



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, August 23, 2024

9:00 A.M. – 10:23 A.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202

Board of Trustees

Nawal McDaniel, Secretary
Cpt. Michael Lynch
Terry Wood

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager

Excused

Chief Chris Brown, Chair
Mia Jones

Guests

Chris Cicero, Fund Treasurer
*Jordan Cipriani, RVK, Investment Consultant
Brennan Merrell, COJ
Dylan Reingold, Office of General Counsel
*Bob Sugarman, Fund Counsel
*Kevin Balaod, with.Intelligence
*Gar Chung, FIN NEWS
*Eric Jordan, COJ
Randy Wyse, JPOFFHIT

*Asterisk denotes virtual meeting attendance via the ZOOM application.

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Steve Lundy, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or SLundy@coj.net to file a public records request.

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.

Pursuant to the American with Disabilities Act, accommodations for persons with disabilities are available upon request. Please allow 1-2 business days notification to process; last minute requests will be accepted, but may not be possible to fulfill. Please contact Disabled Services Division at: V(904) 630-4940, TTY-(904) 630-4933, or email your request to KLMcDan@coj.net.

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

Summary

I. Pledge of Allegiance

II. Invocation

Timothy Johnson gave the invocation.

III. Moment of Silence

Donald R. Carter, Retired Fire Lieutenant
Robert C. Caulk, Retired Fire Captain
Larry E. Emanuel Sr., Retired Police Officer
David F. Fullwood, Retired Fire District Chief
Johnny P. Hires, Retired Fire District Chief, PFPF Trustee
William J. "Bill" Knight, Retired Fire Captain
Jewel T. McLaughlin, Retired Fire Lieutenant
Ralph D. Pendzick, Retired Firefighter Engineer
Edwin M. Stoops, Retired Firefighter Engineer

IV. Public Comment

None.

V. Consent Agenda Items 2024-08-(01-13)CA – *action requested*

2024-08-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees & FIAC Manager Update Workshop of June 27, 2024
2. Summary to the Board of Trustees Meeting of June 28, 2024

2024-08-02CA 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.

City of Jacksonville Police and Fire Pension Fund
 Summary to the Board of Trustees Meeting of
 Friday, August 23, 2024
 9:00 A.M. – 10:23 A.M.

DISBURSEMENTS A

06-01-2024 thru 07-31-2024

1. Loomis Sayles	\$	139,080.95
2. Loomis Sayles	\$	106,374.19
3. Sawgrass Asset Management	\$	72,182.00
4. RVK, Inc.	\$	72,032.15
5. Northern Trust	\$	22,540.69
6. J.P. Morgan	\$	372,010.56
7. Comerica	\$	170,036.82
Total	\$	954,257.36

DISBURSEMENTS B

06-01-2024 thru 07-31-2024

1. Accounts Payable Distributions	\$	137,945.48
2. Accounts Receivables	\$	74,707.88

2024-08-03CA Pension Distributions

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

June 7, 2024

1. Regular Gross	\$	7,532,522.91
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,483,614.06
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	7,312.65
8. Share Plan Payments Rollover	\$	0.00
Total	\$	9,023,449.62

June 21, 2024

1. Regular Gross	\$	7,533,213.72
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,477,899.82

City of Jacksonville Police and Fire Pension Fund
 Summary to the Board of Trustees Meeting of
 Friday, August 23, 2024
 9:00 A.M. – 10:23 A.M.

5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	0.00
8. Share Plan Payments Rollover	\$	7,312.65
Total	\$	9,018,426.19

July 5, 2024

1. Regular Gross	\$	7,521,468.42
2. Regular Lump sum	\$	36,959.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,477,902.00
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	7,312.65
8. Share Plan Payments Rollover	\$	0.00
Total	\$	9,018,426.19

July 19, 2024

9. Regular Gross	\$	7,535,794.11
10. Regular Lump sum	\$	0.00
11. Regular Rollover	\$	0.00
12. Regular DROP Gross	\$	1,485,733.55
13. DROP Lump sum	\$	200,000.00
14. DROP Rollover	\$	0.00
15. Share Plan Payments Lump Sum	\$	153,565.65
16. Share Plan Payments Rollover	\$	73,126.50
Total	\$	9,448,219.81

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

BENEFIT APPLICATIONS TO APPROVE: 2024-08-(04-07CA):

The following Consent Agenda items 2024-08-(04-08CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on August 13, 2024. Vote was unanimous. Meeting Summary attached.

