

**JACKSONVILLE POLICE AND FIRE
PENSION BOARD OF TRUSTEES
MEETING MINUTES – FEBRUARY 21, 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
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
Kevin Stork, Controller
Dan Holmes, Summit Strategies
Debbie Manning, Sr. Pension Benefit Specialist
Stephen Lundy, Fiscal Research Analyst

CITY REPRESENTATIVES INVITED

C. Ronald Belton, Director of Finance & Chief Financial Officer, City of Jacksonville (not present)
Council Member Richard Clark, City Council Liaison – (left before meeting began)
Joey Grieve, Fund Treasurer
Kirk Sherman, City Council Auditor (not present)

GUESTS

Stephen Colvin, Disability Application
Kim Balaskiewicz, CPA, KBLD LLC Certified Public Accountants
Linda Mendillo, Sr. Auditor, Dufresne & Associates, CPA
Asst. Chief Larry Schmitt, Pension Advisory Committee
Randy Wyse, Jax. Association of Firefighters

Mark Treglio, IAFF Local 122
Mark Muchowitz, Police Officer
Mike Lynch
John Long
Curtis Lee

ABSENT

Melody Bruno, Disability Application

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.

Chairman called meeting to order at 9:05am.

A moment of silence will be observed for the following deceased employee:

Robby Gorman, Executive Assistant

A moment of silence will be observed for the following deceased retired member:

Champ (C.C.) Henry Jr., Fire Fighter Engineer

The Board of Trustees will recite the Pledge of Allegiance.

PUBLIC SPEAKING PERIOD

NO SPEAKERS

CONSENT AGENDA - ITEMS 2014-02-(1-9)CA

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

2014-02-1CA MINUTES TO BE APPROVED

1. Minutes of the Board meeting held January, 2014. Copy held in the meeting file.

2014-02-2CA 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	\$	28,405.99
3.	Lowenstein Sandler LLP	\$	6,730.64
4.	Deprince Race & Zollo	\$	236,243.00
5.	Eagle Capital Management	\$	144,154.22
6.	Harvest Fund Advisors	\$	110,035.65
7.	Tortoise Capital Advisors	\$	110,830.80
8.	Fayez Sarofim	\$	76,388.00
9.	Pinnacle Associates LTD	\$	170,761.00
10.	Northern Trust Company	\$	57,377.52
11.	Thompson, Siegel & Walmsley LLC	\$	39,540.04
12.	Brown Advisory	\$	20,494.06
13.	Sawgrass Asset Management LLC	\$	76,276.00
14.	Dr. Scott Baker	\$	5,950.00
15.	Gamco Investors, Inc.	\$	131,171.00
16.	Pension Board Consultants Inc.	\$	5,000.00
	TOTAL		\$1,485,568.57

DISBURSEMENTS B

Transaction list of Accounts Payable distributions. (\$ 32,175.23)

2014-02-3CA PENSION DISTRIBUTIONS

A.	January 17, 2014	Regular Gross	\$4,194,215.83
		Regular Lumpsum	\$ 75,641.35
		Regular DROP Gross	\$ 776,337.33
		DROP Lumpsum	\$ 274,887.12
		TOTAL	\$5,321,081.63
B.	January 31, 2014	Regular Gross	\$4,196,976.40
		Regular DROP Gross	\$ 775,163.38
		TOTAL	\$4,972,139.78

C.	February 14, 2014	Regular Gross	\$4,198,466.48
		Regular DROP Gross	\$ 775,163.38
		TOTAL	\$4,973,629.86

2014-02-4CA APPLICATION FOR VESTED RETIREMENT

1. **Dehling, Charles R.**, date of vesting January 24, 2014, to be placed on pension January 15, 2017. Police Officer.

2014-02-5CA APPLICATION FOR MEMBERSHIP

Cleared:

1. Barnes, Latrecia L. Fire
2. Benso II, Anthony J. Fire
3. Bottin, Brendan C. Fire
4. Conley, Dontrell L. Fire
5. Coram, Austin B. Fire
6. Davis, Matt P. Police
7. Decker, Samantha L. Police
8. Duron, Charles P. Police
9. Fernandez, Brian Fire
10. Fernandez, William M. Police
11. Frazier, Valencia D. Fire
12. Gaynor, Daniel S. Police
13. Geiger, Michael E. Police
14. Grace Jr., Rickie D. Fire
15. Gunter, Nikki C. Police
16. Holochwost Jr., Timothy C. Police
17. Horn Jr., Tony R. Fire
18. Lapierre, Monica N. Fire
19. Lee II, Douglas C. Fire
20. McEwan, Benjamin D. Police
21. Price, Chase J. Fire
22. Regan, Bryan J. Fire
23. Robinson, Torrie L. Police
24. Schetrompf, Brittany L. Fire
25. Seegobin, Videsh Police
26. Smith, Justin S. Fire
27. Spann, Montez T. Fire
28. Stewart II, Bernard N. Fire
29. Washington, David S. Fire

- | | | |
|-----|----------------------|------|
| 30. | Williams, Donte L. | Fire |
| 31. | Williams, Matthew T. | Fire |
| 32. | Wilson, Robert D. | Fire |

Pre-existing Medical Condition:

