I. PLEDGE OF ALLEGIANCE

II. MOMENT OF SILENCE

Thomas Z. Martin Jr., Retired Police Officer
Eugene W. Skinner, Retired Police Lieutenant

III. PUBLIC SPEAKING PERIOD

None.
IV. CONSENT AGENDA – ITEMS 2019-06-(01-10)CA

Motion to approve: McDANIEL; Second: PATSY; PASSED UNANIMOUSLY.

2019-06-01CA
Meeting Summaries Approved

1. Board of Trustees Meeting – May 22, 2019
2. Board of Trustees & FIAC Manager Update – May 29, 2019

2019-06-02CA
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
05-01-2019 thru 05-31-2019

1. Pinnacle Associates $ 117,056.00
2. Comerica Bank $ 149,504.86
3. J.P. Morgan $ 381,954.69
4. Tortoise Capital Advisors $ 79,414.26

TOTAL $ 727,929.81

Disbursements B
05-01-2019 thru 05-31-2019

1. Transaction list of Accounts Payable distributions $ 70,217.01
2. Transaction list of Accounts Receivables $ 34,594.48

2019-06-03CA
Pension Distributions

A. May 3, 2019

1. Regular Gross $ 5,981,366.14
2. Regular Lumpsum $ 0.00
3. Regular Rollover $ 0.00
### B. May 17, 2019

<table>
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<th>Description</th>
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<tr>
<td>Regular Gross</td>
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<td>Regular Lumpsum</td>
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<td>Regular Rollover</td>
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<td>Regular DROP Gross</td>
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<td>DROP Lumpsum</td>
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<td>DROP Rollover</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$7,285,195.14</strong></td>
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### C. May 31, 2019

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<td>Regular Gross</td>
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<td>Regular Lumpsum</td>
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<td>Regular Rollover</td>
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<td>Regular DROP Gross</td>
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<td>DROP Lumpsum</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$7,479,506.78</strong></td>
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All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.

The following Consent Agenda items 2019-06-(04-06CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on June 12, 2019. Vote was unanimous. Meeting Summary attached.

**2019-06-04CA**  
Application for Vested Retirement

**2019-06-05CA**  
Application for DROP

**2019-06-06CA**  
Application for Time Service Connections
The following Consent Agenda items 2019-06-(07-09CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on June 12, 2019. Meeting Summary attached.

2019-06-07CA
Share Plan Distributions

2019-06-08CA
DROP Participant Termination of Employment

2019-06-09CA
DROP Distributions

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2019-06-10CA
Educational Opportunities

1. **Bi-Monthly Ethics Training for Boards & Commissions – COJ**
   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
   December 5, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

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

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


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**IX. OLD BUSINESS – taken out of order**

1. **Investment Policy Statement**
   *Motion to approve: PAYNE; Second: PATSY; PASSED UNANIMOUSLY.*

Timothy Johnson said the Investment Policy Statement (IPS) was almost finished about a year ago, following an Asset – Liability Study performed by our then-Investment Consultant, Summit Strategies. The IPS was 99% done, except for emerging manager and broker language. The Board of Trustees made the decision, rather than to approve 99% and then the remaining 1% of the IPS, to wait until the language on emerging managers and brokers was finished.
Timothy Johnson said the Board Chair directed the FIAC that the intent of the Board of Trustees was to have the opportunity for diversity in the Fund’s portfolio. Input from the Office of General Counsel (OGC) was also received. Then, finally, the FIAC approved a memo last month. That memo was included in May’s Board of Trustees Book. The document simply says that the diversity initiatives of the Investment Consultant and Custodian will ensure diversity in the Fund’s portfolio.

Timothy Johnson said the Fund's investment consultant, Wilshire, applies the ‘Rooney Rule' in their manager searches – they always include a 'diverse' manager in each search.

Timothy Johnson said the Fund’s custodian, Northern Trust, has a roster of eight diverse brokerage firms it has vetted for best execution.

Willard Payne made a motion to approve the Investment Policy Statement. Seconded by Richard Patsy. The vote passed unanimously.

