

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES WORKSHOP

DATE: September 15, 2017

TIME: 9:15 to 9:54 a.m.

PLACE: Jacksonville Police and Fire Pension Fund
One West Adams Street
Suite 100
Jacksonville, Florida 32202

BOARD MEMBERS PRESENT:

Richard Tuten, III, Board Chair
Richard Patsy, Trustee
Chris Brown, Trustee (via webex)
William Scheu, Trustee (via webex)

STAFF PRESENT:

Timothy Johnson, Executive Director-Plan
Administrator
Stephen Lundy, Assistant Plan Administrator
Lawsikia Hodges, Office of General Counsel
Robert Sugarman, Fund Counsel (via webex)
Dan Holmes, Summit Strategies Group

CITY REPRESENTATIVES PRESENT:

Greg Anderson, City Council Liaison

GUESTS:

Randy Wyse, President, Jacksonville
Association of Firefighters
Michael Lynch, Jacksonville Association
of Firefighters

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BOARD WORKSHOP

September 15, 2017

9:15 a.m.

- - -

CHAIRMAN TUTEN: All right. We'll call the meeting to order.

MR. SUGARMAN: Yes, you call the meeting to order. There's no quorum, and then you shift it, recognizing the absence of a quorum.

Is that how you do it, Lawsikia?

MS. HODGES: Yeah. You can certainly do it that way, and then, you know, if the members want to talk about it. Steve will do the minutes. He'll post that in the minutes that you didn't have a quorum, but here's what the discussion was.

CHAIRMAN TUTEN: Yeah, that's fine. We just have one public speaker.

President Wyse.

MR. WYSE: Thank you. Randy Wyse, President, Jacksonville Association of Firefighters.

I called the Division of Retirement yesterday --

MR. SUGARMAN: Excuse me. Let's do the roll call, recognize the absence of a quorum, and

1 then, Mr. Chairman, announce that you're
2 switching it to a -- what do you want to call it,
3 Lawsikia, a workshop?

4 MS. HODGES: Yeah, right.

5 CHAIRMAN TUTEN: Yeah. We don't have a
6 quorum today. We're just having a workshop, so
7 it's informal.

8 MR. SUGARMAN: Okay. Now, that you've
9 announced that, I think it's okay to proceed.

10 Is that how you do it, Lawsikia?

11 MS. HODGES: Yes. They're in good posture.

12 MR. SUGARMAN: Okay. Good.

13 MR. WYSE: I called the Division of
14 Retirement yesterday. The Police and Fire
15 Pension Fund has failed to do the paperwork to
16 receive chapter funds from the State of Florida.

17 As you know, those are -- those monies as
18 related to the collective bargaining agreement
19 now go into -- all of it goes into share plans.

20 And I kind of want to know why. I talked to
21 the Division of Retirement. No application has
22 been made to receive the chapter funds. That's
23 due back March 1st, is when you can first apply.
24 They said if we turn it in now, it will be three
25 months before we can -- before they can do it.

1 They're just now starting the ones that have been
2 applied for in July.

3 It's \$4,688,267 for 175, and 185 is
4 \$6,186,500. Again, I don't know how the internal
5 pieces work, but if it's going to take three
6 months, the bonus is paid out of that. The share
7 plan is funded by that. And it looks like it's
8 going to be a long time before we get that money.

9 It's never happened before, and I'd like to
10 be given an explanation for that.

11 CHAIRMAN TUTEN: I don't really --

12 DIRECTOR JOHNSON: I can give an
13 explanation, if you want.

14 CHAIRMAN TUTEN: Go ahead.

15 DIRECTOR JOHNSON: Starting from the end,
16 we're working on that report now, and that report
17 should be ready by next Friday.

18 There were two reports that were due to the
19 Division of Retirement in March. I was not aware
20 of the fact that there were two that were due.
21 The one that I was aware was due I prepared
22 myself. It happened to coincide with the
23 resignation of our controller, who would normally
24 prepare that report.

25 When it was brought to my attention that

1 that report needed to be done, I engaged the
2 city. We've now hired an interim finance manager
3 to prepare that report, and that's why we're
4 working on it now.

5 So in this case, the reason why it probably
6 has never happened before is because we never had
7 a situation like that where the finance manager,
8 the controller, wasn't in place. I wasn't aware
9 that the report that I did was not the report
10 that was necessary. But that's it.

