

**JACKSONVILLE POLICE AND FIRE  
PENSION BOARD OF TRUSTEES  
MEETING MINUTES – AUGUST 16, 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  
Nathaniel Glover Jr., Board Secretary  
Walter Bussells, Trustee  
Dr. Adam Herbert, Trustee  
Lt. Richard Tuten III, Fire Trustee

**STAFF**

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

**CITY REPRESENTATIVES**

Joey Grieve, Fund Treasurer

**GUESTS**

Randy Wyse, Local IAFF President  
Asst. Chief Larry Schmitt  
Mark Muchowitz, Police Officer  
John Kattan, Lawyer for Ms. Cordelia Cook  
Amanda Robinson, Court Reporter for Mr. Kattan  
Denise Taylor, Court Reporter  
Curtis Lee

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

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

Robert C. Crawford, Retired Police Sergeant

Laudred Jerome "Jerry" Spates, Retired Police Director  
Tommie L. Tyson, Retired Police Officer  
Edward Rowe Deyo Sr., Retired Detective Sergeant  
Delma A. Craig, Active Police Officer  
Billy W. Freeman, Retired Firefighter Engineer  
Robert H. Rowe, Retired Police Sergeant

The Board of Trustees will recited the Pledge of Allegiance.

**The Board took Ms. Cook's case out of order:**

**2013-06-4** Survivor Benefits applicant Cordelia C. Cook appeared before the Advisory Committee at their meeting August 14th. She continued to testify that she was married & living with Elijah Fishburne at the time of his death. However, her driver's license at the time of his death had the address of another home which she claimed an Homestead Exemption on (Mr. Fishburne also claimed Homestead Exemption on his house). She also testified that her voter's registration and federal income taxes were the home that she owned address. The only thing she produced with Mr. Fishburne's address was a car insurance bill and the deed on his house. The Board referred the case back to the Advisory Committee for additional evidence.  
Further evidence was presented:

3 notarized statements by Mr. Fishburne's sister and 2 of his sons stating that Ms. Cook did not live with Mr. Fishburne.

Police Report from a burglary at Mr. Fishburne's house which states that Ms. Cook told the Officer that they were married but she did not live there and reports a different address for her.

**Mr. Kattan, legal representative for Cordelia Cook, told the Board that he was not aware that written affidavits could be presented as evidence until August 14<sup>th</sup> when the Fund presented such. He requested that the Board refer Ms. Cook's application back to the Advisory Committee for additional evidence.**

**NAT GLOVER MADE A MOTION TO REFER MS. COOK'S APPLICATION BACK TO THE ADVISORY COMMITTEE FOR ADDITIONAL EVIDENCE. THE MOTION WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.**

**CONSENT AGENDA - ITEMS 2013-08-(1-9)CA**

**2013-08-1CA MINUTES TO BE APPROVED**

1. Minutes of the Board meeting held July 19, 2013. Copy in the meeting file.

**2013-08-2CA 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	\$	40,237.13
3.	Lowenstein Sandler LLP	\$	8,144.85
4.	GAMCO	\$	112,690.00
5.	Northern Trust Company	\$	72,990.67
6.	Tortoise Capital Advisors	\$	101,002.98
7.	Harvest Fund Advisors	\$	101,569.81
8.	Pinnacle Associates LTD	\$	141,967.00
9.	J.P. Morgan	\$	245,986.45
10.	Fayez Sarofim and Co.	\$	65,171.00
11.	BlackRock	\$	50,077.39
12.	Eagle Capital Management LLC	\$	123,154.46
13.	Dr. Scott Baker	\$	3,600.00
14.	Governance Services LLC	\$	45,000.00
	Total		\$1,112,226.13

**DISBURSEMENTS B**

Transaction list of Accounts Payable distributions. Attachment -\$ 41,247.41

**2013-06-3CA PENSION DISTRIBUTIONS**

A.	August 2, 2013	Regular Gross	\$4,010,400.95
		DROP Gross	\$ 746,168.21
		DROP Lumpsum	\$ 127,519.31
		Total	\$4,884,188.47
B.	August 16, 2013	Regular Gross	\$4,001,641.35
		DROP Gross	\$ 746,168.21
		DROP Lumpsum	\$ 112,662.12
		Total	\$4,860,471.68

**2013-08-4CA APPLICATION FOR SURVIVOR'S BENEFITS**

1. **Craig, Gordon Paul**, widower of Delma Alvarado Craig, who died July 29, 2013.
2. **Rowe, Sandra**, widow of Robert Rowe., who died July 20, 2013.

