



SUMMARY TO THE JOINT BOARD OF TRUSTEES AND F.I.A.C. MEETING

Wednesday, November 20, 2024

8:45 A.M. – 12:45 P.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
Thomas Donahoo Jr.
Mia Jones
Cpt. Michael Lynch
Terry Wood

David Barnes, NEPC
Kevin Leonard, NEPC
Lee Martin, Marquette
Sam Frymier, Marquette
Jeffrey Boucek, Segal Marco
Steven Cottle, Segal Marco
Jennifer Paris, Segal Marco
David Lindberg, Wilshire
Jon Lewis, Wilshire

Financial Investment and Advisory Committee (F.I.A.C.)

Eric B. "Brian" Smith Jr., Chair
Brian Chappell, Secretary
Gregory Ealey
Steve Glenn
Kendall Park

*ByMc
*ChrisHerb
*Conference Room
*Cyril Espanol, With Intelligence
*Zack Cziryak
*Gregory Gosch
*Jean
*Eric Jordan, COJ
*ROB KOZLOWSKI
*User 234
*Stephanie van Hengel
*Harry Walker
Randy Wyse
*X
*407-496-4480
*904-493-5514
*904-493-5514
*908-770-7684

Fund Staff

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

Guests

Chris Cicero, Fund Treasurer
Jordan Cipriani, RVK, Investment Consultant
Spencer Hunter, RVK, Investment Consultant
Brennan Merrell, COJ
Dylan Reingold, Office of General Counsel
*Bob Sugarman, Fund Counsel
Jim Voytko, RVK, Investment Consultant

*Asterisk denotes virtual meeting attendance via the ZOOM application.

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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. FIAC Convene Meeting

The FIAC convened their meeting at 8:45 A.M.

II. Board of Trustees Convene Meeting

The Board of Trustees convened their meeting at 8:45 A.M.

III. Pledge of Allegiance

IV. Invocation

Timothy Johnson gave the invocation.

V. Moment of Silence

Allyn Kelly, Active Police Sergeant
George E. Leath, Retired Firefighter Engineer
Russell D. Miscally, Retired Firefighter Engineer
John G. Spottswood, Retired Police Sergeant
Jerome Telfair, Retired Fire District Chief
Wendell H. Winko III, Retired Police Officer, Former PFPF Trustee
Jason C. Woodruff, Active Firefighter Engineer

VI. Public Comment

None.

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VII. Consent Agenda Items 2024-11-(01-10)CA – *Board of Trustees action requested*

Terry Wood moved to approve the Consent Agenda items 2024-11-(02-10)CA, seconded by Michael Lynch. The vote passed unanimously.

[2024-11-01CA moved to the end of the Agenda.]

2024-11-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees Meeting of October 25, 2024
2. Summary to the Board of Trustees & FIAC Manager Update Workshop of October 29, 2024

2024-11-02CA 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

10-01-2024 thru 10-31-2024

1. Eagle Capital Management	\$	591,851.02
2. Northern Trust	\$	22,631.55
3. Sawgrass Asset Management	\$	111,560.97
4. J.P. Morgan	\$	377,062.79
5. Loomis Sayles	\$	148,515.67
6. Loomis Sayles	\$	111,320.99
Total	\$	1,362,942.99

DISBURSEMENTS B

10-01-2024 thru 10-31-2024

1. Accounts Payable Distributions	\$	64,223.28
2. Accounts Receivables	\$	190,617.39

2024-11-03CA Pension Distributions

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

October 11, 2024

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1. Regular Gross	\$	7,581,013.33
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,501,376.33
5. DROP Lump sum	\$	166,729.56
6. DROP Rollover	\$	0.00
7. Share Plan Payments Lump Sum	\$	14,625.30
8. Share Plan Payments Rollover	\$	7,312.65
Total	\$	9,271,057.17

October 25, 2024

1. Regular Gross	\$	7,588,853.29
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,501,315.96
5. DROP Lump sum	\$	0.00
6. DROP Rollover	\$	354,756.03
7. Share Plan Payments Lump Sum	\$	175,503.60
8. Share Plan Payments Rollover	\$	65,813.85
Total	\$	9,686,242.73

BENEFIT APPLICATIONS TO APPROVE:

The following Consent Agenda items 2024-11-(04-06CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on November 12, 2024. Vote was unanimous. Meeting Summary attached.

