



**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – DECEMBER 21, 2018 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

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

EXCUSED

Nawal McDaniel, Trustee
Willard Payne, Secretary

GUESTS

Mark Muchowicz, JSO

MEETING CONVENED

9:04AM

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Kevin Grant, Finance Manager
Jeffrey Amrose, Fund Actuary – via Webex
Greg Anderson, City Council Liaison
Randall Barnes, Fund Treasurer
Alex Ford, Wilshire Associates
Lawsikia Hodges, Office of General Counsel
David Lindberg, Wilshire Associates
Bob Sugarman, Fund Counsel – via Webex

MEETING ADJOURNED

10:29AM

NOTICE: Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements. If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting. Additional items may be added / changed prior to meeting.

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

I. PLEDGE OF ALLEGIANCE

II. MOMENT OF SILENCE

Dorothy E. Burlison, Retired Firefighter
Walter K. Butler, Retired Police Officer
Charles C. Carter, Retired Fire Lieutenant
Thomas W. Read III, Retired Firefighter Engineer
Thomas B. Tillis Jr., Retired Firefighter
Louis E. Vogel, Retired Firefighter

III. PUBLIC SPEAKING PERIOD

None.

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IV. CONSENT AGENDA – ITEMS 2018-12-(01-11)CA

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

2018-12-01CA

Meeting Summaries Approved

1. Board of Trustees & FIAC Manager Update – November 14, 2018
2. Board of Trustees Meeting – November 15, 2018

Lawsikia Hodges said the November 15, 2018 meeting summary needs additional detail regarding the section when Chair Chris Brown announced the Shade Meeting. She said she would send Steve Lundy the necessary language to revise the summary.

2018-12-02CA

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

11-01-2018 thru 11-30-2018

None.

Disbursements B

11-01-2018 thru 11-30-2018

1.	<u>Transaction list of Accounts Payable distributions</u>	<u>\$</u>	<u>39,212.26</u>
2.	<u>Transaction list of Accounts Receivables</u>	<u>\$</u>	<u>52,056.04</u>

2018-12-03CA

Pension Distributions

A. November 16, 2018

1.	Regular Gross	\$	5,733,982.84
2.	Regular Lumpsum	\$	24,393.65
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,203,771.05

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5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,962,147.54

B. November 30, 2018

1.	Regular Gross	\$	5,733,739.28
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,202,150.80
5.	DROP Lumpsum	\$	137.05
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,936,027.13

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

The following Consent Agenda items 2018-12-(04-08CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on December 12, 2018. Vote was unanimous. Meeting Summary attached.

2018-12-04CA

Application for Survivor Benefits

2018-12-05CA

Application for Child's Benefit

2018-12-06CA

Application for Vested Retirement

2018-12-07CA

Application for DROP

2018-12-08CA

Application for Time Service Connections

The following Consent Agenda items 2018-12-(09-10CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on December 12, 2018. Meeting Summary attached.

2018-12-09CA

Refund of Pension Contributions

2018-12-10CA

Share Plan Distributions

2018-12-11CA

Educational Opportunities

1. **Bi-Monthly Ethics Training for Boards & Commissions – COJ**
February 28, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
April 25, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
June 27, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
August 22, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
October 24, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor
December 5, 2019 – 12PM – 1PM – Lynwood Roberts Room, City Hall, First Floor

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

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

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

V. EXECUTIVE DIRECTOR'S REPORT

Timothy H. Johnson

1. Share Plan Distribution Update

Timothy Johnson discussed the Share Plan Distribution Update as attached in the Board Book. He briefly outlined the errors which were discovered by PFPF Staff (outlined in the attached update). Any error affects all member due to the 'shared' nature of the Share Plan. PFPF Staff recommends a 'prospective' correction of these errors – and any errors discovered in the future. Luckily, no one has been refunded their Share Plan balance and no overpayments will need to be collected – only ledgers need to be adjusted.

Timothy Johnson said a 'retroactive' correction would have a minor impact on members – the cost of any retroactive correction would far outweigh the benefit, as the entire 2016 and 2017 distributions would have to be redone.

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Michael Lynch asked if Timothy Johnson assumes there will be future Share Plan distributions – considering the talk of future 'prospective' corrections.

Timothy Johnson said there is an assumption that there could be a Share Plan distribution in the future.

Timothy Johnson added that the 2016 Chapter Funds were not distributed on schedule for a 01/01/2018 Share Plan Distribution. The Board has since authorized the distribution of those funds now that the union grievance is settled. We propose correcting the discovered errors as part of this Share Plan Distribution.

Richard Patsy asked if any of these errors affect members no longer in the plan.

Timothy Johnson said that we would correct the accounts of members who are still active members in the plan. If you are not active, you are out of the plan.

Steve Lundy said that the PFPF Staff would correct the ledgers of the approximately 50 members who erroneously received a full share and redistribute the \$80,000 among the remaining members in the plan as part of the 2018 Share Plan Distribution. This will total approximately \$35 per member. A couple of members in 2015 were erroneously credited a whole share, terminated, then their shares were already redistributed to the remaining members. These errors are multi-layered. These errors can be corrected by adjusting their individual ledgers.

Chris Brown asked if the unions are being updated on this issue.

Timothy Johnson said yes, he has given an update to the firefighters and will give an update to the police in January. The PFPF will not take any action until everyone understands the error and until guidance is received from the attorneys.

