

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
October 25, 2018**

MINUTES

City Hall - St. James Building, Conference Room 3C: 2:00 P.M.

Members Present

Jeffrey Bernardo, Chair
Joey Greive
David Kilcrease
Bill Messick
Diane Moser
Sam Mousa
Shari Shuman
Terry Wood

Staff Present

Randall Barnes, Senior Debt Manager and Assistant Treasurer
Paul Barrett, Senior Investment Officer
John Sawyer, OGC
Tom Stadelmaier, Pension Administrator

Others Present

Steve Lundy, PFPF

1. CALL TO ORDER

The Chair called the meeting to order at 2:01 PM

2. PUBLIC COMMENT

None

3. MINUTES

Mr. Kilcrease motioned to approve the September 27, 2018 Minutes and Mr. Mousa seconded. There was no discussion and the Chair took a vote. The Minutes passed unanimously.

4. NEW BUSINESS

Consent agendas

Ms. Shuman motioned to approve the consent agendas. Mr. Mousa seconded. The Chair took a vote and the consent agendas passed unanimously.

There was a brief discussion on the audit procedures used to approve items included on the Consent agenda.

The Willis survivor benefit case was reviewed. Mr. Stadelmaier provided the background indicating it was a recent marriage but over one year as required by the Plan. There was some question regarding a different address for the applicant. After review and requests for additional information, the PAC was satisfied the applicant met the criteria and approved the benefit unanimously. After some discussion on the details of the case and the need to vote, Ms. Shuman made a motion to approve the benefit. Mr. Kilcrease seconded the motion. Ms. Moser asked for some additional details including if the pensioner was ill. Mr. Stadelmaier replied that the pensioner did have a terminal illness and the applicant described herself as his full-time caregiver for the last couple of years. Mr. Mousa asked how long they knew each other and Mr. Stadelmaier replied that the applicant indicated their relationship went back over 10 years prior to the marriage. Chair Bernardo took a vote and the motion passed unanimously.

5. INVESTMENT AND FINANCIAL MATTERS

Mr. Barrett updated the Board on the September 30 flash and allocation of investments. Final fiscal year-end net-of-fees return reported at 7.37%.

Mr. Kilcrease asked why the difference between gross and net-of-fees wasn't always consistent and Mr. Greive indicated that is mainly due to timing differences in fee payments.

Mr. Barrett indicated that staff is currently reviewing the managers and requesting additional information as due diligence. One consideration is INTECH and possibly looking to use a lower-cost index fund instead of INTECH since they have not been beating the benchmark index fund over time. He also pointed out that William Blair and Pinnacle which had been struggling have shown some improvement.

Chair Bernardo asked about new indexes not matching going all the way back. Mr. Barrett and Mr. Barnes indicated the approach going forward would be considered as part of the RFP and transition to a new consultant.

Mr. Barrett also provided an update on the RFP. The team received 13 responses and the goal is to narrow it down to top two or three for finalist interviews. Staff is using the normal procurement process for the evaluation.

There was further discussion around the approach chosen to use staff for monitoring during the interim period. There was also discussion around timing to complete scoring. The Board generally wants to make sure staff has enough time to do a good job with the

review. Mr. Barrett and Mr. Barnes expressed confidence in being able to complete it in November and then arrange for finalist interviews after that. Mr. Bernardo indicated he was comfortable with staff review for a period of even up to six months. Mr. Greive pointed out that the review of managers currently in progress was actually more robust than usual and that the Treasury team already is doing investment monitoring for the operating fund without a consultant. Mr. Mousa indicated a desire to shoot for November for identification of finalists but that staff should be comfortable to say they need more time if that is necessary.

6. ADMINISTRATIVE

Mr. Stadelmaier reported on the officer election for the PAC. Kent Mathis was voted as PAC Chair. He had a previous business commitment to speak at a conference today but he will attend the BOT meetings going forward.

Mr. Stadelmaier reviewed the suggested BOT meeting schedule for 2019. Plan is to stick with the 4th Thursday of each month until November and December where the meeting will be scheduled for the 3rd Thursday of those months, consistent with this year. Board members did not object to this approach or suggest any changes.

Mr. Stadelmaier alerted the Board that the Pension Office has been receiving a number of questions about being rehired full-time as a retiree. A document has been drafted around how to handle different scenarios and after internal review will be presented to the Board. Goal is to have a consistent approach that is in line with code. There may be some opportunity to better clarify what is currently provided for in the code.

There is a new survivor benefit case brought through the REA that is being presented at the next PAC. The applicant was not living with the pensioner for a period going back to the early 2000s. The Pension Office policy would be to deny such a claim based on code. The applicant is claiming special circumstances and this will be presented to the PAC for consideration.

Segal Consulting, the Plans' actuary, is completing their experience study now and plans to present results to the Board at the next meeting in November.

7. OLD BUSINESS

Mr. Stadelmaier provided a handout related to the pension payments for Alan Mosley. Mr. Mosely requested a review of his payments since he re-retired. Review shows that he is currently being over-paid and that his payments since he re-retired in 2010 have been overpaid by over \$50,000 since the calculation for his new pension was approved. The main reason for the overpayments was the application of the COLA immediately instead of having a wait period.

This matter was reviewed by the Pension Office, OGC and the Board starting in 2011.

OGC indicated the COLA wait period would apply from the new retirement date. This was also reviewed by outside legal counsel and a memo concurred with OGC's opinion. It appears there was an attempt or an intent to adjust the payment to the correct amount during this time period but that was not successful as indicated by the full payment history since 2010 that was provided.

Mr. Greive added that after OGC and outside counsel review the Board policy was updated to reflect this information. Mr. Wood said the code language was not clear but that a plain language read of the code would not indicate the COLA wait period start over. Mr. Kilcrease indicated his recollection was the intention was to correct/reduce the payment at the time and that the overpayment amount was much lower at the time this was decided. Chair Bernardo asked Mr. Sawyer if there was a need for the Board to be consistent with collecting overpayments. Mr. Sawyer said yes, per the IRS the Board needs to correct to the fullest extent possible.

Mr. Stadelmaier asked the Board to consider correcting the payment going forward and deciding on collecting overpayments. Mr. Mousa asked if the Board needed to notify Mr. Mosely first before taking action. Mr. Sawyer responded that the Board did not need to do that but they would recommend that approach.

The Board requested the Pension Office to notify Mr. Mosely regarding the time of the next Board meeting and give him an opportunity to provide information before that meeting or at that meeting.

8. INFORMATION

The next regular BOT meeting will be Thursday, November 15, 2018, at 2 PM.

9. PRIVILEGE OF THE FLOOR

None

10. ADJOURNMENT

Chairman Bernardo adjourned the meeting at about 3:36 PM.