



## SUMMARY TO THE REGULAR F.I.A.C. MEETING

Tuesday, February 25, 2025

3:30 P.M. – 5:48 P.M.

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

The next Financial Investment and Advisory Committee (F.I.A.C.) meeting will be held Tuesday, March 25, 2025 at 3:30 P.M.

### Financial Investment and Advisory Committee

Eric “Brian” Smith Jr., Chair

Greg Ealey

Steve Glenn

Kendall Park

### Excused

Brian Chappell, Secretary

### Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator

Steve Lundy, Deputy Director

Kevin Grant, Finance Manager

### Guests

Captain Michael Lynch, Board Secretary

\*Jordan Cipriani, RVK, Investment Consultant

\*Reed Harmon, RVK, Investment Consultant

\*Spencer Hunter, RVK, Investment Consultant

\*Pete Strong, GRS, Fund Actuary

\*Matt Sturdivan, RVK, Investment Consultant

Gregory Gosch, Churchill Asset Management

\*Laura Stolfi, Churchill Asset Management

\*Shai Vichness, Churchill Asset Management

Evan Ferreby, Waycross Partners

\*John Ferreby, Waycross Partners

Chris Greco, Waycross Partners

\*Kathleen Byrne M

\*Gar Chung, FIN-News \*D Matthews

\*Conference Room

\*Joe Ebisa – WithIntelligence

\*Florida Room 2

\*WCP

Randy Wyse, JPOFFHIT

\*213-266-1785

\*Asterisk denotes virtual meeting attendance via the ZOOM application.

### Notice

Meeting Agendas and Summaries are available on our website at [jaxpfpf.coj.net](http://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](mailto: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 [SLundy@coj.net](mailto:SLundy@coj.net).

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## Summary

### I. Public Comment

None.

### II. Election of Officers

#### a. FIAC Chair – action requested

Brian Smith noted that his final term on the FIAC expires next month; however, he may continue serving until a replacement is appointed. He expressed his willingness to remain as chair until then and stated that the FIAC could elect a new chair immediately or designate one to take over upon his departure.

Greg Ealey moved to elect Kendall Park as the FIAC Chair, following Brian Smith's replacement, seconded by Steve Glenn. The vote passed unanimously.

### III. Meeting Summaries – action requested

#### a. January 21, 2025

Kendall Park moved to approve the January 21, 2025 FIAC meeting summary, seconded by Steve Glenn. The vote passed unanimously.

### IV. Steve Glenn Reappointment – action requested

Kendall Park moved to recommend Steve Glenn to be reappointed to the FIAC, seconded by Greg Ealey. The vote passed unanimously.

Brian Smith acknowledged Steve Glenn as a valuable addition to the FIAC and expressed his appreciation that Glenn will be serving another term.

### V. Actuary Report

#### a. Draft Actuarial Valuation Report as of October 1, 2024 – action requested

Pete Strong covered highlights of the results of the Draft Actuarial Valuation Report as of October 1, 2024:

- Required City Contribution (payable Oct. 2025) = \$201.4 million (vs. \$178.1 million payable Oct. 2024).

