I. **PLEDGE OF ALLEGIANCE**

II. **MOMENT OF SILENCE**

   Kenneth R. Ivey, Retired Fire Lieutenant

III. **PUBLIC SPEAKING PERIOD**

   None.

IV. **CONSENT AGENDA – ITEMS 2018-10-(01-13)CA**

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

   **2018-10-01CA**

   Meeting Summaries Approved

   1. Board of Trustees Personnel Committee Meeting – September 21, 2018
   2. Board of Trustees – September 28, 2018
3. Board of Trustees & FIAC Manager Update – September 28, 2018

**2018-10-02CA**

Disbursements

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

**Disbursements A**

9-1-2018 thru 9-30-2018

1. Summit Strategies Group $ 61,466.00

   **TOTAL** $ 61,466.00

**Disbursements B**

9-1-2018 thru 9-30-2018

1. Transaction list of Accounts Payable distributions $ 61,270.77

2. Transaction list of Accounts Receivables $ 48,666.38

**2018-10-03CA**

Pension Distributions

**A. September 7, 2018**

1. Regular Gross $ 5,709,382.02
2. Regular Lumpsum $ 122.84
3. Regular Rollover $ 6,748.98
4. Regular DROP Gross $ 1,192,632.53
5. DROP Lumpsum $ 0.00
6. DROP Rollover $ 0.00

   **TOTAL** $ 6,908,886.37

**B. September 21, 2018**

1. Regular Gross $ 5,716,090.74
2. Regular Lumpsum $ 0.00
3. Regular Rollover $ 0.00
4. Regular DROP Gross $ 1,192,577.37
5. DROP Lumpsum $ 186,616.25
6. DROP Rollover $ 115,762.42

TOTAL $ 7,211,046.78

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

The following Consent Agenda items 2018-10-(04-09CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on October 10, 2018. Vote was unanimous. Meeting Summary attached.

2018-10-04CA
Application for Time Service Retirement

2018-10-05CA
Application for Survivor Benefits

2018-10-06CA
Application for Child’s Benefits

2018-10-07CA
Application for Vested Retirement

2018-10-08CA
Application for Temporary Disability Pension

2018-10-09CA
Application for Time Service Connections

The following Consent Agenda items 2018-10-(10-12CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on October 10, 2018. Meeting Summary attached.

2018-10-10CA
Share Plan Distributions

2018-10-11CA
DROP Participant Termination of Employment
2018-10-12CA
DROP Distributions

2018-10-13CA
Educational Opportunities

1. **Bi-Monthly Ethics Training for Boards & Commissions – COJ**
   October 25, 2018 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
   December 6, 2018 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
   
   (RSVP with Kirby Oberdorfer at koberdorfer@coj.net or 904-630-4747)

2. **48th Annual Police Officers’ & Firefighters Pension Conference – Florida Division of Retirement**
   November 14-16, 2018 – Orlando, FL
   
   (https://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/municipal_police_and_fire_plans/current_issues/pension_trustees_conferences)

3. **Accredited Fiduciary Program – NCPERS**
   October 27-28, 2018 – Las Vegas, NV
   
   (https://www.ncpers.org/nat)

4. **Public Safety Conference – NCPERS**
   October 28-31 – Las Vegas, NV
   
   (https://www.ncpers.org/Psc)
V. EXECUTIVE DIRECTOR’S REPORT
Timothy H. Johnson

Timothy Johnson complimented Steve Lundy and Chuck Hayes for a job well done on the DROP & COLA adjustments – they completed all adjustments a full quarter ahead of schedule and all DROP statements have resumed.

Timothy Johnson updated the Board of Trustees on the Jacksonville Beaches Time Service Connections issue. Out of the 9 members whose TSCs were miscalculated and notified of their options for correction of their TSCs, 5 members have appealed. The deadline to appeal is November 2.

Timothy Johnson said the Advisory Committee is working with Counsel to develop Appeal and Hearing Policies and Procedures.

Timothy Johnson said members would be given notice of the date of their Hearings, and it would most likely be December at the earliest.

Chris Brown asked if a member did not choose to appeal, would they have to make a selection?

Timothy Johnson said yes.

Timothy Johnson said the PFPP is anticipating some direction from the Unions regarding the Holiday Bonus. The Unions asked for historical information on how the PFPP distributed the Bonus in the past, and we provided it to them.

