

**JACKSONVILLE POLICE AND FIRE  
PENSION BOARD OF TRUSTEES  
MEETING MINUTES – JANUARY 17, 2014  
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  
Nathaniel Glover Jr., Board Secretary (after Executive Session)  
Walter Bussells, Trustee  
Dr. Adam Herbert, Trustee

**EXCUSED**

Lt. Richard Tuten III, Fire Trustee

**STAFF**

John Keane, Executive Director-Administrator  
Kevin Stork, Controller  
Robert Klausner, Fund General Counsel  
Robby Gorman, Executive Assistant

**CITY REPRESENTATIVES**

Council Member Richard Clark, City Council Liaison (left during Executive Session)

**GUESTS**

Cheryl Franzino, Court Reporter  
Curtis Lee  
Asst. Chief Larry Schmitt  
Mark Muchowitz, Police Officer  
Joe Bruce, Police Officer  
Steve Amos, FOP President  
Randy Wyse, Local IAFF President

**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 brought the meeting to order at 9:05 a.m.

The Board of Trustees recited the Pledge of Allegiance.

### **EXECUTIVE SESSION**

The Chair recognized Robert Klausner, Fund General Counsel. Mr. Klausner requested that the Board go into Executive Session pursuant to Florida Statute 286.011(8) to discuss legal strategy in the case of Frank Denton v. Mayor Alvin Brown, the City of Jacksonville and the Pension Fund's Board of Trustees, Duval County Case No. 2013-CA-5799. The Chairman called the roll and advised that the persons in attendance are Bobby Deal, Walt Bussells, Adam Herbert, John Keane, and Bob Klausner. A court reporter is also present and will steno graphically record the session. At the conclusion of the litigation, the transcript will become a public document. During the Executive Session, Trustee Glover arrived and because he was not present when the session began, he was excused from the session upon advice of the Board counsel, and did not participate.

The Board was advised that no motions or action may be taken during the closed session.

**A MOTION WAS MADE BY WALT BUSSELLS TO GO INTO EXECUTIVE SESSION. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

The closed session started at 9:07 a.m.

The meeting was reconvened at 9:47 a.m.

Mr. Klausner gave a summary of the Executive Session for Trustee Glover who was not present. He stated that Judge Wallace issued an unfavorable ruling for our position. A motion for rehearing was filed and discussed with the Board. Judge Wallace's ruling has already been used in other litigation that in the opinion of Board Counsel was contrary to the interests of the Fund. In response to an inquiry from a trustee, Board Counsel advised that it was in the Board's exercise of its fiduciary duty to pursue the motion for rehearing and if the motion is denied to appeal.

**ADAM HERBERT MADE A MOTION TO APPROVE THE MOTION FOR REHEARING, AND IF DENIED, TO APPEAL. THE MOTION WAS SECONDED BY WALT BUSSELLS WITH THE UNDERSTANDING THAT THE APPEAL CAN BE WITHDRAWN IF A RESOLUTION CAN BE REACHED. THERE IS A 30 DAY PERIOD TO FILE THE APPEAL. THE MOTION PASSED UNANIMOUSLY.**

**TRUSTEE BUSSELLS NOTED THAT COST MANAGEMENT WAS IMPORTANT AND THAT STAFF WOULD BE ATTENTIVE TO THAT. ADAM HERBERT NOTED FOR THE RECORD THAT HE IS CONCERNED ABOUT THE LITIGATION THAT NOT JUST THE FUND, BUT OUR SOCIETY IS CONSTANTLY GOING THROUGH AND HOPES WE REACH THE POINT WHERE IT IS NOT NECESSARY. WALT BUSSELLS, NAT GLOVER, AND BOB KLAUSNER AGREED.**

### **PUBLIC SPEAKING PERIOD**

Curtis Lee complained that handouts to the Board members were not available to guests before the meeting which makes it difficult for him to comment on agenda items. He pointed out that both the Corrections Pension Board and the General Employee Board provided handouts before the meeting.

The Board told the staff to post the hand outs when the agenda is posted. Mr. Klausner also suggested having a packet of all handouts available at the meeting.

### **ELECTIONS**

Chairman Deal expressed a desire to see things finished in the next months before his retirement in July.

**WALT BUSSELLS MADE A MOTION TO DEFER ELECTIONS TO MARCH. THE MOTION WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.**

### **CONSENT AGENDA - ITEMS 2014-01-(1-10)CA**

**ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.**

### **2014-01-1CA MINUTES TO BE APPROVED**

1. Minutes of the Board workshop held November 19, 2013. Copy in the meeting file.
2. Minutes of the Board meeting held December 13, 2013. Copy held in the meeting file.

