

IN RE:

JACKSONVILLE POLICE AND FIRE PENSION FUND  
FORENSIC AUDIT MEETING

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DATE: November 2, 2015

TIME: 1:30 p.m.

LOCATION: City Hall  
Conference Room A  
117 West Duval Street  
Jacksonville, Florida 32202

Transcribed by:

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MR. GULLIFORD: All right. I call the meeting to order. Let's go around the table and let everybody introduce themselves.

Mr. Crescimbeni.

MR. CRESCIMBENI: John Crescimbeni, At Large Group 2, the City Council.

MR. PARKS: Brian Parks, Council Auditor's Office.

(Inaudible) Mayor's office.

MR. WEINSTEIN: Mike Weinstein, Finance.

(Inaudible)

MR. DURDEN: Stephen Durden, Office of General Counsel.

MR. CLEMONS: Jeff Clemons, Council Research.

MR. LOPEZ-BROSCHE: Anna Lopez-Brosche, At Large Group 1.

MR. HAZOURI: Tommy Hazouri, At Large Group 3.

MR. SCHMITT: Larry Schmitt, Chairman of the Police and Fire Pension Fund.

MR. GULLIFORD: Bill Gulliford, District 13.

MR. KELLEY: Eileen Kelley, Florida Times-Union.

1 MR. SCHINDLER: Anne Schindler, First Coast  
2 News.

3 MR. JAMISON: Dan Jamison, Sheriff's Office

4 MR. GORDON: Chunk Gordon, JSO, sheriff's  
5 office.

6 MR. ZONA: Steve Zona, Secretary of  
7 Fraternal Order of Police, Lodge 530.

8 MR. CARR: Dan Carr, Concerned Taxpayers.

9 MR. BERGAMO: Alex Bergamo, Second Vice  
10 President of FOP.

11 MR. DARAGJATI: Paul Daragjati, Klausner  
12 Kaufman.

13 MR. ANDREWS: Joe Andrews, Concerned  
14 Taxpayers of Duval County.

15 MR. PIGGOTT: Jim Piggott, Channel 4.  
16 (Inaudible)

17 MR. KENDALL: Brian Kendall, Action News.

18 MR. AMOS: Steve Amos, President, Fraternal  
19 Order of Police.

20 MS. BUSBY: Jenny Busby, Tommy Hazouri's  
21 office.

22 MR. STARK: Kevin Stark (inaudible)

23 MR. GASSETT: Bill Gassett, citizen.

24 MR. CLINE: Alan Cline, inspector general.

25 MR. HARRIS: Jonathan Harris (inaudible)

1 MS. KILBRIDE: Lindsey Kilbride, WJCT.

2 MR. GANCARSKI: A.G. Gancarski, Florida  
3 Politics.

4 MR. LEE: Curtis Lee, Concerned Taxpayer.  
5 (Inaudible)

6 MR. GULLIFORD: Well, as you can tell,  
7 Mr. Scheu, we have a packed room.

8 MR. SCHEU: Well, this is really impressive.  
9 Where are you-all meeting?

10 MR. GULLIFORD: In Conference Room A. And  
11 Mr. Danny Becton, Councilman Danny Becton, is  
12 with us. He just joined us too.

13 MR. SCHEU: Great.

14 MR. GULLIFORD: Oh, yeah, you need to  
15 introduce yourself, Bill.

16 MR. SCHEU: I'm Bill Scheu of Rogers Towers  
17 and a JPFPF trustee.

18 MR. GULLIFORD: Can you hear us okay?

19 MR. SCHEU: Yes.

20 MR. GULLIFORD: All right.

21 Well, Chairman, you asked for this meeting,  
22 and I don't know whether you expected the cast of  
23 thousands that showed up, but here we are.

24 So the floor is yours, sir.

25 MR. SCHMITT: All right. I appreciate that.

1           It's up to you because it's your office, but I  
2           would like to open up for public comment, if  
3           that's all right with you.

4           MR. GULLIFORD:    Sure.

5           MR. SCHMITT:    Is there anyone who would like  
6           to make a public comment?

7           MR. LEE:     All right.  My name is Curtis Lee.  
8           In light of the forensic auditor's report and  
9           everything that preceded it and all its  
10          implications, I think the first order of business  
11          is that the Police and Fire Pension Fund Board  
12          should immediately suspend John Keane and Robert  
13          Klausner and should hire a new attorney to  
14          replace Robert Klausner.

15          This would not necessarily be a permanent  
16          decision, but Mr. Klausner has conflicts of  
17          interest.  That's it.

18          MR. GULLIFORD:  Thank you, sir.

19          MR. GASSETT:  My name is Bill Gassett and  
20          I'll just pass out a few among the folks here, if  
21          it's okay.  (Inaudible) and it's not about the  
22          nature of the report or the subject.  It's about  
23          how the format of the report is done.  What I did  
24          was -- I know this is kind of a problem with  
25          other reports that you folks have on the panel

1 committees and recommendations to the city.

2 I did an analysis of that report -- and the  
3 first 16 findings, and most of the reports have  
4 findings one, backup together, findings two, have  
5 two exhibits and so on.

6 If you look at what I've passed out there,  
7 he's rambled throughout the whole thing, starting  
8 with F7 and 5 and -- things like that. So it  
9 makes it very hard for the reader, especially a  
10 citizen like myself, to understand where he's  
11 coming from and not get caught in the seaweed of  
12 (inaudible)

13 The other problem I had was that when you  
14 have this kind of bad report writing, it makes it  
15 hard not only for a guy like me to understand,  
16 but it kind of takes away from the credibility  
17 for it -- broadcasting in overtime. So the  
18 writer isn't really very clear and specific  
19 himself.

20 So I would like to ask the Chair who handles  
21 these reports, please have him follow some more  
22 academic-type structure on how they write it.

23 Thanks very much.

24 MR. GULLIFORD: Well, we will probably have  
25 public comment at the end too if it's okay with

1           you. This is fairly informal, so if somebody  
2           wants to chime in. I will ask that you maintain  
3           proper discipline and decorum in your comments,  
4           but other than that.

5           So, yes, sir, okay. Chair, it's yours.

6           MR. SCHMITT: All right.

7           I'm Larry Schmitt. I'm the Chairman of the  
8           Police and Fire Pension Fund. I joined the Board  
9           in July of 2014 and have been chairman for about  
10          four months.

11          This meeting this morning was initiated by  
12          me. I called it because I saw the news  
13          reports that the forensic audit was going to be  
14          released.

15          The normal practice in business is for an  
16          auditor to contact the board of the fund that's  
17          being audited. This individual, Mr. Siedle,  
18          never contacted the board one time. So I was a  
19          little curious about that.

20          So now as a new chairman -- they said  
21          they're going to release a forensic audit --  
22          excuse me if I talk this way. I don't want to  
23          put my back to you, but I'm trying to make sure  
24          everybody hears me.