11 We'll have it done the end of next week, and
12 it will be submitted.

13 MR. WYSE: How long has that been being
14 worked on?

15 DIRECTOR JOHNSON: We just started on it.

16 MR. WYSE: When's that?

17 DIRECTOR JOHNSON: I just hired the interim
18 finance manager about a week ago.

19 MR. WYSE: So you waited to hire the interim
20 finance director to do the report? Or were you
21 just made aware that the report wasn't done?

22 DIRECTOR JOHNSON: Both. I was made aware
23 the report wasn't done. I needed to get several
24 things done for the close of this fiscal year,
25 this report being one of them.

1 MR. WYSE: Well, you know, that's going to
2 impact the retirees' share plan --

3 DIRECTOR JOHNSON: Well, that's why there
4 was urgency to it.

5 MR. WYSE: Again --

6 MR. SCHEU: Can we -- Tim, can we ask if
7 they can expedite our request so that we can get
8 that done so we can fund everything in December?

9 DIRECTOR JOHNSON: I will do that.

10 MR. SCHEU: Do we have any way to ask them
11 contritely?

12 DIRECTOR JOHNSON: We can try. I'll call
13 personally.

14 MR. WYSE: Well, I will tell you it seems
15 funny that just as we negotiate a collective
16 bargaining agreement that now gets -- the members
17 get all the money, that now all of sudden we
18 don't have that money, where for the years and
19 years and years past, when the fund got the money
20 or the city got the money, it was all split
21 different ways and it was on the ball.

22 So I think it raises question of exactly
23 what's happened. I want to make it open and on
24 the record that firefighters are concerned.

25 President Zona cannot make it himself, and

1 he sends his same concerns of who's got -- who's
2 got the wheel, because we're talking over 10 --
3 \$11 million that I think we could have been
4 making interest on that now we have lost. And I
5 heard Chairman Tuten bragging about a 14 percent
6 return. That's a bunch of money.

7 CHAIRMAN TUTEN: Well, since you brought it
8 up, the discussion with the meetings you had,
9 where does that -- has it been decided where the
10 chapter money goes every year, who controls it or
11 where it's invested?

12 MR. WYSE: Very clear in the collective
13 bargaining agreement.

14 MR. SCHEU: Yeah, I think that's done, Rich.

15 MS. HODGES: Yeah, it's clear.

16 MR. WYSE: Yeah, absolutely.

17 CHAIRMAN TUTEN: Okay. So the union does
18 control the money?

19 MR. WYSE: Absolutely.

20 CHAIRMAN TUTEN: Now, what you do guys have
21 set up as far as investments? Do you-all have a
22 money manager and all that stuff?

23 MR. WYSE: As of this point, it just goes
24 into the share plan. All of it goes into the
25 share plan.

1 CHAIRMAN TUTEN: I mean, but who are you
2 handling -- does the state hand you a check and
3 then you-all just disburse it through the share
4 plan?

5 MR. WYSE: Chapter monies come to the
6 fund -- come to the city. The city gives it to
7 the fund and it goes into the share plan.

8 CHAIRMAN TUTEN: Right. So the pension fund
9 is handling all that, essentially?

10 MR. WYSE: Right, right.

11 CHAIRMAN TUTEN: Okay.

12 MR. WYSE: But we determine where it goes
13 and that's where it's at at this point.

14 CHAIRMAN TUTEN: That's fine. Yeah, I was
15 just curious as to how the process went.

16 MR. WYSE: Yeah.

17 CHAIRMAN TUTEN: Gotcha. Well, it's an
18 unusual situation. We fired Devin -- I mean, we
19 didn't fire Devin. He resigned.

20 Paperwork. But it can be handled. It's
21 just no different than we've turned in every
22 year. I'm sure the state can expedite it.

23 MR. WYSE: Mr. Chairman, I beg to differ.
24 You think this is just not as bad as it has been
25 the last several years that it's been done on

1 time, and that we've --

2 CHAIRMAN TUTEN: President Wyse, here's
3 where I'm going to shut this down, as the
4 Chairman.

5 MR. WYSE: Okay.

6 CHAIRMAN TUTEN: How this should have been
7 handled was you make a polite phone call to the
8 director and say, Look, Tim, what's up, buddy?
9 We need that money.

