



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

City of Jacksonville Police and Fire Pension Fund

“Annual Members’ Meeting”

Friday, April 22, 2022

9:00 A.M. – 9:46 A.M.

Meeting Location: Jacksonville Public Library – Main Street Entrance
324 N Main Street, Jacksonville, FL 32202

The next regular Board of Trustees meeting will be held Thursday, May 12, 2022 at 9:00 A.M.

Board of Trustees

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

Lawsikia Hodges, Office of General Counsel
Jimmy Holderfield
John Keane
Erwin Lax, FIAC Member
Thomas Lumpkin, Advisory Committee Member
Richard Lundy
Terri Lundy

Debbie Manning
*Frank Mason, CRI, Fund Auditor
*Brennan Merrell
Mark Muchowicz, JSO
Kendall Park, FIAC Member
*Margaret Reeger
Richard Reichard, Advisory Committee Member
*Hector Sanchez, CRI, Fund Auditor
*Kevin Schmidt, RVK, Investment Consultant

Eric B. “Brian” Smith Jr., FIAC Chair
*Pete Strong, GRS, Fund Actuary
*Bob Sugarman, Fund Counsel
*Matt Tranowski, Northern Trust, Fund Custodian
*Jim Voytko, RVK, Investment Consultant
Randy Wyse, President, IAFF Local 122

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Chuck Hayes, Pension Benefits Manager
Cathryn Lively, Administrative Specialist
Lynn West, Pension Benefits Specialist
Maria Young, Finance and Benefits Specialist

Guests

*Chuck Baldwin, IAFF Local 122
Renzer Bell
*Leroy Brantley
*Jordan Cipriani, RVK, Investment Consultant
Kelly Dobson, IAFF Local 122
*Steve Glenn, FIAC Member
*Greg Gosch

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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Agenda

I. Pledge of Allegiance

II. Invocation

Timothy Johnson gave the invocation.

III. Moment of Silence

A moment of silence was held for all members who passed away in 2021 and 2022:

William H. Abney, Police Officer	William B. Jones, Police Sergeant
Herbert O. Alexander, Firefighter	William H. Kearney, Police Officer
Ronald N. Assaf, Police Officer	Daniel H. LaWall, Police Captain
Thomas M. Barber, Fire Captain	Darold S. McArthur, Fire Captain
Donald J. Barnes, Police Officer	Leslie E. McCormick Jr., Police Officer
Walter H. Bechem, Police Officer	Mitchell J. McDaniel, Firefighter Engineer
John H. Bishop, Fire Lieutenant	William E. Moore, Firefighter
Walter J. Brown, Police Officer	Mario J. Moya, Fire Lieutenant
Russell D. Brunson Jr., Police Officer	Willie J. Nathan, Police Officer
Alphonso Campbell, Firefighter Engineer	Gary E. Nelson, Police Officer
Irvin B. "Sonny" Connell Jr., Police Sergeant	Raymond B. O'Dwyer Jr., Firefighter Engineer
Clifford L. Copeland, Police Officer	Tracy Y. Platts, Police Officer
Lorenza Davis, Firefighter	John Powell, Firefighter Engineer
Kenneth L. DeHart, Police Officer	Peter G. Quinley, Fire Lieutenant
Charles Dorsey, Police Sergeant	George A. Rhoden, Fire District Chief
Glen C. Ewing, Fire Captain	Joseph R. Saffer, Police Sergeant
Andrew Feaster, Firefighter	Ted Sills, Fire Captain
Michael L. Freeland, Firefighter Engineer	Gilbert A. Smith, Police Officer
William L. Futch, Firefighter Engineer	Richard E. "Eugene" Smith, Fire Captain
Daniel L. Hadden, Firefighter	Ronald E. Smith, Police Officer
John Halman, Police Officer	Wayne D. Snead, Fire Captain
Joan Hay, Police Officer	Robert Starling, Police Officer
James W. Heard, Police Captain	James F. Tuten, District Chief
Richard L. Henderson, Firefighter	Darren F. Valiante, Police Officer
Robert J. Hicks, Fire Captain	Jimmy L. Walls, Fire Lieutenant
Thomas J. Hohorst Jr., Fire Lieutenant	Henry E. "Eugene" Wells, Police Officer
Donald H. Jacques, Police Officer	Lindsey Williams, Fire Lieutenant

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IV. Public Speaking

John Keane addressed the Board, specifically Trustee Richard Patsy. He said Mr. Patsy has served the Members of the Pension Fund with outstanding skill and ability, bringing his broad background and understanding of pension trusts. He said Mr. Patsy has provided undivided loyalty to the Members of the Pension Fund, and was not silent in the face of opposition. He said Mr. Patsy remained dedicated to his service, and gave his appreciation for his service to the Fund, and for his service in the Military. He wished Mr. Patsy great success in the next phase of his career.