- | | | |
|-----|-----------------------------|--------|
| 1. | Behnam, Christopher A. | Police |
| 2. | Blanford, Robert J. | Police |
| 3. | Braddam, Harvey A. | Police |
| 4. | Burnett, Bryan M. | Police |
| 5. | Camacho, Kelly R. | Police |
| 6. | Cardwell, Mindy A. | Police |
| 7. | Crenshaw, Blake J. | Fire |
| 8. | Cruz, Kayla N. | Police |
| 9. | Dedic, Haris | Police |
| 10. | Devoux Jr., Paul A. | Fire |
| 11. | Figuroa-Bryant, Ramiro A. | Fire |
| 12. | Gardine, Alaric R. | Fire |
| 13. | Gaulding, Adam C. | Police |
| 14. | Grafeld, Kevin P. | Fire |
| 15. | Harness, Bionca D. | Police |
| 16. | Hess, Tyler C. | Police |
| 17. | Hutchens IV, Harry D. | Fire |
| 18. | Irvine, Michael P. | Police |
| 19. | James, Timothy L. | Police |
| 20. | Johns, Christopher L. | Police |
| 21. | Kalwasinski, Christopher E. | Fire |
| 22. | Knox, Tyler J. | Police |
| 23. | McBride, Isaac J. | Fire |
| 24. | Morton, John B. | Fire |
| 25. | Peele, Helen C. | Fire |
| 26. | Scott Jr., Randall T. | Fire |
| 27. | Shobe, Nicholas L. | Police |
| 28. | Smith, April L. | Police |
| 29. | Thompson III, George H. | Police |
| 30. | Titcomb, Gordon A. | Police |
| 31. | Valiente, David | Fire |
| 32. | Wilford, Justin R. | Fire |
| 33. | Williams, Joshua R. | Fire |

Trustee Rule 13.3

- | | | |
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| 1. | Langston, Benjamin J. | Police |
| 2. | Tamargo Jr., Jorge A. | Police |

2014-02-6CA TIME CONNECTIONS

1. **Aguilar, Colin S.**, Prior Florida Service, (2 yrs., 6 mths., 28 days).
2. **Arnold, Kenneth.**, Prior Wartime Military Service, (1 yr., 11 mths.).
3. **Butler, Christopher R.**, Prior Florida Service, (1 yr., 8 mths.).
4. **Cannon, James W.**, Prior Wartime Military Service, (1 yr., 11 mths.).
5. **Clark, Bernard M.**, Prior Wartime Military Service (1 yr., 9 mths., 20 days).
6. **Connell, Robert J.**, Prior Wartime Military Service (1 yr., 11 mths.).
7. **Crouch, Dwayne L.**, Prior Florida Service (4 yrs., 11 mths.).
8. **Howard, Ray L.**, Prior Duval Service (1 yr., 4 mths., 28 days).
9. **Squires, David S.**, Prior Florida Service (1 yr.).
10. **Sweet, Joseph**, Prior Wartime Military Service, (1 yr., 3 mths., 14 days).
11. **Vance, Christopher D.**, Prior Florida Service, (2 yrs., 6 mths., 7 days).
12. **Washington, Laurence G.**, Prior Wartime Military Service, (2 yrs.).

2014-02-7CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

1. **Brown, David A.**, DROP commencement date April 16, 2010, termination of employment effective date January 31, 2014. Police Officer.
2. **Guthrie, Kevin J.**, DROP commencement date July 22, 2011, termination of employment effective date February 14, 2014. Police Officer

2014-02-8CA DROP DISTRIBUTIONS

1. **Brown, David A.**, the entire amount of his DROP account paid directly to him lump sum.
2. **Dyal, Carroll**, the entire amount of his DROP account paid directly to him lump sum.

3. **Guthrie, Kevin J.**, the entire amount of his DROP account paid directly to him lump sum.
4. **Haynes IV, James W.**, the entire amount of his DROP account paid directly to him lump sum.
5. **Mossman, Leonard R.**, the entire amount of his DROP account paid directly to him lump sum.

2014-02-9CA EDUCATIONAL OPPORTUNITIES

GFOA 108th Annual Conference – May 18-21, 2014

2014 Summit Strategies Group Client Conference – Sept 10-11, 2014

A MOTION WAS MADE BY WALT BUSSELLS TO APPROVE THE CONSENT AGENDA ITEMS 2014-02-(1-9)CA WITH QUESTIONS FROM WALT BUSSELLS ASKING ABOUT TRUSTEE RULE 13.3 AND PRE-EXISTING CONDITIONS, AND IF THERE IS ANYTHING UNUSUAL WITH THE NUMBER, OR WAS IT ABOUT THE SAME VOLUMN OVER THE LAST YEAR OR TWO? JOHN RESPONDED ABOUT THE SAME VOLUMN. FREQUENTLY APPLICANTS TAKE THE TEST WITHOUT FASTING WHICH THROWS THE RESULTS OUT OF RANGE. WE WRITE THEM A LETTER AND GIVE THEM A PERIOD OF TIME TO RESPOND, THEN WE AMEND THEIR RECORDS ACCORDINGLY. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

OLD BUSINESS

2012-06-13 2013/2014 Budget – January, 2014 review - *attachment*

KEVIN DISCUSSED BUDGET. SELF EXPLANATORY. MY PREDICTION IS THAT WE WILL BE OVER ON MONEY MANAGEMENT FEES PARTIALLY DUE TO THE GROWTH THIS YEAR OVER THE 7%. MOST OF OUR GROWTH OVER THE LAST FEW YEARS HAS BEEN IN THE EQUITIES AND MLP'S AND REAL ESTATE. HIGHER ON LEGAL FEES DEFENDING LAWSUITS PENDING.

