



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

PRESENT

James Holderfield, Chair
Lt. Michael Shell, V. Chair
Thomas Lumpkin, Retired Representative
Eng. Jean Paravisini, Fire 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
Lawsikia Hodges, Office of General Counsel
Bob Sugarman, Fund Counsel – *via webex*

EXCUSED

Michael Pelletier, Police Representative

I. CALL TO ORDER

Chair James Holderfield called the meeting to order at 9:01AM.

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

William J. Palmer, Retired Fire Captain
Jai-Keria K. Rasul, Active Police Officer
John W. Claxton, Retired Firefighter Engineer
Melvin J. Deloach, Retired Fire Lieutenant
Ronald M. Carmichael, Retired Police Officer

III. PUBLIC SPEAKING PERIOD

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

IV. CONSENT AGENDA (ITEMS 1-7)

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 February 7, 2018**
Copy held in the meeting file.

Thomas Lumpkin made a motion to approve both meeting summary for February 7, 2018. Seconded by Michael Shell. The vote passed unanimously.

2. APPLICATION FOR SURVIVOR BENEFITS

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

3. APPLICATION FOR VESTED RETIREMENT

1. **BURNLEY, Theodore M.**
Date of Vesting February 2, 2018, to be placed on pension July 28, 2028, monthly pension base amount of \$1,394.37. Police Sergeant.
2. **MANN, Jason W.***
Date of Vesting October 6, 2017, to be placed on pension June 30, 2025, monthly pension base amount of \$1,735.73. Police Officer.
Application previously deferred

James Holderfield asked Bob Sugarman if he has any new information about Jason W. Mann's criminal case.

Bob Sugarman and Chuck Hayes both said that they have no new information.

Timothy Johnson said that he wanted to 'put a pin' in this application so that the Advisory Committee wouldn't lose sight. He said that if there is no change in Jason W. Mann's criminal case, then the Advisory Committee could defer his application again.

James Holderfield said that the Advisory Committee would defer Mann's vested retirement application until more information is received on his legal proceedings. He said that Jason W. Mann resigned after his arrest for tampering with a crime scene. He said that since Mann has until 2025 to begin receiving his vested pension benefit, the Advisory Committee has time to wait until his criminal case resolves before taking action on his retirement application.

Richard Reichard made a motion to approve the Application Vested Retirement for BURNLEY, Theodore M. alone. Seconded by Michael Shell. 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 Thomas Lumpkin. The vote passed unanimously.

5. APPLICATION FOR DROP

Michael Shell made a motion to approve the Application for DROP. Seconded by Christopher Stover. The vote passed unanimously.

6. REFUND OF PENSION CONTRIBUTIONS

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

7. DROP DISTRIBUTIONS

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

8. 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

Lawsikia Hodges & Bob Sugarman

1. COLA and DROP Benefits Question

Bob Sugarman

Bob Sugarman summarized his COLA and DROP Benefits Opinion. He said that accrued benefits cannot be changed without members' consent. He said members have the right to keep what they have. He said that members who accrued a full benefit (20 years of service) under the 2015 plan must elect either to keep that plan or to choose the 2017 benefit plan. He said that the election form is being developed, and will be distributed before the Fiscal Year End, because the actuary needs to know the liability.

James Holderfield asked what the default plan would be if a member does not return their election form.

Lawsikia Hodges said the premise is that accrued benefits cannot be changed. She said the 2015 plan would be the default.

Bob Sugarman agreed, but added that the Fund administration should do everything it can to avoid non-responses.

Chuck Hayes suggested having the members visit the Pension Office to make their election.

Bob Sugarman agreed, but cautioned that the Fund Staff should not advise members as to which option is 'better'. He asked if the recent Fund returns have been posted to these members' accounts.

Chuck Hayes said that after the 2017 reform, everyone was switched back to the 2017 plan.

Timothy Johnson added that the 2017 reform change was prospective, and no retroactive adjustments were made to members' accounts.

Steve Lundy said that the Fund's return was above 14% for 2017.

Lawsikia Hodges said that the election letter should direct members to contact their union heads for advice on which plan to elect. She said the Fund administration just administers benefits and does not advise members.

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Bob Sugarman said that members should not be required to come to the Pension Office. He said most members would just want to sign the election form and send it back. He added that notarization of the letter would be a good idea.

Richard Reichard said he agrees with Chuck Hayes, and added that members like to be 'spoon fed' information. He said someone has to walk them through on this.

James Holderfield asked if Fund staff would be able to provide mathematical estimates to the members to see how this would personally affect them.

Bob Sugarman added that members would want to see their respective retroactive adjustments.

Chuck Hayes said that this information would be provided to members, and that retroactive analysis was done in November and would be need to be updated.

Lawsikia Hodges agreed, and said it is standard practice to 'run the numbers' for members making retirement decisions. She suggested giving the union heads information about their members for better communication purposes.

James Holderfield asked when the cutoff date should be for members' elections.

Timothy Johnson said he wants this done in time for the July census. He said members would be given two opportunities to make their election in a May – June timeframe. He said he would share the information with the unions and post the information on the PFPF website. He said the actuary would calculate the difference in liability due to members' elections. He said it is not critically urgent, but the information should be sent out along with the quarterly DROP statements.

James Holderfield said a resolution is needed by the time of the second-quarter DROP statement.

Timothy Johnson said that this information has to go out with the first-quarter DROP statements, because the members would question the statement's numbers.

Chuck Hayes asked if the letter was completed.

Bob Sugarman said it is either done or in the works. He said he would get it ready quickly.

Michael Shell asked if members would have to elect either the 2015 plan or the 2017 plan, and not be able to cherry-pick benefits from each.