### **2014-01-2CA 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	\$	698.74
2.	Klausner, Kaufman, Jensen & Levinson	\$	25,769.70
3.	Lowenstein Sandler LLP	\$	9,734.50
4.	Pension Board Consultants	\$	22,500.00
5.	KBLD LLC	\$	5,000.00
	Total	\$	63,702.94

**DISBURSEMENTS B**

Transaction list of Accounts Payable distributions. (\$ 30,560.37)

**2014-01-3CA PENSION DISTRIBUTIONS**

A.	December 20, 2013	Regular Gross	\$4,041,710.03
		Regular Lumpsum	\$ 29,939.09
		DROP Gross	\$ 763,568.40
		DROP Lumpsum	\$ 103,845.41
		Total	\$4,939,062.93
B.	January 3, 2014	Regular Gross	\$4,164,770.33
		DROP Gross	\$ 764,483.63
		Total	\$4,929,253.96

**2014-01-4CA APPLICATION FOR SURVIVOR'S BENEFITS**

1. Reeves, Mildred Ellen, widow of Thomas E. Reeves Sr., who died November 26, 2013.

**2014-01-5CA APPLICATION FOR VESTED RETIREMENT**

1. Hart Jr., Jeffery C., date of vesting January 3, 2014, to be placed on pension October 2, 2020. Police Officer.

**2014-01-6CA REFUND OF PENSION CONTRIBUTIONS**

1. Moore, Hazel Y., Police Officer, resignation/termination on December 13, 2013, will be issued a refund of her pension contributions directly to her.

2. **Zamor, Kurt**, Police Officer, resignation/termination on December 23, 2013, will be issued a refund of his pension contributions directly to him.

#### **2014-01-7CA TIME CONNECTIONS**

1. **Crowley, Sean**, Prior Duval Service, (21 months)
2. **Hudson, Steven J.**, Prior Wartime Military Service, (2 months, 5 days)
3. **Johnson, Anthony E.**, Prior Florida Service, (2 months, 5 days)
4. **Rodriquenz, Christopher J.**, Prior Duval Service, (9 months, 13 days)
5. **Squires, David S.**, Prior Florida Service, (1 year, 25 days)

#### **2014-01-8CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT**

1. **Baughan, Laurie J.**, DROP commencement date January 20, 2012, termination of employment effective date January 3, 2014. Police Officer.
2. **Cobb, Gary S.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Sergeant.
3. **Cross, Gary W.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Sergeant.
4. **Edmonds, Alicia M.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Sergeant.
5. **Eminisor Jr., James W.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
6. **Forster, Michael C.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
7. **Hurst, Marsha L.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Sergeant.
8. **Kuczkowski, Larry E.**, DROP commencement date October 28, 2011, termination of employment effective date January 3, 2014. Police Officer.
9. **McChriston, Miles T.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
10. **Norris Sr., Kenneth R.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Fire Captain.

11. **Schwab, David P.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
12. **Thomas Jr., John W.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
13. **Tuten, Latoyle A.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.
14. **Tyree, Christopher A.**, DROP commencement date April 16, 2010, termination of employment effective date December 20, 2013. Police Lieutenant.
15. **Webster, Darrell L.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Fire Captain.
16. **Wicklund, Debbie L.**, DROP commencement date January 23, 2009, termination of employment effective date January 3, 2014. Police Officer.

#### **2014-01-9CA DROP DISTRIBUTIONS**

1. **Baughan, Laurie Jo**, the entire amount of her DROP account paid to her bi-weekly over the next 44.6 years.
2. **Brown, Edward**, the entire amount of his DROP account paid directly to him lump sum.
3. **Cobb, Gary S.**, the entire amount of his DROP account paid to him bi-weekly over the next 30 years.
4. **Cross, Gary W.**, the entire amount of his DROP account paid to him bi-weekly over the next 30 years.
5. **Edmonds, Alicia**, the entire amount of her DROP account paid to her bi-weekly over the next 35 years.
6. **Eminisor Jr., James W.**, the entire amount of his DROP account paid to him bi-weekly over the next 30 years.
7. **Forster, Michael C.**, the entire amount of his DROP account paid to him bi-weekly over the next 35 years.
8. **Hurst, Marsha Lynn**, the entire amount of her DROP account paid to her bi-weekly over the next 30 years.
9. **Kuczkowski, Larry E.**, the entire amount of his DROP account paid to him bi-weekly over the next 45.5 years.

10. **McChriston, Miles T.**, the entire amount of his DROP account paid to him bi-weekly over the next 30 years.
11. **Norris, Kenneth R.**, part of his DROP account paid directly to him lump sum paid in direct rollover to Great West, and the remaining of his DROP account paid to him bi-weekly over the next 30 years.
12. **Schwab, David P.**, the entire amount of his DROP account paid to him bi-weekly over the next 35 years.
13. **Thomas Jr., John W.**, the entire amount of his DROP account paid to him bi-weekly over the next 20 years.
14. **Tuten, LaToyle Angela**, the entire amount of her DROP account paid to her bi-weekly over the next 30 years.
15. **Tyree, Christopher A.**, the entire amount of his DROP account paid to him bi-weekly over the next 37.9 years.
16. **Van Dyke, Leon U.**, the entire amount of his DROP account paid to him bi-weekly over the next 22 years.
17. **Webster, Darrell L.**, part of his DROP account paid directly to him lumpsum and the remaining of his DROP account paid to him bi-weekly over the next 20 years.
18. **Wicklund, Debbie L.**, the entire amount of her DROP account paid to her bi-weekly over the next 15 years.

