



## SUMMARY TO THE REGULAR F.I.A.C. COMMITTEE MEETING

Wednesday, September 18, 2019

3:38 P.M. – 5:49 P.M.

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

The next Financial Investment and Advisory Committee (F.I.A.C.) meeting will be held October 11, 2019 at 3:30 P.M.

### Financial Investment and Advisory Committee

Eric “Brian” Smith Jr., Chair  
Craig Lewis Sr., Secretary  
Rob Kowkabany  
Rodney Van Pelt

### Excused

Priyesh Patel

### Staff

Timothy H. Johnson, Executive Director – Plan Administrator  
Steve Lundy, Deputy Director  
Kevin Grant, Finance Manager  
Pedro Herrera, Fund Counsel – via Webex  
Lawsikia Hodges, Office of General Counsel – via Webex  
David Lindberg, Wilshire, Investment Consultant

### Notice

Meeting Agendas and Summaries are available on our website at [jaxpfpf.coj.net](http://jaxpfpf.coj.net). For additional meeting documents, please contact Maria Young, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or [MariaY@coj.net](mailto:MariaY@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, or email your request to [KLMcDan@coj.net](mailto:KLMcDan@coj.net). 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.

### Summary

#### I. Public Speaking

None.

#### II. Meeting Summaries

##### *a. July 12, 2019 FIAC Meeting Summary*

Craig Lewis requested corrections to the summary as follows:

- “raise” should be changed to “lower” on the third paragraph from the bottom of page 2.
- “more attractive” should be changed to “less attractive” on the last paragraph of the MLP discussion on page 4.

**Craig Lewis made a motion to approve the July 12, 2019 Meeting Summary as amended. Seconded by Rodney Van Pelt. The vote passed unanimously.**

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*b. August 16, 2019 FIAC Meeting Summary*

Rodney Van Pelt made a motion to approve the August 16, 2019 Meeting Summary. Seconded by Rob Kowkabany. The vote passed unanimously.

III. Investment Consultant Reports

David Lindberg discussed the Cash Flow Analysis handout with the FIAC. The Fund needs to raise \$131 million to pay the City for benefit payments. This is a recommendation which takes \$131 million from the Fund's overweight US Equity Allocation. David Lindberg remarked that it is a good time to take gains off the table.

David Lindberg discussed other methods of paying the City, and receiving the City's contribution payment – the "true-up" – which he has discussed with the City's Treasurer. One method discussed was utilizing Exchange-Traded Funds (ETFs) which would cut down on transaction costs.

Craig Lewis made a motion to approve Wilshire's recommendation for rebalancing to meet the Fund's September payment to the City. Seconded by Rodney Van Pelt. The vote passed unanimously.

*a. Capital Market Review*

*b. August 2019 Fiscal YTD Performance Update*

David Lindberg reviewed Fiscal Year to Date performance as attached. The Board of Trustees has approved changing the MLP benchmark, and the change will take effect on October 1<sup>st</sup>.

Rodney Van Pelt asked if the FYTD returns shown on the performance update would be on the actuarial report.

David Lindberg said yes, the return for the 12-month period will be in the low single-digits.

Craig Lewis noted that in each month where the policy index is negative, the Fund has performed worse than the policy. He asked if there is anything structurally within the Fund which underlies these pullbacks.

David Lindberg said there are a couple of drivers, including the overweight to US Equity, and the high amount of core-plus exposure within the Fund's fixed income allocation.

IV. Executive Director's Reports

*a. Offer to Purchase 1 West Adams Street Building and 2 West Monroe Street Garage*

Timothy Johnson and Kevin Grant discussed an offer made by Farah & Farah to purchase the Police and Fire Pension Fund building and parking garage for \$6 million. This was an unsolicited offer. The Fund is performing a property condition report with the firm that Rob Kowkabany recommended.

Timothy Johnson provided a list of commercial real estate brokers as a handout. We would like to engage one of these firms to perform a hold/sell analysis of the Fund's property. Farah & Farah made this offer while in negotiations with the PFPF to lease the vacant 3<sup>rd</sup> floor space.

Rodney Van Pelt said Farah & Farah wants the whole building – we would have to relocate, and there would be substantial disruption cost.

Timothy Johnson said he would bring back more information to the FIAC later.

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Brian Smith added a name to the Commercial Real Estate brokers list, Amanda Kinkade. He gave Timothy Johnson her number to contact.

*b. FY2020 FIAC Goals Discussion*

Timothy Johnson discussed the FIAC goals for Fiscal Year 2020. The PFPF Staff are holding their retreat next Friday. The Chairs of the FIAC, Advisory Committee, and the Board of Trustees will then meet with the Executive Director to discuss FY2020's priorities.

Timothy Johnson asked the FIAC to propose any items they wish to add to the goals for FY2020.

