



JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES PERSONNEL COMMITTEE
MEETING AGENDA – MARCH 8, 2018 – 1:30PM
RICHARD “DICK” COHEE BOARD ROOM

PRESENT

Richard Patsy, Board Secretary
Lt. Chris Brown, Trustee

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Lawsikia Hodges, Office of General Counsel

GUESTS

I. CALL TO ORDER

II. PERSONNEL COMMITTEE

- 1. New PFPF Pay Plan**
- 2. Employee Conflict of Interest Disclosure Policy**
- 3. Executive Director’s Mid-Year Review**

III. ADJOURNMENT

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.

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

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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.

Additional items may be added / changed prior to meeting.

SL

NEW PFPF PAY PLAN

November 16, 2017 the Board of Trustees adopted my 2017/2018 Performance Plan, striking the compensation section on legal advice that, "if there are bonuses for one employee, there needs to be a bonus policy for all employees." The Board directed me to study compensation and bring back a recommendation to the board that would apply to all staff.

What is our current policy concerning pay?

Salary and Employment Plan March 21, 2006	Building Mgr., Benefits Mgr., Sr. Benefits Specialist, Benefits Specialist, Asst. Plan Administrator
<i>"On satisfactory completion of the probationary period after initial employment or promotion, the entrance salary of the employee shall be advanced by five (5) percent in the salary range for the position. Employees shall receive annual increases, as approved by the Board upon the recommendation of the Personnel Officer. Employees may receive range movement annually as approved by the Board upon the recommendation of the Personnel Officer. Such increases shall not exceed the maximum of the approved pay range."</i>	

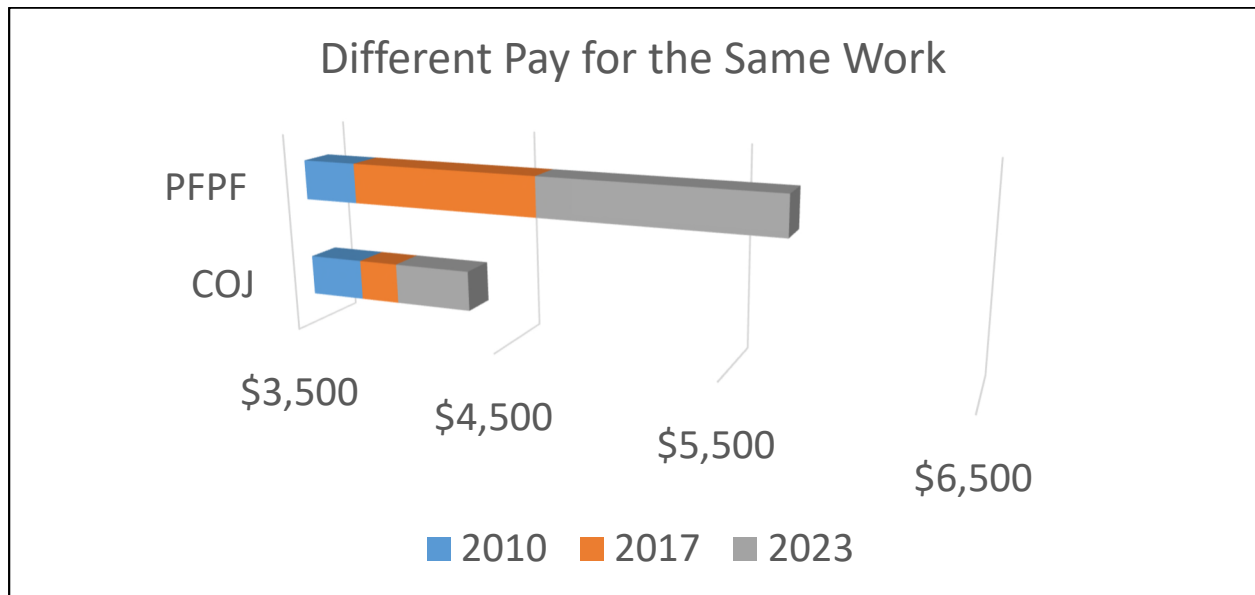
Ordinance 304E June 9, 2016	Executive Director
<i>"Pay grades, salary ranges and salaries for the Executive Director will be established and maintained in accordance with Pension Reform."</i>	

