



SUMMARY TO THE BOARD OF TRUSTEES MEETING

Thursday, December 19, 2024

9:00 A.M. – 11:31 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
Capt. Michael Lynch, Secretary
Thomas Donahoo Jr.
Mia Jones
Terry Wood

Fund Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager
Ryan Jensen, Building Maintenance Manager
Cathryn Lively, Administrative Specialist
Lynn West, Pension Benefits Specialist
Maria Young, Finance and Benefits Specialist

Guests

Chris Cicero, Fund Treasurer
Jordan Cipriani, RVK, Investment Consultant
*Sonya Harrell, Office of General Counsel

*Pedro Herrera
Nick Howland, City Council Liaison
Spencer Hunter, RVK, Investment Consultant
Amber Lehman
Bill Lynch, Eagle Capital Management
*Brennan Merrell
Dylan Reingold, Office of General Counsel
*Pete Strong, GRS, Fund Actuary
*Matt Sturdivan
*Bob Sugarman, Fund Counsel

*Chuck Bryant
*Gar Chung, FIN NEWS
*Chris Cicero
* “iPhone 2”
April Jensen
*Eric Jordan, COJ
* “P&F”
*Avery Quinn
*WCP
*917-509-8718

*Asterisk denotes virtual meeting attendance via the ZOOM application.

Notice

Meeting Agendas and Summaries are available on our website at jaxpof.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

Timothy Johnson gave the invocation.

III. Moment of Silence

John E. Barwick, Retired Police Officer
Frederick W. Hodges, Retired Firefighter Engineer
Robert W. Rigdon, Retired Police Officer

IV. Public Comment

During public comment, Randy Wyse expressed his support for approving the disability application on today's agenda.

V. Consent Agenda Items 2024-12-(01-08)CA – *Board of Trustees action requested*

Michael Lynch moved to approve the consent agenda, less items 2024-12-07CA and 2024-12-08CA, seconded by Terry Wood. The vote passed unanimously.

2024-12-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees & FIAC Joint Meeting of November 20, 2024
2. Summary to the Board of Trustees & FIAC Manager Update Workshop of December 11, 2024

2024-12-02CA 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

11-01-2024 thru 11-30-2024

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1. Acadian Asset Management	\$	266,947.00
2. Comerica	\$	193,842.60
3. Pinnacle Associates	\$	136,508.00
Total	\$	597,297.60

DISBURSEMENTS B

11-01-2024 thru 11-30-2024

1. Accounts Payable Distributions	\$	47,048.09
2. Accounts Receivables	\$	14,527.16

2024-12-03CA Pension Distributions

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

November 8, 2024

1. Regular Gross	\$	7,591,241.58
2. Regular Lump sum	\$	-4,093.37
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,502,511.05
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	\$	9,096,971.91

November 22, 2024

1. Regular Gross	\$	7,588,118.63
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,502,511.05
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	\$	9,090,629.68

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BENEFIT APPLICATIONS TO APPROVE:

The following Consent Agenda items 2024-12-(04-05CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on December 10, 2024. Vote was unanimous. Meeting Summary attached.

[2024-12-04CA](#)

Application for Survivor Benefits

[2024-12-05CA](#)

Application for Time Service Connections

BENEFIT APPLICATIONS TO RECEIVE AS INFORMATION:

The following Consent Agenda items 2024-12-(06-08CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on December 10, 2024. Vote was unanimous. Meeting Summary attached.

[2024-12-06CA](#)

Share Plan Distributions

[2024-12-07CA](#)

DROP Participant Termination of Employment

[2024-12-08CA](#)

DROP Distributions

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VI. Actuary Report

a. Assumption Change to Integrate CBA – Action Requested

Fund Actuary Pete Strong explained a proposed assumption change that would incorporate collectively bargained raises into the actuarial valuation. This approach would replace the standard inflation assumption, aligning more closely with actual experience.

Terry Wood moved to approve the assumption change, seconded by Michael Lynch. The vote passed unanimously.

b. Contract Extension – Action Requested

Timothy Johnson noted that GRS and Pete Strong have served as the Fund’s actuary for five years and that the contract is now up for renewal. Because the terms allow for a two-year extension, and given Pete Strong’s strong performance, he supports renewing the contract.

Chris Brown agreed, adding that Pete Strong’s work has been phenomenal.

Terry Wood moved to extend the GRS contract by 2 years, seconded by Michael Lynch. The vote passed unanimously.

