

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, October 28, 2021 at 2 PM
City Hall Conference Room 3C
AGENDA**

1. CALL TO ORDER

2. PUBLIC COMMENT

3. OFFICER ELECTIONS: CHAIR, VICE-CHAIR, SECRETARY

4. MINUTES

- a. Copy of September 23, 2021 and October 7, 2021 Board of Trustees Minutes;
RECOMMENDED ACTION: APPROVAL

5. NEW BUSINESS

- a. GEPP September 2021 and COPP September 2021 Consent; RECOMMENDED ACTION: APPROVAL
- b. R. Lewis Request; PAC RECOMMENDED ACTION: grant requested termination of actuarial service purchase and provide pro-rated service time for amount paid

6. INVESTMENT AND FINANCIAL MATTERS

- a. September 2021 Investment Performance Update
- b. SMID Value Manager Recommendation
- c. Staff Update

7. OLD BUSINESS

8. ADMINISTRATIVE

9. INFORMATION

- a. Manager Review Meeting with Pinnacle (SMID Growth) scheduled for Thursday, November 4, 2021, at 1 PM (meet and greet at 12:30 PM)
- b. Next regular BOT meeting scheduled for Thursday, November 18, 2021, at 2 PM

10. PRIVILEGE OF THE FLOOR

11. ADJOURNMENT

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
September 23, 2021**

MINUTES

2:00 PM, held in Person in City Hall Conference Room 3C and via Zoom

Members Present

Jeffrey Bernardo, Chair
Julie Bessent
Valerie Gutierrez
Joey Greive
David Kilcrease, Secretary
Diane Moser

Members Not Present

Brian Hughes
Kristofer Pike
Richard Wallace

Staff Present

Randall Barnes, Treasurer
Paul Barrett, Sr. Manager of Debt and Investments
Brennan Merrell, Manager of Debt and Investments
John Sawyer, OGC
Tom Stadelmaier, Pension Administrator
Yolanda Tillman, Treasury Associate

Others Present

Jordan Cipriani, RVK
David Hirschberg, HIG
Luzmarina Lalli, HIG
Kevin Schmidt, RVK
John Verwey, COPAC member
Ira Weidhorn, HIG
Lorrie Widemond and Guest

1. CALL TO ORDER

Chair Bernardo called the meeting to order at about 2:02 PM.

2. **PUBLIC COMMENT**

None

3. **MINUTES**

Mr. Greive made a motion to approve the minutes. Ms. Moser seconded the motion. The Chair asked for discussion and there was none. The Chair took a vote and the minutes passed unanimously.

4. **NEW BUSINESS**

Consent agendas

Mr. Greive made a motion to approve the consent. Ms. Moser seconded the motion. The Chair summoned for discussion. Mr. Stadelmaier stated volumes remain high in part due to LRO activity. The Chair took a vote and the consent passed unanimously.

Widemond Survivor Benefit Review

Mr. Stadelmaier reviewed the background provided and the recommendation of the COPAC to approve benefits for the spouse.

Mr. Kilcrease asked if he was allowed to vote, given he had a personal relationship with Mr. Widemond. Mr. Sawyer confirmed he was allowed to vote. He indicated that if this was an appeal and a quasi-judicial matter the standard would be different.

Ms. Gutierrez pointed out that there have been similar cases with the PAC where the benefit was denied. Mr. Stadelmaier did point out that while the Pension Office originally recorded that Mrs. Widemond reported they were not living together, she clarified that later and said they were living together but she was having the application for benefits mailed to a different address.

Mr. Kilcrease, indicating he was speaking from personal knowledge of the family, said this is NOT a case of the spouse living apart like other cases he was familiar with that were denied.

Mr. Verwey from the COPAC explained in detail the review conducted by the COPAC and noted that the COPAC reached the conclusion that the parties were in fact living together even though they had two addresses. Based on Mrs. Widemond's statements and supporting evidence, it indicated they were between two addresses, and it related to their history and medical conditions for their daughter and Mr. Widemond.

Mr. Kilcrease made a motion to accept the COPAC recommendation and approve the survivor benefits for the spouse and child. Mr. Greive seconded the motion. The Chair opened it for discussion.

Mrs. Gutierrez expressed her sympathies to Mrs. Widemond and stated her position that the wording of the language requiring “living together” needed to be changed.

Mr. Greive said the Board is tasked with interpreting and he gives weight to the COPAC/PAC review while noting this particular issue is a tough one to interpret in many cases but that the COPAC reasoning appears sound.

Mrs. Moser said the spirit and intention of the language is to stop fraud and that the evidence here does not indicate fraud.

Chair Bernardo asked about the relative weight of an initial statement vs. a later clarification and also asked about other documents such as IDs. Mr. Sawyer said the initial statement does not carry more weight but it’s part of the overall evidence for the Board to consider.

Mr. Stadelmaier said he is always open to COPAC/PAC/BOT feedback regarding the Pension Office process to verify keeping in mind the Pension Office is not an investigative unit, but we do gather information, follow consistent practices and report to the committees and the Board. This particular rule has been challenging and has required committee and Board review.

The Chair took a vote and motion passed 6-0.

5. INVESTMENT AND FINANCIAL MATTERS

Performance Update

Mr. Merrell reviewed the August Flash showing a gain of 1.99% for the month with the Fund up to over \$2.7B invested. Eagle and Baillie Gifford had very strong month. Mr. Schmidt reported the Fund is now up about 8.4% CYTD and 23.3% FYTD through this week.

HIG Non-core Real Estate Fund

Ms. Cipriani introduced Ira Weidhorn, David Hirschberg and Luzmarina Lalli from HIG. This is a proposed \$25M commitment.

Ms. Lalli covered a firm overview. HIG is based in Miami and they focus on market inefficiencies. Mr. Weidhorn has co-led the real estate team for over 10 years. He said they believe in small cap and they are sector agnostic. They believe this allows them to be nimble and open to the best opportunities. They are conservative with fund leverage. The Fund proposed for us is about \$750M total and we would get full advantage of investments that are already doing well. Mr. Hirschberg reviewed a sample properties owned in detail.

Chair Bernardo asked about changes in office space work habits and opportunities with stressed sectors. Mr. Hirschberg said they have NOT been active buyers in office space unless it's a unique situation. Mr. Weidhorn talked about hospitality opportunities and conversion of space.

Ms. Gutierrez asked about bidding and competitive situations. Mr. Weidhorn said they do not do auctions, but they deal in broken markets and off-market deals mainly. They don't get involved in highly competitive bids normally.

Ms. Bessant asked about Life Sciences. Mr. Weidhorn said the firm has a Bio Health Fund and they learn about opportunities from their colleagues that help them analyze the demand in this specialized space—they invest in communities they know.

Chair Bernardo asked about cap-rates and Mr. Hirschberg said the local and macro economy is a focus especially in an inflationary environment. He added they do not chase cash-flow. Less on cap-rate analysis and more interest in price-per-pound or per square foot.

Mrs. Gutierrez asked about the senior housing item in the pipeline. Mr. Hirschberg said they usually avoid this line because of oversupply and operational intensity in that space but that this is a unique opportunity given minor COVID impact and no supply issues in the area.

Mr. Merrell requested a vote today and reminded the Board the money would come from draw-down of existing core real estate and large cap equity sources. Mr. Greive asked about the staff process and Ms. Cipriani recapped that they reviewed over 175 funds in non-core real estate and worked closely with COJ staff on the top candidates which RVK visited on-site. Mr. Barnes spoke of the extensive review and said staff recommends this fund. He said the RVK due diligence was robust and performance of this fund is proven over time and will give us the different exposure that the Board seeks. RVK added the smaller size of the assets is appealing. Mr. Kilcrease asked about fees and Mr. Merrell said RVK negotiated a discounted rate of 1.5% management fee plus carried interest over 8%.

Mr. Kilcrease made a motion to move forward with investing the \$25M in HIG. Ms. Gutierrez seconded the motion. The Chair, hearing no further comment, took a vote and the motion passed unanimously.

Eagle Fees

Mr. Merrell covered the Eagle fee proposal memo. Mr. Schmidt said they were thrilled with the proposal because we had limited leverage with Eagle and aggregating the assets with PFPF offered increased strength for us. The asset-based option is guaranteed savings. Chair Bernardo asked why the fund was open again and Ms. Cipriani said that was likely a very limited opening and they have no concerns.

Mr. Greive made a motion to accept the RVK recommendation to aggregate assets and use take advantage of the asset-based reduced fees option. Ms. Gutierrez seconded the motion. The Chair, hearing no further comment, took a vote and the motion passed unanimously.

Staff Update

Mr. Merrell covered the staff update page and provided detail on the SMID Value finalists.

6. OLD BUSINESS

NA

7. ADMINISTRATIVE

Mr. Stadelmaier reviewed the Board Rule updates which have been recommended for approval by the COPAC and the PAC. Mr. Greive made a motion to approve the updated Board Rules. Ms. Moser seconded the motion. There was a brief discussion recapping the changes which were previously reviewed by the BRACC committee. The Chair took a vote and the motion passed unanimously.

Mr. Stadelmaier gave a brief update on other administrative topics. Stephanie Smith has been promoted to the role of Administration Consultant. Also, the office has had an open position for almost two years and just posted a job for a senior-level role for Assistant Manager to help with audit, control, and backup for managerial and staff duties. Conference Room upgrades are in progress with procurement. Next step for the BRACC committee will be to necessary review code clarifications.

8. INFORMATION

The next regular BOT meeting is scheduled for Thursday, October 28, 2021, at 2 PM.

SMID Value finalist presentations will be held Thursday, October 7, 2021, at 1 PM.

9. PRIVILEGE OF THE FLOOR

None.

10. ADJOURNMENT

The Chair adjourned the meeting at about 3:42 PM.

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
October 7, 2021**

MINUTES

1:00 PM, held in Person in City Hall Conference Room 3C and via Zoom

Members Present

Jeffrey Bernardo, Chair
Valerie Gutierrez
Joey Greive
Brian Hughes
Diane Moser
Richard Wallace (via Zoom)

Members Not Present

Julie Bessent
David Kilcrease, Secretary
John Verwey

Staff Present

Randall Barnes, Treasurer
Paul Barrett, Sr. Manager of Debt and Investments (via Zoom)
Brennan Merrell, Manager of Debt and Investments
John Sawyer, OGC
Tom Stadelmaier, Pension Administrator
Yolanda Tillman, Treasury Associate (via Zoom)

Others Present

Jordan Cipriani, RVK
Kevin Schmidt, RVK
Matt Sturdivan, RVK (via Zoom)

Presenters

Craig Stone, Kayne Anderson Rudnick Investment Management (KAR)
Lynda Leslie, Smith, Graham & Co. Investment Advisors, L.P.
Bill Charcalis, Smith, Graham & Co. Investment Advisors, L.P.
James Wallerius, Systematic Financial Management
Ken Burgess, Systematic Financial Management

1. CALL TO ORDER

Chair Bernardo called the meeting to order at about 1:03 PM.

