013-10-1CA MINUTES TO BE APPROVED

1. Minutes of the Board meeting held September 20, 2013. Copy in the meeting file.

2013-10-2CA DISBURSEMENTS

The listed expenditures have been reviewed and deemed payable. The Police and Fire Pension Fund Controller certifies that they are proper and in compliance with the appropriated budget.

DISBURSEMENTS A

1.	John Keane	\$	634.39
2.	Klausner, Kaufman, Jensen & Levinson	\$	52,116.09
3.	Lowenstein Sandler LLP	\$	1,686.00
4.	Pension Board Consultants	\$	26,050.00
5.	Northern Trust Company	\$	69,570.93
6.	Montag & Caldwell LLC	\$	109,319.25
7.	Fayez Sarofim & Co.	\$	67,417.00

8.	Thompson Siegel & Walmsley	\$ 37,016.61
9.	Dr. Scott Baker	\$ 1,500.00
10.	DePrince Race & Zollo inc.	\$ 222,838.00
	Total	\$ 588,148.27

DISBURSEMENTS B

Transaction list of Accounts Payable distributions. Attachment (\$ 108,043.70)

2013-10-3CA PENSION DISTRIBUTIONS

A.	September 27, 2013	Regular Gross	\$4,027,272.65
		DROP Gross	\$ 756,520.89
		Total	\$4,783,793.54
B.	October 11, 2013	Regular Gross	\$4,048,161.58
		Regular Lumpsum	\$ 32,711.74
		DROP Gross	\$ 764,822.07
		DROP Lumpsum	\$ 526,099.24
		DROP Rollover	\$ 120,727.54
		Total	\$5,492,522.17
C.	October 25, 2013	Regular Gross	\$4,042,655.67
		Regular Lumpsum	\$ 13,673.60
		DROP Gross	\$ 764,817.60
		DROP Lumpsum	\$ (80,000.00)
		DROP Rollover	\$ 80,000.00
		Total	\$4,821,146.87

2013-10-4CA APPLICATION FOR SURVIVOR'S BENEFITS

1. **Peeples, Betty Hartley**, widow of Charles E. Peeples, who died September 12, 2013.

2013-10-5CA APPLICATION FOR VESTED RETIREMENT

1. **Hiers, Adam K.**, date of vesting September 13, 2013, to be placed on pension June 28, 2022. Police Officer.
2. **Kellam, Michael H.**, date of vesting September 14, 2013, to be placed on pension September 15, 2024. Police Officer.

2013-10-6CA APPLICATION FOR MEMBERSHIP

Pre-existing Medical Condition

1. Rothweiler Jr., George Alan Police

2013-10-7CA REFUND OF PENSION CONTRIBUTIONS

1. **Howell, Jaron J.**, Police Officer, resignation/termination on October 7, 2013, will be issued a refund of his pension contributions directly to him.
2. **Jones, Diana L.**, Police Officer, resignation/termination on October 1 2013, will be issued a refund of her pension contributions directly to her.
3. **Myers, Brian A.**, Police Officer, resignation/termination on October 1, 2013, will be issued a refund of his pension contributions directly to him.

2013-10-8CA TIME CONNECTIONS

1. **Bruce, Joseph S.**, Prior Florida Service and Wartime Military Service, (3 years, 6 months, 10 days).
2. **Everson, Elvongie D.**, Prior Duval Service, (4 months, 15 days).
3. **Holcomb, Jason T.**, Prior Florida Service, (4 years).
4. **Hopson, Tommy E.**, Prior Wartime Military Service, (5 days).
5. **Narcho, Mark R.**, Prior Wartime Military Service, (2 years).

2013-10-9CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

1. **Abramowitz, Lorrina H.**, DROP commencement date January 23, 2009, termination of employment effective date September 27, 2013. Police Officer.
2. **Carr Jr., Leonard L.**, DROP commencement date October 17, 2008, termination of employment effective date September 27, 2013. Police Officer.
3. **Dunn, Jerry W.**, DROP commencement date April 17, 2009, termination of employment effective date September 20, 2013. Firefighter.
4. **Felder, Randy B.**, DROP commencement date October 7, 2008, termination of employment effective date September 27, 2013. Firefighter.
5. **Holderfield, Jimmy A.**, DROP commencement date October 17, 2008, termination of employment effective date September 27, 2013. Director of Corrections.
6. **Leavens, Cindy L.**, DROP commencement date October 17, 2008, termination of employment effective date September 27, 2013. Police Officer.

7. **Phelps, Clarence R.**, DROP commencement date October 17, 2008, termination of employment effective date September 27, 2013. Police Lieutenant.
8. **Shivers Jr., Charles B.**, DROP commencement date October 17, 2008, termination of employment effective date September 27, 2013. Police Lieutenant.
9. **Sutherland, Elizabeth A.**, DROP commencement date July 24, 2009, termination of employment effective date September 27, 2013. Police Officer.

