



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

Friday, February 12, 2021

3:30 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 March 12, 2021 at 3:30 P.M.

### Financial Investment and Advisory Committee

Eric "Brian" Smith Jr., Chair – via ZOOM  
Rodney Van Pelt, Secretary  
Erwin Lax  
Kendall Park

### Guests

Joseph Brown Jr.  
Zack Cziryak  
Jim Mattera

### Staff

Timothy H. Johnson, Executive Director – Plan Administrator  
Steve Lundy, Deputy Director  
Kevin Grant, Finance Manager  
Jordan Cipriani, RVK, Investment Consultant  
Joseph Delaney, RVK, Investment Consultant  
Kevin Schmidt, RVK, Investment Consultant  
Jim Voytko, RVK, Investment Consultant  
Lawsikia Hodges, Office of General Counsel  
Bob Sugarman, Fund Counsel

### Excused

Rob Kowkabany

### Notice

**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.

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.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular F.I.A.C. Meeting of  
Friday, February 12, 2021  
3:30 P.M. – 5:01 P.M.

## Summary

Rodney Van Pelt convened the meeting at approximately 3:30 P.M. Chair Brian Smith was running late due to traffic, and appeared via ZOOM. There was a physical quorum present.

### I. Public Speaking

Jim Mattera and Joseph Brown introduced themselves as guests.

### II. Meeting Summaries

#### *a. January 15, 2020 FIAC Meeting Summary*

**Erwin Lax made a motion to approve the January 15, 2020 FIAC Meeting Summary. Seconded by Kendall Park. The vote passed unanimously.**

### III. Investment Consultant Reports

#### *a. Monthly Investment Performance Analysis – January 31, 2021 – Preliminary*

Kevin Schmidt informed the FIAC that since today's meeting falls early during the month, today's performance report is preliminary. The final report will be ready in time for the Board of Trustees meeting next Friday.

Kevin Schmidt covered the general market commentary as contained on page 2 of the report:

- Equity markets began the month strong, before pulling back sharply the last week of January, finishing with mixed results. Broad international and US indices ended the month roughly flat, although domestic small cap indices outperformed their large cap counterparts and finished with mid-single digit returns. The strong performance early in the month was largely due to vaccine and stimulus optimism, but pulled back in part due to renewed uncertainty over likelihood of the large \$1.9T stimulus package being passed by Congress, and due to the continued spread of COVID-19 combined with delays in the distribution of vaccines.
- Adding to the downwards pricing pressure on equity markets towards the end of the month, groups of retail investors attempted to enact a short squeeze on select hedge funds with large short interest in certain small cap stocks. Some hedge funds were forced to sell large amounts of liquid equity positions in order to remain solvent.
- At the January Federal Reserve meeting, the FOMC announced it would continue its pace of purchasing assets while keeping the federal funds rate near zero to support the economy, noting that the US' economic outlook remains uncertain.
- Equity markets posted negative returns in January as the S&P 500 (Cap Wtd) Index returned -1.01% and the MSCI EAFE (Net) Index returned -1.07%. Emerging markets returned 3.07% as measured by the MSCI EM (Net) Index.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular F.I.A.C. Meeting of  
Friday, February 12, 2021  
3:30 P.M. – 5:01 P.M.

- The Bloomberg US Aggregate Bond Index returned -0.72% in January, underperforming the -0.24% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -1.41%, 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 0.10% in January and 5.51% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 13.35% for the trailing one-year period and 12.99% for the trailing five-year period ending September 2020.
- The return for absolute return strategies, as measured by the HFRI FOF Comp Index, is currently unavailable.
- Crude oil's price increased by 7.58% during the month, and has increased by 1.24% YoY.

Kevin Schmidt said that through yesterday's market close, the Fund was up 4.3% month-to-date, up 5.1% calendar year-to-date, and up 17.5% fiscal year-to-date.

Kevin Schmidt covered performance on page 6, noting a unique performance situation that occurred – heavily shorted stocks accounted for 88% of the Russell 2000 index returns for the month.

Jim Voytko said that heavily shorted stocks like Gamestop have come back down since the short squeeze, however they are not back down to their typical level.

*b. MWBE & SDVOB Broker / Dealer Utilization Report*

Jordan Cipriani covered the Minority/Women-owned Business Enterprises and Service-Disabled Veteran-owned Businesses broker / dealer utilization report. In 2019, the FIAC adopted an emerging manager and brokerage policy, seeking to foster inclusion with managers and brokers. PFPF Staff asked RVK to gather data to track how this is moving along. We sent a questionnaire to managers to aggregate the data.

Kevin Grant said the policy calls for semi-annual reporting.

Jordan Cipriani covered the results on page 3. Northern Trust has the highest diversity. Two managers indicated they have set internal guidelines targeting diverse brokers – Northern Trust and Pinnacle.

Jordan Cipriani discussed the composition of total commissions paid as it relates to utilization of MWBE and SDVOB on page 4:

- Disabled Veteran: 37%
- Hispanic: 36%
- African American: 16%
- Women: 11%

Jordan Cipriani said fixed income is different due to the unique structure of the bond market. RVK is working on how to present that data in an analogous format.

