



JACKSONVILLE POLICE AND FIRE PENSION FUND
ADVISORY COMMITTEE
MEETING SUMMARY – FEBRUARY 7, 2018 – 9:00AM

PRESENT

James Holderfield, Chair, Police Representative
Lt. Michael Shell, Vice Chair, Police Representative
Thomas Lumpkin, Retired Representative
Eng. Jean Paravisini, Fire Representative
Michael Pelletier, Police Representative
Asst. Chief Richard Reichard, Fire Representative
Lt. Christopher Stover, Fire Representative

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Chuck Hayes, Pension Benefits Manager
Bob Sugarman, Fund Counsel – via webex

EXCUSED

Lawsikia Hodges, Office of General Counsel

I. CALL TO ORDER

Chair James Holderfield called the meeting to order at 9:00AM.

II. A MOMENT OF SILENCE WAS OBSERVED FOR THE FOLLOWING DECEASED MEMBERS:

Miles R. Bowers, Retired Fire Chief
Christian Jakob, Retired Police Officer
James A. Reagor Jr., Retired Fire Lieutenant
Eric B. Rice, Retired Firefighter
William R. Stull, Retired Police Sergeant

III. PUBLIC SPEAKING PERIOD

There were no requests for Public Speaking. Public Speaking Period closed.

IV. CONSENT AGENDA (ITEMS 1-9)

The benefits listed below have been reviewed and approved by the Pension Benefits Manager.

1. MEETING SUMMARY TO BE APPROVED

1. **Summary of the Meeting held January 10, 2018**
Copy held in the meeting file.
2. **Summary of the Workshop held January 10, 2018**
Copy held in the meeting file.

Michael Shell made a motion to approve both meeting summaries for January 10, 2018. Seconded by Thomas Lumpkin. The vote passed unanimously.

2. APPLICATION FOR SURVIVOR BENEFITS

Richard Reichard made a motion to approve the Application for Survivor Benefits. Seconded by Thomas Lumpkin. The vote passed unanimously.

3. APPLICATION FOR VESTED RETIREMENT

Richard Reichard made a motion to approve the Application for Vested Retirement. Seconded by Thomas Lumpkin. The vote passed unanimously.

4. APPLICATION FOR TIME SERVICE CONNECTIONS

Michael Shell made a motion to approve the Application for Time Service Connections. Seconded by Richard Reichard. The vote passed unanimously.

Timothy Johnson said that Kelly Vought's Time Service Connection (TSC) application was amended to purchase 1 year of service.

Chuck Hayes briefed the Advisory Committee on the process of Mr. Vought's TSC application. He reminded the Advisory Committee that Mr. Vought's TSC was deferred in January pending receipt of an amended TSC application.

Richard Reichard asked if the reason for allowing Mr. Vought's TSC application to be amended was that his pre-tax deduction had not yet begun.

Timothy Johnson said yes, since Mr. Vought did not initiate a bi-weekly pre-tax deduction to pay for his original TSC, his original TSC application could be amended without triggering an IRS code violation. He said that the TSC application states that changes cannot be made once any pre-tax deduction starts.

James Holderfield asked if the necessary changes to JaxPension have been made to in order to process Mr. Vought's amended TSC.

Chuck Hayes said that ITD has promised the changes would be completed before Friday.

Timothy Johnson added that there is no policy in place allowing members to change their TSCs in progress.

James Holderfield remarked that the TSC application is cut and dry.

5. REFUND OF PENSION CONTRIBUTIONS

The Refund of Pension Contributions were verified with supporting documentation and received as information by the Advisory Committee.

6. SHARE PLAN DISTRIBUTIONS

The Share Plan Distributions were verified with supporting documentation and received as information by the Advisory Committee.

7. DROP PARTICIPANT TERMINATION OF EMPLOYMENT

The DROP Participant Termination of Employment were verified with supporting documentation and received as information by the Advisory Committee.

8. DROP DISTRIBUTIONS

The DROP Distributions were verified with supporting documentation and received as information by the Advisory Committee.

9. DROP DISTRIBUTIONS FOR SURVIVORS

The DROP Distributions for Survivors were verified with supporting documentation and received as information by the Advisory Committee.

V. OLD BUSINESS

VI. COUNSEL REPORTS

Bob Sugarman

Bob Sugarman informed the Advisory Committee that the public and press have inquired about Michael E. Williams, a retired member of the PFPF convicted of a horrible crime – the sexual abuse of a child. He said the public wants to know if this member is still entitled to his pension. He said, based on all the facts we know now, this member is still entitled to his pension.

Bob Sugarman said this retired member is entitled to his pension because the crimes he committed occurred after retirement. He added that the member's victim was not even born yet at the time of his retirement. He said Florida Statutes and the Florida Constitution govern pension forfeitures.