10 He says, Look, we fired -- Devin resigned,
11 and then all this is unnecessary, Randy. I
12 understand your concern, but you don't need to
13 put on a dog-and-pony show in front of everybody
14 and get upset.

15 MR. WYSE: I'm not upset.

16 CHAIRMAN TUTEN: Where it can easily be
17 handled.

18 MR. WYSE: I'm not upset.

19 CHAIRMAN TUTEN: You've made your point. If
20 you've got anything else to say, great. If not,
21 then we're done. Perfect.

22 MR. WYSE: Yes, sir.

23 CHAIRMAN TUTEN: Thank you.

24 MR. SCHEU: Mr. Chairman, I think we ought
25 to use all -- call out the stops to get this

1 expedited. If we've got any contacts over there
2 or relationships, we ought to use them, either
3 legislative or administrative or whatever. I
4 think that's important.

5 CHAIRMAN TUTEN: Lawsikia, because there may
6 be a delay in the chapter funds and because it is
7 part of the collective bargaining agreement, is
8 there anything that would hinder the pension fund
9 from transferring money from the fund or a
10 certain account into that, and then be reimbursed
11 at a later date?

12 In other words, you know, we pay this -- we
13 owe Joey 122 million. Is there anything that
14 says legally that we can't take out another 10
15 point, whatever the number is, and transfer it
16 into that chapter fund money, and then when the
17 state reimburses -- because it's coming to us
18 anyway -- we just go ahead and put that back in
19 investments or wherever we took it from?

20 MS. HODGES: Right. And I can't give you
21 that answer right now.

22 Bob, you might know that answer off the top
23 of your -- off the top of your head. I can't
24 give you that answer, Chair.

25 Do you have any thoughts on that, Bob?

1 MR. SUGARMAN: No, ma'am. That's something
2 we would have to look at because that's a novel
3 issue.

4 MR. SCHEU: That would be appropriate since
5 we're -- it's fortuitous that we're going to meet
6 next week. So between now and next Friday maybe
7 we could have an answer on that. It's really an
8 advance, is what it is.

9 CHAIRMAN TUTEN: Sure. And the problem can
10 be solved. It's just -- you know, it's just not
11 worth everybody getting quite so upset about.
12 Problems can be solved quickly, efficiently,
13 calmly. Okay. Perfectly.

14 So, Bob, you'll have something by the
15 meeting next week as far as are we allowed to do
16 all that stuff?

17 MR. SUGARMAN: Yeah. We'll look at it.

18 MR. SCHEU: I think that that really goes to
19 OGC. OGC, Rich, and they confer with Bob.

20 MS. HODGES: Yeah. We'll do it. We'll work
21 on it by next week.

22 CHAIRMAN TUTEN: And it's not a lot of
23 money. It's \$10 million. Don't get me wrong,
24 I'd like to have it in my checking account.

25 MS. HODGES: Me too.

1 CHAIRMAN TUTEN: But in the big scheme of
2 things, it shouldn't be something that, you know,
3 we can't --

4 MS. HODGES: Right. We will be on it.

5 MR. SUGARMAN: There's 175 and 185 issues as
6 well as a lot of internal city accounting issues.
7 So we'll be working on that together with OGC.

8 CHAIRMAN TUTEN: Right. Gotcha. Okey-doke.
9 Director Johnson, anything else exciting you
10 want to talk about?

11 DIRECTOR JOHNSON: Well, you know, we got a
12 bailiff's opinion late last night, and Lawsikia
13 called me this morning to talk about it.

14 I think it's her recommendation that it
15 doesn't have to be formally accepted, so it might
16 be useful for the group to hear more about the
17 opinion.

18 MS. HODGES: Sure.

19 DIRECTOR JOHNSON: Particularly since the
20 follow-up action does not need Board approval to
21 occur. I'm talking relative to how members might
22 apply to connect time.

23 MS. HODGES: Right.

24 DIRECTOR JOHNSON: So through the Chair, if
25 you want to hear about the bailiff's opinion

1 relative to connecting time, we could do that
2 now.

3 CHAIRMAN TUTEN: Well, I think it would be
4 good. At least we could get a head start for the
5 next meeting. We don't have to.

