SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, March 25, 2022
9:00 A.M. – 11:54 A.M.

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

Board of Trustees

Assistant Chief Chris Brown, Chair
Nawal McDaniel, Secretary
Cpt. Michael Lynch
Richard Patsy
Terry Wood

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager
Maria Young, Finance and Benefits Specialist

Guests

*Kevin Balaod, WithIntelligence
*Randall Barnes, Fund Treasurer
*Jordan Barry, Victory Park Capital
Daniel Bean, Abel Bean Law
*Renzer Bell
*Brendan Carroll, Victory Park Capital
*"Chuck"
*Gar Chung, FIN News
Jordan Cipriani, RVK, Investment Consultant
Ariel Cook, Office of General Counsel
Marc Davis, Sawgrass Asset Management
Christopher Dempsey, Abel Bean Law
*Liridon Gila
*"Guest" x3
Sonya Harrell, Office of General Counsel
*Austin Head-Jones, RVK, Investment Consultant
*Dick Hoag
Lawsikia Hodges, Office of General Counsel
Marty LaPrade, Sawgrass Asset Management
Joshua Livingood
*Richard Lorant
*Brennan Merrell, COJ
*Gary Miller
Brian Monroe, Sawgrass Asset Management
*Justin Outslay, RVK, Investment Consultant
*Tiffiny Pinkstaff, Office of General Counsel
*"Resident"
Ronald Salem, City Council Liaison
Kevin Schmidt, RVK, Investment Consultant
*Brian Smith
*Tom Stadelmaier, COJ
*Olibia Stamatoglou, Victory Park Capital
*Matt Sturdivan, RVK, Investment Consultant
Bob Sugarman, Fund Counsel
*Steven Toll, Cohen Milstein Sellers & Toll
Diane Tropia, Court Reporter
*Jim Voytko, RVK, Investment Consultant
*Tom Welch, Victory Park Capital
Alexandra Wernsing, Abel Bean Law
*Randy Wyse, President, IAFF Local 122

Others:

*781-258-9749
*786-263-9218
*845-548-6209
*904-493-5527
*904-607-1895
*904-612-8311
*970-690-7433

*Asterisk denotes virtual meeting attendance via the ZOOM application.

City of Jacksonville Police and Fire Pension Fund
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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. 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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Summary

I. Pledge of Allegiance

II. Invocation

Timothy Johnson gave the invocation.

III. Moment of Silence

Ronald N. Assaf, Retired Police Officer
Walter J. Brown, Active Police Officer
Clifford L. Copeland, Retired Police Officer
Daniel Hadden, Retired Firefighter
Darrold S. McArthur, Active Fire Captain
Willie J. Nathan, Retired Police Officer
Gilbert A. Smith, Retired Police Officer

IV. Public Speaking

None.

V. Consent Agenda Items 2022-03-(01-11)CA

Richard Patsy moved to approve the consent agenda, seconded by Terry Wood. The vote passed unanimously.

2022-03-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees Meeting of February 18, 2022
2. Summary to the Board of Trustees and FIAC Workshop of March 2, 2022

2021-03-02CA Disbursements

The listed expenditures in DISBURSEMENTS A & B have been reviewed and deemed payable. The Police and Fire Pension Fund Finance Manager certifies that they are proper and in compliance with the appropriated budget. Transaction lists attached.

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DISBURSEMENTS A
02-01-2022 thru 02-28-2022

1. The Northern Trust Company	$	132,313.20
2. Acadian Asset Management	$	268,113.00
3. JP Morgan	$	442,573.40
4. Eagle Capital Management	$	549,087.10
5. Thompson, Siegel & Walmsley	$	41,942.66
6. WEDGE Capital Management	$	163,555.26
Total	**$**	**1,597,584.62**

DISBURSEMENTS B
02-01-2022 thru 02-28-2022

1. Accounts Payable Distributions	$	57,812.26
2. Accounts Receivables	$	29,807.84

2022-03-03CA Pension Distributions
All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.

February 4, 2022

1. Regular Gross	$	6,938,374.85
2. Regular Lumpsum	$	50,766.81
3. Regular Rollover	$	25,257.37
4. Regular DROP Gross	$	1,406,668.80
5. DROP Lumpsum	$	0.00
6. DROP Rollover	$	0.00
Total	**$**	**8,421,067.83**

February 18, 2022

1. Regular Gross	$	6,941,949.61
2. Regular Lumpsum	$	0.00
3. Regular Rollover	$	0.00
4. Regular DROP Gross	$	1,408,421.75
5. DROP Lumpsum	$	0.00
6. DROP Rollover	$	0.00
Total	**$**	**8,350,371.36**

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The following Consent Agenda items 2022-03-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on March 24, 2022. Vote was unanimous. Meeting Agenda attached.

