

JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES MEETING

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DATE: September 22, 2017  
TIME: 9:00 a.m. to 10:15 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, Board Secretary  
Chris Brown, Trustee  
Willard Payne, Trustee  
William Scheu, Trustee

Staff PRESENT:

Timothy Johnson, Executive Director - Plan Administrator  
Stephen Lundy, Assistant Plan Administrator  
Lawsikia Hodges, Office of General Counsel  
Pedro Herrera, Fund Counsel  
Dan Holmes, Summit Strategies (via phone)

CITY REPRESENTATIVES PRESENT:

Greg Anderson, City Council Liaison

Cindy Danese, Notary Public  
AAA Reporters  
233 East Bay Street, Suite 912  
Jacksonville, Florida 32202  
904.354.4789

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## BOARD MEETING

September 22, 2017

9:05 a.m.

- - -

CHAIRMAN TUTEN: Let's call the meeting to order, gentlemen. Let's give our pledge of allegiance.

"I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

CHAIRMAN TUTEN: All righty. Can we have a moment of silence for some deceased members: Thomas E. Broward, police detective; Donald Butler, fire lieutenant; Vernon Simms, fire captain; Linda Treadwell, firefighter; Earl H. Williamson, retired police sergeant.

(Moment of silence.)

CHAIRMAN TUTEN: Okey dokey. We have public speaking period. I don't have -- did anybody get a -- no one wants to speak in public. Perfect.

Consent Agenda, gentlemen. We have a motion and a second. Has everybody read it, comfortable with it? It's not a real big one today.

MR. BROWN: I make a motion to accept the consent agenda.

1 MR. PATSY: Second.

2 CHAIRMAN TUTEN: We have a motion and a  
3 second.

4 Any questions, comments?

5 (No responses.)

6 CHAIRMAN TUTEN: All in favor?

7 (Responses of "aye.")

8 CHAIRMAN TUTEN: Opposed?

9 (No responses.)

10 CHAIRMAN TUTEN: Perfect. Moving on.  
11 Investment. Is this part from last, Tim?

12 MR. JOHNSON: It's a carryover from the last  
13 time. Is Dan on the phone?

14 MR. LUNDY: I believe so.

15 Are you here, Dan?

16 MR. HOLMES: I am. Can you hear me?

17 MR. JOHNSON: Yes, we can, Dan.

18 MR. HOLMES: How's everybody?

19 CHAIRMAN TUTEN: Splendid.

20 MR. HOLMES: Okay. May I proceed?

21 CHAIRMAN TUTEN: Sure. Go ahead, Dan.

22 MR. HOLMES: Thank you.

23 There are two items on the agenda this morning  
24 under Investments. The first one is regarding  
25 expiration of investment advisory agreements.

1           There's a memo to the Board, a copy to Mr. Johnson,  
2           Tim Johnson, and Steve Lundy.

3           The gist of the memo is that there are a  
4           number of contracts that are coming for -- coming  
5           up for termination at the end of this month.

6           My recommendation to the Financial Investment  
7           Advisory Committee and the Board has been to extend  
8           the contracts for a period of one year, during  
9           which time investment staff and -- or fund staff  
10          and myself can work with legal counsel to basically  
11          modernize or bring the contracts to best practice.

12          Included in that process of bringing them to  
13          best practice would be, first of all, converting  
14          the contracts to an evergreen status. In other  
15          words, having them expire at the end of a certain  
16          period of time. In the past it's usually been two  
17          to three years where the contracts have had to be  
18          renewed each time. Make them an evergreen so that  
19          they're open-ended, they don't expire at a  
20          particular period of time, but they can be  
21          terminated with a certain period of notice,  
22          generally 30 days.

23          In addition to that, what we can do is to make  
24          sure that the fee schedules accurately reflect the  
25          agreement among the number of managers where

1           they're investing common assets between the City's  
2           pension system and PFPF, make sure that those fee  
3           schedules show the aggregation of assets between  
4           the two systems for calculating fees.

5           Couple of other things. Where that's not  
6           available to put most favored nation clauses into  
7           the contracts, anything else that legal counsel  
8           would need or think advisable to modernize or bring  
9           contracts to best practice standards.

10          For instance, the Office of General Counsel  
11          with the City system, inserting new insurance  
12          provisions in there. This would give us the  
13          opportunity to do that.

14          So this does not affect the ability to  
15          terminate managers if we need to do it during that  
16          one-year time period.

17          I guess the final note is simply that the  
18          Financial Investment Advisory Committee agreed with  
19          the recommendation and basically recommends it to  
20          the Board for its adoption.

21          I'll stop there and see if there's any  
22          questions.

23          (No responses.)

24          CHAIRMAN TUTEN: No questions so far, Dan. So  
25          what's the motion?

1 MR. SCHEU: We need a motion?

2 CHAIRMAN TUTEN: Yeah, we need a motion.

3 MR. PATSY: I'll make it.

4 MR. SCHEU: Second.

5 CHAIRMAN TUTEN: Okay. We have a motion and a  
6 second to accept the recommendation about the  
7 advisory agreements, et cetera.

8 Any questions, comments?

9 (No responses.)

10 CHAIRMAN TUTEN: All in favor?

11 (Responses of "aye.")

12 CHAIRMAN TUTEN: Any opposed?

13 (No responses.)

14 CHAIRMAN TUTEN: All right, perfect.

15 MR. HOLMES: Okay, great. Thanks.

16 CHAIRMAN TUTEN: Dan, you got anything else?

17 MR. HOLMES: Yeah. There's a second  
18 memorandum. This is again addressed to the Board.  
19 This is regarding reimbursement of fiscal year 2017  
20 advance of benefit payments from the City.

21 As I believe everyone knows, at the beginning  
22 of every fiscal year the City advances to PFPF and  
23 also to the City's pension system amounts  
24 approximately equal to the benefit payment  
25 calculations for the coming fiscal year, the idea

1 being that if PFPF is able to invest those assets  
2 and earn a higher rate of return than having those  
3 assets sit in the City's general obligation, it's  
4 better to have the system earn that higher rate of  
5 return during the fiscal year.

6 However, at the end of every fiscal year that  
7 advance needs to be paid back. So that advance is  
8 due to be paid back to the City by the end of this  
9 month. Wire transfer procedures have been  
10 prepared.

11 In the past, what we've done to raise this  
12 capital has been using the index funds within the  
13 overall portfolio as the primary tool to raise this  
14 liquidity. That allows us to raise liquidity  
15 without impacting costs or commissions.

16 This year, PFPF owes the City \$122 million as  
17 that reimbursement.

18 My recommendation is shown on the memorandum  
19 of how to liquidate assets in order to pay back the  
20 City. And so that recommendation would be to take  
21 \$62 million from the Northern S&P 500 Index fund,  
22 \$18 million from Northern Index fund, \$26 million  
23 from the Northern Aggregate Bond Index fund, and  
24 then finally \$16 million from Thompson Siegel's  
25 Core bond account, and we need to do that because

1           there wasn't enough money in the bond index fund to  
2           basically cover the fixed income portion of that  
3           allocation for the \$122 million.

4           So by raising the amounts in that amount and  
5           from those managers, we keep within target asset  
6           allocation and still raise that \$122 million.

7           So that's my recommendation to the Board.  
8           I'll answer any questions.

9           DIRECTOR JOHNSON: Through the Chair, Dan,  
10          this went to the FIAC. Could you tell us whether  
11          your recommendation changed as a result of their  
12          input, or did they ratify and recommended your  
13          recommendation to the Board?

14          MR. HOLMES: I believe -- I believe they -- I  
15          don't have my notes in front of me -- I apologize,  
16          I'm calling from home -- but I believe they  
17          ratified this.

18          MR. BROWN: The memorandum does indicate that  
19          they approved it.

20          MR. HOLMES: Yeah. Let me default and see  
21          whether Steve -- is Steve there --

22          MR. LUNDY: Yes.

23          MR. HOLMES: -- Steve Lundy?

24          MR. LUNDY: Yes, sir.

25          MR. HOLMES: Steve, do you recall if that was

1 the action taken?

2 MR. LUNDY: I believe so. I can take a look.

3 MR. HOLMES: I just don't have my notes in  
4 front of me.

5 MR. LUNDY: Sure. I can take a look real  
6 quick and verify that.

7 CHAIRMAN TUTEN: It's in the memo.

8 MR. SCHEU: I can see it in the memo.

9 MR. BROWN: It spells it out in the memo.

10 MR. SCHEU: It's in the memo.

11 MR. HOLMES: Okay. I think that -- yeah, I  
12 apologize, I prepared that. It is in the memo.  
13 The FIAC approved the recommendation, so they're  
14 recommending it to the Board for its approval. My  
15 apologies.

16 MR. BROWN: Chris Brown here. I make a motion  
17 to accept this recommendation from you, Dan, as  
18 approved by the FIAC.