Jimmy Holderfield addressed the Board, saying he is proud to be a Member of the Pension Fund. He thanked the Trustees for their service.

V. Introduction – Asst. Chief Chris Brown, Chair

a. Board of Trustees, FIAC, Benefits Advisory Committee

Chair Chris Brown introduced the Board of Trustees, FIAC members, and Advisory Committee Members:

Board of Trustees:

- Nawal McDaniel – Secretary
- Captain Michael Lynch, JFRD
- Richard “Rick” G. Patsy
- Terry Wood

Financial Investment and Advisory Committee:

- Eric “Brian” Smith Jr. – Chair
- Erwin Lax – Secretary
- Steve Glenn
- Kendall Park

Advisory Committee:

- James A. Holderfield, JSO – Chair
- Asst. Chief Richard Reichard, JFRD – V. Chair
- Thomas Lumpkin, Retired JSO
- Lt. Jean Paravisini, JFRD
- Michael Pelletier, JSO
- Lt. Michael B. Shell, JSO
- Cpt. Christopher Stover, JFRD

Chris Brown also introduced Dr. Trevor Greene, and Dr. Tina Jaeckle as the Pension Fund’s medical directors.

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VI. Consent Agenda Items 2022-04-(01-12)CA

Terry Wood moved to approve the consent agenda items, seconded by Nawal McDaniel. The vote passed unanimously.

2022-04-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees Meeting of March 25, 2022

2022-04-02CA 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.

DISBURSEMENTS A

03-01-2022 thru 03-31-2022

1.	Pinnacle Associates LTD	\$	126,712.00
	Total	\$	126,712.00

DISBURSEMENTS B

03-01-2022 thru 03-31-2022

1.	Accounts Payable Distributions	\$	49,389.68
2.	Accounts Receivables	\$	26,183.07

2022-04-03CA Pension Distributions

All calculation and dollar amounts have been reviewed and calculated in accordance with accepted procedures.

March 4, 2022

1.	Regular Gross	\$	6,941,544.87
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,408,993.81
5.	DROP Lumpsum	\$	46,836.42
6.	DROP Rollover	\$	213,170.60
	Total	\$	8,610,545.70

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March 18, 2022

1. Regular Gross	\$	6,943,852.99
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,408,498.58
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,352,351.57

The following Consent Agenda items 2022-04-(04-09CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on April 12, 2022. Vote was unanimous. Meeting Summary attached.

[2022-04-04CA](#)

Application for Membership under 121.102(e)(1)(A)

[2022-04-05CA](#)

Application for Time Service Retirement

[2022-04-06CA](#)

Application for Vested Retirement

[2022-04-07CA](#)

Application for Survivor Benefits

[2022-04-08CA](#)

Application for Time Service Connections

[2022-04-09CA](#)

Application for Temporary Disability Pension

The following Consent Agenda items 2022-04-(10-12CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on April 12, 2022. Vote was unanimous. Meeting Summary attached.

[2022-04-10CA](#)

Share Plan Distributions

[2022-04-11CA](#)

DROP Participant Termination of Employment

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[2022-04-12CA](#)

DROP Distributions

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VII. Executive Director's Report

Timothy Johnson gave his Executive Director's Report, noting that this special Annual Members' Meeting is meant to give the Fund's Members a sense of the Fund's accomplishments and financial performance in the past year. Following the Annual Members' Meeting, the Fund will publish an Annual Report, containing the Executive Director's Letter to stakeholders, actuarial results, financial results, and audit results.

Timothy Johnson said that over the past year, the Board has been very busy, making assumption changes, and attending the NCPERS accredited fiduciary program. Also, the Fund ended the Fiscal Year of 22.99%, net of fees.

