



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, May 31, 2024
9:00 A.M. – 11:02 A.M.

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

Board of Trustees

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

Anna Brosche, Director of Finance and Administration
Amber Lehman
Brennan Merrell, COJ Treasury
Mike Weinstein

*Matt A’Hearn, IPI Partners
*Alexa Singer, IPI Partners

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager

*A
*Dean
*Alicia Dator
*Cyril Espanol
*904-493-5515
*904-493-5519
*904-553-0521
*904-607-3629
*904-608-3417

Guests

Chris Cicero, Fund Treasurer
Nick Howland, City Council Liaison
*Spencer Hunter, RVK, Investment Consultant
Dylan Reingold, Office of General Counsel
*Bob Sugarman, Fund Counsel
*Joseph Delaney, RVK, Investment Consultant

*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.

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.

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, or email your request to KLMcDan@coj.net.

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Agenda

I. Pledge of Allegiance

II. Invocation

Timothy Johnson gave the invocation.

III. Moment of Silence

Edgar Bennett Jr., Retired Firefighter
Stanley J. Brown, Retired Fire Captain
Robert W. Bullock, Retired Fire District Chief
Robert E. Burns Sr., Retired Fire Lieutenant
Randy L. Faulk, Retired Police Officer
Richard H. King, Retired Police Officer
Josh L. Linder, Retired Firefighter Engineer
Heath J. O’Shea, Active Firefighter Engineer
Richard W. “Wayne” Royal, Retired Fire District Chief
Grady W. Steele, Retired Police Officer

IV. Public Comment

None.

V. Consent Agenda Items 2024-05-(01-10)CA – *action requested*

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

2024-05-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees and FIAC Manager Update Workshop of April 23, 2024
2. Summary to the Board of Trustees Meeting of April 26, 2024
3. Summary to the Board of Trustees and FIAC Manager Update Workshop of May 6, 2024

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2024-05-02CA 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

04-01-2024 thru 04-30-2024

1. Northern Trust Company	\$	24,668.07
2. Loomis Sayles	\$	132,974.63
3. Loomis Sayles	\$	106,077.07
4. Sawgrass Asset Management	\$	71,404.96
5. RVK, Inc.	\$	71,789.05
6. Eagle Capital Management	\$	564,821.26
7. Northern Trust Company	\$	16,400.90
Total	\$	988,135.94

DISBURSEMENTS B

04-01-2024 thru 04-30-2024

1. Accounts Payable Distributions	\$	43,001.50
2. Accounts Receivables	\$	30,438.70

2024-05-03CA Pension Distributions

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

April 12, 2024

1. Regular Gross	\$	7,530,596.38
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,483,241.77
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	0.00
8. Share Plan Payments Rollover	\$	0.00
Total	\$	9,013,838.15

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April 26, 2024

1. Regular Gross	\$	7,526,808.93
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,483,241.77
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	219,379.50
8. Share Plan Payments Rollover	\$	125,389.39
Total	\$	9,354,819.59

BENEFIT APPLICATIONS TO APPROVE:

The following Consent Agenda items 2024-05-(04-06CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on May 14, 2024. Vote was unanimous. Meeting Summary attached.

[2024-05-04CA](#)

Application for Survivor Benefits

[2024-05-05CA](#)

Application for Child Benefits

[2024-05-06CA](#)

Application for Time Service Connections

BENEFIT APPLICATIONS TO RECEIVE AS INFORMATION:

The following Consent Agenda items 2024-05-(07-10CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on May 14, 2024. Vote was unanimous. Meeting Summary attached.

[2024-05-07CA](#)

Share Plan Distributions

[2024-05-08CA](#)

DROP Participant Termination of Employment

[2024-08-09CA](#)

DROP Distributions

[2024-05-10CA](#)

DROP Distributions for Survivors

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VI. Treasurer's Report

a. Stadium Financing

Mike Weinstein updated the Trustees on the Stadium Financing, focusing on the 2017 pension surtax legislation. He emphasized that the surtax funds are strictly designated for the City's pension plans. The pension plans will start receiving these funds once the Better Jacksonville Plan (BJP) concludes. Although there have been discussions about ending the BJP early to accelerate surtax receipts for the pensions, the BJP will end as scheduled to finance the stadium. Thus, there are no changes to the original 2017 plan, and the intended actions remain the same.

