



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, October 25, 2024

9:00 A.M. – 10:41 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
Captain Michael Lynch, Board Secretary
*Thomas Donahoo Jr.
Mia Jones
Terry Wood

Kelly Dobson, President, JAFF Local 122
Greg Ealey, FIAC
Amber Lehman
Thomas Lumpkin, Advisory Committee Member
Brennan Merrell, City Treasury
Richard Reichard, Advisory Committee Vice Chair
Andrew Robinson, GEPP
Eric B. "Brian" Smith Jr., Chair, FIAC
Jane Wood
Randy Wyse

Fund Staff

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

*Anonymous
*Conference User
*Alicia Dator
*Brian Engel
*Cyril Espanol, With Intelligence
*Gregory S. Gosch
*Marty
*mcquiddy
*904-493-5514
*904-493-5519
*904-553-0521
*904-607-3629
*904-608-3417

Guests

*Chris Cicero, Fund Treasurer
Jordan Cipriani, RVK, Investment Consultant
*Joseph Delaney, RVK, Investment Consultant
Michael Fackler, Office of General Counsel
Sonya Harrell, Office of General Counsel
Nick Howland, City Council Liaison
*Spencer Hunter, RVK, Investment Consultant
*Robert Klausner, Fund Counsel
Dylan Reingold, Office of General Counsel
*Bob Sugarman, Fund Counsel
Jim Voytko, 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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Summary

- I. Pledge of Allegiance
- II. Invocation
- III. Moment of Silence

Benjamin H. Buchanan, Retired Firefighter Engineer
Danny L. Butcher, Retired Fire Captain
James W. Griner, Retired Police Sergeant
Michael G. Lee, Retired Fire Lieutenant
Eric B. Long, Retired Police Officer
Joyce R. Wagand, Retired Police Officer

- IV. Public Comment

None.

- V. Consent Agenda Items 2024-10-(01-14)CA – *action requested*

2024-10-01CA Meeting Summaries to be Approved

- 1. Summary to the Board of Trustees Meeting of August 23, 2024
- 2. Summary to the Board of Trustees & FIAC Manager Update Workshop of August 27, 2024
- 3. Summary to the Board of Trustees & FIAC Manager Update Workshop of September 16, 2024

2024-10-02CA 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

08-01-2024 thru 09-30-2024

| | | |
|-----------------------------|----|------------|
| 1. Pinnacle Associates | \$ | 132,765.00 |
| 2. Acadian Asset Management | \$ | 253,995.00 |
| 3. Eagle Capital Management | \$ | 589,423.45 |

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| | | |
|-------------------|-----------|---------------------|
| 4. Northern Trust | \$ | 22,540.69 |
| 5. RVK, Inc. | \$ | 72,518.35 |
| 6. Northern Trust | \$ | 19,968.77 |
| 7. Comerica | \$ | 167,895.58 |
| 8. Northern Trust | \$ | 19,142.86 |
| Total | \$ | 1,278,249.70 |

DISBURSEMENTS B

08-01-2024 thru 09-30-2024

| | | |
|-----------------------------------|----|------------|
| 1. Accounts Payable Distributions | \$ | 125,222.69 |
| 2. Accounts Receivables | \$ | 68,651.93 |

2024-10-03CA Pension Distributions

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

August 2, 2024

| | | |
|---------------------------------|-----------|---------------------|
| 1. Regular Gross | \$ | 7,538,608.39 |
| 2. Regular Lump sum | \$ | 0.00 |
| 3. Regular Rollover | \$ | 0.00 |
| 4. Regular DROP Gross | \$ | 1,485,733.55 |
| 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 | \$ | 9,024,341.94 |

