City of Jacksonville

Police and Fire Pension Fund

FISCAL YEAR 2023 ANNUAL REPORT

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Letter from the Executive Director

Members of the PFPF and other Stakeholders:

The year 2023 has been another of change. Ongoing wars around the world, economic uncertainty, inflation rates, volatile markets and local politics. Yet in the midst of these challenges, we focus on the retirement security of our members – the men and women on the front lines of Jacksonville's public safety.

At each fiscal year end, we release our Annual Report. It provides a detailed summary of the health of the PFPF, investment performance, initiatives and operations for the one-year period ending on September 30.

Here are some quick facts to know about the PFPF by the numbers:

- $2,227,390,078: The Market Value of Assets at year-end.
- $5.13 billion: The actuarial accrued liability.
- 44.72%: This is our funded status. A measure of the fund's financial health. Comparing that there are about 45 cents in assets for every dollar in promised benefits.
- 13.70%: The Return on Assets, driven primarily by the strong performance from public equity.
- 5,242: The total number of benefit recipients and members.
- $233,761,398: Benefits paid out to 3,510 retirees and beneficiaries.
- $174.0 million: The contribution paid by the City of Jacksonville to the PFPF
- $262.6 million: The required City contribution if not for the Pension Liability Surtax scheduled to begin in Fiscal year end 2031.

In terms of investment performance, the Board has taken decisive action in its investment policy. First, smoothing of the Pension Liability Surtax Revenue (a mechanism that spreads out tax revenues over five years in order to minimize volatility) and secondly, excluding investment in either cryptocurrency or cryptocurrency ETFs. Commentary on these policy actions by our investment consultant RVK is included in this report.

ESG or environmental, social and governance frameworks; the same for DEI or Diversity, Equity, and Inclusion was also modified in the Board's policy. In May 2023, Florida Governor Ron DeSantis signed Senate Bill 302/H.B. 3 into law. It bans the state's institutions from spending money on ESG and DEI programs and prohibits the consideration of ESG/DEI factors in the state's investment decisions. Previously, the PFPF applied the Rooney Rule in manager selection. It required the Board interview at least one qualified and diverse candidate when allocating fund assets. In the area of directed brokerage, the PFPF paid commissions well in the six figures to MWDBE & SDVOB Broker/Dealers. In response to Florida's new anti ESG/DEI law, PFPF has created a eight-point compliance plan as a compliment to its commitment to ESG/DEI.

The PFPF saw material changes in our strategic asset allocation that was approved by the Board of Trustees in 2021. $85 million was invested in four new private credit and non-core real estate investments. This pacing moves us to a more actively managed portfolio that focuses on our ongoing emphasis to expand private market.

There is a new members to the team. The PFPF welcomes Auditor James Moore & Company; replacing Carr, Riggs and Ingram, LLC.

On behalf of the Board of Trustees and staff, I am pleased to report on the PFPF. Together, we have achieved our decades-long duty. The charts and letters contained in this annual report illustrate our commitment to serve our members and protect their benefits. Please peruse them.

Timothy H. Johnson, Executive Director – Plan Administrator

Independent Auditors' Report

To the Board of Trustees,
City of Jacksonville, Florida Police and Fire Pension Fund:

Report on the Financial Statements

Opinion

We have audited the combined financial statements of the City of Jacksonville, Florida Police and Fire Pension Fund (the Plan), which comprise the combined statement of fiduciary net position as of September 30, 2023, the combined statement of changes in fiduciary net position for the year then ended, and the related notes to the combined financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the fiduciary net position of the Plan, as of September 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed In Note 1 to the combined financial statements, the accompanying combined financial statements present only the City of Jacksonville, Florida Police and Fire Pension Fund and do not purport to, and do not, present fairly the net position restricted for pension benefits of the City of Jacksonville, Florida, as of September 30, 2023, or the City's changes in net position restricted for pension benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of the Plan's management and independent actuary regarding the methods of measurement and presentation of the required supplementary information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary information as listed in the table contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have issued our report dated April 26, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Plan's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
April 26, 2024