19 MR. PATSY: Second.

20 MR. HOLMES: Thanks, Chris.

21 CHAIRMAN TUTEN: We have a motion and a  
22 second.

23 Questions, comments?

24 (No responses.)

25 CHAIRMAN TUTEN: All in favor?

1 (Responses of "aye.")

2 CHAIRMAN TUTEN: Any opposed?

3 (No responses.)

4 CHAIRMAN TUTEN: There you go, Dan, marching  
5 orders.

6 MR. HOLMES: Got it. I'll work with Steve to  
7 make sure that the orders get put in and we give  
8 the City the money on time.

9 So that's all I have for investment issues  
10 unless there are any other questions.

11 CHAIRMAN TUTEN: Does anybody have anything  
12 for Dan?

13 (No responses.)

14 CHAIRMAN TUTEN: Dan, we don't have any more  
15 questions, pal. Wish you the best of luck, and  
16 have a good weekend.

17 MR. HOLMES: Thank you. I wish everyone there  
18 the same.

19 CHAIRMAN TUTEN: All right. Thank you, sir.

20 MR. HOLMES: Bye.

21 CHAIRMAN TUTEN: We have the Executive  
22 Director's report.

23 DIRECTOR JOHNSON: Certainly. If you would  
24 turn to your tab titled Executive Director's  
25 Report, there are five items in my report I'd like

1 to comment on, a few of which require action from  
2 the Board.

3 The first is a resume for Kevin B. Grant. I  
4 had mentioned earlier that we had posted the  
5 position of finance manager both internally and  
6 externally, receiving approximately 30 applications  
7 through the City. Of those, 17 met the minimum  
8 criteria and were given to me for review.

9 I interviewed a half dozen of those people,  
10 and have come to believe that Kevin Grant is the  
11 right man for the job.

12 What I'd like to do is, through the Chair, to  
13 suggest that the Personnel Committee meet Kevin  
14 Grant before bringing a recommendation to the Board  
15 for hire. The Personnel Committee is Rick Patsy  
16 and Chris Brown.

17 MR. BROWN: I thought I volunteered for  
18 something to do with that.

19 DIRECTOR JOHNSON: So Kevin's resume is here.  
20 And, again, before a formal recommendation for hire  
21 is made, I'd like for the Personnel Committee to  
22 meet Kevin.

23 MR. BROWN: Tim, I'd like to ask: If you are  
24 able to, in two or three sentences, summarize the  
25 job description of the finance manager, and if you

1           could juxtapose that with the previous job  
2           description of I guess it was called the CFO?

3                     DIRECTOR JOHNSON: Right.

4                     MR. BROWN: Okay. And just perhaps enumerate  
5           the differences.

6                     DIRECTOR JOHNSON: So the finance manager  
7           position actually is a newly created position.  
8           I've actually refined the position from the  
9           position that the previous finance manager was in,  
10          and a big part of refining it is distinguishing the  
11          duties that are generally accounting duties from  
12          duties that relate to compliance and other things  
13          that I've added to it.

14                    So this job right now is about 40-percent  
15          accounting. All of the transactions we perform  
16          here are entered into the financial management  
17          system of the City. That's how they're tracked.  
18          About 40 percent of the job is that.

19                    The remainder of the job is doing some new and  
20          interesting things. For example, we've talked  
21          previously about instituting practices around  
22          purchasing that would replicate the policies and  
23          procedures at the City. This position would be in  
24          charge of that.

25                    We've talked previously about compliance, so

1 I've detailed specific compliance responsibilities  
2 that are in this job.

3 Property management is something that has kind  
4 of been a back-burner issue for this Board. We  
5 have a building here that generates \$600,000 a year  
6 in revenue. It enjoys about a 5.3 yield on  
7 capital. It's doing well, but I think we can do  
8 even better at it. We're 91 percent leased up  
9 right now. So it's a good solid asset, but it  
10 needs to be under someone's responsibility.  
11 Property management would be part of that duty for  
12 the finance manager.

13 So, overall, I've taken the job and tried to  
14 create a position that has real accountability  
15 associated with it and is in line with the  
16 priorities that we've set forth as a Board.

17 All of the benefit administration -- pardon  
18 me -- investment administration that we just talked  
19 about, so now Stephen and I are going to administer  
20 the actions that were part of the memo that was  
21 just approved from Dan. In the future, this job  
22 would administer the investment direction from the  
23 consultant.

24 That's primarily the difference. It's just a  
25 much more accountable job. The job is aligned with

1 the values that we've established for the future,  
2 and it brings a little greater priority to things  
3 like property management, purchasing, compliance,  
4 investment administration.

5 MR. BROWN: Are there any job duties that are  
6 not going to be filled by this finance manager that  
7 were filled by that previous position? Have any of  
8 those responsibilities been transferred to any of  
9 the other personnel?

10 DIRECTOR JOHNSON: Exactly. That's a great  
11 observation.

12 So what I've tried to do is create a team in  
13 which the skills are kind of dovetailed. So there  
14 are duties that I have that were previously duties  
15 of a Dick Cohee or a John Keane or a Devin Carter.  
16 And so they do dovetail now. They're not exactly  
17 aligned, they do dovetail.

18 So thank you for giving me a chance to talk  
19 about that.

20 So what I'm looking for is just an okay from  
21 the Chairman to assign this to Personnel.

22 CHAIRMAN TUTEN: Before we get to that,  
23 backing up with that, Tim, we know we gave you the  
24 rights for Personnel on those kind of issues to  
25 save us a lot of trouble for interviewing.

1           But, once again, coming back to covering the  
2 back side of everything, do you have a process as  
3 far as how you score these people or grade them or  
4 something you can quantify? In other words, if  
5 somebody comes back and says: You didn't hire me  
6 because I was wearing purple that day or something,  
7 and then you could say: No, I picked Kevin simply  
8 because of these metrics, in my opinion as a  
9 professional for whatever, and then if it ever gets  
10 to the Board, whoever is still here at that time --  
11 I won't be -- at least the Board could defend you  
12 and you could defend yourself against any sort of  
13 claim, basically.

14           DIRECTOR JOHNSON: That's a great point. So  
15 we do have that, and I've shared with the Personnel  
16 Committee. There was one set of criteria that was  
17 used for the people that we selected from the  
18 people that we were given, and then there was a  
19 second set of criteria after we selected them for  
20 interviewing them.

21           So you'll see, of the 17 or so that we got,  
22 why did we pick the 6. And of the 6 that we got,  
23 why did we pick the one. I'll share that with the  
24 committee.

25           MR. PATSY: So just to clarify it for me, all

1 of these applicants have been vetted through the  
2 City's HR department --

3 DIRECTOR JOHNSON: They --

4 MR. PATSY: -- prior to getting to you?

5 DIRECTOR JOHNSON: They were vetted such that  
6 they meet the minimum requirements of the job.

7 MR. PATSY: Okay.

8 MR. BROWN: And so does this position, would  
9 in the future it be the -- would this person be  
10 responsible for the timely application of chapter  
11 funds?

12 DIRECTOR JOHNSON: Yes.

13 MR. BROWN: So that would be -- can that be  
14 codified into the job description as well?

15 DIRECTOR JOHNSON: It is in the job  
16 description.

17 MR. BROWN: Great. Okay.

18 CHAIRMAN TUTEN: All righty. So what was the  
19 motion again, Tim?

20 DIRECTOR JOHNSON: I just need you to assign  
21 this to the Personnel Committee, that the Personnel  
22 Committee meet and interview this candidate.

23 MR. BROWN: Delegate them.

24 CHAIRMAN TUTEN: Do we need a motion to --

25 DIRECTOR JOHNSON: Just tell them to do it.

1 CHAIRMAN TUTEN: Oh, that's right. Do we have  
2 a motion and second?

3 Further questions?

4 MR. BROWN: It's your call. We're the  
5 committee, the Personnel Committee.

6 CHAIRMAN TUTEN: Well, yeah. Go ahead.  
7 That's not pertinent.

8 MR. BROWN: Do you need us to get on the  
9 calendar here?

10 DIRECTOR JOHNSON: Not today.

11 MR. BROWN: Okay. So we'll coordinate with  
12 you.

13 DIRECTOR JOHNSON: We'll contact the members  
14 of the Personnel Committee in the future and we'll  
15 get that meeting scheduled with the intent to bring  
16 back a recommendation to the October 20th Board  
17 meeting.

18 CHAIRMAN TUTEN: What's the timeline you're  
19 looking to get him in here?

20 DIRECTOR JOHNSON: November 1st.

21 CHAIRMAN TUTEN: Perfect.

22 DIRECTOR JOHNSON: The second item is a  
23 contract with Michael Gibbons, an independent  
24 contractor who is serving as interim finance  
25 manager.