August 16, 2024

| | | |
|---------------------------------|----|--------------|
| 1. Regular Gross | \$ | 7,536,238.72 |
| 2. Regular Lump sum | \$ | 0.00 |
| 3. Regular Rollover | \$ | 0.00 |
| 4. Regular DROP Gross | \$ | 1,484,890.54 |
| 5. DROP Lump sum | \$ | 177,361.67 |
| 6. DROP Rollover | \$ | 0.00 |
| 7. Share Plan Payments Lump Sum | \$ | 0.00 |
| 8. Share Plan Payments Rollover | \$ | 0.00 |

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Total \$ **9,198,490.93**

August 30, 2024

| | | | |
|----|------------------------------|-----------|---------------------|
| 1. | Regular Gross | \$ | 7,528,054.90 |
| 2. | Regular Lump sum | \$ | 0.00 |
| 3. | Regular Rollover | \$ | 0.00 |
| 4. | Regular DROP Gross | \$ | 1,485,597.97 |
| 5. | DROP Lump sum | \$ | 0.00 |
| 6. | DROP Rollover | \$ | 0.00 |
| 7. | Share Plan Payments Lump Sum | \$ | 7,312.65 |
| 8. | Share Plan Payments Rollover | \$ | 0.00 |
| | Total | \$ | 9,020,965.52 |

September 13, 2024

| | | | |
|----|------------------------------|-----------|---------------------|
| 1. | Regular Gross | \$ | 7,538,990.52 |
| 2. | Regular Lump sum | \$ | 0.00 |
| 3. | Regular Rollover | \$ | 0.00 |
| 4. | Regular DROP Gross | \$ | 1,482,645.50 |
| 5. | DROP Lump sum | \$ | 0.00 |
| 6. | DROP Rollover | \$ | 271,141.01 |
| 7. | Share Plan Payments Lump Sum | \$ | 0.00 |
| 8. | Share Plan Payments Rollover | \$ | 0.00 |
| | Total | \$ | 9,292,777.03 |

September 27, 2024

| | | | |
|----|------------------------------|-----------|---------------------|
| 1. | Regular Gross | \$ | 7,534,143.79 |
| 2. | Regular Lump sum | \$ | 0.00 |
| 3. | Regular Rollover | \$ | 0.00 |
| 4. | Regular DROP Gross | \$ | 1,479,499.42 |
| 5. | DROP Lump sum | \$ | 293,560.47 |
| 6. | DROP Rollover | \$ | 0.00 |
| 7. | Share Plan Payments Lump Sum | \$ | 0.00 |
| 8. | Share Plan Payments Rollover | \$ | 0.00 |
| | Total | \$ | 9,307,203.68 |

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BENEFIT APPLICATIONS TO APPROVE:

The following Consent Agenda items 2024-10-(04-10CA) were verified with supporting documentation and approved at the Advisory Committee meetings held on September 10, 2024 and October 8, 2024. Votes were unanimous. Meeting Summaries attached.

[2024-10-04CA](#)

Application for Time Service Retirement

[2024-10-05CA](#)

Application for Membership Under 121.102(e)(1)(A)

[2024-10-06CA](#)

Application for Vested Retirement

[2024-10-07CA](#)

Application for Survivor Benefits

[2024-10-08CA](#)

Application for Child Benefits

[2024-10-09CA](#)

Application for Time Service Connections

[2024-10-10CA](#)

Application for DROP

BENEFIT APPLICATIONS TO RECEIVE AS INFORMATION:

The following Consent Agenda items 2024-10-(11-14CA) were verified with supporting documentation and received as information at the Advisory Committee meetings held on September 10, 2024 and October 8, 2024. Votes were unanimous. Meeting Summaries attached.