25          I actually looked forward to seeing the

1 forensic audit. As a new chairman, that would  
2 give me some additional reassurance that the fund  
3 was actually -- you know, the finances of the  
4 funds were in order.

5 I was also optimistic, having just completed  
6 pension reform with Mr. Gulliford and his  
7 assurance at the time that the political games  
8 were over. And you came over to the Police and  
9 Fire Pension Fund. We worked through this deal.  
10 I believed him. I trusted him. And we were able  
11 to hammer out this pension reform deal.

12 We said that we were going to continue to  
13 work together to solve the pension debt issues  
14 with solutions based on sound financial  
15 principles and facts.

16 And after a quick review of Mr. Siedle's  
17 work -- I'm not sure why he's not here today --  
18 but it was very obvious that it was not a  
19 forensic audit. It was just personal opinions,  
20 unsupported allegations and misused reference  
21 material.

22 And Mr. Siedle is perfectly within his  
23 rights to say his personal opinions, and I may  
24 have actually agreed with some of those personal  
25 opinions that are in the report. But going back



1 and forth on personal opinions at \$85,000 per  
2 document gets pretty expensive. That would put  
3 us back to where we were before we even got  
4 pension reform, which is being completely  
5 unproductive.

6 So today I'm going to clarify -- I have a  
7 few clarifying questions and I wish Mr. Siedle  
8 was here for those -- discuss transparency,  
9 provide some additional information, give an  
10 overview of the management of the board, and  
11 discuss the real causes of the pension debt.

12 My questions I was going to ask  
13 Mr. Siedle -- and, Mr. Gulliford, maybe you  
14 already know these answers -- was there any  
15 specific credible evidence uncovered that would  
16 identify any person from the pension fund who  
17 committed any criminal acts?

18 MR. GULLIFORD: I'll let Mr. Siedle answer  
19 that. My -- my personal response would be based  
20 on what is -- what's transpired today was that he  
21 didn't get enough information to be able to make  
22 that determination. He so stated in the press  
23 conference that we had.

24 MR. SCHMITT: I'll take that as a no.

25 So I'll move on to transparency. And I

1 stress this since I became chairman of the Police  
2 and Fire Pension Fund. It's absolutely  
3 imperative for the fund to have any and all  
4 parties inside and out of the fund that do  
5 business with the fund be completely open.

6 Every single trustee has heard me say that.  
7 Every single employee of the Police and Fire  
8 Pension Fund has said that -- has heard me say  
9 that. The financial documents of the fund don't  
10 belong to the fund. They belong to the public.

11 And as trustee here again today, any  
12 financial documents that you want, you may have.  
13 I extend the invitation once again. And I  
14 contacted Councilman Gulliford and Mr. Siedle  
15 personally and told them each, come on over to  
16 the fund, bring as many employees from the city  
17 as you can; I'll show you where all the files  
18 are, you know, every single box, filing cabinet,  
19 storage room, wherever they are, bring people  
20 over. We will make copies of them right then and  
21 there. You can have them.

22 Instead, the Times-Union reported that I  
23 told them, If you want them, come and get them  
24 yourself. That was not my intent. That's not  
25 the spirit of what I told them, and I extend that

1 offer again.

2 Any of those documents are open to any --  
3 there's nothing confidential in there. They're  
4 not the files of the police officers or  
5 firefighters of the actual pension. It doesn't  
6 include their Social Security numbers. This is  
7 all information from reports from outside  
8 entities that we may or may not have copies of.  
9 That's it. You can have copies of all of them.  
10 Come on over and we'll make copies.

11 In speaking of transparency -- and, again, I  
12 wish Mr. Siedle was here -- I'm not going to get  
13 into all the specifics of his report, but one  
14 thing stood out to me in his report.

15 On page 32 of 144, in Mr. Siedle's document,  
16 it makes reference to a 2007 U.S. Government  
17 Accountability Office Report.

18 In that report it talks about if there is a  
19 pension consultant in this group that has  
20 conflicts of interest -- in general the plans  
21 that have that pension consultant, their returns  
22 are 1.3 percent lower.

23 So what Mr. Siedle did was take that 1.3  
24 percent, apply it to the pension investments over  
25 a 20-year period. He came up with a figure of

1 300- to 500-million dollars, and said the pension  
2 consultant conflicts cost plans 1.3 percent, and  
3 over a 20-year period, with compounding, such  
4 conflicts may have cost the fund to almost 30  
5 percent of its value, perhaps 300- to 500 million  
6 dollars. That's what he put in his report.

7 When you read the actual report, what it  
8 says is, it related to that 0.3 percent, 1.3  
9 percent, because many factors can affect returns,  
10 and data as well as modeling limitations limit  
11 the ability to generalize and interpret the  
12 results.

13 This finding, the finding of this report  
14 that he refers to, should not be considered as  
15 proof of causality between consultants and lower  
16 rates of returns. In other words, the report  
17 said you shouldn't do exactly what Mr. Siedle  
18 did. And that's what he used in his report.

19 I found it interesting in his report, also  
20 going through this 2007 report, that I also refer  
21 to a case with the United Airlines Pension Fund.  
22 And it specifically says in there that plan  
23 sponsors should not be the fiduciary, which is  
24 exactly what the city is trying to do now. And  
25 it lists reasons why.

1           There's a built-in conflict of interest. If  
2 you're the plan sponsor, you should not control  
3 the decisions of whether to fund that plan. And  
4 if you're the fiduciary of the plan, you don't  
5 have an independent board, there's a built-in  
6 conflict of interest to where you're the city,  
7 you don't want to raise taxes, so you don't pay  
8 the pension amount that you should.

9           That's actually listed in this same report  
10 that he referred to, but he didn't bother  
11 mentioning that.

12           The next thing I want to cover is the  
13 overview of the Police and Fire Pension plan  
14 management. The Police and Fire Pension Fund is  
15 audited annually by an independent certified  
16 public accountant. They do their own report.

17           There's also an annual actuarial evaluation  
18 that is completed each year by an outside  
19 actuary. The audited financial statements, the  
20 actuary reports, the budget, the monthly  
21 investment returns, that's gross and net of fees,  
22 all posted on the fund's website for complete  
23 transparency. Every single month they're on  
24 there. They're on there right now.

25           The structure and oversight of the Police

1 and Fire Pension Fund is standard throughout the  
2 State of Florida. It's in the state statutes --  
3 the same structure and oversight the city  
4 utilizes to manage the General Employees Pension  
5 Plan and the Correction Officers Pension Plan.  
6 The city is -- to those plans. They use the  
7 exact same management structure that the Police  
8 and Fire Pension Fund uses.

9 They have a board, a fund treasurer, a  
10 controller, a trust company, an independent  
11 auditor, an actuary, a professional pension  
12 consultant, professional money managers and  
13 attorneys. It's the exact same.

14 The only difference is the board of the  
15 Police and Fire Pension Fund is independent.  
16 They don't have to do only what the city wants to  
17 do. They have to do what's in the best interest  
18 of the members.

