



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, December 15, 2023

9:00 A.M. – 10:05 A.M.

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

The next regular Board of Trustees meeting will be held Friday, January 26, 2024 at 9:00 A.M.

Board of Trustees

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

Excused

Mia Jones
Timothy H. Johnson, Executive Director – Plan Administrator

Fund Staff

Steve Lundy, Deputy Director
*Kevin Grant, Finance Manager

Guests

Chris Cicero, Fund Treasurer
*Jordan Cipriani, RVK, Investment Consultant
Lawsikia Hodges, Office of General Counsel
Nick Howland, City Council Liaison
*Robert Hulme, RVK, Investment Consultant
*Spencer Hunter, RVK, Investment Consultant
*Bob Sugarman, Fund Counsel

*Kevin Balaod, Journalist with.Intelligence
*Gar Chung, FIN-NEWS
Amber Lehman, COJ
*Brennan Merrell, COJ Treasury
Mark Muchowicz, JSO, FOP 5-30
Randy Wyse

*845-548-6209
*904-460-4374

*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. 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

Steve Lundy gave the invocation.

- III. Moment of Silence

George A. Harvey, Retired Firefighter Engineer
Horace H. Leprell, Retired Police Lieutenant
Brian L. Sweeney, Retired Fire Captain

- IV. Public Speaking

- V. Consent Agenda Items 2023-12-(01-14)CA – *action requested*

Terry Wood moved to approve the Consent Agenda, seconded by Nawal McDaniel. The vote passed unanimously.

2023-12-01CA Meeting Summaries to be Approved

- 1. Summary to the Board of Trustees Meeting of November 17, 2023

2023-12-02CA 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

11-01-2023 thru 11-30-2023

1. Northern Trust	\$	19,427.42
2. Pinnacle	\$	113,049.00
3. Comerica	\$	154,770.86
4. Acadian	\$	233,164.00
5. Eagle Capital	\$	536,055.30

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6. Northern Trust	\$	16,685.48
Total	\$	1,073,152.06

DISBURSEMENTS B

11-01-2023 thru 11-30-2023

1. Accounts Payable Distributions	\$	48,585.41
2. Accounts Receivables	\$	187,206.20

2023-12-03CA Pension Distributions

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

November 10, 2023

1. Regular Gross	\$	7,328,931.69
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,500,472.16
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
Total	\$	8,829,403.85

November 24, 2023

1. Regular Gross	\$	7,326,570.33
2. Regular Lump sum	\$	38,352.32
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,498,466.24
5. DROP Lump sum	\$	163,932.84
6. DROP Rollover	\$	0.00
Total	\$	9,027,321.73

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The following Consent Agenda items 2023-12-(04-09CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on December 12, 2023. Vote was unanimous. Meeting Agenda attached.

[2023-12-04CA](#)

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

[2023-12-05CA](#)

Application for Time Service Retirement

[2023-12-06CA](#)

Application for Vested Retirement

[2023-12-07CA](#)

Application for Survivor Benefits

[2023-12-08CA](#)

Application for DROP

[2023-12-09CA](#)

Application for Time Service Connections

The following Consent Agenda items 2023-12-(10-14CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on December 12, 2023. Vote was unanimous. Meeting Agenda attached.

[2023-12-10CA](#)

Share Plan Distributions

[2023-12-11CA](#)

Refund of Contributions

[2023-12-12CA](#)

DROP Participant Termination of Employment

[2023-12-13CA](#)

DROP Distributions

[2023-12-14CA](#)

DROP Distributions for Survivors

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VI. Executive Director's Report

a. Investment Policy Statement – action requested

Steve Lundy delivered a overview of updates to the Investment Policy Statement (IPS), essential for compliance with the recent Florida laws under House Bill 3, prohibiting ESG investing. As part of these changes, the current Appendix B in the IPS, related to Emerging Investment Manager and Brokerage Firm Policy, will be replaced by a revised version provided by Fund Counsel Bob Sugarman and Lawsikia Hodges. Additionally, specific modifications on page 19 of the IPS will be addressed by Bob Sugarman in his upcoming presentation.

Bob Sugarman then elaborated on the changes needed for items J and K on page 19. Notably, item J, titled "Emerging Investment Manager and Brokerage Firm Policy," now reads as "The Fund does not currently have an Emerging Investment Manager and Brokerage Firm Policy." Meanwhile, item K has been adjusted to state, "The Fund may consider various investment programs, occasionally referred to as economically targeted investments, based on pecuniary factors such as expected return, risk characteristics, and impact on the program's overall success."

Highlighting the urgency of the situation, Bob Sugarman emphasized that a report to the State of Florida, incorporating the new IPS, is due today. This comprehensive report is a biennial requirement, and Kevin Grant, upon Board approval, will promptly attach the IPS to the report template for electronic submission by day's end. Subsequently, a copy of the updated IPS will be sent to the actuary, with the new policies taking effect in 30 days.

Nawal McDaniel moved to approve the changes to the Investment Policy Statement, seconded by Terry Wood. The vote passed unanimously.

b. HB 3 Comprehensive Report – Kevin Grant

Kevin Grant reported the completion of testing on the new portal, with the only outstanding task being the addition of attachments for upload.

c. PFPF 2023 Engagement Awards

Steve Lundy and Chris Brown presented the PFPF 2023 Engagement Awards:

- Trustee of the Year: Nawal McDaniel
- Advisory Committee Member of the Year: Thomas Lumpkin
- FIAC Member of the Year: Brian Chappell
- PFPF Staff Member of the Year: Steve Lundy
- Outstanding Service to the Fund: Ike Hayden, Dynamic Security Professionals, Inc.
- Police Member of the Year: Jo Juanita Dixon
- Fire Member of the Year: James Edwards

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VII. Investment Consultant Reports

a. Harrison Street Real Estate Partners Fund IX Summary Sheet

Jordan Cipriani and Robert Hulme delved into the Non-Core Real Estate Recommendation Preview, focusing on Harrison Street Real Estate Partners IX. They provided a comprehensive overview, including a summary of the investment opportunity and a detailed case study. The proposed investment style revolves around a value-add diversified niche within the US non-core real estate sector. Target sectors encompass student housing, senior housing, life sciences, medical office, self storage, data centers, and build-to-rent housing.