[2024-10-11CA](#)

Share Plan Distributions

[2024-10-12CA](#)

DROP Participant Termination of Employment

[2024-10-13CA](#)

DROP Distributions

[2024-10-14CA](#)

DROP Distributions for Survivors

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

VI. Counsel Reports

a. Memorandum Regarding Board Authority – Robert Klausner

Robert Klausner presented his legal memorandum, “Power to Hire Separate Counsel” to the Board of Trustees:

The key takeaway of the memorandum is that the Board has clear authority under Florida law to hire its own separate legal counsel without needing approval from the Office of General Counsel (OGC). He made the following points:

1. **Ethical and Fiduciary Duty:** Legal ethics dictate that attorneys must avoid conflicts of interest, especially when advising clients with potentially opposing interests. The Board’s interests may differ from other entities advised by the OGC, making independent counsel necessary for undivided loyalty.
2. **Preemption Doctrine:** Florida’s laws, specifically Chapters 175 and 185, preempt local rules when it comes to police and firefighter pensions. These statutes expressly authorize pension boards to employ independent legal counsel and override conflicting local regulations.
3. **Legislative Intent and History:** Since 1986, state legislation has granted pension boards, including the Jacksonville Police and Fire Pension Fund Board, the authority to administer their plans independently. This includes hiring their own advisors, a structure upheld by the courts.
4. **Revenue Sharing Compliance:** Participating municipalities receive insurance premium tax rebates, which require compliance with state laws governing pension administration. The Board’s independent administration, including hiring separate counsel, aligns with these requirements.
5. **Charter and Referendum Issues:** While the City Charter grants the OGC authority as the chief legal officer, this authority does not supersede the Board’s rights under state law. A 2015 referendum on the OGC’s role did not explicitly inform voters about changes affecting the Board’s independence in choosing legal representation, raising concerns over its applicability.

In summary, state law provides the Board with the authority to hire its own legal counsel as needed to best serve the interests of the pension fund, even if this authority conflicts with local provisions or the OGC’s interpretation.

Robert Klausner asked the Trustees to forward any questions they have to Timothy Johnson, who will then relay them to him.

b. PFPF v. Livingood Draft Brief – Sonya Harrell

Sonya Harrell provided an update to the Board of Trustees on the Livingood forfeiture issue. Previously, the Board had voted to assign the case to an Administrative Law Judge, and the proceedings are ongoing. Recently, a preemption issue arose in relation to Florida Statutes Chapter 185, which limits forfeiture to cases involving criminal adjudication or conviction of fraud. In contrast, our local ordinance allows pension forfeiture based on an administrative determination of fraud, offering an additional basis beyond the statute.

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Sonya explained that the Office of General Counsel (OGC) holds that an Administrative Law Judge lacks jurisdiction to rule on whether an ordinance is preempted; this authority resides with the judicial system. However, even if the ALJ had such jurisdiction, the OGC maintains that our local ordinance does not conflict with state law, as we can enforce it without violating the statute. The State Statute’s language allows local governments to establish their own minimum standards.

Sonya added that she has filed the brief, and the case will proceed with the ALJ determining whether he has the authority under Florida Law to address the preemption issue, and if so, whether our local ordinance is preempted.

a. Military Leave Legislation Update – Bob Sugarman

Bob Sugarman provided an update on Military Leave Legislation, detailing proposed revisions to Sections 121.201 and 121.113 of the Ordinance Code. These changes address the salary used to calculate pension benefits for members of the Jacksonville Police and Fire Pension Fund who are on military leave during part of the 52 pay periods before retirement. The updated ordinance language aligns these sections with other parts of the code and with the Uniformed Services Employment and Reemployment Rights Act (USERRA), ensuring that pension calculations remain consistent as if the member had not taken military leave. Importantly, these revisions do not introduce new benefits or alter existing ones.

Bob Sugarman clarified that members on military leave do not pay pension contributions while away, nor are they required to make up these contributions upon their return, as provided by both state law and city ordinance.

During the public comment period, Randy Wyse expressed strong support for the legislation, describing it as “fantastic,” while Kelly Dobson also endorsed it, calling it “the right thing to do.”

Michael Lynch moved to file the proposed legislation, and to offer it to Council Liaison Nick Howland to introduce, seconded by Mia Jones. The vote passed unanimously.

Mia Jones moved to direct Bob Sugarman to draft a temporary rule immediately adopting the same guidelines as the proposed legislation, seconded by Terry Wood. The vote passed unanimously.