**2013-08-5CA. APPLICATION FOR VESTED RETIREMENT**

1. **Jones, Bruce E.**, date of vesting July 29, 2013, to be placed on pension November 17, 2023. Firefighter Engineer.

**2013-08-6CA APPLICATION FOR MEMBERSHIP**

**Clear and Unrestricted**

- |    |                            |        |
|----|----------------------------|--------|
| 1. | Adon, Adanet               | Police |
| 2. | Barnes, Anthony Wayne      | Police |
| 3. | Dowling, Jordan Michael    | Police |
| 4. | Godbee, Melissa Renee      | Police |
| 5. | Hannaford J., John Michael | Police |
| 6. | Jarrell, Kevin Cullen      | Police |
| 7. | Lane, Carmaleta Michelle   | Police |
| 8. | McIntosh, Michael Rashad   | Police |

**Pre-existing Medical Condition**

- |     |                            |        |
|-----|----------------------------|--------|
| 9.  | Barnes, Terrance Alexander | Police |
| 10. | Bennett, Michael Christian | Police |
| 11. | Manning, Nereus Eugene     | Police |
| 12. | Marlow, James Chesley      | Police |
| 13. | Rawls, Justin Scott        | Police |
| 14. | Rivera, Angela Maria       | Police |

**Trustee Rule 13.3**

- |     |                           |        |
|-----|---------------------------|--------|
| 15. | Edwards, Kimano McKennley | Police |
| 16. | Lentz, Kenneth Thomas     | Police |
| 17. | Stevens, Matthew Thomas   | Police |
| 18. | Weaver, Jen Leeandrew     | Police |
| 19. | Williams, Matthew Rashad  | Police |

**2013-08-7CA TIME CONNECTIONS**

1. **Adame, Gregory J.**, Prior Wartime Military Service, (2 years).
2. **Curran, Michael C.**, Prior Florida Service, (4 years, 7 months).

**2013-08-8CA DROP DISTRIBUTIONS**

1. **Craig, Gordon Paul**, the entire balance of his DROP account paid directly to him lump sum.
2. **O'Steen, James R.**, the entire balance of his DROP account paid directly to him lump sum.

**2013-08-9CA EDUCATIONAL OPPORTUNITIES**

**2013 Public Safety Employees Pension & Benefits Conference** – October 27-30, 2013 – NCPERS

**11<sup>th</sup> Global Absolute Return Congress** – October 28 – 30, 2013 – GARC

**Southeast Institutional Investors Forum** – October 29, 2013 – US Markets

Trustee Bussells asked if anything on the Consent Agenda was in contention with the Council Auditor's report. Mr. Keane stated that the problem was interpretation with the DROP start dates.

**A MOTION WAS MADE BY WALT BUSSELLS TO APPROVE THE CONSENT AGENDA ITEMS 2013-08-(1-9)CA. RICH TUTEN SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

### **OLD BUSINESS**

**2012-12-4** RFP for independent auditor. Attachment

Kevin Stork, Controller, and Joey Grieve, Treasurer, reported that although they came up with different companies at 1 and 2, the 5 respondents were very close. Mr. Stork's #1 (KBLD) was the 2<sup>nd</sup> least expensive and is a local minority woman owned company. The City's independent auditor, Gladry, said they were too busy to consider us. Trustee Tuten requested that in future the Board be given copies of the scoring matrix. Mr. Keane said they would be provided.

**A MOTION WAS MADE BY ADAM HERBERT TO CONTRACT WITH KBLD THROUGH THE 2016 AUDIT. WALT BUSSELLS SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

**2012-06-13** 2012/2013 Budget Review. Attachment **RECIEVED AS INFORMATION**

**This item taken earlier.**

**2013-06-4** Survivor Benefits applicant Cordelia C. Cook appeared before the Advisory Committee at their meeting August 14th. She continued to testify that she was married & living with Elijah Fishburne at the time of his death. However, her driver's license at the time of his death had the address of another home which she claimed an Homestead Exemption on (Mr. Fishburne also claimed Homestead Exemption on his house). She also testified that her voter's registration and federal income taxes were the home that she owned address. The only thing she produced with Mr. Fishburne's address was a car insurance bill and the deed on his house. The Board referred the case back to the Advisory Committee for additional evidence.