2. PUBLIC COMMENT

None

3. NEW BUSINESS

Introduction

Mr. Merrell introduced the three finalists and reminded the Board about each one. Ms. Cipriani said all are below median fees, all have capacity to accept SMID Value assets, and all are very strong providers with tenured teams.

KAR

Craig Stone reviewed the offering from KAR. He said they own only the highest quality businesses. Last year they bought 8 new companies during 6 months as the pandemic hit. They generally hold only about 25-35 investments. They don't like capital intensive businesses or ones with large amounts of debt. They invest in companies with proven track records and minimal downside risks. The key to their picks is that it's a sustainable business not reliant on something new to happen like an innovation or M&A.

Mr. Hughes asked for some picks that did not go as planned. Mr. Stone pointed to Cheesecake Factory and Cinemark which were great companies hit hard by new conditions.

There was discussion about cap size and Mr. Stone acknowledged their average holding has a higher market capitalization than the benchmark. He emphasized that is often because they are long-term holders and market cap tends to grow. Chair Bernardo pointed out they are more mid-cap plus but not value. Mr. Stone offered some comments on this and said price-to-book as a measure is not a great measure of value in his view. KAR is looking more at company characteristics when it comes to value. He said KAR's price-to-book will look high compared to some others based on their philosophy. Chair Bernardo acknowledged this and said he wanted the Board to be open-eyed about what we are buying.

Smith, Graham and Co.

Ms. Leslie introduced their firm which is independent with a long, consistent history and some clients they have had for 20+ years. She emphasized the 3 Ps: process, people and performance.

Mr. Charcalis went into detail on the highly defined process commenting they pick from a large universe of about 2,500 stocks. He said the process has not changed in 27 years. They have about 140 holdings and all picks have positive earnings. They do emphasize broad diversification to remove stock and sector risk. He said they know that allocation drives performance not individual stock picks. They base their selection on structure and valuation metrics and they tend to own a lot of companies that have M&A activity which can elevate prices.

Mr. Hughes asked about examples of bad calls and how that happened. Mr. Charcalis said changing dynamics can cause downturns in stocks and he gave the example of oil prices going down. But he emphasized that they focused on the long-term.

Mr. Greive asked how they balance their time with over 100 companies in the portfolio. The response was that accumulated daily analytics allow them to rank the holdings and potential holdings. Their process is to take action based on changes in the data. There was also some discussion about the mix of small and mid and Mr. Charcalis said they have found 45%/55% provides the very best risk-adjusted return.

Bed, Bath and Beyond was used as an example of their data model working. It was bought in the teens based on their data model, skyrocketed to over \$50 as a meme stock, was sold based on the model and then fell back to the teens.

Ms. Leslie emphasized that they have a nimble process based on the model.

Mr. Schmidt asked about their long-term plan with such a tenured team. Mr. Charcalis said he is not planning to go anywhere but they have team members at younger ages and more importantly it's all about the process which is proven over 25+ years and remains reliable. There was further discussion on quantitative work and how they use internal resources and a firm in Chicago. They also take no bets on sectors and minimize market timing risk by following the model. There was also discussion about earnings momentum and Mr. Charcalis emphasized buying reasonably priced companies with increases in earnings smoothed over months to confirm it's a lasting trend.

Chair Bernardo asked about changes over time and Mr. Charcalis said they have not changed because their process makes good economic sense and the price you pay matters over time. He said they have gotten smarter at implementing the process and that is evident from the results of an experienced team.

Systematic

Mr. Wallerius gave a firm overview and history back to 1993, with \$36B in assets and over 60 relationships. They believe they are very well correlated with Pinnacle as our growth manager.

Mr. Burgess talked about their process of reviewing free cash flow and credit analysis with a focus on value and quality. He said they are conservative in a very aggressive space. Key input data includes SEC filings and meetings with management. Discounted cash-flow analysis is the key. He said diversification is also important and not just picking the best 100 stocks in the space.

Their approach is to reduce risk first and then get returns. When style is out of favor, M&A tends to drive positive results. There was also more discussion about years-to-cover-debt as a key element of selections for the portfolio.

Mr. Hughes asked for an example of bad pick, not related to COVID. Mr. Burgess touched on Caesarstone which is a quartz countertop company. Chinese competition undercut them, and the brand was not as strong as they thought. Consumers were happy to buy the less-known products at a lower price. It was a lesson in paying attention to what could go wrong.

Chair Bernardo asked if they maintain 400 full-blown models and Mr. Burgess said no, the 400 company review was just for idea generation. Mr. Greive asked about size and style and Mr. Burgess said as a smaller firm they are informal and have a very fluid process. Mr. Barnes asked about their meetings with management and Mr. Burgess said that experience over time with management makes a difference—he gave an example of a CEO not responding as telling.

Chair Bernardo asked about improvements over time and Mr. Burgess said their ability to execute has improved with more automation. There was a question about their owner, AMG, and Mr. Wallerius said they provide legal and compliance support but that AMG is hands off on process and Systematic provides AMG with a check based on good performance.

Board Discussion

Staff reviewed the prepared detail on each firm with the Board members. Staff believes all three are strong firms with demonstrated and reliable results.

Mr. Sturdivan gave a summary and said Smith is very structured, Systematic is in the middle and KAR is very opportunistic. All are very active vs. the index with KAR having by far the least holdings. Ms. Cipriani said the Fund already has great diversification. She also said all are zero or negative correlation to Pinnacle which is important.

Mr. Sturdivan said the same factors that work in large cap also work in small cap and that quality is the best driver and durable source of value.

Mr. Merrell said staff would provide additional info at the Board meeting and the Board should be prepared to make a decision at the October meeting.

4. INFORMATION

The next regular BOT meeting is scheduled for Thursday, October 28, 2021, at 2 PM.

5. PRIVILEGE OF THE FLOOR

None.

6. ADJOURNMENT

The Chair adjourned the meeting at about 3:54 PM.

**GENERAL EMPLOYEES PENSION ADVISORY COMMITTEE
FOR THE
BOARD OF PENSION TRUSTEES**

September 2021

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

Pamela Biggins, (JHA), effective August 28, 2021 in the monthly amount of \$1,147.78 at the rate of 31.46% (12 years, 7 months), 15% PLOP \$25,576.90

Hazel Brown, (JHA), effective August 28, 2021 in the monthly amount of \$937.64 at the rate of 35% (14 years), 15% PLOP \$16,312.88

Mary Carter, (Clerk of Court), effective July 31, 2021 in the monthly amount of \$2,701.73 at the rate of 79.79% (31 years, 11 months)

Michael Clinch, (PW), effective August 14, 2021 in the monthly amount of \$3,020.67 at the rate of 75% (30 years), BACKDROP \$195,258.77 (60 months)

Bradley Collier, (JEA), effective August 28, 2021 in the monthly amount of \$5,572.42 at the rate of 51.88% (20 years, 9 months), 5% PLOP \$44,935.40

Cynthia Davis, (F&R), effective August 28, 2021 in the monthly amount of \$5,507.15 at the rate of 80% (34 years, 5 months), 16 months BACKDROP \$89,631.98

Michelle Forte, (Clerk of Court), effective August 28, 2021 in the monthly amount of \$2,683.76 at the rate of 75% (30 years), 36 months BACKDROP \$100,584.07

Mary Holton, (JHA), effective August 14, 2021 in the monthly amount of \$679.85 at the rate of 25% (10 years), 5% PLOP \$5,017.97

John Johnson, (JEA), effective August 28, 2021 in the monthly amount of \$5,312.32 at the rate of 80% (32 years), 29 months BACKDROP \$158,821.25

Peter Levy, (P&D), effective August 28, 2021 in the monthly amount of \$768.37 at the rate of 17.5% (7 years)

William Love, (JEA), effective August 28, 2021 in the monthly amount of \$3,559.46 at the rate of 75% (30 years), 48 months BACKDDROP \$181,155.72

Jackie Mott, (DIA), effective August 28, 2021 in the monthly amount of \$1,049.95 at the rate of 25.83% (10 years, 4 months)

Stephen Powell, (OGC), effective August 7, 2021 in the monthly amount of \$4,813.15 at the rate of 42.5% (17 years)

Kevin Sines, (ITD), effective August 28, 2021 in the monthly amount of \$4,574.06 at the rate of 57.08% (22 years, 10 months)

Ruth Watson, (JSO), effective August 5, 2021 in the monthly amount of \$2,870.25 at the rate of 61.67% (24 years, 8 months)

2. LRO TIME SERVICE RETIREMENTS

Heather Brigida, (JHA), effective August 14, 2021 in the monthly amount of \$1,924.40 at the rate of 40.21% (20 years, 1 month)

Christopher Gill, (JEA), effective August 28, 2021 in the monthly amount of \$2,637.04 at the rate of 40.5% (20 years, 3 months), 5% PLOP \$31,707.25

Cynthia Hinson, (Elections), effective August 14, 2021 in the monthly amount of \$961.70 at the rate of 37.5% (15 years), 15% PLOP \$30,241.57

Joseph Mady, (Fleet), effective July 31, 2021 in the monthly amount of \$1,033.04 at the rate of 27.92% (11 years, 2 months)

Kenneth Robertson, (JEA), effective August 14, 2021 in the monthly amount of \$1,519.84 at the rate of 29.38% (11 years, 9 months) 15% PLOP \$46,981.91

3. VESTED RETIREMENTS

New Commencements

None

New Deferrals

Angela Hiers, (JEA), effective January 25, 2027 in the monthly amount of \$3,400.00 at the rate of 16.88% (6 years, 9 months)

4. SURVIVOR BENEFITS

Joseph Blackwell, (Diane Blackwell), effective August 21, 2021 in the monthly COLA base amount of \$1,027.89

Nan Goodwin, (Bruce Goodwin), effective July 25, 2021 in the monthly COLA base amount of \$2,929.64