VII. Executive Director’s Report

a. Performance Results & Plan – Action Requested

Timothy Johnson reviewed the Performance Results & 2025 Plan presentation, which was also presented to the Board of Trustees Personnel Committee on Tuesday. The Performance Results outline the following raises for PFPF staff in 2025:

- Executive Director: 4.00%
- Deputy Director: 4.00%
- Finance Manager: 4.25%
- Pension Benefits Manager: 4.75%
- Administrative Specialist: 4.25%
- Pension Benefits Specialist: 4.50%
- Finance & Benefits Specialist: 4.50%
- Building Manager: 4.50%

Mia Jones commented that she appreciated the detailed performance evaluation example included in the updated presentation, saying it greatly clarified the process. She added that she is comfortable with the approach being taken.

Mia Jones moved to approve the Performance Results & Plan, seconded by Thomas Donahoo. The vote passed unanimously.

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b. 2024 PFPF Engagement Awards

Timothy Johnson presented the 2024 PFPF Engagement Awards:

- Trustees of the Year: Chris Brown & Terry Wood
- Outstanding Service to the Fund: Ben Clark, James Moore & Co.
- Fire Member of the Year: Kelly Dobson
- Police Member of the Year: Randy Reaves
- FIAC Member of the Year: Steve Glenn
- Advisory Committee Member of the Year: Richard Reichard
- PFPF Employee of the Year: Ryan Jensen

VIII. Disability Application

a. PIERRE, Marckenson – Action Requested

(approved at the Advisory Committee meeting held on December 10, 2024 by 4-2 vote)

During discussion of the disability application, Richard Reichard spoke in favor of approval, citing his firsthand experience working with the applicant at JFRD.

Chris Brown then requested a recommendation to approve the application.

Michael Lynch moved to approve the disability pension application, seconded by Terry Wood. The vote passed unanimously.

IX. Investment Consultant Reports

a. Monthly Investment Performance Analysis – November 30, 2024

Jordan Cipriani overviewed the General Market Commentary as of November 30, 2024:

- After public markets sold off during October, many equity and bond markets posted positive returns during November. Investors digested election results and weighed the prospective impact of potential policies of the incoming administration and Congressional leadership.
- US Equity markets rebounded sharply in November, as most US equity indices returned mid-to-high single digits during the month, with small-cap stocks posting low double-digit returns. International equities experienced slight negative returns for the month.
- In a widely expected move, the Federal Reserve lowered interest rates by 25 basis points during November, citing strong US economic data and inflation moderation. Based on current guidance from the Federal Reserve Board of Governors, one additional 25 basis point rate cut is expected before the end of the year.
- Equity markets posted mixed returns in November as the S&P 500 (Cap Wtd) Index returned 5.87% and the MSCI EAFE (Net) Index returned -0.57%. Emerging markets returned -3.59%, as measured by the MSCI EM (Net) Index.

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- The Bloomberg US Aggregate Bond Index returned 1.06% in November, outperforming the 0.51% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.13%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned 4.29% in November and 5.76% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 7.19% for the trailing one-year period and 14.99% for the trailing five-year period ending June 2024.
- Absolute return strategies returned 2.09% for the month and 11.64% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- The price of crude oil fell by 1.45% during the month and has decreased by 10.48% YoY.

Jordan Cipriani and Spencer Hunter informed the Board of Trustees that the Fund's U.S. Equity allocation had exceeded the maximum allowable range of 42%, reaching 42.07% as of November 30, 2024. In accordance with the Board of Trustees Investment Policy Statement, the Investment Consultant must recommend a rebalancing measure in such cases. RVK therefore proposed reducing the U.S. Equity allocation by 1% (approximately \$30 million). Because the Fund is currently low on cash, the recommendation is to reallocate that \$30 million to align with long-term policy targets in other public assets, while reserving some funds for anticipated upcoming capital calls.

Michael Lynch moved to direct RVK, in consultation with Kevin Grant, to reallocate \$30 million from the US Equity portfolio, based on the percentages overweight, into cash, other equities, and fixed income, seconded by Mia Jones. The vote passed unanimously.

Michael Lynch distributed a handout titled "Focused Core: 12-Month Look at Trades in Portfolio," which detailed trades made over the past year by the money manager Waycross. He suggested that receiving similar reports from all of the Fund's money managers would help trustees feel more confident about their investment decisions.

Chris Brown asked about the practicality of gathering such information.

Spencer Hunter noted that RVK could easily coordinate these reports alongside the upcoming Manager Update Workshop "Lunch and Learn" sessions.