2022-03-04CA
Application for Vested Retirement

2022-03-05CA
Application for Survivor Benefits

2022-03-06CA
Application for Time Service Connections

2022-03-07CA
Application for DROP

The following Consent Agenda items 2022-03-(08-11CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on March 24, 2022. Vote was unanimous. Meeting Agenda attached.

2022-03-08CA
Share Plan Distributions

2022-03-09CA
DROP Participant Termination of Employment

2022-03-10CA
DROP Distributions

2022-03-11CA
DROP Distributions for Survivors

VI. Executive Director's Report

Regarding the Livingood Disability Application, Timothy Johnson informed the Board of Trustees that he perceives possible fraud on the pension fund based on what he heard at the hearing and his review of new records provided by the Jacksonville Sheriff's Office after the original disability file was closed. There may be evidence to support forfeiture of benefits. First, the pension office must perform an investigation; then send results to pension counsel to determine whether there are grounds for pension forfeiture.

Michael Lynch asked Timothy Johnson when he was made aware of this new evidence, and whether it is available for the Trustees to review.

Timothy Johnson said he was made aware of the evidence yesterday at the disability hearing, and the evidence is available for review.

Bob Sugarman cautioned the Trustees to avoid discussing the details. Under the code, when there is a perception of fraud, a certain procedure is initiated without Board action. The Executive Director will investigate. As part of the investigation, Mr. Livingood will have an opportunity to meet with the Executive Director. Based on the investigation, a recommendation for a hearing may be made. If the investigation results in a hearing, there would be a notice of proposed agency action. The Forfeiture Determination and Hearing Procedures will be followed.

Bob Sugarman said that meanwhile, the Advisory Committee unanimously approved the recommendation of the disability benefit. He said he recommends the Board table action on that recommendation.

Michael Lynch said he believes Mr. Livingood should be given due process today.

Daniel Bean discussed his view of why Mr. Livingood should be given a hearing today.

Sonya Harrell, as special counsel, discussed the risk of acting on the Advisory Committee's recommendation today.

Daniel Bean said that he appreciates the effort. For purposes of record, he asked Chair to recuse himself. As supervisor of Lt. Shell, who recused himself yesterday for the same reasons. 5 different doctors have agreed that Livingood is disabled. He argued why Livingood should receive a disability pension. He asked for the hearing to proceed today.

Michael Lynch said he wanted to move to hold the hearing today.

Bob Sugarman said that motions are only needed to change the status quo. A motion would be needed to defer the recommendation.

Nawal McDaniel asked about temporary disability benefits, assuming the approval of Mr. Livingood's disability application was deferred.

Timothy Johnson said that he is not yet receiving temporary disability benefits, but he could begin to receive them pending Board approval.

Chris Brown said that the temporary disability benefits are a viable solution.

Terry Wood moved to defer approval of the disability application of Joshua Livingood, seconded by Nawal McDaniel. The vote passed 4-1 with Michael Lynch voting against.

Timothy Johnson continued his report, noting that the FIAC recommends a $30 million allocation to Victory Park Capital Asset-Backed Opportunistic Credit Fund.

Timothy Johnson said Hammes has offered to the increase the Jacksonville Police and Fire Pension Fund's commitment of Hammes Partners Fund IV by $7,500,000. With the amended additional capital commitment, the cumulative investment equals $15 million in the Hammes Partners Fund IV. The increase was accepted based on the flexibility to do so contained in the Board's motion to approve.

Timothy Johnson said that Trustee Patsy has accepted a position which will relocate him to California. The April 2022 Board meeting will be his last. He said he will prepare a potential slate of replacements for City Council to consider. Ultimately, the choice rests with City Council. The Board will recognize Trustee patsy's service at the Annual Members' Meeting in April.

Richard Patsy said it has been a pleasure to serve on the Board of Trustees.

