



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

Tuesday, April 22, 2025

3:32 P.M. – 4:28 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, May 20, 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

\*Spencer Hunter, RVK, Investment Consultant

\*Raj B, RVK, Investment Consultant

\*Joe Ebisa, With Intelligence

\*"eric"

\*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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I. Public Comment

None.

II. Officer Elections – action requested

a. Board Chair

Brian Smith explained that several months ago, the FIAC elected Kendall Park as the next Chair to succeed him upon the expiration of his term. He announced that his term has now ended and he is ready to formally transfer the role to Kendall Park beginning in May.

Greg Ealey moved to nominate Kendall Park as Chair beginning in May, seconded by Steve Glenn. Discussion:

Kendall expressed his appreciation for the opportunity to serve and acknowledged that Brian Smith's leadership would be difficult to follow, but he would give his best effort. Brian responded that he was confident Kendall would do a great job.

The vote passed unanimously.

III. Meeting Summaries – action requested

a. March 25, 2025 FIAC Meeting

Steve Glenn moved to approve the March 25, 2025 FIAC meeting summary, seconded by Greg Ealey. The vote passed unanimously.

IV. Executive Director's Report

Executive Director Timothy Johnson congratulated Kendall Park on his nomination and noted that the Board of Trustees has not yet authorized him to recruit a fifth FIAC member to replace Brian Smith. He said an update may come following the Board's meeting on Friday. Johnson also addressed recent market volatility: the fund dropped from \$2.8 billion to \$2.5 billion last week but has since rebounded to approximately \$2.7 billion. He reminded the FIAC about the Annual Members' Meeting on April 25, which will include fiduciary, open records, sunshine law, and ethics training for Trustees and Committee members.

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V. Investment Consultant Reports

a. Kennedy Lewis Capital Partners Fund IV – action requested

Spencer Hunter gave a brief presentation on the re-up opportunity for Kennedy Lewis Capital Partners Fund IV. The PFPP is already invested in Fund III, which has performed at or slightly above expectations. Kennedy Lewis focuses on complex lending scenarios, which justify its slightly above-average fees. If subscription documents are finalized by the end of April, the fund offers a fee discount on committed capital, carried interest, and a fee holiday through June 1, 2025.

Brian Smith noted that if there was no discussion or need for a case study review, the FIAC could proceed with approval, as the Board of Trustees has already approved the investment. He reminded the committee that they had previously approved Fund III, which has performed well.

Steve Glenn moved to approve an investment of \$20 million to the Kennedy Lewis Capital Partners Fund IV, seconded by Greg Ealey. The vote passed unanimously.

b. Monthly Investment Performance Analysis as of March 31, 2025

Spencer Hunter provided the Monthly Investment Performance Analysis as of March 31, 2025:

- Global equity markets traded lower during March. International equities were flat to slightly negative while US stocks declined substantially, posting losses in the mid to high single digits. Growth stocks underperformed their value counterparts, as technology names continued to experience a sell-off during the month.
- At the March 2025 Federal Open Market Committee meeting, the Fed left interest rates unchanged for a second consecutive meeting, citing expectations for slower economic growth and higher inflation in 2025.
- The stock market traded lower primarily due to concerns regarding the health of the US economy, based on declining consumer confidence, mixed inflation data, and tariff uncertainty.
- Equity markets posted negative returns in March as the S&P 500 (Cap Wtd) Index returned -5.63% and the MSCI EAFE (Net) Index returned -0.40%. Emerging markets returned 0.63%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 0.04% in March, underperforming the 0.52% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 1.02%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned -3.61% in March and 11.35% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 9.07% for the trailing one-year period and 15.34% for the trailing five-year period ending September 2024.
- Absolute return strategies returned -1.46% for the month and 4.11% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- The price of crude oil increased by 2.47% during the month but has decreased by 14.06% YoY.

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Spencer Hunter reviewed asset allocation and performance on page 5. He reported the fund is down about 1.5% fiscal year-to-date, primarily due to U.S. equities. Private credit, non-core real estate, and cash have helped stabilize performance, though private asset performance is difficult to evaluate in real-time due to valuation lag.

Spencer continued with market performance updates through April 21. Year-to-date, the S&P 500 is down 8.5%, Large Cap Growth is down 17%, and the NASDAQ is down over 17.5%. In contrast, non-U.S. equities have performed well—EAFE is up nearly 8%, EAFE Value over 12%, and non-U.S. Small Cap over 6.5%. He noted that, unlike prior years, portfolios diversified into international equities have provided value.

On fixed income, Spencer noted moderate gains: the U.S. Aggregate Bond Index is up just over 1.5% year-to-date. While loosely correlated with equities during periods of stress—particularly long-duration holdings—fixed income and cash (up 1.25%) have been steady contributors.

Greg Ealey asked Spencer about his current level of anxiety regarding the markets and whether volatility is likely to continue.