1           Mike began work on the 12th of September.  
2           You'll see in the Board book a list of the items  
3           that I've engaged Michael to perform under  
4           Description of Work, and I'd like the Board to  
5           ratify this contract to pay our interim finance  
6           manager.

7           It is a 60-day engagement that will not only  
8           accomplish the items that are listed in the  
9           description, but it will also transfer the  
10          responsibility. There's a little bit of overlap  
11          between him and the permanent finance manager.

12          MR. BROWN: So I'll make a motion to accept  
13          this 60-day contract.

14          MR. PAYNE: Second.

15          CHAIRMAN TUTEN: We have a motion and a  
16          second.

17          Any questions, comments?

18          (No responses.)

19          CHAIRMAN TUTEN: All in favor?

20          (Responses of "aye.")

21          CHAIRMAN TUTEN: Any opposed?

22          (No responses.)

23          DIRECTOR JOHNSON: The next item are the  
24          outstanding opinions from the Office of General  
25          Counsel. I think the chart's self-explanatory.

1 The majority of the opinions that we've requested  
2 from OGC have been received. There are a few  
3 outstanding items: Security litigation policy,  
4 reemployment affidavit, benefit correction and  
5 appeal policy, but the majority of what we  
6 requested has been received. This was just an  
7 update that the Chair asked back in the August  
8 meeting.

9 The next item is the resume of Nawal McDaniel.  
10 This is the recommended replacement for Bill Scheu.

11 Bill, you were on the phone at last week's  
12 meeting. You commented a little bit about Nawal.  
13 I thought it would just be beneficial for the Board  
14 members to see her resume, particularly in light of  
15 the fact that she's going through the approval  
16 process right now.

17 I will accompany Nawal on all of the meetings  
18 that she has that I'm available to join her on. I  
19 believe the the first one is with Counsel Member  
20 Greg Anderson next week, if I'm not mistaken.

21 MR. ANDERSON: I think that's right.

22 DIRECTOR JOHNSON: And I'll also be with her  
23 when she goes before the Rules Committee. So,  
24 through the Chair, Bill may have some other  
25 comments. If not, this is just information.

1 MR. SCHEU: She's young and energetic. She's  
2 very smart. Her field is estate planning, probate,  
3 guardianship. She's young.

4 It just seemed to me that, with the way the  
5 Board is now moving, I guess we're never going to  
6 be out of -- but all of that's sort of behind us,  
7 so she could really be of help with the kinds of  
8 issues related to the payment of pensions, advice  
9 concerning investments and how we relate to the  
10 members, as opposed to my field is more in  
11 governments and that sort of stuff and I don't  
12 think you'll need that as much anymore. She should  
13 really be an asset.

14 MR. BROWN: And what would a Board meeting be  
15 if we didn't discuss term limits and term time  
16 frames.

17 I just don't -- the two City terms, how do  
18 those work? Are they different than the public  
19 safety terms?

20 MS. HODGES: Yes --

21 MR. SCHEU: I think they're four years.

22 MS. HODGES: -- they're four years.

23 MR. BROWN: Are they four years --

24 MS. HODGES: And her appointment --

25 MR. BROWN: -- just whenever the person takes

1 over, or is it a set time frame?

2 MS. HODGES: No. So she's just going to be  
3 fulfilling the remainder of Trustee Scheu's term,  
4 and, pursuant to the resolution, her expiration  
5 date is June 30th of 2022.

6 MR. SCHEU: 2020.

7 MS. HODGES: Is it 2020? I wrote it down.

8 MR. SCHEU: I came in and Mr. Anderson  
9 appointed me and --

10 MR. BROWN: You're month to month.

11 MR. SCHEU: -- my term expired a year and a  
12 half ago.

13 MS. HODGES: 2020, I'm sorry. June 30th,  
14 2020.

15 MR. BROWN: We haven't renewed your lease, but  
16 you've been --

17 MR. SCHEU: I've needed the compensation,  
18 really.

19 (Laughter.)

20 CHAIRMAN TUTEN: Okay.

21 MR. PATSY: So, essentially, if your term  
22 expired 18 months ago, roughly, she would come in  
23 and serve 30 months --

24 MS. HODGES: Right, the remainder of that.  
25 June 30th, 2020 was the date.

1 CHAIRMAN TUTEN: The duration.

2 MR. PATSY: And then be up for reappointment.

3 MR. ANDERSON: Presumably, yeah.

4 So, Mr. Chairman, just in terms of the timing,  
5 we talked about it and we -- I was a little  
6 confused on it. So the committee week is the 17th,  
7 October 17th. The legislation is filed in one  
8 committee, which would be Rules, and so that goes  
9 -- that's on October 17th. The very next week it  
10 would be voted on in council.

11 Presuming there's no delay, there's no  
12 deferral, there's no objection, October 24th is the  
13 date they would come in front of council.

14 CHAIRMAN TUTEN: Bill, would you want her at  
15 the November meeting?

16 MR. SCHEU: It's the council member, whether  
17 he would want her there.

18 So she would start upon approval of the  
19 resolution. I don't think that's signed by the  
20 mayor.

21 MR. ANDERSON: It is signed by the mayor.

22 MS. HODGES: It is signed by the mayor.

23 MR. ANDERSON: So, I mean, we're not there.  
24 There's a number of things that need to happen  
25 along the way. But if things move according to

1 plan, November.

2 MR. SCHEU: Her first meeting would be  
3 November.

4 CHAIRMAN TUTEN: You going to go to the  
5 council meeting?

6 MR. SCHEU: I don't know. I've got --

7 DIRECTOR JOHNSON: You made the offer for  
8 Rules.

9 CHAIRMAN TUTEN: All righty. Director  
10 Johnson --

11 MR. SCHEU: They may not want me to come.

12 CHAIRMAN TUTEN: -- what have you got left?

13 DIRECTOR JOHNSON: There's only one other item  
14 left, and it is a contract extension for Dr. Trevor  
15 O. Greene. The Board will recall that the pension  
16 fund has a medical director who examines new hires  
17 for preexisting condition and also performs  
18 examination when there is an application for  
19 disability. You'll see that that contract expires  
20 September 30, 2017.

21 There's an amendment attached to this  
22 agreement that would extend this contract for  
23 another year, and so I'm looking for the Board to  
24 support my recommendation. All the terms of the  
25 agreement remain the same in terms of pricing. The

1           only difference is that the term expires for a  
2           year.

3           Obviously, going forward there will be no pre-  
4           existing examinations because this plan will not be  
5           taking on any new members, but there could be  
6           application for disability. And so that part of  
7           this agreement is relevant, and that's why I'm  
8           requesting a one-year agreement of this contract.

9           MR. BROWN: I have a question. Do one of  
10          these exams get administered when somebody turns  
11          first from one fund to this fund?

12          MR. LUNDY: (Shakes head.)

13          MR. BROWN: No?

14          I make a motion to accept this extension.

15          MR. PATSY: Second.

16          CHAIRMAN TUTEN: All right. We have a motion  
17          and a second.

18          Any questions, comments?

19          (No responses.)

20          CHAIRMAN TUTEN: All in favor?

21          (Responses of "aye.")

22          CHAIRMAN TUTEN: Any opposed?

23          (No responses.)

24          CHAIRMAN TUTEN: Perfect.

25          DIRECTOR JOHNSON: Thank you, Mr. Chair.

1 MR. LUNDY: Through the Chair, if you're  
2 asking about transferring, say transferring time  
3 from GEPP or corrections, no. But if they're a new  
4 employee of the JSO or JFRD transferring from, say,  
5 working in corrections or GEPP, then, yes, they  
6 would have to take a physical.

7 MR. BROWN: So a corrections officer that may  
8 have 10 years in that's crossing over to become a  
9 police officer does have to go through one of these  
10 exams.

11 MR. LUNDY: Yes.

12 CHAIRMAN TUTEN: Perfect.

13 MR. BROWN: And while we're on that subject,  
14 because this is all new to me as we start in  
15 October our new era, I just want to ask this --  
16 Stephen's going to probably know the answer --  
17 after October 1, will there be -- with there being  
18 no new entries into the fund, that also means that  
19 people that are currently in a Jacksonville fund  
20 cannot come into our fund; is that correct?

21 MR. LUNDY: I believe that would be a question  
22 for --

23 MR. BROWN: Just wanted clarity on that. I've  
24 been asked that question. I thought the answer was  
25 no.

1           CHAIRMAN TUTEN: So if they're currently a  
2           correctional officer --

3           MR. BROWN: Like if they're a corrections  
4           officer and they're going to cross over, it would  
5           be as if they retired or quit, so whatever terms  
6           happen there with that pension, and then they start  
7           with the defined contribution plan after they  
8           become a police officer. Is that correct?

9           DIRECTOR JOHNSON: That's my understanding.  
10          Lawsikia, is that --

11          MS. HODGES: Yes. I'm confirming that, but  
12          that definitely is my understanding as well, but  
13          there's language in the ordinance.