Michael Lynch moved to make a transaction report similar to this, from one manager a month on a rotating schedule, seconded by Terry Wood. The vote passed unanimously.

a. SMID, LCG, LCC, LCV Search Update

Jordan Cipriani and Spencer Hunter presented their "US SMID Cap Value Equity Searches Process" memorandum, which provided an overview of investment strategies in the US SMID Value asset class. Their presentation stemmed from a recent US Equity structure study recommending that the current US Small Cap Value exposure be expanded to include US Small/Mid (SMID) Cap Value. The study concluded that this transition would increase the Fund's mid-cap allocation and improve the consistency of excess returns for the total US Equity composite.

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Within the Fund’s US Equity composite, Wedge Capital Management (WEDGE) currently manages a US Small Cap Value portfolio. WEDGE also offers a SMID Cap Value strategy, which was among the potential options summarized in the memo.

The Board discussed switching WEDGE’s existing portfolio to SMID Cap Value and interviewing other potential managers. They reviewed WEDGE’s up market capture ratio of 103.39 and down market capture ratio of 99.72—both considered reasonable—and noted that WEDGE’s style blends both fundamental and quantitative elements.

Regarding next steps, the Board noted that its prior practice was to invite multiple managers to interview. However, with WEDGE already serving as the incumbent manager, Terry Wood suggested simply moving WEDGE’s strategy to SMID Cap Value. This proposal did not receive a second.

Chris Brown stated that a formal motion was unnecessary and that WEDGE could be interviewed in January.

Timothy Johnson concurred, adding that WEDGE would be the only manager interviewed at that time.

X. Eagle Capital Management Presentation

Bill Lynch provided an update on Eagle Capital Management, a Large Cap Value manager for the PFPF. He reviewed the firm’s philosophy and presented the following performance figures:

- Quarter to date: up 3.1%
- One-year return: up 33.7%
- Since inception (4/1/2011): up 14.3% annually

He also presented quarterly portfolio changes, highlighting new and exited positions, performance attribution, and Eagle’s historical valuation compared to the market. As of September 30, 2024, Eagle’s portfolio traded at an approximately 27% discount to the overall market on a price-to-earnings basis. He showed that Eagle’s long-term alpha has historically correlated with value and that the Eagle equity composite’s excess returns compare favorably against various factors, benchmarks, and peers.

The Board of Trustees discussed whether Eagle’s holdings appear to be leaning more heavily into value, rather than trending toward growth.

XI. Counsel Reports

a. Livingood Update – Sonya Harrell – Action Requested

Sonya Harrell updated the Board of Trustees on the Florida Division of Administrative Hearings’ Order Closing File and Relinquishing Jurisdiction in the Joshua Livingood pension forfeiture case. The Administrative Law Judge ruled that the Florida Statute and Jacksonville’s local ordinance are in conflict on the requirements for pension forfeiture: while the state statute requires a conviction or an admission of guilt, the local ordinance allows forfeiture based on an administrative finding of fraud. Harrell explained that the Board could continue to pursue the case by holding an administrative hearing or seeking court review, although these options risk incurring Livingood’s attorney’s fees if the PFPF does not prevail.

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Chris Brown thanked Harrell for her work, noting this as another instance where a judge has determined that Florida State Statutes supersede local ordinances.

Michael Lynch moved to withdraw all proceedings on the Joshua Livingood case, and to approve his disability benefit as approved by the Advisory Committee, seconded by Terry Wood. Discussion:

Bob Sugarman stated that the Board of Trustees has fulfilled its obligations and that the Administrative Law Judge's order provides sufficient justification to support the motion.

Chris Brown noted that the Board should codify the decision in its rules.

Timothy Johnson suggested revisiting the Board Rules in January through the Rules Committee, and Michael Lynch concurred that the changes should be included in the Board Rules.

The vote passed unanimously.

Sonya Harrell confirmed that OGC would prepare the necessary documentation based on the Board's vote.

b. 121.104 – Review of Proposed Legislation – Dylan Reingold

Dylan Reingold addressed Ordinance 2024-634—co-sponsored by City Council Liaison Nick Howland—which was adopted by City Council on September 10, 2024. In part, the ordinance amends Code Chapter 121.105 (Police and Fire Pension Fund) to create two new exemptions from civil service, allowing these employees to collect a PFPF pension while reemployed.

Reingold then explained Ordinance 121.104, "Review of Proposed Legislation," which requires that any proposed legislation modifying Chapter 121 be presented to the Board for review and comment. In addition, an actuarial report and recommendations from the State Division of Retirement must accompany the legislation before its final public hearing.

Michael Lynch added that changes also need to be collectively bargained.

Reingold acknowledged that 2024-634 was passed without the required Board review or actuarial report. He apologized for the oversight and noted that the Council auditors, General Counsel Michael Fackler, and Council Member Howland are aware of the situation. He mentioned corrective legislation as one possible remedy.