#### **2014-01-10CA EDUCATIONAL OPPORTUNITIES**

***6<sup>th</sup> EnTrust Investment Summit*** – February 4-5, 2014

***2014 Silchester International Investors Client Conference*** – March 13-14, 2014

***Protection Securities Portfolios Against Fraud*** – March 31-April 4, 2014 – BLBG

***12<sup>th</sup> Annual Pension & Capital Stewardship Conference*** – May 7-8, 2014 – Harvard Law School

***Global Markets Forum 2014*** – July 6-8, 2014

**A MOTION WAS MADE BY ADAM HERBERT TO APPROVE THE CONSENT AGENDA ITEMS 2014-01-(1-10)CA WITH THE ADDITION OF THE 26<sup>TH</sup> ANNUAL POLICE, FIRE, EMS, & MUNICIPAL EMPLOYEE**

**PENSION & BENEFITS SEMINAR IN ASSOCIATION NAPO, FEBRUARY 9-10, 2014 TO THE EDUCATIONAL OPPORTUNITIES (2014-01-10CA). NAT GLOVER SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

### **OLD BUSINESS**

- 2012-06-13** 2013/2014 Budget. **Trustee Bussells asked that the Investment Report be done first. It was not returned to. DEFERRED**
- 2013-12-1** Investment Reports from Summit Strategy **RECEIVED AS INFORMATION COPIES IN THE MEETING FILE**
- 2013-12-3** Update on asset reallocation. **RECEIVED AS INFORMATION**

### **ADDENDUM**

- 2014-01-6** Board Workshop Implementation. **Mr. Keane will send the Board a memo with the schedule to implement.**

### **NEW BUSINESS**

#### **MONTHLY REPORTS**

#### **EXECUTIVE DIRECTOR'S REPORT**

##### **Investment Report**

- 2014-01-1** Investment Reports from Summit Strategy.

**Dan Holmes, Summit Strategies, went over the December 2013 Flash Report with the Board. Chairman Deal asked if he could give an estimate on the total return and total return net of fees for the calendar year. Mr. Holmes said that the net return was 18.7%, gross was 19.3%. Trustee Bussells asked what the GE Pension did and Mr. Holmes said they had 22% gross.**

**Trustee Bussells noted that Eaton Vance is under performing their benchmark. Dan says they are doing what they are supposed to do and have had less than a year with this product. He does however recommend terminating Faye Sarofim. Earlier last year, we removed half of their portfolio and they underperformed their benchmark by over 10% last year. We left the remaining money with**



them as insurance against a sudden drop from Fed tampering which didn't happen. We should put the money in the S&P 500 Index Fund.

**ADAM HERBERT MADE A MOTION TO TERMINATE FAYEZ SAROFIM AND TRANSFER THE FUNDS TO THE NORTHERN TRUST S&P 500 INDEX FUND. THE MOTION WAS SECONDED BY NAT GLOVER AND PASSED UNANIMOUSLY.**

Since Franklin Templeton will not give us a side letter, Mr. Holmes will present recommendations for other companies that will handle that type of investing we were looking for. Chairman Deal asked that he consider minority firms in his search which Trustee Glover agreed.

Dan told the Board that he would like to discuss the following subjects with them this year:

**Passive vs. active investing**

**Finish diversifying the assets**

**Education on Private Real Estate**

**2014-01-2** Thompson Siegel & Walmsley information. **RECEIVED AS INFORMATION**

**Legal**

**2013-06-3** Florida Times Union case against City of Jacksonville and the Pension Fund. **COVERED EARLIER PER EXECUTIVE SESSION**

**Legislative**

**2013-12-4** Update on SB 117 and HB 388. **RECEIVED AS INFORMATION**

**2014-01-3** J-1 bill from the City presented to the Duval Delegation. **RECEIVED AS INFORMATION. NO ACTION DUE TO LACK OF MOTION.**

**Administrative Report**

**2014-01-4** Annual Report required by Section 119.071(5), Florida Statutes (2007). Attachment **RECEIVED AS INFORMATION**

**2014-01-5** Governance recommendations from the Retirement Reform Task Force. **RECEIVED AS INFORMATION**

There being no further business, the meeting was adjourned at 10:50 a.m.

**APPROVED BY THE BOARD OF TRUSTEES  
AT THEIR FEBRUARY 21, 2014 MEETING**

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Nat Glover, Board Secretary