FY 2023 Fund Audit

City of Jacksonville, Florida Police and Fire Pension Fund
Combined Statement of Fiduciary Net Position
September 30, 2023

2023 FINANCIAL HIGHLIGHTS:

ASSETS		
Prepaid benefit payments and other expenses	$	81,675
Receivables:		
Interest and dividends receivable		1,982,477
Accounts receivable, net allowance		470,393
Due from City of Jacksonville		403,219
Total receivables		2,856,089
Investments, at fair value:		
Short-term investments		59,483,149
Long-term investments		
Fixed income securities		448,863,669
Domestic and international equities		1,280,178,835
Real estate		306,383,562
Alternatives		137,350,441
Total investments		2,232,259,656
Capital assets, net:		
Construction in progress		16,443
Securities lending collateral		74,377,848
Total assets		2,309,591,711
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension, net		461,447
LIABILITIES		
Accounts payable		2,846,431
Due to City of Jacksonville		2,708,064
Compensated absences – current		35,771
Compensated absences – long-term		83,466
Net pension liability – SSVRP		1,303,353
Other liabilities		21,411
Securities lending obligations		74,377,848
Total liabilities		81,376,344
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases		332,489
NET POSITION RESTRICTED FOR PENSIONS		
Fiduciary net position restricted for pensions	$	2,228,344,325

FY 2023 Fund Audit

City of Jacksonville, Florida Police and Fire Pension Fund
Combined Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

ADDITIONS		
Contributions		
Employer	$	156,847,592
Plan members		17,092,159
Plan member buybacks and pension transfers		699,270
Total contributions		174,639,021
Other contributions		
Court fines and other penalties		331,284
State insurance contributions		18,423,121
Disables trust fund contribution		253,637
Miscellaneous		173,411
Total other additions		19,181,453
Securities lending activities		
Lending revenue		204,443
Less: lending expense		(69,323)
Total securities lending activities		135,120
Investment earnings:		
Rental and parking revenue		382,232
Interest and dividends		109,902,595
Unrealized gain (loss)		175,731,615
Total investment earnings		286,016,442
Less: investment expense		(12,057,360)
Less: rental property expense		(206,706)
Net investment income		273,752,376
Total additions		467,707,970
DEDUCTIONS		
Benefit-related expenses		
Pension benefits remitted (including DROP)		232,683,083
Refunds of contributions		1,078,315
Total benefit-related expenses		233,761,398
Administrative expenses		
Personnel services		1,240,609
Professional services - non investment		389,249
Central services		345,069
Supplies		5,645
Other services and changes		322,810
Total administrative expenses		2,303,382
Other expenses		
Pension expense – SSVRP		240,688
Total deductions		236,305,468
Change in net position		231,402,502
Net position restricted for pensions, beginning of year, as restated		1,996,941,823
Net position restricted for pensions, end of year	$	2,228,344,325

2023 FINANCIAL HIGHLIGHTS:

FY 2023 Fund Audit

Actuarial Certification

January 22, 2024

Board of Trustees
Jacksonville Police and Fire Pension Fund
Jacksonville, Florida

Re: Jacksonville Police and Fire Pension Fund Actuarial Valuation as of October 1, 2023 and Actuarial Disclosures

Dear Trustees:

The results of the October 1, 2023 Annual Actuarial Valuation of the Jacksonville Police and Fire Pension Fund are presented in this report.

The computed contribution rates shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the Fund in excess of those presented in this report be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions, as the assessment of these risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the Fund's financial condition.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the Fund's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2025, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data through July 1, 2023 and financial information through September 30, 2023. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Fund's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The actuarial information for GASB Statement No. 67 is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes. Our calculation of the Net Pension Liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 67. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results.

The valuation was based upon information furnished by the Executive Director concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Executive Director.