Salary and Employment Plan July 8, 2016	Finance Manager, Records Specialist
<i>"JP&FPF salary ranges shall be adjusted from time to time based on recommendation to the Board and final action taken by the Board. JPF&PF Employees' salaries shall be reviewed as necessary and appropriate adjustments upward or downward made pursuant to procedures established by the Board."</i>	

Step and COJ raises for long-tenured staff, contract negotiation for me and nothing for newer staff. Basically, three pay plans. Some have no financial incentive to perform. There is no pay plan for employees hired after July 8, 2016. There is potentially different

compensation for the same position. Career advancement is stymied. Personnel costs grow out of control.

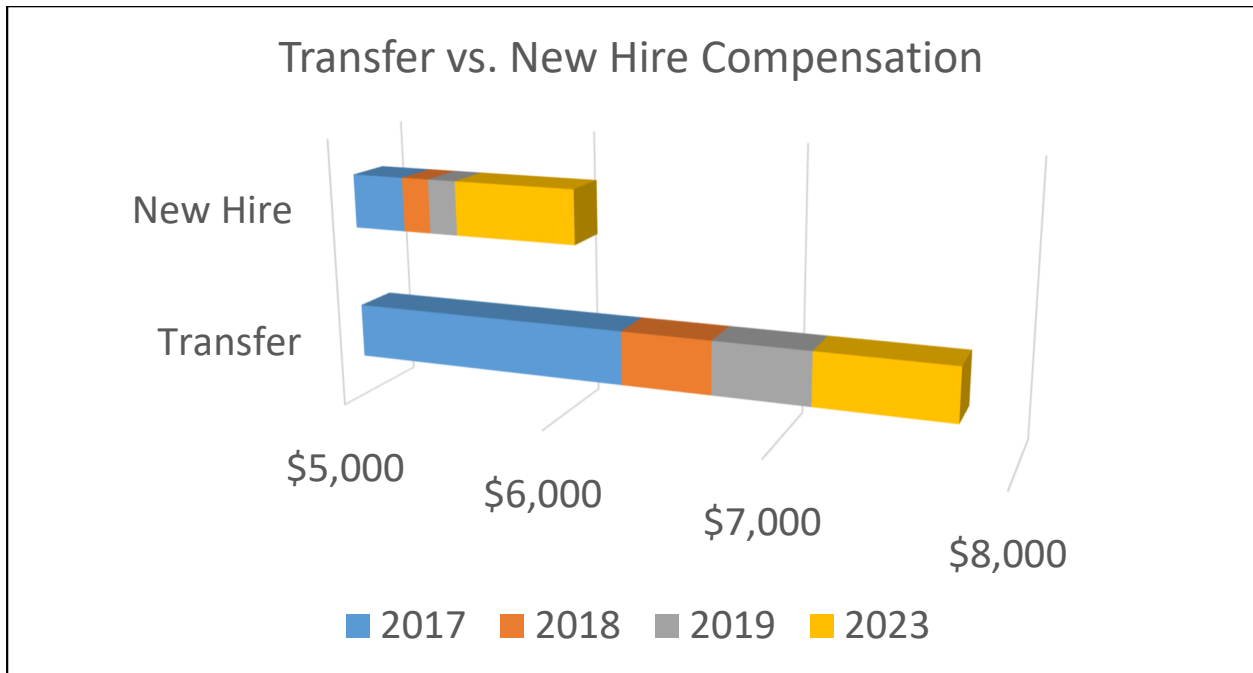
How does the policy look when applied?