[2024-08-04CA](#)

Application for Time Service Retirement

[2024-08-05CA](#)

Application for Vested Retirement

[2024-08-06CA](#)

Application for Survivor Benefits

[2024-08-07CA](#)

Application for Time Service Connections

~~[2024-08-08CA](#)~~

~~Rescission of DROP Participation MEMBER WITHDREW APPLICATION~~

BENEFIT APPLICATIONS TO RECEIVE AS INFORMATION: 2024-08-(09-13CA):

The following Consent Agenda items 2024-08-(09-13CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on August 13, 2024. Vote was unanimous. Meeting Summary attached.

[2024-08-09CA](#)

Refund of Contributions

[2024-08-10CA](#)

Share Plan Distributions

[2024-08-11CA](#)

DROP Participant Termination of Employment

[2024-08-12CA](#)

DROP Distributions

[2024-08-13CA](#)

DROP Distributions for Survivors

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

Timothy Johnson noted that Consent Agenda Item 2024-08-08CA had been withdrawn by the member.

Terry Wood moved to approve the Consent Agenda items, less item 2024-08-08CA, seconded by Michael Lynch. The vote passed unanimously.

VI. Executive Director's Report

Timothy Johnson provided his Executive Director's Report, covering the following topics:

Board Appointments: Timothy Johnson announced that Thomas Donahoo Jr. has been appointed by the City Council to replace Nawal McDaniel on the Board of Trustees. He also mentioned that the bill appointing Thomas Donahoo and another bill reappointing Mia Jones to the Board of Trustees are expected to be approved by the City Council on August 27. Nawal McDaniel shared her positive experience working with Thomas Donahoo over the years and expressed confidence that he would be an excellent addition to the Board.

Livingood Legal Update: On July 10, 2024, a hearing was held regarding a motion to dismiss, but the final hearing scheduled for July 15-19, 2024, was postponed. The attorneys agreed that further briefing is necessary to address jurisdictional issues, particularly whether section 121.304(4) of the Jacksonville Ordinance Code conflicts with applicable state statutes, such as sections 112.3173 and 185.185. Attorney Sonya Harrell's draft brief on this matter will be discussed with the Board at the September meeting.

Securities Monitoring: Johnson reported that there are securities class action complaints filed against Nike, Inc., an athletic footwear and apparel company. The lawsuits represent purchasers of Nike Class B common stock from March 19, 2021, to June 27, 2024, alleging that the company misrepresented the sustainability of its digital sales strategy, which resulted in a significant decline in its share price by over 30%. The Police and Fire Pension Fund (PFPF) has incurred an estimated loss of \$387,000 due to this decline. The PFPF will remain a class member in the action and will recover its pro rata share if there is a recovery.

Johnson also briefly previewed upcoming items that the Board of Trustees should anticipate:

- Revisiting the Equity Structure Study Recommendation.
- Discussing the 2015 Retirement Reform Agreement with Bob Klausner at the September meeting.
- Ethics, Sunshine Law, and Fiduciary Training provided by the Ethics Office.
- Reviewing the Re-up Recommendation for Victory Park Capital and HIG, depending on the Board's preference.
- Addressing the 2023-307 legislation, which is currently deferred pending a conversation with Rules Committee Chair Terrance Freeman.