V. EXECUTIVE DIRECTOR’S REPORT
Timothy H. Johnson

Timothy Johnson summarized updates to the proposed Fiscal Year 2020 PFPF Budget. The budget is about $1 million less than it was previously. He covered changes to various line items as follows:

- Personnel was capped at a 4.5% increase instead of 5% at the suggestion of Sam Mousa.
- The method of calculating investment management fees has changed – instead of using the actuarial assumed rate of return, now a capital market outlook growth figure is used.
- Capital Improvements have been adjusted. Last year’s figure was higher because of outlays to replace equipment. This year’s budget is more in line with the year before last.

Timothy Johnson said Kevin Grant and Troy Scherbinski are working to secure a tenant for the third floor space, and we are all excited about it.

Timothy Johnson said quarterly reports of reemployed pensioners were received, reconciled and discussed with the Advisory Committee.

Timothy Johnson said Priyesh Patel and Brian Smith were approved and reappointed to the FIAC by City Council, respectively. The FIAC is also working on a Request-For-Proposal for Investment Consultant services.

Timothy Johnson updated the Board of Trustees on this year’s report to the State, and that we expect no delay in the receipt of the Chapter Funds this year.

Timothy Johnson updated the Board of Trustees on the Share Plan. He commended Steve Lundy for a phenomenal job on a complicated issue. Because the Share Plan is shared among all eligible active members, any correction to one member affects everyone else’s share. In FY2015 and FY2016, some members were given too much of a share, so we had to recut and redistribute this money.

Timothy Johnson said Steve Lundy did all the work, and went on the road three times to both the Police and Firefighter unions to give updates throughout the process – first, when we identified the error,
second, to solicit feedback, and third, to discuss the solution. Now, the process is in Chuck Hayes' court to make sure everyone receives their checks. Share Plan statements have been sent to all members.

Chris Brown said he received feedback that the explanation Timothy Johnson and Steve Lundy gave to the unions was great.

Timothy Johnson updated the Board of Trustees on the JFRD Out-Of-Class-Pay issue. He said he thinks the PFPF is ready to send out letters to DROP and retired members. The City will send letters to active members. Briefly stated, these members were not charged their full amount of contributions.

Randall Barnes said that the City is ready, prepared, and everything is set up to proceed. The PFPF may need more formality concerning its corrections policy.

Michael Lynch asked if the Fund has been made whole for the missing contributions, or will the money be payed to the Fund as it is collected.

Randall Barnes said the Fund would be paid as the money is collected.

Chris Brown asked if provisions are in place so this error doesn’t reoccur.

Randall Barnes said yes – there are new procedures in place, along with a new formal process for when new pay elements are set up in the system. There are various checks and balances. We do not expect this to reoccur.

Timothy Johnson said the PFPF received great advice from OGC regarding the due process of its members after they receive this letter. Whenever there is an error, members have an opportunity to challenge. In this case, however, any challenges are not expected because members will be better off in the end.

Randall Barnes said repayments would also be insignificant, about $20 per paycheck, with a few around $30.

Michael Lynch said most would be paid off very quickly.

Randall Barnes agreed.

Timothy Johnson said there has been a trend to remove online material from municipal government websites. There is a challenge regarding website document accessibility to give the same access rights to disabled Americans as everyone else. We are getting into a position of having to balance transparency with accessibility. The visually impaired need more access, which may result in less transparency.

Chris Brown said the JSO website was not compliant with ADA standards at one time. JSO collaborated with ITD to create a fully compliant website. He recommended working with ITD to make the website compliant.
Timothy Johnson thanked Chris Brown for his advice. He said we will become fully compliant. The PFPF has been very aggressively transparent. He said he hopes we do not have to sacrifice transparency.

Chris Brown said it is just how the information is presented.

Randall Barnes said the biggest challenge is PDF documents. Scans of pieces of paper are very hard to convert. You must have the original file to be accessible. Sometimes you don’t have that – it is very difficult.

Michael Lynch said that not everything has to be on the website. We should post the minimal amount required, and then the public may access additional documents through public records requests.

Chris Brown said transparency is achieved by making it easy to get requested documents. The website should be streamlined – showing things people want to see. Other things need to be readily accessible. The PFPF is at peak transparency.

Timothy Johnson made a note that the Board of Trustees supports this directive where less documents may be on the website, but everything is available through other means.

Timothy Johnson informed the Board of Trustees that the Fund’s relationship manager at Northern Trust, Rich McConville, has changed assignments. Scott Mestan is the Fund’s new relationship manager. He and Ashley Alson are planning a visit to Jacksonville as early as July.

Chris Brown mentioned the handout, Ordinance 2016-80-W.

