



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

Tuesday, November 14, 2023

3:31 P.M. – 5:01 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, January 23, 2024 at 3:30 P.M.

Financial Investment and Advisory Committee

Eric “Brian” Smith Jr., Chair

Brian Chappell

Steve Glenn

Kendall Park

Excused

Erwin Lax, Secretary

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator

Steve Lundy, Deputy Director

Kevin Grant, Finance Manager

Guests

*Jordan Cipriani, RVK, Investment Consultant

*Spencer Hunter, RVK, Investment Consultant

*Joe Ebisa, 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. 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.

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. 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.

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Agenda

- I. Public Speaking

- II. Meeting Summaries – *action requested*
 - a. *September 19, 2023 FIAC Meeting Summary*
 - b. *October 10, 2023 FIAC Meeting Summary*

Steve Glenn moved to approve the September 19, 2023 and the October 10, 2023 FIAC Meeting Summaries, seconded by Brian Chappell. The vote passed unanimously.

- III. Executive Director's Report
 - a. *Engagement Survey Results*

Timothy Johnson previewed today's agenda with the PFPF 2023 Engagement Survey. He highlighted the exceptional engagement from the group, with half of the questions focusing on ratings and the other half being open-ended, allowing members to share feedback.

Timothy Johnson noted that Kevin Grant will provide an update on the City Repayment and Contribution. Also, the FIAC will have a dedicated segment to discuss the recent Sawgrass Asset Management workshop, sharing their feedback and takeaways on the update provided by the investment manager.

Steve Lundy delved into the survey results, presenting each question along with the average ratings. Notably, all ratings surpassed 4.55 out of 5.00, equivalent to 91% and above. The questions and their average scores were as follows:

- How satisfied are you with your role? 4.91
- How well do you understand the mission and goals of the PFPF? 5.00
- How would you rate your level of involvement in discussions and decision-making processes? 4.55
- How comfortable are you with expressing your opinions and ideas during meetings? 5.00
- Do you believe that your contributions are valued and appreciated? 4.64
- How satisfied are you with the communication and information flow with management and professional service providers (i.e. actuary, auditor, lawyers, investment consultant)? 4.55
- How would you describe the effectiveness of the PFPF in fulfilling its responsibilities? 4.91

Steve Lundy also provided insights into the open-ended responses for the second half of the questions.

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a. Repayment and Contribution Update

Kevin Grant presented the City of Jacksonville Annual Repayment and Contribution Rebalancing slide, emphasizing that discussions between the PFPF and the City are ongoing to finalize the details of the new process for netting the repayment and contribution. The transition is expected to be finalized before the end of Fiscal Year 2024.

Timothy Johnson briefly outlined the Fiscal Year 2024 Goals from the Personnel Committee Meeting agenda, mentioning that these goals were shaped, in part, by responses from the engagement survey conducted among Board and Committee members.

Brian Smith inquired about the timeline for implementing the new netting process for City Repayment and Contribution. Kevin Grant assured that it shouldn't take more than a couple more meetings with the City to address logistical aspects, and the City wants to establish a forward-looking accounting procedure.

Brian Chappell sought clarification on whether it is the Board of Trustees' stance to adopt this new method of netting for the City Repayment and Contribution. Kevin Grant affirmed this position.

Timothy Johnson added that both the Board of Trustees and the City aim to have a memorandum of understanding in place before the City Contribution is made in December.

b. Sawgrass Manager Update Workshop Follow-Up

The FIAC discussed the Sawgrass Manager Update Workshop conducted on October 12. Brian Chappell, Erwin Lax, and Kendall Park attended the workshop.

Brian Smith provided historical context on Sawgrass Asset Management, recounting his tenure on the FIAC and previous recommendations to terminate Sawgrass over the years made by both Summit Strategies and RVK, though the Board of Trustees opted against termination in both instances. Discussion centered on Sawgrass' rationale for underperformance, particularly their emphasis on "downside protection."

Steve Glenn highlighted internal turnover among Sawgrass portfolio managers, while Kendall Park pointed out multiple periods of underperformance. Brian Chappell expressed a need for more information to thoroughly assess Sawgrass, requesting RVK to compare Sawgrass' performance with a peer group adhering to the "Growth at a Reasonable Price" (GARP) style.

Brian Smith reminded the group that the Board had deferred the decision to terminate Sawgrass in early 2022. Steve Glenn emphasized the weight of professional advice from RVK and the FIAC, stating that the consensus recommendation for termination is robust.

The FIAC, along with RVK, delved into Sawgrass' investment philosophy, and RVK committed to providing a performance comparison with other GARP-style peers. RVK clarified that any adjustments to the PFPF's US Equity portfolio would align with the Equity Structure Study, slated for presentation to the FIAC and Board of Trustees in January or February 2024.

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IV. Counsel Reports

None.

V. Investment Consultant Reports

a. Quarterly Investment Performance Analysis as of September 30, 2023

Jordan Cipriani addressed the Investment Manager Watch List on page 11 of the report, discussing Sawgrass, Wedge, Loomis, and Principal, which were flagged for various performance and team turnover reasons.

Moving to page 12, Jordan covered the Schedule of Investable Assets, highlighting that the total Fiscal Year to Date performance for Fiscal Year 2023 stood at 13.98%. She cautioned that this figure is preliminary, and final return metrics are expected by the end of the month. The conclusive number will be shared once available.

Continuing to page 13, Jordan reviewed the asset allocation, and on page 14, she provided insights into the plan sponsor peer group analysis. Despite challenges in Fiscal Year 2022, the PFPF has demonstrated a robust recovery.

b. Monthly Investment Performance Analysis as of October 31, 2023

Spencer Hunter provided a concise overview of the General Market Commentary in the Monthly Investment Performance Analysis as of October 31, 2023. He emphasized the anticipation of ongoing market volatility.

VI. Old Business

None.

VII. New Business

None.

VIII. Upcoming Meetings

a. FIAC Meeting – Tuesday, January 23, 2024 at 3:30PM

b. Manager Update Workshop – JP Morgan – Wednesday, November 15, 2023 at 12:00PM

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IX. Adjournment
4:52PM

Erwin Lax, FIAC Secretary

Summary Prepared By:

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

Posted: 11/16/2023

To be Approved: 01/23/2024