[2024-11-04CA](#)

Application for Vested Retirement

[2024-11-05CA](#)

Application for Survivor Benefits

[2024-11-06CA](#)

Application for Child Benefits

BENEFIT APPLICATIONS TO RECEIVE AS INFORMATION:

The following Consent Agenda items 2024-11-(11-10CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on November 12, 2024. Vote was unanimous. Meeting Summary attached.

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[2024-11-07CA](#)

Share Plan Distributions

[2024-11-08CA](#)

DROP Participant Termination of Employment

[2024-11-09CA](#)

DROP Distributions

[2024-11-10CA](#)

DROP Distributions for Survivors

VIII. [October 22, 2024 FIAC Meeting Summary – FIAC action requested](#)

Kendall Park moved to approve the October 22, 2024 FIAC Meeting Summary, seconded by Steve Glenn. The vote passed unanimously.

IX. [Executive Director's Report](#)

[a. Investment Consultant Update](#)

Timothy Johnson addressed the FIAC and the Board of Trustees, presenting two slides that compared the five investment consultant firms invited to present today. He emphasized that all firms are highly qualified, and he expressed hope that the information shared would assist the Board in selecting the firm that best aligns with the PFPF's needs.

He began by outlining the four criteria prioritized by the Board of Trustees for selection, which are displayed at the top of the chart: Experience, Financial Responsibility, Ability to Observe and Advise, and Fees. The specifics under each criterion were detailed as follows:

- Experience: Years of Experience and Assigned Consultants.
- Financial Responsibility: Ownership.
- Ability to Observe and Advise: Number of Public Fund Clients, Public Fund Assets, Client to Consultant Ratio, Comparable Peer Fund, Peer Fund AUM, Return, and PFPF Market Return (for comparison).
- Fees: 5-Year Total Fees, calculated with a 3% assumed inflation rate for fees that include a CPI component.

Timothy also noted that the consultant firms were in the building but not currently in the room. He mentioned that, as this was a public meeting, the firms could choose to listen from within the room or dial in over the phone.

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Bob Sugarman reiterated that the investment consultant firms were informed they could enter the Board Room or connect to the meeting telephonically at any time if they wished. He stated that when it was time for interviews, each firm would be brought into the room to present.

X. Investment Consultant Interviews

a. NEPC – 9:00AM

David Barnes and Kevin Leonard from NEPC presented to the Jacksonville Police & Fire Pension Fund. They outlined NEPC's structure and capabilities, emphasizing their team and resources:

- NEPC Team & Resources: The team, led by David Barnes, Doug Moseley, and Margaret Belmondo, is supported by consulting and performance analysts, specialized resources including an OCIO Team, Research Team, DB & DC Leadership, and Legal & Compliance units.

Their presentation highlighted why NEPC is an ideal partner:

- Extensive Public Fund Expertise: NEPC manages 74 public fund clients, encompassing \$780 billion in total assets, with a dedicated team of 182 members.
- Senior Team with Capacity to Exceed Needs: NEPC maintains a low client-to-consultant ratio of 6:1, ensuring clients have direct access to senior management and all investment team members.
- Investment Experts with Depth: The firm boasts a 70-person team dedicated solely to investment research, spanning both long-only and alternative assets, with a proven success record.

They also discussed the strategic alignment and internal operations of NEPC:

- About NEPC: The firm prides itself on a passion for the investment business, aligning closely with client interests and investing heavily in research and personnel.
- Strategic Partnership: NEPC will maintain autonomy despite Hightower Advisors acquiring a majority stake, with ownership shared between NEPC and Hightower partners.
- NEPC Investment Team: Manages \$1.7 trillion in assets with 70 investment professionals averaging 14 years of experience.