JOHN SAID THE GRANT THAT KEVIN WAS TALKING ABOUT WAS A FEDERAL GRANT THROUGH THE CITY, WE CHANGED OUT ALL THE LIGHTS IN THE PARKING GARAGE, AND OUR ELECTRIC BILL FOR THE GARAGE IS DOWN SUBSTANTIALLY, AND WE CHANGED OUT ALL OF

THE EMERGENCY LIGHTS IN ALL SIX STAIRWELLS, THESE ARE LIGHTS THAT BURN ALL THE TIME AND WE HAVE SEEN A REDUCTION IN THAT BILL. WE CONTINUE TO MOVE IN THE RIGHT DIRECTION.

RECEIVED AS INFORMATION

BEFORE WE LEAVE OLD BUSINESS, HERBERT OR BUSSELLS WAS SURPRISED THAT WE DON'T HAVE THE IMPLEMENTATION OF THE GOVERNMENTS REFORM WORKSHOP FROM SEVERAL MONTHS AGO ON THE AGENDA IN OLD BUSINESS. WE TALKED SEVERAL TIMES SINCE WE DID THAT GOOD WORK ABOUT YOUR SYSTIMATIC APPROACH IN SCHEDULING IN IMPLEMENTATING THAT REPORT. INFORMATION IMPORTANT TO JOB WE'RE DOING HERE, GOES RIGHT TO THE CORE OF WHAT WE'RE DOING HERE AND SHOULD BE RIGHT UP FRONT.

BECAUSE OF ROBBY'S DEATH, AND THE CONFUSION GETTING THINGS TOGETHER. JOHN HAS THE REPORT, DID NOT GET ON THE AGENDA, AND HE WILL GET A SUPPLEMENTAL REPORT OUT TO THE TRUSTEES AS TO WHERE WE ARE AND WHAT OUR ONGOING ISSUES AND STEPS WE'RE TAKING. WE WANT TO KEEP THE BOARD FULLY APPRIZED. WE APOLOGIZE THAT THIS DID NOT GET ON THE BOARD AGENDA.

CAN JOHN BRIEFLY SUMMARIZE THE FIRST MONTH WE MIGHT SEE THE IMPLEMENTATION. WE'RE WORKING WITH THE CITY AND EXPANDED OUR CAPACITY FOR POSTING OUR DOCUMENTS ON THE CITY WEBSITE. MANY MORE TO FOLLOW. THE REPORT HERE THIS MORNING FROM DAN HOLMES REGARDING THE INDEXES VS ACTIVE. WE HAVE ALREADY ADOPTED A POLICY OF OVERPAYMENTS. WE'RE WORKING ON JOB REQUIREMENTS, THE REWRITE OF THE INVESTMENT POLICY IS UNDERWAY. DAN HOLMES WILL GIVE US A REPORT ON THAT. THE BOARD ADOPTED A LITIGATION COMMITTEE RECOMMENDATION, THE BOARD ALSO ADOPTED A POLICY THAT AN ACTUARIAL VALUATION SHOULD BE DONE EVERY YEAR, AND WE HAVE THE ONE ON THE AGENDA TODAY FOR APPROVAL. WE ARE STILL WORKING ON SEVERAL OTHER POLICIES AS QUICKLY AS POSSIBLE.

BOBBY ASKED IF WE WILL BE ABLE TO ACCOMPLISH MORE OF THESE ITEMS BY NEXT BOARD MEETING. AS AN ONGOING ITEM ON THE AGENDA SO EVERYONE WILL SEE WHERE WE ARE.

NEW BUSINESS – ITEMS 2014-02(1-13)

2014-02-1 FY2013 Audit Report – *Draft – attachment for approval*

KEVIN SAID WE HAVE THE FINAL DRAFT OF AUDIT FY2013.

BOBBY DEAL ASKED AUDITORS TO INTRODUCE THEMSELVES. LINDA MENDILLO, SR. AUDITOR WITH DUFRESNE & ASSOCIATES, CPA AND KIM BALASKIEWICZ, CPA TO ANSWER QUESTIONS REGARDING THE AUDIT.

BUSSELLS ASKED AUDITORS TO SUMMARIZE ANY ADJUSTING ENTRIES AS A RESULT OF THE AUDIT. LINDA, WE DID NOT HAVE ANY. SUMMARIZE A REVIEW OF INTERNAL CONTROLS ANYTHING THAT SHOULD BE OF INTEREST TO THE BOARD. LINDA STATES THERE WERE NO DEFICIENCIES THAT WE NOTED. WHAT WOULD IT TAKE TO CONCLUDE AUDIT IN A MORE TIMELY FASHION, END OF DECEMBER OR JANUARY, IN TERMS OF OUR WORK HERE. LINDA RESPONDED WE HAD DIFFICULTIES WORKING WITH THE CITY, AND WE WERE AWAITING THE ACTUARY REPORT FOR THE FINAL NUMBERS. WE JUST RECEIVED SOME OF THE FINAL NUMBERS IN FEBRUARY. KEVIN SAID DELAYED BECAUSE OF ENTRY OF POOL CASH INTEREST. ONLY REASON THERE WAS A DELAY IN GETTING THINGS QUICKER.

JOHN SAID THE PROBLEM WAS DELAYED BECAUSE OF MR. BELTON. NUMEROUS E-MAILS STATING DELAY OF THE RECEIPT OF AUDIT. WRAPPED UP AS SOON AS RECEIVED. ALSO TOLD THE TASK FORCE WE NEEDED TO COMPLETE IN 120 DAYS.

DOES THE CITY COUNCIL AUDITOR GET INVOLVED IN AUDIT? NEVER BEEN INVOLVED. DO THEY EVER SEE THE AUDIT REPORT? WE GAVE THEM A COPY. AUDITORS MEET WITH THEM TOO.

