



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Thursday, December 22, 2022

9:05 A.M. – 10:46 A.M.

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

The next regular Board of Trustees meeting will be held Friday, January 20, 2023 at 9:00 A.M.

Board of Trustees

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

Fund Staff

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

Chuck Hayes, Pension Benefits Manager
Cathryn Lively, Administrative Specialist
Troy Scherbinski, Building Services Manager
Lynn West, Pension Benefits Specialist

Guests

Paul Barrett, Fund Treasurer
*Jordan Cipriani, RVK, Investment Consultant
Lawsikia Hodges, Office of General Counsel
*Kevin Schmidt, RVK, Investment Consultant
*Bob Sugarman, Fund Counsel
Randy White, City Council Liaison

David Chene, Kennedy Lewis
Doug Logigian, Kennedy Lewis
*Brennan Merrell, Treasury
Mark Muchowicz, JSO, FOP
Darren Richman, Kennedy Lewis
Ben Schryber, Kennedy Lewis
*904-493-5514
*Marty

*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.

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. Pledge of Allegiance
- II. Invocation

Timothy Johnson gave the invocation.

- III. Moment of Silence

Delmar L. Allen Jr., Retired Police Officer
Franklin L. Matthews, Retired Fire Lieutenant
Patrick L. Miles, Retired Police Sergeant
Allen E. Starling, Retired Firefighter Engineer
Wayne E. Watts, Retired Fire Captain
Johnnie H. Webster, Retired Fire Captain

- IV. Public Speaking

- V. Consent Agenda Items 2022-12-(01-11)CA – *Action requested*

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

2022-12-01CA Meeting Summaries to be Approved

- 1. Summary to the Board of Trustees Meeting of November 18, 2022

2022-12-02CA 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

11-01-2022 thru 11-30-2022

1. Silchester	\$	083,253.00
2. WEDGE	\$	148,979.99
3. Eagle	\$	400,479.43

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4. Pinnacle Associates	\$	106,677.00
Total	\$	739,389.42

DISBURSEMENTS B

11-01-2022 thru 11-30-2022

1. Accounts Payable Distributions	\$	39,275.14
2. Accounts Receivables	\$	10,609.75

2022-12-03CA Pension Distributions

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

November 11, 2022

1. Regular Gross	\$	7,043,100.92
2. Regular Lump sum	\$	51,752.17
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,460,726.97
5. DROP Lump sum	\$	00,000.00
6. DROP Rollover	\$	0.00
Total	\$	8,555,580.06

November 25, 2022

1. Regular Gross	\$	7,040,828.20
2. Regular Lump sum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,459,635.53
5. DROP Lump sum	\$	91,557.18
6. DROP Rollover	\$	0.00
Total	\$	8,592,020.91

The following Consent Agenda items 2022-12-(04CA-08) were verified with supporting documentation and approved at the Advisory Committee meeting held on December 13, 2022. Vote was unanimous. Meeting Summary attached.

2022-12-04CA

Application for Vested Retirement

2022-12-05CA

Application for Survivor Benefits

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[2022-12-06CA](#)

Application for Time Service Connections

[2022-12-07CA](#)

Rescission of DROP Participation

[2022-12-08CA](#)

Application for DROP

The following Consent Agenda items 2022-12-(09-11CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on December 13, 2022. Vote was unanimous. Meeting Summary attached.

[2022-12-09CA](#)

Share Plan Distributions

[2022-12-10CA](#)

DROP Distributions

[2022-12-11CA](#)

DROP Distributions for Survivors

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VI. 2022 PFPF Engagement Awards Presentation

a. Awards Presentation

Timothy Johnson presented the 2022 PFPF Engagement Awards:

- Trustee of the Year: Michael Lynch
- Trustee of the Year: Terry Wood
- Advisory Committee Member of the Year: Richard Reichard
- FIAC Member of the Year: Steve Glenn
- PFPF Staff Member of the Year: Chuck Hayes
- Outstanding Service to the Fund: Pete Strong
- Police Member of the Year: Bobby Deal
- Fire Member of the Year: Randy Wyse

VII. Certificate of Commendation presented to Troy Scherbinski

Timothy Johnson presented an award to PFPF Building Services Manager Troy Scherbinski in gratitude of his 20 years of service. Troy Scherbinski is retiring in early January 2023:

“To our colleague and friend, Troy Scherbinski. In token of 20 years of faithful service. From the Board and Staff of the Jacksonville Police and Fire Pension Fund December 16, 2002 – January 13, 2023”

Randy White presented Troy Scherbinski with a certificate of Commendation from the City Council in appreciation of his 20 years of service.

VIII. Old Business

a. Private Credit Recommendation (Kennedy Lewis Capital Partners Master Fund III) – action requested

Investment Consultant RVK recommends a \$30 million commitment to the Kennedy Lewis Capital Partners Master Fund III. Representatives from the firm, Kennedy Lewis, reviewed their updated presentation to the Board of Trustees.

The Board of Trustees heard the presentation and had no questions.

Terry Wood moved to approve RVK and the FIAC’s recommendation for a \$30 million commitment to the Kennedy Lewis Capital Partners Master Fund III, seconded by Mia Jones. The vote passed unanimously.

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b. Cy Pres Motion In re CVB – action requested

Timothy Johnson informed the Board of Trustees that Securities Litigation Counsel, Bernstein Litowitz Berger & Grossmann, recommends these funds be donated to one of two court-recommended charities. They ask the Board of Trustees to reconsider the motion to donate the funds to the local FOP and IAFF charities.

Chris Brown said there is no time constraint on this.

Nawal McDaniel noted these funds are small, only about \$6,000.

Michael Lynch said he would bring a new recommendation next month.

The Board of Trustees tabled action on this item until January.

