

POLICE AND FIRE PENSION FUND

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JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"



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John Keane
Executive Director -
Administrator

September 20, 2013

Honorable Bill Gulliford
City Council Offices
City Hall at St. James, 4th Floor
117 West Duval Street
Jacksonville, FL 32202

*Dana & Carol
pls place on
Misc. Comm. CC Agend
Cheryl*

Dear Council President Gulliford:

I have enclosed the Resolution passed by the Police and Fire Pension Fund Board of Trustees at their meeting this morning requesting the City Council enact Ordinance 2013-669.

This Ordinance will broaden the Asset Base which will increase our Actuarial Rate of Return. The increase in investment return will permit a change in Actuarial Assumed Rate of Return from 7.0% to 7.4% effective October 1, 2013.

Please call me if you have any questions.

Sincerely,

John Keane
Executive Director-Administrator

cc: Cheryl Brown, Council Director
Councilmember Richard Clark, Pension Liaison

JK/reg

RECEIVED

SEP 25 2013

CITY COUNCIL
JACKSONVILLE, FLORIDA

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RESOLUTION

A RESOLUTION REQUESTING THAT THE CITY COUNCIL ENACT AN ORDINANCE THAT PROVIDES FULL USE OF APPLICABLE ASSET CLASSES, STRATEGIES, AND SECURITIES IN FS 215.47; CHANGING THE ACTUARIAL REATE OF RETURN TO 7.4% EFFECTIVE OCTOBER 1, 2013, REQUESTING THE CITY COUNCIL TO ENACT CHANGES TO THE ORDINANCE CODE TO PERMIT ADDITIONAL DIVERSIFICATION OF ASSETS;

WHEREAS, the City Council is requested to enact an ordinance that provides full use of applicable asset classes, strategies, and securities in FS 215.47 will provide the pension plan the opportunity for improved diversification of assets with prudent risk controls; Greater diversification opportunities will enable the plan to achieve higher expected returns and/or reduce risk over time; and

WHEREAS, Diversification is one of general techniques for reducing investment risk, Diversification is a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio; and

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WHEREAS, Diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold only if the securities in the portfolio are not perfectly correlated; and

WHEREAS, Article 22.02(d) and 22.04(b), charter of the City of Jacksonville, provide the Board shall have the authority to invest the assets of the plan without regard to any limitation in chapters 175 and 185, Florida Statutes, and shall be bound by the provisions of chapter 112, part VII, Florida Statutes, and the applicable provisions of s.215.47, Florida Statutes.

WHEREAS, THE Police and Fire Pension Board of Trustees has adopted a Resolution requesting the City Council to amend the Ordinance Code to codify the investment authority granted the Board in Article 22, and authorize investments under the applicable provisions of s.215.47, Florida Statutes; now therefore;

BE IT RESOLVED by the Jacksonville Police and Fire Pension Board of Trustees:

Section 1. Under the provisions of Section 1, Paragraphs 28 and 32, of the Settlement Agreement enacted by Ordinance 2000-1164, the Board of Trustees of the Jacksonville Police and Fire Pension Fund request that the City Council enact changes to the Ordinance Code to permit additional diversification of assets; and

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Section 2. The Board of Trustees hereby sets the actuarial rate of return, effective October 1, 2013, at a rate of 7.4% provided the City Council enacts Ordinance 2013-669 authorizing these changes; and

Section 3. The Executive Director-Administrator is directed to file this resolution with the Council Secretary of the City of Jacksonville.


Section 4. Adopted this 20th day of September, 2013.




Asst. Chief Bobby Deal, Chairman


Nathaniel Glover, Board Secretary

Attest:


John Keane
Executive Director-Administrator