BOBBY EXTENDED OUR APPRECIATION TO THE BOARD FOR MEETING ITS FIDUCIARY RESPONSIBILITIES. COMMENDING JOHN, KEVIN, AND STAFF FOR COMING OUT WITH A CLEAN AUDIT. IMPRESSIVE AND EXPECTED.

A MOTION WAS MADE BY WALT BUSSELLS TO APPROVE THE AUDIT. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

2014-02-2 FY2013 State Report – *attachment for approval*

KEVIN SAID REPORT COMPLETED EARLY TO COINCIDE WITH COMPLETION OF THE AUDIT. USUALLY CAME OUT IN MARCH.

SAME INFORMATION, DIFFERENT FORMAT PLUS ANSWERING QUESTIONS.

JOHN SAID TO FOLLOW UP, THERE IS A 200 PAGE STATICAL EXHIBIT THAT GOES WITH THIS THAT WAS NOT PRINTED. JUST THE BASIC REPORT PRINTED. STATUTORY REQUIREMENT THAT WE FILE BY MARCH 15TH TO INSURE CONTINUED RECEIPT OF THE 175 & 185 FUNDS. IN THE INTEREST OF TIME, BOBBY DEAL SUGGESTED IF MORE INFORMATION WAS NEEDED TO MAKE A REQUEST FOR A COMPLETE COPY.

A MOTION WAS MADE BY RICHARD TUTEN TO APPROVE THE STATE REPORT. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

2014-02-3 10-1-2013 Actuary Study SERP for FY2015 – *attachment*

KEVIN DISCUSSED. WILL BE USED WITH ONE YEAR LAG TO GET IN BUDGET. INVESTMENT EARNINGS ON ACTUARY BASIS, WE ARE A LITTLE BIT ABOVE FULLY FUNDED. JOHN SAID, THERE WON'T BE A CONTRIBUTION REQUIREMENT IN PHYSICAL YEAR 2015. WALT BUSSELLS ASKED WILL THAT BE A PLUS FOR THE BUDGET? KEVIN SAID, YES.

A MOTION WAS MADE BY RICHARD TUTEN TO APPROVE. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

2014-02-4 10-1-2013 Actuary Study PFPF for FY2015 – *attachment*

KEVIN DISCUSSED. STUDY FOR 2015 THE BALANCES REFLECTED AS OF 10-1-2013 ARE THE 9-30-2013 BALANCES. USE THIS FOR AUDIT REPORT TOO.

JOHN SAID TO NOTE TRUSTEES ON PAGE 2, THE UNFUNDED ACTUARY ACCRUED LIABILITY WENT DOWN \$36 MILLION. WALT BUSSELLS ASKED, SO THE CITY CONTRIBUTION FOR NEXT YEAR WOULD BE \$153 MILLION? JOHN CONFIRMED.

WALT BUSSELLS ASKED IF THE EBA BALANCES ARE NOT IN THESE FIGURES? KEVIN, I DON'T BELIEVE THEY ARE, NOT SUPPOSED TO BE THERE.

BOBBY ASKED KEVIN FOR THE BENEFIT OF TRUSTEES AND ATTENDIES, GIVE US EXPLANATION OF THE UNFUNDED LIABILITY WAS DOWN ABOUT 40 MILLION, THE NET MARKET VALUE OF ASSETS INCREASED BY \$150 MILLION. WHY DOES THE PAYMENT STILL INCREASE FROM THE CITY.

JOHN SAID ON HIRING NEW EMPLOYEES. THE PAYROLL BASE IS NOW STARTING TO RISE. PART OF IT. ALSO KEVIN TELLS YOU ON PAGE 3, THE SUMMARY OF THE COST.

IF THAT'S THE CASE, WALT BUSSELLS ASKED, THEN WHY IS THE PENSION AS A PERCENT OF PAYROLL UP, IF THE REASON FOR THE ABSOLUTE INCREASE IN CITY CONTRIBUTION AMOUNT IS DUE TO NEW EMPLOYEES? IF THE REASON FOR THE INCREASE BEING MORE EMPLOYEES, SEEMS DIFFERENT THAN THE RATIO OF PAYROLL GOING UP. WHY WOULD THE PERCENT GO UP? THE REASON IT'S GOING UP IS BECAUSE WE ARE CHANGING HOW WE DO THE CALCULATION. SEND QUESTIONS TO ACTUARY TO GET A WRITTEN ANSWER.

WALT BUSSELLS ASKS ACTUARY, IF WE CHANGE THE CALCULATION METHODOLOGY, AND THAT'S PART OF THE MAIN DRIVER FOR THE INCREASE IN ABSOLUTE DOLLAR AMOUNT, ARE WE REQUIRED TO DO IT OR DID WE DO IT OF OUR OWN VALITION. IF IT'S THE LATTER, WHY THAT WAS DONE. SO THAT WOULD BE THE OTHER ISSUE.

REFER QUESTIONS TO ACTUARY. DEFERRED TO NEXT BOARD MEETING.

2014-02-5 10-1-2012 Actuary Study SERP for FY2014 & FY2013 – *attachment*

THIS IS JUST THE OFFICIAL REPORT, PREVIOUSLY FILED.

A MOTION WAS MADE BY ADAM HERBERT TO APPROVE. RICHARD TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

EXECUTIVE DIRECTOR'S REPORT

Investment Report

2014-02-6 Summit Monthly Economic & Capital Market Update – January, 2014
attachment

JOHN KEANE REQUESTED THIS REPORT BE MOVED TO THE END OF THE AGENDA WITH DAN HOLMES DISCUSSION.

RECEIVED AS INFORMATION.