VIII. Auditor's Letter

Hector Sanchez of the firm Carr, Riggs & Ingram read the Auditor's Letter:

We have been engaged to audit the financial statements of the Jacksonville Police and Fire Pension Fund for the fiscal year ended September 30, 2021. We have been the external auditors of the pension fund for the past four fiscal years. Last week we received a final trial balance from the City of Jacksonville and the audit for the September 30, 2021 fiscal year is now in the final stage of testing and upon completion of our test work, we will perform 3 documentation and deliverable reviews. Barring any additional delays or revisions to the final trial balance we anticipate its completion by or before May 20, 2022. Based on the work completed to date, we have not identified material weaknesses or significant deficiencies in the internal control environment that would require reporting. However, our work is ongoing and should we encounter any such matters we will contact management immediately.

IX. Actuary's Report

Fund Actuary, Pete Strong, covered the highlights of the draft actuarial valuation results for Fiscal Year 2021:

- Actual Net Money-Weighted Return on Assets, 10/1/20 to 9/30/21 = 23.15%
- Average Return, past 5 years = 11.1%
- Average Return, past 10 years = 10.3%
- Required City Contribution (payable Dec. 2022) = \$156.4 million
 - Decrease from \$157.4 million last year
 - Decrease due to Experience Gains, caused by recognized investment gains and growth in sales tax (Pension Liability Surtax), the impacts of which were mostly offset by the assumption change (6.9% to 6.625%).
- Net Impact of the following items on the Required City Contribution:
 - Recognized Investment Gains: (\$4.1 million)
 - Change in Projected Pension Liability Surtax: (\$6.7 million)
 - Change in Assumption to 6.625%: +\$10.2 million
- Actuarial Accrued Liability = \$4.57 billion (vs. \$4.25B LY)

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- Net Market Value of Assets = \$2.47 billion (vs. \$2.02B LY)
- Net Actuarial Value of Assets = \$2.21 billion (vs. \$2.04B LY)
 - Market Value Gains/Losses are being smoothed in over 5 years (starting with FY 2018 return)
- Funded Ratio = 48.2% (54.0% based on MV)
 - Was 48.0% (47.5% based on MV) as of 10/1/2020
- Present Value of Pension Liability Surtax = \$1.13 billion (up from \$0.91 billion LY)
 - Expected to be \$1.03 billion this year (using 6.625%)
 - +14.36% Actual change vs. + 4.25% expected
 - “Slice of the total surtax pie” remained level at 58.3%
- Net unfunded liability subject to amortization (=UAAL – PV of Surtax) = \$1.238 billion (down from \$1.303 billion LY)

Pete Strong also discussed two graphs: the 40-Year Projection of Pension Liability Surtax Proceeds and Required City Contributions, and the 40-Year Projection of Funded Ratio.

Terry Wood asked if Pete Strong built-in any assumption for a market downturn in the 40-Year Projection of Pension Liability Surtax Proceeds and Required City Contributions.

Pete Strong said that adverse experience would affect projections. The 4.25% growth assumption, as provided by the City, has been exceeded by actual growth, which was around 5%. He said he does not expect the surtax to significantly change unless there is a significant downturn. Safety nets are in place should there be a downturn which sends the value of assets below a certain threshold as compared to a multiple of benefit payments (5:1). It would take a significant downturn to throw us off base.

X. Investment Consultant’s Report

Jordan Cipriani and Kevin Schmidt of RVK gave the Fiscal Year 2021 Review:

The PFPF’s Fiscal Year 2021 was a year of uncertainty and anticipation, and of hopes for a return to a degree of normalcy following the onset of the COVID-19 pandemic in 2020. It was also a year that showed, once again, the enduring benefits of diversification, a disciplined process, and staying the course. Despite challenges such as new COVID-19 variants, labor shortages, supply chain issues, and rising inflation, global gross domestic product grew, and the equity markets continued a relatively steady rise throughout the Fiscal Year. At the end of Fiscal Year 2021, which ended on September 30, 2021, the S&P 500 Index generated a one-year return of 30%, buoyed by strong corporate earnings, record profits and increased consumer demand. Likewise, international developed equity markets continued to rise alongside the US equity market, with the MSCI EAFE Index ending the Fiscal Year up 25.7% and the MSCI Emerging Market Index finishing with a positive 18.2% return. It was a more difficult year for fixed income, as government bonds declined in the face of inflation. However, corporate credit, and specifically shorter-duration securities and high-yield debt, did manage to outperform US Treasuries, while longer-dated corporate credit lagged. Ultimately, the Bloomberg US Aggregate Index returned -0.9%, for Fiscal Year 2021.

