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**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES  
MEETING SUMMARY – APRIL 19, 2019 – 9:00AM  
RICHARD “DICK” COHEE BOARD ROOM**

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**PRESENT**

Lt. Chris Brown, Chair  
Cpt. Michael Lynch, Trustee  
Nawal McDaniel, Trustee  
Richard Patsy, Trustee

**GUESTS**

Mark Muchowicz, FOP  
Kevin Ryan, QMA

**EXCUSED**

Willard Payne, Secretary  
Greg Anderson, City Council Liaison  
Lawsikia Hodges, Office of General Counsel

**STAFF**

Timothy H. Johnson, Executive Director – Plan Administrator  
Steve Lundy, Assistant Plan Administrator  
Kevin Grant, Finance Manager  
Randall Barnes, Fund Treasurer  
Alex Ford, Wilshire Associates – via Webex  
David Lindberg, Wilshire Associates – via Webex  
John Sawyer, Office of General Counsel  
Bob Sugarman, Fund Counsel – via Webex  
Pedro Herrera, Fund Counsel – via Webex

**MEETING CONVENED**

9:00AM

**MEETING ADJOURNED**

10:08AM

NOTICE: Pursuant to the American with Disabilities Act, accommodations for persons with disabilities are available upon request. Please allow 1-2 business days notification to process; last minute requests will be accepted, but may not be possible to fulfill. Please contact Disabled Services Division at: V(904) 630-4940, TTY-(904) 630-4933, or email your request to [KLMcDan@coj.net](mailto:KLMcDan@coj.net). 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. Additional items may be added / changed prior to meeting.

An audio recording of this meeting is available upon request. Contact the Jacksonville Police and Fire Pension Fund Custodian of Public Records, Maria Young at [MariaY@coj.net](mailto:MariaY@coj.net) or (904) 255-8950 to make a Public Records Request.

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**I. PLEDGE OF ALLEGIANCE**

**II. MOMENT OF SILENCE**

John M. Blue, Retired Police Officer  
Michael A. Mooney, Retired Firefighter Engineer  
Leroy E. Munro, Retired Police Lieutenant  
Vernon A. Richardson, Active Police Detective  
Ollie S. Smith, Retired Firefighter  
James W. Thompson Jr., Retired Police Officer  
Robert L. Thurmond, Retired Police Sergeant

**III. PUBLIC SPEAKING PERIOD**

None.

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**IV. CONSENT AGENDA – ITEMS 2019-04-(01-09)CA**  
*Motion to approve: McDANIEL; Second: LYNCH; PASSED UNANIMOUSLY.*

**2019-04-01CA**  
*Meeting Summaries Approved*

1. Board of Trustees Meeting – March 22, 2019
2. Board of Trustees Personnel Committee Meeting – April 8, 2019

**2019-04-02CA**  
*Disbursements*

The listed expenditures in DISBURSEMENTS A & B have been reviewed and deemed payable. The Police and Fire Pension Fund Finance Manager certifies that they are proper and in compliance with the appropriated budget. Transaction lists attached.

**Disbursements A**  
 03-01-2019 thru 03-31-2019

1.	Wilshire Associates	\$	37,500.00
2.	Harvest Fund Advisors	\$	70,186.25
3.	The Northern Trust Company	\$	9,784.44
<b>TOTAL</b>		<b>\$</b>	<b>117,470.69</b>

**Disbursements B**  
 03-01-2019 thru 03-31-2019

1.	Transaction list of Accounts Payable distributions	\$	<b>85,461.59</b>
2.	Transaction list of Accounts Receivables	\$	<b>32,964.59</b>

**2019-04-03CA**  
*Pension Distributions*

**A. March 8, 2019**

1.	Regular Gross	\$	5,920,616.65
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,199,982.45

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5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>7,120,599.10</b>

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**B. March 22, 2019**

1.	Regular Gross	\$	5,917,692.85
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,198,113.91
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>7,115,806.76</b>

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*All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.*

*The following Consent Agenda items 2019-04-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on April 10, 2019. Vote was unanimous. Meeting Summary attached.*