Further, they detailed how their research functions are tailored to client needs:

- Research Functions: The Asset Allocation Team provides insights and forecasts, the Portfolio Construction Team offers tailored portfolio analysis, and the Investment Manager Research Teams focus on identifying prime investment opportunities.

Their proprietary resources include advanced risk tools:

- Proprietary Resources: NEPC uses a multi-perspective modeling approach for asset allocation, combining various tools to identify optimal portfolios.

In closing, they reinforced NEPC's value proposition:

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- Why NEPC?: They emphasized their commitment to clients, extensive experience with public funds, and a research-driven approach tailored to the organization's needs.

During the Q&A, Steve Glenn inquired whether NEPC had underweighted fixed income allocations knowing the interest rates were rising in 2021. Barnes and Leonard responded, discussing their advisement on modifying asset allocations, including reducing core real estate in favor of private real estate and infrastructure, the integration of artificial intelligence in their processes, and how NEPC's operations would be influenced by the acquisition by Hightower.

b. Marquette – 9:30AM

Lee Martin and Sam Frymier from Marquette Associates presented to the Jacksonville Police & Fire Pension Fund, emphasizing their firm's dedication to client service and independence:

- Introductions – A Culture of Client Service: The Marquette team, including Lee Martin, Kweku Obed, CFA, CAIA, and Sam Frymier, was introduced, showcasing their commitment to high-quality client service.

They highlighted several key differentiating factors of their firm:

- Alignment of Interests: Marquette is 100% independent and employee-owned, with consulting fees as their sole revenue source, ensuring unconflicted recommendations.
- Public Fund Experience: For over 30 years, Marquette has provided consulting services to public funds, currently advising over 75 clients with assets totaling more than \$216 billion.
- Partnership Approach: Their client-centric service is reflected in a 99% client retention rate, indicating strong, sustained relationships.
- Customized Solutions: Recognizing the uniqueness of each client's situation, Marquette tailors investment portfolios to fit individual needs.

Marquette's operational overview included:

- Marquette at a Glance: An independent, employee-owned firm focused on superior risk-adjusted returns and comprehensive client service.
- Investing in our Future: Expansion of employee ownership and a succession plan underscore their commitment to long-term independence.

The benefits of working with an independent consultant like Marquette were also outlined:

- Benefits of an Independent Consultant: Marquette focuses on customizing investment portfolios through a transparent approach, with straightforward fee structures and no hidden costs or conflicts of interest.

They also provided insights into their deep firm resources and consulting philosophy:

- Access to Deep Firm Resources: Marquette prides itself on the accessibility and responsiveness of its entire team.
- Marquette's Consulting Philosophy: Their strategy emphasizes controlling risk, quality, and cost to enhance investment success.

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- Holistic Approach to Asset Allocation: Aligning investment strategies with the Jacksonville Police & Fire Fund's long-term goals while managing short-term risks.

Specific observations and recommendations for the fund included:

- Asset Allocation: Recommendations for de-risking and diversifying the portfolio to better align with the 6.5% target return.
- Plan Observations: Analysis of current investments and suggestions for strategic adjustments in asset classes like fixed income and real estate to optimize performance and mitigate risks.

Lee Martin and Sam Frymier engaged with the FIAC and Board of Trustees, addressing specific queries about incorporating emerging markets, commodities, natural resources, and other asset classes. They also responded to questions regarding OCIO services, compliance with Florida laws, and fee structures, demonstrating their expertise and readiness to adapt to the fund's evolving needs.

c. Segal Marco – 10:00AM

Jeffrey Boucek, Steven Cottle, and Jennifer Paris from Segal Marco Advisors provided a comprehensive presentation to the Jacksonville Police & Fire Pension Fund, covering the firm's structure, capabilities, and approach to investment consulting.