14          CHAIRMAN TUTEN: That's a tricky one, because,  
15          I mean, they're already in a City of Jacksonville  
16          pension system, they're just connecting their time  
17          to come to this pension. I mean, I don't know.

18          MR. ANDERSON: A plan's considered their  
19          individual plans, so -- that's a really good  
20          question.

21          MR. BROWN: Could we get a concrete answer on  
22          that the next month or two?

23          MS. HODGES: Yeah.

24          MR. BROWN: Good.

25          CHAIRMAN TUTEN: No hurry, but --

1 MR. BROWN: You know, I pose good questions.  
2 I don't have good answers, but at least I --

3 MS. HODGES: I know. You keep us on our toes,  
4 that's for sure.

5 CHAIRMAN TUTEN: Why would you leave  
6 corrections if you weren't in a pension?

7 MR. BROWN: Because that obviously will have a  
8 lot of implications for the fire chief and the  
9 sheriff on just moving people around or the ability  
10 to recruit from one area to the other.

11 CHAIRMAN TUTEN: That's the biggest thing. If  
12 somebody's going to -- why would you leave  
13 corrections? Even if you make a lot less money, if  
14 you've still got a little pension down the road,  
15 why would you leave there and come here for a  
16 401(k)? There's no certainty --

17 MR. SCHEU: Mr. Chairman, could I ask Tim a  
18 question, too?

19 CHAIRMAN TUTEN: Yes.

20 MR. SCHEU: You alluded to, when you were  
21 talking about the building --

22 DIRECTOR JOHNSON: Yes.

23 MR. SCHEU: -- you said that it had a -- that  
24 the return was 5.3, 5.4, something like that.

25 If our assumed rate of return is 7 percent,

1 that's really a negative by 1.5 percent.

2 DIRECTOR JOHNSON: Right. It depends on the  
3 metric you use. So we use the metric of yield  
4 earnings on comparable Class B property in this  
5 market.

6 MR. SCHEU: Well, my question is: Would it  
7 then make some sense to consider whether to sell  
8 the building, take the cash and invest it with the  
9 others?

10 And I don't have a preference. I'm asking the  
11 question because, if you're behind the assumed rate  
12 of return, wouldn't you do better to do what we do  
13 best, is invest money through our investment  
14 manager in stocks or whatever else and get out of  
15 the real estate business, pay rent and --

16 DIRECTOR JOHNSON: It may.

17 MR. SCHEU: It just seems to me that might be  
18 something to look at.

19 CHAIRMAN TUTEN: The building's paid for,  
20 though, right?

21 DIRECTOR JOHNSON: Right. It depends in part  
22 on the cumulative return on the asset.

23 MR. SCHEU: Right.

24 DIRECTOR JOHNSON: Like any asset, it's not  
25 what it's earning today, it's what it's earned over

1 time. But it's a legitimate question.

2 MR. SCHEU: I don't have an answer, I just  
3 think that, through the long haul, you've got to  
4 make that up somewhere.

5 CHAIRMAN TUTEN: Well, you have to factor in  
6 there, too, we got to have an office. Like you  
7 said, you got to pay rent, so whatever you're  
8 paying in rent, if, you know --

9 MR. BROWN: Then you have asset appreciation  
10 as well.

11 (Speaking simultaneously.)

12 MR. SCHEU: Well, you have to just net it out  
13 and --

14 CHAIRMAN TUTEN: I understand what you're  
15 saying. It's just one of those deals where you  
16 have a place to live somewhere, but it's going to  
17 cost you.

18 Another question I would make with that is:  
19 What can we do to boost it, if anything? Because,  
20 I mean, you're really talking about two separate  
21 buildings, the office and then the rest of the  
22 building we rent. We have to have a place to work.  
23 I mean, that's just the way it is.

24 So as far as the rest of the available space,  
25 is that being maximized? Or what can we do to --

1           MR. BROWN: So I think this new finance  
2 manager, we probably need to (indiscernible) on him  
3 and let's, you know -- we need to turn it on.

4           MR. SCHEU: I mean, I do a lot of work with  
5 banks, real property statewide, and most of these  
6 large banks -- you would know this -- are getting  
7 out of the real estate business. They're opening  
8 their branches more and more in inline places, not  
9 even in out lots, on out parcels, for them to build  
10 it. So they're finding it more efficient to take  
11 that cash and use it elsewhere.

12          MR. BROWN: Are you going to come back as a  
13 guest next year when we have the answers to all  
14 these questions?

15          CHAIRMAN TUTEN: Well, and the other thing to  
16 keep in mind in real estate, it's not what you want  
17 to sell it for, it's what somebody's going to pay  
18 for it. And I don't know what the downtown real  
19 estate market is in Jacksonville. We move down the  
20 street, get us a steal, spend a little bit of money  
21 to fix it up, move our office 200 yards, sell this  
22 sucker, fine.

23          MR. SCHEU: But, see, that's a question when  
24 you're doing the evaluation. That's not a question  
25 now.

1 MS. HODGES: Hey, can I -- I'm sorry. Can I  
2 read you some language just so that you don't have  
3 to wait until the next month?

4 So in your ordinance code, there's a clear  
5 definition, as we know, of what a member. It's is  
6 very clear. It says: Our employees that the City  
7 of Jacksonville hired before October 1st, 2017, who  
8 have enrolled in the plan, the pension plan, and  
9 are contributing to the plan through payroll  
10 deduction.

11 So that's your class of members. That's  
12 finite, everybody that's hired on or before October  
13 1st.

14 The only exception that's allowed -- and then  
15 it goes on to just spell out these classes:  
16 Employees hired on or after shall never be eligible  
17 to be members of the plan. Okay? Then it says:  
18 Employees who previously met the requirements of a  
19 member -- so you're previously, you know, you're a  
20 member -- who leave employment with the City of  
21 Jacksonville but do not remove their contributions  
22 from the plan, upon being rehired, they may enroll  
23 in the plan.

24 So this is the only exception.

25 And then it goes on to say: Employees who

1           previously met the requirements of the members who  
2           leave employment with the City of Jacksonville and  
3           remove their contributions, upon being rehired  
4           shall not be entitled.

5           MR. BROWN: So they're not being rehired,  
6           though, when they become a police officer. They  
7           are literally just transferring their job, and the  
8           retirement benefit they have, because it's two  
9           different funds, happens to move over.

10          But there potentially could be a gap in that  
11          ordinance because they are not being rehired,  
12          they're simply transferring. And so perhaps that  
13          needs to be something we dig into, because that  
14          question is going to come up.

15          MS. HODGES: All right. A good nuance, I can  
16          appreciate that.

17          DIRECTOR JOHNSON: So just to settle this  
18          conversation, I will also be bringing to the  
19          Personnel Committee performance metrics for my job  
20          for the upcoming year, and one of those metrics  
21          that we've previously talked about is this  
22          building.

23          And so the questions that you've asked, as  
24          well as improving the return on invested capital on  
25          the real estate, that will be part of my

1 performance metrics for 2017-18.

2 MR. SCHEU: Thank you.

3 CHAIRMAN TUTEN: All right. Legal Reports.

4 MS. HODGES: Good morning.

5 So the very first -- I reported on this a  
6 little bit at the last meeting, but I'll just  
7 update you, because since that meeting we hadn't  
8 had our counsel meeting. We had a counsel meeting  
9 last Monday, and our staggering ordinance terms,  
10 that was approved.

11 And so just to recap that, we now have a  
12 stagger with our Advisory Committee where it's a  
13 one member, four years; two members, three years;  
14 and two years with our three police and our three  
15 firefighters.

16 We also created a stagger for the FIAC where  
17 the maximum amount of folks that will roll off of  
18 that committee at any given time won't be the  
19 previous three, it will be the two.

20 And we had our FIAC member make some  
21 recommendations as to the members that they wanted  
22 to essentially extend their terms by one more year.  
23 And so that was all accomplished in the same bill,  
24 so there's no need for us to go back to City  
25 Council with separate legislation to correct the

1 appointments of those members.

2 I'm going to defer to Pedro because Bob issued  
3 the opinions regarding the DROP and the share  
4 plans. You guys should have also received those by  
5 now, but he can give you a better update on those  
6 two.

7 MR. HERRERA: Sure. Trustees, I think part of  
8 your backup -- and, I apologize, I don't think Bob  
9 discussed this with you guys before. Or did he?

10 MS. HODGES: He did not.

11 DIRECTOR JOHNSON: It was on the agenda for  
12 last week --

13 MS. HODGES: But he didn't discuss it.

14 DIRECTOR JOHNSON: -- but he didn't discuss  
15 it.

16 MR. HERRERA: Okay. So I'll kind of take my  
17 direction from you, but I'll give you just the  
18 general framework of the opinion, and then,  
19 obviously if you have any questions, we can  
20 certainly discuss that.

