



SUMMARY TO THE BOARD OF TRUSTEES AND F.I.A.C. MANAGER UPDATE WORKSHOP

Thursday, June 27, 2024
12:00 P.M. – 1:15 P.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202
Richard "Dick" Cohee Board Room

Financial Investment and Advisory Committee
(F.I.A.C.)
Brian Chappell
Steve Glenn

Staff

Steve Lundy, Deputy Director
Kevin Grant, Finance Manager

Guests

Darren Kleis, Principal Asset Management
Mirka Luoto, Principal Asset Management
*Joe Ebisa, With Intelligence

*Asterisk denotes virtual meeting attendance via the ZOOM application.

Notice

Meeting Agendas and Summaries are available on our website at jaxpff.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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Summary

I. Manager Update Workshop

a. *Principal Asset Management*

Darren Kleis and Mirka Luoto of Principal Asset Management delivered their Manager Update Workshop presentation. Principal manages a U.S. core real estate account for the Jacksonville Police and Fire Pension Fund, totaling \$65,148,314 as of May 31, 2024. They addressed the following topics:

Principal Real Estate Overview:

- Recognized as a global leader in real estate investing.
- Serves more than 650 clients across 36 countries.
- Employs over 475 people in 11 countries, with 320 real estate investment professionals averaging 14 years of experience.
- Managed more than \$124 billion in real estate debt and equity transactions over the past decade.
- Renowned for sustainable investing, with \$98.1 billion in assets under management, including \$48.9 billion in Private Equity, \$22.4 billion in Private Debt, \$20.7 billion in Public Equity, and \$5.9 billion in Public Debt.

Principal U.S. Property Account:

- A daily valued, open-end, commingled portfolio.
- Employs a private equity “core” investment strategy.
- Actively manages a high-quality, nationally diversified, income-producing portfolio.
- Focuses on income stability and growth over multiple market cycles.
- Aims to outperform the NFI-ODCE Index.

Darren Kleis highlighted the Portside Logistics Center property in Houston, TX, as a case study and discussed the 2024 strategic themes:

Investment Strategy:

- Balanced approach through strategic dispositions and disciplined capital deployment.
- Emphasis on risk-adjusted relative value.
- Focus on structural growth drivers for sector and market allocation.

Monitor and Mitigate Risk:

- Prudent liability management.
- Execution on non-core allocation, considering costs, timing, labor, and materials.
- Attention to leasing and tenant credit.

Drive Operations:

- Focused retention of expirations in the office sector.

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- Capturing contract-to-market rent delta.
- Generating net operating income (NOI) growth.

Diversification was also discussed, showcasing the four market segments of the U.S.: East (22%), South (25%), Midwest (4%), and West (49%), along with overweights and underweights relative to the ODCE index.

Darren Kleis presented examples of Principal’s investments in various sectors:

- Industrial: Crews Commerce Center in Orlando, FL.
- Residential: The Soleil in Denver, CO.
- Office: Capitol Plaza in Washington, DC.
- Retail: South Dade in Miami, FL.

He also covered property sector diversification, the top 10 properties of the account, and the performance summary.

II. [Adjournment](#)

1:15 P.M.

Board Secretary

Summary Prepared By:

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

Posted: 07/01/2024

To be Approved: 08/23/2024