Timothy Johnson said the attorneys have prepared draft contracts for Summit Strategies and Wilshire Associates.

Timothy Johnson said he is excited for the new dashboards, which will debut in November.

Timothy Johnson discussed the Work Plans for the Advisory Committee and the FIAC, which result in a lot of accomplishment.

Chris Brown remarked that the Committees do a lot more work now than they did 3 years ago.

1. 2016 Chapter Funds Update – Share Plan Distribution
Chuck Hayes

Chuck Hayes updated the Board of Trustees on the progress of administering the Share Plan Distribution. Timothy Johnson, Steve Lundy, and Chuck Hayes reached out to Pete Strong to confirm the correct amount of remaining 2016 Chapter monies, and the correct interest rate. Steve Lundy and Chuck Hayes met with ITD to discuss running the process, and whether to anticipate any issues due to the delay. ITD anticipates no issues. Testing will begin this week on the Share Plan Distribution.
Kevin Grant discussed the monthly Budget to Actual for September (HANDOUT). He covered parking revenues, expenditures, personnel, professional services, and investment fees.

Chris Brown said we might have to outsource Kevin Grant to JSO to run their parking garage!

Richard Patsy asked if the savings on the budget have to be transferred to the City.

Kevin Grant said the savings will not be transferred to the City. The savings will carry over to the next Fiscal Year.

Timothy Johnson introduced Maria Young, the new Administrative Specialist at the PFPF. The PFPF went through a long selection process – 100 applied, and 19 were interviewed. Maria Young outshined them all.

Maria Young introduced herself. She worked for the Jacksonville Housing Authority for 12 years, beginning as an administrative assistant and working up to an accountant.

Maria Young said she is happy to be here at the PFPF.

2. Carr, Riggs & Ingram Engagement Letter
   Motion to approve: PAYNE; Second: PATSY; APPROVED UNANIMOUSLY.

   Timothy Johnson said the PFPF entered into contract with CRI last year. CRI is also the City’s auditor, and the PFPF “piggybacked” off that contract last year. We are getting an early start this year, and we are hopeful to get the audit completed much earlier.

   Richard Patsy asked to confirm that this would be CRI’s second year auditing the PFPF.

   Timothy Johnson said yes. If the Board approves the engagement, they will be paid $31,000 – the same rate as last year.

   Chris Brown asked for a motion to approve the CRI Engagement Letter.

   Willard Payne made a motion to approve the Carr, Riggs & Ingram Engagement Letter. Seconded by Richard Patsy. The vote passed unanimously.

VII. COUNSEL REPORTS
    Lawsikia Hodges & Bob Sugarman

1. Bailiff Time Service Connections – Update

   Lawsikia Hodges informed the Board of Trustees that progress has been delayed on the Bailiff Time Service Connections issue due to the unfortunate death a family member of Steve Durden’s.
Chris Brown offered condolences to Steve Durden and his family.

Chris Brown said the members applying to purchase bailiff time who are clearly eligible – that meet the strict definition of eligibility in OGC’s opinion should be processed first. And that out of the 78 applicants, 50-60 aren’t eligible.

Steve Lundy reminded the Board of Trustees that the bailiff data was provided in two files from two payroll systems covering two different time periods – one prior to April 2004, and one starting in April 2004. The data file starting in April 2004 is reliable, and contains data for around 30 members. Conclusions regarding eligibility may be made for some of the members contained in this file.

Steve Lundy said the payroll data file for periods worked before April 2004 is unreliable. The data is not accurate. No conclusions regarding eligibility may be made for any period of service worked by members during this period.

Lawsikia Hodges said around 3-4 members can move forward to purchase time, because they clearly meet the strict eligibility definition.

Chris Brown said he would like an educational piece drafted for these members who applied to purchase bailiff time – the piece needs to be blunt, and should explain that because of the unreliable data, it has taken this long. Some issues remain, and some method should be provided going forward.

Bob Sugarman said he wants to come up with guidelines – “bright lines” – concerning eligibility and ineligibility.

Michael Lynch said that if we know 3-4 members are clearly eligible, then we should start with those. He said Steve Lundy should not spend all his time tracking down old payroll files – it’s not his responsibility. If someone is applying to buy time served in Orlando, Steve Lundy isn’t driving to Orlando to get the forms filled out.