19 In addition to the above, the Florida  
20 Division of Retirement reviews every single  
21 annual report. It's submitted to them every  
22 single year for their report. This is the same  
23 structure in governance that was approved in the  
24 2015 pension reform.

25 The board of trustees is required to meet

1 quarterly, but usually they meet monthly, and  
2 lately it's been a lot more often. The board  
3 members of the Police and Fire Pension Fund are  
4 volunteers. They're community oriented. They're  
5 giving their time and talents for the benefits of  
6 the police officers, firefighters, and the  
7 citizens of Jacksonville.

8 This is an extra responsibility that they  
9 take on in a very challenging environment.  
10 Recent board members include former JEA Chief  
11 Executive Walt Bussells. Attorney Bill Scheu is  
12 here today. He's a City Council appointee.  
13 Former Sheriff Nat Glover, Fire Lieutenant Rich  
14 Tuten, and Dr. Adam Herbert, who is the former  
15 president of the University of North Florida, all  
16 upstanding citizens in this community.

17 The treasurer for the City of Jacksonville  
18 is also the treasurer for the General Employees  
19 Pension Plan, the Correction Officers Pension  
20 Plan, and the Police and Fire Pension Fund  
21 Pension Plan. We share the same treasurer.  
22 There's nothing secret going on here. It's the  
23 same treasurer.

24 The treasurer regularly utilizes a combined  
25 bargaining power of all three pension plans to

1 negotiate lower fees for all three plans. He  
2 uses that leverage to get lower fees, not just  
3 for our plan, but for the two city-run plans as  
4 well.

5 The treasurer attends most of our board  
6 meetings and gives regular updates to the board  
7 regarding negotiated investment fees.

8 The report indicated that we didn't know  
9 what our fees were and we never paid attention to  
10 the fees. That is absolutely false. If you had  
11 attended any of the board meetings, you can  
12 clearly see that those are discussed every single  
13 month, and periodically the treasurer will give  
14 us an update on new fees. He was able to lower  
15 the fees for all three funds.

16 The Police and Fire Pension Fund uses the  
17 same pension consultant, Summit Strategies, that  
18 the city uses for their two pension plans. They  
19 hired the same one -- or we hired the same one as  
20 them. They're a reputable company. They have  
21 been around for a long time.

22 The consultant provides monthly investment  
23 reports to the board and is reviewed monthly at  
24 the board meetings. The consultant reports  
25 include investment returns, gross and net of



1 fees. The consultant is in regular contact with  
2 the treasurer.

3 The Police and Fire Pension Fund utilizes  
4 the same core group of professional money  
5 managers that the city has selected to use for  
6 the plans that they manage. The exact same ones.

7 The city uses the same outside attorney many  
8 times for pension-related issues. You mentioned  
9 Mr. Klausner. The city uses Mr. Klausner many  
10 times for specific pension questions.

11 The investment policies and the asset  
12 allocations within the plans are very similar.  
13 The General Employees Pension Plan and the  
14 Correction Officers Pension Plan have some  
15 options until recently that the Police and Fire  
16 Pension Fund did not have. But they have them  
17 available now.

18 And the investment returns are similar among  
19 the plans. At times the General Employees  
20 Pension Plan has better returns. But, in  
21 general, over the long-term, they're relatively  
22 the same.

23 So my question is: If a majority of the  
24 unfunded liability is, in fact, due to poor  
25 management, as suggested, why are the General

1 Employees Pension Plan and the Correction  
2 Officers Pension Plan not fully funded?

3 If it's only because of the management, and  
4 they manage the fund, why are they not fully  
5 funded? They're funded at 66 percent and 48  
6 percent as of September 30, 2014.

7 Both of those plans have a higher investment  
8 assumption rate than the PFPF. The PFPF uses a 7  
9 percent assumption rate, which means when they  
10 calculate how much the city has to put in, they  
11 assume -- the Police and Fire Pension Fund  
12 assumed that the funds are going -- or the  
13 investments are going to earn 7 percent.

14 The two managed by the city, they make the  
15 assumption rate at 7.5 percent, which means the  
16 city has to put in less, which is another reason  
17 why the state legislation made independent boards  
18 of Police and Fire Pension Funds, so they  
19 couldn't manipulate that investment return  
20 option.

21 If it's controlled by the city, the city  
22 says, Well, let's raise the assumption rate so we  
23 don't have to put as much in. That's not to the  
24 benefit of the members.

25 The main cause of the unfunded liability

1 continues to be the cumulative impact of using  
2 the pension fund to supplement the artificial low  
3 millage rate, and this has taken -- this has been  
4 done over many, many years. This was a financial  
5 decision made by several administrations and with  
6 a calculated risk.

7 There were benefits to the decision that  
8 were enjoyed at the time, and now we're  
9 experiencing the negative side of those  
10 decisions. It's turned around. Now we're paying  
11 the price.

12 I've printed out a few documents here. It's  
13 a summary of basically the pension plan since  
14 1990. It shows the millage rate. It shows the  
15 unfunded liability and the undeniable correlation  
16 of decreasing the millage rate and increasing the  
17 unfunded liability.

18 The pension plan has not been fully funded  
19 since one year after Councilman Hazouri was  
20 mayor. That's how long it's been. And this is  
21 the main cause.

22 All these documents, again -- I've got a few  
23 copies to hand out here, but we will post them on  
24 the Police and Fire Pension Fund website as well.  
25 And I'm hopeful that the other council members

1 review the financial information provided and  
2 draw their own conclusions.

3 Mr. Gulliford seems to think that the Police  
4 and Fire Pension Fund should be under management  
5 of the city. I understand that position. You  
6 know, I understand reasons why you want that.

7 But paying somebody \$85,000 to create a  
8 document full of opinions, misinformation and  
9 unsubstantiated allegations is not beneficial to  
10 the community.

11 As far as the board, this is what we're  
12 committed to do. We will remain completely  
13 transparent by continuing to post on the fund's  
14 website the audited financial statements, actuary  
15 reports, budgets, and monthly investment return  
16 reports, gross and net of fees.

17 We will hire all the personnel necessary to  
18 make copies of any and all financial records  
19 requested. That's an expensive proposition, but  
20 if you want us to hire people to make copies,  
21 we'll do it.

22 We have already limited the amount of travel  
23 that will be allowed by future executive  
24 director -- a future executive director, and we  
25 will specifically dig into the commission

1 recapture process to determine what accounting  
2 and reporting improvements can be made in that  
3 area.

4 Lastly, we will also review the other  
5 information in the document to see if there's any  
6 merit to any of the allegations of wrongdoing.