In addition, this report was prepared using certain assumptions and methods approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Methods. The investment return assumption was prescribed by the Board. The mortality rates were prescribed by law in accordance with Florida House Bill 1309 (codified in Chapter 2015-157). The prescribed methods include the use of an initial 30-year amortization period for amortizing the unfunded liability as required under Florida Statute 112.64(6)(a), the recognition of the present value of future Pension Liability Surtax proceeds as required by Florida Statute 112.64(6), and the use of a payroll growth assumption to amortize the unfunded liability as required under Florida Statute 112.64(6)(b). Additional information and disclosures regarding these prescribed methods can be found on pages 4 and 5 of this actuarial valuation report. The combined effect of the actuarial assumptions used in this report, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic).

This report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Jacksonville Police and Fire Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices, with some exceptions noted on pages 4 and 5 under the section entitled "Disclosures Regarding the Pension Liability Surtax and Florida Statute 112.64(6)." There is no benefit or expense to be provided by the plan and/or paid from the Fund's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

Peter N. Strong, FSA, FCA, MAAA	**Jeffrey Amrose, FCA, MAAA**
Enrolled Actuary No. 23-6975	Enrolled Actuary No. 23-6599
Senior Consultant & Actuary	Senior Consultant & Actuary

FY 2023 Actuarial Valuation Report

Jacksonville Police and Fire Pension Fund
Calculation of City Minimum Required Contribution as of October 1, 2023

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)		
A. Valuation Date	October 1, 2023	October 1, 2022
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2024
C. Assumed Date of Employer Contributions	10/1/2024	12/1/2023
D. Expected Covered Payroll for the Year Beginning on the Valuation Date	$ 159,542,895	$ 162,885,451
E. Annual Payment to Amortize Unfunded Actuarial Liability	104,512,658	97,631,905
F. Employer Normal Cost	71,357,284	72,464,672
G. ADC if Paid on the Valuation Date: E + F	175,869,942	170,096,577
H. Contributions from Other Sources	0	0
I. City Contribution: G - H	175,869,942	170,096,577
as % of Covered Payroll	110.23 %	104.43 %
J. Actuarially Determined Contribution (ADC) in Contribution Year	178,068,316 *	174,039,920

* = City Contribution (item G.) x (1+payroll growth of 1.25%). The City contribution calculated last year payable 12/1/2023 included 2 months of interest.

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2023	October 1, 2022
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	$ 1,646,520,776	$ 1,653,499,309
b. Vesting Benefits	51,362,437	54,759,818
c. Disability Benefits	17,504,569	18,380,897
d. Preretirement Death Benefits	8,926,873	9,475,791
e. Return of Member Contributions	495,661	518,626
f. Total	1,724,810,316	1,736,634,441
2. Inactive Members		
a. Service Retirees	2,884,140,226	2,808,281,422
b. DROP Retirees	716,587,675	614,704,274
c. Disability Retirees	33,669,774	31,524,337
d. Beneficiaries	268,419,775	256,722,957
e. Terminated Vested Members	32,044,982	29,955,474
f. Total	3,934,862,432	3,741,188,464
3. Total for All Members	5,659,672,748	5,477,822,905
C. Actuarial Accrued (Past Service) Liability		
1. Active Members	1,198,899,349	1,175,204,361
2. Inactive Members	3,934,862,432	3,741,188,464
3. Total for All Members	5,133,761,781	4,916,392,825
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	4,992,481,312	4,770,822,161
E. Plan Assets		
1. Gross Market Value of Assets	2,228,344,325	1,996,816,815
2. Reserve Accounts, including Share Plan	(32,906,463)	(17,069,210)
3. Sr. Staff Plan Assets	(3,584,008)	(3,538,585)
4. Net Market Value of Assets	2,191,853,854	1,976,209,020
5. Actuarial Value of Assets	2,297,064,315	2,259,229,842
F. Total Unfunded Actuarial Accrued Liability: C3 - E5	2,836,697,466	2,657,162,983
G. Net Present Value of Total Pension Liability Surtax Proceeds According to Pro Rata Share	1,372,394,747	1,260,338,181
H. Net Unfunded Actuarial Accrued Liability: F - G	1,464,302,719	1,396,824,802
I. Actuarial Present Value of Projected Covered Payroll	1,139,898,287	1,217,880,794
J. Funded Ratio: E5 / C3	44.74%	45.95%
K. Percent of Actuarial Accrued Liability Covered by Assets and Total Pension Liability Surtax Proceeds: (G + E5) / C3	71.48%	71.59%
L. Liquidity Ratio		
1. DROP Balance as of Valuation Date	416,397,298	400,612,610
2. Net Market Value (Net of DROP): E4 - L1	1,775,456,556	1,575,596,410
3. Annual Benefit Payments in Pay Status	218,461,269	207,162,959
4. Ratio: L2 : L3	8.13 : 1	7.61 : 1

*Inactive members liabilities include DROP Account Balances, split based on status as of June 1.