6 Is Chris still on the line?

7 MR. BROWN: Yeah, I'm here.

8 CHAIRMAN TUTEN: Okay.

9 MS. HODGES: Right. Through the Chair,
10 thank you.

11 And I think Trustee Brown had some direct
12 conversations with Steve Durden, and I brought
13 some copies of the opinion.

14 You might remember our office issued opinion
15 in June, and so this opinion, the outcome is
16 still the same. If you're a regular, full-time
17 bailiff, you may be entitled to connect some
18 time. So this opinion supplements that first
19 opinion. And it just gives the fund a little bit
20 more guidance as to how to apply what we're
21 basically saying -- and you can hand this out.

22 What we're basically saying in this opinion
23 is that if you're a bailiff and you regularly
24 work for a continuous period of six months, 40
25 hours a week, or every two weeks, 80 hours, then

1 you may be eligible to connect that time.

2 And so that's kind of the minimum, because
3 that's the rule. I mean, the rule has always
4 been -- and this is currently inside of your code
5 under 121.107, that any prior employ -- any prior
6 time that a member has had working at the city,
7 that they would be able to connect that time into
8 the plan.

9 The only difference is that in 121.107, it
10 actually creates a presumption where bailiffs are
11 deemed temporary employees.

12 And so we see that more as a presumption.
13 And I think it could be that when the code
14 section was originally written, bailiffs were
15 only intended to ever be part-time, and over time
16 it seems like we've been informed by some of the
17 parties at the city that there may, in fact, be
18 court bailiffs that have been working full-time
19 regularly for a period of time. And if that is
20 the case, then they would be able to connect
21 that.

22 And so that's the general opinion. That's
23 the same opinion we gave back in June. We've
24 just now added a little bit more standards and
25 guidelines for your benefits committee and for

1 you guys to have as you're administering that.

2 And so from this point forward, you know,
3 this opinion will be given to City HR, to JSO HR.
4 Our recommendation is that notification be sent
5 out to the bailiffs so that they know that they
6 may be eligible to apply. Then those bailiffs,
7 if they choose to, they would need to apply and
8 follow whatever rules we have right now already
9 in place for time connection.

10 Whatever that application looks like, it
11 wouldn't be any different for the court bailiff
12 than it would be for the police officer who
13 formerly worked in parks.

14 I mean, they would still have to show on the
15 application, this is the time period that I want
16 to -- I'm trying to connect, and then through
17 your committee, they would vet that and bring a
18 recommendation up to this Board.

19 CHAIRMAN TUTEN: Okay. So we'll just vote
20 on this next meeting to make it official, Tim?
21 Is that what we're going to do?

22 DIRECTOR JOHNSON: Well, apparently we don't
23 have to.

24 CHAIRMAN TUTEN: Okay.

25 DIRECTOR JOHNSON: My practice in the past

1 has been to vote on opinions.

2 But -- do you want to discuss that a little
3 bit?

4 MS. HODGES: Yeah.

5 I mean, you know, in the pure technical
6 sense of the word, once the law office issues a
7 legal opinion, it's just a legal opinion. So
8 you're not rejecting or denying the legal
9 opinion.

10 But what you could do is take that legal
11 opinion and you can make your decisions based on
12 it. So our legal opinion will impact your
13 decisions, but the idea of actually voting and
14 approving it in and of itself is really something
15 that's not necessary.

16 You can certainly vote on the opinion and
17 say, you know, we're going to use this opinion
18 and adopt it as our policy, our interpretation of
19 the plan, because that's certainly within your
20 rights as a fund administrator to do that.

21 But I think the way that it's been
22 previously written inside of your agenda is
23 actually the Board adopting the legal opinion.
24 And so that's really just technically -- it's not
25 necessary. So that's my only point.

1 DIRECTOR JOHNSON: Through the Chair, is it
2 an official Board document when received or when
3 entered into the minutes at a Board meetings?

4 Do you follow me? What makes it a document?

5 MR. SCHEU: Tim, I think we would -- it is
6 the opinion of counsel. It's not something we
7 do. And then that's what Lawsikia said. If we
8 adopt a policy based on that opinion, that's what
9 we do. And we don't approve opinions. We're not
10 lawyers.