Timothy Johnson also presented the monthly Member Moment, highlighting retired member Larry Peterson.

a. Chapter Funds Update – Kevin Grant

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

Kevin Grant covered the Department of Management Services Chapter Funds Update slide, reporting that the FY2023 Chapter 175 Funds amount to \$9,157,443.42, while the FY2023 Chapter 185 Funds total \$12,052,701.96.

a. Investment Consultant RFQ – action requested

Kevin Grant reviewed the Investment Consultant Request for Proposal (RFP) process and timeline. He began by providing some history on the previous RFP from 2019, during which RVK, Inc. was selected as the PFPF's Investment Consultant. In that year, eight firms responded to the RFP, with PFPF Staff initially scoring the responses and presenting their top three choices to the FIAC and Board of Trustees. Due to close scoring, the FIAC and Board decided to review the top four responses, ultimately selecting RVK.

Kevin then highlighted changes for the current year's RFP process. The 'Consultant RFP Summary' slide showed that, unlike in 2019 when 10 criteria were used to score the RFP responses, this year's criteria have been streamlined to four: Experience (35%), Financial Responsibility (10%), Work Plan (35%), and Fees (20%). The emerging businesses criteria were eliminated due to Florida House Bill 3, which prohibits consideration of non-pecuniary factors such as ESG and DEI.

Kevin also reviewed the proposed timeline for the RFP, noting that the PFPF Staff aims to publish the RFP this Monday, contingent on Board of Trustees approval. He stated that the FIAC wants to see the scoring matrix for all respondents, interview the top three, and recommends awarding another 5-year contract.

Timothy Johnson added that this RFP includes a discretionary management component for consultants who offer OCIO or similar services, allowing the Board to explore potential cost savings or performance benefits through discretionary management.

Kevin mentioned he would follow up with Chair Chris Brown for any comments. If any adjustments are needed based on Chair Brown's feedback, the RFP publication could be delayed by a few days, as there is some flexibility in the timeline.

Kevin outlined the planned schedule: if the RFP is published on Monday, responses will be due by September 25, with results presented to the FIAC on October 22 and to the Board on October 25. If interviews are necessary, they would be scheduled for November 19, with a final decision expected on November 22.

Michael Lynch inquired about the length of RVK's initial contract, to which Timothy Johnson responded that it was a 5-year contract beginning in 2019. Michael Lynch then noted that it might be redundant to conduct two sets of interviews for the finalists—one with the FIAC and another with the Board of Trustees. Kevin agreed, recalling that last time, the FIAC and Board held a joint meeting and suggested making a similar adjustment this time.

Nawal McDaniel asked for a motion for approval.

Michael Lynch moved to publish the Investment Consultant RFP, contingent on Chair Chris Brown's approval and comments, seconded by Terry Wood. Discussion:

During the discussion, the Board considered whether the motion required any modifications, but no changes were made. Bob Sugarman requested to review a copy of the RFP to ensure it includes fiduciary responsibilities. Michael Lynch noted that if Bob Sugarman identifies any issues, the RFP would not be published. Additionally, if Chris Brown has

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

objections, the Executive Director and PFPF Staff would reach out to the Board, potentially scheduling a special meeting or revising the draft as needed. Michael reiterated his desire for Chris Brown's review before proceeding.

The vote passed unanimously.

VII. Investment Consultant Reports

a. Rebalancing Memo for City Year-End Reimbursement – action requested

Kevin Grant presented the 'Annual Contribution & Rebalancing' slide, which outlined key financial elements for the PFPF. The presentation covered several components:

COJ Advanced Payments: These include funds advanced by the City of Jacksonville (COJ) to cover beneficiary payroll (retirement pension benefits) and administration expenses, which encompass staff salaries, benefits, and operational costs of the PFPF.

PFPF Revenue Offsets: These are defined as:

Trust Fund Revenues: Contributions from active police and fire employees to their pensions.

Assets/Revenues: This category includes beginning cash, cash equivalents, and other revenues received by the COJ during the fiscal year.

Contribution Amount: The City's annual contribution to the PFPF, determined by the annual actuarial analysis, and received in the next fiscal year.

Kevin then reviewed the 'City of Jacksonville's Year-End Cash Reimbursement Calculation' slide. He explained that the COJ Advanced Payments totaled \$225 million, while the PFPF Revenue Offsets amounted to -\$178,068,316. This results in a net amount of \$46,931,684, which is rounded up to \$47 million.