The strategic approach involves developing to core, enhancing, renovating, repositioning, and improving the operation of acquired assets. Additionally, the team aims to capitalize on distressed capital structures within the specified sectors. The recommended commitment stands at \$15 million, with a targeted return of a 13-15% Net Internal Rate of Return (IRR) and a Net Multiple of 1.6-1.7x.

In terms of fees, a 1.75% management fee applies to committed capital during the investment period, along with a 1.75% fee on invested capital. To illustrate the practical application of this approach, a case study was presented, highlighting a student housing project for the University of Arkansas.

b. ADEC Rebalancing – action requested

Jordan Cipriani presented the "Proposed Rebalance - Annual Payroll Contribution" memo to the Board, outlining the plan for allocating the \$174 million received from the City of Jacksonville as part of the annual advance payroll contribution. The collaborative effort between RVK and Staff aims to optimize asset allocation, considering the Fund's strategic long-term goals, alongside factors such as timing, market capitalization, style positioning, and liquidity.

The recommended rebalance approach addresses overweights in public market asset classes compared to strategic targets. Recognizing these overweights as a result of underfunded targets in private credit and non-core real estate, the proposal suggests deploying funds in adherence to the strategic asset allocation. To maintain a style-neutral approach and enhance liquidity, the recommendation allocates \$55 million to the US Equity Composite, \$49 million to the International Equity Composite, \$65 million to the Fixed Income Composite, and approximately \$5 million to Cash.

The transition plan outlines RVK's proposed allocation of the payroll contribution across asset classes and managers. Emphasizing a style-neutral posture within US Large and SMID Cap Equity Composites, the plan avoids allocating funds to specific growth managers to maintain balance. In International Equity, efforts focus on equitable allocation between Silchester International Value and Ballie Gifford International Growth for style neutrality. Within Fixed Income, the plan aligns manager allocations with long-term targets on both absolute and relative bases.

Nawal McDaniel moved to approve the ADEC rebalancing, seconded by Terry Wood. The vote passed unanimously.

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c. Monthly Investment Performance Analysis – November 30, 2023

Spencer Hunter reviewed the General Market Commentary of the Monthly Investment Performance Analysis as of November 30, 2023 with the Board of Trustees:

- Global equity markets bounced back in November, ending a 3-month losing streak. Most US and international indices posted high-single digit to low-double digit gains, with growth stocks outperforming their value counterparts.
- The bond market also rallied in November, posting a 4.53% return as represented by the Bloomberg U.S. Aggregate Bond Index. Both stocks and bonds traded higher on easing inflationary data, falling yields, and cooling consumer spending.
- The Federal Reserve left interest rates unchanged at their early November meeting and market participants believe the Fed may be at the end of its tightening cycle, with rate cuts expected to begin in 2024. This belief is backed by positive economic readings, as US 3rd quarter GDP was revised upwards from 4.90% to 5.20%. Furthermore, inflationary pressures continued to soften during the month of October as year-over-year inflation declined to 3.20%, lower than the September reading.
- Equity markets posted positive returns in November as the S&P 500 (Cap Wtd) Index returned 9.13% and the MSCI EAFE (Net) Index returned 9.28%. Emerging markets returned 8.00%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 4.53% in November, outperforming the 2.20% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 5.95%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned 10.56% in November and 3.58% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 6.63% for the trailing one-year period and 15.59% for the trailing five-year period ending June 2023.
- Absolute return strategies returned 1.84% for the month and 3.97% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- Crude oil's price fell by 6.25% during the month and has decreased by 5.70% YoY.

Spencer Hunter covered the Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets on page 3 of the report.

Spencer Hunter covered the Asset Allocation & Performance (Net of Fees) on page 5 of the report.

VIII. Counsel Reports

Bob Sugarman informed the Board of Trustees about ongoing settlement discussions in the Weathington case but emphasized that the terms shouldn't be discussed while negotiations are underway. There is optimism that a settlement will be reached.

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Lawsikia Hodges extended holiday wishes to the Board and shared that the new General Counsel, Michael Fackler, is eager to visit and discuss a pending ordinance. She'll coordinate with Timothy Johnson to arrange the visit.

IX. Council Liaison Report

In the Council Liaison update, Nick Howland reported that the City Council is actively monitoring expenditures to maintain the City's financial stability.

X. Old Business

a. Rules Committee Update

Michael Lynch briefly updated the Board on proposed edits to the Board Rules, mentioning discussions with Timothy Johnson and expressing the intent to provide the proposed changes to the Board of Trustees in advance of their approval.

Responding to Chris Brown's request, Steve Lundy was tasked with asking Timothy Johnson send the draft version of the Board Rules to the Board of Trustees.

XI. New Business

None.

XII. Privilege of the Floor

None.

XIII. Upcoming Events

a. Board of Trustees Meeting – Friday, January 26, 2024 at 9:00AM

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XIV. Adjournment
10:05 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

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

Posted: 12/20/2023

To be Approved: 01/26/2024