About Segal Marco Advisors:

- Segal Marco, a wholly-owned subsidiary of Segal established in 1969, offers services in traditional consulting, discretionary services, corporate governance, proxy voting, and investment administration.
- The firm boasts 116 employees across 12 North American offices and manages 878 plans with assets totaling \$618 billion.

Employees and Organizational Structure:

- Segal Marco organizes its operations across investment consulting, research, and business operations service groups to ensure the delivery of high-quality, cost-effective services to clients.

Specialized Research Capabilities:

- The firm features specialized research teams and investment manager research capabilities, characterized by diverse experience, subject matter expertise, and a focus on investigative analysis.

Manager Research & Ranking:

- Segal Marco's manager selection process is anchored by a proprietary due diligence framework consisting of seven core principle drivers of manager success and 34 evaluative factors.
- Their approval process involves senior cross-functional investment expertise and reflects high standards of fiduciary governance.
- The firm excels in sourcing the best ideas through established industry relationships and managing an active manager pipeline.

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Segal Marco's Unique Qualifications:

- The firm prides itself on independent research, unbiased advice, deep industry expertise, and a proven track record of results, emphasizing its commitment to public marketplace engagements and frequent contributions to public fund governmental professional organizations.

Investment Consulting Approach:

- Segal Marco adopts a holistic view towards pension planning, focusing not only on investment allocation and strategies but considering them as part of a broader solution. Their approach includes portfolio analysis and review, portfolio design, and manager selection.

The Importance of Asset Allocation:

- Current observations suggest that the portfolio is well-diversified with competitive historical returns. Recommendations included undertaking a comprehensive liquidity study, reviewing custodial services, and formally documenting Watch List criteria in the Investment Policy Statement.

Experience and Stability:

- Segal Marco differentiates itself through its independence and stability, offering tailored, practical solutions, and leveraging senior-level resources and research-driven strategies.

Jeffrey Boucek, Steven Cottle, and Jennifer Paris engaged with the FIAC and Board of Trustees, addressing queries related to underfunded pension plans, the application of artificial intelligence in asset management, and infrastructure allocations. Their responses highlighted Segal Marco's forward-thinking approach and readiness to address complex challenges in the management of pension fund assets.

d. RVK – 10:30AM

Spencer Hunter, Jim Voytko, and Jordan Cipriani from RVK, Inc. provided a detailed presentation to the Jacksonville Police & Fire Pension Fund, covering a comprehensive overview of their firm and its approach to investment consulting.

RVK Overview:

- Established in 1985, RVK is an employee-owned firm headquartered in Portland, Oregon, with additional offices in Boise, Chicago, and New York. It boasts 144 employees, 56 of whom hold advanced degrees and certifications, and advises on \$3.7 trillion in assets. RVK prides itself on its independence and a business model entirely funded through client fees.

Deep Team Experience:

- RVK has been serving institutional asset owners for 38 years, focusing on collaborative and integrated client service. The firm's structure allows for a deep focus on clients' needs, supported by high ethical standards and a business model free from conflicting practices or arrangements.

Client-Focused Services:

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- The firm’s core consulting services for the PFPF include investment program review, asset/liability and asset allocation modeling, investment manager research, performance measurement, and investment operations.

Expertise in Public Funds:

- RVK has a long-standing commitment to the public sector, offering tailored governance, policy, asset/liability modeling, and manager research services. They currently advise 54 public clients, managing over \$3.5 trillion in assets, with a significant portion of their engagements involving public safety-oriented pensions.

Ethical and Professional Standards:

- RVK adheres to a strict code of conduct and ethics policy, ensuring that all business is conducted with integrity and professionalism. This includes a commitment to non-discretionary consulting, no conflicted revenue sources, and maintaining 100% employee ownership.

Demonstrated Results and Customization:

- RVK has consistently delivered top decile performance results since their engagement. They have supported the buildout of the PFPF’s private markets program and have completed numerous special projects, demonstrating a strong focus on client service and customization.