11 MS. HODGES: Right. Does that make sense?

12 DIRECTOR JOHNSON: That makes sense.

13 MS. HODGES: Yeah.

14 DIRECTOR JOHNSON: Could you talk a little
15 bit, through the Chair, about how bailiffs who
16 might want to connect time can kind of safeguard
17 their place in line today so that they don't miss
18 this opportunity --

19 MS. HODGES: Right, right. That's a good
20 question.

21 DIRECTOR JOHNSON: -- to use lower salary
22 dollars.

23 MS. HODGES: Right. So that's a very good
24 question and I have a very good, really
25 black-and-white code response for you.

1 That's pretty much set on that, so there's
2 really kind of no wiggle room, because 121.107 is
3 very clear as to what the method and formula is
4 when bailiffs go to apply for their time.

5 And so right now we don't have any
6 applications. So if I were a bailiff, and based
7 on this meeting and based on the opinion that, of
8 course, is public, if they then wanted to submit
9 an application by code, it says, here's the
10 formula and the formula would be whatever that
11 current salary is at the time that they made the
12 application.

13 And that's what the code says. And so
14 there's really no wiggle room from the fund's
15 standpoint to do anything different, because this
16 provision is just so clear-cut. There's --

17 MR. BROWN: So this is something that I had
18 brought up because obviously when this process is
19 completed, these officers will be buying back at
20 about a 6 1/2 percent higher salary.

21 So as Director Johnson mentioned, keeping
22 their place in line and preserving what would be
23 their current salary so that this process that's
24 taken quite a while -- which I can completely
25 understand why, it's just something new, but they

1 won't be penalized for that.

2 So with your opinion that they can't
3 actually apply after October 1, at the very least
4 I would ask that the office go ahead and get
5 applications in hand and distributed, and we can
6 assist, because I believe most of the people who
7 would be eligible are employees of the sheriff's
8 office.

9 We can assist in getting those to members so
10 that if they choose to connect, they can do it
11 and have an application back in the office by the
12 middle of next week.

13 MS. HODGES: Right.

14 MR. SCHEU: And that way we can act on it,
15 and that's when we would adopt the policy, is
16 when we act on the request.

17 MR. BROWN: Yes.

18 MS. HODGES: Right. And through the Chair,
19 I mean, Trustee Brown is exactly right about that
20 point. You get those applications in by October
21 1, before that date, with the change and the
22 factors that will affect the costs of having to
23 buy back that time, then that would be the way of
24 preserving it, getting it in on or before.

25 But once you get after the October 1, you

1 look at the date of the application and what the
2 salary was at that time.

3 CHAIRMAN TUTEN: Okay. We're going to get
4 those out?

5 DIRECTOR JOHNSON: We will get those out.

6 CHAIRMAN TUTEN: Great.

7 MR. SCHEU: Hey, Tim, this is Bill. I've
8 got to drop off to go to that other meeting, but
9 I did want to say that I noticed in the materials
10 that Nawal's resolution is there, and I'd just
11 put in my two cents about her.

12 She's an outstanding younger lawyer who does
13 specialize in estate planning, guardianship and
14 all those related sort of practice areas that
15 will be very helpful to the fund, given its
16 current place and all the governance issue having
17 been resolved. She'll be really great.

18 CHAIRMAN TUTEN: When is her appointment
19 official?

20 MR. SCHEU: Well, it's going through the
21 council now. It's got to be approved by the
22 council. There's a form of resolution in the
23 package.

24 DIRECTOR JOHNSON: And that process is just
25 beginning, so it will be several weeks before

1 it's completed.

2 But, Bill, you're missing the big part of
3 this. I mean, although we're going to gain -- is
4 it Noel?

5 MR. SCHEU: It's pronounced Noel, like
6 N-O-E-L. Yes.

7 DIRECTOR JOHNSON: -- we're going to lose
8 you. So that's not great.

9 MR. SCHEU: Praise the Lord.

10 (Laughter)

11 MR. SCHEU: So, anyway, she's going to be
12 great, and I hope that council will act quickly
13 on her on that resolution.

14 DIRECTOR JOHNSON: All right.

15 MS. HODGES: Can I mention, just really
16 quick, your staggering legislation was approved
17 by City Council. And wait a second. I should
18 take that back. I spoke too soon.