Bob Sugarman said that members would have to choose either the 2015 plan or the 2017 plan in its entirety.

James Holderfield said he appreciates all the hard work done on this issue.

2. **Benefit Correction / Forfeiture / Appeal Policy Update**

Lawsikia Hodges

Lawsikia Hodges said that Bob Sugarman received a draft of the Benefit Correction policy yesterday, and he will look at it Friday. She said it should be ready for Advisory Committee review and recommendation at their next meeting. She said once this policy is finalized, then she would work on the Forfeiture / Appeal policy.

3. **Share Plan / Grievance Update**

Lawsikia Hodges

Lawsikia Hodges said that the Firefighters have requested arbitration. She said the grievance has been denied on all levels for the Firefighters and Police. She said that the City is waiting to see if the Police request arbitration.

VII. EXECUTIVE DIRECTOR'S REPORT

Timothy Johnson

1. **Educational Opportunity – Florida Division of Retirement**

39th Annual Police Officers' & Firefighters' Pension Trustees' School
June 4 through 6, 2018, Tallahassee, FL

Timothy Johnson said that the Florida Division of Retirement does the Trustees' School, and that he attended in Orlando with Chris Brown last year. He said it is very well done, and focuses on public safety. He said the Fund would cover the cost if any Advisory Committee members are interested in attending.

Bob Sugarman said he would be leading the New Trustees session of the conference. He said an actuary would be presenting, along with state regulators. He said it is a good academic environment and an opportunity to learn a lot.

3. **Reemployed Active PFPF Pensioners List**

Timothy Johnson briefed the Advisory Committee on the history of this list, noting that by ordinance, pensioners are not allowed to continue to receive their pension if they are reemployed by the City, with specific exceptions which appear on the report. He said that the PFPF worked with OGC and Employee Services to help mitigate this risk to the Plan, and this quarterly report is the result. He said that Steve Lundy prepared a handout which details the changes between last quarter's report and this quarter's report.

Steve Lundy described his handout, which shows the PFPF pensioners who left employment with the City, and the pensioners who began working with the City. He said 143 pensioners were working with the City in February 2018, up from 138 in November 2017.

Timothy Johnson said that a new question would be posed regarding reemployment with the City in the upcoming annual affidavits. He said he would be spending a month communicating with members about the changes to the affidavit before they are distributed in August.

Richard Reichard asked why pensioners cannot work for the City.

James Holderfield said the ordinance prohibits pensioners from collecting their pension while reemployed by the City. He said there are specific exceptions for specific positions in the ordinance. He said that now, pensioners will be asked if they are working for the City.

Richard Reichard said he is confused as to why the PFPF has to investigate this and not the City.

Bob Sugarman said that the City has the hiring authority, and that the PFPF can only report and take the consequences of the hiring. He said that the PFPF has to enforce this because of its fiduciary duty to pay only eligible pensioners. He said paying ineligible pensioners could violate IRS code.

James Holderfield said that this process was initiated by the Advisory Committee, and is a new process.

Timothy Johnson said now that this process has started, the employer is accountable through publishing this quarterly list. He said the changes in the affidavit would make pensioners accountable as well. He said that this would solve many problems in the future.

Chuck Hayes said he has received many phone calls from members who are asking why they cannot collect their pension and be reemployed with the City, even now as the City's pension plans are closed to new members.

Bob Sugarman said that the IRS provisions and City code still only permit certain people to work and to continue collecting their pension.

Lawsikia Hodges said that this is consistent with what was told to the Trustees last month.

2. **Jacksonville Beach Time Service Connections – Handout**
Chuck Hayes

Chuck Hayes presented his handout and informed the Advisory Committee that he had made Time Service Connections (TSCs) to eight members who worked at Jacksonville Beach at a lower rate. He provided the history concerning the change of practice of charging 20% to 8% for these TSCs. He said that this change was triggered by conversations he had with Beth McCague, the Fund's Interim Executive Director, Devin Carter, the Fund's Controller, and Steve Durden of OGC. He said that Beth McCague asked Steve Durden to answer a question as to why federal firefighters are not allowed to make TSCs. He said Steve Durden wrote the memo, and he, Beth McCague, and Devin Carter all reached the conclusion that Jacksonville Beach members would be charged the lower rate. He said that until that point, he had charged everyone the same rate as stated in the ordinance.

Lawsikia Hodges said she had discussions with Steve Durden, who denied sharing this opinion. She said that his memo is answering a different question than what Chuck Hayes was asking. She said it is a very different issue. She said 121.107 tells who can buy time at the lower rate: the COJ, its Independent Agencies, and Atlantic Beach Fire Department. She said that Steve Durden's memo is not addressing the legal question she answered for Chuck Hayes. She said she understands how this could have been easily confused when it was discussed with Beth McCague.

Lawsikia Hodges said she has been working with Chuck Hayes to resolve this issue. She said further analysis is needed.

James Holderfield asked if these affected members could be credited with the time that they have purchased and paid for. He asked if others are on the hook.

Lawsikia Hodges said that is the next question. She said she would get to that once the information has been completely analyzed.

Timothy Johnson said this is a big project. He said no action is needed today, but the implications will be significant. He said that all benefit approvals go through the Advisory Committee to the Board of Trustees. He said this issue had policy and appeal implications. He asked the Advisory Committee to be patient and supportive going forward. He said that this issue is going to be corrected.

VIII. NEW BUSINESS

IX. NEXT MEETING

Wednesday, April 11, 2018 at 9:00AM

X. ADJOURNMENT

Chair James Holderfield adjourned the meeting at 10:03AM.

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 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 April 11, 2018.