**2019-04-04CA**

*Application for Survivor Benefits*

**2019-04-05CA**

*Application for Vested Retirement*

**2019-04-06CA**

*Application for Time Service Connections*

**2019-04-07CA**

*Correction of Pension Base*

*The following Consent Agenda items 2019-04-(08CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on April 10, 2019. Meeting Summary attached.*

**2019-04-08CA**

*Share Plan Distributions*

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**2019-04-09CA**

Educational Opportunities

1. **Bi-Monthly Ethics Training for Boards & Commissions – COJ**  
April 25, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor  
June 27, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor  
August 22, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor  
October 24, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

(RSVP with Kirby Oberdorfer at [koberdorfer@coj.net](mailto:koberdorfer@coj.net) or 904-630-4747)

2. **40th Annual Police Officers and Firefighters' Pension Trustees' School**  
April 30, 2019 – May 2, 2019, Tallahassee, Florida

[https://www.dms.myflorida.com/workforce\\_operations/retirement/local\\_retirement\\_plans/municipal\\_police\\_and\\_fire\\_plans/current\\_issues/pension\\_trustees\\_schools](https://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/municipal_police_and_fire_plans/current_issues/pension_trustees_schools)

3. **Chief Officers Summit – NCPERS**  
June 13 – 14, 2019, Chicago, Illinois

<https://www.ncpers.org/cos>

4. **Fall Trustee School – FPPTA**  
October 6 – 9, 2019, Sawgrass, Florida

<https://fppta.site-ym.com/events/EventDetails.aspx?id=1153668>

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Chris Brown directed David Lindberg and Alex Ford to present their Investment Consultant Reports first.

**VIII. INVESTMENT CONSULTANT REPORTS – Taken out of order**  
*David Lindberg & Alex Ford*

1. **Capital Market Review**
2. **March 2019 Fiscal YTD Performance**
3. **March 2019 Performance Flash Report**

David Lindberg and Alex Ford presented their 'Capital Market Review, March 2019 Fiscal YTD Performance, & March 2019 Performance Flash Report' (HANDOUT). They covered the following topics and highlighted the following information:

- We are halfway through the Fiscal Year, and are making great returns.
- Page 6: Fiscal Policy Boost – GDP growth is strong, but is forecasted to decline as the Fed tightens its fiscal stimulus.

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- Page 9: U.S. Equity Market – There was a 14% return this quarter. There are no negative sectors this quarter.
- Page 10: Non-U.S. Equity Market
- Page 11: U.S. Fixed Income – There was a modest returns for bonds this quarter.
- Page 13: Long-Term Rates – The Fed is easing off their tightening stance.
- Page 17: PFPF Performance Update – Cumulative Fiscal Year-to-Date Return. Happy to have a strong bounce back in performance across all sectors.
- Page 20-21: Monthly Summary

David Lindberg said he and Alex Ford met with Sawgrass Asset Management recently and had a good discussion. Their product is in Wilshire's research pipeline. Sawgrass was covered years ago, but hasn't been reviewed since.

David Lindberg said money manager Acadian has underperformed since inception. Wilshire is aware that their value focus is driving their performance. We think they would have better performance once the growth-dominated market cycle ends.

Richard Patsy asked if Wilshire was okay with Acadian. There have been periods where they have performed well. Does Wilshire think there are any systemic issues?

David Lindberg said Acadian is also in Wilshire's research pipeline. He said he would keep the Board updated. He continued his presentation:

- Page 22: Fixed Income Performance – the portfolio is right on the benchmark.
- Page 23: Core-Plus portfolio
- Page 24: MLPs – There has been a strong comeback among MLP returns.

David Lindberg said Steve Lundy has helped Wilshire get up to date contact information for all PFPF employees, Board, and Committee members to add to its research paper distribution list. Wilshire recently wrote an interesting piece on active management.

Michael Lynch asked about one member's Share Plan refund on the consent agenda.

Steve Lundy said the \$150.07 difference is the 2017 Share Plan interest amount.

## **V. EXECUTIVE DIRECTOR'S REPORT**

*Timothy H. Johnson*

Timothy Johnson presented his Executive Director's Report as attached. He noted that the final tranch of payments to the Unions' health care trust was completed, which included \$963,000 in interest from February.