2014-02-7 Summit – Flash Report – January 31, 2014 – *attachment*

RECEIVED AS INFORMATION.

2014-02-8 Summit Investment Performance Review – December 31, 2013
attachment

RECEIVED AS INFORMATION

Administrative Report

2014-02-9 **Bruno, Melody M.**, Police Officer, 20 years of service, applying for Disability Retirement. Application recommended for approval by the Pension Advisory Committee based on reports of attending physicians and Funds Medical Director.

MELODY BRUNO WAS NOT IN ATTENDANCE. A MOTION WAS MADE BY RICHARD TUTEN TO APPROVE THE DISABILITY RETIREMENT. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

Colvin, Stephen T., Fire Fighter, 11 years of service, applying for Disability Retirement. Application recommended for denial by the Pension Advisory Committee based on reports of attending physicians and Funds Medical Director.

STEPHEN COLVIN WAS IN ATTENDANCE AND ADDRESSED THE BOARD. STEPHEN SAID HE WOULD LIKE TO WORK LIGHT DUTY. FIRE DEPARTMENT DIDN'T WANT THAT.

JOHN SAID PROCESS IS IF THE BOARD UPHOLDS THE ADVISORY COMMITTEE RECOMMENDATION, WE WILL WRITE TO THE FIRE CHIEF AND TELL HIM THAT THE APPLICATION WAS DENIED BASED ON THE REPORTS FROM THE ATTENDING PHYSICIAN AND MEDICAL DIRECTOR THAT YOU WERE NOT TOTALLY AND PERMANENTLY DISABLED FOR PERFORMING USEFUL AND EFFICIENT SERVICE. SEND LETTER TO STEPHEN DIRECTING HIM

TO REPORT TO FIRE CHIEF FOR ASSIGNMENT. THEN IT'S UP TO FIRE DEPARTMENT.

BOBBY SAID, IF THE TRUSTEES VOTE TO ACCEPT RECOMMENDATION BY ADVISORY COMMITTEE, THEN STEPHEN CAN APPEAL. JOHN SAID HE CAN APPEAL BACK TO THE BOARD, BUT THE RECORDS ARE WHAT THEY ARE. HE WANTS TO WORK. BOBBY RECOMMENDED THAT THE BOARD APPROVE THE RECOMMENDATION OF THE ADVISORY COMMITTEE.

RICHARD TUTEN QUESTIONED THE DISABILITY PROCESS FOR PSYCHOLOGICAL DISABILITY INSTEAD OF PHYSICAL. RANDY WYSE REPRESENTING COLVIN, SPOKE AS TO WHERE THE CITY STANDS. THE UNION IS IN TALKS WITH THE FIRE CHIEF TRYING TO CLEAR THE STANDARD OPERATING PROCEEDURE AS TO WHO IT COVERS. MEETING REGULARLY TO CLEAR UP. DON'T KNOW WHAT THE IMPACT WILL BE AT THIS TIME FOR MR. COLVIN.

A MOTION WAS MADE BY RICHARD TUTEN TO DENY THE DISABILITY RETIREMENT. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

FOR THE RECORD, ADAM HERBERT SAID TUTEN'S OBSERVATIONS ON THE LARGER TOPIC ARE WELL SAID, AND WORTH SOME CONSIDERATION IN THE FUTURE. HE AGREED WITH TUTEN ON THIS WHOLE SUBJECT BASED ON CURRENT SIGNS AND MEDICAL KNOWLEDGE. WALT BUSSELLS SHARES THAT FEELING.

2014-02-10 Personnel Committee Report by Dr. Adam Herbert and Nat Glover.

JOHN KEANE HANDED OUT MEMO FROM PERSONNEL COMMITTEE AT MEETING REGARDING STAFF REORGANIZATION DUE TO THE DEATH OF ROBERTA GORMAN. ADAM HERBERT SAID THE COMMITTEE APPROVED ITEM 1, 2 (QUESTION REGARDING REQUIREMENTS FOR THAT JOB – BRING BACK THE POSITION DESCRIPTIONS TO YOU, SHOULD THAT REQUIRE A COLLEGE DEGREE BECAUSE OF THE SCOPE OF DUTIES – WHICH STEVE HAS SO NO LONGER AN ISSUE), AND 3 (RECOMMEND CONTINUE TO HAVE A PART TIME INTERN – A LOCAL COLLEGE STUDENT – SEARCH FOR PART TIME. ACADEMIC BACKGROUND AND KEEP IN MIND DIVERSITY), AND DEFERRED ITEM 4. ORGANIZATIONAL CHART APPROVED LAST YEAR. CONTINUE TO USE THAT, AND AT THE NEXT MEETING WILL COME BACK WITH MORE PROPOSALS

FOR THE CHART. CITY PERSONNEL HAS BEEN LOOKING AT ALL OF THE POSITION DESCRIPTIONS AND THEY HAVE SOME RECOMMENDATIONS. A FEW CHANGES. POSSIBLE REVISION IN ORGANIZATIONAL CHARTS.

A MOTION WAS MADE BY ADAM HERBERT TO APPROVE THE REORGANIZATION. RICHARD TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

Building Service

2014-02-11 Recommendation from Building Services Manager for award of bid for replacement of security system, garage access system and camera system. *attachment*

JOHN DISCUSSED. RICHARD TUTEN ASKED THAT TROY BE CALLED IN TO ANSWER QUESTIONS REGARDING BIDS.

KEVIN STATED WE DID NOT BUDGET FOR REPLACING THIS. IT WILL HAVE A BUDGET IMPACT. WE HAVE SOME MONEY, BUT IT'S STILL EARLY.