Bob Sugarman confirmed that he would finalize the rule by next month.

VII. Executive Director’s Report

a. Analysis of Responses to Investment Consultant RFP Including FIAC Recommendation – action requested

Timothy Johnson opened the Investment Consultant RFP discussion by reminding the Trustees of the ongoing process. The Trustees had previously authorized the PFPF Staff to issue the RFP, which has now been released. In response, the PFPF Staff received 13 submissions, an increase from the 12 responses received in 2019. The PFPF Staff has provided Trustees with an email containing all 13 responses.

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To assist the Board, the PFPF Staff reviewed the submissions and recommended eight firms for consideration: RVK, Wilshire, Segal Marco Advisors, Marquette, Gallagher, Callan, NEPC, and Aon. These firms met or exceeded the median qualification standards, though they were not ranked.

Timothy Johnson clarified that the PFPF Staff is not part of the selection committee; the Trustees will select the firms to interview and make the final decision. Additionally, the PFPF Staff had presented these recommendations to the FIAC on Tuesday, and the FIAC's four recommended firms are included among the eight suggested today.

The Board of Trustees then discussed possible dates and times for conducting the interviews. The meeting will be a joint session with the FIAC to interview the firms and make the final selection.

Mia Jones motioned to move the Board of Trustees & FIAC Joint Meeting from 9:00AM on November 22 to 9:00AM on November 20, seconded by Terry Wood. The vote passed unanimously.

Chris Brown requested a motion to invite RVK, Wilshire, Segal Marco, and Marquette for interviews, expressing interest in learning more about these firms based on his review over the past months.

Terry Wood added that he had a favorable impression of NEPC from his review.

Chris Brown agreed to include NEPC, proposing that RVK, Wilshire, Segal Marco, Marquette, and NEPC be the firms invited for interviews.

Terry Wood moved select RVK, Wilshire, Segal Marco, Marquette, and NEPC to interview for the Investment Consultant, seconded by Michael Lynch. The vote passed unanimously.

b. Retired Employees Association 3rd Floor Lease – action requested

Kevin Grant presented the lease contract for the Retired Employees Association's space on the 3rd floor, detailing the monthly costs: \$154 for rent, \$50 for utilities, \$30 for common area maintenance (CAM), and \$85 for two parking spaces.

Mia Jones moved to approve the lease agreement, seconded by Michael Lynch. The vote passed with 4 votes in the affirmative, with Terry Wood abstaining.

VIII. Capital Projects – Kevin Grant

a. PFPF Building Roof & Carpet – action requested

Kevin Grant introduced adjustments to the projects within the Capital Improvement Budget. These changes modify the funding allocations for specific projects but do not impact the overall budget amount.

Terry Wood moved to improve the Capital Improvement Budget, seconded by Michael Lynch. The vote passed unanimously.

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IX. Election of Board Secretary – *action requested*

Terry Wood moved to nominate Michael Lynch as Board Secretary, seconded by Mia Jones. The vote passed unanimously.

Chris Brown expressed gratitude to Michael Lynch for his dedicated efforts, acknowledging the significant positive impact he has made on the PFPF.

X. Investment Consultant Reports

a. *H.I.G. Realty Fund V – action requested*

Jordan Cipriani and Joseph Delaney presented a “re-up opportunity” in H.I.G. Realty Fund V, a non-core real estate fund targeting diversified U.S. sectors such as industrial, residential, and distressed assets. The recommended commitment of \$15 million aligns with the PFPF’s alternative investment pacing plan. The target fund size is \$1.0 billion, with a final close in Q2 2025 and an anticipated Gross IRR of 17-20% and Gross Multiple of 2.0x.

Michael Lynch moved to approve RVK’s recommendation to commit \$15 million to the H.I.G. Realty Fund V, seconded by Terry Wood. The vote passed unanimously.

b. *Domestic Equity Structure Recommendation – action requested*

Jordan Cipriani provided an update on the Domestic Equity Structure recommendation from the FIAC to the Board of Trustees. The Board had previously postponed action on this recommendation due to scheduling conflicts, follow-up questions, and delays caused by a recent hurricane. She noted that the current recommendation has been slightly revised.