Timothy Johnson discussed the status of the JFRD Out-Of-Class pay issue. The PFPF is working with the City as the City plans to collect the missing contributions from active employees. He said another progress report will come in May. Affected Active members will pay the City, and retired members will pay the PFPF.

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*Michael Lynch said the City is working to stretch the collection of payments over years – will the City pay the PFPF all at once, or as the dollars are collected from members?*

*Timothy Johnson said the PFPF had a meeting with Randall Barnes (who was not yet present at the meeting at this time) two weeks ago. Accounting is a big issue – it impacts cash flow.*

*Kevin Grant said accounting will set up a receivable on our end which will show monies paid to us by year end. As the City collects the monies, the receivable will be reversed. The City will give us more details. Next month, we will show how the City will roll everything out.*

*Timothy Johnson said we are advocating to have a receivable for the complete debt. If it takes more than one accounting period to collect, it will convert to cash as money is collected.*

*Michael Lynch said then we charge the City interest. The City made this error, screwed up, and however they collect the money is their business. They should write us a check.*

*Timothy Johnson said every dollar they don't pay today will ultimately be paid through the surtax revenue.*

*Michael Lynch said the City has a bunch of money in reserves. Those options are there to make their contribution whole – short of doing it over 3 years. Members on this list will enter the DROP, and retire in this time. It will only get more complicated as time passes.*

*Timothy Johnson said it is complicated. Kevin Grand made a spreadsheet that illustrates that payment. A large amount will be received in this year.*

*Kevin Grant said the City expects to collect more than 90% of the missing contributions this Fiscal Year.*

*Michael Lynch said the remaining 10% is from members who owe \$2,000 - \$3,000. Those repayments will be dragged out.*

*Timothy Johnson said we will have a much clearer picture in May than we have now.*

*Michael Lynch said the City is agreeable to make this right. It needs to be right. It is infinitely easier to move the money over.*

*Timothy Johnson said he agrees – put the receivable on the City's books. However, the City is resistant to that.*

*Richard Patsy said this is not a big number. The City paid \$18 million to get rid of the Landing. \$400,000 is a rounding error to them.*

*Timothy Johnson said there will be a recommendation regarding the Beaches Time Service Connections issue in May.*

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*Timothy Johnson said there would also be recommendation regarding Michael Lynch's question regarding the Childrens' Benefit in May. Section 121.206(c) says Children receive \$200 per child per month, or "a proportionate share of the survivors benefit". This is an interesting question. We have never administered the second part of this. Bob Sugarman is working with OGC to make sure the interpretation is correct. We will look at children to see if they are better off in one case versus another.*

*Michael Lynch said nothing was driving his question. He was just reading through the ordinance code and stumbled across that section and thought, 'that's not right'.*

*Timothy Johnson updated the Board of Trustees on the latest Dashboard figures, highlighting DROP and mortality trends.*

*Richard Patsy asked for clarification that more of the PFPF members are staying as active employees when they are eligible for retirement.*

*Chris Brown said the delay in their retirement is due to the collectively bargained raises – to get the full effect of the raises included in their pension calculation, they have to stay 2 years after the last raise.*

*Richard Patsy said that at some juncture, there will be an acceleration of retirements.*

*Steve Lundy said that juncture will be in October of 2021. That is the first quarterly DROP date exactly 2 years following the last raise.*

*Michael Lynch added that the 2017 pension reform restored the original 8.4% DROP interest rate. There isn't a 'war' between the firefighters and the City nowadays – members are willing to stick around longer.*

*Chris Brown said many members left after the first pension reform. They left because they didn't want to lose any more benefits. Members are sticking around longer now because of the stability of the restoration from the 2017 pension reform. The actuary is aware of these trends.*

*Timothy Johnson said a new project of the PFPF will be to illustrate, using statistics, how the collective bargaining agreements translate to pension trends.*

*Timothy Johnson said PFPF visits to the Brotherhood of Firefighters was added to the dashboard. He said he and Chuck Hayes visited the Brotherhood of Firefighters two weeks ago.*

*Timothy Johnson discussed public record request metrics – there has been an significant increase in PRRs over last year due to Curtis Lee, and normal investment portfolio requests.*

