



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

Tuesday, June 24, 2025

3:30 P.M. – 4:00 P.M.

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

### Financial Investment and Advisory Committee

Kendall Park, Chair  
Brian Chappell, Secretary  
\*Greg Ealey  
Steve Glenn

### Excused

Eric "Brian" Smith Jr.

### Fund Staff

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

### Guests

\*Spencer Hunter, RVK, Investment Consultant  
\*Raj Barot, RVK, Investment Consultant  
\*Kevin Balaod, With Intelligence

\*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. Meeting Summaries – action requested

a. April 22, 2025 FIAC Meeting

Steve Glenn moved to approve the April 22, 2025 FIAC Meeting Summary, seconded by Greg Ealey. The vote passed unanimously.

III. Executive Director's Report

a. July Meeting Hiatus – action requested

Timothy Johnson informed the FIAC that both the PFPF Board and its Committees traditionally take a break from public meetings in July. The benefits Advisory Committee voted to approve a July hiatus on June 10. The Board is expected to vote on a similar hiatus at its meeting on Monday. If there is a demand for a July meeting, one will be scheduled; otherwise, all business will be concluded this month to allow for the break.

Timothy Johnson also provided an update on two upcoming Summer Socials hosted by the PFPF, both to be held at the Firefighters' Union Hall. Members are invited to attend either or both events. A BBQ is planned for July, and a fish fry for August. Mr. Softee's Ice Cream truck, a popular feature last year, will be present at both socials.

Steve Glenn moved to approve a July hiatus for the FIAC, seconded by Brian Chappell. The vote passed unanimously.

IV. Investment Consultant Reports

a. Artemis Health Care Fund III – action requested

Spencer Hunter explained that the Board recently adjusted its process for approving new investment managers. The previous process, where the FIAC reviewed potential candidates first before the Board of Trustees conducted its initial review and then made an approval, is being reinstated for the Artemis Health Care Fund III due to timing constraints. This change allows the PFPF to participate in the fund's first close and receive a six-month fee holiday from Artemis. The Board has not yet reviewed this manager but will do so on Monday.

The following details were provided for the Artemis Health Care Fund III:

- Recommended Commitment: Up to \$15 million
- Target Size: \$1.5 billion
- Re-up Opportunity: Yes; PFPF committed \$25 million to the prior vintage (Fund II) in 2022.
- Closing Schedule: Rolling closes, with the first close expected on June 27, 2025.

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- Investment Overview:
  - Style: Value-Add Diversified, US Non-Core Real Estate.
  - Target Sectors: Seeks best relative value opportunities in Healthcare and adjacent Seniors Housing sectors, with a diverse mix across the acuity spectrum (independent, assisted, memory care, and age-restricted retirement communities).
  - Strategy: Aims for attractive risk-adjusted returns through debt and equity investments in US healthcare-related real estate. The fund will capitalize on the current healthcare investment environment by investing in medical properties, seniors housing, and other healthcare-related assets and real estate. Investments will focus on:
    - Situational distress, mispricing, and disruption opportunities.
    - Cash-flowing stabilized assets.
    - Core-plus opportunities balancing income with slightly lower capital appreciation expectations.
- Investment Team: Key decision-makers are Kelly Sheehy and Kevin Nishimura, both Senior Managing Directors with 20 years of experience, serving as Co-Portfolio Managers for the Healthcare Fund Series. Artemis's senior healthcare team comprises 15 investment professionals, each with over 20 years of experience. The Artemis Healthcare Investment Committee has an average tenure of approximately 25 years. Artemis employs around 100 professionals across four offices.
- Target Return: Net IRR: 11% to 14%; Net Multiple: 1.5x.
- Track Record: Historical performance of prior fund vintages (I & II) met original underwriting expectations. These returns were achieved despite challenging investment environments (COVID-19 pandemic and recent Fed rate hike cycle) and while utilizing leverage below typical value-add real estate funds.
- Structure: Private Fund (General Partner / Limited Partners); closed-end vehicle.
- Term: 10 years from final close, with two 1-year extensions subject to approval.
- Commitment (Investment) Period: 4 years from final close.
- Maximum Leverage: 60% Loan to Value cap, consistent with the Fund series. Prior Funds I and II had average LTVs of 43% (as of April 2025).
- Fee: Management A/M fees of 1.0% on Committed and 1.5% on Invested Capital during the Commitment Period; 1.5% of invested capital after the Commitment Period. This includes a 7.5% preferred return and 15% carry with a 50/50 GP catch-up. A management fee holiday is available for LPs that close within the first six months of rolling closes.

Spencer Hunter presented a case study for the Artemis Healthcare Fund Series, illustrating a typical acquisition reflecting current themes invested in by Artemis Healthcare Fund II and pipeline opportunities for Artemis Healthcare Fund III:

- This recent acquisition (April 2025) of 155 assisted living and memory care apartments utilized approximately \$44 million of Fund equity.
- The asset has a stabilized occupancy of 91% leased.
- Artemis' Investment Thesis and Approach:
  - Acquired at an attractive basis, reflecting a 26% discount to estimated replacement costs and a 13% discount to market sales comparisons.
  - Acquired at a compelling going-in yield, with a year-1 cap rate of 7.1%.
  - Located in a high barrier-to-entry market with favorable demographic tailwinds, including an affluent market with high area median home prices and ease of access for adult children.

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- Artemis' business plan focuses on margin expansion, modest common area upgrades, and improved management execution, executed with a best-in-class operating partner.
- Given the attractive basis and yield, this asset is expected to achieve returns at the higher end of the 11-14% net range.

Kendall Park supported the investment, citing Artemis' stable track record, the six-month fee holiday, and PFPF's satisfaction with their previous performance.

Steve Glenn said he would need to abstain from the vote due to his relationship with Artemis' parent company.

**Brian Chappell moved to approve the Artemis Health Care Fund III, seconded by Greg Ealey. The vote passed with three votes, with Steve Glenn abstaining.**

**b. Monthly Investment Performance Analysis as of May 31, 2025**

Spencer Hunter reviewed the Monthly Investment Performance Analysis as of May 31, 2025. He noted that the year has been influenced by top-down policy, with markets reacting favorably in May due to tariff de-escalation, improving consumer confidence, and positive earnings. In May, US markets were up 5-6.5%, and non-US markets were up 4-5.5%. Fixed income posted a negative return of approximately -0.75% due to broadly increasing yields. While June introduced geopolitical tension in the Middle East, markets have remained relatively stable, though oil and gas prices may increase. Through June 23rd, the S&P 500 index was up 2%, and fixed income was up 0.75%.

Fiscal year-to-date, net of fees, the Fund was up 2.7% through May 31, with all investments aligning with their target allocations. As of the end of last week, the fiscal year-to-date return, net of fees, was up approximately 3.7%, and up 4.3% on a calendar year-to-date basis. Overall, markets are holding up well, and the fund is performing in line with expectations.

The Board is scheduled to discuss its US Large Cap Growth and US Large Cap Value managers on Monday, and any actions taken will be reported. Brian Chappell requested an overview of the Fund's emerging market manager, Acadian, in the near future.

**V. Old Business**

None.

**VI. New Business**

None.

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VII. Upcoming Meetings

- a. FIAC Meeting – Tuesday, August 19, 2025 at 3:30 P.M.

VIII. Adjournment

4:00

Brian Chappell, FIAC Secretary

**Summary Prepared By:**

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

**Posted:** 06/25/2025

**To be Approved:** 08/19/2025