Kevin discussed the previous strategy in which the City advanced pension payments and administrative expenses to the PFPF for the year, with the PFPF reimbursing the City at the end of the fiscal year in September. This reimbursement process required rebalancing PFPF assets to raise the necessary cash. Additionally, when the City made its annual contribution to the PFPF in December, another rebalancing was needed to allocate the funds.

The new Annual Contribution & Rebalancing method simplifies this process by combining these two transactions into a single, smaller transaction. This approach reduces the amount of rebalancing required.

Kevin noted that updated amounts have been reconciled with the City, resulting in a net amount of \$45,079,116.50. The difference between the rounded \$47 million and the actual \$45 million will be allocated to cash to cover necessary expenses and meet capital calls from private credit and non-core real estate managers.

Following Kevin's presentation, Jordan Cipriani discussed RVK's Proposed Rebalance – Annual Reimbursement & Contribution Offset memo. The memo detailed how the \$47 million required for the reimbursement would be raised. This would involve liquidating \$34.5 million from the PFPF's US Equity allocation, which includes \$15 million from the S&P 500 Index, \$7 million from Eagle, and \$3 million from Sawgrass. The remaining \$12.5 million would be raised by liquidating \$12.5 million from the EAFE Index.

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

Michael Lynch moved to approve RVK's rebalancing memo to raise \$47 million, and to put the excess in the cash account, seconded by Terry Wood. The vote passed unanimously.

b. Board direction regarding re-ups of private asset managers vs. manager count

Jordan Cipriani informed the Board of Trustees that RVK is seeking feedback on the investment process, especially as some of the early alternative investment managers are returning to the market with new funds. She emphasized that RVK would recommend re-ups with private asset managers not simply because they are existing managers but because RVK ensures they are among the best in class.

Jordan requested the Board's preference regarding the re-up process. She explained that RVK would always conduct thorough due diligence on potential investment managers. If the Board prefers, they could consolidate RVK's manager due diligence presentation and the new manager re-up interview into a single Board meeting instead of the usual two-meeting process.

Michael Lynch expressed his preference for a one-meeting process if the Board decides to re-up with a manager. Nawal McDaniel agreed, stating that it made sense to streamline the process.

Jordan then asked if the Board would be interested in a virtual presentation from the manager.

Michael Lynch responded that if the manager's investment strategy remains unchanged, an interview might not be necessary. He suggested that if Fund 1 and Fund 2 are identical in every way and the Board is still comfortable with Fund 1, there would be no reason not to commit to Fund 2. However, if there are changes in the investment strategy between the two funds, then further discussion would be required.

Jordan Cipriani thanked the Board of Trustees for their input and noted that their feedback aligns with the FIAC's views.

c. Quarterly Investment Performance Analysis as of June 30, 2024

Jordan Cipriani presented the Quarterly Investment Performance Analysis as of June 30, 2024, beginning with an overview of the Second Quarter Economic Environment on page 4.

During Q2, broad global equity markets experienced subdued volatility and continued appreciation, while aggregate fixed income remained flat. Within equity markets, performance was again driven by mega-cap growth stocks, such as NVIDIA, which are expected to benefit from increased adoption of AI. In fixed income, the lack of movement in monetary policy and persistently tight spreads among corporate debt led to marginally positive returns for broad fixed income indexes. However, longer-duration asset prices declined modestly as long-term Treasury yields rose during the quarter. Inflationary conditions improved, as highlighted by the personal consumption expenditures (PCE) deflator, which registered at 2.6% in May—the US Federal Reserve's preferred inflation measure. The headline Consumer Price Index (CPI) also came in below expectations at 3.0% in June. The Federal Open Markets Committee (FOMC) indicated that "greater confidence" was needed regarding the downward trajectory of inflation before considering significant policy changes. The FOMC's "dot plot" showed dispersion in rate forecasts, with the median member projecting a 25

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

basis point decline in the Federal Funds Rate by the end of 2024. Additionally, the June outlook from the World Bank forecasted global GDP growth of 2.6% in 2024 and 2.7% in 2025, with global inflation levels expected to be 3.5% this year and reductions likely to occur more gradually than previously projected.

