



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

Tuesday, May 21, 2024

3:30 P.M. – 5:05 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, July 23, 2024 at 3:30 P.M.

Financial Investment and Advisory Committee

Eric “Brian” Smith Jr., Chair

Erwin Lax, Secretary

Brian Chappell

Gregory Ealey, *pending City Council confirmation*

Steve Glenn

Excused

Kendall Park

Fund Staff

*Timothy H. Johnson, Executive Director – Plan Administrator

Steve Lundy, Deputy Director

Kevin Grant, Finance Manager

Guests

*Jordan Cipriani, RVK, Investment Consultant

*Joseph Delaney, RVK, Investment Consultant

*Spencer Hunter, RVK, Investment Consultant

*Alexa Singer, IPI Partners

*Lauren Sullivan, IPI Partners

*Gar Chung, FIN NEWS

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.

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Agenda

I. Public Comment

In accordance with Section 286.0114, Florida Statutes, individuals desiring to speak shall state his or her name, or indicate such on a designated form if available, and state or indicate the matter before the Board on which the person desires to speak. Each individual who speaks during public comment will be allowed to speak for up to three (3) minutes or longer in the Board Chair's discretion. Unless otherwise approved by the Board, public comment will be permitted in-person. Speakers on video communication must disclose the same information as those speaking in the room. Copies of any materials that a member of the public desires to provide to the Board may be provided to the Board during the time that the member of the public exercises public comment. No person shall be permitted to disrupt the meeting. The Chair shall have the authority to determine appropriate conduct at the meeting and to direct the removal of any person who fails to abide by the rules of order set by the Board.

There was no public comment.

II. Meeting Summaries – *action requested*

a. *April 23, 2024 FIAC Meeting*

Erwin Lax moved to approve the April 23, 2024 FIAC meeting summary, seconded by Steve Glenn. The vote passed unanimously.

III. Executive Director's Report

Timothy Johnson updated the FIAC on the City's stadium renovation financing plans. Instead of paying off the Better Jacksonville Plan (BJP) early—anticipated for as early as 2027, which would have allowed surtax receipts to reach the pension funds 3-4 years earlier than planned—the City has decided to allocate these funds towards stadium renovations until 2030. At that point, the surtax will begin to fund the pensions. Johnson mentioned that the City Treasurer will discuss this plan in more detail with the Trustees at the Board of Trustees meeting on May 31.

Brian Smith inquired about the status of the FIAC's recommendation to accept RVK's portfolio 3.

Timothy Johnson responded that the Board of Trustees had tabled the recommendation at their April meeting. They plan to revisit it at their May 31 meeting, as one trustee had additional questions for RVK before feeling comfortable voting on the new portfolio structure.

a. *Fiscal Year 2025 Operating Budget – Kevin Grant – action requested*

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Kevin Grant presented the Fiscal Year 2025 PFPF Operating Budget to the FIAC, detailing the FY2024 Adopted, FY2025 Proposed, and the year-over-year changes.

He began by reviewing the expected revenue streams for FY2025:

- Trust Fund Revenues: \$15,309,947
- Building Rental: \$564,505
- Parking: \$185,450
- Total Revenues: \$16,059,902

Kevin Grant then outlined the budgeted expenditures for FY2025:

- Personnel: \$1,554,452
- Operating Expenses: \$1,017,534
- Professional Services: \$514,716
- Investment Expenses: \$12,575,000
- Capital Outlay: \$180,000
- Building Operations: \$181,200
- Parking Operations: \$37,000
- Total Expenditures: \$16,059,902

Erwin Lax moved to approve the Fiscal Year 2025 Proposed Budget, with potential changes to be made by the City, seconded by Steve Glenn. The vote passed unanimously.

b. July Hiatus – action requested

Timothy Johnson reminded the FIAC that the PFPF's three bodies—the Board of Trustees, the Advisory Committee, and the FIAC—traditionally take the month of July off. He mentioned that it is up to the FIAC to decide whether they want to take July off again this year and suggested they may vote to cancel the July meeting. Since the FIAC also does not meet in June, the next meeting would be in August.

Steve Glenn moved to accept the July hiatus, seconded by Brian Chappell. The vote passed unanimously.

IV. Investment Consultant Reports

a. IPI Partners Fund III – action requested

Jordan Cipriani provided an overview of IPI Partners Fund III, a specialized non-core real estate firm focused on data centers. She highlighted their built-to-suit and powered shell development strategies, leveraging relationships with hyperscale tenants like Meta, Microsoft, Google, and Amazon to access proprietary opportunities. The recommended commitment is \$15 million, with a target fund size of \$4.0 billion.