19 They didn't have the meeting on Tuesday --

20 MR. GREIVE: Well, Tuesday night. It's on
21 consent --

22 MS. HODGES: Yeah, it's on consent. It was
23 unanimous, and we were able to add an amendment
24 that addressed the FIAC members, the two members,
25 if you'll recall, we had filed.

1 And then the committee, as a consensus,
2 decided who they wanted the two members to have
3 that initial stagger. And so that's been
4 handled, which means it saves us another separate
5 piece of legislation, having to go back and
6 correct those members' terms.

7 So you properly now have a stagger for your
8 FIAC. The maximum that will roll off at any time
9 is two. And same with your advisory committee.
10 You have those staggers as well.

11 MR. GREIVE: With the amendment that it
12 won't be on consent, right?

13 If there's any amendments, they can't be on
14 consent.

15 MS. HODGES: You would be right about that,
16 but --

17 MR. GREIVE: But it was voted unanimously.

18 MS. HODGES: -- it was unanimous. It's
19 going to be approved, and they had to reschedule
20 the meeting. So they'll have -- I think the
21 meeting is scheduled now next Monday.

22 MR. GREIVE: Yeah, next week.

23 CHAIRMAN TUTEN: Well, are we going to let
24 Dan run with it, or do we have anything else to
25 talk about or we're going to wait?

1 DIRECTOR JOHNSON: He's here. I guess we
2 could do that.

3 MR. GREIVE: It is his birthday, you know.

4 DIRECTOR JOHNSON: It is his birthday, and I
5 hate missing this opportunity to -- you know,
6 with you present, Dan, to talk face-to-face about
7 the status of the plan.

8 MR. HOLMES: And I'm sure the Chairman has
9 questions about MLPs. So I'll be happy to --

10 CHAIRMAN TUTEN: Not anymore, Dan.

11 MR. GREIVE: We're going to miss those.
12 He's a lame duck.

13 MR. HOLMES: Oh, come on. Don't go easy on
14 me.

15 CHAIRMAN TUTEN: Tick-tock. I'm just here.

16 MR. HOLMES: Through the Chair, may I just
17 kind of cover a couple minutes on investments?

18 DIRECTOR JOHNSON: Yes.

19 MR. HOLMES: Okay. Real quick.

20 The strong performance for risk assets, the
21 majority of risk assets, continued into August.
22 Basically a combination of banks across the world
23 combined with stronger growth across the world
24 has kept US and non-US equities moving in a
25 positive direction so far this year, and that

1 continued in August. A little bit slower in
2 August than previous months, but positive
3 nonetheless.

4 And so the bottom line is on a net-of-fees
5 basis for the fiscal year, the plan is up 12.7
6 percent above the benchmark by 2.3 percent, and
7 on a calendar year-to-date basis, it's up 11.6
8 percent. And, again, 2.6 above the policy index.
9 So strong absolute and relative returns so far
10 this year.

11 The story remains the same, and that is
12 equity exposure is driving returns, especially
13 International Equity exposure. The themes this
14 year continued in August, and that is
15 International stocks continued to outperform US
16 stocks. Large Cap continues to outperform Small
17 Cap and growth continues to outperform value.

18 For both the calendar year and the fiscal
19 year, all asset classes are above their benchmark
20 on a net-of-fees basis. As a matter of fact, for
21 both those periods, all of the international
22 managers are outperforming their benchmarks as
23 well as on a net-of-fees basis. The bond -- and
24 actually the same for the bond managers as well.

25 In US Equities, the Brown portfolio was

1 terminated and the transition was completed at
2 the end of August. As a matter of fact, the
3 transition management came in under the pretrade
4 estimate. The total cost in the transition
5 was -- bear with me for one second.

6 It was -- I'll find it here in a second, but
7 it was approximately \$18,000 and change. And so
8 it was significantly less and outperformed the
9 pretrade estimate by about \$20,000. So it was a
10 cheap and easy one-day trade.

11 So Loomis was funded on September 1st, and
12 they're taking over from there.

13 The other manager to note in the Domestic
14 Equity portfolio is WEDGE. WEDGE has
15 underperformed so far this year and since
16 inception. As I mentioned to the FIAC yesterday,
17 we're keeping close tabs on them. They
18 continue -- or last time I checked, which was
19 through the quarter, they continued to outperform
20 DRZ. But, again, relative to the benchmark,
21 they're under and that's basically because of
22 sector weights.