2010: Two people are hired; one at PFPF and one at COJ at same rate of pay, 3,760 monthly.

2017: PFPF employee is earning 4,650 monthly due to step raises and 5.0% 10-1-17 COJ raise; COJ employee earns 3,948 due to 5.0% 10-1-17 COJ Raise.

2023: PFPF employees earns 5,740 monthly due to step raises and 4.5% COJ raises in 2018 and 2019. COJ employee earns 4,311 monthly due to 4.5% COJ raises in 2018 and 2019.



2017: New Hire would start at 5,250. Transfer of existing employee would be 6,298.

2018: New Hire would get 2.5% performance raise, bringing total to 5,381. Transfer would get 2.085% Step Raise and 4.5% COJ raise, bringing total to 6,713.

2019: New Hire gets 2.5% performance raise, bringing total to 5,516. Transfer gets 2.085% Step Raise and 4.5% COJ Raise bringing total to 7,155.

2023: New Hire would be at 6,088 due to 2.5% annual raises; Transfer would be at 7,770 due to 2.085% annual Step raises.

There is no need for a bonus policy. Or, to add something on top of confusion. There is a need for a uniform pay policy and plan. One that is simple, fair to all and aligned with our organizational mission.

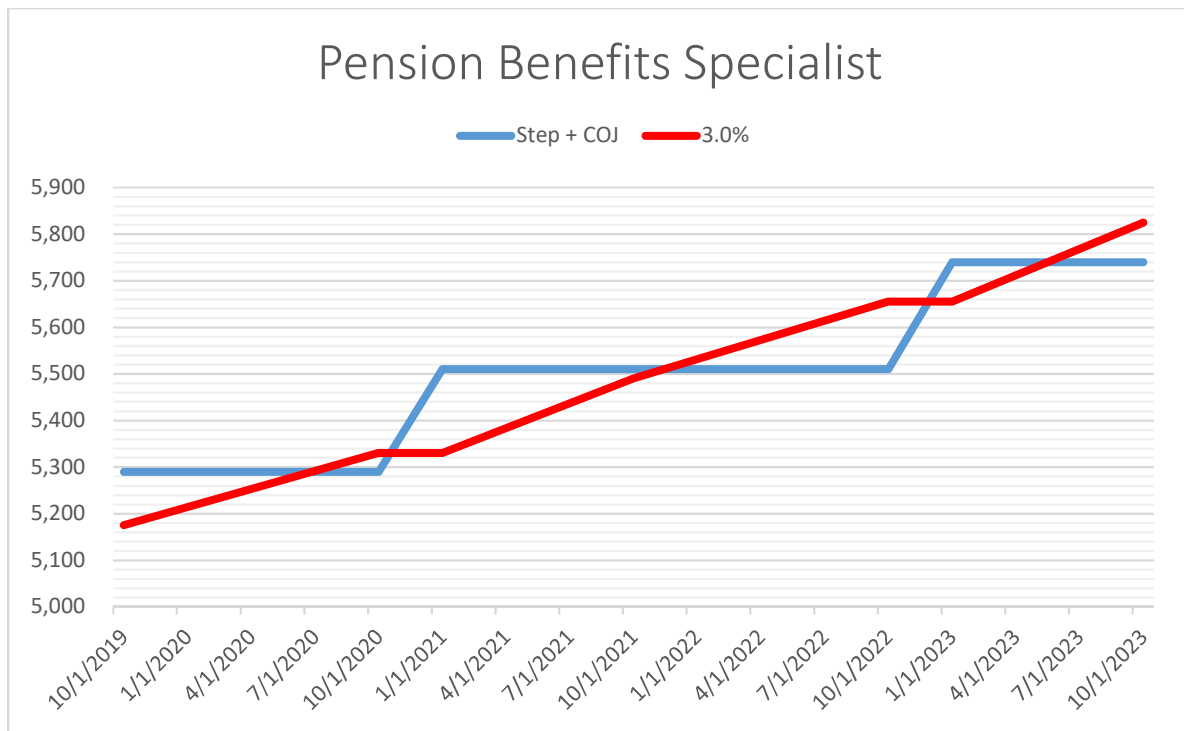
We looked into that question with help from PFPF staff, OGC and Employee Services. What you are about to see includes input from those areas.