JOHN SAID IN ADDITION TO THIS COST, PARTS ARE GOING TO BE OFFSET BY OUR INCREASE REVENUE FROM HERTZ AS WELL AS THE GOOD WORK TROY HAS BEEN DOING WITH 70% OF THE GARAGE BEING LEASED. SAVE MONEY ON THE PHONE LINE TOO.

A MOTION WAS MADE BY RICHARD TUTEN TO APPROVE THE RECOMMENDATION. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY TO GO WITH DYNAMIC SECURITY.

2014-02-12 Proposed lease between Hertz and Fund for estimated 550 sq. ft on the ground floor plus 8 parking spaces in garage. Term is for 3 years with 3 additional 5 year renewals. Tenant is providing 15,000 toward build out costs. *attachment*

A MOTION WAS MADE BY WALT BUSSELLS TO APPROVE THE RECOMMENDATION. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

WE'LL CONCLUDE THE LEASE WITH THEM AND BRING A REPORT ON THE FINAL DOCUMENTS

2014-02-13 Electric Conservation Project for Building and Garage. Received a grant of \$70,000. Replaced entire lighting system in garage and all emergency lights in stairwells in garage and building. Project completed.

RECEIVED AS INFORMATION.

Legislative Report – Baldwin Bill for 185 Funds

HB177 – Awaiting hearings, before Government Operations Subcommittee, Finance & Tax Subcommittee, and State Affairs Committee.

SB388 - Referred to Governmental Oversight and Accountability; Community Affairs; Appropriations Subcommittee on Finance and Tax; Appropriations. Hearings held by Governmental Oversight and Accountability; YEAS8NAYS0, Community Affairs; YEAS8NAYS0, Appropriations Subcommittee on Finance and Tax; YEAS8NAYS0. Now in Appropriations Committee.

JOHN SAID WITH THE APPROVAL OF THIS BILL, WHICH WE'VE BEEN WORKING ON FOR 4 OR 5 YEARS, WE SHOULD PICK UP ANOTHER 80 TO 100,000 IN 185 FUNDS FROM BALDWIN.

RECEIVED AS INFORMATION.

Adjourned for a five minute break. 10:50am to 10:55am.

AFTER BREAK, BOARD RESUMED WITH AGENDA ITEM 2014-02-06 – INVESTMENT REPORTS WITH DAN HOLMES

2014-02-06 JOHN SAID REFER NOW TO DAN HOLMES. TALK ABOUT MONTHLY ECONOMIC AND CAPITAL MARKETS, THEN GO INTO THE FLASH REPORT, AND THEN THE INVESTMENT PERFORMANCE REVIEW.

DAN DISCUSSED CAPITAL MARKETS IN JANUARY, WE SAW EQUITIES TRADE OFF, BASICALLY A GLOBAL RESETTING OF GROWTH EXPECTATIONS, ESPECIALLY FOR EMERGING MARKETS. IT WAS NOT A SELL OFF. SO FAR IN FEBRUARY, THERE HAS BEEN AN EQUITY MARKET UPMOVEMENT SO WE ARE FLAT FOR THE YEAR DEPENDING ON WHAT HAPPENS THIS WEEK. ECONOMIC SIDE FOR JANUARY – THE ANNOUNCEMENT BY THE FED THAT THEY WILL START TAPERING AND CUT BOND PURCHASES.

UNEMPLOYMENT RATE FELL FROM 6.7% TO 6.6%. ALSO, ON GOOD NEWS SIDE, CPI WAS REASONABLE UP 1½% FOR LAST YEAR. THE COLD WEATHER INTERRUPTED ECONOMIC GROWTH. DECLINE IN MANUFACTURING ALSO BASED ON WEATHER.

US EQUITIES WERE OFF ABOUT 3½%, INTERNATIONAL EQUITIES WERE OFF A LITTLE MORE. DEVELOPED COUNTRIES WERE OFF 4, AND EMERGING MARKETS WERE OFF 6½. BONDS WERE POSITIVE. US INVESTMENT BONDS WERE UP 1.2% OR 1.3% TO 1½% DEPENDING ON INDEX YOU WERE LOOKING AT. HIGH YIELDS BONDS WERE POSITIVE. INTERNATIONAL BONDS HAD MIXED RESULTS BECAUSE OF THE STRENGTHENING DOLLAR TOWARDS THE END OF THE MONTH.

FLASH REPORT FOR JANUARY. THE SYSTEM REMAINS OVERWEIGHT TO US EQUITIES BY 5.8%. REMAINS UNDERWEIGHT TO FIXED INCOME AND REAL ESTATE. THERE IS A CONTRIBUTION QUE FOR BOTH MANAGERS. THAT'S WHY WE RETAINED A SECOND MANAGER. WHEN PRINCIPAL LETS US KNOW THEY ARE TAKING CONTRIBUTIONS, WE CAN PUT MONEY THERE. SLIGHTLY OVERWEIGHT TO MLP'S AND CASH AS WELL. I'LL HAVE A RECOMMENDATION OF WHAT TO DO WITH THAT.