23 And so we're going to revisit with them. At
24 this point in time, I don't have concerns or any
25 recommendations for change there.

1 On the positive side, looking at the
2 International Equity managers -- and, again, this
3 speaks to giving managers more time to work
4 things out -- you'll recall last year Eagle was
5 the goat. Eagle had underperformed in the first
6 quarter of last year. And now for the fiscal
7 year-to-date, they're 8 1/2 percent above the
8 benchmark. And they're above the benchmark over
9 all the time periods. So I would urge patience.

10 To the International managers, all the
11 managers have done well. Baillie Gifford so far
12 this calendar year is up 37, almost 38 percent,
13 which is about 17 percent above their benchmark.

14 And, again, Emerging Markets exposure keeps
15 driving performance both in the International
16 portfolio with Acadian, but also through Baillie
17 Gifford's portfolio because they have significant
18 exposure to Emerging Markets, especially China.

19 The credit managers, the Coreplus managers
20 underperformed during the month by a few basis
21 points on a net-of-fees basis. That's primarily
22 because high-yield exposure was flat for the
23 month.

24 Other than that, no other concerns with the
25 managers, and both Neuberger Berman and Loomis

1 are off to a good start. Loomis, in fact, has
2 more International exposure than Neuberger
3 Berman.

4 So that's really about it right now.

5 MLPs, the story remains the same. Near-term
6 volatility and trading from retail investors have
7 sent prices lower, but in turn that has sent
8 yields higher. The current yield for the MP
9 market is 7.7 percent.

10 So we still think they're cheap. We still
11 think that they remain attractive. And as we
12 said, research shows that distribution growth is
13 supposed to pick up next year, and we could be
14 looking at double-digit returns starting in 2018
15 and 2019.

16 So that's the quick and dirty review on the
17 performance.

18 DIRECTOR JOHNSON: Through the Chair, is it
19 too early to tell what impact the storm will have
20 on MLPs?

21 MR. HOLMES: At this point in time, yeah.
22 We're still looking at it. I will say that with
23 regard to the Real Estate portfolios, we're
24 check -- I've got a full report from Principal,
25 and the bottom line is Principal really has very

1 little, if any, storm-related damage from either
2 hurricane in their portfolio. They'll fully
3 insured on all the properties.

4 With regard to some of the Houston
5 properties, there was some minor water damage,
6 but nothing that would render any of the
7 properties unusable, if you will.

8 JP Morgan. I'll have to go back and get
9 information. It wasn't available at the time
10 when I left the office.

11 That's it.

12 CHAIRMAN TUTEN: Well, I, for one, would
13 like to wish Dan a Happy Birthday.

14 MR. HOLMES: Thank you. I appreciate it.

15 MR. BROWN: Happy Birthday, Dan.

16 MR. HOLMES: Thank you.

17 MR. BROWN: Have a good day.

18 MR. HOLMES: Thanks.

19 CHAIRMAN TUTEN: As far as moving the money
20 and all that stuff, we have to have a quorum,
21 correct?

22 MS. HODGES: Yes.

23 CHAIRMAN TUTEN: And we're going to look
24 into the extra money for the share plans.

25 Question on that. Mr. Lynch, who votes on

1 the retirees getting a bonus? You guys now since
2 you control the share plan money?

3 MR. LYNCH: I think that would be yes.

4 CHAIRMAN TUTEN: Well, do you-all plan on
5 voting on it with the union?

6 MR. LYNCH: I think that as we sit right
7 now, the plan is to move forward with that
8 process.

9 CHAIRMAN TUTEN: Anything else?

10 DIRECTOR JOHNSON: We have a cake for
11 Mr. Holmes.

12 (Off the record)

13 CHAIRMAN TUTEN: Okay. We can go ahead and
14 stop the informal meeting now.

15 (The workshop concluded at 9:54 a.m.)

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CERTIFICATE OF REPORTER

I, Denice C. Taylor, Florida Professional Reporter, Notary Public, State of Florida at Large, the undersigned authority, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings, pages 3 through 30, and that the transcript is a true and correct computer-aided transcription of my stenographic notes taken at the time and place indicated herein.

DATED this 29th day of September, 2017.

Denice C. Taylor, FPR
Notary Public in and for the
State of Florida at Large

My Commission No. FF 184340
Expires: December 23, 2018