2013-10-10CA DROP DISTRIBUTIONS

1. **Abramowitz, Lorrina Hill**, her DROP account paid to her bi-weekly over the next 36 years.
2. **Bass, Bain**, his DROP account paid directly to him lump sum.
3. **Bivins, Anthony E.**, his DROP account paid directly to him lump sum.
4. **Carr Jr., Leonard L.**, his DROP account paid to him bi-weekly over the next 30 years.
5. **Dunn, Jerry W.**, his DROP account paid to him bi-weekly over the next 15 years.
6. **Felder, Randy B.**, a portion his DROP account paid directly to Great West and the remaining of his DROP account paid to him bi-weekly over the next 10 years.
7. **Holderfield, Jimmy A.**, his Retirement Leave Account be transferred to the Terminal Leave conversion Program and his DROP account paid to him bi-weekly over the next 42.6 years.
8. **Leavens, Cindy L.**, her DROP account paid to her bi-weekly over the next 44.6 years.
9. **Lee, David A.**, a portion of his DROP account paid directly to Great West and the remaining of his DROP account paid to him bi-weekly over the next 25 years.
10. **Phelps, Clarence R.**, his Retirement Leave Account be transferred to the Terminal Leave conversion Program and his DROP account paid to him bi-weekly over the next 25 years.
11. **Sanders, Margaret A.**, her DROP account paid to her bi-weekly over the next 20 years.
12. **Shivers Jr., Charles B.**, a portion of his DROP account paid directly to him lumpsum and the remaining of his DROP account paid to him bi-weekly over the next 25 years.

13. **Sutherland, Elizabeth**, a portion of her DROP account paid directly to her lumpsum and the remaining of her DROP account paid to her bi-weekly over the next 20 years.

2013-10-11CA EDUCATIONAL OPPORTUNITIES

Public Funds Summit – January 7-9, 2014 – Opal Financial Group

Winter Forum on Real Estate Opportunity & Private Fund Investing – January 22-24, 2014 – IMN

Protecting Securities Portfolios Against Fraud on Foreign Exchanges – February 6, 2014 – BLBG

Klausner, Kaufman, Jensen, Levinson Client Conference – March 9-12, 2014

60th Annual Employee Benefits Conference – October 12-15, 2014

ADAM HERBERT MADE A MOTION TO APPROVE THE CONSENT AGENDA ITEMS 2013-10-(2-11)CA. ITEM 2013-10-1CA WILL BE PULLED FOR AMENDMENT AND PRESENTED NEXT MONTH. THE MOTION WAS SECONDED BY WALT BUSSELLS AND PASSED UNANIMOUSLY.

PUBLIC SPEAKING PERIOD

Mr. Curtis Lee spoke for 3 minutes. Mr. Lee asked that the agenda be posted online the day before to make the public speaking more fair since you can only speak on agenda items. He asked that the speaking period be before the Consent Agenda vote due to the expenses being part of that vote.

Chairman Deal said the agenda would be online 24 hours before the meeting from now on. The Public Speaking Period will be before the Consent Agenda in the future.

OLD BUSINESS

2012-12-4 Independent auditor KBLD LLC Partner Linda Dufresne is here to meet with Board as requested.

Ms. Dufresne gave the Board an overview of the ongoing 2012/2013 External Audit. Mr. Bussells said he was glad to know that the firm was familiar with 175/185 which governs the Fund and asked if she had reviewed the Council Auditor's audit. She said she had. He asked about the new GASB rules. Ms. Dufresne said it would affect the Actuary in 2014 and would be required in 2015. Mr. Bussells asked if she knew if anyone was adopting it early and she said she was sure 1 or 2 groups would adopt

it early, but not usually. Mr. Bussells asked Ms. Dufresne to get on the Board agenda when the audit was concluded.

Mr. Bussells then asked the Executive Director if he had asked Council Auditor Kirk Sherman to come to the meeting. Mr. Keane said a letter had been hand delivered but Mr. Sherman had sent an e-mail saying he could not come. Mr. Bussells suggested Mr. Keane send a letter via Council President Gulliford for the November 22nd meeting.

The Board then was addressed by former Secretary of Housing and Urban Development Henry Cisneros.

Mr. Cisneros gave the Board an overview of his company, CityView and introduced Kevin Linquist, also with the company. They specialize in urban redevelopment working with local government and local investors to provide affordable housing. He noted that great cities have to have a mix of housing in their core. He was also speaking with the City and was here today to speak with Ronnie Belton and receive a tour of investment sites. Mr. Cisneros said CityView generates a good return. He also told the Board how respected their Executive Director-Administrator is nationally.

Chairman Deal thanked Mr. Cisneros for coming and said that he had heard him speak several times at conferences.

- 2012-06-13**
- A. 2013/2014 Budget. Attachment **RECEIVED AS INFORMATION**
 - B. Senior Staff Voluntary Retirement Plan Attachment **RECEIVED AS INFORMATION**
 - 1. Draft actuary study Attachment
Trustee Bussells ask if other public sector SERPs appropriated annually per cost. Controller Stork has not worked with other SERPs. Mr. Bussells asked External Auditor Linda Dufresne. She also had not seen any other. Mr. Bussells says he's used to annual appropriations. DEFERRED TO TRUSTEE WORKSHOP.
 - 2. \$125,993.25 needed to balance SERP budget. Attachment
Due to the Actuary already moving the funds, we need to move the actual money. We are out of sync due to a gap in knowledge from the Deputy Director's death last year. It was decided to take it up during the workshop. DEFERRED TO TRUSTEE WORKSHOP.