Brian Smith inquired about the fees.

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Joseph Delaney explained that there is a 1.5% management fee on committed capital, a 7% preferred return, and a 20% carry with a 50/50 catch-up. This means IPI, as the General Partner, does not share in any profits until the fund achieves a 7% return. After reaching this threshold, 50% of profits are awarded to the Limited Partners (such as the PFPF) and 50% to the General Partner until the General Partner has received 20% of the amounts distributed as profits. Thereafter, 80% of profits go to the Limited Partners and 20% to the General Partner.

Alexa Singer and Lauren Sullivan of IPI Partners introduced themselves and their firm, covering several key points from their presentation:

Firm Overview: IPI is a leading global investment platform with \$18 billion in equity and debt raised since its inception. They have approximately \$8 billion in total equity capital commitments across four continents, with a global presence and a team of over 60 members, complemented by a 640+ member operating and development team at STACK Infrastructure.

Portfolio: IPI has built a leading global data center portfolio, which spans 28 markets and includes 64 operational and under-construction facilities, 59 owned land parcels, with a potential for over 67 million square feet and more than 5,111 MWs.

Market Fundamentals: IPI believes that data center market fundamentals are stronger than ever, driven by record absorption and accelerated demand. This has led to increasing rental rates, record pre-leasing, and expansive single-tenant leases at a campus scale.

Demand Evolution: The demand for data centers has transformed leasing norms. Since IPI's inception, capacity needs have significantly increased. Tenants have shifted from leasing single data halls to entire campuses, with 100MW campuses now requiring approximately \$1.2 billion in capital investment.

Alexa Singer also noted that the final close for IPI Partners Fund III is on June 28.

Steve Glenn moved to accept RVK's recommendation to invest \$15 million into IPI Partners Fund III, seconded by Brian Chappell. Discussion:

The FIAC discussed the possibility of increasing the investment amount in IPI Partners Fund III from \$15 million to \$20 million.

In response to the FIAC's interest, Jordan Cipriani noted that an additional \$5 million investment in IPI Partners Fund III might be accommodated.

Brian Chappel moved to amend the motion, "to invest up to \$20 million, no less than \$15 million", seconded by Erwin Lax. The amendment passed unanimously.

The vote on the motion, as amended, also passed unanimously.

b. Quarterly Investment Performance Analysis as of March 31, 2024

Jordan Cipriani reviewed page 4 of the Quarterly Investment Performance Analysis as of March 31, 2024:

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Market Overview: In Q1, risk assets continued their strong performance from 2023, bolstered by a resilient US economy and robust labor market, despite uncertainties about future monetary policy changes and elevated geopolitical tensions. Both US and developed international equities, across all capitalizations and styles, posted gains.

Fixed Income Market: The public fixed income market had mixed results. Strong economic data and moderated expectations for future rate cuts contributed to rising yields. The broad fixed income market experienced negative returns, with shorter-duration bonds outperforming longer-maturity bonds, reversing a trend from late 2023. Credit-sensitive sectors like bank loans, high yield, and emerging market debt posted positive returns.

Inflation and FOMC: Despite moderating, inflation remained above target ranges, prompting investors to closely monitor Federal Open Market Committee (FOMC) comments. In late March, the FOMC indicated plans for three rate cuts during the year.

Economic Indicators: Indicators pointed to stable economic activity, with purchasing manager indexes for manufacturing and services staying in expansionary territory in Q1. The OECD forecasted world GDP growth of 2.9% in 2024 and 3.0% in 2025, with headline inflation expected to be 6.6% in 2024 before moderating to 3.8% in 2025.

Jordan Cipriani also reviewed:

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

She noted that Fiscal Year to Date returns were 12.06% as of March 31, 2024, bringing the total fund market value to \$2,653,304,629. The fund's performance was strong compared to its peer group of similar plans (\$1-5 billion).

Spencer Hunter added that, as of last Friday, the Fiscal Year to Date return had increased to 13.5%.

V. Old Business

None.

VI. New Business

None.

VII. Upcoming Meetings

- Manager Update Workshop – Principal – Thursday, June 27, 2024 at 12:00PM*
- FIAC Meeting – Tuesday, August 20, 2024 at 3:30PM*

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VIII. Adjournment
5:05PM

FIAC Secretary

Summary Prepared By:

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

Posted: 05/22/2024

To be Approved: 08/20/2024