7 And if you have any questions, I can take  
8 them now.

9 MR. SCHEU: Mr. Chairman, I would like to  
10 say something too, but I'll do it at the  
11 appropriate time.

12 MR. GULLIFORD: Sure. Mr. Crescimbeni.

13 MR. CRESCIMBENI: My question is, can I get  
14 a copy of that document that you're reading from?

15 MR. SCHMITT: Sure.

16 MR. CRESCIMBENI: Okay. Do I have to come  
17 and get that or can you send that to me?

18 MR. SCHMITT: I've give a copy of it right  
19 now.

20 MR. CRESCIMBENI: And then is that something  
21 you prepared --

22 MR. SCHMITT: It is --

23 MR. CRESCIMBENI: -- or was it prepared by  
24 someone else?

25 MR. SCHMITT: These are my notes.

1 MR. CRESCIMBENI: Prepared by you?

2 MR. SCHMITT: Yes, sir.

3 MR. CRESCIMBENI: So there's no internal  
4 emails or anything that wasn't sent to you?

5 MR. SCHMITT: I may have sent it to myself.

6 MR. CRESCIMBENI: Okay. All right. I would  
7 like to get a copy of that and the attachments.  
8 That would be great.

9 MR. SCHMITT: Sure.

10 MR. CRESCIMBENI: When you post your stuff  
11 to the website, I've heard complaints about the  
12 delay and how long it takes to get information  
13 reported to the website, earnings, et cetera.  
14 How long does that normally take?

15 MR. SCHMITT: After this meeting I'll send  
16 it to the secretary. Whenever she gets to it --  
17 I can have her expedite it. As far as an actual  
18 time frame, I'm not sure. Hopefully within a  
19 day, maybe two.

20 MR. CRESCIMBENI: No, no. I'm saying when  
21 you get your investment reports, like at the end  
22 of a quarter or something, how long does it take  
23 to get that information on the website?

24 There seems to be some delay on when you  
25 receive that information and when it actually

1 becomes transparent to the public.

2 MR. SCHMITT: Well, take the last month, for  
3 instance --

4 MR. CRESCIMBENI: Let's take -- let's take,  
5 you know, a quarter -- six months ago. Last  
6 month is probably an anomaly. Six months ago,  
7 when did the information go up?

8 MR. SCHMITT: I was going to use last month  
9 because I think it got on there fairly quickly.  
10 I mean, within a day or two of our board meeting.

11 MR. CRESCIMBENI: Is that customary?

12 MR. SCHMITT: Yes.

13 MR. CRESCIMBENI: So if we went back and  
14 looked at information from 6 or 12 months ago, it  
15 would be date stamped one day and up within the  
16 next couple of days?

17 MR. SCHMITT: I understand you're trying to  
18 get me very specific days and dates and all that,  
19 but I don't post them myself.

20 MR. CRESCIMBENI: Okay.

21 MR. SCHMITT: Our policy is for them to get  
22 them on there as quickly as possible.

23 MR. CRESCIMBENI: Can you say 30 days?  
24 Could that take 30 days in some instances?

25 MR. SCHMITT: It could. Hopefully not, but

1           it could. The secretary is the one responsible  
2           for getting them on. And if there's a delay in  
3           getting them posted, we'll try to make sure that  
4           she gets them posted there quicker.

5           MR. CRESCIMBENI: You mentioned at the  
6           beginning of your comments about Mr. Siedle never  
7           reached out to you. We were under the impression  
8           that he reached out for documents and that those  
9           weren't provided.

10          So, I mean, if he reaches out for documents  
11          and they're not provided, there's still an  
12          expectation that he reaches out to be before he  
13          publishes his report?

14          MR. SCHMITT: That's the standard practice,  
15          yes.

16          MR. CRESCIMBENI: Is it the standard  
17          practice in line with a documents request?

18          MR. SCHMITT: I'm not sure what you're  
19          asking.

20          MR. CRESCIMBENI: Well, he asked for  
21          information.

22          MR. SCHMITT: Right. Who did he ask? My  
23          point is, he never contacted the board.

24          MR. CRESCIMBENI: So he never asked the  
25          board for any information.



1 MR. SCHMITT: He's supposed to be auditing  
2 the Police and Fire Pension Fund. The standard  
3 practice is to contact the board that you're  
4 auditing. He never made contact with us.

5 MR. CRESCIMBENI: Did he contact the  
6 executive director?

7 MR. SCHMITT: I do not know, but what I can  
8 tell you --

9 MR. CRESCIMBENI: So he never contacted the  
10 executive director?

11 MR. SCHMITT: He most certainly could have.

12 MR. CRESCIMBENI: Okay.

13 MR. SCHMITT: My point is, he had never made  
14 contact with the board.

15 MR. CRESCIMBENI: I think it's a little  
16 disingenuous to suggest that the request for  
17 documents, which went unheeded and caused us to  
18 have to issue -- or authorize the issuance of a  
19 subpoena, can be rebutted with a comment that he  
20 didn't reach out to you prior to publishing this  
21 report.

22 MR. SCHMITT: It's not rebuttal. It's a  
23 statement of fact. The standard practice for an  
24 auditor is contact the board of which -- which is  
25 being audited. I wanted him to come talk to us.

1 MR. CRESCIMBENI: How long have you served  
2 on the board?

3 MR. SCHMITT: Well, I've been on the board  
4 since July 2013 (sic) and chairman since July  
5 2014 (sic).

6 MR. CRESCIMBENI: Thank you, Mr. Chair.

7 MR. GULLIFORD: Anyone else before I make a  
8 couple of comments? And then I'll give it to  
9 Mr. Scheu and Mr. Hazouri.

10 MR. HAZOURI: Thank you, Mr. Chairman.

11 I am the liaison as of three or four months  
12 ago to the board. I've been really impressed  
13 with the way that they've changed and the  
14 direction that they're going. That's not to say  
15 that what was done before or even today is good  
16 or bad.

17 But one of the first questions I asked  
18 was -- because it has been in the paper -- what  
19 is it that you-all did not provide,  
20 Mr. Crescimbeni, to the forensic auditor -- and I  
21 didn't know his name at the time -- that you-all  
22 didn't give him?

23 And the answer was -- it wasn't from you.  
24 It probably was from John. Bill, you may have  
25 been there then. I don't know.

1           But they never -- there's nothing that they  
2           asked for that they had that they did not  
3           provide. And -- you know, because I said, as a  
4           councilman and as a council representative as a  
5           liaison, I wanted to at least know that from the  
6           beginning.

7           The other matters. First of all -- and you  
8           can take this criticism or not, Mr. Chairman. I  
9           would have liked, not just as a liaison, but also  
10          as the chairman, I would have liked to have  
11          advanced copies before your press conference.

12          But, more importantly, I was concerned -- I  
13          was concerned about the sole source of how we  
14          picked Mr. Siedle. And you can explain that  
15          maybe to the council at a later date.

16          How we just happened to select -- you-all  
17          did before I got on and before 11 of us got on --  
18          how you picked someone -- and really and truly, I  
19          don't disagree with what Bill a while ago said.

20          A lot of it to me, and this is not in  
21          defense of the board or what they have done or  
22          what they will be doing or have done in the past,  
23          and that is, it did seem like a lot of rambling  
24          prose to me of what I read.