Further evidence was presented:

3 notarized statements by Mr. Fishburne's sister and 2 of his sons stating that Ms. Cook did not live with Mr. Fishburne.

Police Report from a burglary at Mr. Fishburne's house which states that Ms. Cook told the Officer that they were married but she did not live there and reports a different address for her.

The Advisory Committee, based on the evidence, voted unanimously to recommend that Ms. Cook's Survivor Benefit Application be denied.

## **NEW BUSINESS**

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## **MONTHLY REPORTS**

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

#### **Investment Report**

**2013-08-1** Investment Reports from Summit Strategy. Attachment

**Dan Holmes discussed the Quarterly report and the Flash Report with the Board. MLPs have done best. Baille Gifford has underperformed the last 12 months due to their being undervalued in Japanese stocks. Japan is the biggest performer for this quarter. However, Baille Gifford had a 9% return for July. Mr. Holmes said with Emerging Markets down, it was cheaper to get in now than last year. Fixed income is showing negative returns and we must diversify our bond portfolios to try to get better returns than traditional bonds. The Eaton Vance Instl Senior Loan Trust has a positive return. We need to find other Fixed Income alternatives.**

**BlackRock and the NTGI TIPS are both doing poorly. Mr. Holmes recommends terminating BlackRock and reducing the TIPS by 50%, moving the funds to the regular Aggregate Index.**

**WALT BUSSELLS MADE A MOTION TO REDUCE THE NTGI TIPS ACCOUNT BY 50% (\$28 MILLION) AND REALLOCATE THE FUNDS TO THE NTGI AGGREGATE BOND INDEX. THE MOTION WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.**

**Real Estate is doing very well, with an expectation of 7-9% return this year. Mr. Holmes would like to do a workshop with the Board on Real Estate next month, possibly before the September meeting.**

**Mr. Holmes recommended that the Board terminate or not renew BlackRock due to poor returns.**

**WALT BUSSELLS MADE A MOTION TO TERMINATE OR NOT RENEW (CONTRACTS END SEPTEMBER 30<sup>TH</sup>) BLACKROCK. THE MOTION WAS SECONDED BY NAT GLOVER AND PASSED UNANIMOUSLY.**

**Silchester has notified Mr. Holmes that we can invest \$10 million with them at this time. We have been waiting for an opening for a year. We would take the funds from U.S. Equity where we are over allocated.**

**A MOTION WAS MADE BY WALT BUSSELLS TO INVEST \$10 MILLION WITH SILCHESTER WHO HIRED LAST YEAR BUT HAD NO OPENINGS UNTIL NOW. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

**Dan then recommended that Montag & Caldwell be terminated or not renewed.**

**WALT BUSSELLS MADE A MOTION TO TERMINATE OR NOT RENEW MONTAG & CALDWELL. THE MOTION WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.**

**Funds from both companies will be reallocated in the most effective way possible.**

**A MOTION WAS MADE BY NAT GLOVER TO RETAIN ALL OTHER MANAGERS BY RENEWING THEIR CONTRACTS EFFECTIVE OCTOBER 1, 2013. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

**2013-05-2** Emerging, Minority, Local Managers search criteria. Attachment

**Dan suggested that the Board decide what constitutes a minority manager. Dr. Herbert and Mr. Keane gave the Board a draft memo on suggested policy and definitions.**

**Rich Tuten asked how this policy differed from our usual requirements and what are we doing now that excludes this type of manager.**

**Walt Bussells said that our years of existence and minimum amounts under management tend to exclude these type of managers.**

**Mr. Keane said they are not going to water down requirements, they are just going to look a little further.**

**Bob Klausner commented that now the SEC allows you to use performance, which is a critical item, in previous places.**

**Nat Glover commented that the current policies don't write you out but they don't include you and that you get better results when you include people.**

**Mr. Keane suggested the Board study the policy and vote next meeting. The majority of the Board wanted to proceed. Mr. Tuten wanted to wait so he could study the policy.**

**NAT GLOVER MADE A MOTION TO APPROVE THE MINORITY, EMERGING INVESTMENT MANAGER AND LOCAL SERVICE PROVIDER POLICY AS PRESENTED AND IMPLEMENT THE POLICY IMMEDIATELY. THE MOTION WAS SECONDED. THE VOTE WAS:**