Spencer rated his anxiety at a six and said continued volatility is expected until there is greater policy clarity. Markets react instantly but struggle with ambiguity, such as uncertain tariff threats. While the market was up nearly 3% that day due to easing tensions with China, this could shift again rapidly. For long-term investors like PFPF, the focus should be on risk tolerance and avoiding surprises. So far, portfolio performance aligns with expectations amid volatility.

Spencer emphasized that markets don't grow 20% every year, and corrections are normal. Recovery will occur once valuations return to more reasonable levels and policy direction becomes clearer. He said RVK's role is to distinguish between unexpected shocks and outcomes within the portfolio's expected range. To date, the fund is performing within those bounds. RVK will continue to work with staff to rebalance as needed, especially when raising cash for commitments. Current conditions present opportunities in private credit and real estate, where managers can buy assets at discounted prices. The focus should remain on long-term strategy and avoiding reactionary changes. Market headlines can be noisy, but are largely irrelevant over a multi-decade horizon—though persistent volatility can be concerning.

Steve Glenn commented that he does not believe China will back down from tariff threats this time, unlike during 2017–2018.

Kendall Park asked whether RVK can rebalance to targets between FIAC and Board meetings, or if a vote is needed.

Spencer confirmed that RVK can rebalance between meetings by working with PFPF staff to handle capital calls and payments. If a capital call arises, RVK evaluates the entire portfolio for underweights or overweights and adjusts accordingly. These proactive rebalancing tools are used regularly without needing a meeting vote.

Brian Smith asked the FIAC to prepare bullet points for the Board of Trustees in case they request the Committee's input:

- Brian Smith recommended affirming that staying the course remains the best strategy, given the long-term nature of the portfolio.
- Steve Glenn agreed, saying that most communications from investment managers over the past 20–30 years consistently advise staying the course. Every bear market eventually leads to a bull market.

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- Kendall Park agreed, adding that the portfolio is designed for the long term. Emotional or reactive decisions don't make sense. He supported rebalancing and opportunistic investments—like buying Large Cap Growth stocks currently discounted by 17%.

Greg Ealey said that seeing Steve Lundy's daily report showing a \$300 million drop makes him anxious.

- Brian Smith responded that the Committee's current advice mirrors what members give to their own clients. The portfolio is structured to weather volatility. While the drop is uncomfortable, it's part of a healthy investment cycle.

Brian then asked Spencer Hunter whether dividends are a significant component of the portfolio.

Spencer confirmed that income is an important aspect. For example, the fund's large cap value manager, Eagle, is currently seeking value opportunities in the market. Private credit also contributes significant income—middle market lending typically yields 8–12%, offering stability not found in public markets.

- Greg Ealey said his takeaway is to recommend no changes to the portfolio, but asked at what point the losses would become concerning. He noted that a \$300 million drop is significant, but asked what the real red flag would be.

Brian Smith answered that there is no specific threshold. Even if the market dropped 45% in a year, the portfolio is designed to endure it. Reacting by moving to cash could result in missing the rebound. He stressed that in hindsight, how the fund responded in 2025 won't matter as much as staying aligned with its long-term goals.

Steve Glenn added that missing the ten best days of the market over ten years can reduce returns by 50%.

Brian Smith reiterated that whether the market is down 5% or 45%, staying invested is critical. The rebound is typically swift and powerful.

Greg Ealey said he appreciated the response.

- Kendall Park added another bullet point: rather than asking what we'll do if things worsen, the better question is what we've done to prepare. The answer includes having a seasoned investment consultant, private credit exposure, ample liquidity, fixed income, experienced managers, an investment policy, and a rebalancing framework to capitalize on market dislocations.

Steve Glenn added, "and we are buying." If City Council calls about the fund being down \$300 million, the reply should be that it's a perfect time to invest another \$100 million. While the response may be met with silence, this is the same advice the FIAC members, as investment managers, give their clients—it's a buying opportunity.

Brian Smith concluded by thanking Spencer Hunter and the RVK team for their ongoing work.

## VI. Old Business

## VII. New Business

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VIII. Upcoming Meetings

- a. Virtual Annual Members' Meeting – Friday, April 25, 2025 at 9:00AM
- b. Fiduciary & Ethics Training – Friday, April 25, 2025 at 9:30 A.M.
- c. Manager Update Workshop – Baillie Gifford – Friday, May 9, 2025 at 12:00PM
- d. FIAC Meeting – Tuesday, May 20, 2025 at 3:30 P.M.

Brian Smith encouraged FIAC members to attend the upcoming Annual Members' Meeting, especially for the training sessions offered.

IX. Adjournment

4:28PM

Brian Chappell, FIAC Secretary

**Summary Prepared By:**

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

**Posted:** 04/23/2025

**To be Approved:** 05/20/2025