25          More accusations, more findings -- less

1 findings, really, than things that we already  
2 knew about, that we've been hearing about in the  
3 paper before this report even came out.

4 I value the Florida Retirement System,  
5 having chaired that committee for 10 of my 12  
6 years in the legislature, rewriting the  
7 collective bargaining law, and knowing what --  
8 how effective the FRS is and some of the  
9 statements that they've made and how he  
10 contradicted what they said.

11 You know, that was his opinion, and that's  
12 what I got. It seems like a lot from *The Good*  
13 *Wife*, the TV show, "in my opinion."

14 And in my opinion, quite frankly, much of  
15 what needs to be talked about is what you already  
16 addressed, the travel, some of the other things  
17 that are important to us. I think we have had a  
18 lack of oversight from the city council and from  
19 the city.

20 You provided these things -- things just  
21 don't happen. 2012. We let some of these issues  
22 go after the legal counsel made their statement  
23 about taking this to court. Nobody did anything.  
24 I'm not saying that I would have or wouldn't have  
25 if I had been on the council, but having had that

1 somewhat of a background, that would have been  
2 important to me to find -- to get to the truth.

3 And I can't -- I can't reply -- having read  
4 his report, everything, him not being here really  
5 is a strike against him, because who else would  
6 better know the answers than Mr. Siedle that  
7 we -- I'll let Bill cross-examine him since he's  
8 the attorney -- Scheu.

9 But it really does concern me. I am very  
10 interested in getting at the truth. Help save  
11 the taxpayers money. I think we all want to do  
12 that.

13 I just -- I find it very difficult to  
14 understand some of the statements that were made,  
15 and I know the direction that we're going in.  
16 The council has done an excellent job with the  
17 bill that we passed just as we get on the city  
18 council after July 1. And we are making the  
19 right steps, taking the right steps.

20 I think what they're doing now in trying to  
21 work with the General Counsel's Office,  
22 Mr. Chairman, is going to be an asset to us in  
23 getting this part of it resolved.

24 We still have a tremendous amount of  
25 unfunded liability, and that's what we have to

1 address. That's our main issue.

2 And for all the other things dealing with  
3 who I think is really the target, has been John  
4 Keane, if not more so than the board, and  
5 hopefully that's going to be resolved shortly.

6 But I cannot, as a councilman, as a citizen,  
7 can't comprehend -- I understood more what you  
8 said and what Bill said than what -- not  
9 understood, but was more clarified, clarifying to  
10 me, than what Mr. Siedle did.

11 And shame on him for not being here. Maybe  
12 you didn't invite him, Mr. Chairman, but he's a  
13 logical choice to have been here.

14 MR. GULLIFORD: He was here for the press  
15 conference and was available to answer any  
16 questions.

17 MR. HAZOURI: Well, how can you -- excuse  
18 me, Mr. Chairman. How can you answer questions  
19 when you don't even have the bill --

20 MR. GULLIFORD: I'll be glad to give you --  
21 Mr. Hazouri, I'll be glad to give you his phone  
22 number if you have specific questions you want to  
23 ask him.

24 MR. HAZOURI: Yes. But if I had been at  
25 that press conference, which I wasn't, I would

1 have been able to ask some questions afterwards  
2 or up there, but when you don't have something in  
3 front of you, you can't ask somebody --

4 MR. GULLIFORD: Again, do you want to  
5 follow-up and ask him?

6 MR. HAZOURI: And I will do that.

7 MR. GULLIFORD: That's fine. You do that.

8 MR. SCHEU: Mr. Chairman, could I --

9 MR. GULLIFORD: Sure. Go ahead, Mr. Scheu.

10 MR. SCHEU: You know, I'm only involved in  
11 this because of the retirement reform task force.  
12 And my observations -- I think we're all adults.  
13 We just need to take a step back and take a deep  
14 breath and really see what we need to be focused  
15 on. I think that's what the community is looking  
16 for.

17 And what the focus is on is reform.  
18 You-all's -- the task force made recommendations.  
19 You-all -- after some time, you approved with  
20 some modifications those recommendations, and we  
21 are now moving toward that reform.

22 We have a new council trustee. Shortly  
23 we'll have a staff new council trustee. We will  
24 have a new police and fire -- we will have a new  
25 fifth member trustee. We will have an investment

1 advisory committee. All of these things we are  
2 moving toward, which leads me to make some  
3 observations about this report.

4 Number 1: Keeping our eyes on the ball.

5 If you think of an audit or even a community  
6 reform, the gold standard for me is the JCCI type  
7 of report where you have findings, conclusions  
8 and recommendations.

9 I have read this whole report. It does --  
10 it is basically conclusions and recommendations.  
11 There are very few findings in here that are his  
12 own. He copies newspaper articles. He copies  
13 sessions from the retirement reform task force  
14 and other non -- what's the word when you're  
15 doing research? These are secondary --

16 MR. SCHMITT: Independent.

17 MR. SCHEU: -- and even tertiary forces.  
18 These are not the base primary sources. So most  
19 of what he did was piggyback on what others had  
20 done.

21 For example, again, the task force had  
22 recommended the investment advisory committee  
23 which is going forward. We recommended various  
24 changes to the general counsel. In fact, I will  
25 have a motion at the next board meeting that we



1 do an RFP for -- and we work with the general  
2 counsel's office.

3 I've discussed this previously with  
4 Mr. Durden, and I think Mr. Gabriel, that we need  
5 the general counsel's office's help in, you know,  
6 preparing an RFP for legal services to the  
7 pension board that would be pension related, and  
8 the general counsel's office would undertake most  
9 of the day-to-day representation, contract  
10 representation, public records representation.

11 They are already moving into that. So  
12 that's something that Mr. Siedle didn't even --  
13 he acts like these things have never happened.

14 He quotes Jonathan Trichter's portions of  
15 the recommendations to the task force about the  
16 fees. We have already examined the difference  
17 between active and passive management,  
18 particularly in large cap stocks; that it is  
19 cheaper fees to do a passive management to the  
20 index funds than active. That was already a  
21 recommendation.

22 And in my little time on the JPPPF board,  
23 they are already looking at that. That's nothing  
24 new. That's nothing that he did on his own.

25 His observations about the Keane retirement

1 fund, well, that's already something being worked  
2 on, that you-all are negotiating about that, as I  
3 understand it. I'm not part of that, but that's  
4 all something that is already in controversy, and  
5 is being resolved.

6 The fact that Cindy gave a memorandum. I  
7 don't think that was a binding opinion dealing  
8 with the reality of the fund. There's also a  
9 separate legal opinion -- which she didn't agree  
10 or disagree with either of them, but those need  
11 to be resolved. And he doesn't even say that  
12 there's anything moving forward.

13 So what I conclude from this report -- and  
14 there are some things, quite frankly, the travel  
15 was something I knew about, but that needs to be  
16 corrected. And the chairman already said it was.  
17 There were a couple of other things I don't  
18 remember.