Rodney Van Pelt mentioned Private Equity and Emerging Markets investments as items he would like to add.

Craig Lewis agreed, and said those items will be good to discuss with the permanent investment consultant.

Timothy Johnson asked the FIAC to email him any other ideas they may have.

*c. Investment Consultant RFP Evaluation Results & Staff Interview Recommendation – Action Requested*

Timothy Johnson informed the FIAC that he, Kevin Grant, and Steve Lundy scored all 12 responses to the investment consulting services Request For Proposal (RFP).

Kevin Grant displayed the RFP Evaluation Matrix, scored by the PFPF (handout). He described each criteria, and how it was scored and averaged. The top 5 firms scored by the PFPF are:

- Wilshire Associates
- Segal Marco Advisors
- Callan, LLC
- Graystone Consulting
- RVK, Inc.

Brian Smith thanked Timothy Johnson, Steve Lundy, and Kevin Grant for reading all 12 responses and scoring them. He asked to see the top five as ranked by Timothy Johnson, Steve Lundy, and Kevin Grant individually.

The FIAC discussed the firms AndCo, Meketa, and Gallagher, and how they ranked relative to the other firms.

Brian Smith asked Timothy Johnson about the firms who responded to the PFPF's RFP and who presented to the City during their RFP process.

Timothy Johnson said he sat in on the City's interviews. He said the firms presented well, some better than others. He said he thinks the interviews with the City would have biased his scores on the PFPF's RFP more, however they did not.

Rodney Van Pelt asked about the target number of firms to invite to interview.

Timothy Johnson said around 3-5.

Brian Smith said the FIAC did not set a specific target. He asked how many firms the City interviewed.

Timothy Johnson said the City interviewed six firms.

Brian Smith said he would not want to interview more than five firms.

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Rob Kowkabany asked how much time is allotted for presentations. The interviews will be held on October 2<sup>nd</sup> from 2PM – 5PM. That is a 3-hour block.

Timothy Johnson said the Special Board & FIAC meeting on October 2<sup>nd</sup> was scheduled without knowing how many firms would be interviewed. We did not divide up the time.

Brian Smith said the top three firms are definitely going to be invited to interview. The question is if we would extend the invitation to the next two firms. He asked Timothy Johnson, Steve Lundy, and Kevin Grant for their thoughts on this, and on the scoring criteria.

Timothy Johnson said he would have added different criteria and weights to the matrix.

Steve Lundy said the criteria is broad, and his bottom three firms were a wildcard. Only one criteria separated each of these firms.

Kevin Grant said he liked the matrix and wouldn't change it much.

Craig Lewis said there is a clear upper echelon – Wilshire, Segal, and Callan. After those, the next firms are a gray area.

The FIAC discussed different criteria separating the next few firms, namely fee structure, ownership structure, and synergies with the City.

Brian Smith said if we invite two more firms to interview, the FIAC should read all five firms' responses to the RFP before the interviews. He said the FIAC should score the firms using the same evaluation matrix as the PFPF staff.

Lawsikia Hodges asked if the scoring procedures are consistent with the procedures described in the original RFP.

Pedro Herrera said he recalls nothing specific or binding in the RFP. It specifies how the firms will be ranked in the interviews.

Kevin Grant said it is broad on the selection criteria – evaluations, then interviews.

Rob Kowkabany said he agrees that the FIAC should review the responses to the RFP.

Brian Smith asked for a motion to specify the five firms the FIAC wishes to recommend to be interviewed.

**Craig Lewis made a motion to recommend the Board of Trustees interview the top five firms as depicted on the PFPF Staff's Evaluation Matrix: Wilshire Associates, Segal Marco Advisors, Callan, LLC, Graystone Consulting, and RVK, Inc. Seconded by Rob Kowkabany. The vote passed unanimously.**

Timothy Johnson reminded the FIAC that October 2<sup>nd</sup> from 2:00 P.M. to 5:00 P.M. will be the next meeting. This will be a Special Board of Trustees and FIAC meeting – all five firms will attend to be interviewed. We will provide copies of the responses for the FIAC to take home today to review prior to this meeting.

Timothy Johnson said the PFPF Staff will incorporate the FIAC's scores back into the evaluation matrix, which may change the results.

Rodney Van Pelt said he will be out of town on October 2<sup>nd</sup>, and will be able to attend the meeting by phone.

Steve Lundy said Rodney Van Pelt may attend via videoconference if he wishes.

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V. Old Business

VI. New Business

VII. Adjournment  
5:49 P.M.

Summary Approved:

Craig Lewis Sr., Secretary  
Financial Investment and Advisory Committee

**Summary Prepared By:**  
Steve Lundy, Deputy Director  
City of Jacksonville Police and Fire Pension Fund

**Posted:** 09/23/2019

**To be Approved:** 10/11/2019