VII. Investment Consultant Reports

a. Monthly Investment Performance Analysis – February 28, 2022

Kevin Schmidt covered the General Market Commentary on page 2 of the Monthly Investment Performance Analysis:

- Global equity markets pulled back for a second consecutive month in February, with most major indices finishing in negative territory. Growth stocks continued to underperform value stocks across both domestic and international equity markets.
- Headlines in February were dominated by the geopolitical tensions seen in Ukraine and Russia, eventually leading to the Russian invasion of Ukraine. The United States, along with many other countries around the world, implemented a wave of economic sanctions against Russia which include removing select Russian banks from the SWIFT financial messaging network and freezing Russian central bank assets held in the United States.
- Additionally, inflationary pressure is expected to continue to build as Russia and Ukraine are prominent exporters of commodity goods such as oil, natural gas, precious and industrial metals, and wheat. Financial markets experienced heightened volatility in February due to current geopolitical events, as the Russian invasion of Ukraine could further exacerbate several preexisting issues such as elevated inflation, supply chain disruptions, and central bank behavior.
- Equity markets posted negative returns in February as the S&P 500 (Cap Wtd) Index returned -2.99% and the MSCI EAFE (Net) Index returned -1.77%. Emerging markets returned -2.99% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -1.12% in February, underperforming the -0.45% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned - 1.27%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned -3.13% in February and 7.75% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 47.16% for the trailing one-year period and 20.02% for the trailing five-year period ending September 2021.

- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned -0.70% for the month and 0.25% over the trailing one-year period.
- Crude oil's price increased by 8.59% during the month, and has increased by 55.64% YoY.

Kevin Schmidt also covered the Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets on page 3, and the Asset Allocation and Performance starting on page 5. The total fund was down 1.73% on the Fiscal Year-to-Date basis.

b. Non-Core Real Estate Pacing Analysis

Jordan Cipriani covered the Non-Core Real Estate Pacing Analysis:

Objective:

- Set a reasonable 5-year target commitment allocation schedule that results in the total fund approaching the non-core real estate allocation.
    - The commitment pacing plan should be revisited annually

Process:

- RVK uses proprietary software to model the existing portfolio and expected forward commitments. A number of assumptions are made throughout this analysis and include the following:
    - Real Estate investment cash flow/valuation patterns based on historical data from Preqin Alternatives
    - A custom annualized growth rate for the overall total composite, net of spending rate

Output:

- The pacing study provides a recommended annual commitment volume to meet the total fund's non-core real estate target.
    - Vintage commitments shown below may be made to one or more investment managers depending on the size of the commitment
    - Likely to approach non-core real estate target slowly to minimize vintage year risk

Pacing Recommendation Review:

- In 2021, RVK recommended initial commitments of $40 million then increasing to $45 million in 2023 to reach the target allocation of 5%.
- After updating our pacing analysis in 2022, RVK recommends $40 million in commitments a year.
- The modest change in commitments in later years is due to a 0.40% decrease in the expected growth rate from approximately 2.9% to approximately 2.5%.

The total plan's allocation to non-core real estate is now expected to reach the target allocation of 5% by approximately 2026.

c. *Private Credit Pacing Analysis*

Justin Outslay covered the Private Credit Pacing Analysis:

Objective:

- Set a reasonable 5-year target commitment allocation schedule that results in the total fund approaching the private credit allocation.
  - The commitment pacing plan should be revisited annually

Process:

- RVK uses proprietary software to model the existing portfolio and expected forward commitments. A number of assumptions are made throughout this analysis and include the following:
  - Private credit investment cash flow/valuation patterns based on historical data from Preqin Alternatives
  - A custom annualized growth rate for the overall total composite, net of spending rate

Output:

- The pacing study provides a recommended annual commitment volume to meet the total fund's private credit target.
  - Vintage commitments shown below may be made to one or more investment managers depending on the size of the commitment
  - Likely to approach private credit target slowly to minimize vintage year risk

Pacing Recommendation Review:

- In 2021, RVK recommended an initial commitment of $100 million to an evergreen fund and then annual commitments of $40 million to traditional closed-end private credit funds to reach the target allocation of 8%.
- After updating our pacing analysis in 2022, RVK recommends increasing the annual commitment schedule to $60 million, tapering to $40 million by 2026.
  - Within the 2022 commitment schedule, RVK recommends committing $30 million to the VPC Asset-Backed Opportunistic Credit Fund. The remaining $30 million shall be reserved for another private credit fund to be brought forth later this year.
- The increase in the commitment schedule amount is primarily due to the following factors:
  - The Ares Pathfinder Core Fund distributes income rather than reinvests income.
  - The Ares Pathfinder Core Fund began investing later than we originally anticipated, but the Fund's initial deployment remains in line with our expectations.
- The total plan's allocation to private credit is still expected to reach the target allocation of 8% by approximately 2026.

Austin Head-Jones covered the VPC Asset-Backed Opportunistic Credit Fund recommendation on page 9.