<b>WALT BUSSELLS</b>	<b>YES</b>	<b>RICHARD TUTEN</b>	<b>NO</b>
<b>BOBBY DEAL</b>	<b>YES</b>		
<b>NAT GLOVER</b>	<b>YES</b>		
<b>ADAM HERBERT</b>	<b>YES</b>		

**It was decided to have a workshop with Dan Holmes at 8:00 a.m. on September 20<sup>th</sup> before the Board meeting at 9:00 a.m.**

- 2013-08-2** Eaton Vance personnel change. Attachment **Received as information.**
- 2013-08-3** ConvergEx and G-Trade clearing arrangements. Attachment **Received as information.**
- 2013-08-4** Silchester is open for \$10 million. Attachment **Motion made during Investment report.**

#### **EXECUTIVE SESSION AS AUTHORIZED BY F.S. 286.011(8)**

**Taken at end of agenda.**

#### **Legal**

- 2013-06-3** Florida Times Union suit against the City of Jacksonville, and the Police and Fire Pension Fund, Case No. 2013-CA-5799 CUH.

#### **Legislative**

- 2013-08-5** Letter to Sen. Bill Nelson regarding public employees being allowed to opt in to Medicare. Attachment **Received as information.**

#### **Administrative Report**

- 2013-08-6** DROP report requested by Trustee Glover. Attachment **Received as information.**
- 2013-08-7** Proposed parking regulation effective August 1, 2013. Attachment

**A MOTION WAS MADE BY WALT BUSSELL TO APPROVE ALLOWING THE EXECUTIVE DIRECTOR-ADMINISTRATOR A DISCOUNT PROGRAM FOR**



**PARKING TO REMAIN COMPETITIVE WITH DOWNTOWN PARKING PRICES. ADAM HERBERT SECONDED THE MOTION WHICH PASSED UNANIMOUSLY.**

**2013-08-8** Report of the 2012 Premium Taxes. Attached **Received as information.**

**2013-08-9** Proposed Administrative Rules Governing Public Participation. Attachment **Deferred**

**It was suggested that public comments be made in the beginning of the meeting. Mr. Klausner suggested a red, green and white card system, red for against, green for the item and white for the offer information on the agenda item, 3 minutes per person. Walt Bussells and Rich Tuten did not want a 15 minute restriction for the comment period.**

**2013-08-10** Annual Evaluation Form for Executive Director-Administrator. **Evaluation forms for the Executive Director-Administrator were distributed to the Board and will be returned to Ms. Gorman for tallying.**

**At this point the Board recessed at 10:14 a.m.**

**The Board reconvened at 10:19 a.m. and went into Executive Session on:**

**EXECUTIVE SESSION AS AUTHORIZED BY F.S. 286.011(8)**

**Legal**

**2013-06-3** Florida Times Union suit against the City of Jacksonville, and the Police and Fire Pension Fund, Case No. 2013-CA-5799 CUH.

**The Board reconvened from Executive Session at 11:43 with the same Board members, Mr. Klausner, and Mr. Keane present. No actions or motions were taken during the Executive Session. The conversation was limited to the mediation**

**MR. KLAUSNER RECOMMENDED A MOTION FOR MOVEMENT OF THE BOARD TO AUTHORIZE THE ADMINISTRATOR AND THE GENERAL COUNSEL TO RETURN TO THE MEDIATION TABLE, TO HOPEFULLY NEGOTIATE ANOTHER PROPOSAL, WITHIN THE PARAMETERS OUTLINED BY THE BOARD OF TRUSTEES DURING THE EXECUTIVE SESSION, BUT WITH IT CLEAR THAT NEITHER MR. KEANE NOR MR. KLAUSNER NOR TOGETHER HAS THE AUTHORITY TO CONCLUDE A DEAL. MR. KLAUSNER AND MR. KEANE WOULD THEN BRING BACK A PROPOSAL TO THE BOARD THAT MEETS THE PARAMETERS SET BY THE BOARD. NAT GLOVER MOVED TO MAKE THE MOTION WHICH WAS SECONDED BY ADAM HERBERT AND PASSED UNANIMOUSLY.**

**There being no further business, the meeting was adjourned at 11:45 a.m.**

Police and Fire Pension Fund  
Board of Trustees  
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**APPROVED AT BOARD OF TRUSTEE  
MEETING ON SEPTEMBER 20, 2013**

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Nat Glover, Board Secretary