IX. Executive Director's Report

Timothy Johnson presented his Executive Director's Report, noting there are no actionable items included. He noted that two members have rescinded their DROP participation due to their appointments, which is an option provided for by the ordinance code. He also said that RVK would continue to monitor money managers, and keep the Board apprised of any issues they find concerning the money managers.

Michael Lynch asked about the Vercruysse issue.

Timothy Johnson said that Mr. Vercruysse's pension was modified based on a settlement between him and his employer, JSO. The PFPF asked for an order from the judge directing the PFPF to change his benefit, which was ultimately not received. We need a policy that would guide the PFPF going forward.

X. Personnel Committee Report

a. Executive Director Performance Review – action requested

Timothy Johnson presented his Fiscal Year 2022 Executive Director Performance Review. He covered administrative and financial metrics, and survey results for the Fiscal Year. He covered each 'Executive Core Qualification' (ECQ), and goals achieved throughout the year under each ECQ:

- ECQ 1: Results Driven
- ECQ 2: Leading Change
- ECQ 3: Leading People
- ECQ 4: Business Acumen
- ECQ 5: Building Coalitions

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Timothy Johnson presented his recommendation to modify the formula for the annual raises for himself and staff by replacing the flat 2.5% COLA with ½ of the Social Security COLA, and replacing the 2.5% merit portion with the other ½ of the Social Security COLA, when the Social Security COLA is greater than 5%.

The Board of Trustees discussed the recommendation and ultimately did not approve it because of concerns it would not address inflation as it was occurring. The Board tabled the recommendation until January.

Chris Brown noted there is still a salary adjustment recommendation for the Executive Director.

Nawal McDaniel said that 5% is the maximum, and she is in favor of 5%.

Lawsikia Hodges said that the motion should include authority for the Chair to amend and execute the Executive Director's contract.

Nawal McDaniel moved to give the Chair authority to amend and execute the Executive Director's contract to provide for a 5% increase in salary, seconded by Mia Jones. The vote passed unanimously.

b. Building Maintenance Supervisor Job Description – action requested

Timothy Johnson asked for Board approval of the new Building Maintenance Supervisor job description, with approval to post the new opening.

Mia Jones moved to approve the new Building Maintenance Supervisor job description, and to post the new opening, seconded by Terry Wood. The vote passed unanimously.

XI. Investment Consultant Reports

a. Monthly Investment Performance Analysis – November 30, 2022

Jordan Cipriani informed the Board of Trustees that Kevin Schmidt will be departing RVK at the end of the year, and he has been a great partner at RVK. She said that Spencer Hunter will be stepping into Kevin's role, and he is excited to begin work.

Kevin Schmidt thanked the Board of Trustees for the privilege of collaborating over the past few years.

Jordan Cipriani covered the General Market Commentary on page 2 of the Monthly Investment Performance Analysis:

- Global equity markets continued to rebound during November. Most major US equity indices posted mid single-digit gains during the month, while most international equity indices posted low double-digit returns, led by emerging market equities which returned nearly 15% during the month.
- Equities rallied on continued strong corporate earnings, investor optimism surrounding future interest rate increases, and lower than expected inflation readings. Year-over-year inflation was 7.7% versus the 7.9% many economists expected for October. Stocks rallied toward the end of the month as Federal Reserve Chairman Powell stated that a "moderating" of rate increases could begin as soon as the December meeting. Investors

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anticipate a 50 basis point increase in December, a meaningful slowdown versus the 75 basis point increases seen at the four most recent meetings.

- Despite the Fed's 75 basis point rate increase at the beginning of the month, bond markets experienced their strongest month of 2022, providing mid-to-high single-digit returns as investors expect bond yields to continue to moderate in the coming months.
- Equity markets posted positive returns in November as the S&P 500 (Cap Wtd) Index returned 5.59% and the MSCI EAFE (Net) Index returned 11.26%. Emerging markets returned 14.83%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 3.68% in November, outperforming the 1.73% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 6.05%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned 5.77% in November and 4.73% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 8.53% for the trailing one-year period and 17.99% for the trailing five-year period ending June 2022.
- Absolute return strategies returned 0.77% for the month and -5.28% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- Crude oil's price fell by 6.91% during the month but has increased by 21.71% YoY.

Jordan Cipriani covered the asset allocation on page 3, and performance net of fees on page 5. She noted that the fund is up 8.55% for the Fiscal Year to Date.

XII. Counsel Report

Lawsikia Hodges said she has nothing to report.

Bob Sugarman discussed the Vercruysse issue, and that he would give an opinion next week that will serve as legal backup to Mr. Vercruysse's file. He said that a new policy would help make sure that in the future, the PFPF would get a seat at the table in these settlements.

Michael Lynch voiced his concern that Mr. Vercruysse's benefit change was not negotiate through the FOP and the IAFF. He noted this benefit modification was not made in accordance with Chapter 121 of the Ordinance Code.

Bob Sugarman said that the settlement agreement had union signature, and that this is in the past. This has been resolved as best as we can get. He said that the DOJ-COJ settlement was also not in the Ordinance Code; however, there was a court order. In this case, the PFPF sought a court order, but did not receive one. He said that OGC has assured us that this settlement is a binding obligation on the City.

Bob Sugarman congratulated everyone in attendance who received awards.

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XIII. New Business

- a. *Finance, Building, Procurement Policy & Procedures – action requested*

Kevin Grant previewed a list of procedural changes to be approved at the January Board of Trustees meeting. He said that the full, lengthy procedures will be emailed to the Trustees in advance of the next meeting.

XIV. Upcoming Meetings

- a. *Board of Trustees – Friday, January 20, 2023, 2022 at 9:00AM*

XV. Adjournment

10:46 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 12/29/2022

To be Approved: 01/20/2023