*Timothy Johnson discussed records retention progress – over 16,000 records have been scanned digitally this Fiscal Year. This is a significant testament to Maria Young's work. She has completed scanning of all Board and FIAC documents. She is doing a great job.*

*Timothy Johnson discussed the financial continuing education metric on the dashboard. Manager updates count towards the 8-hour requirement.*

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*Bob Sugarman said that in the course of the trustees' professional work, if they come across any investment education events, they can submit proof to Timothy Johnson and it would count towards the requirement.*

*Timothy Johnson discussed a question one member had at the Annual Members' Meeting last month. Wayne Doolittle commented on the survivor benefit. Mr. Doolittle questions how the PFPF verifies the whether the spouse and member were living together at the time of the member's death. He also asked if the PFPF has denied any survivor's applications for benefit based on the 'living together' ordinance requirement.*

*Timothy Johnson said that the PFPF verifies survivors' eligibility with a copy of the marriage certificate, and two signed and notarized affidavits attesting to cohabitation. This is a long way of saying that the responsibility of proving eligibility – the burden of proof – is on the surviving spouse.*

*Timothy Johnson said that the PFPF has denied two applications for survivor's benefit. One individual who was denied is the member Mr. Doolittle is questioning. The PFPF pays 400 survivors' benefits currently. The PFPF also sent Mr. Doolittle a copy of the legal opinion written by Bob Klausner addressing this same question. The opinion is very specific, especially regarding the benefit eligibility of survivors of members in nursing homes.*

*Timothy Johnson said he is hopeful this question is settled. He has met with Mr. Doolittle twice prior to the Annual Members' Meeting.*

*Chris Brown asked about the two individuals who were ineligible for benefit.*

*Timothy Johnson said the affidavits were the basis of denial. They were notarized and admitted they were not living together. Our hands are tied.*

*Richard Patsy asked why Mr. Doolittle is asking this question.*

*Timothy Johnson said that in situations where members break up with their spouses, the spouse doesn't always take into consideration the fact that the breakup might affect their pension eligibility.*

*Richard Patsy asked for clarification regarding the nursing home situation.*

*Timothy Johnson said there is clarification in the opinion – the benefit is not affected, because there was no fault on the spouse.*

*Richard Patsy compared the PFPF's survivor benefit eligibility to that of Social Security. He noted Social Security is much more liberal.*

*Michael Lynch said that the PFPF's procedure works as intended, considering we are paying 400 survivors and have only rejected 2. He compared the PFPF's benefit to that of the Florida Retirement System. In FRS, if you elect to have your spouse eligible for a survivor benefit, your benefit is reduced when you retire. We don't have that here. The benefit is the same whether the member retires single or married. There is a trade off. He said he would be curious to look at the cases of the two denied applicants.*



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Timothy Johnson said it's the affidavit.

Richard Patsy asked how robust the survivor benefit is.

Michael Lynch said it is 75% of the member's benefit.

Timothy Johnson said it is very robust – the member doesn't pay for it.

Richard Patsy said that most FRS members get Social Security.

Michael Lynch said PFPF members can get Social Security as well, but have to earn it through other employment, and when you get it, it is reduced through 'windfall elimination'.

Kevin Grant discussed the operating budget to actual. Money manager fees will ramp up soon, due to quarterly reporting. Once this takes place, numbers should reach 50% of budget for the mid-fiscal year.

Kevin Ryan of the equity management firm QMA introduced himself. He said he was passing through Jacksonville and wanted to introduce himself and if there were any questions to let him know.

## **VI. PERSONNEL COMMITTEE**

**Motion to approve the salary increases for the Pension Benefits Specialist, Administrative Specialist, and to approve hiring Courtney Garnett as Clerical Support Aide III: McDANIEL; Second: PATSY; PASSED UNANIMOUSLY.**

Nawal McDaniel said the Personnel Committee items are straightforward. The Personnel Committee met earlier this month and had no problem with the recommendation.

Timothy Johnson said he wrote a memo to the Personnel Committee. The actions have been revised, and the summary is attached. Three actions are included on the graph on page 2.