The Board discussed next steps for pursuing such corrective legislation.

Timothy Johnson observed that only a portion of Ordinance 2024-634 affects Chapter 121, and questioned who would initiate and fund the corrective legislation.

Reingold confirmed that the Office of General Counsel (OGC) would draft the bill, at no cost to the Board.

Michael Lynch emphasized that any changes would also require union approval.

Chris Brown agreed that corrective legislation made sense and asked whether a formal motion was necessary.

Timothy Johnson reiterated whether it was the Board's or OGC's responsibility to address the oversight.

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Reingold concluded he would work with Nick Howland to file corrective legislation.

XII. Council Liaison Report
a. 2024-874 Military Leave Bill

Nick Howland updated the Board on Ordinance 2024-874, which removes any ambiguity regarding salary amounts in pension calculations. The ordinance was approved by an 18-0 vote.

XIII. Old Business
a. Actuarial Impact of Military Leave Bill 2024-874 – Michael Lynch – Action Requested

Michael Lynch noted that any concerns have already been resolved in consultation with Timothy Johnson, and no further action is necessary.

b. New Manager Selection Process for Public Assets – Michael Lynch

Michael Lynch then suggested scheduling a meeting in January or February to discuss the manager selection process, risk tolerance, style drift, the Investment Policy Statement, and indices.

Chris Brown agreed, recommending that the entire Board of Trustees be involved in the discussion.

XIV. New Business

Mia Jones inquired whether, during member consultations, PFPF Staff advise participants on establishing powers of attorney, healthcare directives, and living wills.

Timothy Johnson explained that expanding member knowledge in these areas is part of next year's goals, though the PFPF itself does not provide official legal advice.

Thomas Donahoo offered to assist, given his experience in these matters.

XV. Privilege of the Floor

Michael Lynch noted that several recent issues have brought the Board to a critical juncture. He then introduced a motion, which he stated does not conflict with Florida Statutes 175 and 185, Jacksonville's Ordinance 121.118, City Charter Section 22.04, or the 2015 Settlement Agreement.

Motion: To direct the Executive Director of the Police and Fire Pension Fund:

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- **To provide notice in writing, by close of business December 20, 2024, to the General Counsel of the City of Jacksonville, that the Office of General Counsel is no longer the Attorney of Record of the Board; and**
- **To provide notice to the Department of Management Services, Bureau of Local Retirement Systems the name, mailing address, and telephone number of the Attorney of Record for the Board; and**
- **As provided in Florida Statutes 175 and 185, City Charter, and Jacksonville Ordinance Code; the Police and Fire Pension Fund shall only use the Office of General Counsel for matters that the Board chooses.**

Terry Wood seconded the motion.

Discussion:

- Chris Brown said this motion is significant and requires more time to consider. He agreed with many of Michael Lynch's points but did not feel prepared to vote on such a crucial issue without further deliberation.
- Michael Lynch highlighted inconsistent legal interpretations and past challenges, including one scenario where a disability claim cost the Fund \$75,000 after being advised initially that there was no fraud. Another settlement resulted in a \$2.6 million actuarial loss over time. He also noted a recent Code change (Chapter 121) was adopted without the Board's knowledge. In his view, these issues underscore the need for the Board to decide when it will and will not engage the OGC.
- Thomas Donahoo cautioned that passing this motion would likely prompt a challenge from the OGC. He asked whether the Board wants to invite that confrontation at this time.
- Chris Brown concurred that the underlying issues are serious but believed the Board should take additional time before making a decision of this magnitude.
- Terry Wood recalled that when the Board was first established, the then-General Counsel advised that OGC could not represent both the Board and the City, leading the Board to retain Klausner as independent counsel. More recently, however, the OGC has claimed authority over all City-related matters and insists that outside counsel cannot be hired without its authorization.

Chris Brown reiterated his desire for more time to consider the motion.

The motion ultimately failed, with Michael Lynch and Terry Wood voting "Aye," and Thomas Donahoo, Mia Jones, and Chris Brown voting "Nay."

Chris Brown noted that the issue would be revisited at the January Board of Trustees meeting.

Bob Sugarman said that the IRS has followed up with his office with questions on the SSVRP filing.

XVI. Upcoming Events

- a. [Board of Trustees Meeting – Friday, January 24, 2025 at 9:00 A.M.](#)
- b. [Manager Update Workshop – J.P. Morgan – Thursday, January 30, 2025 at 12:00 P.M.](#)

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XVII. Adjournment
11:31AM.

Capt. Michael Lynch, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 12/30/2024

To be Approved: 01/24/2025