Bob Sugarman said the question is, "How do we respond to the public and press?" He said this statement is an appropriate response:

"Article II, section 8 of Florida's Constitution and section 112.3173 of the Florida Statutes require a municipal pension plan to begin forfeiture proceedings if a member of the pension plan is convicted of a job-related felony offense. The crimes that can cause forfeiture are specified in the statute and generally deal with the misuse of the employee's official powers and position while still an employee. Upon being notified that one of its members or retirees has been convicted of a felony, the PFPF reviews the criminal court proceedings to determine whether the member or retiree was convicted of one or more of the job-related felonies specified in the state law."

Bob Sugarman added that any crimes warranting pension forfeiture must relate to the member's job. He said the member must misuse their official position to commit the crime. He said that in this particular case, the member did not use his position to commit the crime.

James Holderfield asked if the Fund has received many calls about this case.

Timothy Johnson said that he has received one call, and an email. He said the member's wife called and asked if she was eligible to receive her husband's benefit – which she is not.

James Holderfield said he has not fielded any questions. He said he is confident that the Benefit Correction, Appeal, and Forfeiture Policy would help in the future.

Bob Sugarman said his office and OGC continue to work on the policy. He said he has nothing more to report.

VII. EXECUTIVE DIRECTOR'S REPORT

Timothy Johnson

1. Bailiff Time Service Connection Update

Timothy Johnson updated the Advisory Committee on the progress of implementing the Bailiff TSCs. He said Counsel has advised that Bailiffs are eligible to purchase time if they worked 80 hours per pay period for a period of six consecutive months or more. He said the PFPF administration's job is to use benefit data from the employer to calculate the TSCs. He said the PFPF has worked closely with JSO to get the data, and as soon as the data is ready, TSC calculations can begin. He said he anticipates JSO to have the data file ready soon. He added that TSCs would be calculated on an individual, as-received basis.

James Holderfield asked if the PFPF has received Bailiff TSC applications already.

Chuck Hayes said that in September, prior Bailiffs were allowed to submit TSC applications to the PFPF in order to lock in their rate and place in line.

Thomas Lumpkin asked how many prior Bailiffs are eligible to purchase TSCs.

Chuck Hayes said 78 applications have been received, however all may not be eligible to purchase the TSCs.

Michael Pelletier added that since these members have submitted their TSC applications, they have locked in their rate before the October 1, 2017 raises hit.

Chuck Hayes said that this was explained to all members through the JSO HR office.

James Holderfield said JSO HR knows all members who were former bailiffs.

Chuck Hayes said it has taken a long time to construct the data file because three different payroll systems have been used over the years.

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Timothy Johnson asked the Advisory Committee to be patient. He thanked Bob Sugarman and OGC for their assistance. He said once the data file is received, the PFPF administration would immediately begin processing the Bailiff TSC applications.

2. Benefit Correction / Forfeiture Policy Update

Timothy Johnson said this was discussed earlier in the meeting.

3. Pension Payroll Update
Chuck Hayes

Timothy Johnson said there have been a few ITD problems in the past month relating to PFPF pension payroll. He asked Chuck Hayes to discuss.

Chuck Hayes described the first problem, which resulted in an overpayment to 152 DROP retirees on the second payroll of January. He said this problem happened once before in 2010, before he was working as Pension Benefits Manager. He said this overpayment affected 152 DROP retirees who had finished collecting their DROP payments and cleaned out their DROP accounts. He said these retirees received a 'DROP' payment (for which they were ineligible) for the last payroll in the same amount they were receiving when they were receiving DROP distributions.

Chuck Hayes said the mid-year change in the tax tables was the cause of the glitch resulting in the overpayments. He said the IRS did not release the 2018 tax tables before the first payroll in January. He said the faulty programming in JaxPension incorrectly applied DROP payments to these 152 retirees once the tax tables were updated in mid-January at the direction of the IRS.

Chuck Hayes said once PFPF staff identified these overpayments, the staff immediately sent out letters to all 152 affected retirees, notifying them of the error and telling them not to spend the money. The staff began calling these retirees, and many retirees called the office.

Chuck Hayes said he had a detailed meeting with ITD and the COJ Treasurer, Joey Greive. He said that ITD and the Treasurer recommended making adjustments to the affected retirees' future pension checks so that taxes and deductions would wash out. Chuck Hayes said the PFPF would employ this method to recoup the overpayments.

Chuck Hayes said many retirees mailed personal checks to the PFPF office in the amounts of the overpayments. He said the PFPF staff sent a second letter to members, notifying them that instead of sending checks to the PFPF office, the PFPF would adjust their future pension checks to recoup the overpayments. He said 139 of the 152 overpayments would be corrected on

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the next pension check. He said that the remainder would be corrected over the next two to four pension checks due to the large dollar amount of the overpayments.

Timothy Johnson asked how much the overpayments totaled.

Chuck Hayes said the overpayments totaled \$115,361.34. He reiterated that this issue was an ITD issue, not a PFPF issue. He said ITD would fix the code in JaxPension to ensure that this would not happen again.

Chuck Hayes said all retirees have been cooperative and none have pushed back.

Chuck Hayes described the second ITD problem, which resulted in DROP members not receiving their quarterly DROP statements on schedule for December 2017. He said that DROP Phase I interest was not applied to members' DROP accounts in December 2017 due to an unknown issue. He said that interest should apply automatically, and did not apply in December 2017.