Future Plans and Initiatives:

- RVK outlined their near to intermediate-term investment initiatives, which include completing various equity searches and evaluations, further asset class portfolio optimization, and conducting an asset/liability study that may lead to changes in risk tolerance.

Engagement and Improvement Strategies:

- The firm proposed increasing trustee involvement in the manager screening and private market management processes as potential future improvements.

Value Proposition and Gratitude:

- RVK expressed gratitude for the ongoing partnership with the PFPF, emphasizing their commitment to continuous improvement and dedication to serving the fund’s beneficiaries. They highlighted their unique position as a solely focused, deeply experienced consulting team with a high client retention rate.

Spencer Hunter, Jim Voytko, and Jordan Cipriani engaged with the FIAC and Board of Trustees, addressing specific questions about internal valuation processes, monitoring investment style drift, attributing returns, managing concentration risks in the index, and considerations related to inflation. Their responses underscored RVK’s robust internal processes and commitment to maintaining rigorous standards in investment management and client relations.

e. Wilshire – 11:00AM

Wilshire Firm Overview:

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- Established in 1972, Wilshire is focused on enhancing investment outcomes for a global client base, offering both institutional advisory and discretionary services, with a strong presence in alternative investments. They manage \$121 billion in assets, including \$27 billion in alternative assets, and advise on \$1.4 trillion overall.

Global Presence:

- Wilshire employs 275 staff across global offices, including investment hubs in major cities like Denver, Santa Monica, Chicago, New York, London, and Hong Kong. The team includes 91 investment professionals, 37 CFA charterholders, and 11 CAIA designees.

Alternatives Investment Platform:

- Their platform is noted for its diversified global team, research- and client-focused approach, and active investment strategy in alternative asset classes.

Regulatory Scrutiny and Industry Dynamics:

- Regulatory compliance and marketing are emphasized as critical areas of focus for Wilshire. They also discussed the extensive consolidation within the pension consulting industry, highlighting the strategic implications of mergers and acquisitions.

Manager Research Process:

- Wilshire’s manager research process is predominantly qualitative, focusing on six key areas and involving over 1,700 manager meetings annually. They conduct comprehensive quantitative analyses to assess portfolio characteristics and risks, supported by sophisticated proprietary tools.

Risk Assessment Framework:

- Their approach integrates multi-dimensional risk considerations, combining organizational and investment factors into a strategic decision-making framework.

Observations and Recommendations for Jacksonville Police & Fire Pension Fund:

- Current allocations include fully liquid growth assets and a diversified defensive growth strategy with a focus on private credit. They suggested less reliance on active management in US equity, maintaining core positions in fixed income while reallocating “plus” risk to opportunistic segments, and expanding exposure to inflation-sensitive assets beyond real estate.

Discussion Points for the Fund:

- Proposals included evaluating all forms of illiquidity such as private credit, equity, and real assets, and adjusting asset allocations to better hedge against inflation and other economic variables.

Wilshire’s Value Proposition:

- Wilshire emphasized their commitment to long-term partnerships and proactive client service, aiming to meet and exceed the expectations of the Jacksonville Police & Fire Pension Fund. They highlighted their expertise in sourcing niche managers in the private capital and alternatives space.

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David Lindberg and Jon Lewis addressed specific concerns about fee negotiations with investment managers, potential conflicts of interest within Wilshire’s broader asset management strategies, and strategies for positioning equity portfolios to hedge against risks such as index concentration and tariffs. Their responses showcased Wilshire’s strategic depth and client-centric approach in navigating complex investment landscapes.

XI. **FIAC Advice and Recommendation**

121.504(c) With regard to the selection (or deselection) of other professionals or professional services, including, but not limited to, actuaries, the Financial Investment and Advisory Committee shall furnish advice and recommendations to the Board as requested by the Board, following such processes as may be determined with respect to the particular selection (or deselection).

Chair Brian Smith opened the floor for a discussion on the selection of an investment consultant firm before proceeding to a vote.