Chris Brown said going forward, the PFPF needs to have a policy – other entities need to drive this, not us. It is our job to administer. We are becoming detectives, which is inappropriate.

Chris Brown asked to get some steps in place in an information sheet that we could send out, that would be fantastic.

Lawsikia Hodges said we would definitely do that.

2. Litigation Summary Update

Lawsikia Hodges said OGC litigator Rita Mairs is present today, and that the PFPF received a complaint after this Litigation Summary Update was published in the Board Book – a lawsuit filed by Christopher Brock (HANDOUT).
Rita Mairs said Wendy Byndloss of OGC was assigned to the Christopher Brock case, as she has some familiarity with his issue.

Chuck Hayes said Christopher Brock is a retired firefighter.

Rita Mairs updated the Board of Trustees on the Keane case in State and Federal Court.

Rita Mairs said she recently received a notice of mediation on Keane’s federal case. This was unexpected. The 11th Circuit randomly selects cases for mediation. When we go to State Court – there would definitely be mediation.

Rita Mairs said the notice stated a November 16th mediation date – and two of her people said they would be not be here on the 16th. We are given a maximum of 3 hours. We don’t get to select the mediator. There is a lot to be discussed – where the City as a defendant is, and where the Board of Trustees as a defendant is. She thinks, at this juncture, the next step is to meet with the Board of Trustees and Timothy Johnson and discuss whether we want to put the effort into coming to a position at the 16th or not. Or, do we want to wait until it’s time for the State Court mediation.

Chris Brown said he and OGC should meet as soon as possible, and extend the individual visits to Trustees as well.

Timothy Johnson said November 16th is a Board Meeting date.

Rita Mairs said she is working on getting that date moved.

Michael Lynch asked what the estimated time and cost would be to see the end of this case.

Rita Mairs said she and Michael Lynch spoke about this, and she would certainly get him an estimate.

Timothy Johnson asked if Chuck Hayes, or Rita Mairs would like to give some background on the Christopher Brock case.

Rita Mairs said the complaint is 19 pages long, and very detailed. Tad Delegal is the attorney, and Christopher Brock employed two firms. This is very serious.

Chuck Hayes gave a brief background of Christopher Brock’s history of employment with JFRD. He bought 2 years of military service. Around 2004-2006, he went on military leave, returned for a day at JFRD, then went on military leave again. He did this on and on – usually a 6-month or year long period. There was another period of about 4 years her was gone on military leave, and the City continued to pay him his paramedic pay.

Michael Lynch said Christopher Brock was essentially gaming the system. He’s been doing this for almost 10 years.
Chuck Hayes said OGC, John Keane, Joey Grieve, Archie Cullen, and Diane Moser worked on Christopher Brock’s case. Christopher Brock eventually left employment and applied for vested retirement, and has recently began collecting his pension check.

Bob Sugarman reminded the Board of Trustees of the 48th Annual Police Officers’ & Firefighters Pension Conference in Orlando in November. Pedro Herrera will be a speaker.

VIII. INVESTMENT CONSULTANT REPORTS
Dan Holmes

1. Economic & Capital Market Update – September 30, 2018

Dan Holmes discussed the Economic & Capital Market Update as attached. He touched on topics including rising interest rates, declining unemployment, job recovery, wage growth, GDP growth, and inflation.

2. Flash Report – September 30, 2018

Dan Holmes discussed the Flash Report as attached – noting that it is preliminary, and does not account for all Real Estate indices. He discussed performance across all asset classes.

IX. COUNCIL LIAISON UPDATE
None.

X. OLD BUSINESS

1. Statement of Investment Policy
Deferred to November.

Lawskia Hodges discussed some changes she made in the latest draft of the Statement of Investment Policy (HANDOUT). References to Article 22 of the City Charter, and Chapter 121 of the Ordinance Code were inserted where appropriate. Some changes were made to references to professional services.

Lawskia Hodges said substantive changes were made to language regarding the Emerging Manager and Brokerage firms. Changes were made to make the document race-neutral. Supreme Court and Florida cases outlawed set-aside programs based on race. She said she changed the language to define Emerging Managers and Brokers based on the firm’s assets under management.