Deborah Harris, (Jerome Harris), effective August 5, 2021 in the monthly amount of \$3,576.55

Teresa Knight, (Gerald Knight), effective July 27, 2021 in the monthly COLA base amount of \$4,072.97

Erma Thompson, (Thomas Thompson), effective November 7, 2020 in the monthly COLA base amount of \$3,014.14

Evelyn Wolfe, (Veirl Wolfe), effective July 25, 2021 in the monthly COLA base amount of \$872.76

5. RESTORATION OF SURVIVOR BENEFITS

None

6. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. TIME SERVICE CONNECTIONS COMPLETED

Cheryl Barron, (PA), 54.87 months in the amount of \$21,594.53

Jim Brigman, (JEA), 22.83 months in the amount of \$17,841.05

Jesus Cedillo, (JEA), 17.47 months in the amount of \$10,498.80

Donald Dutton, (Fleet), 5.5 months in the amount of \$2,080.53

Richard Hickok, (MBCT), 16.4 months in the amount of \$9,845.67

Susan Kelly, (PD), 58.51 months in the amount of \$7,898.45

Gunnar Kilpatrick, (P&R), 105.5 months in the amount of \$19,095.70

Carmen Martin, (PW), 6.17 months in the amount of \$3,053.70

Alice Newman, (Mayor's Office), 24 months in the amount of \$8,944.00

Gay Schmidt, (P&R), 99.12 months in the amount of \$33,918.30

Wayne Walker, (R&E), 2.6 months in the amount of \$1,404.35

Alonzo White, (P&R), 24.57 months in the amount of \$5,303.13

Maria Young, (PFPF), 105.73 months in the amount of \$27,818.70

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2000- 624-E (Independent Agency)

None

8. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

Daniel Griffis, (JEA), 24 months in the amount of \$41,668.80

Mark Schofield, (DIA), 12 months in the amount of \$8,515.58

Aaron Scholten, (JEA), 24 months in the amount of \$18,145.27

Larry Tucker, (JEA) 24 months in the amount of \$41,788.80

9. REFUNDS

Estate of Sueann H Babcock, (Parking), 11 years and 6 months, \$22,456.98

Jordan Dugger, (JSO) 3 years and 8 months, \$10,251.30

William D Figlietti, (Library) 6 years and 9 month \$19,524.83

Walter N Kennedy (JEA) 7 years and 7 months, \$32,485.10

Matthew A Prinzi, (JSO) 5 years and 6 months, \$14,315.55

Milicia J Thomas, (Library) 10 years and 8 months, \$22,476.39

Daniel S Weaver, (JEA) 5 years and 1 month \$56,953.34

10. DB TO DC TRANSFER

Sabrina Boyd (JSO), 3 years and 11 months, \$12,881.41

Jerry Carter (P&R) 8 years and 1 month, \$69,773.23

Brandon J Creighton-Nelson (JSO), 4 years and 2 months, \$11,430.98

Gary J Erickson (PWKS), 17 years and 6 months, \$145,213.79

Douglas Hewett (JEA), 10 years and 7 months, \$326,710.64

Sara Maginnis (JEA), 7 years, \$35,045.85

Aaron Scholten (JEA), 16 years, \$519,497.75

Brenda D Thompson (JHA), 22 years and 6 months, \$343,028.74

11. OTHER PAYMENTS AND TIME CONNECTIONS

None

12. RE-RETIREE

None

13. DISABILITY
None

PAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

September 2021

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

None

2. TIME SERVICE CONNECTIONS COMPLETED

Justin Brooks, 101 months in the amount of \$57,735.84

3. REFUNDS

Alexia E Beliveau, 4 years and 6 months, \$18,247.74

Joseph Galloway III, 7 years and 2 months, \$26,849.14

4. SURVIVOR BENEFITS APPLICATION

Irmstraud Pflieger, (Franklin Pflieger), effective August 12, 2021 in the COLA base amount of \$2,438.58

Lorrie Widemond, (Donnell Widemond), effective May 11, 2021 in the monthly amount of \$4,799.75

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

Eirroll Widemond, (Donnell Widemond) effective May 11, 2021 in the monthly amount of \$479.98

6. VESTED BENEFIT

None

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

None

8. OFFICERS ENTERING DROP October 2021

#7721 Kenneth Belcher

#5695 Christopher Campbell

#7529	Lolita Ellis
#7828	Maceo Hunt
#7556	Felicia James
#7548	Christopher Kelsey
#5873	Adrian O'Neal
#32625	Michael Woodard

9. Phase II Biweekly Distribution DROP Program

None

10. DROP Payments

Luis A Villamonte, 25 years, \$220,750.48

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

10/26/2021

Revlon Lewis Request to Stop Actuarial Purchase of Time

- Employee recently completed purchase of maximum 10 years at 10% rate
- In August 2020 she started an actuarial purchase of an additional 22 months for \$22,861 over 5 years
- In October 2020 she requested to stop the purchase due to financial hardship
- The PAC recommended approval to release her of the purchase and award her prorated service time for what has been paid

PART X – ADMINISTRATION OF BENEFITS

1. Retirement Benefits Generally.

(g) Time Service Connections

(iv) Purchase of one (1) year or more of time service may be made by payroll deduction for a period of no more than 130 pay periods. No more than two payroll deduction agreements may be authorized per person at any time and no changes are permitted to any payroll deduction agreement except for a lump sum balance payment, or when satisfactory certificates or court orders are furnished to the Pension Office indicating that, after the date of purchase, there has occurred one of the following: 1) the marriage or divorce of the employee; 2) the death of the employee's spouse or child; or 3) the birth or adoption of a child of the employee; or 4) the employee is on an approved medical leave of absence, until such time that the employee returns to work. In the case of the first three reasons, the employee may terminate the purchase, without prejudice for making future purchases, and shall be entitled to the prorated time service credit purchased. Notwithstanding the foregoing, upon the written request of an applicant and for good cause shown, the Plan Administrator is authorized to: (i) terminate an existing Time Service Connection (other than the hardships listed above) with the applicant being entitled to time service credit purchased as of the date of termination; and (ii) reduce the amount of time service credit being purchased within an existing Time Service Connection. This authority is limited to Time Service Connections authorized under Section 120.204(a), Ordinance Code. The authority granted hereby shall not apply to Time Service Connections where the applicant was required by Ordinance Code to pay the full actuarial costs of the time connection. Any applicant requests to terminate or reduce the term of an existing Time Service Connection made at the full actuarial costs shall be brought to the Board of Trustees for its review.



Preliminary Monthly Investment Performance Analysis

City of Jacksonville Employees' Retirement System

Period Ended: September 30, 2021

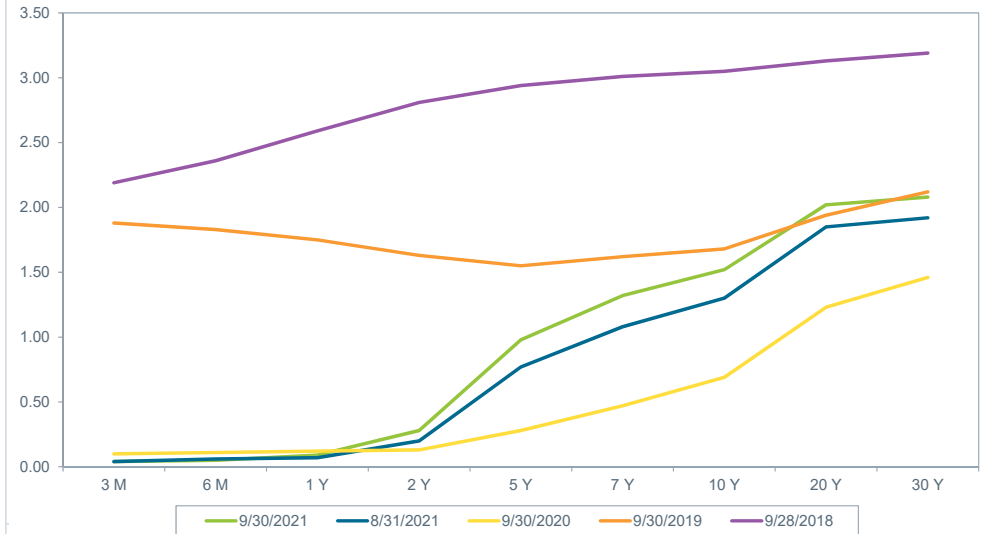


General Market Commentary

- Global equity markets pulled back in September, with all major US and international indices posting low to mid-single digit losses. In the US, small cap indices outperformed large cap indices, and the S&P 500 posted its first month of negative returns following seven straight months of gains. Across both US and international equity markets, value stocks outperformed their growth counterparts.
- The spread of the coronavirus Delta variant, along with supply-chain bottlenecks, caused many economists to cut global growth projections. Additionally, concerns of high inflation continue to weigh on investors as market participants eye potential Federal Reserve action on asset tapering and interest rate hikes.
- Federal Reserve Chairman Jerome Powell once again confirmed that interest rates would remain near-zero for the next several quarters, though the FOMC indicated that rates could begin to increase in 2022 with the possibility for a total of 6 or 7 rate increases by the end of 2024. Additionally, the FOMC indicated that it expects the US economy to make "substantial further progress" by the end of the year which would initiate a tapering process of the \$120 billion in monthly Treasury and Agency MBS purchases.
- Equity markets posted negative returns in September as the S&P 500 (Cap Wtd) Index returned -4.65% and the MSCI EAFE (Net) Index returned -2.90%. Emerging markets returned -3.97% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.87% in September, underperforming the -0.61% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -2.94%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned -5.40% in September and 6.83% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 48.11% for the trailing one-year period and 17.51% for the trailing five-year period ending March 2021.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 0.23% for the month and 14.41% over the trailing one-year period.
- Crude oil's price increased by 9.53% during the month, and has increased by 86.55% YoY.