Chris Brown addressed concerns about media hype and misinformation regarding this story, which has caused worry among PFPF members. He reassured members that there have been no changes to the plan and emphasized the importance of understanding this continuity.

VII. Fiscal Year 2025 Operating Budget – Kevin Grant – *action requested*

Kevin Grant presented the Fiscal Year 2025 Operating Budget to the Board of Trustees, proposing a total of \$16,066,105.

Chris Brown inquired about the status of rental revenue.

Kevin Grant responded that parking rental revenue remains consistent. As for building rental revenue, they have been working on leasing the third-floor office space. Now that the space has been divided into smaller parcels, there is increased interest, and part of today's agenda includes approving a contract for a new third-floor tenant.

Kevin Grant also mentioned that additional changes to the PFPF budget will be made by the City, which is a standard part of the budget approval process.

Nawal McDaniel moved to approve the Fiscal Year 2025 Operating Budget, with changes to be made by the City, seconded by Mia Jones. The vote passed unanimously.

VIII. Investment Consultant Reports

a. IPI Partners Fund III – action requested

Spencer Hunter provided an overview of IPI Partners Fund III, a specialized non-core real estate firm focused on data centers. He highlighted their built-to-suit and powered shell development strategies, leveraging relationships with hyperscale tenants like Meta, Microsoft, Google, and Amazon to access proprietary opportunities. The recommended commitment is \$15 million, with a target fund size of \$4.0 billion.

Alexa Singer and Matt A'Hearn of IPI Partners introduced themselves and their firm, covering several key points from their presentation:

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Firm Overview: IPI is a leading global investment platform with \$18 billion in equity and debt raised since its inception. They have approximately \$8 billion in total equity capital commitments across four continents, with a global presence and a team of over 60 members, complemented by a 640+ member operating and development team at STACK Infrastructure.

Portfolio: IPI has built a leading global data center portfolio, which spans 28 markets and includes 64 operational and under-construction facilities, 59 owned land parcels, with a potential for over 67 million square feet and more than 5,111 MWs.

Market Fundamentals: IPI believes that data center market fundamentals are stronger than ever, driven by record absorption and accelerated demand. This has led to increasing rental rates, record pre-leasing, and expansive single-tenant leases at a campus scale.

Demand Evolution: The demand for data centers has transformed leasing norms. Since IPI's inception, capacity needs have significantly increased. Tenants have shifted from leasing single data halls to entire campuses, with 100MW campuses now requiring approximately \$1.2 billion in capital investment.

Michael Lynch inquired about the potential risks related to the demand for real estate for data centers, considering that computer chips are getting smaller and faster. He asked whether this might reduce the need for such real estate or if the demand would continue to expand.

Matt A'Hearn explained that even though chip densification and speed increases, servers still require more power and cooling as they scale down. Many tenants build their own data centers and continue to expand, understanding these requirements. From IPI's perspective, this is not considered a risk.

Michael Lynch also asked about the China-Taiwan issue and whether this geopolitical risk has influenced IPI's investment decisions in the Pacific region. Matt A'Hearn responded that IPI avoids investing in high-risk markets such as China, Hong Kong, Taiwan, and India. Instead, IPI focuses on western economies like Australia and Japan, which they consider geopolitically stable.

Terry Wood asked who produces the power for these data centers.

Matt A'Hearn replied that IPI collaborates with local utilities worldwide, maintaining close relationships, but does not generate power themselves.

Spencer Hunter mentioned that the IPI Partners Fund III closing is at the end of June and that the FIAC recommends an investment of \$15 million, with a potential increase up to \$20 million, in IPI Partners Fund III.