Justin Outslay discussed the fees, noting that there is a 1.5% management fee, but the PFPF would benefit from a 25 basis-point discount, which brings the total fee to 1.25%. In the ABOC peer group, this is on the low end and attractive.

d. *Victory Park Capital*

Brendan Carroll, Tom Welch and Olibia Stamatoglou of Victory Park Capital presented their firm, Victory Park Capital:

VPC Presenting Team (page 2)

- This investment experience and operational expertise has enabled our team to consistently act as a value-added partner to our investors and portfolio companies

Firm Overview (page 3)

- Victory Park Capital Advisors, LLC ("VPC") is a privately held, global alternative investment firm

Established Credit Manager

- Founded prior to the global financial crisis in 2007 by Richard Levy and Brendan Carroll
- VPC has long-standing experience investing opportunistically amidst volatility and market complexities
- Headquartered in Chicago with resources in New York, Los Angeles, Austin and Miami
- Since inception, VPC's Credit Strategy has invested approximately $6.5 billion across 100+ investments1 through investment funds and accounts managed by VPC

Private Credit Solutions

- Private credit specialist with a focus on capital preservation across multiple market environments
- Lender to both established and emerging businesses across various industries in the U.S. and abroad
- Extensive experience lending to companies across the credit spectrum

Developed Risk Management Culture & Process

- Deeply embedded risk culture permeates the firm
- VPC leverages proprietary risk tools and analytics to drive underwriting and portfolio management decisions
- Customized monitoring and reporting process allows for granular analysis across multiple dimensions

Seasoned Investment Team

- Senior investment team averages over 20 years of relevant experience
- History of generating strong returns throughout various market cycles
- Differentiated restructuring expertise complements strong risk management

Introduction to Asset-Backed Lending (page 4)

- The corporate lending world can, in its simplest form, be divided into two different approaches: 1) assetbacked lending ("ABL") and 2) cash flow-based lending
  - In ABL transactions, the lender is secured by the borrower's assets, which then form the basis for how much credit the borrower can access
  - In contrast, a cash flow-based lending methodology of determining credit availability is principally based on an analysis of the borrower's enterprise value, with a particular focus on cash flow
- VPC considers the ABL market as divided between two segments:
  - Traditional: Borrowers pledge asset collateral such as accounts receivable and inventory
  - Non-traditional: Borrowers pledge a variety of assets such as loan receivables, real estate, equipment and other contractual and verifiable streams of cash flow
- VPC operates predominantly within the non-traditional ABL segment of the market
  - Each transaction is secured against an underlying balance sheet asset coupled with specific covenants and structure tailored to that asset
  - VPC believes the non-traditional ABL segment offers flexible financing solutions for all borrowers, including large balance sheet and emerging companies that require capital to expand and grow
- VPC believes it can continue to generate strong risk-adjusted returns as a result of its asset-backed underwriting and structuring expertise across multiple industries and economic cycles
  - Conservative loan-to value ("LTV")
  - Directly control collateral
  - Dynamic borrowing base
  - "Controlling cash"
- VPC's deal flow is not driven by traditional private equity M&A activity; instead, VPC is typically the originator and sole lender on its transactions which allows for lower leverage, pricing power, stronger covenants and control

Executive Summary (page 5)

Investment Offering

- The ABOC Fund will seek to offer a diversified portfolio of asset-backed loans with strong structural protections and an attractive net cash on cash return
- Senior secured credit strategy that provides opportunistic financing across select investment verticals
- The investment strategy is short duration when compared to cash flow lenders and focused on capital protection and income generation

Target Investments

- Primarily focused on lending to both established and emerging, asset-rich companies with significant corporate governance and a strong growth trajectory
- Target loans are VPC originated and non-syndicated with typical investment size of $25 million to $100 million+
- VPC seeks to provide flexible credit solutions to borrowers with strict contractual protections, enforced covenants and management observation rights

Investment Objective

- Offers higher yields and greater structural protections than traditional cash flow lenders with an emphasis on capital preservation throughout market cycles
- Low correlation to both traditional and alternative asset classes

Experienced Team & Track Record

- Established, value-oriented credit investor with experience lending against a variety of different asset types
- Expertise in originating, underwriting and opportunistically purchasing asset-intensive credit investments at strategic entry points
- Experience developed over approximately $6.5 billion invested across 100+ investments within the VPC Credit Strategy

Investment Focus (page 6)

An asset intensive, income focused, short duration private credit investment strategy targeting a diverse pool of assets