Economic Indicators	Sep-21	Aug-21	Sep-20	10 Yr	20 Yr
Federal Funds Rate (%)	0.06	0.06	0.09	0.63	1.33
Breakeven Inflation - 5 Year (%)	2.53 ▲	2.51	1.49	1.76	1.84
Breakeven Inflation - 10 Year (%)	2.38 ▲	2.34	1.63	1.94	2.03
Breakeven Inflation - 30 Year (%)	2.29 ▲	2.23	1.77	2.03	2.25
Bloomberg US Agg Bond Index - Yield (%)	1.56 ▲	1.42	1.18	2.25	3.34
Bloomberg US Agg Bond Index - OAS (%)	0.33 ▼	0.35	0.60	0.50	0.61
Bloomberg US Agg Credit Index - OAS (%)	0.80 ▼	0.82	1.28	1.25	1.42
Bloomberg US Corp: HY Index - OAS (%)	2.89 ▲	2.88	5.17	4.55	5.28
Capacity Utilization (%)	75.21 ▼	76.23	72.07	76.50	76.51
Unemployment Rate (%)	4.8 ▼	5.2	7.8	5.9	6.1
PMI - Manufacturing (%)	61.1 ▲	59.9	55.7	54.1	53.3
Baltic Dry Index - Shipping	5,167 ▲	4,132	1,725	1,210	2,354
Consumer Conf (Conf Board)	109.30 ▼	115.20	101.30	99.83	90.48
CPI YoY (Headline) (%)	5.4 ▲	5.3	1.4	1.8	2.1
CPI YoY (Core) (%)	4.0	4.0	1.7	2.0	2.0
PPI YoY (%)	11.8 ▲	10.5	-1.2	1.4	2.2
M2 YoY (%)	N/A	N/A	13.2	23.8	7.1
US Dollar Total Weighted Index	114.99 ▲	113.42	117.26	106.74	103.15
WTI Crude Oil per Barrel (\$)	75 ▲	69	40	66	64
Gold Spot per Oz (\$)	1,757 ▼	1,814	1,886	1,422	1,067

Treasury Yield Curve (%)



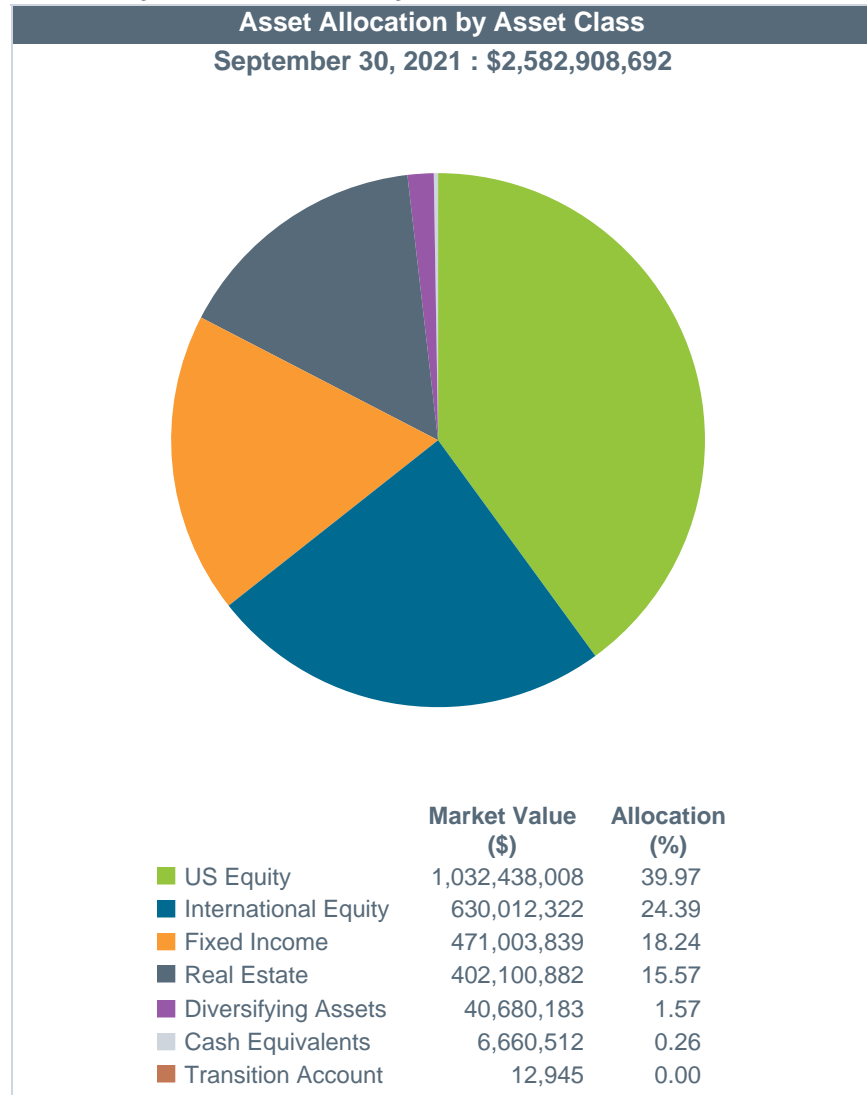
Treasury Yield Curve (%)	Sep-21	Aug-21	Sep-20	Sep-19	Sep-18			
3 Month	0.04	0.04	0.10	1.88	2.19			
6 Month	0.05	0.06	0.11	1.83	2.36			
1 Year	0.09	0.07	0.12	1.75	2.59			
2 Year	0.28	0.20	0.13	1.63	2.81			
5 Year	0.98	0.77	0.28	1.55	2.94			
7 Year	1.32	1.08	0.47	1.62	3.01			
10 Year	1.52	1.30	0.69	1.68	3.05			
20 Year	2.02	1.85	1.23	1.94	3.13			
30 Year	2.08	1.92	1.46	2.12	3.19			
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-4.65	0.58	15.92	30.00	15.99	16.90	14.01	16.63
Russell 2000	-2.95	-4.36	12.41	47.68	10.54	13.45	11.90	14.63
MSCI EAFE (Net)	-2.90	-0.45	8.35	25.73	7.62	8.81	5.80	8.10
MSCI EAFE SC (Net)	-3.57	0.90	10.02	29.02	9.05	10.38	9.15	10.73
MSCI EM (Net)	-3.97	-8.09	-1.25	18.20	8.58	9.23	5.62	6.09
Bloomberg US Agg Bond	-0.87	0.05	-1.56	-0.90	5.35	2.94	3.26	3.01
ICE BofAML 3 Mo US T-Bill	0.01	0.02	0.04	0.07	1.18	1.16	0.87	0.63
NCREIF ODCE (Gross)	6.59	6.59	13.11	14.59	7.05	7.50	8.90	9.92
FTSE NAREIT Eq REITs Index (TR)	-5.40	0.98	23.15	37.39	10.01	6.83	9.04	11.27
HFRI FOF Comp Index	0.23	0.83	5.83	14.41	6.53	5.82	4.17	4.47
Bloomberg Cmdty Index (TR)	4.98	6.59	29.13	42.29	6.86	4.54	-1.49	-2.66

NCREIF performance is reported quarterly; MTD and QTD returns are shown as "N/A" on interim-quarter months and until available. Data shown is as of most recent quarter-end. Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.



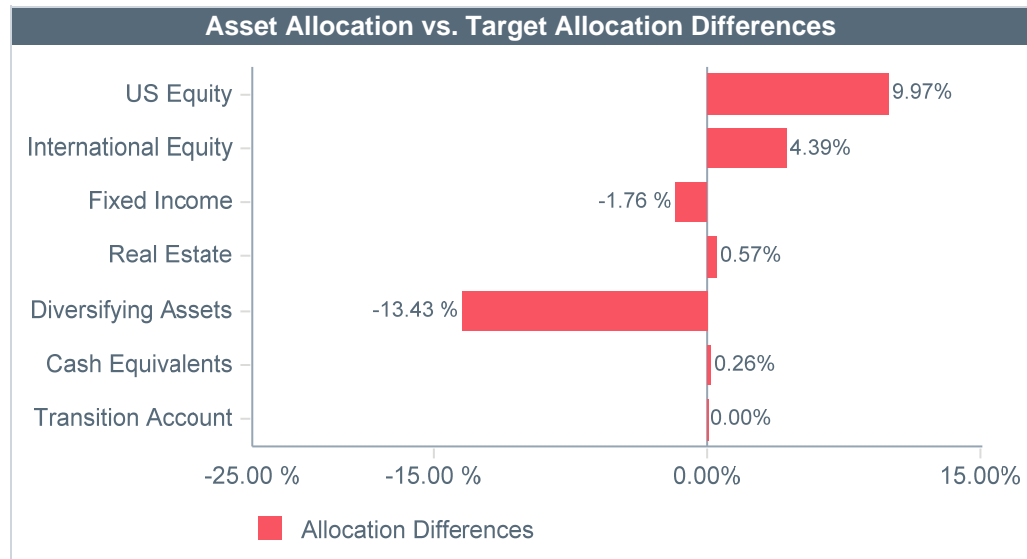
Total Fund

Preliminary Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Min (%)	Target (%)	Max (%)
Total Fund	2,582,908,692	100.00	-	100.00	-
US Equity	1,032,438,008	39.97	20.00	30.00	40.00
International Equity	630,012,322	24.39	10.00	20.00	25.00
Fixed Income	471,003,839	18.24	10.00	20.00	30.00
Real Estate	402,100,882	15.57	0.00	15.00	20.00
Diversifying Assets	40,680,183	1.57	0.00	15.00	20.00
Cash Equivalents	6,660,512	0.26	0.00	0.00	10.00
Transition Account	12,945	0.00	0.00	0.00	0.00



Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	2,469,519,078	-101,331,572	214,721,186	2,582,908,692	8.63

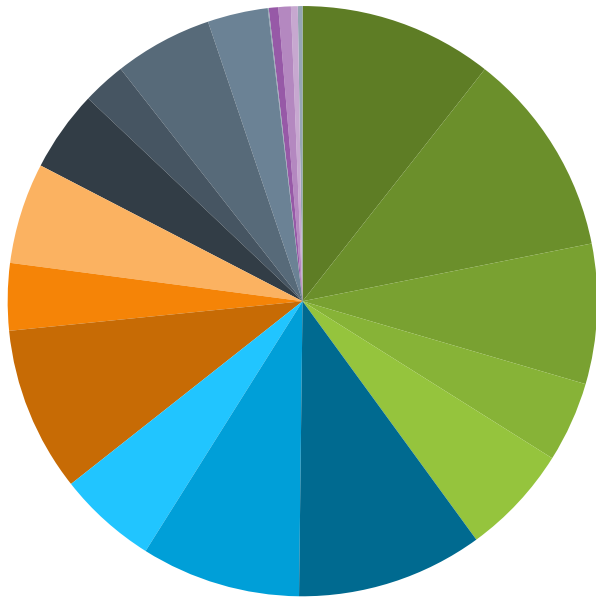
Market values and performance shown are preliminary and subject to change. Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding.