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- Actual Net Money-Weighted Return on Assets, 10/1/23 to 9/30/24 = 20.42% (vs. 13.70% during FY 2023).
- Recognized (Smoothed) Return on AVA = 8.0% (vs. 4.2% LY).
- Average MV Returns over past 3, 5 and 10 years = 4.4%, 8.7% and 7.4%, respectively.
- Net Impact of the following on the Required Contribution:
  - Recognized Investment Gain (8.0% Return on Smoothed AVA versus 6.5% assumption): (\$2.4 million)
  - Demographic Experience Losses (Retirements: 150 vs. 102 expected, Mortality Experience, Data Adj's): +\$2.8 million
  - Change in Projected Pension Liability Surtax from 10/1/23 to 10/1/24, reflecting smoothing: (\$0.5 million)
  - **Salary Increase Assumption Change: +\$21.2 million**
- Salary Increase Assumption Change:
  - The current salary increase assumption was set based on the 2020 Experience Study.
  - 2024 Collective Bargaining led to negotiated across-the-board salary increases of 12% for Firefighters and 13% for Police Officers effective in October 2024, followed by 5% increases in October 2025 and October 2026.
  - These % increases have been assumed in place of the 2.25% inflation component of the salary increase assumption - for 2024-2026 only. This caused the required contribution to increase by \$21.2 million.
- Actuarial Accrued Liability = **\$5.51 billion** (vs. \$5.13B LY);
  - \$5.34 billion prior to salary increase assumption change.
- Net Market Value of Assets = \$2.59 billion (vs. \$2.19B LY)
- Net Actuarial Value of Assets = **\$2.43 billion** (vs. \$2.30B LY)
  - Market Value Gains/Losses are smoothed in over 5 years
- Total Unfunded Liability (UAAL) = **\$3.08 billion** (vs. 2.84B LY)
- Funded Ratio = **44.1%** (47.0% based on MV)
  - Was 44.7% (42.7% based on MV) as of 10/1/2023
- Present Value of Pension Liability Surtax (Reflecting Smoothing) = \$1.47 billion (up from \$1.37 billion LY)
  - Was expected to increase to \$1.46 billion TY in LY's valuation.
  - Smoothed surtax proceeds increased 6.0% (vs. 4.25% assumption) from FY23 to FY24.
  - Actual surtax proceeds increased 2.4% from FY23 to FY24.
  - "Slice of the total surtax pie" **decreased** from 59.0% to 58.3%.
  - Average actual (unsmoothed) surtax growth from FY16 to FY24 = 5.9% (average inflation over the same period = 3.4% per year).
- Net unfunded liability subject to amortization (= UAAL – PV of Surtax) = \$3.082 billion - \$1.469 billion = \$1.613 billion (up from \$1.464 billion LY).
- Amortization payment on the net unfunded liability (which is part of the required City contribution) = \$117.7 million (vs. \$104.6 million last year).

Pete Strong also showed two graphs:

- 40-Year Projection of Pension Liability Surtax Proceeds and Required City Contributions
- 40-Year Projection of Unfunded Actuarial Accrued Liability

Steve Glenn moved to approve the Draft Actuarial Valuation Report as of October 1, 2024, seconded by Greg Ealey. The vote passed unanimously.

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VI. Executive Director's Report

Timothy Johnson recognized Steve Glenn as the recipient of the 2024 FIAC Member of the Year Engagement Award. This annual award, determined by votes from PFPF staff, honors committee and Board members, as well as service providers, for outstanding contributions.

VII. Investment Consultant Reports

a. Churchill Interview – action requested

Gregory Gosch and Shai Vichness of Churchill Asset Management presented their Churchill Middle Market Senior Loan Fund V – Levered Evergreen. The presentation provided an overview of Churchill's integrated U.S. middle-market private capital platform, emphasizing its scale, track record, and proprietary deal flow through private equity partnerships. Churchill highlighted its disciplined underwriting approach, risk management strategies, and alignment with its parent company, TIAA, to ensure strong financial backing. The fund focuses on senior secured middle-market loans, with a target of \$5 billion in commitments and levered strategies designed to generate attractive risk-adjusted returns. Key differentiators include a robust origination pipeline, flexible financing solutions, and a long-standing history of stable returns with low loss rates. The presentation also outlined Churchill's evergreen fund structure, which enables investors to maintain continuous exposure without the disruptions of traditional closed-end fund cycles, aiming to optimize capital efficiency and reduce cash drag.

The FIAC engaged in discussions with Churchill regarding the low loss ratio, a typical deal structure, and corporate risk factors.

Kendall Park moved to approve Churchill based on their low loss ratio, consistent performance, and low loan-to-value, seconded by Steve Glenn. The vote passed 3-1 with Brian Smith voting against the motion.

b. Waycross Interview – action requested

Chris Greco, Evan Ferreby, and John Ferreby of Waycross Partners presented their Waycross Focused Core Equity Strategy. The presentation highlighted Waycross's active large-cap core equity investment approach, emphasizing its top-tier performance, with its strategy ranking in the top 1% of large-cap core equity managers over the past decade. The firm, which is 100% employee-owned, applies a disciplined "Key Driver" investment process, combining fundamental, valuation, and technical analysis to construct a focused portfolio of approximately 30 stocks. The strategy aims to outperform the S&P 500 by identifying key earnings drivers within companies, maintaining risk controls, and adhering to a structured sell discipline. Waycross positioned its active strategy as a superior alternative to passive index investing, citing heightened concentration risks in the S&P 500 and the firm's ability to capitalize on emerging opportunities beyond dominant market players. The presentation also detailed the firm's existing relationships with

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multiple municipal pension funds and proposed its fee structure for managing assets within the Jacksonville Police and Fire Pension Fund.