Timothy Johnson discussed the Pension Benefits Specialist's raise (Lynn West), the Administrative Specialist's raise (Maria Young), and the hiring of the part-time Clerical Support Aide III (Courtney Garnett):

- Lynn West increased her duties since moving from a receptionist role to a benefits role, and should be compensated for the extra work. She is doing a great job, and we want to recognize the full value.
- Maria Young has successfully completed her 6 month probation, and is due a 5% increase.
- Courtney Garnett has been working as a part-time receptionist as a contractor. The Board previously funded a regular part-time position, and now needs to officially place Courtney Garnett into that role.

Chris Brown asked if the part-time maximum was 25 hours per week.

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Timothy Johnson said yes. He said Steve Lundy performed an exhaustive statistical study showing all visitors to the PFPF every hour of every day since Courtney Garnett began as a contractor. The most active hours are from 9AM to 2PM. These will be Courtney Garnett's new hours.

**Nawal McDaniel made a motion to approve the salary increases for the Pension Benefits Specialist, Administrative Specialist, and to approve hiring Courtney Garnett as Clerical Support Aide III. Seconded by Richard Patsy. The vote passed unanimously.**

Timothy Johnson noted that lump sum payments are also discussed in his memo. For example, instead of increasing base salary, lump sum payments could be made to employees. This is simply just another tool in the Board's toolbox.

Chris Brown thanked Nawal McDaniel and Michael Lynch for their service on the Personnel Committee.

## VII. COUNSEL REPORTS

John Sawyer

1. **Curtis Lee Settlement** – NO HANDOUT
2. **Reemployed Pensioners Update**
3. **Litigation Summary Update**

John Sawyer requested the Curtis Lee Settlement agenda item be deferred. Jacob Payne wants to brief the Board of Trustees individually.

Chris Brown said the Trustees should meet with OGC individually, then OGC will bring a recommendation for Board of Trustees action at their May meeting. This will allow all the Trustees to be up to speed on everything before any action is taken. He said he would like to discuss other items with OGC as well, including the Beaches Time Service Connections issue.

Timothy Johnson said it was an excellent idea to take one more month on the reemployed pensioners issue. Lawsikia Hodges is not present today, so it will be a great opportunity to hear what that opinion will look like from her. This is the same for the Beaches TSCs issue and for the Bailiffs TSCs issue.

Randall Barnes entered the Board Room.

Timothy Johnson asked if Randall Barnes had anything to add regarding the JFRD Out-Of-Class Pay issue, since he was not present for the discussion earlier in the meeting.

Randall Barnes said all pay elements have been corrected in JaxPension, so if anyone signs up for retirement, the system would correctly calculate their benefit. The City is working with Accounting to recover missing contributions from active employees. Draft letters have been reviewed with the PFPF team, and how to handle calls from members. The City will take the members' calls. We want to give members time to prepare themselves before the money is collected. There are a lot of impacted

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employees, over 1,000. This error was caused by the City, but some PFPF staff will have to handle the affected retired members.

Michael Lynch asked if the City could make the Fund whole in one payment, and have the receivable on the City's books. The City has \$60 million in extra accounts.

Randall Barnes said it is not exactly \$60 million – the City is using it towards contributions at this year end – it is about \$30 million. He said he was not exactly sure. From an accounting perspective, we have to collect the money from the employee, then it goes into the plan directly. Once the accounting details are finalized, they will be presented to the Board of Trustees. 90% of the contributions will be collected within the first year. There is still work to be done on the accounting side.

**IX. COUNCIL LIAISON UPDATE**

None.

**X. OLD BUSINESS**

**XI. NEW BUSINESS**

**XII. UPCOMING MEETINGS**

**1. Board of Trustees**

Wednesday, May 22, 2019 at 9:00AM

**The Board of Trustees moved their next regular meeting to Wednesday, May 22, 2019 at 9:00AM.**

**XIII. ADJOURNMENT**

10:08AM

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Steve Lundy, Assistant Plan Administrator

Posted 04/23/2019

Revised 04/25/2019

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Willard Payne, Secretary

To be approved at the Board Meeting on May 22, 2019.

*The next regular meeting will be held Wednesday, May 22, 2019 at 9:00AM.*