**City of Jacksonville Employees' Retirement System
Preliminary Asset Allocation By Manager**

As of September 30, 2021

September 30, 2021 : \$2,582,908,692



	Market Value (\$)	Allocation (%)
■ Eagle Capital Large Cap Value (SA)	273,837,432	10.60
■ Mellon Large Cap Core Index (CF)	291,101,065	11.27
■ Loomis Sayles Large Cap Growth (CF)	197,939,424	7.66
■ Mellon Small Cap Value Index (CF)	113,515,844	4.39
■ Pinnacle Associates US SMID Cap Growth (SA)	156,044,243	6.04
■ Silchester International Value (CF)	263,747,908	10.21
■ Baillie Gifford International Growth (BGEFX)	225,895,325	8.75
■ Acadian Emerging Markets (CF)	140,369,089	5.43
■ Baird Core Fixed Income (SA)	233,384,651	9.04
■ Franklin Templeton Global Multisector Plus (CF)	94,872,744	3.67
■ Loomis Sayles Multisector Full Discretion (CF)	142,746,445	5.53
■ Harrison Street Core Property, LP	114,817,890	4.45
■ PGIM Real Estate PRISA II LP (CF)	61,532,421	2.38
■ Principal US Property (CF)	138,919,400	5.38
■ UBS Trumbull Property (CF)	85,492,086	3.31
■ Vanguard RE Idx;ETF (VNQ)	1,339,084	0.05
■ Harvest Fund Advisors MLP (SA)	39,716	0.00
■ Tortoise Capital Advisors MLP (SA)	9,256	0.00
■ Hancock Timberland (SA)	13,456,440	0.52
■ Adams Street Private Equity (SA)	17,622,892	0.68
■ Hamilton Lane Private Credit (SA)	9,551,879	0.37
■ Dreyfus Gvt Csh Mgt;Inst (DGCXX)	6,660,512	0.26
■ Transition Account	12,945	0.00

Market values shown are preliminary and subject to change. Allocations shown may not sum up to 100% exactly due to rounding. Market values for Harvest Fund Advisors MLP (SA) and Tortoise Capital Advisors MLP (SA) represent residual cash.



City of Jacksonville Employees' Retirement System
Preliminary Asset Allocation & Performance (Net of Fees)

As of September 30, 2021

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	2,582,908,692	100.00	-2.70	-1.09	8.63	20.88	20.88	8.93	9.81	7.97	10.20	6.76	07/01/1999
Current Total Fund Policy Index			-0.83	0.18	11.34	22.77	22.77	9.01	9.23	7.73	9.58	6.31	
Difference			-1.87	-1.27	-2.71	-1.89	-1.89	-0.08	0.58	0.24	0.62	0.45	
Total Equity	1,662,450,330	64.36	-4.21	-2.38	11.18	31.42	31.42	13.46	14.56	11.38	13.80	7.20	07/01/1999
US Equity	1,032,438,008	39.97	-4.12	-0.83	15.91	37.10	37.10	15.74	16.69	13.42	16.03	7.82	07/01/1999
US Equity Index			-4.49	-0.10	14.99	31.88	31.88	16.00	16.85	13.93	16.60	7.77	
Difference			0.37	-0.73	0.92	5.22	5.22	-0.26	-0.16	-0.51	-0.57	0.05	
International Equity	630,012,322	24.39	-4.35	-4.83	4.25	23.16	23.16	9.94	11.22	7.95	9.83	6.61	07/01/1999
International Equity Index			-3.20	-2.99	5.90	23.92	23.92	8.03	8.94	5.68	7.48	4.54	
Difference			-1.15	-1.84	-1.65	-0.76	-0.76	1.91	2.28	2.27	2.35	2.07	
Fixed Income	471,003,839	18.24	-1.00	-0.31	-0.67	0.88	0.88	4.02	3.04	2.65	3.44	5.08	07/01/1999
Fixed Income Index			-0.85	0.07	-1.07	0.20	0.20	5.57	3.10	3.37	3.09	4.84	
Difference			-0.15	-0.38	0.40	0.68	0.68	-1.55	-0.06	-0.72	0.35	0.24	
Real Estate	402,100,882	15.57	0.88	3.88	7.62	7.67	7.67	4.13	5.62	7.09	7.78	5.55	12/01/2005
NCREIF ODCE Index (AWA) (Net)			6.42	6.42	12.42	13.65	13.65	6.13	6.56	7.93	8.92	6.26	
Difference			-5.54	-2.54	-4.80	-5.98	-5.98	-2.00	-0.94	-0.84	-1.14	-0.71	
Diversifying Assets	40,680,183	1.57	2.56	0.90	26.51	43.05	43.05	-0.11	1.82	-0.94	6.19	5.63	03/01/2011
Diversifying Assets Index			2.40	-1.49	27.70	45.30	45.30	-0.51	1.22	-0.83	3.95	3.39	
Difference			0.16	2.39	-1.19	-2.25	-2.25	0.40	0.60	-0.11	2.24	2.24	

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City of Jacksonville Employees' Retirement System
Preliminary Asset Allocation & Performance (Net of Fees)

As of September 30, 2021

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
US Equity													
Eagle Capital Large Cap Value (SA)	273,837,432	10.60	-3.83	1.99	23.16	47.93	47.93	16.87	18.51	14.40	17.13	11.94	02/01/2007
Russell 1000 Val Index			-3.48	-0.78	16.14	35.01	35.01	10.07	10.94	9.32	13.51	7.04	
Difference			-0.35	2.77	7.02	12.92	12.92	6.80	7.57	5.08	3.62	4.90	
Mellon Large Cap Core Index (CF)	291,101,065	11.27	-4.57	0.24	15.21	30.87	30.87	N/A	N/A	N/A	N/A	19.62	05/01/2019
Russell 1000 Index			-4.59	0.21	15.19	30.96	30.96	16.43	17.11	14.09	16.76	19.69	
Difference			0.02	0.03	0.02	-0.09	-0.09	N/A	N/A	N/A	N/A	-0.07	
Loomis Sayles Large Cap Growth (CF)	197,939,424	7.66	-6.49	-2.14	11.36	21.06	21.06	19.76	N/A	N/A	N/A	19.61	08/01/2017
Russell 1000 Grth Index			-5.60	1.16	14.30	27.32	27.32	22.00	22.84	18.51	19.68	22.96	
Difference			-0.89	-3.30	-2.94	-6.26	-6.26	-2.24	N/A	N/A	N/A	-3.35	
Mellon Small Cap Value Index (CF)	113,515,844	4.39	-1.99	-2.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.52	04/01/2021
Russell 2000 Val Index			-2.00	-2.98	22.92	63.92	63.92	8.58	11.03	10.19	13.22	1.44	
Difference			0.01	0.02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.08	
Pinnacle Associates US SMID Cap Growth (SA)	156,044,243	6.04	-2.15	-4.20	8.60	44.47	44.47	18.04	18.49	14.01	17.28	15.52	03/01/2010
Russell 2500 Grth Index			-3.80	-3.53	4.84	31.98	31.98	16.01	18.21	14.93	17.20	15.71	
Difference			1.65	-0.67	3.76	12.49	12.49	2.03	0.28	-0.92	0.08	-0.19	
International Equity													
Silchester International Value (CF)	263,747,908	10.21	-1.43	-1.00	11.93	28.94	28.94	5.24	7.92	6.00	8.98	9.45	06/01/2009
MSCI EAFE Val Index (USD) (Net)			-1.84	-0.97	9.61	30.66	30.66	3.04	5.96	2.74	5.97	5.39	
Difference			0.41	-0.03	2.32	-1.72	-1.72	2.20	1.96	3.26	3.01	4.06	
Baillie Gifford International Growth (BGEFX)	225,895,325	8.75	-7.65	-8.10	-5.00	14.82	14.82	19.86	19.20	13.94	14.46	13.39	06/01/2009
Baillie Gifford Index			-4.30	-3.62	2.66	16.95	16.95	11.94	10.81	8.27	9.76	9.10	
Difference			-3.35	-4.48	-7.66	-2.13	-2.13	7.92	8.39	5.67	4.70	4.29	
Baillie Gifford Spliced Index			-3.20	-2.99	5.90	23.92	23.92	8.11	9.11	6.01	8.24	7.56	
Difference			-4.45	-5.11	-10.90	-9.10	-9.10	11.75	10.09	7.93	6.22	5.83	
Acadian Emerging Markets (CF)	140,369,089	5.43	-4.18	-6.26	7.24	27.22	27.22	8.39	8.85	5.14	6.37	4.10	02/01/2011
MSCI Emg Mkts Index (USD) (Net)			-3.97	-8.09	-1.25	18.20	18.20	8.58	9.23	5.62	6.09	3.54	
Difference			-0.21	1.83	8.49	9.02	9.02	-0.19	-0.38	-0.48	0.28	0.56	

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City of Jacksonville Employees' Retirement System
Preliminary Asset Allocation & Performance (Net of Fees)