Jacksonville Police and Fire Pension Fund
Liquidation of the Unfunded Actuarial Accrued Liability

UAAL AMORTIZATION PERIOD AND PAYMENTS						
Original UAAL				Current UAAL*		
Date Established	Type of Amortization Base	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/2016	Fresh Start	30	$1,243,587,908	23	$1,144,123,763	$82,053,771
10/1/2017	Experience (Gain)/Loss	30	(102,449,877)	24	(98,774,798)	(6,928,538)
10/1/2017	Assumption Changes	30	67,640,845	24	65,214,435	4,574,453
10/1/2018	Experience (Gain)/Loss	30	(19,072,874)	24	(18,433,989)	(1,293,048)
10/1/2018	Method Change	29	15,507,222	24	14,987,776	1,051,314
10/1/2019	Experience (Gain)/Loss	28	33,690,255	24	32,515,859	2,280,818
10/1/2019	Benefit Change	28	2,158,327	24	2,083,092	146,118
10/1/2020	Experience (Gain)/Loss	27	84,589,421	24	82,048,272	5,755,259
10/1/2020	Assumption Changes	27	36,384,579	24	35,291,551	2,475,519
10/1/2021	Experience (Gain)/Loss	26	(147,822,021)	24	(144,108,904)	(10,108,489)
10/1/2021	Assumption Changes	26	98,517,513	24	96,042,868	6,736,907
10/1/2022	Experience (Gain)/Loss	25	79,289,877	24	78,740,492	5,523,236
10/1/2022	Assumption Changes	25	48,230,549	24	47,896,369	3,359,681
10/1/2022	Method Change	25	48,122,751	24	47,789,318	3,352,172
10/1/2023	Experience (Gain)/Loss	24	78,886,615	24	78,886,615	5,533,485
			1,567,261,090		1,464,302,719	104,512,658

*Reflects an offset equal to the net present value of the total pension liability surtax proceeds based on a pro rata share of 59.0%.

Jacksonville Police and Fire Pension Fund
Pension Liability Surtax Estimates

PENSION LIABILITY SURTAX ESTIMATES
4.25% GROWTH

Fiscal Year	Projected Total 1/2-Penny Sales Tax	Projected Pension Liability Surtax	59.0% of Revenue for Police and Fire Pension Fund
2023	$ 120,073,358		
2024	125,176,476		
2025	130,496,476		
2026	136,042,576		
2027	141,824,386		
2028	147,851,922		
2029	154,135,629		
2030	160,686,393		
2031	167,515,565	$ 125,636,673	$ 74,125,637
2032	174,634,976	174,634,976	103,034,636
2033	182,056,963	182,056,963	107,413,608
2034	189,794,384	189,794,384	111,978,686
2035	197,860,645	197,860,645	116,737,780
2036	206,269,722	206,269,722	121,699,136
2037	215,036,185	215,036,185	126,871,349
2038	224,175,223	224,175,223	132,263,382
2039	233,702,670	233,702,670	137,884,575
2040	243,635,034	243,635,034	143,744,670
2041	253,989,523	253,989,523	149,853,818
2042	264,784,077	264,784,077	156,222,606
2043	276,037,401	276,037,401	162,862,066
2044	287,768,990	287,768,990	169,783,704
2045	299,999,172	299,999,172	176,999,512
2046	312,749,137	312,749,137	184,521,991
2047	326,040,976	326,040,976	192,364,176
2048	339,897,717	339,897,717	200,539,653
2049	354,343,370	354,343,370	209,062,588
2050	369,402,963	369,402,963	217,947,748
2051	385,102,589	385,102,589	227,210,528
2052	401,469,449	401,469,449	236,866,975
2053	418,531,901	418,531,901	246,933,821
2054	436,319,507	436,319,507	257,428,509
2055	454,863,086	454,863,086	268,369,220
2056	474,194,767	474,194,767	279,774,912
2057	494,348,044	494,348,044	291,665,346
2058	515,357,836	515,357,836	304,061,123
2059	537,260,544	537,260,544	316,983,721
2060	560,094,117	560,094,117	330,455,529
2061	583,898,117	145,974,529	86,124,972
Total Proceeds from 2031-2061:		$ 9,901,332,171	$ 5,841,785,981
Net Present Value of Proceeds as of 10/1/23 (at 6.5% interest):		$ 2,326,092,792	$ 1,372,394,747

