

**OFFICE OF THE CITY COUNCIL**

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**Finance Subcommittee on PFPF Subpoenas Meeting Minutes - amended**

**January 21, 2016**

**3:00 p.m.**

**Topic:** Finance Subcommittee on Police and Fire Pension Fund Subpoenas

**Location:** Conference Room A, City Hall – St. James Building; 117 West Duval Street,

Suite 425

**In attendance:** Council Members Anna Lopez Brosche (Chair), Danny Becton, John Crescimbeni (arr. 3:44)

Also: Council Member Lori Boyer (arr. 3:19); Kirk Sherman and Brian Parks – Council Auditor’s Office; Loree French, Paige Johnston and Stephen Durden – Office of General Counsel; Jeff Clements – Council Research Division; Ali Korman Shelton – Mayor’s Office; Jessica Morales – Legislative Services Division; Joey Greive – City Treasury; Mike Weinstein - CFO

See attached sign-in sheet for additional attendees

**Meeting Convened**: 3:00 p.m.

Chairwoman Brosche called the meeting to order and asked the attendees to introduce themselves for the record. She reviewed the subcommittee’s charge from the Finance Chairman and urged the subcommittee to restrict itself to discussing whether the materials provided by the PFPF adequately respond to the subpoena and whether to recommend to the Finance Committee that any representatives of the PFPF and/or its attorney should be requested to attend a future meeting of the Finance Committee.

Ms. Brosche gave an overview of the history of the subpoenas and why the materials were requested. The Council Auditor’s staff has reviewed a selection of the documents provided by the PFPF in December in response to the subpoenas and Kirk Sherman described his office’s findings from that review. In response to a question, City Treasurer Joey Greive explained the concept of “investment commission recapture” and how that creates a credit to the fund against investment management costs. Bill Scheu of the PFPF board suggested that if the subcommittee has questions about the commission recaptures, specific questions should be developed to which the PFPF will respond. The original subpoenas did not ask specific questions about mechanism of the commission recaptures other than the simple amounts per year, which was provided.

Some requested information from 1987 to the mid-1990s was not provided, in part, perhaps, because of changes in the City’s and PFPF’s accounting systems over time. Devin Carter of the PFPF staff said that he provided all the information that was readily available and some additional older information could be obtained if the fund could have access to the City’s archive of financial records to research older figures. Mr. Sherman said that the information and date ranges requested were determined by the forensic auditor (Benchmark Financial Services) hired by the City Council to review the PFPF’s records, not by the City, so the intent of asking for particular information isn’t known by City personnel. Council Member Boyer said that the Finance Committee did not have on the record written or verbal assurances by the PFPF that the documents presented in December were in fact all of the relevant records that were in the PFPF’s possession. Mr. Scheu indicated that the PFPF would be ready to make that assurance on the record when asked. Mr. Scheu also asked the subcommittee to consider if those early records from the late 1980s and early 1990s are truly relevant to what the Finance Committee and/or Benchmark Financial are trying to determine. It may take considerable time and effort to obtain those old records and the committee needs to determine if they are sufficiently relevant and useful to undertake the effort and cost to collect them. He reiterated that the older information is in the City’s custody, not the PFPF’s.

CFO Mike Weinstein didn’t see the relevance of the commission recapture information, not knowing what Benchmark Financial had in mind in requesting it. The PFPF was authorized to engage in that practice at the time. Kirk ~~Wendland~~ Sherman understands that the commission recaptures came in the form of checks to the PFPF, not credits against management fees, and expressed concern about an inability to verify the amounts of the recaptures, on what basis they were calculated, and where they were deposited since they have seen no formal agreements with the managers regarding these recaptures. Mr. Durden suggested that committee may wish to consider requesting the service agreements between the PFPF and the fund managers since they may contain details of the commission recaptures, as well as copies of PFPF board meeting minutes at which commission recaptures may have been discussed and other documents such as bank records showing deposits of the recapture checks. These other forms of documentation may answer the Finance Committee’s questions that weren’t specifically spelled out in the initial document subpoena. PFPF Interim Director Beth McCague agreed to provide all of the fund management contracts in its possession that related to commission recaptures and to provide the records that may be available that describe how the recaptures were used, whether to reduce management costs or to add to the corpus of the fund. Ms. Brosche asked for a description of how the commission recapture policy may have changed from year to year over time so that the committee could understand the historical context. The committee agreed that full documentation of the commission recaptures from 1997 to the present would be very helpful in understanding the issue and may satisfy the committee’s needs and therefore possibly avoid the need to go back to the 1980s. Council Member Crescimbeni asked for information on the records retention requirements to which the PFPF is subject for each kind of document it possesses.

Ms. McCague will meet with her staff and provide the Chair with an estimate of when all the information requested at today’s meeting could be made available. The committee will deal with the response to the subpoena by PFPF attorney Bob Klausner at the next meeting.

**Meeting Adjourned**: 4:16 p.m.

Minutes: Jeff Clements, Council Research

1.21.16 Posted 5:00 p.m.

Tapes: Finance Subcommittee on PFPF Subpoenas meeting– LSD

1.21.16