As of September 30, 2021

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Fixed Income													
Baird Core Fixed Income (SA)	233,384,651	9.04	-0.81	0.16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.15	03/01/2021
Bloomberg US Agg Bond Index			-0.87	0.05	-1.56	-0.90	-0.90	5.35	2.94	3.26	3.01	0.61	
Difference			0.06	0.11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.54	
Franklin Templeton Global Multisector Plus (CF)	94,872,744	3.67	-2.24	-2.26	-3.80	-2.12	-2.12	-2.37	0.19	-0.99	1.98	4.72	09/01/2007
Frank. Temp. Global Multisector Index			-1.78	-0.91	-3.84	-0.45	-0.45	4.30	2.17	2.30	2.07	3.52	
Difference			-0.46	-1.35	0.04	-1.67	-1.67	-6.67	-1.98	-3.29	-0.09	1.20	
Loomis Sayles Multisector Full Discretion (CF)	142,746,445	5.53	-0.47	0.28	0.27	4.43	4.43	7.78	6.09	5.28	7.02	6.78	10/01/2007
Bloomberg Gbl Agg Bond Index			-1.78	-0.88	-4.06	-0.91	-0.91	4.24	1.99	2.17	1.86	3.17	
Difference			1.31	1.16	4.33	5.34	5.34	3.54	4.10	3.11	5.16	3.61	
Real Estate													
Harrison Street Core Property LP	114,817,890	4.45	0.00	2.83	5.62	5.62	5.62	5.70	7.20	N/A	N/A	7.15	11/01/2015
NCREIF ODCE Index (AWA) (Net)			6.42	6.42	12.42	13.65	13.65	6.13	6.56	7.93	8.92	7.08	
Difference			-6.42	-3.59	-6.80	-8.03	-8.03	-0.43	0.64	N/A	N/A	0.07	
PGIM Real Estate PRISA II LP (CF)	61,532,421	2.38	0.00	4.85	8.22	8.22	8.22	4.63	6.47	N/A	N/A	7.71	01/01/2015
NCREIF ODCE Index (AWA) (Net)			6.42	6.42	12.42	13.65	13.65	6.13	6.56	7.93	8.92	7.76	
Difference			-6.42	-1.57	-4.20	-5.43	-5.43	-1.50	-0.09	N/A	N/A	-0.05	
Principal US Property (CF)	138,919,400	5.38	2.65	5.02	11.56	13.47	13.47	6.52	7.46	8.85	N/A	9.08	01/01/2014
NCREIF ODCE Index (AWA) (Net)			6.42	6.42	12.42	13.65	13.65	6.13	6.56	7.93	8.92	8.23	
Difference			-3.77	-1.40	-0.86	-0.18	-0.18	0.39	0.90	0.92	N/A	0.85	
UBS Trumbull Property (CF)	85,492,086	3.31	0.00	2.83	3.95	1.79	1.79	-0.82	1.64	3.90	5.51	4.51	12/01/2005
NCREIF ODCE Index (AWA) (Net)			6.42	6.42	12.42	13.65	13.65	6.13	6.56	7.93	8.92	6.26	
Difference			-6.42	-3.59	-8.47	-11.86	-11.86	-6.95	-4.92	-4.03	-3.41	-1.75	
Vanguard RE Idx;ETF (VNQ)	1,339,084	0.05	-5.66	0.62	22.12	33.44	33.44	11.97	7.40	9.36	11.11	13.54	12/01/2008
Custom REITs Index			-5.65	0.70	22.29	33.64	33.64	12.01	7.95	9.79	11.80	14.34	
Difference			-0.01	-0.08	-0.17	-0.20	-0.20	-0.04	-0.55	-0.43	-0.69	-0.80	

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City of Jacksonville Employees' Retirement System
Preliminary Asset Allocation & Performance (Net of Fees)

As of September 30, 2021

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Diversifying Assets													
Hancock Timberland (SA)	13,456,440	0.52	0.00	9.05	14.49	18.88	18.88	7.13	8.40	7.07	7.18	4.66	10/01/2006
NCREIF Timberland Index			1.89	1.89	4.41	5.01	5.01	2.42	2.90	3.84	4.89	5.20	
Difference			-1.89	7.16	10.08	13.87	13.87	4.71	5.50	3.23	2.29	-0.54	
Adams Street Private Equity (SA)	17,622,892	0.68	0.00	0.00	0.00	N/A	N/A	N/A	N/A	N/A	N/A	0.00	11/01/2020
S&P 500 Index+3%			-4.42	1.33	18.52	33.91	33.91	19.47	20.40	17.43	20.13	37.22	
Difference			4.42	-1.33	-18.52	N/A	N/A	N/A	N/A	N/A	N/A	-37.22	
Hamilton Lane Private Credit (SA)	9,551,879	0.37	0.00	0.04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.04	04/01/2021
ICE BofAML Gbl Hi Yld Index +2%			-0.69	0.15	3.65	12.00	12.00	8.60	8.19	7.40	9.26	3.23	
Difference			0.69	-0.11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-3.19	
Dreyfus Gvt Csh Mgt;Inst (DGCXX)	6,660,512	0.26	0.00	0.19	0.37	0.38	0.38	1.11	1.17	0.88	0.64	1.34	04/01/2001
FTSE 3 Mo T-Bill Index			0.00	0.01	0.03	0.06	0.06	1.14	1.13	0.84	0.60	1.32	
Difference			0.00	0.18	0.34	0.32	0.32	-0.03	0.04	0.04	0.04	0.02	

Private equity funds tend to underperform in the early stages of their maturity; returns tend to improve as funds mature.

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, and Adams Street, LP is available quarterly; interim months assume a 0.00% return. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon.



Performance Related Comments:

- Performance is annualized for periods greater than one year.
- Performance and market values shown are preliminary and subject to change.
- The inception date shown indicates the first full month of performance following initial funding.
- The market value shown for the Transition Account includes residual assets from terminated managers.
- RVK began monitoring the assets of the City of Jacksonville Retirement System on 01/01/2019. Prior historical data was provided by the custodian and previous consultant.
- Franklin Templeton Global Multisector Plus (CF) performance prior to 03/2016 is represented by Templeton Global Total Return (SICAV).

Custom Composite Benchmark Comments:

- **Current Total Fund Policy Index:** The passive Current Total Fund Policy Index is calculated monthly and currently consists of 30% Russell 3000 Index, 20% MSCI ACW Ex US Index (USD) (Net), 20% Fixed Income Index, 15% NCREIF ODCE Index (AWA) (Net), and 15% Diversifying Assets Index. Prior to 11/01/2017, the Current Total Fund Policy Index consists of the Legacy Total Fund Policy Index.
- **Legacy Total Fund Policy Index:** The passive Legacy Total Fund Policy Index is calculated monthly and currently consists of 35% Russell 3000 Index, 20% MSCI ACW Ex US Index (USD) (Net), 19% Fixed Income Index, 15% NCREIF ODCE Index (AWA) (Net), 10% Diversifying Assets Index, and 1% FTSE 3 Mo US T-Bill Index.
- **US Equity Index:** The passive US Equity Index consists of 100% DJ US TSM Index through 06/2009 and 100% Russell 3000 Index thereafter.
- **International Equity Index:** The passive International Equity Index consists of 100% MSCI EAFE Index (USD) (Gross) through 01/2011 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Fixed Income Index:** The passive Fixed Income Index consists of 100% Bloomberg US Agg Bond Index through 10/2017 and 100% Bloomberg US Universal Bond Index thereafter.
- **Diversifying Assets Index:** The active Diversifying Assets Index is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return. Prior to 10/01/2020, the Diversifying Assets Index consist of 67% S&P MLP Index (TR)/33% NCREIF Timberland Index. Prior to 11/01/2017, the Diversifying Assets Index consist 50% S&P MLP Index (TR)/50% NCREIF Timberland Index.

Custom Manager Benchmark Comments:

- **Baillie Gifford Index:** The passive Baillie Gifford Index consists of 100% MSCI EAFE Grth Index (USD) (Net) through 10/2017 and 100% MSCI ACW Ex US Grth Index (USD) (Net) thereafter.
- **Baillie Gifford Spliced Index:** The passive Baillie Gifford Spliced Index consists of 100% MSCI EAFE Index (USD) (Net) through 11/2019 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Frank. Temp. Global Multisector Index:** The passive Frank. Temp. Global Multisector Index consists of 100% ICE BofAML Gbl Hi Yld Index through 12/2009 and 100% Bloomberg Multiverse Index thereafter.

- **Custom REITs Index:** The passive Custom REITs Index consists of 100% MSCI US REIT Index (USD) (Gross) through 01/2019 and 100% Vanguard Spl Real Estate Index thereafter.
- **Vanguard Spliced Real Estate Index:** The Vanguard Spl Real Estate Index consists of MSCI US REIT Index (USD) (Gross) adjusted to include a 2% cash position (Lipper Money Market Average) through 04/30/2009, MSCI US REIT Index (USD) (Gross) through 01/31/2018, MSCI US IM Real Estate 25/50 Transition Index through 07/24/2018, and MSCI US IM Real Estate 25/50 Index (Gross) thereafter.

PORTLAND

BOISE

CHICAGO

NEW YORK

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Memorandum

To	Board of Trustees of the City of Jacksonville Employees' Retirement System
From	RVK Inc. ("RVK")
Subject	US SMID Cap Value Equity – Recommendation
Date	October 28, 2021

Background

The purpose of this memorandum is to provide the City of Jacksonville Employees' Retirement System ("City of Jacksonville ERS" or the "City") Board with a recommendation for an active US SMID Cap Value manager following the search process that was conducted by Staff and RVK. This search process included finalist interviews with three firms on October 7, 2021. The three finalist firms are listed below.

- Kayne Anderson Rudnick Investment Management
- Smith Graham, & Co., Investment Advisors
- Systematic Financial Management

The selected finalist is intended to replace the current passive small cap value exposure managed by Mellon Investment Corporation. The passive exposure in the small cap value space was a result of the termination of the William Blair Small Cap Value strategy in February 2021. The search to identify active US SMID Cap Value strategies was recommended as part of the US Equity Structure Study presented in May 2021.

Recommendation

RVK and Staff recommend that the Board select Systematic Financial Management ("Systematic") for the US SMID Cap Value mandate, pending successful negotiation of terms. Key drivers of this recommendation include the experience of the portfolio management and research teams, consistent track record of success, and strong fit, based on style and size profile, as a complement to existing strategies within the US equity composite.

Recommendation Summary

The three finalist candidates were originally selected following a broad survey of the opportunities available within the US SMID Cap Value asset class and interviews with seven semi-finalist candidates. There was agreement among Staff and RVK that the three finalists offered differentiated approaches which had achieved a high level of performance consistency and each exhibited impressive firm and team stability.

While Staff and RVK continue to view all three candidates as being high caliber, Systematic was

viewed as having a unique combination of employing an experienced team that uses an in-depth fundamentally driven process, which results in a portfolio that effectively represents the size and style of the US SMID Cap Value asset class. An important aspect of this process was to identify finalists that would complement the existing US SMID Cap Growth strategy managed by Pinnacle Associates. As shown in the following table, while each of these strategies are expected to add value during different periods when compared to Pinnacle Associates (as expressed by low or negative excess return correlations), Systematic has been the least correlated with the incumbent US SMID Cap Growth manager.