Nawal McDaniel moved to accept the FIAC and RVK's recommendation to invest up to \$20 million in IPI Partners Fund III, seconded by Mia Jones. The vote passed unanimously.

b. Quarterly Investment Performance Analysis as of March 31, 2024

Spencer Hunter provided a brief overview of the Quarterly Investment Performance Analysis as of March 31, 2024. He reported that the first quarter was solid, with Calendar Year-to-Date returns up over 4.4% and Fiscal Year-to-Date returns up over 12% as of March 31.

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In his review, Spencer Hunter also covered the following points:

- Investment Manager Watch List (Page 12)
- Asset Allocation, Performance, and Schedule of Investable Assets (Page 13)

Additionally, Spencer Hunter noted that as of Wednesday, May 29, Calendar Year-to-Date returns have increased to about 4.6%, and Fiscal Year-to-Date returns have risen to approximately 12.3%. The portfolio continues to exhibit strong performance.

IX. Executive Director's Report

a. RFQ for Legal Services – action requested

Timothy Johnson updated the Board of Trustees on the Request For Qualifications (RFQ) for Legal Services. In April, the Board directed PFPF staff to publish the RFQ, and three legal firms responded:

- Klausner, Kaufman, Jensen & Levinson
- Sugarman, Susskind, Braswell & Herrera
- Lorium Law

Timothy Johnson recommended selecting Klausner for several reasons. First, Klausner negotiated the 2015 Agreement between the PFPF Board of Trustees and the City of Jacksonville on behalf of the PFPF Board. While the Board believes this agreement is active until 2030, prior City of Jacksonville General Counsels took unauthorized actions on the Board's behalf and expressed doubts about the agreement's validity. This situation has created a perceived conflict, as highlighted in the Keane case, where the Court recognized the Board's perception of a conflict as defining it. The Board believes the Office of General Counsel (OGC) is conflicted in representing both sides of the 2015 Agreement and that it cannot represent both parties fairly. Given this, the Board has rights embedded in the 2015 Agreement, including the right to hire outside counsel, making Klausner the most suitable choice since they negotiated the agreement originally.

Timothy Johnson also recommended re-papering the current contract with Sugarman, Susskind, Braswell & Herrera on PFPF's own letterhead to engage the firm directly.

Mia Jones asked if this would mean that Sugarman's contract with the City would be terminated, leaving the only contract through the PFPF.

Timothy Johnson confirmed that the only contract would be with the PFPF Board of Trustees.

Nawal McDaniel moved to accept Timothy Johnson's recommendation to directly engage Klausner, Kaufman, Jensen & Levinson to represent the PFPF Board of Trustees in the 2015 Agreement, seconded by Mia Jones. Discussion:

Dylan Reingold addressed the Board, reiterating that both he and General Counsel Fackler understand the years of frustration with the OGC. From their perspective, the City Charter does not permit the Board to directly hire independent counsel.

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Dylan Reingold suggested that the OGC would be willing to hire Klausner on the Board's behalf if that is their choice. However, he emphasized that they still believe directly hiring independent counsel is inconsistent with prior General Counsel opinions, the City Charter, and relevant statutes.

The vote passed unanimously.

Nawal McDaniel moved to authorize the Executive Director to enter into a direct contract with Sugarman, Susskind, Braswell & Herrera with the same terms, that the PFPF Board of Trustees would be the final client, pending receipt from Klausner that the PFPF Board of Trustees has that authority, seconded by Michael Lynch. Discussion:

Dylan Reingold referenced the School Board case and reiterated his belief that the PFPF Board of Trustees does not have the authority to directly hire independent counsel.

Terry Wood highlighted that the PFPF Board of Trustees did not authorize the Keane lawsuit, yet the OGC billed the Board for it, costing several hundred thousand dollars.

Dylan Reingold questioned the 'case of controversy' motivating the Board's current actions, asking what the impetus for this conflict was.

Timothy Johnson responded that the 2015 Agreement, valid until 2030, clearly outlines the rights and benefits that have not been adequately advocated for by the OGC. This agreement includes the right to independent counsel, a right that has been neglected for ten years.