Spencer Hunter explained the purpose and scope of the Structure Study, which aims to evaluate whether the portfolio is aligned with the intended performance objectives and ensure there are no structural issues within it. The study, conducted in March, identified two primary concerns: an underweight in mid-cap value and an overlap within large-cap growth, where two strategies serve the same role.

Initially, the recommendations were to initiate a search for SMID cap value and to streamline large-cap growth exposure by consolidating to a single manager. However, the updated recommendation now suggests holding a competitive search for all relevant managers. Specifically, for the Large Cap Growth category, the two incumbent managers, Loomis Sayles and Sawgrass, will be invited to compete.

Thus, the recommendation involves two search processes: one for SMID cap value and one for Large Cap Growth. The current small-cap value manager, WEDGE, will be allowed to participate in the SMID cap value search if they offer a

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suitable SMID cap value product, while both incumbent managers in Large Cap Growth will be invited to compete in that category.

The Board of Trustees discussed RVK's recommendation on the Domestic Equity Structure.

Chris Brown expressed his preference for passive management in the large-cap growth space, though he remains open to evaluating new active managers. He emphasized the need to proceed swiftly, noting his concerns about the current performance of PFPF's large-cap growth managers.

Thomas Donahoo raised a potential issue regarding the timing, pointing out that initiating manager searches might not be ideal given that the investment consultant RFP process is still underway.

Michael Lynch highlighted the importance of addressing risk tolerance, noting the high concentration at the top of the U.S. equity index, which contributes to increased volatility. He cautioned that finding a large-cap growth manager who can outperform the index without taking on significant risk is unlikely, stating his opposition to the recommendation as he does not believe it resolves the underlying issue.

Terry Wood indicated he has no objections to putting the entire SMID and large-cap growth spaces up for competitive bidding.

Terry Wood moved to put an RFP [manager search] out for active managers in the Large Cap Space and the SMID Value space, while keeping the current structure 'as-is' until the Board were to make a decision to change anything, seconded by Mia Jones. The vote passed 3-2, with Michael Lynch and Thomas Donahoo voting against.

c. Monthly Investment Performance Analysis as of September 30, 2024

Jordan Cipriani presented a brief update on the Monthly Investment Performance Analysis as of September 30, 2024. Key highlights included a Fiscal Year Beginning Market Value of \$2.2 billion, net cash flows totaling \$96 million, and investment gains of \$475 million, resulting in an Ending Market Value of approximately \$2.8 billion. The preliminary FY 2024 return stands at 20.3%, placing the PFPF in the top 10% among peers with \$1-5 billion in assets.

XI. Council Liaison Report

Nick Howland provided an update on recent developments at City Hall since August, highlighting the City Council's approval of the public safety Collective Bargaining Agreement in September, along with the City's \$1.9 billion budget, the Stadium Agreement, and the Community Benefits Agreement.

Chris Brown expressed his appreciation for having Nick Howland as Council Liaison for another year.

XII. New Business

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None.

XIII. Privilege of the Floor

Chris Brown briefed the Board on his 10-week training at the FBI National Academy in Quantico. He shared that it was a valuable experience, offering opportunities to network with professionals worldwide and engage in both academic and physical training. He gained a renewed perspective on the strength of Jacksonville's public safety services.

XIV. Upcoming Events

- a. Manager Update Workshop – Blue Owl Capital – Tuesday, October 29, 2024 at 12:00PM*
- b. Joint Board of Trustees & FIAC Meeting – Wednesday, November 20, 2024 at 9:00AM*
- c. Board of Trustees Personnel Committee Meeting*

XV. Adjournment

10:41 A.M.

Captain Michael Lynch, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 10/31/2024

To be Approved: 11/20/2024