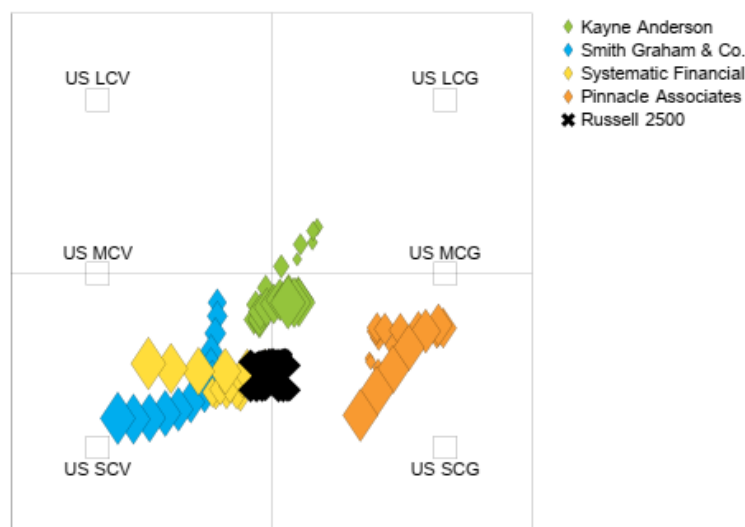
7 Year Excess Return* Correlations (06/2021)	Kayne Anderson	Smith Graham & Co.	Systematic Financial	Pinnacle Associates
Kayne Anderson	1.00	-0.01	0.17	-0.08
Smith Graham & Co.	-0.01	1.00	0.47	0.00
Systematic Financial	0.17	0.47	1.00	-0.10
Pinnacle Associates	-0.08	0.00	-0.10	1.00

* Excess returns calculated using the Russell 2500 Index.

In addition to low correlations with the incumbent manager, Systematic has consistently delivered a style and size profile within the US SMID Cap Value space as shown in the rolling returns-based style chart below.

Returns Based Style Analysis

36 Month moving average, Dec 11 - Jun 21





Overall, while there were positive and constructive considerations for each finalist, Staff and RVK chose Systematic as the recommended selection. Kayne Anderson Rudnick was viewed as the second best option given their impressive track record and larger investment team, however its fit within the existing portfolio structure was viewed as weaker when compared to Systematic.

Fee Comparison

The initial fee proposals submitted by the three finalists are shown below alongside the median fee level for the eVestment US SMID Cap Value peer group.

Manager	Management Fee*
Kayne Anderson Rudnick	0.62%
Smith Graham	0.66%
Systematic	0.59%
eVestment US SMID Cap Value Median	0.73%

** Fee calculated based on a \$135 million mandate size*

RVK considers these proposed fees to be competitive within the space.

Next Steps

Based on the Board's award selection, and subject to successful contract negotiation, RVK will work with Staff to develop a plan for transitioning assets to the new US SMID Cap Value Equity manager and rebalancing the US SMID Cap Equity composite as appropriate.

Supplemental Information

Attached are the following appendices: (1) Systematic Financial Management Summary, (2) Comparative Performance Analysis, (3) Further Return and Style Analysis, (4) Historical Price / Earnings Analysis, and (5) RVK and Staff Candidate Scoring Summary.



Appendix I: Manager Summary

Systematic Financial Management

Firm and Team

The firm was founded in 1982 and is based in Teaneck, NJ. It has been an affiliate of Affiliated Managers Group (AMG) since 1995 and is currently wholly owned by AMG. The firm has experienced the divestment of other teams over the years due to personnel and/or asset loss, it is now centered on the Small/Mid Cap Value team led by portfolio manager Ken Burgess.

Mr. Burgess leads a team of five seasoned research analysts that have an average of 20 years of industry experience. Mr. Burgess and each team member have worked on this strategy since inception in 2010. The team works in a collaborative fashion with constant communication between the team members and the portfolio manager as company research progresses.

- Ken Burgess, CFA: Portfolio Manager (Industry Start: 1993 / Firm Start: 1993)

Philosophy and Process Overview

The team seeks to invest in high quality companies which also have a strong case for further price appreciation. A high quality company is viewed as having strong financial strength while executing a proven business model that generates positive amounts of free cash flow. The process starts with a universe screen that results in a focus list of approximately 200 companies that quantitatively meet our investment and liquidity criteria. Generally, the following characteristics are targeted through the screens.

- Low price to operating cash flow
- Low price to free cash flow
- Low enterprise value to free cash flow
- Low total debt-to-equity
- Strong debt coverage

The investment team then performs intense fundamental analysis which includes a comprehensive review of historical operating results, including sales, earnings, operating and free cash flow, debt and debt coverage ratios. Throughout its process the team is seeking to identify well-managed, financially sound companies that are trading at a discount to intrinsic value, are generating strong operating and free cash flow, and have a catalyst for price appreciation. Purchase and sell decisions are made by Mr. Burgess, with significant input from the rest of the investment team, resulting in a diversified portfolio of the team's best ideas.



Appendix II: Candidate Performance, Risk and Fee Comparison
 As of June 30, 2021

Performance and Risk Comparison (Gross of Fees)

7 Year Statistics	Excess Returns, %	Standard Deviation	Sharpe Ratio	Tracking Error, %	Information Ratio	Up Market Capture Ratio	Down Market Capture Ratio
Kayne Anderson	5.20	16.70	0.82	6.72	0.77	97.61	74.49
Smith Graham	3.23	21.18	0.61	5.05	0.64	116.31	104.43
Systematic	4.34	18.20	0.73	4.28	1.01	107.09	89.40
Russell 2500 Value	---	19.04	0.50	---	---	100.00	100.00
eV SMCV Median	0.82	19.40	0.52	5.00	0.20	100.75	97.69

Appendix III: Further Return and Style Analysis

The following return and style exhibits used a 50/50 split between Pinnacle Associates and each of the finalist candidates to create a historical backtest to gauge the level of excess returns and type of size/style profile that each combination would have generated. The actual historical performance of the current US Small Cap Composite was included for comparison. Each combination would have resulted in well-ranked excess returns, however the Systematic combination offered excellent excess returns consistency and balanced performance in growth and value led months.

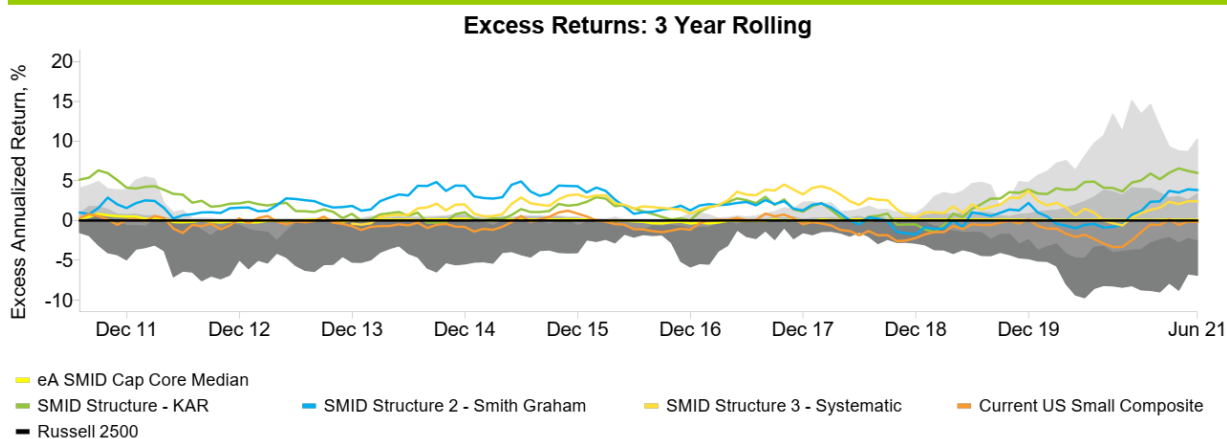
All analysis shown is as of 6/30/2021.

1. Trailing Annualized Performance

Annualized Performance	QTD		YTD		1 year		3 years		5 years		7 years		10 years	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
SMID Structure - KAR	2.4	100	15.2	71	53.4	93	21.2	10	19.9	11	14.6	8	15.1	1
SMID Structure 2 - Smith Graham	2.7	100	21.2	17	69.3	12	19.1	12	19.6	11	13.7	11	15.1	1
SMID Structure 3 - Systematic	3.0	100	19.2	20	60.8	58	17.7	37	19.3	12	14.2	10	14.8	1
Current US Small Composite	3.0	100	17.7	22	58.2	66	15.1	68	16.0	71	11.0	74	12.1	74
Russell 2500	5.4	84	17.0	45	57.8	89	15.2	67	16.3	65	11.7	65	12.9	63
eA SMID Cap Core Median	6.0	50	16.3	50	61.6	50	15.3	50	16.5	50	11.9	50	13.0	50