- VPC's investments are intended to offer capital protection and income generation throughout various market cycles
- VPC opportunistically seeks investments across the investment verticals below to generate attractive risk-adjusted returns
- The firm's investment professionals have extensive experience investing across these verticals and believe the breadth of this mandate provides the greatest opportunity in today's market

Proprietary Sourcing Advantage (page 7)

LEVERAGING THE VPC PLATFORM

- Long-standing relationships with portfolio company management teams, industry professionals and experts create a differentiated deal pipeline
- Relationships are a critical advantage in sourcing deals and securing preferential capacity in a portfolio company's development

PROPRIETARY ADVANTAGE

- "Boots on the ground" in four major cities provides VPC with a wide funnel of investment opportunities
- Extensive reach with active engagement of management teams and diligence opportunities
- Robust sourcing and direct origination allow VPC to primarily act as the sole lender for non-sponsored and non-syndicated investments

DIVERSIFIED CHANNELS

- Pipeline built through trusted and often repeat relationships, industry knowledge and value-added structuring capabilities

- Leverages a diverse database to directly target businesses that combine VPC's underwriting expertise with its thematic industry subsector views
- Potential sourcing avenues include direct relationships with portfolio companies, venture capital and private equity firms, investment banks, fixed income, structured product desks, restructuring advisors and traditional lenders

VPC Liquidation Valuation Analysis (page 8)

VPC focuses on lending against liquidation value and structures investments to be resilient to significant stress

- Investments are typically asset-backed with significant overcollateralization and credit enhancement to attempt to minimize any loss given default in a scenario where VPC must foreclose on collateral to repay its investment
- Overcollateralization is sized to withstand significant stress to liquidation values without impacting VPC's investment outcome
- VPC targets collateral assets with stable and predictable liquidation value and a clear path to exit in the event of a default
- Loans are secured via liens and equity pledges on the corporate entity or collateral which provide multiple avenues of structural protection

Risk Management: Multi-Factor Approach (page 9)

Rick management is deeply embedded in VPC's culture

- Senior level leadership and oversight of risk management
- Dedicated risk and operations professionals work collaboratively with VPC deal teams but also report to VPC's Investment Committee to preserve independence from deal teams
- Active management throughout the life of an investment
- Rigorous portfolio and asset level stress testing
- Augment traditional risk management with advanced proprietary analytics in addition to third-party expertise
- Customized monitoring and reporting process allows for granular analysis across multiple dimensions
- Credit investments are structured with first loss cushion as portfolio companies generally contribute the equity tranche, which aligns incentives with equity investors
- Investments are typically structured as delayed draw term loans to an SPV with a corporate guarantee, first lien priority and transparency that fund over time based on performance of the underlying collateral
- Lends against a narrowly defined and dynamic collateral pool, which is intended to reduce the probability of loss
- Ability to foreclose on collateral and control the liquidation of assets to protect its investments

VPC ESG Overview (page 10)

VPC believes that integrating ESG principles and prudently identifying and managing ESG related risks is an integral part of its investment process

VPC Diversity, Equity and Inclusion & Community Involvement (page 11)

VPC believes in incorporating community Diversity, Equity, and Inclusion along with integrating Environmental, Social and Governance factors throughout the firm's culture and investment process

- VPC embraces and encourages our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique
- DEI initiatives lead by Richard Levy, Brendan Carroll, Jeff Schneider, Olibia Stamatoglou and Kelly Hitchman
- DEI program includes:
    - Ongoing unbiased training and employee education
    - Annual metric review with targeted goals
    - Two-day program for diverse and underprivileged high-school students - "A Day in the Life of VPC" which will focus on teaching financial literacy and industry awareness
    - Internship program targeting diverse candidates with local colleges and their DEI chapter

Why VPC (page 13)

- Since inception, the VPC Credit Strategy has invested approximately $6.5 billion across 100+ investments generating a: Gross IRR of 13.9%, Gross MOIC of 1.3x and a Cumulative Net Loss of approximately 1%
- As an early mover, VPC believes it has established a reliable reputation, resulting in a robust origination engine with scalability that has led to 1,000+ investment opportunities since 2018 of which VPC has closed on approximately 1%
- Years of pattern recognition which VPC believes has driven its ability to be proactive in identifying investment opportunities and to secure investment capacity and pricing power
- Structural expertise typically centered around equity investor alignment, asset or collateral control, corporate guarantees and crosscollateralized borrowing bases

Richard Patsy moved to accept the FIAC's recommendation to allocate $30 million to the Victory Park Capital Asset-Backed Opportunistic Credit fund, seconded by Terry Wood. The vote passed unanimously.