Michael Lynch said he requested this document to be handed out at the meeting. He said he wanted to make sure everybody has a copy. This is legislation the Office of General Counsel requested to be introduced in the Keane litigation at the time.

1. **Share Plan Update**
   
   Steve Lundy

Chris Brown asked Steve Lundy if he had any more information to add on the Share Plan Update.

Steve Lundy directed the Board of Trustees to the two Share Plan sheets in the Board Book. The first sheet shows how we corrected the errors, and the second sheet is an example of a member’s ledger who has been an eligible Share Plan participant for the entirety of the Share Plan.

Chris Brown said that considering the Share Plan, and the Bailiff Time Service Connections, it is important to know how much we appreciate delving into these projects. He said we know how much Steve Lundy loves puzzles and challenges.

Steve Lundy said this was a big mountain to move, and we are all happy to put this Share Plan project in the past.
Michael Lynch mentioned the second Share Plan sheet – the vast majority of members fall into this category and have this full balance.

VI. COUNSEL REPORTS
Lawsikia Hodges & Bob Sugarman

1. Litigation Summary Update

Lawsikia Hodges said she had nothing new to report to the Board of Trustees.

Chris Brown discussed the bailiff time service connections issue. He said the solution we discussed last month is going to come with an updated template, which these members will receive, so that they can – consistent with the way we should be doing business – go to their employer’s HR department (JSO), brings this ‘boiler plate letter’, which says, “looking at my data, you certify that I worked at least 36.925 hours, on average, per week, for at least 6 months during these periods”. Chief Larry Schmitt of the JSO HR department will sign the letter, the member will bring it back, and they will be able to buy their time back just like anybody else.

Lawsikia Hodges agreed and said she sent that form to the PFPF staff this week on Thursday. She said this is the goal. There will be a correspondence letter, which includes this revised form. We will also cite to the members that there is still recourse in the appeals policy to appeal.

Chris Brown said that any members who appeal anything would be the members who didn’t work 36.925 hours per week. This should cut down on the work for the Advisory Committee.

Bob Sugarman updated the Board of Trustees on the Beaches Time Service Connections issue. We have filed a claim with our insurance company, and the company has acknowledged receipt. We will keep the Board of Trustees advised.

VII. INVESTMENT CONSULTANT REPORTS
Alex Ford

Alex Ford presented the Investment Consultant Reports as attached to the Board Book. He covered the following topics and made the following highlights:

1. May 2019 Wilshire Perspectives
   - Page 4: Market Update – We were off to a good start, then strong negative returns hit in May. Some assets held up as a buoy on volatility. The good news is that the picture is changing in the month of June so far. We have made a lot of progress climbing out of the hole May created.

2. May 2019 Fiscal YTD Performance

- Page 8: Asset Allocation & Performance – Alex Ford discussed the performance across the Fund’s several money managers through May 31, noting that MLP performance has been a strong performer this year.
- Alex Ford discussed U.S. equities, noting that it is a challenging space for active management to outperform the index – he suggested that the Fund’s share of passive management should be increased within the U.S. equity space.
- Alex Ford said there was good performance in the Fixed Income space, however the Fund’s allocation is heavy on ‘Core-Plus’. Wilshire suggests considering changing the allocation to ‘pure core’.

Chris Brown noted that index returns have outperformed active management in U.S. equities over the past 30 years, net of fees. He said he thinks there should be a discussion about increasing the Fund’s share of passive management in this space.

Alex Ford agreed, and said the last 10 years have been the most challenging for active management to add value. Active management has not demonstrated the ability to consistently outperform. We should reevaluate our share of active and passive management.

VIII. COUNCIL LIAISON UPDATE

Greg Anderson said this would be his last meeting as City Council Liaison for the Police and Fire Pension Fund. He encouraged the Board of Trustees to reach out to Scott Wilson, the new City Council President-Elect, to suggest anyone for the next liaison role. He said there is no more outstanding business in City Council relating to the Fund.

Timothy Johnson said we will hold a Summer Social this July, just like last year. This year, we are inviting the Boards of the Fraternal Order of Police, International Association of Firefighters, Brotherhood of Firefighters, Retired Employees’ Association, and City Council, among others. The PFPF Board of Trustees, Financial Investment and Advisory Committee, and Advisory Committee are also invited. This will fall on July 18, the night before the Board of Trustees meeting. This will be a chance to break bread with stakeholders of the Plan, and to show appreciation for their support.