21 But the first opinion you have as part of your  
22 materials is the question as to whether or not DROP  
23 participants are eligible to continue participation  
24 in the share plan, in the supplemental benefit  
25 program.

1           So, essentially, based on the language in the  
2 ordinance and some exclusions that are provided for  
3 in 175, Florida Statutes, the answer is no. The  
4 answer is that they are not permitted to continue  
5 participation in accruing additional shares or  
6 additional benefits as part of the 175 payments  
7 that are allotted to each member.

8           And that -- and I'm going to kind of jump to  
9 the second opinion because it kind of dovetails  
10 into the second opinion as to whether or not the  
11 language in the ordinance complies with the  
12 Internal Revenue Code in terms of making  
13 distributions to DROP participants, making  
14 distributions, share distributions, to DROP  
15 participants, and that is permissible.

16           So although -- and one of the reasons --  
17 that's why I'm kind of melding them together and  
18 I'm not trying to jumble the issues -- but one of  
19 the reasons why those distributions to DROP  
20 participants is permissible is because of the fact  
21 that they are no longer accruing creditable  
22 services, is what's in your -- the language in your  
23 ordinance. They're effectively retired.

24           So the one kind of leads to the second, if  
25 that's --

1           CHAIRMAN TUTEN: Once you get on the DROP, you  
2 don't get any more shares. But once you also get  
3 on the DROP, whatever shares you have can be  
4 distributed to you.

5           MR. HERRERA: That's correct.

6           MR. BROWN: That's what we're currently doing.

7           MR. HERRERA: And that's what you are  
8 currently doing, that's right.

9           CHAIRMAN TUTEN: Got it. Perfect.

10          MS. HODGES: Okay. So number 4 on your  
11 Counsel Reports is the order denying the motion to  
12 disqualify. You all received the email from Jason  
13 Gabriel attaching the motion. It's also in your  
14 Board packet.

15                 But the short of the very long is that we're  
16 still your lawyers on that case. And so he has  
17 offered, along with our litigators, that if anybody  
18 has any questions about the judge's ruling on that,  
19 you can certainly set up some one-on-one meetings  
20 and get those questions answered. But that's the  
21 practical effect, is that the Office of General  
22 Counsel is still representing you on that case, and  
23 the judge found that to be warranted.

24                 So the fifth item on the Counsel Reports, also  
25 you should have received an email from Jason on

1 Monday answering those specific questions that the  
2 Chair had. And I believe you also have a meeting  
3 that's set up with him next week if you have any  
4 further questions, Chair, he's more than happy to  
5 answer those and that's the purpose of that  
6 meeting.

7 But we had a really good conference call, our  
8 office, with Bob Sugarman's office last Friday, a  
9 very productive call. And the good news is we  
10 reached consensus on what the next step was for the  
11 Board. And the next step would be to file the  
12 Joint Annual Status Report that's referenced inside  
13 of the memorandum that was sent out to you,  
14 essentially saying that we are in compliance with  
15 the 2015 agreement.

16 And so there's no action necessary for this  
17 Board to take at this time.

18 You all at this point, I believe, have had  
19 meetings with either Jason or Rita Mairs or Loree  
20 French in our office to discuss this, as well as  
21 the Wyse case, those one-on-one meetings just to  
22 answer any questions that you may have had.

23 So I think at this time I haven't heard any  
24 feedback, but there could be more questions out  
25 there. But, as always, we're ready and stand

1 willing to communicate and have any meetings and  
2 answer questions as you see fit.

3 So that is a brief summary on that item number  
4 5.

5 CHAIRMAN TUTEN: All righty then. On that  
6 issue, I'm the one -- me and Tim are scheduled for  
7 this week.

8 And I read Jason's opinion, and he did a good  
9 job explaining what he thought -- you know, the  
10 questions I had for him.

11 As the Chair and as a trustee, I still have  
12 doubts, problems, et cetera, simply because of the  
13 way it was handled by the City. For months we  
14 heard, if we don't accept their contract, you know,  
15 the contract's off. And then two days before we  
16 actually starting discussing it, we all got phone  
17 calls that said: Don't worry about it.

18 In the contract itself, I believe the language  
19 is still there that says the Board must approve it.

20 Now, I've been on record with Jason here --  
21 the first problem I have is the fact that Jason  
22 would not come here on the record and talk about  
23 it. Now, he's talked to each individual trustee,  
24 and that's fine. That's not on the record. That  
25 doesn't count, honestly. I could have a

1 conversation with Chris today at Taco Bell and I  
2 could say he talked about aliens and spaceships, he  
3 says no, no one can prove anything. Lawyers -- you  
4 already know that.

5 I would have preferred him come here on the  
6 record to explain, because obviously I have much  
7 more questions concerning this topic than just  
8 those four.

9 But I'll cut it short because we've all known  
10 my position on this whole thing.

11 When you break this entire thing down as a  
12 Board, we have one duty, gentlemen, that's to the  
13 members -- that's it -- to make sure that their  
14 pension fund is solvent when they get old.

15 Now, we know the mayor's financial plans  
16 versus the 2015 agreement. It's simply the 2015  
17 agreement was pay now and 2017 is pay way in the  
18 future. I understand all that. He's got his  
19 opinion, Jason's got his facts laid out, and that's  
20 great.

21 As a Board, though, I want to make sure that  
22 we have done every single bit of due diligence on  
23 this issue.

24 The only person that can truly answer this  
25 question as to whether or not the City was entitled

1 to go around this Board and enact the legislation  
2 that they did is the judge overseeing this consent  
3 agreement.

4 I'm not going to get into Jason's responses,  
5 because there are a few there that I disagree with,  
6 the main being that it was all tied up together.

7 The consent decree was basically put in at the  
8 last minute by Mr. Gulliford to make sure that the  
9 Board voted for the reform. And it was so special  
10 that a judge basically put it in that form to make  
11 sure that there was -- long story short, we could  
12 call Bob Klausner, we could call President Wyse.  
13 We're not going to get into all that right now.

14 I just want a simple answer for not only the  
15 questions that I gave Jason by the judge, but a  
16 simple question on top of that: Were they entitled  
17 to do what they did? If it's yes, then all these  
18 recommendations that Jason wants to make about  
19 getting rid of future reports, et cetera, et  
20 cetera, no problem with that whatsoever.

21 But if the judge says in their opinion: Look,  
22 the Board should have at least been consulted or  
23 given their opinion or given their options or given  
24 whatever instead of being run around, well then  
25 that opens up: Well, what's the recourse? And the

1 future Board can get into all that.

2 But as a trustee whose only duty on this Board  
3 is to look out for the benefit of the members of  
4 this fund, it's not the OGC, it's not the City,  
5 it's not the fire department, it's not to Tim, it's  
6 not to Jason, it's not to Mayor Curry. Read the  
7 statutes, people.

8 And I want to make darn sure that we have the  
9 final answer on this, because, like I've said in  
10 the past, while Jason is probably a wonderful  
11 lawyer, there have been other General Counsels  
12 who's had different opinions than Jason. The next  
13 General Counsel may have a different opinion. He  
14 won't be here, Mayor Curry won't be here. The  
15 Board and the members will be here, and these  
16 people are expecting that money. These are real  
17 people.

18 And if this thing goes south and we just took  
19 the word of the General Counsel simply because we  
20 were trying to hide behind legal protection, that's  
21 not the way to do it. Let's just find out once and  
22 for all from the judge.

23 If they say: Look, yeah, they're entitled to  
24 based on, you name it, then we're done. There's no  
25 harm, no foul.

1           I don't see how anybody can get offended --  
2           and I'm speaking particularly to the mayor and  
3           Jason so it's on the record, I don't see how anyone  
4           can get offended by having to defend their position  
5           if their position is on solid ground and they feel  
6           that they are right.

7           If you were to say: Rich, you are a five-  
8           foot-three-inch black woman, I would go, no, I'm a  
9           six-foot-five-inch white guy. I can defend that  
10          position, and I have no problem with you making  
11          that claim. I know it's being silly and I'm trying  
12          to lighten the mood a little bit, but the truth is  
13          I would not be offended if I had to prove that  
14          point.

15          And I don't think the OGC or the mayor -- and  
16          I'm sure they're going to be, I can hear it now,  
17          I'm going to be called crony for the third or  
18          fourth time, I can't remember which. But at the  
19          same time, the judge is truly -- because, as  
20          Lawsikia can tell you, if you read it, as I've  
21          always stated, it's an opinion.

22          MR. BROWN: So convincing all this, you're  
23          wanting the judge to weigh in.

24          CHAIRMAN TUTEN: Yes. I want the judge to  
25          give us their interpretation to make sure we're

1 doing the right thing.

2 MR. SCHEU: As a practical matter -- this will  
3 resolve it -- if the City -- if the Plaintiff, the  
4 City and the Board request that the court amend the  
5 judgment to no longer require -- essentially saying  
6 it's moot and everything is done correctly, judge  
7 enters the order and we're done. That answers your  
8 question.