NEW PFPF PAY PLAN
Proposed February 2018

PERFORMANCE LEVELS		
Exceptional	Fostering a climate that sustains excellence and optimizes results	16-20 pts.
Exceeds Fully Successful	Beyond that required for the position.	11-15 pts.
Fully Successful	Positively contributes to the achievement of strategic goals and results.	10 pts.
Minimally Successful	Not appreciably advancing the organization's goals and objectives.	0 pts.

DIMENSIONS	
Leading Change	Assesses and adjusts to changing situations, implementing innovative solutions to make organizational improvements.
Leading People	Provides an inclusive workplace that fosters the development of others to their full potential.
Business Acumen	Administers job duties in a manner that instills stakeholder trust and accomplishes the organization's mission. Responsive to assignments from supervisor.
Building Coalitions	Solicits and considers feedback from internal and external stakeholders.

SCORING						
DIMENSIONS	LEADING CHANGE	LEADING PEOPLE	BUSINESS ACUMEN	BUILDING COALITIONS	TOTAL SCORE	PTS. x 5 / 80
POINTS	10	10	10	10	40	2.50%
WEIGHT FACTOR	25%	25%	25%	25%	100%	
WEIGHTED SCORE	10	10	10	10	40	2.50%



Here are the benefits...

- *Simple, fair and aligned with our organizational mission*
- *Improves Employee Morale*
- *Justifies Performance Plan and Reviews*
- *Encourages Team Performance*
- *Ignites Organization Change*
- *Facilitates Increased Productivity*
- *Promotes Opportunities for Advancement*
- *Addresses Stakeholder Criticisms*
- *Controls Personnel Costs and Sustainability*
- *Reduces FY19 Budget.*

I recommend replacing the Step Plan with this New PFPF Pay Plan for all employees.

Staff signs acceptance of New Plan, which includes:

- *Performing year-end performance reviews in June – July 2018.*
- *Establishing performance plans in August 2018 for the upcoming Fiscal Year.*
- *PFPF Employees' last steps (prorated) will be effective 10/1/2018.*
- *Eliminating the Step Plan effective 10/1/2018.*
- *Application of the 4.5% COJ raise to all employees effective 10/1/2018.*

THJ 2/27/2018

Jacksonville Police and Fire Pension Fund Employee Conflict of Interest Disclosure Policy

I. Purpose

In order to deal openly and fairly with potential conflicts of interest, the Jacksonville Police and Fire Pension Fund adopts the following Policy.

II. Policy

All Jacksonville Police and Fire Pension Fund Employees are expected to use good judgment and adhere to high ethical standards. They are also expected to conduct themselves in a professional manner in order to avoid any actual or potential conflicts between personal interests and those of Jacksonville Police and Fire Pension Fund.

The Jacksonville Police and Fire Pension Fund conflict of interest policy is supplemental to any and all COJ conflict of interest policies contained in the Jacksonville Ordinance Code (specifically those contained in the Jacksonville Ethics Code – Ordinance Chapter 602).

III. Procedure

Each employee must complete an annual disclosure form to inform the Jacksonville Police and Fire Pension Fund of situations that may pose or may give the appearance of conflict of interest. All Jacksonville Police and Fire Pension Fund Employees must immediately disclose all material facts regarding any affiliation or interest between themselves and any person or outside business with whom the Fund is considering entering a transaction. The disclosure must be made immediately upon learning of the potential transaction with that person and transaction.