Jordan then covered the following topics in the subsequent pages:

- Investment Manager Watch List (page 12)
- Asset Allocation, Performance & Schedule of Investable Assets (page 13)

She noted that the fund began Fiscal Year 2024 with \$2.2 billion in assets. There was a net cash flow of \$143 million, investment gains of \$333 million, and a Fiscal Year-to-Date market value of \$2.7 billion, representing a 14.3% return net of fees. This is a very strong outcome for the first two-thirds of the fiscal year.

Jordan also pointed out that all asset classes remain within their allowable ranges concerning asset allocation. Additionally, she highlighted that the fund ranks in the top 12% of its peers when compared to All Public Plans with \$1-5 billion in assets.

In reviewing the Asset Allocation & Performance Gross of Fees on pages 18-20, Jordan noted that US Equities led the way both for the quarter and the trailing year, delivering outstanding performance. She also mentioned that rolling performance figures are shown on pages 27-34, and alternative investment performance figures are detailed on pages 37-38.

d. Monthly Investment Performance Analysis as of July 31, 2024

Jordan Cipriani briefly covered the monthly investment performance as of July 31, 2024, noting that the total fund was up 1.5% for the month, bringing Fiscal Year to Date performance up to 16.05%.

VIII. Counsel Reports

a. Military Leave Legislation Update – Bob Sugarman

Bob Sugarman provided the Board of Trustees with an update on the IRS determination letter for the Senior Staff Voluntary Retirement Plan (SSVRP). The letter was filed in February, and due to a 15-month backlog at the IRS, it is expected to be reviewed in May of next year. The IRS has acknowledged receipt of the letter, and the delay does not affect the administration of the SSVRP.

Bob Sugarman also discussed proposed revisions to section 121.201 of the Ordinance Code to align it with section 116 regarding pension calculations for members on military leave during the final two years before retirement. He explained that the goal is to treat these members as if they had never left service with the Jacksonville Sheriff's Office (JSO) or Jacksonville Fire and Rescue Department (JFRD), ensuring their pensions are calculated accordingly. He emphasized that this change does not alter or enhance benefits but rather integrates existing language from one section of the Ordinance Code into another for consistency.

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

Bob Sugarman requested that the Board of Trustees review his draft ordinance change this month and consider recommending its adoption to the City Council next month.

Terry Wood and Michael Lynch both thanked Bob Sugarman for his thorough work on the draft. Nawal McDaniel also commented on the draft's thoroughness, and Dylan Reingold added that while the draft is moving in the right direction, it only needs a few small, non-substantive changes.

IX. Council Liaison Report

None.

X. Old Business

None.

XI. New Business

None.

XII. Privilege of the Floor

Terry Wood thanked Nawal McDaniel for her service on the Board of Trustees. Nawal McDaniel responded by noting that she had shared some parting words at the previous month's meeting and expressed that it had been an honor to serve alongside everyone on the Board.

Terry Wood then announced the upcoming 50th anniversary celebration for the City of Jacksonville Retired Employees' Association.

Timothy Johnson reminded everyone that the September Board of Trustees meeting will coincide with the Annual Trustee Breakfast. The breakfast will be held at 8 AM, an hour before the Board meeting, on September 27. All stakeholders in local government are invited to attend.

Nawal McDaniel remarked that last year's breakfast had a very good turnout.

City of Jacksonville Police and Fire Pension Fund
Summary to the Board of Trustees Meeting of
Friday, August 23, 2024
9:00 A.M. – 10:23 A.M.

XIII. Upcoming Events

- a. Manager Update Workshop – Victory Park Capital – Tuesday, August 27, 2024 at 12:00PM*
- b. Manager Update Workshop – Bell Partners – Monday, September 16, 2024 at 12:00PM*
- c. Board of Trustees Meeting – Friday, September 27, 2024 at 9:00AM*

XIV. Adjournment

10:23 A.M.

Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 08/28/2024

To be Approved: 09/27/2024