Michael Lynch asked about the Curtis Lee settlement, and if it was paid by the Board of Trustees.

Timothy Johnson said yes, a copy of the final settlement and dismissal is included in the Board Book. He said he talked with Jacob Payne about the payment – the Board of Trustees is codefendant with the City of Jacksonville, however the Board paid the entire settlement. On one hand, Curtis Lee’s issue was with the Board of Trustees. He said Jacob Payne said he would go to Sam Mousa to offset the Fund’s
payment, and to set the stage for potential settlements in the future where the Board of Trustees and the City of Jacksonville are codefendants.

Chris Brown said this is a good discussion to have. We may be codefendants in other cases. In these circumstances, should the Fund have any exposure, there should be discussion of splitting any settlement amount.

Michael Lynch asked about the SSVRP questions by the State.

Timothy Johnson said the PFPF received two letters from the Department of Management Services requesting an update in the valuation of the SSVRP. We have not complied with the requests because we no longer administer the plan. We hold the funds, but the City of Jacksonville administers the plan. We have redirected the State’s questions to Joey Greive. He said he believes we are better off if we postpone resolving who is in charge of the SSVRP until the Keane case is settled. Once settled, it will be very easy to decide who is responsible for what. Right now, it is hard – the more questions you ask, the more confusing it is – and you don’t want to be confusing with regulators. The regulators want to know that we are properly monitoring this Fund, and there has been no activity on it in two years because we are in the middle of the SSVRP litigation.

Michael Lynch asked if they were acceptable of this plan in the first 19 years of its existence.

Timothy Johnson said the last time we did an update was in 2015 – so there was no problem with it until the last time we did an actuarial update. That was the 2015 update that wasn’t submitted until 2016. So nothing has been done in the past two years.

Michael Lynch said the SSVRP was good for 16 years, and now there is a red flag. He encouraged everyone to read the settlement agreement which was entered at the request of the Office of General Counsel (handout).

Lawsikia Hodges said in clarification, this settlement agreement that Michael Lynch handed out was filed after consulting with the parties at the time. This is stale. The facts have substantially changed since then – this was withdrawn by city Council.

Richard Patsy asked if this was filed but not adopted.

Lawsikia Hodges said yes, it was filed, and then withdrawn.

Michael Lynch asked if City Council would agree with the settlement agreement now.

Lawsikia Hodges said this is a pending litigation question which she would not discuss at a public meeting.

Michael Lynch asked if this is something which might be discussed in a shade meeting in the future.

Lawsikia Hodges said there is a summary of litigation in the Board Book. Shade meetings are called by the lawyer by Florida Statute. Jason Gabriel doesn’t feel that we are at a critical juncture at this point to discuss this in a shade meeting.
Lawsikia Hodges asked the Board of Trustees if it is their consensus for her to go back and inquire about a Shade Meeting.

Chris Brown asked at what point shade meeting information becomes public.

Lawsikia Hodges said it would be public when the litigation concludes, including appeals.

The Board of Trustees did not request a Shade Meeting.

Michael Lynch asked for a cost update on the amount of money spent on the Keane cases specifically. He said ultimately, like the Curtis Lee case, we bore the brunt of the money. Next year, this will be a line item in the budget. Whether it is $400,000 or $400 million, it will be a line item. The future City Council has to pay the bill. This is a very important part.

Lawsikia Hodges said the cost of litigation is usually a topic in the shade meeting.

Chris Brown recommended not giving that cost update until the federal case is over. He said he’s with Michael Lynch, he would like a cost update, but we should wait until the litigation concludes. He said he doesn’t want anything to be used against us.

Michael Lynch said he would file a public records request.

Lawsikia Hodges said we could have phone call updates, and is happy to meet with Michael Lynch as well.

Chris Brown said Michael Lynch could contact the Office of General Counsel and discuss the matter.

Michael Lynch said he’s talking to a wall.

X. NEW BUSINESS
None.

XI. ADJOURNMENT
9:54AM

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Steve Lundy, Assistant Plan Administrator
Posted 06/26/2019
Revised 07/17/2019
Willard Payne, Secretary
To be approved at the Board Meeting on July 19, 2019.

The next regular meeting will be held Friday, July 19, 2019 at 9:00AM.