Anyone with questions regarding potential conflicts of interest is encouraged to discuss it with the Jacksonville Police and Fire Pension Fund's Ethics Officer. Any employee who is deemed to have substantial influence over Jacksonville Police and Fire Pension Fund that fails to comply with this Conflict of Interest Policy may be put on notice or terminated, at the discretion of the Board of Trustees.

All Annual Disclosure Statements shall be submitted to the Ethics Officer of Jacksonville Police and Fire Pension Fund and shall be filed accordingly.

IV. Definition

For the purposes of this Policy, "Relative" means any living individual related to the Police and Fire Pension Fund Employee as:

"[...] father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister."

- 121.3135(d), 2017 Florida Statutes

**Jacksonville Police and Fire Pension Fund
Annual Staff Affirmation And Disclosure Statement**

Please sign this statement indicating your affirmation as described below.

- I have received a copy of the Jacksonville Police and Fire Pension Fund Conflict of Interest Policy;
- I have read the Policy and I understand it;
- I agree to comply with the Policy, and will disclose any conflicts of interest.

Please disclose, in addition, any applicable affiliations known to you.

- Disclose any and all relatives who are employees of the Jacksonville Police and Fire Pension Fund.
- Disclose any and all relatives who are members (active or retired) of the Jacksonville Police and Fire Pension Fund.
- Disclose any and all relatives holding financial interest in a business from which the Jacksonville Police and Fire Pension Fund secures goods or services.
- Disclose any and all relatives rendering services to, or being an employee of, any outside concern that does business with the Jacksonville Police and Fire Pension Fund.
- Disclosure of any and all gifts or other benefits that are valued at or above \$100.00 received from any outside concern that does, or is seeking to do, business with the Jacksonville Police and Fire Pension Fund.
- Disclosure of any and all outside employment with a business that does, or is seeking to do, business with the Jacksonville Police and Fire Pension Fund.

Employee/Member/Business

Nature of Disclosure

<u>Employee/Member/Business</u>	<u>Nature of Disclosure</u>

Your name: _____

EIN: _____

Your signature: _____

Date: _____

Reviewed by: _____

Date: _____

Return this statement to the Ethics Officer of the Jacksonville Police and Fire Pension Fund by January 31.

**Jacksonville Police and Fire Pension Fund
 Executive Performance Plan
 Mid-Year Progress Review
 Appraisal Period: Oct 1, 2017 – March 30, 2018**

Comments:			
Employee Name: Timothy H. Johnson	Signature:	Date:	
Personnel Committee Chair Name:	Signature:	Date:	

Leading Change: Assesses and adjusts to changing situations, implementing innovative solutions to make organizational improvements.	
<i>Activities</i>	<i>Status</i>
Updates to Jax Pension	<ul style="list-style-type: none"> • 2017 Reform Changes Updated in JaxPension as of 10/1/2017, with the exception of the retroactive adjustments for Group I-B Members established in the 2015 reform. • Group I-B adjustments pending.
Reform Admin Working Group	<ul style="list-style-type: none"> • Holiday Bonus resolved between OGC, PFPF and Unions through a memorandum of understanding. • Policy going forward, disputes will be resolved similarly or through the collective bargaining / grievance process if not resolved by the Reform Admin Working Group. • Custody of remaining 2016 Chapter Funds has resulted in a grievance and the PFPF deferring the Share Plan distribution pending resolution.
Administer Chapter Funds	<ul style="list-style-type: none"> • State Report on schedule to be submitted by March 15th. Only concern is the incomplete audit and actuarial valuation report may need amending.
Retro-Benefit Analysis	<ul style="list-style-type: none"> • Directed Actuary to perform this analysis. Completed in October. Implementation pending answer of question if accrued benefits can be modified by collected bargaining.