9 CHAIRMAN TUTEN: But --

10 MR. SCHEU: We don't need to prolong it.

11 CHAIRMAN TUTEN: But Jason wrote this opinion,  
12 Bill.

13 MR. SCHEU: Well, so?

14 CHAIRMAN TUTEN: What if he's wrong?

15 MR. SCHEU: Well, the judge will tell him he's  
16 wrong.

17 CHAIRMAN TUTEN: That's all I'm asking.

18 MR. SCHEU: And that -- I think Lawsikia is  
19 going to say --

20 MS. HODGES: Right. But through the Chair,  
21 the step that we're taking -- and, again, that --  
22 you know, and I've just got to make this statement:  
23 You're our client. I mean, the Office of General  
24 Counsel, it would be malpractice for us not to  
25 zealously represent your interests and protect your

1 interests. That's what we do as your attorneys.

2 But the step that we're at now is that we're  
3 going to file this Joint Annual Status Report with  
4 the judge and the judge is going to look at it.  
5 And if he has comments to it, he'll make those  
6 comments.

7 The memo also goes into another step, which is  
8 not the stage that we're at right now. That's the  
9 parties coming to an agreement that there's no need  
10 for us to file this report every year, we can  
11 terminate the agreement.

12 But that's another day, that's another  
13 discussion, and that's something that we would  
14 obviously need Board action in order for you to do  
15 that. At this time we're not asking Board action,  
16 we're asking that we tell the judge: Here's the  
17 status, so here's where we are. We believe we're  
18 in full compliance with the 2015 agreement, for all  
19 the reasons that Jason's gave at previously  
20 meetings and Steve has gave. And then we sit back,  
21 we wait and we see what the judge's reaction is to  
22 that.

23 I think that's the posture that we're in.

24 MR. BROWN: We're going to get the judge's  
25 response.

1           CHAIRMAN TUTEN: Well, my only concern is,  
2           though: What is the judge going to see, how is it  
3           going to be worded, and from whom's perspective?  
4           In other words, it's a joint report. I don't see  
5           that there's a problem for the Board and for the  
6           pension fund to include in the joint report: Look,  
7           we've had issues, we have questions, there are some  
8           trustees that are not comfortable.

9           We want to make sure that the intent is we're  
10          not reporting that we want to shut it down, but  
11          simply if you wouldn't mind reviewing what  
12          happened, what transpired, to make sure that every  
13          party did what they were allowed to do and no one  
14          overstepped their bounds. And if they did, you  
15          correct it. If they didn't, we don't have to worry  
16          about it.

17          But I just don't see the harm in making sure  
18          that that is in that report, because I know what  
19          the report's going to look like from the General  
20          Counsel's Office. It's not going to include any of  
21          that. It's going to say: Look, we had this, we  
22          did this.

23          MS. HODGES: Right.

24          CHAIRMAN TUTEN: And my allegiance isn't to  
25          the counsel, it's to the members.

1 MS. HODGES: Through the Chair, can I say a  
2 couple of things? Because what I don't want you to  
3 do is sit in this public meeting and have some  
4 litigation strategy discussions on protecting your  
5 interests. I mean, that's just not in the best  
6 interest of this Board. Those are types of  
7 discussions that you really shouldn't, because  
8 that's going to -- any case that you would have, it  
9 would only hurt your case if you're divulging that  
10 at a public meeting.

11 So that's point number one.

12 Point number two --

13 CHAIRMAN TUTEN: Now, back up, Lawsikia. What  
14 do you mean as far as my interests? Who's on the  
15 other side from us?

16 MS. HODGES: No. I'm only repeating what I  
17 thought I heard you say, which is there's some  
18 trustees that are not comfortable with basically  
19 the memorandum, the legal memorandum that was given  
20 to you.

21 CHAIRMAN TUTEN: Right --

22 MS. HODGES: I thought I heard you say that.

23 CHAIRMAN TUTEN: -- that would be me. I'll  
24 put it on the record, I'm not comfortable --

25 MS. HODGES: Exactly.

1           CHAIRMAN TUTEN:  It's not that I'm  
2           uncomfortable, I just want to make sure that this  
3           Board and if there are trustees that are  
4           uncomfortable with some of the opinion in the  
5           General Counsel's report, that possibly the judge  
6           get backfilled on what happened at the time,  
7           because if you go back and read the transcripts,  
8           there was a little bit of a debate.

9           And I'm not arguing for or against his  
10          opinion.  That's his opinion, but he's one side of  
11          this coin.  The other side is the trustees.  And to  
12          just carte blanche let the General Counsel write  
13          the report -- I haven't seen the report, I don't  
14          even know that the report's been done.

15          MS. HODGES:  Right.  But that's really what I  
16          was getting into, is I don't want to workshop the  
17          contents of the report.  That's what I'm talking  
18          about.  I don't want to do that at a public  
19          meeting, right?

20          I mean, because what generally happens when  
21          the General Counsel's Office is filing pleadings on  
22          behalf of any client that we have, every single  
23          client in consolidated government, they consult  
24          with your CEO, okay?  That's who they are talking  
25          with.  And your CEO should be very in tuned on the

1 pulse of its Board and what comments.

2 And in fact, Tim, when you last spoke with  
3 Jason, we reminded you of that.

4 And so, you know, to the extent that you're  
5 asking to participate in the crafting of some  
6 litigation document that's going to be filed with  
7 the court, I don't think we can accomplish that  
8 here. That's my only suggestion.

9 I'm happy -- you're going to have a meeting  
10 with Jason on Wednesday.

11 CHAIRMAN TUTEN: But let me back you up, the  
12 word you said, the litigation report. Is this  
13 litigate -- why would it be even considered that?

14 MS. HODGES: It is litigation. It's a part of  
15 -- it's a court document that's going to be filed.

16 CHAIRMAN TUTEN: How did the original -- how  
17 did the original treat the Plaintiff? Are they  
18 even in the picture? As far as they have a  
19 complaint down the line that says: You guys didn't  
20 listen to the Board, you didn't do this, we're  
21 filing a complaint, are they entitled to file that  
22 complaint?

23 MS. HODGES: Through the Chair, I apologize.  
24 I can't answer that question because I'm your Board  
25 attorney, I'm not your litigation attorney, so it

1 would just be out of line for me to answer that.

2 CHAIRMAN TUTEN: Let me ask you this then: On  
3 the meeting on Wednesday, if I have a list of  
4 questions for Jason to put into that report, am I  
5 assured that he's going to either put it in the  
6 report, or should I direct Director Johnson with  
7 here are my questions.

8 I would direct Tim to make sure that, if the  
9 General Counsel does not put it on his side of the  
10 report, that we have our own report to go with the  
11 General Counsel.

12 MS. HODGES: Through the Chair, this very  
13 discussion that you're having, the logistics and  
14 the mechanics of putting together a document to go  
15 before the judge, you need to sit down with your  
16 litigation attorneys and have this discussion.

17 MR. BROWN: Just meet with our attorney on  
18 Wednesday and --

19 MS. HODGES: Which is the General Counsel. I  
20 mean, you can't get any higher level of an attorney  
21 than that.

22 And so what I would propose is that -- and I  
23 will also be at this meeting, so I hear the  
24 concerns and I hear discussion. So I will be at  
25 this meeting that we have next week, and I think

1 that's where we talk about addressing your concerns  
2 and how, you know -- I think we just need to have a  
3 discussion, and out of that discussion there's a  
4 resolution.

5 That's the best I can give you today.

6 MR. SCHEU: I have a question. Lawsikia, I've  
7 always been puzzled, we've had these individual  
8 meetings, which are great, you can raise questions,  
9 Rich will be able raise his questions, but is there  
10 some reason that the General Counsel doesn't want  
11 to have a shade meeting, because you can have that  
12 with litigation, so that we could then discuss it  
13 and hear each other. And I've never understood why  
14 we couldn't do that.

15 MS. HODGES: Right. So, through the Chair,  
16 the statute is pretty clear on shade meetings. I'm  
17 certainly not going to say you can't have one. I'm  
18 aware of the shade meeting, just as Trustee Scheu  
19 just said, and it's really for two types of  
20 context, settlement negotiations -- that's not  
21 where we are right now, we're not at a settlement  
22 negotiation, we're at a: What's status of this  
23 deal. That's the point that we're at right now,  
24 that's not settlement. It's a report to tell the  
25 judge here's where we are, here's what's happened.

1           And then the other context in which you can  
2           have a shade meeting -- and a shade meeting is only  
3           shade for the time that the litigation is pending;  
4           after that, the records become public -- is when  
5           you're trying to discuss litigation strategy.

6           And at this point, it is the opinion of our  
7           office that we are not at a point, we're at a  
8           reporting point.