19 With all due respect, if you think this is  
20 an audit, it is not an audit at all. This is a  
21 political document, not an analytical document.  
22 And I was really disappointed in my good friends  
23 at the paper that they settle for this, because  
24 they have -- they're really good.

25 David Bauerlein and Ron Littlepage sat in on

1 our meetings this whole time, and they know the  
2 difference between an analysis and rhetoric, and  
3 that's what this is. There are a few exceptions.

4 But I would urge us to get back -- we're in  
5 the process of getting the reforms. That's going  
6 to take all of us working together.

7 This goes backwards. Not to say that  
8 there's not some things that need to be addressed  
9 that are the responsibility of the board, but  
10 we've got to pull this community together. And  
11 the way to do that is to make the changes that  
12 you-all have already approved, adopted, the task  
13 force recommended and the paper endorsed, and  
14 move forward. This is going to get us nowhere.

15 I really am -- frankly, I'm shocked that  
16 you-all would pay \$85,000 for this political  
17 document which doesn't analyze anything.

18 And that's what I wanted to say. Thank you.

19 MR. GULLIFORD: Okay. Everybody has had  
20 their opportunity. Now it's my turn.

21 First of all, I was hoping that this  
22 meeting might end up being a positive thing, and  
23 I said when we had our press conference that  
24 finger-pointing gets you nowhere. But apparently  
25 we want to continue to point fingers.

1           And my suggestion from this and -- correct  
2           you, Mr. Scheu, he never identified it as a  
3           forensic audit. He was specific to say it was a  
4           forensic investigation and made that  
5           differentiation.

6           He also over and over again referred to the  
7           fact that whether Chairman Schmitt was not  
8           consulted or not, I would say that the person  
9           that you would go to when you do any kind of  
10          investigation would be the person that's  
11          operating the fund, namely, the executive  
12          director, which he did not get the cooperation.  
13          Hence, the reason we issued subpoenas.

14          Now, everybody can talk about, Well, we gave  
15          them everything we wanted. Well, no, you didn't,  
16          because over and over again he came back to me  
17          and over and over again he related stories of  
18          hearing one thing from one side and investigating  
19          and finding something else.

20          We have a commission recapture issue that  
21          nobody can tell us where that money went. No  
22          one. And he asked about it, but nobody could  
23          tell. And I will remind everybody that a woman  
24          with FRS went to jail over a commission recapture  
25          issue.

1           So it is significant and it is big. To me,  
2           the only thing that I wanted to see out of it --  
3           out of this investigation was that wrongdoing --  
4           not limited to local, if there was any local --  
5           but wrongdoing would be punished.

6           You asked a question. And, again, in a  
7           press conference he said, I can't tell you  
8           whether there's any criminal wrongdoing because I  
9           haven't got enough information to make that  
10          determination.

11          So the things I wanted was if there's any  
12          kind of wrongdoing, I certainly wanted that  
13          pursued. If there was a potential for financial  
14          recovery, and I still think that there is based  
15          on what he has indicated, that we might pursue  
16          that.

17          I don't frankly think that what the city got  
18          out of Merrill Lynch when we settled for  
19          200-some-thousand dollars was anywhere close to  
20          being sufficient to what we should have gotten.

21          That was a choice by some prior board led by  
22          the executive director at the time, and we can't  
23          go back, I guess. But I sure would like to know  
24          that we could go back.

25          You know, as to his credentials, well, you

1 know what? We made the decision and every  
2 councilman at the time participated in that. And  
3 the man has investigated numerous state and local  
4 pension funds at the request, I might add in a  
5 number of instances, of unions and not just the  
6 city or the county, as well as Fortune 500  
7 companies.

8 I don't know where, Mr. Hazouri, you find  
9 that guy that you're talking about can do a  
10 better job. But based on the credentials, and I  
11 urge you to look at his credentials on his web  
12 page, I didn't see anybody out there that could  
13 certainly come anywhere close or as capable --

14 MR. HAZOURI: I read his credentials. I  
15 just thought that his whole force was a wrong  
16 approach.

17 MR. GULLIFORD: Well, we -- we didn't. So,  
18 you know, you can bring that up as a matter of --  
19 and to your point as far as this whole issue of  
20 millage, and I've heard that over and over again  
21 ad infinitum, that the city was at fault. And  
22 you know what? Maybe they were. Maybe that was  
23 the case.

24 But about two years ago I went to council  
25 research and I said, How about running a

1 comparative survey of Police and Fire Pension  
2 Funds around the state? I want to know on a  
3 percentage basis of administrative costs and  
4 return on investments. Those are the two  
5 percentages I wanted.

6 And guess where we ended up? Rock bottom.  
7 So you can talk about millage rate all you want,  
8 but the fact is we were not performing properly.  
9 And you're absolutely right, and I don't want to  
10 in any way pass over -- and I made that comment  
11 at the press conference about the General  
12 Employees Pension Fund. You're 100 percent  
13 right. It may be as bad or worse than the Police  
14 and Fire Pension Fund when you apply the 7  
15 percent versus the 7.5 percent.

16 But two wrongs don't make a right. I mean,  
17 that is a problem we've got to address. And it's  
18 a significant big problem.

19 Again, what I said was at that press  
20 conference finger-pointing is not a solution.  
21 What I would hope for was that collectively we,  
22 as a community -- and you know what? Every now  
23 and then a report like this, whether you agree,  
24 disagree or whatever, sets the needle to us to  
25 move ahead and do something positive for the

1 community. And that's exactly how I look upon  
2 this.

3 Whether you think he was right, wrong,  
4 didn't do it adequately, whatever the fact, I  
5 think that the fact that we can move ahead as a  
6 community and take this thing as a positive,  
7 which I view it to be, and say, Come on, let's  
8 get together and fix this thing.

9 I had a meeting with him at 12:30. My  
10 suggestion was, Look, the direction for this  
11 Police and Fire Pension Fund Board has changed  
12 drastically now that you're out of the benefits  
13 issue.

14 You are responsible, the way I see it, for  
15 two things: You're responsible for oversight of  
16 the administrative costs and performance of the  
17 fund. Fundamentally, yeah.

18 Why wouldn't you, when you pick that fifth  
19 member -- and he pushed back from a suggestion  
20 that we ought to go back and talk about maybe us  
21 having the control over that fifth member again  
22 because the taxpayers, i.e. city, ends up paying  
23 for it -- that maybe we ought to try and push  
24 that through again. We tried four or five times  
25 and Mr. Crescimbeni sort of pushed back.



1           But my suggestion to you would be when you  
2 pick that fifth member, how about looking at the  
3 qualifications -- not because you-all think that  
4 he or she is someone that would get along as a  
5 community leader or whatever, but has the  
6 qualifications that we set forth for the two  
7 appointees that the city council is going to  
8 appoint.

9           And I think, Mr. Schmitt, that is a  
10 critical, critical issue for us right now, is we  
11 need to see the best out of that fund that we can  
12 possibly see into the future for everyone --  
13 everyone that's got a stake in it, which is the  
14 entire community.