VIII. Counsel Reports

a. Telos Corp Securities Litigation

Steven Toll, of Cohen Milstein, introduced himself and the firm. He discussed why the pension fund should pursue this case against Telos Corp, as it suffered a large loss of over $700,000. The loss may increase to over $1,000,000 depending on the timeframe. It makes sense for the PFPF to pursue lead plaintiff status. April 8, 2022 is the deadline to file as lead plaintiff.

Chris Brown asked Tiffiny Pinkstaff if it is OGC's recommendation to accept.

Tiffiny Pinkstaff said yes.

Michael Lynch asked if there was any reason not to approve this securities litigation case.

Timothy Johnson said he sees no reason not to approve. The PFPF was approved to co-lead in the Citrix securities litigation case. The PFPF has the administrative capacity.

Michael Lynch moved to pursue lead or co-lead plaintiff status in the Telos Corp securities litigation case, based on the recommendation of counsel, seconded by Terry Wood. The vote passed unanimously.

b. Trustee Questions Regarding Opinion 22-01 and the Keane Case

Lawsikia Hodges presented a handout with OGC's answers to questions posed by the trustees regarding opinion 22-01 and the Keane Case:

1. Is the OGC a fiduciary to the PFPF?

Answer: Based on Section 22.06 (Named Fiduciaries) of Article 22, the Office of General Counsel is not a fiduciary. The relationship between the Office of General Counsel and the PFPF falls in the category of an attorney/client relationship and is governed by the Florida Bar Rules of Professional Conduct. If the Board prefers a more definitive answer on this question, our office can perform additional research. However, prior to doing so, we need formal authorization from the Board since this will entail legal costs and resources.

2. Was the messaging consistent between both clients "the city & board" during the entirety of the Keane litigation? More directly were the two clients ever provided different answers in status updates?

Answer: It is inappropriate for the Office of General Counsel to disclose to the Board confidential communications that it had with the City regarding the Keane litigation and settlement.

3. If PFPF is the same as Publix, assuming no conflict (like paying campaign contributions to get a job) could an ACTIVE employee work for an independent agency on their days off? I have had a few people ask me if they could now go for work for JEA or JTA on their days off because of the OGC opinion that independent agencies = Publix Supermarkets.

Answer: OGC did not give an opinion that "independent agencies=Publix." Nonetheless, sine this question pertains to secondary employment of a Member, the more appropriate person to answer this question is your immediate JFRD supervisor or Employee Services.

4. What was the meeting date where OGC decided their stance in the Keane case was inconsistent with the law?

Answer: The Office of General Counsel asserted many facts, allegations and claims in the Keane litigation. The primary claim argued by the Office of General Counsel in the Keane litigation was that the senior staff pension plan created by the Board was illegal. OGC's stance never changed regarding that claim, but it respects the judge's ruling on this claim. Other claims were asserted in an effort to get judicial interpretation and clarification of the rights and responsibilities of the parties under the pension plan. Please clarify the particular facts, allegation or claim that you are referring to. Once you provide this necessary clarification, to the extent you need to know the exact date regarding any matter related to the Keane case, our office will need to review multiple documents, files and calendars to provide you with an exact date, if such can even be determined. The attorneys who intimately worked on the Keane case are no longer with OGC and are not available to assist with answering questions. As such, before OGC expends any legal time and resources answering this question, we will need the Board to formally authorize our office to begin this review.

5. Was the city council made aware that OGC had provided them incorrect information regarding the Keane lawsuit?

Answer: It is inappropriate for the Office of General Counsel to disclose to the Board confidential communications that it had with the City regarding the Keane litigation and settlement.

6. Was the finance director made aware that OGC had provided them incorrect information regarding the Keane lawsuit?

Answer: It is inappropriate for the Office of General Counsel to disclose to the Board confidential communications that it had with the City regarding the Keane litigation and settlement.

7. Has OGC ever stated "on the record" to council members that all agencies are part the city for retirement purposes? Or that you cannot be receiving a pension and work for an agency?

Answer: This would require interviewing City Council members and reviewing numerous City Council meeting tapes, files, documents, publications and calendars since the inception of Consolidated Government to provide you with an answer that we will not be able to give with absolute certainty, if such can even be determined. The attorneys who intimately worked on the Keane case are no longer with OGC and are not available to assist with answering questions. As such, before OGC expends any legal time and resources to answer this question, we will need the Board to formally authorize our office to begin this review.