Fiscal Year 2023 Review
RVK, Inc.

Summary:

During Fiscal Year 2023, spanning from October 1, 2022, to September 30, 2023, global markets encountered notable hurdles, including escalating geopolitical tensions, the collapse of regional banks in the United States, and the Federal Reserve's implementation of quantitative tightening, resulting in unprecedented liquidity drain. Despite these obstacles, the resilience of the US economy was evident, as consumer spending surged while markets anticipated a smooth economic adjustment. These events had significant effects on capital markets and on the returns experienced by institutional investors, including the City of Jacksonville Police & Fire Pension Fund. FY 2023 commenced following a year of formidable challenges in FY 2022. However, amidst this backdrop, favorable conditions emerged, driven by the resilience of the consumer and a robust employment market, coupled with declining inflation. These factors created an advantageous environment, which the PFPF effectively capitalized on. The PFPF demonstrated its strength, ranking in the top 5% within the 'All Public Plans between $1 Billion to $5 Billion' in assets peer group. The Fund delivered a noteworthy return of 13.98%, net of fees, culminating in a Total Fund ending market value exceeding $2.2 billion. Furthermore, the Fund's longer-term performance remained impressive, with annualized rates of return surpassing the median. Despite a turbulent start, PFPF concluded the fiscal year with strong performance, underscoring the strength of its manager line up and showcasing a well-diversified portfolio.

Performance:

In early 2023, amidst a volatile macro environment marked by geopolitical tensions and rising interest rates, the financial landscape witnessed the failure of major US regional banks, notably Silicon Valley Bank and Signature Bank, the second and third largest bank collapses in US history. Despite this turmoil, the Federal Reserve proceeded with consecutive increases in the federal funds rate, highlighting their commitment to address inflationary pressures, spurred by a Consumer Price Index report showing a 6.0% year-over-year increase in February.

Throughout Fiscal Year 2023, Equity and Fixed Income markets experienced ups and downs. While US stocks initially rallied on easing inflation concerns and optimistic corporate earnings, market sentiment turned turbulent following the government takeover and subsequent sale of Silicon Valley Bank and Signature Bank, with federal agencies stepping in to backstop customer deposits.

Global Equities saw a mixed performance, with notable gains in International Developed Markets and Domestic Equities, driven largely by a select few stocks known as the magnificent seven, closing the year with double-digit gains, while US Small Cap Equity lagged behind. Fixed Income markets faced headwinds from rising interest rates, though declining Treasury yields provided some relief. The yield curve, still somewhat inverted, showed signs of normalization as investors sought higher yields for longer maturities. Despite ongoing market volatility, PFPF experienced one of its strongest performance in recent years on both an absolute and relative basis, returning 13.98% and outperforming the total fund policy index by 228 basis points, net of fees.

PFPF's Equity exposure, more specifically, US Equities was the greatest absolute contributor to its total fund performance. Over the one-year time period, International Equity and U.S. Equity returned 25.09% and 27.67%, respectively, net of fees. PFPF's Equity managers outperformed their benchmarks consistently showcasing the value of thoughtful and deliberate manager selection. Strong absolute Equity returns and higher allocations compared to its peers but well within policy target allocations contributed to the PFPF achieving a high peer ranking within the 'All Public Plans between $1 Billion to $5 Billion' in assets peer group.