Chuck Hayes said the December 31, 2017 DROP interest application is the last entry to the members' ledgers, and the event that triggers the automatic printing and mailing of the quarterly DROP statements. Since the interest did not apply, the statements weren't mailed.

Chuck Hayes said the problem was discovered by PFPF staff and has since been corrected, and that the statements have now been mailed.

Chuck Hayes said a DROP Phase I member who entered the DROP under the 2015 reform, and who had a variable DROP interest rate contacted the PFPF office and said that his DROP interest was calculated incorrectly on his statement.

Chuck Hayes said following the 2017 pension reform, all DROP members who entered the DROP under the 2015 reform rules were switched back to the pre-2015 DROP interest rate. Timothy Johnson said that this switch was made because PFPF staff was trying to follow the new ordinance, which states that members would earn the old fixed interest rates on the DROP.

Chuck Hayes said Timothy Johnson is working with Counsel to fix the DROP transitions for members from the 2015 plan to the 2017 plan.

Steve Lundy informed the Advisory Committee that at the last Board of Trustees meeting, Fund Counsel told the Board that under the law, accrued benefits can not be changed for members – including members who entered the 2015 DROP plan. He said Fund Counsel is drafting a form that would instruct DROP members under the 2015 plan to make an irrevocable election to either remain on the 2015 DROP plan with variable interest rates, or to switch to the 2017 DROP plan with fixed interest rates.

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James Holderfield said he likes the idea of this one-off election. He said he would like to see this done as soon as possible and to keep the Advisory Committee posted on progress.

Bob Sugarman said the first draft of this opinion is on his desk for review. He said it is moving along at a good pace.

James Holderfield said the City Ordinance cannot trump Federal Law or the IRS code. He said he trusts Bob Sugarman and Lawsikia Hodges would get these ducks in a row soon.

Michael Pelletier asked what time period the 2015 DROP plan rules applied.

Steve Lundy said members with less than 20 years of service as of June 19, 2015 and who entered the DROP between June 19, 2015 and September 30, 2017 would be on the 2015 DROP plan.

Timothy Johnson said he anticipates this opinion to be ready for the February Board of Trustees meeting. He said an update would be given to the Advisory Committee in March.

Chuck Hayes described the third ITD problem, which resulted in difficulties in the drafting of the 1099s for retirees. He said for part of 2017, John Keane, Debra Cohee, and Donna Walmsley were paid through the PFPF system. He said the City moved them from the PFPF's system to the GEPP system in mid-2017. He said he spoke to the COJ Treasurer, Comptroller, and GEPP Director and informed them that the 1099 and 945 tax forms would be incorrect. He said this fell upon deaf ears. He said he insisted on a roundtable meeting in the beginning of January with these same individuals. He said only then did the individuals conclude that he was right, and that the 1099s must be separated between the PFPF and GEPP for the three affected retirees. He said each of these three retirees would receive two 1099s – one from the PFPF, and one from the GEPP.

Chuck Hayes said it was a maze of work to formulate the new 1099s with ITD. He said he has kept Timothy Johnson updated throughout the process. He said the 1099s for the PFPF and GEPP were not mailed until January 30, 2018. He said normally, the 1099s would be mailed much sooner.

James Holderfield asked if this was a one-off issue.

Chuck Hayes said he hopes so. He said the PFPF has received many calls from members who were concerned about the delay in receiving their 1099s.

Chuck Hayes reiterated that all 1099s were mailed and PFPF staff were folding and licking enveloped until the last minute, and that Lynn needs a manicure.

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Michael Shell said many members are asking why they have not received their 2018 Share Plan statements. He asked for an update next month.

Chuck Hayes said Timothy Johnson should get an answer from the unions. He said the PFPF is waiting on the unions. He said the Holiday Bonus was an easy process – the unions worked with the COJ and PFPF Board to allocate the Bonus.

Timothy Johnson said there was much discussion about the bonus, and ultimately it got done.

James Holderfield asked for an update next month. He directed Timothy Johnson to put it on the agenda.

Chuck Hayes mentioned two JSO employees who transferred from Corrections to JSO, and who wanted to know why they were not being admitted to the PFPF.

Michael Pelletier said it is the employer's responsibility to educate their employees on their benefits.

James Holderfield said he would contact Larry Schmitt at JSO HR and Chris Brown to make sure employees are informed of their benefits. He said this is not the PFPF's responsibility. He said JSO should do its best to adhere to honest hiring practices.

VIII. NEW BUSINESS

IX. NEXT MEETING

Wednesday, March 7, 2018 at 9:00AM

X. ADJOURNMENT

Chair James Holderfield adjourned the meeting at 9:58AM.

NOTES:

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

The public meeting may be continued to a date, time, and place to be specified on the record at the meeting. If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need to a record of proceedings, and for such purpose such person

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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.

Additional items may be added / changed prior to meeting.

Meeting recorded by Steve Lundy, Assistant Plan Administrator.

James Holderfield, Chair

To be approved at the Advisory Committee Meeting on March 7, 2018.