9           MR. SCHEU: That's not my question. My  
10          question is on point number two, where we join in a  
11          request that -- that is a settlement, because  
12          we're --

13          MS. HODGES: What page was this?

14          MR. SCHEU: I'm on page 3 of this opinion,  
15          paragraph 3, that you request that we should  
16          request the court to amend the judgment to no  
17          longer require the parties to file this report. In  
18          other words, it becomes moot if --

19          MS. HODGES: Oh, absolutely.

20          MR. SCHEU: That's what I'm saying.

21          MS. HODGES: Yes, sir.

22          MR. SCHEU: I'm not talking about this.

23          MS. HODGES: Oh, okay. Yes, sir, absolutely.

24          MR. SCHEU: So at that point -- and that's  
25          really what Rich's questions are directed to --

1 MS. HODGES: Yes.

2 MR. SCHEU: -- not to the filing of the  
3 report.

4 MS. HODGES: That is a prime opportunity where  
5 you'd have a shade meeting, because we'd need to  
6 come back to you and have that discussion as to  
7 which way to go, you're absolutely right.

8 MR. SCHEU: That's all I'm saying.

9 MS. HODGES: Yes, you're absolutely right.

10 MR. SCHEU: So, Rich, you can have your  
11 individual meetings and then, if we feel like  
12 there's a need to have a shade meeting, we can do  
13 that, where we can have a discussion with our  
14 counsel on this strategy.

15 MS. HODGES: Right.

16 MR. SCHEU: And I don't know how we would  
17 vote. I'm not even sure you can vote in a shade  
18 meeting.

19 MS. HODGES: Right. In fact, just to follow  
20 up on Trustee Scheu's point, at that point, the  
21 General Counsel's Office, we couldn't affect this  
22 without getting your thoughts and your guidance on  
23 where you would want to go.

24 MR. PATSY: So a shade meeting would be  
25 appropriate for this paragraph because it would be

1 to discuss litigation.

2 MS. HODGES: Litigation strategy.

3 MR. SCHEU: Only to 2, not to file a report,  
4 but to --

5 MS. HODGES: Right.

6 MR. PATSY: Okay. So it's this 2 --

7 MR. SCHEU: 2, right.

8 MS. HODGES: Right.

9 MR. BROWN: So when we get there, perhaps we  
10 can request a shade meeting.

11 MR. SCHEU: Tim, does that make sense?

12 DIRECTOR JOHNSON: That makes sense, yes.

13 MS. HODGES: And Jason has discussed that  
14 point already. Rita -- they've already said: When  
15 we get to this point, we're going to have to go to  
16 the Board. And they certainly aren't going to do  
17 that at a public meeting.

18 MR. SCHEU: I wouldn't think so --

19 MS. HODGES: Right.

20 MR. SCHEU: -- because it's strategy.

21 MS. HODGES: Exactly.

22 MS. SCHEU: Just like with the City Council,  
23 when you're doing that same sort of stuff.

24 MS. HODGES: You're exactly right.

25 MR. SCHEU: So we have a chance to have a

1 meeting on the record, because it then, once the  
2 litigation is over, all the --

3 MR. BROWN: It's public.

4 MR. SCHEU: It's public, yeah.

5 CHAIRMAN TUTEN: Well, my only concern is  
6 before that. When is the report due?

7 DIRECTOR JOHNSON: October 15th.

8 MS. HODGES: It's October 15th.

9 CHAIRMAN TUTEN: We don't have another meeting  
10 before then? I mean, I have a meeting with Mr.  
11 Gabriel next week, but my concern is to make sure  
12 that the judge gets a two-sided or at least a  
13 complete picture of exactly, you know, where we  
14 are, how we got here, and is everything copacetic.  
15 That's all I'm looking for.

16 Because, like I said, back many moons ago,  
17 there are a lot of assumptions made financially  
18 with this new plan that may or may not work out  
19 based on the experts we hired.

20 MR. SCHEU: But that's as to number 2. That's  
21 not -- they're just filing the annual report on  
22 number 1.

23 MR. BROWN: The concern is that he still has  
24 this distrust of our attorney and their motivation  
25 and kind of reliving this thing we've been dealing

1 with for years. That's kind of his motivation in  
2 all this.

3 CHAIRMAN TUTEN: That's exactly my motivation.  
4 I don't have anything personal, but if you read the  
5 Keane report when the judge makes the comments  
6 about the attorneys and -- we can get into all  
7 that.

8 So I'm going to get with Director Johnson.  
9 We'll have some questions for Jason on Wednesday.

10 MS. HODGES: Right. And you're the Chair.  
11 Have that meeting. I think that's the first step.  
12 You're the Chair. If you want to call a special  
13 meeting of your Board based on that meeting and  
14 bring these folks back together, nothing ever  
15 prevents you from doing that.

16 CHAIRMAN TUTEN: Let me ask this then, now  
17 that you're getting into litigation that's an  
18 official report, is there anything -- because we're  
19 not having a meeting between now and then, let's  
20 just say me and Jason start throwing Coke bottles  
21 at each other, we don't agree on anything. I want  
22 on what I want in that report, in other words,  
23 asking the judge a question. Am I entitled to, as  
24 far as the pension side of it, to put that in  
25 the --

1 MR. SCHEU: I don't know. I think --

2 MS. HODGES: Yeah. I mean --

3 MR. SCHEU: Let's see what happens.

4 MS. HODGES: I really -- I think -- can we  
5 cross that bridge when we get there? Because --

6 CHAIRMAN TUTEN: Well, look, it's nothing  
7 personal, but I can promise you I already know the  
8 answers. I can go back --

9 MR. SCHEU: You can call a special meeting,  
10 Rich.

11 MR. BROWN: That may be necessary. Meet with  
12 the attorney first, request what you would, as you  
13 would any personal attorney, and if you have some  
14 specific action you'd like them to take, just ask  
15 them. If you have concerns subsequent to that, we  
16 can have a shade meeting to discuss strategy.

17 MS. HODGES: Right. This is just a difficult  
18 topic, because we're your lawyers.

19 MR. SCHEU: Just a question: If he puts those  
20 questions in writing, do they immediately become  
21 public records? Because he may not want to do  
22 that. He might want to verbalize them --

23 MS. HODGES: That's correct. Anything you put  
24 in writing, it's going to be --

25 CHAIRMAN TUTEN: So am I not allowed to bring

1 a written question --

2 MS. HODGES: No, it's not that you're not  
3 allowed to bring any written questions. I mean, if  
4 these questions are along the same that -- I mean,  
5 you know, you verbalized these questions and now we  
6 have a written memo, that's completely public  
7 record. I mean, that's your call to make. But  
8 there is some sensitivity because we're dealing --  
9 you know, we're in litigation.

10 MR. BROWN: Once you formalize information  
11 that's relevant to what our purpose is, that  
12 becomes an official document that's subject to  
13 public release.

14 CHAIRMAN TUTEN: Sure.

15 MR. BROWN: So if you put that -- even if it's  
16 a yellow pad and you put all that, you formalize  
17 that information in writing. So that's why it's  
18 just best to go in without a pad and verbalize all  
19 this stuff.

20 CHAIRMAN TUTEN: Well, yeah, but -- and, like  
21 I said, maybe it's just because I was there during  
22 the dark years when the Board was excoriated for  
23 not being "in the sunshine," and now we're talking  
24 not bringing pencils and pads and not having shade  
25 meetings.

1 I mean, fellows, Councilman Anderson, help me  
2 out here.

3 MR. ANDERSON: It's just the way it works.

4 MS. HODGES: Yeah. And we do this all the  
5 time. I don't want to give you guys a false  
6 impression.

7 MR. ANDERSON: Been there, done that.

8 MS. HODGES: Lawyers meeting with their  
9 clients all the time one on one to brief on cases,  
10 that's not anything illegal, that's not a  
11 violation, so --

12 MR. SCHEU: Can I make a point of order? Can  
13 we move on, because I think we've articulated --

14 CHAIRMAN TUTEN: That's fine.

15 Director, got anything else exciting?

16 DIRECTOR JOHNSON: I have some Old Business  
17 items, if Lawsikia is finished with her report.

18 MS. HODGES: Yes, that was my last, number 5,  
19 yeah.

20 DIRECTOR JOHNSON: All right. Two Old  
21 Business items.

22 You'll recall from last week we had received  
23 an opinion relative to bailiffs' opportunity to buy  
24 back time or to connect time. They're now active  
25 police officers or firefighters who previously

1 served and accrued time as bailiffs, can that time  
2 be connected. We received that opinion.

3 The basic answer is yes, under certain  
4 conditions. That opinion is part of your Board  
5 book.

6 We were directed to send notification to all  
7 of our members that that opportunity existed so  
8 that those who wanted to connect that time could  
9 lock their place in line before the October 1  
10 reform kicked in and it would become more expensive  
11 for them to buy back that time.

12 So we did do that notification. That went out  
13 earlier this week. So far, we've received 39  
14 requests from active members who were previously  
15 bailiffs who want to connect that time.