8. If independent agencies are like Publix, can they create a 401(k)(a) plan for their employees?

Answer: Each independent agency may establish employee benefit plans that fall within its powers and abilities to do so, subject to applicable laws.

9. Is your office ready to publicly issue a written apology to the PFPF Board of Trustees and its members for spending $3,000,000 (future value 400,000x30 @ 6.625%) of their assets?

Answer: No. however, at the last Board meeting Chair Brown tasked Tim Johnson with reaching out to the Office of General Counsel to discuss the Board's recoupment of legal fees in the Keane litigation. OGC has yet to receive communications from Tim Johnson regarding this topic, but we stand ready to meet with him to discuss the Board's concerns.

Chris Brown asked if OGC would see JSO or JFRD approved an employee to work at the PFPF on their days off as being OK.

Lawsikia Hodges said that would be a secondary employment question, and that she would need to look at the rest of the plan. The original question was relating to reemployment of pensioners.

Chris Brown said that he thinks that the Board needs to know the answer at some point. He asked if a current employee of JFRD or JSO could fill a job opening at the PFPF if they apply for it.

Lawsikia Hodges said that this scenario is not contained in 121.105. She said she would have to look at the rest of the code.

Terry Wood said that the judge outlined that the Board of Trustees has the power to establish compensation, and that retirement plans are a part of compensation. This has been settled for a long time. The Board can hire employees, auditors, and lawyers.

Lawsikia Hodges said the judge's ruling was specific to the question of if the SSVRP could be created. The judge did not rule on those other issues the Board is concerned with. She said she appreciates the Board's concerns, and that if the Board has questions, they should sit with OGC's litigators to discuss.

Timothy Johnson said he read this questions differently, and thought it related to the 2016 opinion, not the Keane litigation. He asked at what point did the binding opinion change? What was said in opinion 16-01 was 180 degrees different than in 22-02.

Lawsikia Hodges said these questions should be put into writing and sent to OGC.

Lawsikia Hodges said that after the last Board meeting, she received a call from the City Council auditors. The auditors were concerned with comments regarding the City Council's authority to approve the PFPF's budget. There is a charter provision that speaks expressly to this: 14.01 and 14.02. The PFPF is an independent agency.

Terry Wood said there is no appropriation to the PFPF.

Lawsikia Hodges said that OGC and the City Council auditors are under the opinion that the PFPF budget must be approved by the City Council, and that this is their authority. The City Council cannot be unreasonable.

Chris Brown asked who the watchdog would be if City Council did something inappropriate.

Lawsikia Hodges said that would be OGC. OGC is the glue that holds independent government together. In the PFPF's 2015 agreement, the PFPF agreed "obligations of the Board of Trustees shall be in accordance with Article 22 of the City Charter". Approval of the budget shall not be unreasonably withheld.

Terry Wood mentioned previous General Counsel's opinions regarding the Board of Trustee's power to have independent counsel.

Lawsikia Hodges said that there have been many General Counsels, and that she is not in a position to say what other attorneys have said to the Board, whether to confirm or deny.

Chris Brown asked if there were any further questions.

Michael Lynch said he does not have any further questions, because he does not believe these are honest answers.

Michael Lynch cited Article 22.06 of the Charter which names fiduciaries of the PFPF: "The named fiduciaries with respect to the City of Jacksonville Police and Fire Pension Fund are the plan administrator, and any officer, trustee, and custodian, ***and any counsel***, accountant, and actuary of the retirement system or plan who is employed on a full time basis, or any other person or entity who is a fiduciary according to law shall be included as fiduciaries of such system or plan."

IX. Council Liaison Update

X. Old Business

a. Sawgrass Asset Management

Kevin Schmidt presented RVK's updated memo on Sawgrass Asset Management. He said that there were two updates: another experienced member of the team departed the firm, however this member was not on the investment team. Also, there was a client loss of $9 million. He said RVK's concern is that this is a continuation of the trend, and that RVK's recommendation to terminate Sawgrass Asset Management remains unchanged.

Kevin Schmidt said that RVK is focused on long term performance. RVK believes Sawgrass is well positioned to outperform in a specific market environment, specifically the one right now. However, RVK's preference is to hire and maintain managers well suited to outperform in a multitude of market environments.

Brian Monroe of Sawgrass Asset Management presented, and said he would like to provide color and context to RVK's recommendation. He said turnover is serious, and Sawgrass has made significant strides to backfill those positions. Over the 24-year history of the firm, only two equity professionals were lost. There has been some asset runoff, but all managers lose assets. The firm believes this runoff has stabilized. He mentioned a new relationship with Morgan Stanley, adding $140 million. He said he is asking the Board of Trustees to not take RVK's recommendation, and to stay with Sawgrass Asset Management.