Kevin Schmidt said this is an interesting exercise in discussion with managers. The PFPF has set no minimum target – but has communicated this is an important area of focus. Managers are interested in tracking this moving forward.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular F.I.A.C. Meeting of  
Friday, February 12, 2021  
3:30 P.M. – 5:01 P.M.

Jim Voytko discussed the differences in the bond market versus the stock market. Trades are not automatically matched – you have to find someone selling the exact bond you want to buy.

Timothy Johnson thanked Kevin Grant, and everyone at RVK for their work.

Rodney Van Pelt thanked everyone for the report. He asked if the firms were reporting 0 trades, or if they were not tracking them.

Jordan Cipriani said they had 0 in participation, not 0 in trades.

Rodney Van Pelt asked if managers were surprised with these questions.

Jordan Cipriani said that the managers get similar questions from time to time. It is helpful to let the managers know to expect this going forward – this is not a one-time questionnaire.

Brian Smith asked how often this would be revisited.

Jordan Cipriani said that going forward, it would be challenging to accomplish more frequently than quarterly. The minimum is two times per year. She said RVK would be happy to perform this in any season.

Joseph Brown of the firm Sturdivan commented and said he is happy to see this report. He said the report is detail oriented and transparent.

Rodney Van Pelt thanked Joseph Brown for his comments.

*c. Real Estate Market Update*

Joseph Delaney gave the Real Estate Market Update as contained in the meeting materials. He covered the performance of real estate, and the unique challenges posed to the sector since the COVID-19 pandemic regarding the government mandated shutdowns across the economy. He made the following points:

- Real Estate assets appreciation was challenged by the pandemic, but income was robust.
- The pandemic accelerated the trend of increased online shopping
- Occupancy rates have trended downwards, but are hovering at 90%

Brian Smith asked for data reinforcing Joseph Delaney's opinion that the commercial real estate market is still robust.

Joseph Delaney said that occupancy is holding steady, and that remote working efficiencies are specific to certain industries. Some industries do not work well remotely – they need a more collaborative work environment.

Jim Voytko said that many lessees have not reacted yet. If the Work-From-Home trend grows substantially over the next 3-5 years, we could see a new supply reaction – less supply comes available. This would signal the end of one real estate cycle and the start of a new one.

Joseph Delaney covered rent collection on page 6. The hospitality and retail sectors were the hardest hit.

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular F.I.A.C. Meeting of  
Friday, February 12, 2021  
3:30 P.M. – 5:01 P.M.

Joseph Delaney contrasted the effects of the pandemic across different segments of the population. For many who are able to work from home, there was no financial impact – they saved their stimulus money. The pandemic hit the service sector and hourly employees the hardest – their stimulus was applied to rent.

Rodney Van Pelt said it will be interesting to see how the Fund’s different allocations perform as we move through the pandemic. He said he has concerns about bonds and the real estate market, just like everyone else.

#### IV. Recognition of Rob Kowkabany

Timothy Johnson acknowledged the service of Rob Kowkabany to the FIAC. He chose to not seek reappointment following his term expiration on March 1<sup>st</sup>. Rob Kowkabany was one of the FIAC’s founding members, and the committee wouldn’t be where it is today without his contribution. Each member plays a unique role. The PFPF Staff has prepared an award to commemorate his service, and we will deliver it to him.

Brian Smith said he hates to lose Rob Kowkabany as a member. He was a steady hand on the committee. He said he is saddened to see Rob leave, but he is happy for Rob’s next chapter.

#### V. Executive Director’s Report

##### *a. FIAC Recruitment: Jim Mattera*

Timothy Johnson introduced Jim Mattera as a potential FIAC member candidate. Bob Sugarman suggested contacting a local SCORE office to recruit someone with experience who may be interested in serving on the FIAC following Rob Kowkabany’s departure. A message was circulated among the SCORE chapter describing the FIAC. Jim Mattera saw this circulation, and responded.

Jim Mattera introduced himself and thanked the FIAC for the opportunity to participate in today’s meeting. He covered his work experience, notably his time working in pension administration and investment selection. He also discussed his hobbies, and volunteer work. He said he is interested in working with the FIAC as a member.

Timothy Johnson asked the FIAC to introduce themselves.

Brian Smith, Erwin Lax, Kendall Park, and Rodney Van Pelt introduced themselves and briefly covered their work and investment experience.

Bob Sugarman introduced himself as fund counsel.

Jordan Cipriani, Kevin Schmidt, and Jim Voytko introduced themselves as the investment consultants from RVK.

#### VI. Old Business

City of Jacksonville Police and Fire Pension Fund  
Summary to the Regular F.I.A.C. Meeting of  
Friday, February 12, 2021  
3:30 P.M. – 5:01 P.M.

VII. New Business

VIII. Next Meeting – March 12, 2021 at 3:30 P.M.

IX. Adjournment  
5:01 P.M.

Rodney Van Pelt, FIAC Secretary

**Summary Prepared By:**

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

**Posted:** 02/27/2021

**To be Approved:** 03/12/2021