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The PFPF experienced another strong Fiscal Year of investment returns, both on an absolute and relative basis, as compared to both its stated policy benchmark and peer group (All Public Plans, \$1 Billion - \$5 Billion). As of September 30th, 2021, the Fund realized a one-year return of 23.4% (net of fees), which bested the Total Fund Policy Index return of 23.0% by 0.4%. The positive year helped contribute to the Fund outperforming the Policy Index by 0.5%, 0.6%, and 0.2% for the three, five, and ten-year timeframes, respectively. The Fund also ranked in the 17th percentile, versus peers, for the one-year period (gross of fees), while ranking in the 22nd, 14th, and 17th percentile for the three, five and ten-year time periods, respectively. For the Fiscal Year, all major asset classes that the PFPF invests in ended in positive absolute territory. In particular, the US Equity composite was the greatest contributor to Total Fund performance, on both an absolute and relative basis. The composite achieved a net-of-fees return of 35.7%, outperforming the US Equity Policy Index by 3.8%, with significant value add derived from two of the PFPF's actively managed mandates within US Large Cap Value and US SMID Cap Growth. Conversely, the Core Real Estate composite was a minor detractor on a relative basis from returns for the Fiscal Year. While the asset class was able to achieve an absolute return of 13.4% net of fees, which was largely driven by accelerating rent growth in the industrial and multifamily sectors, the combined relative performance of PFPF's two managers in the asset class marginally lagged the benchmark by -0.3%. While it was a challenging year for fixed income generally, each of the PFPF's active managers in the asset class added value over their respective benchmarks, with the PFPF's Fixed Income composite returning 2.5% (net of fees), outperforming its benchmark by 2.6%.

From a portfolio construction standpoint, it was a year that saw meaningful progress as Staff and RVK worked diligently to put forward opportunities which sought to bring the Fund closer to its stated policy targets. Of significance was the approval of the Fund's first mandate within Private Credit which, along with Non-Core Real Estate, were new asset classes added in Fiscal Year 2020. Recognizing the PFPF's desire to quickly expand an allocation to private credit while also limiting the administrative requirements of the asset class without the incursion of incremental fees, RVK recommended, and the Board subsequently approved, a \$100 million commitment to the Ares Pathfinder Core Fund. The Ares Pathfinder Core Fund utilizes an evergreen structure which allows the Fund to bring its private credit exposure level to the policy target in a quick and efficient manner, while also achieving exceptional risk-adjusted relative value compared to the majority of its peer group. The final month of Fiscal Year 2021 saw RVK bring forward its first Non-Core Real Estate recommendation for consideration, a \$25 million commitment to H.I.G. Realty Fund IV. RVK expects to bring forward multiple opportunities for consideration each year, for both Private Credit and Non-Core Real Estate, consistent with our pacing studies, which will allow the Fund to reach its targeted allocations in a manner that achieves both diversification and efficiency.

XI. [Legal Counsel Report](#)

Bob Sugarman said that the Board of Trustees are doing a great job. He said that Richard Patsy has done an exceptional job as Trustee, and generously offered his expertise and time to the Board. He said it has been an honor to have been the Board's lawyer, and wished Richard Patsy well in his next endeavor working for Chevron in California.

Lawsikia Hodges introduced herself, and discussed the Office of General Counsel and its role providing general legal counsel to the Fund, and across the City departments. She said her office has been meeting diligently with Tim Johnson

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and the Board regarding its concerns. She said she echoes Bob Sugarman’s sentiments on Richard Patsy, and wishes him well.

XII. Recognition of Trustee Richard Patsy

Timothy Johnson recognized Richard Patsy’s service to the Board of Trustees. He presented an award recognizing Mr. Patsy’s service, and a gift certificate to a donut shop in Oakland, California. He said that given Mr. Patsy’s affinity for donuts, he has singlehandedly kept The Donut Shoppe on University Boulevard in business, by demanding their donuts at every Board of Trustees Meeting. He said The Donut Shoppe will miss Richard Patsy as much as we will.

The entire audience joined in applause for Richard Patsy.

XIII. Old Business

XIV. New Business

XV. Upcoming Meetings

a. Joint Board of Trustees & FIAC Meeting – Thursday, May 12, 2022 at 9:00 A.M.

b. Manager Update Workshop: Thompson Siegel & Walmsley – Wednesday, May 18, 2022 at 12:00 P.M.

XVI. Adjournment

9:46 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 04/27/2022

To be Approved: 05/12/2022