While it was a challenging year for Fixed Income, the majority of the PFPF's Fixed Income managers added value and fared well compared to their respective benchmarks, with the PFPF Fixed Income composite returning 1.89% on a one year basis, net of fees and outperforming its benchmark by nearly 50 basis points. Having a substantial Fixed Income allocation provided capital preservation and diversification benefits to the overall portfolio.

PFPF's Core Real Estate allocation, which typically acts as a moderate hedge in inflationary environments, was a soft spot for the year as commercial office space continued to remain depressed amidst ongoing work from home policies, returning -12.77% net of fees.

Non-Core Real Estate and Private Credit, provided additional layers of return diversification and added positively to performance over the period. As of September 30, 2023, the composite multiple for Private Credit stood at 1.09, which meant for every $1 that PFPF had committed to the asset class, 9 cents of value had been created. For Non-Core Real Estate, that multiple was 1.10. The build out of these two asset classes is still not complete, and we expect these numbers to further improve over time, but early indications around the inclusions of these asset classes, and the managers selected to implement them, are positive.

Notable Highlights:

From a portfolio construction standpoint, Staff and RVK worked diligently to present the Board and FIAC, timely and actionable opportunities to bring the Fund's allocation closer to its long-term stated policy targets and ensure the governance approach remained consistent with best practices.

Core Fixed Income Search:

Following the recommendation to terminate the TSW Core Fixed Income mandate due to decreasing strategy assets under management and ownership changes at the firm, RVK led a search on behalf of PFPF to identify a replacement option that would be complimentary to the existing managers within the composite, offer strong organizational stability, and consisted of well-resourced team support. This process ultimately led the Board to award the mandate to Dodge and Cox, specifically their Income Fund.

Private Market Approvals

Non-Core Real Estate: There was an approval of two new Non-Core Real Estate Fund Commitments, this included Bell Partners Value-Add Fund VIII and Ares Real Estate Fund IV. Bell Partners Value-Add Fund, a value-add real estate fund complimented the existing managers in PFPF's Non-Core Real Estate program by providing exposure to the multi-family sector via a dedicated, skilled, and experienced investment manager. Similarly, Ares Real Estate Fund IV provided exposure to a diversified, nimble and opportunistic strategy that could invest flexibly via a multi-sector approach.

Private Credit: The Board approved commitments to Kennedy Lewis Capital Partners Master Fund III and Blue Owl Diversified Lending Fund (ODL). Kennedy Lewis Capital Partners Master Fund III is a special situations credit fund that pursued a flexible investment strategy focused on both performing and stressed investments that were uncorrelated or counter-cyclical to broader credit markets. The Blue Owl Diversified Lending Fund on the other hand is a direct lending strategy that provided senior secured loans to privately-owned, sponsor-backed middle market companies in the United States.

Please see appendix for more information on Private Credit and Non-Core Real Estate commitments.

Pacing Study:

Early in 2023, RVK conducted the annual Real Estate and Private Credit pacing analysis to provide an informational overview and set expectations for the upcoming year. The near-term projected commitments to both asset classes decreased year-over-year. As of our latest pacing analysis, the Fund remains on track to hit its respective asset class targets by 2026/2027. Please see table in appendix.

IPS Review:

RVK conducted an annual review of the IPS in early 2023. The changes largely centered around reflecting prior Board decisions including: adopting the Surtax smoothing policy, new AROR assumption of 6.5% effective 10/1/22, directions on consultant ownership of the watch list, added guidance on rebalancing specific to private market asset classes, and adopting guidance on the restriction of investments in cryptocurrencies. The IPS was subsequently approved by Board.

Rebalancing Activity:

During the Fiscal year, RVK conducted rebalancing analysis for the annual payroll reimbursement and subsequent city payroll contribution. In addition, the Board tasked RVK with exploring a scenario involving investments in ultra-short duration government issued securities, locking in an expectation for a given yield, rather than investing the funds into the diversified asset allocation of the total Pension Fund, which had been the process historically. The Board ultimately tabled the decision and believed it would be helpful to have a clearer understanding of potential agreements with the city before moving forward.