Dylan Reingold read an excerpt from the 2015 Agreement: "the JFPF and the OGC shall consult on needs for separate counsel for other specific purposes."

Michael Lynch explained that the disagreement stems from differing interpretations of the word "consult." He argued that consultation does not equate to relinquishing authority, and that the parties who signed the 2015 Agreement did not intend for "consult" to mean "give authority."

Mia Jones remarked that the current calm period is an ideal time to address this issue. With no immediate crises, it is an opportune moment to establish a framework for independent counsel to be prepared for future needs.

Dylan Reingold acknowledged the logic from a policy standpoint but emphasized that courts typically recognize conflicts when there are actual controversies or cases at hand.

Nawal McDaniel noted that while there is no current lawsuit, past lawsuits demonstrate the need to avoid last-minute scrambling.

Chris Brown pointed out that the Keane lawsuit cost the Board \$400,000. Despite the Board's reluctance, they were compelled by the OGC to proceed. He appreciated Dylan Reingold's tone and approach but stressed that the need for independent counsel has been established.

The vote passed unanimously.

Timothy Johnson concluded by expressing gratitude for Dylan Reingold's advice and assistance.

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b. July Hiatus – action requested

Timothy Johnson informed the Board of Trustees about events scheduled for July, including two Summer Socials for PFPF members. He encouraged the Trustees and Committee members to attend these events. He also mentioned that the Board typically takes a hiatus from meetings in July and asked if they would like to do so again this year.

Terry Wood moved to accept a July hiatus, seconded by Mia Jones. The vote passed unanimously.

Terry Wood inquired about the expiration date of the investment consultant RVK's contract.

Timothy Johnson responded that RVK's contract expires on December 1. He mentioned that the Board Chair had asked him the same question last week. Johnson indicated that he would likely bring a recommendation to the Board of Trustees in August to issue an RFP for investment consultant services. This timeline would provide PFPF staff with sufficient time to make a selection before December 1. Additionally, there is an option for a 5-year extension with RVK that the Board could choose to accept.

X. Old Business

c. Domestic Equity Structure Recommendation – action requested

Michael Lynch moved to table action on the Domestic Equity Structure Recommendation until he receives answers to his questions from RVK, seconded by Terry Wood. Discussion:

Michael Lynch expressed his concern that the recommendation was not presented appropriately, particularly regarding the increased passive management allocations.

Chris Brown stated that he wants to vote on the recommendation, as he has believed for years that a change was needed in the U.S. Large Cap Growth allocation.

Spencer Hunter suggested that the Board could consider the different parts of the recommendation separately, such as changes to the Large Cap Growth or the Small to Mid Cap allocations.

The Board of Trustees then discussed various underperforming managers and the merits of active versus passive management.

Nawal McDaniel reminded the Board that an underperforming manager had presented to them about two years ago, and the Board had decided to give them a probationary period, which has now long since passed.

The vote passed 3-2. Michael Lynch, Terry Wood and Mia Jones voted in the affirmative. Chris Brown and Nawal McDaniel voted against.

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XI. Counsel Reports

Bob Sugarman mentioned that he is collaborating with the PFPF Staff on a military leave question posed by a fund member.

XII. Council Liaison Report

None.

XIII. New Business

a. First Coast Crime Stoppers Lease – action requested

Kevin Grant briefly outlined the First Coast Crime Stoppers Lease to the Board of Trustees.

Terry Wood moved to accept the First Coast Crime Stoppers Lease, seconded by Mia Jones. The vote passed unanimously.

XIV. Privilege of the Floor

None.

XV. Upcoming Events

a. Manager Update Workshop – Principal – Thursday, June 27, 2024 at 12:00PM

b. Board of Trustees Meeting – Friday, June 28, 2024 at 9:00AM

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XVI. Adjournment
11:02AM

Nawal McDaniel, Board Secretary

Summary Prepared By:

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

Posted: 06/03/2024

To be Approved: 06/28/2024