Brian Chappell remarked that all presented firms were highly capable, likening the decision process to an NFL player review: he questioned whether there was conclusive evidence to replace the incumbent firm, RVK. He noted that Segal Marco highlighted specific benefits effectively but felt that RVK and Segal Marco offered the most compelling solutions overall.

Steve Glenn emphasized the regular interaction between the FIAC and RVK, noting the daily engagement between RVK and PFPF staff. He sought Timothy Johnson’s opinion, who acknowledged the strength of all firms but highlighted RVK for their proven track record and understanding of the Board’s future needs.

Thomas Donahoo raised a concern about the potential implications of NEPC’s acquisition by Hightower, questioning the flexibility of their contract. Dylan Reingold clarified that the contract could be terminated by either party with 30 days’ notice.

Steve Glenn argued against changing consultants, pointing to the effort involved and the strong existing relationship with RVK, which he believed had not faltered in their service.

Kendall Park ranked his preferences, placing RVK and Segal Marco at the top and excluding NEPC due to concerns about the impact of acquisitions on clients. Brian Chappell echoed this sentiment, expressing reservations about NEPC’s acquisition and favoring RVK and Segal Marco.

Brian Smith acknowledged Segal Marco’s mention of the surtax and commended RVK’s performance and their development of alternative investments. He favored RVK as his top choice, citing no service complaints.

Terry Wood brought up concerns about RVK’s responsiveness to calls from potential investment managers, which Brian Chappell explained could be part of a standard quiet period in the investment manager evaluation process.

Steve Glenn moved to retain RVK as investment consultant, seconded by Greg Ealey. Discussion:

During the discussion, members reiterated the strengths of RVK’s performance, their specialization in consulting, and the significant fee savings they had negotiated. While acknowledging minor communication issues, Brian Smith noted RVK’s willingness to improve.

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The vote passed unanimously.

The FIAC adjourned the meeting at 12:04PM.

XII. Selection of Investment Consultant – *Board of Trustees action requested*

Michael Lynch raised concerns about retaining RVK as the investment consultant, emphasizing that the decision to issue an RFP was deliberate. He argued that if the Board were fully satisfied with RVK, they would have renegotiated a contract extension instead of seeking proposals. While RVK claimed they would listen to the Board, Lynch noted they had been in the role for five years. He shared his analysis of the pros and cons of each firm, expressing reservations about NEPC and favoring Marquette. He appreciated Marquette’s efforts to understand Florida-specific laws and the PFPF pension plan, noting their discussion of Florida Statutes 175-185 and the PFPF’s liquidity ratio. Lynch ranked Marquette first, followed by Segal Marco and RVK, and recommended eliminating NEPC from consideration.

Chris Brown expressed a preference for Segal Marco and RVK, ranking Marquette slightly behind them. He acknowledged the Board’s performance under RVK’s tenure, despite communication issues, and highlighted RVK’s willingness to address these concerns. Brown valued Segal Marco’s commitment to attending Board meetings in person and noted concerns about NEPC. He appreciated Wilshire but placed RVK and Segal Marco as his top choices.

Thomas Donahoo asked Timothy Johnson, the PFPF Executive Director, if he experienced communication issues with RVK. Johnson clarified that the issue was not communication with him but rather engaging trustees in investment manager selection. He noted monthly agenda calls with RVK and two public meetings per month.

Terry Wood mentioned a significant communication issue RVK had in Seattle, while Brown acknowledged that the RFP stemmed from communication concerns. Despite this, Brown noted his strong relationship with RVK, emphasizing the need for due diligence. Wood concurred, ranking RVK, Marquette, and Wilshire as his top three choices.

Donahoo praised RVK’s track record and expressed concerns about changing consultants during volatile market conditions. He noted he had not personally experienced communication issues as a new trustee and preferred to “stay the course.”

Mia Jones, however, expressed reservations about Wilshire’s other business focuses but commended the research done by Marquette and Segal Marco. She viewed RVK as a strong team and expressed a preference for Segal Marco.