MONTH TO DATE, AND PHYSICAL YEAR TO DATE, TOTAL PORTFOLIO WAS OFF 1.9% FOR THE MONTH. FOR PHYSICAL YEAR TO DATE IT IS UP 3.99% ABOVE THE POLICY INDEX. THE US EQUITY PORTFOLIO WAS, AS EXPECTED, NEGATIVE BY 3½% FOR THE MONTH, BUT POSITIVE FOR YEAR TO DATE. INTERNATIONAL PORTIFOLIO LIKewise POSITIVE PHYSICAL YEAR TO DATE ABOVE THE INDEX, BUT WAS NEGETIVE FOR THE MONTH DUE TO DRAW DOWN. FIXED INCOME PORTFOLIO HAS REMAINED POSITIVE FOR THE MONTH UP 1¼%, FOR THE PHYSICAL YEAR TO DATE IT ALSO REMAINS POSITIVE. IN BOTH CASES, IT'S BELOW THE BENCHMARK SIMPLY BECAUSE OF THE PERFORMANCE OF EATON VANCE AND THOMPSON SEIGEL. REAL ESTATE NOT AN UPDATED RETURN FROM DECEMBER. NO INDEX RETURNS EITHER. MLP'S CONTINUE TO DO WELL UP 1.8%, ONE OF THE BETTER PERFORMING PARTS OF THE MARKET.

FAYEZ SAROFIM STILL SHOWN ON THE REPORT, BUT THEY HAVE BEEN TERMINATED. PORTFOLIO WILL BE FULLY TRANSITIONED BY THE END OF THE MONTH.

DAN HOLMES REFERRED TO PERFORMANCE BOOK FOR CALENDAR YEAR. OVERVIEW AND DISCUSSION. NOW WE THINK US EQUITIES ARE OVERVALUED. REPRICING OF GROWTH GOING ON IN THE MARKET. EUROPE IS SLOWLY RECOVERING FROM IT'S RECESSION. WALT BUSSELLS STATED THE REASON FOR THE UNDERPERFORMANCE IN THAT ASSET CLASS, US EQUITIES, IS BECAUSE IN THAT LARGE LIQUID ASSET CLASS, WE HAVE MORE ACTIVE MANAGERS AND NOT ENOUGH INDEX FUNDS. IF WE WOULD HAVE BEEN ALL INDEX, WE WOULD HAVE DONE BETTER THAN WE ACTUALLY DID. IT ILLUSTRATES TO THE BOARD THAT FOR LARGE LIQUID ASSET CLASSES ON AVERAGE OVER TIME, WE ARE BETTER OFF WITH INDEX FUNDS, FOCUSING ON ASSET ALLOCATION AND NOT EXECUTION. ALSO POINTED OUT THAT FIXED INCOME ALSO UNDERPERFORMED, SAYING THE SAME THING. DAN STATED THERE ARE ACTIVE MANAGERS THAT CAN ADD VALUE TO THE LARGE CAP PORTFOLIO, BUT THEY HAVE TO HAVE THE RIGHT PROCESS. ACTIVE MANAGEMENT HAS THE ABILITY TO PROTECT IN A DOWN MARKET. BUSSELLS SAID TO USE THE 10 YEAR NUMBERS TO TALK ABOUT THAT FURTHER.

DAN SAID THE EQUITY INDEX WAS UP 32% BUT BELOW THE BENCHMARK. INTERNATIONAL INDEX WAS UP 17½%, ABOVE THE INDEX BY 1.7%. FIXED INCOME WAS BELOW THE BENCHMARK BY 9 BASIS POINTS, AND OFF. IT WAS A NEGATIVE 2.8%. ONE CULPRET WAS THE TIPS PORTFOLIO UNDERWEIGHT RELATIVE TO TARGET. THE TIPS PORTFOLIO WAS THERE FOR INFLATION PROTECTION, BUT BECAUSE OF THE RISE IN INTEREST RATES, IT WOUND UP BEING OFF. REAL ESTATE AND MLP'S DID EXTREMELY WELL. BY ASSET CLASSES AND ACTIVE MANAGERS. SO LOOKING AT REAL ESTATE IT WAS UP BY 15%. JP MORGAN CONTINUES TO DO EXTREMELY WELL. PRINCIPLE WAS ADDED. THEY TEND TO BE A MORE CONSERVATIVE MANAGER, SO DAN WOULD EXPECT JP MORGAN TO BE HAVE MORE PERFORMANCE GOING FORWARD, BUT IN TERMS OF GETTING MORE MONEY INTO REAL ESTATE, AND THE FACT THAT THEY HAVE DAILY LIQUIDITY. WE ARE RANKED IN THE 19TH PERCENTILE. AND THEN THE TWO ACTIVE MANAGERS FOR MLP'S CONTINUE TO DO WELL. DAN THINKS THAT MLP'S AND REAL ESTATE CONTINUE TO BE FAIRLY VALUED, BUT THEY ARE NOT CHEAP. DAN WILL CONTINUE TO MONITOR THE SITUATION. GROWTH OF DISTRIBUTION RATES CONTINUE TO BE OK. FOR NOW, NO CHANGE RECOMMENDED.

BOBBY SAID JP MORGAN AND PRINCIPLE ARE PRETTY WELL DIVERSIFIED ACROSS THE COUNTRY. AS LONG AS WE ARE

HITTING WHAT THE INDEX IS RETURNING, AND THEY ARE PERFORMING, YOU WOULDN'T NECESSARILY CUT BACK AS LONG AS WE ARE HITTING OUR BENCHMARK AND MOVING FORWARD. DAN SAID, IN HONESTY, HE MAY. THE REASON, WE ARE TRYING TO BE FORWARD LOOKING. LESSON LEARNED FROM THE PAST.

JOHN NOTED THAT WE HAVE BEEN TALKING TO THE TASK FORCE ABOUT RECOMMENDING CHANGING OUR ASSET ALLOCATOIN AND INVESTMENT POLICY. THEY HAVE ADOPTED THE CONCEPT. THEY ARE INCLINED TO SUPPORT THAT. WE'VE BEEN TRYING FOR SOME TIME TO DO THIS.