	Board accepted opinion directing administration to send letter to affected Group I-B members requesting irrevocable election of 2015 or 2017 plan.
DROP Interest Study	<ul style="list-style-type: none"> • A change was made in the way the DROP is valued to explicitly value the impact of crediting a fixed 8.4% interest rate on DROP account balances. This caused a \$5.4 million increase in the contribution which was more than offset by the experience gains. • Ethics training complete for FIAC. Orientation for Advisory and Board. OGC and Sugarman are preparing legal, fiduciary, and public records training to be complete this Fiscal Year. • 2017-564-E enacted, staggering terms for FIAC and Advisory Committee. • Recommendations for Devine and Kowkabany reappointments to be initiated after March Board meeting.
Fiduciary, Ethics, Law and PR Training	
Staggered Term Procedures and Elections	<ul style="list-style-type: none"> • Member file scanning an indexing project completed in December approximately 246,000; • Administrative & Financial file scanning and indexing project underway. Outsourced scanning and internal indexing. • ACCESS training performed for benefits and administration staff in February 2018.
Complete scanning and indexing project	
Begin analysis of electronic workflow	TBD
Public Record Request Turnaround	<ul style="list-style-type: none"> • 1-Year Average Turnaround 14.8 days as of February 2018. • Increasingly complex PRRs since November has extended Average Turnaround to 15 days since November.
Documents Scanned	See Dashboard for Feb 28, 2018
Quarterly Vesting & DROP Seminars	Held quarterly; next workshops scheduled for April and July.
Bi-monthly Newsletter	Newsletters published on monthly basis. Move to solely digital newsletter underway.

Leading People: Provides an inclusive workplace that fosters the development of others to their full potential.	
<i>Activities</i>	<i>Status</i>
Performance Mgmt. System (Pay Plan)	Completed; to be submitted to Personnel Committee March 8 th , 2018.
Hire Finance Mgr.	Completed; Kevin Grant hired in November 2017.
Staff Conflict of Interest	Completed; to be submitted to Personnel Committee March 8 th , 2018.
Realign Asst Plan Administrator Position	Will be completed during second half of the fiscal year.
Professional Development of Mgrs.	Asst. Plan Administrator attended Trustees' Conference in December 2017; Executive Director attended FTTPA conference in January 2018, and reestablished PFPF relationship with that organization. New Finance Mgr. will attend Police & Fire Pension Trustees School June 4 - 6, 2018
Leadership Retreat	Two Retreats held on February 8 th and 20 th , 2018 resulting in performance game plan for FYE.
Annual Performance Reviews	Scheduled for all PFPF staff to be held in June – July 2018. Plans for the next fiscal year will be developed in August in time for my performance review and plan with the board in Sept/Oct.
Role of benefits area in a closed plan	Becoming long-term objective. Trustees have interest in the same topic. Sugarman will comment on closed plan governance in training.
Executive Director Salary Survey	Complete; file prepared with contracts for Lynn Wegner, John Keane, Beth McCague, EFL search agreement, executive director's job description, Florida Times Union articles regarding pay and search and contract comparisons.

Business Acumen: Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission.	
<i>Activities</i>	<i>Status</i>
Re-employment Affidavit	WIP; Four current affidavits updated; Time Service affidavit including reemployment language. Affidavits submitted to OGC for legal review, and will be sent to ITD for programming.