2. Annual Retiree Pension Bonus Direction Letters

3. PFPF Member Satisfaction Survey Results

Steve Lundy

Steve Lundy presented the results as attached. Very good numbers – no scores lower than a 4.5 / 5.0. The PFPF Staff's 'professionalism' was the highest rated statistic in the survey.

Timothy Johnson said 2019 is the year of outreach. Additionally, in January, we will demo the new Online Retiree Portal to the Board.

The November Monthly Budget to Actual (HANDOUT) was handed out to the Board of Trustees, but not discussed at the meeting.

VI. COUNSEL REPORTS

Lawsikia Hodges & Pedro Herrera

1. **Litigation Summary Update**

Lawsikia Hodges briefly discussed the Litigation Summary Update (HANDOUT). She sent Steve Lundy an updated version which was handed out to the Trustees.

2. **Reemployed Pensioners Update**

Lawsikia Hodges said five members are flagged as 'reemployed pensioners'. OGC has completed its fact-intensive review of all members' contracts. OGC has made preliminary conclusions – which she will withhold today due to the ongoing nature of this review. The next step is to send this information to Bob Sugarman to review from the IRS standpoint. She anticipates giving Timothy Johnson OGC's recommendations sometime in January if any of these members are an issue.

VII. INVESTMENT CONSULTANT REPORTS

David Lindberg & Alex Ford

David Lindberg began discussion of the Capital Markets Review & Payroll Contribution Recommendation (HANDOUT). This is a fresh document with updated market data.

David Lindberg commented on capital markets and the fund's performance as attached. Performance was negative in October, and positive in November. December was horrible. Gains have been wiped out for the year. There is a lot of volatility today that was absent in 2017. Underlying the volatility is a strong US economy with the lowest unemployment in 40 years. Fundamentals are strong. The Federal Reserve is trying their best to balance all of this.

Richard Patsy asked how different the Wilshire indices are from the Russell indices.

David Lindberg said the indices are very close with a 0.99 correlation.

1. **Economic & Capital Market Update** – October 31, 2018

2. **Flash Report** – October 31, 2018

Alex Ford discussed Summit Strategies' Economic & Capital Market Update and Flash Report as attached. The overarching theme in October quickly shifted to a theme of there being nowhere safe to hide in this market. Everything is down with the exception of cash. This is an atypical environment with no offsets.

3. **Performance Estimate** – November – December, 2018

Alex Ford discussed Wilshire's Performance Estimate as attached.

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Alex Ford said this is a challenging environment – and volatility is here to stay. The plan is to weather the storm – we just have to wait it out. 2018 is shaping up to be a disappointing year. We will have to live with this volatility.

4. **Allocation of City Contribution** – Handout

Motion to accept Wilshire's allocation recommendation as attached except that the fixed income rebalancing shall go to the Fund's fixed income managed account rather than to an index fund: PATSY; Second: LYNCH; APPROVED UNANIMOUSLY.

The Board of Trustees discussed the timing of investing the City's approximately \$116 million contribution at length. They also briefly discussed the process of receiving the City's contribution.

Limiting the Plan's exposure to market risk during the current period of market volatility, Wilshire's recommendation calls for for three months of \$38.67 million investments from January to March.

The Board of Trustees and Bob Sugarman discussed who would time the investments and when the investments would be made.

Timothy Johnson said the FIAC is comfortable ratifying the recommendation after the Board of Trustees approves it. The FIAC discussed this in December – the FIAC does not want to handcuff the Board of Trustees' based on governance.

Michael Lynch noted that if the FIAC has any concerns with the recommendation in January, there would still be time for the Board of Trustees to revise its investment of the City's Contribution, as not all of it would have been invested yet.

Lawsikia Hodges said there are certain things the Board must seek the FIAC's advice on, and Wilshire's recommendation is not one of those.

Bob Sugarman asked if the investment of the City's Contribution would be outside the limits of the Board's investment guidelines.

Chris Brown said that Wilshire's recommendation is not against the guidelines.

Richard Patsy made a motion to accept Wilshire's allocation recommendation as attached – except that the fixed income rebalancing shall go to the Fund's fixed income managed account rather than to an index fund. Seconded by Michael Lynch. The vote passed unanimously.

VIII. COUNCIL LIAISON UPDATE

Greg Anderson mentioned the City Council has approved Collective Bargaining Agreement ordinances numbered 2018-741 and 2018-756.

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IX. OLD BUSINESS

None.

X. NEW BUSINESS

Kevin Grant discussed the elevator in the PFPF's garage. The elevator's pump broke, and must be repaired. Because the total repair cost will be around \$18,000 (over the \$15,000 threshold according to the PFPF's procurement policy), the Board must approve the repair. Schindler Elevator Corporation will be making the repairs (HANDOUT).

Timothy Johnson noted that this is an emergency repair – tenants are parking in the garage and paying for spots without a working elevator.

Richard Patsy made a motion to accept the elevator repairs. Seconded by Michael Lynch. The vote passed unanimously.

Bob Sugarman noted the PFPF Procurement Policy may need to be revised to allow staff to approve certain repairs – the broken elevator may expose the PFPF to ADA liability.

Chris Brown said this will be discussed in January's Board meeting.

XI. UPCOMING MEETINGS

1. **Board of Trustees**

Friday, January 18, 2019 at 9:00AM

XII. ADJOURNMENT

10:29AM

Steve Lundy, Assistant Plan Administrator
Posted 12/27/2018

Willard Payne, Secretary
To be approved at the Board Meeting on January 18, 2019.

The next regular meeting will be held Friday, January 18, 2019 at 9:00AM.