15           So that being said, we've all gotten our  
16 shots in. We've all, you know, taken -- gotten  
17 our hits out there. Everybody has gotten to say  
18 what they wanted to say, and I think everybody  
19 hit a nerve a little bit, right?

20           MR. SCHMITT: Sure.

21           MR. GULLIFORD: But now what do we do?

22           MR. SCHMITT: Well, I think that --

23           MR. GULLIFORD: Now that we've done that,  
24 now that we've taken all of our shots, I think  
25 we've got to talk about -- seriously talk about

1           how we move forward.  What do we do?  We know  
2           that we've got to solve the funding problem.  
3           That is not going away.  That is foremost in my  
4           mind.  We've got to do that.

5                     You, on the other hand, have a  
6           responsibility to the community.  You have to do  
7           the best damn job on investment return and  
8           monitoring the oversight of the administrative  
9           costs that you could possibly do because,  
10          frankly, you know and I know it has not been done  
11          in the past.

12                    MR. SCHEU:  And we're doing this --

13                    MR. GULLIFORD:  I know you are, Bill, I  
14          understand that.  And that's -- but I just think  
15          it needs to be reiterated that we all are in this  
16          thing together and that's what we've got to go on  
17          it.

18                    And, you know, with that, I don't view it to  
19          have been political.  I really don't.  Again,  
20          that's your opinion.  I'm not -- I'm not trying  
21          to -- to disparage the fund.

22                    What I want to do is see us move forward in  
23          a positive way, and if that needle causes us to  
24          do it a little bit, then I've seen what I wanted  
25          to see accomplished.  Okay?

1           MR. SCHMITT: Councilman, you just said some  
2 of the same things that you said when you came  
3 over and we were trying to work out pension  
4 reform. And I believed you then and hopefully I  
5 can believe you now.

6           MR. GULLIFORD: We had already authorized --  
7 if you recall, we had already authorized that  
8 forensic investigation.

9           MR. SCHMITT: Right.

10          MR. GULLIFORD: We didn't go back --

11          MR. SCHMITT: That's the investigation. But  
12 you mentioned finger-pointing. That's all this  
13 thing is. And I want something positive to come  
14 out of it, but I think we can do something  
15 positive without going in the gutter.

16           That's my whole point for this thing. We  
17 have been working well together. We are making  
18 progress. We've made great changes to the  
19 operation of the Board and we will continue to.

20          MR. GULLIFORD: Mr. Chairman, if you -- if  
21 you found that we had the opportunity to go back  
22 and make financial recovery because of past sins,  
23 would you not be an advocate of that?

24          MR. SCHMITT: Oh, absolutely.

25          MR. GULLIFORD: Okay. That's all I wanted

1 to hear.

2 MR. SCHMITT: But I wouldn't drag anybody  
3 through the gutter to do it.

4 MR. GULLIFORD: I'm not -- listen, I have  
5 purposely tried not to do that with individuals.  
6 I have not gone after any individuals. I've been  
7 straight up and straightforward. And so I  
8 understand where you're going, but that's not  
9 been the case for me personally.

10 MR. CRESCIMBENI: For clarification, I'm not  
11 sure what dragging somebody through the gutter  
12 means. But if there was some sort of malfeasance  
13 or criminal activity, are you saying we shouldn't  
14 pursue that if that's occurred? I mean, you're  
15 in the business of enforcing the laws in this  
16 community.

17 MR. SCHMITT: That's exactly right. It's  
18 based on evidence -- it's based on evidence in  
19 fact. I can't go out there say -- and accuse you  
20 of doing something without any evidence.

21 MR. CRESCIMBENI: If the evidence were to  
22 find some malfeasance or criminal activity, are  
23 you saying -- suggesting that we don't pursue  
24 that?

25 MR. SCHMITT: I'm saying pursue it 100

1 percent. I'll be right there with you.

2 MR. CRESCIMBENI: Okay. But that's not --  
3 that's not dragging anybody through the gutter.  
4 That's just enforcing the law.

5 MR. SCHMITT: The problem is when you make  
6 those allegations without any evidence or  
7 support. That is my point.

8 If there are criminals, the gentleman behind  
9 you and I are 100 percent with you. Give us the  
10 evidence or whatever law enforcement agency out  
11 there that you're comfortable with. Give them  
12 the evidence. We are 100 percent with you.  
13 Anybody who committed a crime, let's go after  
14 them.

15 MR. CRESCIMBENI: Thank you for that  
16 clarification. I appreciate that.

17 MR. GULLIFORD: Good. Well, I think that  
18 it's great to hear that you-all are taking  
19 positive steps and moving in that direction.

20 I would go so far as to say that --  
21 Mr. Scheu, I don't know how long you plan to be  
22 on that -- on that board; but certainly I would  
23 hope that when you get off, that both your  
24 replacement and somebody to follow you -- I  
25 guess, would be another one that would have to be

1 appointed -- and then the fifth one will have to  
2 be selected, that there will be great prudence in  
3 the decision-making.

4 We have set criteria and qualifications for  
5 those individuals that are appointed by the city  
6 council, and I would hope the same prudence would  
7 be considered when you look at the -- when the  
8 board looks at that fifth member.

9 MR. SCHEU: I absolutely agree with you.

10 MR. GULLIFORD: I think that's critically  
11 important and not just because they represent one  
12 interest or another interest, but because they  
13 represent the city as a whole and have the  
14 qualifications to be able to make the decisions  
15 that are pretty doggone tough sometimes and  
16 require certain level of experience and  
17 knowledge.

18 So that being said, what can we do to help?  
19 We're from the government.

20 MR. HAZOURI: We made a good point of  
21 putting Bill on there.

22 I'll tell you, I have seen -- and they said  
23 the previous liaison hadn't been there much. But  
24 let me tell you, I have seen them, and certainly  
25 not siding with them, because we all are

1 interested in getting this thing behind us,  
2 moving forward like you said, Mr. Chairman, I  
3 have seen a big -- I don't know what it was like  
4 before, a big difference with Bill and some of  
5 the others and Chairman Schmitt was on there --  
6 has been on there.

7 And what they're doing are making some tough  
8 decisions and covering up for any sins not  
9 covered -- not using that literally -- for any  
10 sins that may have been in the past.

11 And I hope this doesn't -- I want to say  
12 this public, in the sunshine, but that lady that  
13 you-all are looking at in hiring is -- I hope she  
14 doesn't get discouraged from all this discussion  
15 because it's moving in a positive way, because  
16 she is excellent and she will make --

17 MR. SCHEU: She's a crackerjack. I was  
18 going to say that --

19 MR. HAZOURI: She sure is. She can make a  
20 giant step forward with you-all.

21 MR. SCHMITT: Well, I hate to break it --

22 MR. HAZOURI: Oh, don't tell me --

23 MR. SCHMITT: Yeah. I hate to break it to  
24 you, Bill. That's exactly what happened.

25 MR. SCHEU: What? Well, you can't talk to

1 me outside of the sunshine. So when did this  
2 happen?