Lynch raised an additional concern about RVK’s potential conflict of interest, citing Board Rule 6.2, which discourages employing vendors also contracted by the City of Jacksonville for similar services. Brown and Brian Smith, however, commented that no issues had arisen from RVK’s dual role, and there had even been fee savings from the shared arrangement.

Brown highlighted differences of opinion between himself and Lynch, such as the approach to the Large Cap U.S. Equity allocation. He emphasized the need for consultants to listen to the Board and provide multiple options for decision-making. While Brown acknowledged RVK’s strong performance, he noted lingering concerns about communication and investment manager involvement. Lynch countered that, despite RVK’s improvements, issues such as style drift remained unresolved after five years.

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Terry Wood moved to renew the contract with RVK, seconded by Mia Jones. Discussion:

During the discussion, Wood assured the Board he would work to terminate the contract with 30 days' notice if issues persisted. When Brown asked if Lynch believed RVK could address the concerns, Lynch firmly said no.

The motion passed 3-2, with Lynch and Donahoo voting against.

Brown acknowledged the valid concerns raised during the discussion but pointed to RVK's strong performance over the past five years, including PFPF's top-decile standing. He committed to ensuring Lynch's concerns were addressed moving forward.

The Board also decided on a secondary choice should contract negotiations with RVK fail.

Thomas Donahoo moved to select Segal Marco as secondary choice for Investment Consultant, seconded by Mia Jones. The vote passed 4-1, with Michael Lynch voting against.

Dylan Reingold commended the thorough discussion and reminded the Board that consultants, staff, and legal counsel report to the Board as a whole. He encouraged trustees to provide clear, unified recommendations to guide these parties effectively.

XIII. [Consent Agenda Item 2024-11-01CA](#)

Timothy Johnson reported a conversation with Michael Lynch following the October Board Meeting regarding Terry Wood's motion, which was approved at that meeting. The motion stated, "to put an RFP [manager search] out for active managers in the *Large Cap Space*." Johnson noted that, as worded, the motion would encompass Large Cap Value, Core, and Growth, potentially affecting the PFPF's current large cap value investment manager, Eagle Capital Management.

Michael Lynch elaborated on his rationale. He argued that the performance disparity between the growth and value managers stemmed from their contrasting approaches. According to Lynch:

- The growth manager underperformed because they were not holding a significant portion of the "Magnificent 7" (a group of high-performing growth stocks).
- The value manager, Eagle Capital, overperformed because 25% of their portfolio was allocated to growth stocks.

Lynch suggested that if the indices for value and growth were flipped, the performance outcomes would likely reverse, exposing a style drift issue. He emphasized that this drift had occurred over time with the investment consultant's oversight. Lynch maintained that the intent of the motion was to conduct a search across the entire large cap space, including value, core, and growth managers.

Chris Brown acknowledged that the Board's discussion during the October meeting had not explicitly addressed Large Cap Value. However, he expressed support for the broader interpretation of the motion and agreed to let it stand as approved, encompassing the entire large cap space.

Michael Lynch moved to approve the meeting minutes [Consent Agenda Item 2024-11-01CA], seconded by Terry Wood. The vote passed unanimously.

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XIV. Upcoming Events

- a. Manager Update Workshop: Acadian Asset Management – Wednesday, December 11, 2024 at 12:00PM*
- b. Board of Trustees Meeting: Thursday, December 19, 2024 at 9:00AM*
- c. FIAC Meeting: Tuesday, January 21, 2025 at 3:30PM*

XV. Adjournment – Board of Trustees
12:45 P.M.

F.I.A.C. Adjournment
12:04 P.M.

Capt. Michael Lynch, Board Secretary

Brian Chappell, FIAC Secretary

Summary Prepared By:

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

Posted: 11/27/2024

To be Approved: 12/19/2024 (Board of Trustees)

To be Approved: 01/21/2025 (FIAC)