	Members will be educated on the updated affidavits in June, and final affidavits will be distributed in August.
Local Agency Procedures	WIP; draft complete by Sugarman. At OGC for review.
Bailiffs' Time Service Connections	WIP; The legal interpretation of all relevant law is that any Bailiff who averaged equal to or greater than 80 hours/pay period for more than six months would be eligible for time connection for their bailiff assignment history. JSO continues work on compiling and summarizing data. So far JSO has completed going through all personnel files to gather necessary documentation (e.g., offer letters and/or printed personnel transaction records). This was a tedious task as one employee could have a file with a couple of hundred scanned pages. Next step is to review and chart the assignment dates to know what data is needed from legacy (COJ) and Oracle (JSO). Followed by research of payroll data (for summary) and actual reports (for documentation) to aid in determining hours worked. Then provide a summary that averages all hours worked per pay period by each employee. Based on the current trajectory, JSO is at least a few weeks away from providing a completed listing. So, 78 applications have been received, however all may not be eligible to purchase the TSCs. Once the data file is received, the PFPF administration would immediately begin processing the Bailiff TSC applications on a FIFO basis.
DROP Estimator	Actuary completed for internal use only. Designed to give prospective estimate of final DROP balance to members.
Switch to paperless statements	Approximately 1,500 retiree reduction in bi-weekly statements. Estimated 30,000 savings in postage costs. Work to replace with electronic statement in the future.
Metric: Member Satisfaction Survey	Average 97% excellent Overall Quality of Service as of 12/31/2017. Will send out new survey to members.
Private Equity Real Estate	TBD based upon A/L Study recommendation of asset allocation.
Asset/Liability Study	Final Asset-Liability Study to be presented to FIAC in April.

Custody & Consulting RFP	To be considered in May by FIAC.
Annual Cycle of Work (Some as required by law)	Actuarial Valuation, External Audit, Benefits Summary, Operating Budget, Contract renewals, monthly meetings of the BOT, FIAC and Advisory Committees, monthly written director's reports all achieved as expected. This deliverable will receive more attention as year develops.
Uniform/Evergreen Contracts	TBD
Securities Litigation Policy	Completed by OGC; yet to be presented to board. I current for gives board limited authority to act as fiduciaries on behalf of the plan.
Property Performance Analysis	Completed. Being used as benchmark for lease renewals and other financial decisions related to property.
Hire Property Manager	TBD
Update Leases per analysis recommendations	In process of negotiating three year renewal with Hertz bringing rent closer to current market rates.
Retain/Replace PACE	TBD. Lease expires in 2019.
Metric: Net Yield on Property	Completed; see attached Facts at a Glance
Manage plan within budget authorized by PFPF Board	Completed; Expenses remain in control and are reported to Board quarterly. Going forward will include reporting on internal service accounts. Purchasing policy recommendation will be brought to board by FYE. The results will be updated 9/30/2018.
Metric: administrative costs per member and investment fees to assets.	Completed; see attached Facts at a Glance. The results will be updated 9/30/2018

Building Coalitions: Solicits and considers feedback from internal and external stakeholders.	
<i>Activities</i>	<i>Status</i>
Update Financial Services Agreement with COJ.	TBD
Quarterly visits with REA, Chiefs, NARC, City Council, Unions.	This fiscal year visits have occurred with REA, NARC, FOP and firefighters. City Council Finance Committee on February 21, 2018 to discuss the Annual Actuarial Valuation Report. \$5 million additional payment request. \$10 million recommended by Council.
Role of Office of General Counsel regarding certain aspects of 2015 Reform Agreement.	TBD. Potentially addressed by result of Keane suit. Board should consider its own position and strategy.
Rotary, Leadership Jax, Downtown Vision Inc. in part to mitigate reputational risk on PFPF.	<ul style="list-style-type: none"> • Joined Downtown Vision and also agreed to provide space in building for art to be displayed during the monthly First Wednesday Art Walk. • Recruited to chair the Retract Club at Edwards Waters College. • Selected to interview for the Leadership Jacksonville Class of 2019.

Observations / Additions to this and future plans:

- Update Employment Policy Manual;
- Present Purchasing Policy and Procedures to Board;
- Include section for all administrative and statutory duties (i.e. Annual Cycle of Work);
- Include directed brokerage, emerging, minority and women owned business policy and procedures in new IPS;
- Dashboards and operating budget updates in future reports.
- Study potential technical specialist position (JaxPension programming changes create data integrity issues)
- Board attention to Keane case, Consent Judgment, Securities Litigation Policy, Legal & Fiduciary Training.