DAN GOING TO RE-BALANCING. THERE IS 17 MILLION IN CASH. WE REMAIN UNDERWEIGHT TO FIXED INCOME RELATIVE TO TARGET, ALSO UNDERWEIGHT IN REAL ESTATE. 1ST RECOMMENDATION WOULD BE TO PUT THAT 17 MILLION IN PRINCIPLE, BUT WE CAN'T UNTIL PRINCIPLE HAS AN OPENING. THEN MY RECOMMENDATION IS TO PUT THAT INTO THE BOND INDEX FUND, UNTIL WE GET A NEW BOND MANAGER IN PLACE, THEN WE'LL HAVE TO RE-BALANCE AS WELL. ALSO, MY RECOMMENDATION WOULD BE TO START MOVING TOWARDS TARGET IN THE EMERGING MARKETS PART OF THE PORTFOLIO. JOHN SAID ACADIAN IS FUNDED. DAN SAID WE NEED TO LOOK AT TAKING MONEY OUT OF EQUITIES, AND MOVING INTO LARGE CAP OR OTHER US EQUITIES, AND MOVING INTO INTERNATIONAL. SO IN ADDITION TO MOVING THE 17 MILLION CASH INTO THE BOND INDEX FUND, I WOULD ALSO RECOMMEND SOME REDUCTION IN DRZ AND PINNACLE, AND SO I RECOMMEND TAKING 15 MILLION OUT OF DRZ AND PINNACLE, AND MOVING BACK INTO THE EMERGING MARKETS MANAGER ACADIAN. AND THAT WILL GET THE EMERGING MARKETS CLOSER TO TARGET, AND ALSO REDUCE THE OVERWEIGHT IN SMALL CAP. JOHN CONFIRMED TRANSFERRING 15 MILLION EACH TO ACADIAN, AND THE 17 MILLION IN CASH GOES TO THE BOND INDEX FUND. CHANGE THAT TO 15 MILLION FROM CASH, LEAVING THE REST FOR CASH NEEDS. THAT CASH GOES TO NORTHERN TRUST.

A MOTION WAS MADE TO APPROVE THOSE THREE TRANSFERS BY RICHARD TUTEN TO APPROVE. WALT BUSSELLS SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.

DISCUSSION REGARDING SELECTION OF MONEY MANAGERS BY THE BOARD. ASK KLAUSNER FOR LEGAL OPINION AS TO WHAT

THE BOARD IS RESPONSIBLE FOR REGARDING THIS SELECTION AND USING THESE COMMITTEES.

ADDITIONAL ITEMS ADDED TO AGENDA:

JOHN WAS ASKED BY ADAM HERBERT TO UPDATE BOARD ON TASK FORCE RECOMMENDATIONS REGARDING THE CREATION OF THE ADVISORY TASK FORCE COMMISSION. THERE ARE SOME LEGAL ISSUES THAT CANNOT BE CHANGED.

JOHN PASSED OUT TASK FORCE DRAFT ALONG WITH TASK FORCE RECOMMENDATIONS FOR GOVERNMENT REFORM INCLUDING THE CREATION OF A FINANCIAL AND INVESTMENT ADVISORY COMMITTEE CONSISTING OF 5 PEOPLE WHO WILL BE SKILLED IN FINANCIAL AFFAIRS, SELECTED BY THE BOARD AND CONFIRMED BY THE CITY COUNCIL. THEY WILL BE CHARGED WITH ADVISORY OVERSIGHT ON FINANCIAL MATTERS. JOHN HAS SPOKEN WITH THE COMMITTEE MORE THAN ONCE, AND TOLD THEM THEY ARE ON THIN ICE, BECAUSE THE CHARTER AND STATE STATUTES CLEARLY DELINEATE THE AUTHORITY OF THE TRUSTEES. THE ORIGINAL CONCEPT WAS THAT THE BOARD WOULD NOT BE ABLE TO HIRE ANYONE UNLESS THE BOARD ADVISORY COMMITTEE APPROVED IT. THE TASK FORCE IS UNDER A TIGHT TIME FRAME TO GET THINGS ROLLING. THIS WILL PROBABLY BE PART OF THEIR FINAL REPORT. JOHN SAID IT'S GOT A LONG WAY TO GO.

JOHN ALSO REFERRED TO A LETTER THAT JARMON WELCH SENT TO US THIS MORNING REGARDING A RESPONSE. JOHN DISCUSSED WITH BOARD. HE'S GOING TO GIVE THE INFORMATION TO THE CHAIRMAN OF THE TASK FORCE NEXT MONDAY.

BOBBY SAID TO TABLE THAT, AS IT STANDS RIGHT NOW BECAUSE WE'RE GOING TO GET A LEGAL OPINION AND IN ADDITION, WE DON'T KNOW HOW THE RECOMMENDATION WILL COME OUT. IN THE MEANTIME, JOHN SAID WE ARE GOING TO CONTINUE TO OPERATE UNDER THE BOARD'S PAST ADOPTED POLICY.

TUTEN HAD TO LEAVE. CONFIRMED NOTHING ELSE TO VOTE ON.

REPORT FROM DAN HOLMES REGARDING ACTIVE VERSUS PASSIVE MANAGEMENT. PASSED OUT THE ANALYSIS AT THE

MEETING. DISCUSSION. DAN WANTED TO PROVE ONCE AND FOR ALL THAT THEY WERE RIGHT IN THEIR ASSUMPTIONS. WALT BUSSELLS SAID IT WAS A NICE PIECE OF WORK.

There being no further business, the Chairman adjourned the meeting at 11:40am.

Nat Glover, Board Secretary