2. Rolling 3 Year Excess Returns Consistency

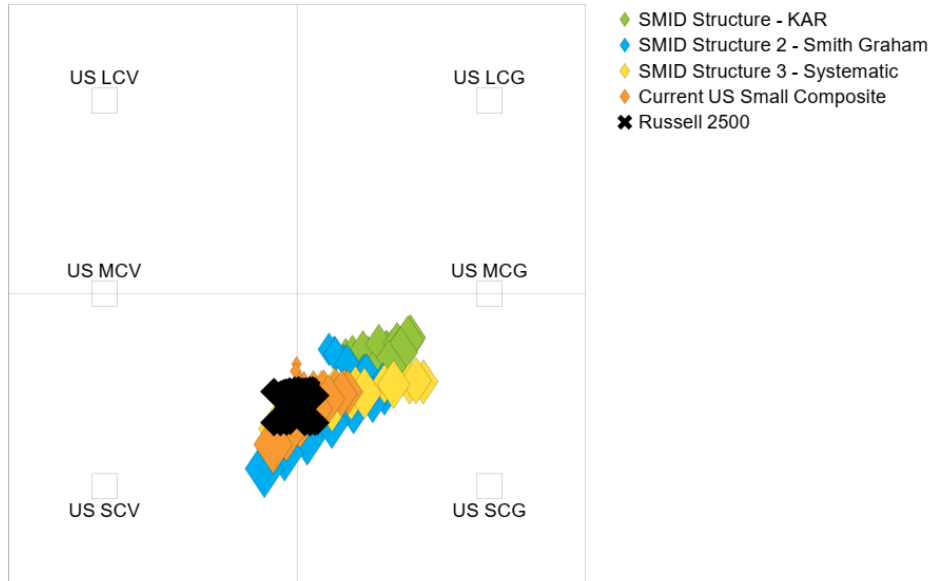
As of June 2021 Benchmark: Russell 2500



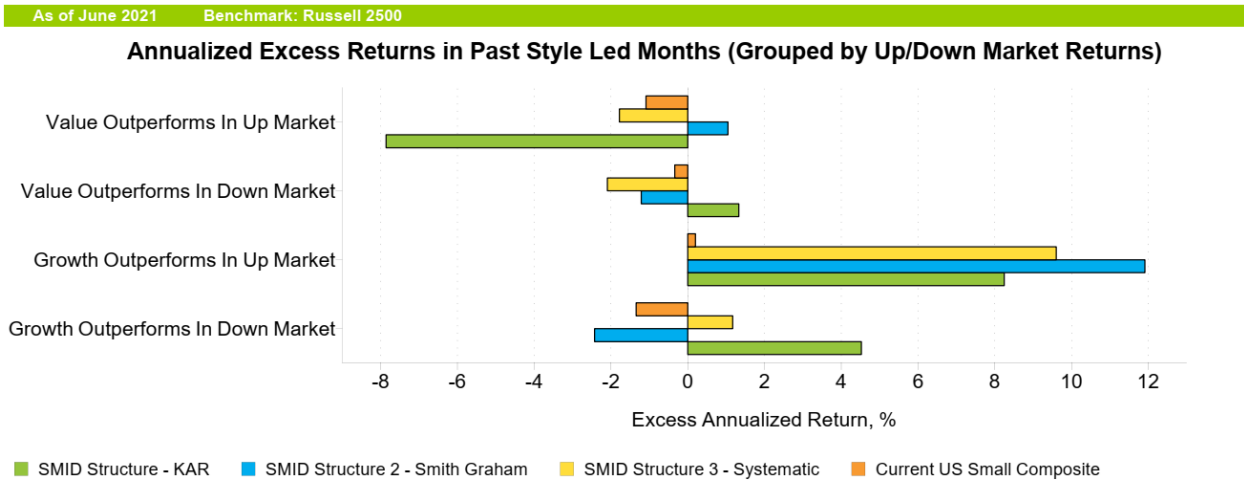
Excess Return Consistency	Consistency of Positive 3 Year Rolling Excess Returns	Current 3 Year Excess Return, %	Average 3 Year Rolling Excess Returns, %	Maximum 3 Year Rolling Excess Return, %	Minimum 3 Year Rolling Excess Return, %	Total Periods of 3 Year Excess Returns, %
SMID Structure - KAR	70.8%	5.98	2.12	6.56	-1.46	120
SMID Structure 2 - Smith Graham	72.5%	3.84	1.74	4.93	-1.73	120
SMID Structure 3 - Systematic	74.7%	2.41	1.89	4.54	-0.62	91
Current US Small Composite	1.7%	-0.17	-0.60	1.24	-3.32	120
eA SMID Cap Core Median	0.0%	0.09	0.06	0.85	-0.37	120

3. Rolling Returns-Based Style Analysis

36 Month moving average, Dec 11 - Jun 21



4. Historical Excess Returns in Past Growth or Value Led Months



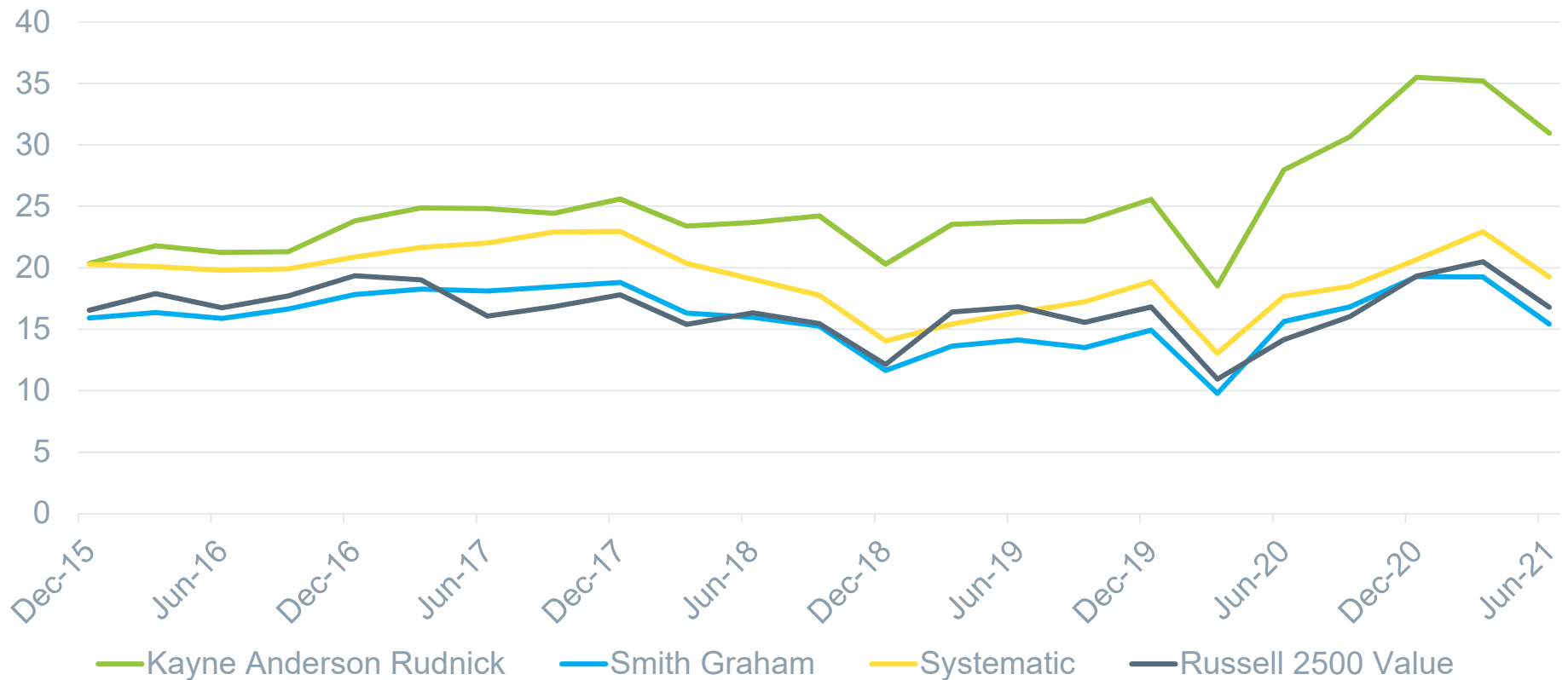
City of Jacksonville Employees' Retirement System

2021 SMID Cap Value Equity Search: Finalist Analysis

Historical Valuations

- KAR consistently has a higher valuation than the index.
- Systematic trades at a slightly premium across most periods.
- Smith Graham has a similar valuation as the index.

Historical Price/Earnings (TTM)



APPENDIX V

**City of Jacksonville Employees' Retirement System
2021 SMID Cap Value Equity Search
Finalist Scoring (Staff & RVK)**

	Total Score (Out of 25)	Firm Score (1-5)	Team Score (1-5)	Philosophy & Process Score (1-5)	Risk Management Score (1-5)	Fee Score (1-5)
Systematic Financial						
RB	21.5	4.0	4.5	5.0	3.0	5.0
BM	22.0	4.0	4.5	4.0	4.5	5.0
RVK	22.0	4.0	5.0	4.0	4.0	5.0
Average Scores	21.8	4.0	4.7	4.3	3.8	5.0

	Total Score (Out of 25)	Firm Score (1-5)	Team Score (1-5)	Philosophy & Process Score (1-5)	Risk Management Score (1-5)	Fee Score (1-5)
Kayne Anderson						
RB	21.0	4.5	4.0	4.0	3.5	5.0
BM	21.5	4.0	4.5	4.0	4.0	5.0
RVK	21.5	4.0	5.0	3.5	4.0	5.0
Average Scores	21.3	4.2	4.5	3.8	3.8	5.0

	Total Score (Out of 25)	Firm Score (1-5)	Team Score (1-5)	Philosophy & Process Score (1-5)	Risk Management Score (1-5)	Fee Score (1-5)
Smith Graham & Co.						
RB	18.5	3.5	3.5	3.5	4.0	4.0
BM	20.5	4.0	4.5	4.0	4.0	4.0
RVK	18.5	4.0	3.0	3.5	4.0	4.0
Average Scores	19.2	3.8	3.7	3.7	4.0	4.0

Finalist Ranking (1-3)	RB	BM	RVK
Systematic Financial	1	1	1
Kayne Anderson	2	2	2
Smith Graham & Co.	3	3	3



City of Jacksonville Employees' Retirement System

INVESTMENT ACTIVITY UPDATE: October 2021

Events

Board Due Diligence Meetings

1st Thursday Each Month

Meet & Greet: 12:30

Presentation: 1-2 PM

City Hall Conference Room 3C

November 4, 2021

Pinnacle- SMID Growth Equity

December 2, 2021

Acadian- Emerging Markets Equity

January 6, 2021

Baillie Gifford- International Growth Equity

February 3, 2022

Eagle Capital- US LC Value Equity

March 3, 2022

Loomis Sayles- US LC Growth Equity

April 7, 2022

Silchester- International Value Equity

May 5, 2022

Adams Street- Private Equity

June 2, 2022

SMID Value ?

Upcoming:

Fixed Income or Real Estate

Staff Update

Contract Status

HIG Real Estate- ongoing

SMID Value Finalist Lineup

Kayne Anderson Rudnick

Smith, Graham & Co.

Systematic Financial Man.

FPPTA Meeting

Staff recommends Board participation

Current Managers Meetings

Baillie Gifford- Webinar

Franklin Templeton- FI

Principal- RE

Prospect Managers Meetings

FPPTA Meeting Oct 4-5

Lazard –EMD, ID

Barrow Hanley- IE

Arena Investors- PC

Brookfield- RE

JP Morgan- PC

Audax- PC

DWS- PC

T. Rowe Price- FI

Lazard- FI & Equity

Waypoint Residential- RE

Cash Flows

Hamilton Lane-Private Credit

ICG Europe Fund SCSP

€496,000 -9/24/2021

€186,000- 10/4/2021

Cumulative Called: € 682,000

Carlyle Credit

Capital Call

\$535,000 10/29/2021

Adams Street- Private Equity

Capital Call: \$4,095,000

Prior Cash Distribution:

Total Distribution: \$2,939,720

Cumulative Call: \$21,717,892

Provider Disbursements

9/30/2021

Eagle Capital: \$515,000

Hamilton Lane: \$62,500

Loomis Sayles FI: \$124,000

Loomis Sayles LCG \$215,600

Principal RE: \$271,300

UBS Trumbull RE: \$162,400

RVK: \$46,350

Total Fees: \$1,397,150

Provider Redemptions

UBS Trumbull-

Redemption \$3.6 M

Dividend \$.620 M