With Waycross, the FIAC's discussion focused on S&P 500 index concentration, Waycross's stock selection process, and associated fees.

Steve Glenn moved to take a to-be-determined amount of money from the S&P 500 index fund and invest it in the actively managed Waycross fund, seconded by Greg Ealey. The vote passed unanimously.

c. Large Cap Growth Search – action requested

Spencer Hunter and Matt Sturdivan presented the Large Cap Growth Search. The PFPF initiated a search for a new US Large Cap Growth (LCG) manager due to concerns over the underperformance of current strategies and the need for potential upgrades or complementary approaches. Given the challenges active management faces in adding value in this asset class, RVK, Inc. sought to identify managers with a history of consistent excess returns. The search process evaluated candidates based on absolute and risk-adjusted performance, investment philosophy, and fee competitiveness. Six managers, including incumbents Loomis Sayles and Sawgrass, were considered alongside JPMorgan, Jennison, Slow Capital, and T. Rowe Price. Performance analysis showed varying strengths in different market conditions, with a focus on managing concentration risks within the US equity market. Fee proposals were competitive, all below the peer group median. The Board will review these findings in upcoming meetings to determine the next steps in finalizing a manager selection.

The FIAC compared and discussed the managers presented.

Steve Glenn moved to interview Loomis Sayles and JP Morgan, seconded by Kendall Park.

Kendall Park moved to amend Steve Glenn's motion and interview Slow Capital as well, seconded by Steve Glenn.

Kendall Park's amendment passed unanimously.

Brian Smith expressed his preference for Slow Capital, citing its strong performance metrics and the firm's agility as a smaller investment manager.

Steve Glenn highlighted his support for JP Morgan due to its historical upside potential and downside risk management. He also favored Loomis Sayles for its consistency across market cycles.

Steve Glenn's motion, as amended, passed unanimously.

Kendall Park noted that T. Rowe Price does not appear to provide significant added value compared to the incumbent manager.

Steve Glenn recommended eliminating Jennison due to volatility concerns.

Brian Smith pointed out that Sawgrass has been repeatedly flagged as an underperforming manager. While Sawgrass claims to offer downside protection, their actual performance has been weak. He referenced page 10 of the manager

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search book, which places Sawgrass in the 68th percentile. Smith emphasized that the PFPF aims for top-quartile managers, not those focused solely on downside protection.

d. Large Cap Value Search – action requested

Spencer Hunter and Matt Sturdivan presented the Large Cap Value Search. The PFPF, with the assistance of RVK, Inc., conducted a search for an investment manager within the US Large Cap Value asset class to enhance the excess return potential of the US Equity composite. Active management has historically added value within this asset class compared to other US Large Cap segments. The search focused on identifying differentiated managers based on factors such as absolute and risk-adjusted performance, firm structure, team experience, investment philosophy, and fees. Five candidates were selected, including the incumbent, Eagle Capital, and four new contenders: Brandes, Jacobs Levy, River Road, and Wedge. Performance comparisons, risk metrics, and fee structures were analyzed, with all finalists offering competitive fees below the peer group median. The findings and recommendations will be discussed at the upcoming FIAC and Board meetings to determine the next steps in the manager selection process.

The FIAC discussed Eagle's outperformance, fees among the managers, and the term 'downside protection'.

The FIAC also discussed Eagle's strong historical performance, fees across various managers, and the broader definition of "downside protection."

Brian Smith said he saw no compelling reason to change the Large Cap Value manager, advocating to retain Eagle based on its history of outperformance.

Kendall Park expressed interest in hearing from River Road for further evaluation.

Kendall Park moved to interview Eagle Capital and River Road, seconded by Greg Ealey. The vote passed unanimously.

e. Private Markets Pacing Analysis

Not discussed.

f. Quarterly Investment Performance Analysis as of December 31, 2024

Not discussed.

g. Monthly Investment Performance Analysis as of January 31, 2025

Not discussed.

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VIII. Old Business

None.

IX. New Business

None.

X. Upcoming Meetings

- a. Manager Update Workshop – Pinnacle Associates – Wednesday, March 19, 2025 at 12:00PM*
- b. FIAC Meeting – Tuesday, March 25, 2025 at 3:30PM*

XI. Adjournment

5:48 P.M.

Brian Chappell, FIAC Secretary

**Summary Prepared By:**

Steve Lundy, Deputy Director  
City of Jacksonville Police and Fire Pension Fund

**Posted:** 02/26/2025

**To be Approved:** 03/25/2025