3 MR. SCHMITT: She called me this morning.  
4 This was -- this was the main issue that kept her  
5 from coming, is this report and the false  
6 allegations in it. She has a good job where  
7 she's at. She's doing well and she saw no need  
8 to put herself in the middle of all of this.

9 MR. GULLIFORD: Could you give me her name  
10 and number? I would like to just talk to her.  
11 Let me talk to her. Yeah, let me talk to her.

12 MR. SCHEU: Hey, Bill, would you do that and  
13 then call me and tell me? Because I'll call her.  
14 I think we need to do that.

15 MR. GULLIFORD: Yeah. I will call her and  
16 do it this afternoon, because I think -- I feel  
17 the same way. I thought she was extremely  
18 capable, and so we will make that contact.

19 MR. SCHEU: I mean, the fact of the matter  
20 is that this means we go back to the drawing  
21 board, we do a national search again --

22 MR. GULLIFORD: Yeah.

23 MR. SCHEU: -- and we've got -- I mean,  
24 everybody is critical of Mr. Keane, but the fact  
25 of the matter is that there's no institutional



1 knowledge and we want to do -- we want to change  
2 as quickly as possible.

3 MR. GULLIFORD: Yes.

4 MR. SCHEU: But not focusing on the reforms,  
5 it's just makes it so hard. Just so hard.

6 MR. GULLIFORD: All right. Well, I will  
7 call her before the day is out.

8 MR. HAZOURI: We need to do that, Bill. We  
9 need to do everything to bring her back, because  
10 I figured she's going to think she's inheriting a  
11 whirlwind, and she's -- the way this council and  
12 the way the board is moving forward. I hope she  
13 can know that we're moving in a positive  
14 direction.

15 MR. GULLIFORD: Actually, she's better off  
16 coming in now than if she was coming into a rough  
17 situation where there has been no activity, no  
18 action to resolve all of this.

19 MR. HAZOURI: Yeah.

20 MR. GULLIFORD: So that's what I'm going to  
21 attempt to tell her, that she will have our  
22 support as the council and the administration  
23 would support her.

24 MR. HAZOURI: She needs to hear that.

25 MR. GULLIFORD: We'll do that for sure.

1 MR. SCHEU: Thank you very much.

2 MR. SCHMITT: What you can do moving  
3 forward, that's definitely one of them. She's an  
4 awesome candidate. I think she would do very  
5 well here and she would do very well for the  
6 pension fund. And, you know, work well with the  
7 city council and do what's best for the citizens.

8 For future. If there's something you have a  
9 question on, any one of us trustees are more than  
10 happy to talk to you. Whatever we can do to make  
11 it easier for you-all to get what you need on our  
12 side, we want the same things. We want the fund  
13 to be successful, in sunshine, no questions.  
14 We're trying to get to the same place.

15 MR. GULLIFORD: I think all of us are trying  
16 to get to the same place. I mean, remember, he  
17 more than myself, I've been on it for four years.  
18 He's been on it way beyond that. How many years  
19 have we seen this wrestling going on back and  
20 forth over this myriad of conflicts about the  
21 funding?

22 To your point, Mr. Hazouri, as far as  
23 oversight, I can tell you in the budget process  
24 we had very, very little oversight --

25 MR. HAZOURI: I know.

1 MR. GULLIFORD: -- and very little  
2 cooperation as to things that we suggested as the  
3 city council and as a finance committee. And I  
4 took exception to it, frankly. And I know he did  
5 and others on there -- that the attitude that was  
6 projected to us was not a positive attitude.

7 So I think we all have something to learn  
8 and we all have something to contribute and we  
9 all need to get positive on this moving forward  
10 and forget about the past.

11 I don't know whether the millage issue was  
12 the problem. I don't know what else there was  
13 that was a problem. But you know what? It  
14 doesn't fix it now. So we've got -- we play the  
15 hand we're dealt and we move ahead.

16 MR. SCHMITT: Before you go, sir, I would  
17 like to make a compliment to Councilman Hazouri.  
18 He has been the liaison for three months now.  
19 He's attends the meetings. He gives input and  
20 good advice, and we appreciate him being there.

21 MR. HAZOURI: Thank you.

22 MR. GULLIFORD: All right. Are we done?  
23 Mr. Scheu?

24 MR. SCHEU: Yes, sir. Thank you for the  
25 meeting. I think it turned out -- to help the

1 community move forward, as you've suggested.

2 MR. GULLIFORD: Let's do it.

3 MR. GASSETT: May I make a statement before  
4 you end?

5 MR. GULLIFORD: Sure.

6 MR. GASSETT: With all due respect, your  
7 comments about forgetting the past and going  
8 forward, I'm speaking as an angry taxpayer now.

9 I want to know exactly why. Somebody  
10 said -- tell me how in the -- pardon me -- hell  
11 did we get in this situation financially?

12 I believe you owe it to the taxpayer to let  
13 them know what caused this. I'm not saying who  
14 is at fault, but this offers some help. If  
15 there's other things that need to be presented --  
16 because when I hear the call-in shows and things  
17 like that, these people are coming out -- how did  
18 we get here? They have a sense of deception and  
19 things like that.

20 So please, please, please, as part of your  
21 going forward, put together --

22 MR. GULLIFORD: Why don't we just all accept  
23 blame for it moving forward?

24 MR. GASSETT: No, no, no --

25 MR. GULLIFORD: I mean, we all can accept

1           some level of blame. All right?

2           MR. GASSETT:    -- explain to us how it's  
3           been a problem.

4           MR. GULLIFORD:  Well, you know what? We can  
5           spend thousands of hours and dollars on trying to  
6           figure out how the hell we got there, and I would  
7           suggest to you that that effort would probably be  
8           much more positive when we put it toward, How do  
9           we solve this thing and move forward? And that's  
10          what I think is critical, is let's find out.

11          If someone else wants to take that under  
12          task. I'm way beyond that.

13          So anybody else? We're adjourned.

14          (The meeting was adjourned.)

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## 1 CERTIFICATE OF REPORTER

2  
3 STATE OF FLORIDA

4 COUNTY OF DUVAL

5 I, Denice C. Taylor, Florida Professional  
6 Reporter, do hereby certify that I transcribed a DVD  
7 given to me by the Jacksonville Police and Fire  
8 Pension Fund staff of a meeting held at City Hall,  
9 Conference Room A, on November 2, 2015, and that the  
10 foregoing transcript, pages 2 through 53, is a true  
11 transcript of the DVD, to the best of my ability.

12 I further certify that I am not a relative,  
13 employee, attorney, or counsel of any of the parties,  
14 nor am I a relative or employee of any of the parties'  
15 attorney or counsel connected with the action, nor am  
16 I financially interested in the action.

17 DATED this 11th day of November, 2015, at  
18 Jacksonville, Duval County, Florida.

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21 Denice C. Taylor, FPR  
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23  
24  
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