Conclusion:

While FY 2023 was a turbulent year for most of the institutional investors, PFPF was able to navigate the path forward, better, in a market characterized by many significant unknowns. Among those many uncertainties, three stand out: (1) the volatility in global markets due to increasing geopolitical risks, including the US; (2) whether the economies of the world can withstand tailwinds due to failing global banks and businesses; and (3) decreasing investor sentiment in the ability of Federal Reserve to guide away from a recession as they follow a ‘higher for longer’ theme with higher interest rates, over extended time periods.

We continue to believe in a disciplined and diversified approach to investing, staying focused on the long-term goals, and identifying opportunities as they emerge over time to be a tried and tested formula to success.

RVK, Inc.

Appendix
As of September 30, 2023
PC and NCRE Commitments

Fund Name	Vintage	Asset Class	Commitment ($)	Paid In Capital ($)	Distributions ($)	Valuation ($)	Fund Multiple
Private Credit							
Ares Pathfinder Core LP	2021	Private Credit – Specialty Finance	$100,000,000	$100,000,000	$10,118,487	$99,571,463	1.10
KLCP Domestic III LP	2021	Private Credit – Specialty Finance	$30,000,000	$12,876,439	$75,250	$13,668,659	1.07
VPC Asset Backed Opportunistic Credit (Levered) LP	2022	Private Credit – Opportunistic Credit	$30,000,000	$21,754,814	$1,702,530	$22,279,389	1.10
Blue Owl Diversified Lending 2020 LP	2020	Private Credit – Direct Lending	$20,000,000	$0	$0	$0	N/M
Real Estate							
H.I.G. Realty Partners IV (Onshore)L LP	2021	Real Estate – Opportunistic	$25,000,000	$19,731,779	$4,263,865	$19,365,602	1.20
Artemis Real Estate Partners Healthcare II	2022	Real Estate – Value Added	$25,000,000	$7,681,000	$1,402,393	$5,734,519	0.93
Bell Value-Add VIII LP	2022	Real Estate – Value Added	$20,000,000	$1,195,691	$22,361	$1,015,324	0.87
Hammes Partners IV LP	2022	Real Estate – Value Added	$15,000,000	$618,757	$20,586	$367,401	0.63
Ares Real Estate Fund IV	2024	Real Estate - Opportunistic	$15,000,000	$0	$0	$0	N/M
Total Private Credit and Real Estate			**$280,000,000**	**$163,858,479**	**$17,605,502**	**$162,002,357**	

Jacksonville Police and Fire Pension Fund 2023

Professional Services

Trevor Greene, M.D., Baker & Gilmour – Fund Medical Director
Zach Chalifour & Ben Clark, James Moore – Fund Auditor
Jordan Cipriani, Spencer Hunter, & Jim Voytko, RVK, Inc. – Investment Consultant
Bob Sugarman, Sugarman & Susskind – Fund Counsel
Karson Wattles, The Northern Trust Company – Fund Custodian
Pete Strong, Gabriel, Roeder, Smith and Company – Fund Actuary

Advisory Committee

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Cpt. Jean Paravisini, JFRD
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Chief Michael B. Shell, JSO
Cpt. Christopher Stover, JFRD

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Erwin Lax – Secretary
Brian Chappell
Steve Glenn
Kendall Park

Money Managers

Acadian Asset Management, LLC
ARES Management, LLC
Artemis Real Estate Partners, LLC
Baillie Gifford & Co.
Bell Partners, Inc.
Blue Owl Capital
Dodge & Cox
Eagle Capital Management, LLC
Hammes Realty Advisors, LLC
Harrison Street Real Estate Partners
H.I.G. Capital, LLC
J.P. Morgan Chase & Co.
Kennedy Lewis Investment Management, LLC
Loomis, Sayles & Company, L.P.
Neuberger Berman Group, LLC
The Northern Trust Company
Pinnacle Associates, Ltd.
Principal Financial Services
Sawgrass Asset Management, LLC
Silchester International Investors
Victory Park Capital Advisors, LLC
WEDGE Capital Management

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Annual Report design by Steve Lundy