NEW BUSINESS

MONTHLY REPORTS

EXECUTIVE DIRECTOR'S REPORT

Investment Report

2013-10-1 Investment Reports from Summit Strategy. Attachment

All asset classes performed above their benchmark on both gross and net basis for the fiscal year, with a gross 14.86% and net 14.35% performance. Dan Holmes pointed out that the return would have been even higher if the Fund could invest in Private Equity.

Chairman Deal said that speaking to Trustees from other plans, they are amazed that we can achieve our returns with our restricted investments.

Trustee Bussells asked about the difference between what Summit records as fees and what is actually the fee payments in our budget. Right now it is a difference between 49 basis points and 51. Dan said his office and Kevin were working on that.

The City Retirement system has a 17% return. Their fixed income assets have been diversified for several years giving them a positive return in that area while ours was negative.

Mr. Holmes says investing in Private Equity would help greatly, even 5% would raise returns. If we are ever able to go in that direction, he would recommend 5% in Private Equity and 5% in Private Natural Resources.

Dan suggested rebalancing pointing out that US SMID was 5.9% over the benchmark. It has to stay in Fixed Income. He recommended 1% to Thompson Siegel & Walmsley's Core Fixed Income portfolio and fund a Core Plus manager that the City is using.

Mr. Keane informed the Board that an amendment was being introduced by Council by Council Member Schellenberg that would allow us to invest in Private Equity, Distressed Funds, Venture Funds. He thinks that it will be deferred until Chairman Scheu's committee finishes their findings.

Mr. Holmes suggested Franklin Templeton Global Multi Sector Plus for Core Plus for the 4.9%. The City uses them but there would be no price break. The fee would be set at 80 basis points. They are able to invest in hi-yield. It gives the diversification of a comingled fund.

Trustee Tuten was concerned that they did not go back 10 years. Dan said that the Fixed Income team has a lot of experience. Mr. Tuten said he thought they were too expensive and wanted to know how much they raised their returns with high yield.

They may go down to DDD bonds which is not allowed for us. We have to stay within A. Mr. Belton said this manager was in place when the administration came in and he would have been reluctant to go into it. Mr. Holmes said that we are allowed to do this in a comingled fund. Trustee Tuten asked for a list of the next best managers. Trustee Bussells said he was a fan of diversification. Energy fell out 2 times in his past but he likes the energy exposure. If it is legal for us to use this manager, he is for it. Real Estate has fallen out several times also. He wants to know more.

Chairman Deal suggested the Board take it up at the workshop following up with a Board meeting to adopt the decisions.

Acadian is a Emerging Markets manager that the City uses but they are about to close to new business. Dan has reserved a place for us if we are interested. Other companies are also recommended. AJO and Oaktree are brand new. Lee Munder and Thomas White have been around awhile and good managers. One of these would take ½ of the Northern Trust Emerging Managers Index.

Joey Grieve said they were very pleased with Acadian and that there could possibly be a price break for the City & the Fund. Mr. Holmes pointed out that it is a comingled fund and could not be sure if there would be a fee break.

Mr. Holmes then asked the Board if they would be interested in investing in NonCore Real Estate which would include such opportunities as what Henry Cisneros has spoken of earlier. This was deferred to the workshop.

Real Estate

2013-04-4 Closing for the Jake Godbold building took place on September 27th and the funds have been deposited. **RECEIVED AS INFORMATION**

Legislative

2013-10-2 House Bill 117 concerning Premium Taxes. Attachment **RECEIVED AS INFORMATION**

2013-10-3 Letter from Keith Brinkman, Bureau of Local Retirement System. Attachment **RECEIVED AS INFORMATION**

Administrative Report

This item was taken at the beginning of the meeting.

DISABILITY RETIREMENT APPLICATION

2013-10-4 **Bridges Jr., Ernest E.**, Police Officer, 9 years of service, applying for Disability Retirement. The Advisory Committee recommends approval for Disability Retirement for Mr. Bridges due to the doctors saying he is permanently and totally disabled as a police officer and the Sheriff's Office has no other job for him that he can perform.

Trustee Adam Herbert presented his proposed agenda for the governance workshop, going over the discussion points that needed to be covered in detail. He is particularly concerned with leadership succession and the hole caused by Mr. Cohee's death. Trustee Tuten said he agreed with the subject matter, but that 3 hours was much too short of a time to cover all the topics.

Dr. Herbert said they had already contacted some of the large pension funds and if the Board does this, they will be on the cutting edge. Trustee Bussells added redoing the agenda, considering beneficiary vs. members (members have had decreased pay while the beneficiaries receive COLA every year), and the Peyton bonus.

It was decided to have an all day workshop and meeting at 9:00 a.m. on November 19th.

There being no further business, the meeting was adjourned at 11:07 a.m.

**APPROVED AT THE BOARD OF TRUSTEES MEETING
NOVEMBER 22, 2013**

Nat Glover, Board Secretary