Marty LaPrade presented, and said that the original investment team in place when the Board of Trustees hired Sawgrass is still in place. He said he believes the challenge in performance is what is behind us, not what is in front. He said that Sawgrass is paired with Loomis in the PFPF portfolio, and that he thinks this is a good pair. There will always be an ebb and flow. Sawgrass provides downside protection, but there has not been much downside in the recent years. Recently, the market has been nervous, and that Sawgrass has outperformed the index. He said he feels there is a strong chance to see positive returns as inflation and interest rates rise.

Chris Brown said that he has been an advocate for passive indexing. He asked how to explain to members that the Board is keeping their money with Sawgrass instead of an index, when Sawgrass consistently underperforms the index.

Marty LaPrade said that the index is extremely concentrated, and less diversified, and more volatile than the Sawgrass portfolio. He said he would argue the level of concentration is not likely to continue, and the market will become more diversified. When this happens, active management outperforms. The last time this happened was in 2002.

Richard Patsy said he appreciates the pitch, and downside protection – it is when we save money. He said the market is squirrely right now, and that the oil market and the Russia – Ukraine issue could last either 6 or 18 months. He said in his opinion, Sawgrass will add value if this market continues. If it changes, that is a different ballgame. He said he does not see the market changing in the short run.

Michael Lynch said he agrees with Richard Patsy, and that he likes downside protection. He said he would keep an eye on turnover. He said that the Board should have a discussion on whether it should be investing more passively in the coming months.

Chris Brown asked why RVK is recommending terminating Sawgrass and not Loomis as well, since Loomis has been underperforming.

Kevin Schmidt said that it would be fair to discuss Loomis, but that is an independent conversation. He said the comparison is not apples to apples, as there are issues with Sawgrass beyond performance. It is rare for RVK to make a recommendation based on performance alone.

Matt Sturdivan of RVK discussed the comparison of the two managers, noting some differences.

Chris Brown said he appreciates the local relationship with Sawgrass, but he is concerned with not taking RVK's advice, as they are the experts.

Richard Patsy said he appreciates that, however he falls back on his 25-plus years of experience. Baillie Gifford had a rough time at the start, but it is different now. He said he leans towards downside protection and capital preservation. If you lose 10% in a market, you have to gain 20% to get back to where you were.

Michael Lynch said he agrees.

Jim Voytko said he appreciates the Board's confidence in RVK's expertise, but does not always expect their fiduciaries to always defer to RVK's expertise. Aspects to decision making is placed with the Board as fiduciaries that are the Board's alone, and RVK respects them. RVK is not backing away from its recommendation, but these decisions are always made under uncertainty. However the Board proceeds, RVK will respect it and make the most of it.

Terry Wood said that he has been on the GEPP Board since 2012, and he would like to see better communications with the managers.

Bob Sugarman said that the Board has the luxury of voting on this issue, and either decision would be legally supportable. Regarding fiduciary duty, counsel likes to keep eyes on the process. The Board has a lengthy process, considering the FIAC's role. Listening to the trustees' comments today, opinions on both sides are well articulated and supported. Richard Patsy has articulated his position and reasons. The Board of Trustees should be comfortable that counsel can support either decision.

Nawal McDaniel said the decision is tough, and would defer to RVK as a consultant. She said that Richard Patsy has expertise and knowledge, and given the uncertainty with what is ahead in the market, she agrees with Richard Patsy and Michael Lynch. There is no reason the Board cannot reevaluate this again in a year.

Michael Lynch moved to decline the FIAC's recommendation to terminate Sawgrass Asset Management, seconded by Richard Patsy. Discussion:

Terry Wood said he would like this issue to be reviewed.

Kevin Schmidt said that RVK is monitoring manager performance day to day. If there was a concern at any point in the future, RVK would revisit.

The motion passed 4-1, with Terry Wood voting against due to the "communication issue".

XI. New Business

XII. Upcoming Meetings

a. Board of Trustees "Annual Members' Meeting" – Friday, April 22, 2022 at 9:00AM

XIII. Disability Hearing

a. Application for Disability Retirement – LIVINGOOD, Joshua R.

Deferred by the Board of Trustees.

XIV. Adjournment

11:54 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:
Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 04/04/2022
To be Approved: 04/22/2022

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 25, 2022
9:00 A.M. – 11:54 A.M.