16 We will work with the City of Jacksonville,  
17 JSO, to create a procedure for how we're going to  
18 evaluate those requests.

19 I guess the bottom line is, as directed, we  
20 did send out the notice and that's the response  
21 we've received so far.

22 CHAIRMAN TUTEN: Are they going to be buying  
23 back time as just simple City employees, former  
24 City employees, not policemen or -- do you  
25 understand the distinction I'm trying to make? In

1 other words, if you worked for the dogcatcher for X  
2 amount of years and then became a policeman, you  
3 could connect that time from the City employee type  
4 of perspective, two different sets of contribution  
5 rates there as far as the City.

6 Are they going to pay the police rate of 20  
7 percent?

8 MR. BROWN: They pay the current rate.

9 MS. HODGES: Yeah, the current rate.

10 MR. BROWN: And that's the only reason we  
11 wanted to get this out ahead of the October 1  
12 raises, so that -- we don't want to penalize folks  
13 that want to buy their time back just because the  
14 process takes a while.

15 CHAIRMAN TUTEN: That's fine. I was just  
16 curious as to how they were going to be approached  
17 from a money perspective, because that's what I'm  
18 here for. But, anyway, okay.

19 DIRECTOR JOHNSON: So there's no action on  
20 that. It's just a followup to let you know it's  
21 been done.

22 And then behind that, you will recall some  
23 months ago, following the passage of the reform  
24 legislation, there was an update that I gave, along  
25 with Bill Scheu, relative to the Pew Charitable

1 Trust's interest in reviewing the reform and  
2 presenting a paper on it.

3 That has occurred. A copy of that paper is  
4 attached to your Board book.

5 MR. SCHEU: Could I --

6 DIRECTOR JOHNSON: That, too, is  
7 informational.

8 Go right ahead, Bill.

9 MR. SCHEU: Even though it's informational,  
10 it's a really good report. And Tim wants to talk  
11 with you and me next week.

12 Pew, if y'all recall, was the consultant to  
13 the attorneys for the City and the nation in terms  
14 of pension reform. So this is their analysis of  
15 what happened with the --

16 CHAIRMAN TUTEN: I can -- paragraph 1, 2, 3, I  
17 believe that's all you need to read.

18 I believe you've highlighted it already, Mr.  
19 Patsy.

20 MR. SCHEU: But what I would like to suggest  
21 is that we ask the Executive Director to transmit a  
22 copy of this to the chief financial officer of the  
23 City to -- I forget all the finance, but to Sam,  
24 Mike, and the council auditor and the council  
25 president.

1 CHAIRMAN TUTEN: I agree.

2 MR. BROWN: Yes.

3 MR. SCHEU: So I'd like to make a motion --

4 MR. BROWN: I think it's our fiscal  
5 responsibility to do so.

6 CHAIRMAN TUTEN: I think it's good to  
7 disseminate any information like this from a  
8 neutral perspective.

9 MR. SCHEU: So I'd make that motion.

10 MR. BROWN: And I'll second that on the basis  
11 that we have potential information that, if we  
12 don't give it over to the City, that we could  
13 perhaps be setting them and us up for failure.

14 MR. SCHEU: It is an interesting conclusion  
15 there, as you've alluded to, that's been  
16 identified.

17 CHAIRMAN TUTEN: All right. We have a motion  
18 and a second.

19 Any questions, comments?

20 (No responses.)

21 CHAIRMAN TUTEN: All in favor?

22 (Responses of "aye.")

23 CHAIRMAN TUTEN: Any opposed?

24 (No responses.)

25 CHAIRMAN TUTEN: Question: Bill, is this

1 report going to keep me up at night any more than I  
2 already am about all this stuff?

3 MR. SCHEU: We have been blessed with a lot of  
4 free analysis going back four years, and it's  
5 been --

6 CHAIRMAN TUTEN: You got \$2 billion, you lean  
7 on people, Bill, get free stuff, pens, notepads and  
8 stuff like that.

9 MR. PATSY: What trust fund was there --

10 MR. SCHEU: It was funded by the John and  
11 Laura something Trust out of Houston, and then Pew  
12 -- David Draine is the primary person in Pew  
13 that --

14 COURT REPORTER: I'm sorry. Would you please  
15 -- you keep turning your head and dropping your  
16 voice, and I want to make sure I'm hearing every --

17 MR. SCHEU: David Draine at Pew, D-r-a-i-n-e,  
18 was the primary consultant, and it was funded by  
19 the John and Laura --

20 MR. ANDERSON: Arnold.

21 MR. SCHEU: -- Arnold Foundation in Houston.

22 CHAIRMAN TUTEN: Bill, Director Johnson, do  
23 either one of you have this report in like a pdf  
24 that could be sent to me in an email?

25 DIRECTOR JOHNSON: Electronically, yes, sir.

1 CHAIRMAN TUTEN: Okay, perfect.

2 MR. SCHEU: They sent it to us that way.

3 DIRECTOR JOHNSON: We'll send it to you

4 electronically.

5 There's no other Old Business or New Business.

6 CHAIRMAN TUTEN: Whether Old Business or New  
7 Business, the next meeting is Friday, October 20th.

8 Perfect.

9 MR. ANDERSON: Whoa, whoa.

10 CHAIRMAN TUTEN: Oh, sorry.

11 MR. ANDERSON: Just quickly --

12 CHAIRMAN TUTEN: It's not on the agenda.

13 MR. ANDERSON: I know.

14 Thank you all for your service, and I  
15 appreciate that. I want you to know how much I  
16 recognize that you've put your time, energy and  
17 emotions often into this. So, as a huge service, I  
18 want to thank you all for what you're doing.

19 Again, I wanted to reiterate that you have had  
20 one piece of legislation had been filed, that was  
21 the staggered terms. Your Executive Director met  
22 with the committees. The legislation went through  
23 without amendment. He did a very good job  
24 explaining the terms and the conditions of that  
25 legislation, and so I want you to know your

1 Executive Director did a really good job for you.

2 And then I don't anticipate any issues with  
3 the appointment of Mr. Scheu's replacement, but you  
4 now understand that this might be your last day.

5 MR. SCHEU: Probably October.

6 MR. ANDERSON: So October is your last.

7 MR. SCHEU: Unless y'all speed it up.

8 MR. ANDERSON: So the budget is next Tuesday  
9 night, and I think the budget's in a position now  
10 where, barring something unforeseen, I would expect  
11 it to go through pretty much intact. So we'll see  
12 how that goes.

13 And I think that's really it, Mr. Chairman.

14 MR. SCHEU: What's the status of -- I forget  
15 what councilman -- there's some councilman's  
16 introduced a resolution to (indiscernible). What's  
17 the status of that?

18 MR. ANDERSON: Councilman Becton has had  
19 several meetings with several council members to  
20 discuss that. I'm really not sure where the  
21 legislation is now, except that it's being  
22 deferred.

23 MR. SCHEU: But that would be presumably, if  
24 it were going to be supported, that would be  
25 reflected in the budget.

1 MR. ANDERSON: Correct.

2 MR. SCHEU: And it's not in the budget, so  
3 it's probably not --

4 MR. ANDERSON: Well, we don't -- I don't know  
5 about that. I do know that it's not reflected in  
6 the budget.

7 MR. BROWN: If I recall correctly, Anna  
8 Brosche was the only person on the Finance  
9 Committee that voted to approve it.

10 MR. ANDERSON: I'm not sure.

11 MR. BROWN: Yeah, I think so. I think it died  
12 there.

13 Director, could we, after Counsel Reports on  
14 the agenda, just ask for City Council comments or  
15 something for the future? It gives them a space to  
16 speak and --

17 MR. ANDERSON: I just want to make sure that  
18 any issues that you have, that you're having  
19 questions in front of counsel, that I have an  
20 opportunity to address them.

21 MR. BROWN: Thank you very much.

22 CHAIRMAN TUTEN: I apologize. I just read the  
23 teleprompter.

24 (Discussion off the record.)

25 Director Johnson, do you have anything

1 further?

2 DIRECTOR JOHNSON: No, I don't.

3 CHAIRMAN TUTEN: Lawsikia? Anybody?

4 MS. HODGES: Do not. Thank you.

5 CHAIRMAN TUTEN: Pedro? Anybody?

6 (No responses.)

7 CHAIRMAN TUTEN: All righty. Meeting  
8 adjourned.

9 (The Board meeting adjourned at 10:15 a.m.)

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STATE OF FLORIDA )  
COUNTY OF DUVAL )

I, Cindy Danese, Notary Public in and for the State of Florida at Large, do hereby certify that the foregoing pages are a true and accurate recordation of the proceedings which took place.

WITNESS my hand and official seal this 9th day of October 2017.

\_\_\_\_\_  
CINDY DANESE, Notary Public  
State of Florida at Large.