Richard Patsy discussed his concern over language regarding the Fund’s goal to invest “at least 10% of the Fund’s assets with emerging investment managers”.

Dan Holmes said he thought the 10% threshold is reasonable. The PFPF’s old investment policy had an emerging manager policy, but there were not a lot of steps taken to implement emerging manager searches.

Chris Brown noted that a lot of minority asset managers fall into the low assets under management group.

Chris Brown said this sentence of “at least 10%” does not stand out as a 100% mandate. It is something the Fund strives for – a good aspiration to have, so long as fiduciary responsibility comes first.

Richard Patsy said he would like some reassurance that this language is not mandatory.

Bob Sugarman said this is a goal, not a mandate.

Lawskia Hodges asked Dan Holmes what dollar amount in assets under management would constitute a small firm.

Dan Holmes said he would have to do research on where that threshold is and get back.

Chris Brown tabled the Statement of Investment Policy to November. He asked for a copy of the new draft at least a week ahead of the meeting.

Michael Lynch asked for a redline version so he could track changes made to the document.

XI. **NEW BUSINESS**

None.

XII. **UPCOMING MEETINGS**

Timothy Johnson noted that in the dashboard, investment continuing education is tracked, and attending Manager Updates counts towards that requirement.

1. **Board of Trustees & FIAC Manager Update** – Eagle Capital Management  
   Friday, October 26\(^{th}\), 2018 at 10:00AM

2. **Board of Trustees & FIAC Manager Update** – WEDGE Capital Management  
   Monday, November 5\(^{th}\), 2018 at 2:00PM

Chris Brown asked to move the November 16\(^{th}\) Board of Trustees meeting to Thursday, November 15\(^{th}\) at 9:30AM. He asked the other Trustees if that worked for all of them. The Trustees agreed.

*Chris Brown directed Timothy Johnson to move the meeting to Thursday, November 15\(^{th}\) at 9:30AM.*
Michael Lynch discussed the annual affidavits that retirees must fill out confirming they are still alive and eligible to collect their pension – and now they must indicate if they are reemployed by the City of Jacksonville.

Michael Lynch brought up the question of what constitutes legal reemployment with the City of Jacksonville – he questioned whether contractual agreements between retirees, or retirees’ companies and the City of Jacksonville is legal. This is not explicitly listed in the ordinance code as permissible. He said he is looking into this along with OGC.

Chris Brown said he would be working with someone from OGC to develop a proposal for ‘more generic language’ and to ‘spell out’ in the ordinance code what is permissible reemployment with the City of Jacksonville.

Michael Lynch said that would be a pension benefit change, and through 2015-304-E, all benefit changes must be collectively bargained with the unions moving forward.

Chris Brown said we would work this out, to make it easier for all entities involved.

Lawsikia Hodges said the question is “what is reemployment?” She said retirees could create a company to sell widgets, and sell widgets to the City through a contract. That is not reemployment. We are looking into this.

Bob Sugarman said there is a question concerning whether this could be an “in-service distribution”.

Michael Lynch said he has spoken with the unions, Steve Zona included, and the intent is to pay the Holiday Bonus at the same percentage as last year – 2.43%. He asked for the calculation as to how much this will cost. The unions will send their official statement with this request.

Chris Brown asked if there would be any timing issue to pay the bonus in December if it was approved by the Board in November.

Michael Lynch said when the Board of Trustees is served lawsuits, he would like the Board to know what its options are – not just for OGC to tell the Board how we’re going to litigate. He used the Keane case as an example, and said he does not recall any time being given options for settlement, defending, or anything else throughout this process.

Chris Brown said we need the options – but there is difference in lawsuits.

Michael Lynch said he is uncomfortable in being told how things are going to be litigated, instead of the Board of Trustees having a voice.

Michael Lynch discussed the history of the Keane case as an example. He said his point is, if the Board of Trustees is being sued by somebody, the first thing the Board should have is options as to whether the Board even chooses to defend it – and he would like more of that information in the future.
Chris Brown said he would take the first step – he will meet and discuss getting litigation options with OGC.

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Steve Lundy, Assistant Plan Administrator
Posted 10/19/2018

Willard Payne, Secretary
To be approved at the Board Meeting on November 15, 2018.