



SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, March 19, 2021

9:00 A.M. – 10:22 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 **Thursday**, April 22, 2021 at 9:00 A.M.

Board of Trustees

Assistant Chief Chris Brown, Chair
Nawal McDaniel, Secretary
Cpt. Michael Lynch
Richard Patsy
Terry Wood

Guests

Gar Chung
Diane Moser, Director of Employee Services
Jim Mattera, FIAC Candidate

Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager
Chuck Hayes, Pension Benefits Manager
Randall Barnes, Fund Treasurer
Jordan Cipriani, RVK, Investment Consultant
Kevin Schmidt, RVK, Investment Consultant
Robert Lemmon, CRI, Fund Auditor
Lawsikia Hodges, Office of General Counsel
Bob Sugarman, Fund Counsel

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.

Agenda

- I. Pledge of Allegiance
- II. Invocation

Timothy Johnson gave the invocation.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

III. Moment of Silence

Kenneth W. Homan, Retired Police Officer
Michael E. Monroe, Retired Police Sergeant
Raymond E. “Eddie” Smith Jr., Retired Fire Captain

IV. Public Speaking

None.

V. Consent Agenda Items 2021-03-(01-14)CA

Nawal McDaniel made a motion to approve the consent agenda. Seconded by Richard Patsy. The vote passed unanimously.

2021-03-01CA Meeting Summaries to be Approved

1. Summary to the Board of Trustees & FIAC Manager Update of February 19, 2021
2. Summary to the Board of Trustees Personnel Committee Meeting of March 15, 2021
3. Summary to the Board of Trustees & FIAC Manager Update of March 16, 2021

2021-03-02CA 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

02-01-2021 thru 02-28-2021

| | | |
|--------------------------------|-----------|---------------------|
| 1. Acadian Asset Management | \$ | 232,900.00 |
| 2. Tortoise Capital Advisors | \$ | 52,060.58 |
| 3. Thompson, Siegel & Walmsley | \$ | 40,550.25 |
| 4. Eagle Capital Management | \$ | 469,469.59 |
| 5. Harvest Fund Advisors | \$ | 51,788.98 |
| 6. Trane U.S. Inc. | \$ | 132,232.00 |
| 7. Jacksonville P&F | \$ | 142,873.21 |
| 8. Pinnacle Associates | \$ | 145,758.00 |
| Total | \$ | 1,267,632.61 |

City of Jacksonville Police and Fire Pension Fund
 Summary to the Regular Board of Trustees Meeting of
 Friday, March 19, 2021
 9:00 A.M. – 10:22 A.M.

DISBURSEMENTS B

02-01-2021 thru 02-28-2021

| | | |
|-----------------------------------|----|-----------|
| 1. Accounts Payable Distributions | \$ | 32,221.23 |
| 2. Accounts Receivables | \$ | 33,222.82 |

2021-03-03CA Pension Distributions

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

February 5, 2021

| | | |
|-----------------------|-----------|---------------------|
| 1. Regular Gross | \$ | 6,617,119.73 |
| 2. Regular Lumpsum | \$ | 0.00 |
| 3. Regular Rollover | \$ | 0.00 |
| 4. Regular DROP Gross | \$ | 1,341,224.24 |
| 5. DROP Lumpsum | \$ | 37,000.00 |
| 6. DROP Rollover | \$ | 0.00 |
| Total | \$ | 7,995,343.97 |

February 19, 2021

| | | |
|-----------------------|-----------|---------------------|
| 1. Regular Gross | \$ | 6,619,334.35 |
| 2. Regular Lumpsum | \$ | 18,137.30 |
| 3. Regular Rollover | \$ | 0.00 |
| 4. Regular DROP Gross | \$ | 1,341,216.16 |
| 5. DROP Lumpsum | \$ | 0.00 |
| 6. DROP Rollover | \$ | 60,909.79 |
| Total | \$ | 8,039,597.60 |

The following Consent Agenda items 2021-03-(04-09CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on March 10, 2021. Vote was unanimous. Meeting Summary attached.

2021-03-04CA

Application for Survivor Benefits

2021-03-05CA

Application for Children Benefits

2021-03-06CA

Application for Vested Retirement

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

[2021-03-07CA](#)

Application for Time Service Connections

[2021-03-08CA](#)

Application for Temporary Disability

[2021-03-09CA](#)

Application for DROP

The following Consent Agenda items 2021-03-(10-14CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on March 10, 2021. Meeting Summary attached.

[2021-03-10CA](#)

Refund of Pension Contributions

[2021-03-11CA](#)

Share Plan Distributions

[2021-03-12CA](#)

DROP Participant Termination of Employment

[2021-03-13CA](#)

DROP Distributions

[2021-03-14CA](#)

DROP Distributions for Survivors

VI. [Director of Employee Services Report – Diane Moser](#)

Diane Moser informed the Board of resources available at the City regarding employee services. This report has been given to all Boards and Commissions following an Inspector General's Office report recommendation to the Mayor's Office.

Michael Lynch said that – for the record – the Executive Director and PFPF staff are employees of the Board of Trustees. The Board of Trustees is not obligated to use City services, although we can. Chapter 121 says they are employed by the Board of Trustees.

VII. [Auditor Reports](#)

[a. Independent Auditors' Report](#)

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

Robert Lemmon presented his Fiscal Year 2020 PFPF Audit Report to the Board of Trustees. The headline is, there is nothing to report – this is good, as there are no major findings. These are the draft financial changes, and will be final upon Board of Trustee approval.

Robert Lemmon covered various sections of the report:

- Independent Auditors' Report: This is unmodified, which means 'clean', and is the highest level of assurance an auditor can give.
- Management's Discussion and Analysis: This shows numbers and changes from the prior year.
- Statement of Fiduciary Net Position: This shows the assets and liabilities for this year and last year. Investments increased by almost \$100 million.
- Note 1: Description of the Fund showing general information like the number of participants, and benefit amounts. There is nothing new here.
- Note 2: Summary of Significant Accounting Policies
- Note 3: Reserve Accounts: There is \$16 million remaining in reserves
- Note 4: Fair Value Measurements: Investments are broken into 3 different levels based on measuring investment value
- Note 5: Deferred Retirement Option Program
- Note 6: Pension Plans for Fund Employees
- Note 7: Deposits and Investments: This is a snapshot of your investment categories at the end of the year, and risks associated with the investments.

Chris Brown asked for the amount of new retirees during the last Fiscal Year.

Michael Lynch said that about 100 members retired last year – there is no rush to retire, yet.

Robert Lemmon covered two items in the 'required communications' document attached to his report. The first item was regarding 'estimates', or uncertainty of the Fund's level 2-3 investments.

Robert Lemmon covered the Summary of Adjustments, noting that none were left unresolved. There were two small corrections to the original numbers submitted due to unrealized gains on real estate investments. The second correction was an accrual provided by the City. There was also a small control deficiency, which does not indicate any fraud risk, due to a coding error by the City's Information Technology Department in a payroll reconciliation report. Kevin Grant has since worked with ITD to fix the report. This error did not lead to any problems or errors in the numbers for the audit report.

Kevin Grant said that ITD changed the report, but the PFPF Staff was unaware the change took place. Chuck Hayes uses the report to reconcile payroll every pay period, and it did not reconcile. ITD corrected the report.

Michael Lynch said that ITD does something incorrectly and we the zinged on our audit.

Kevin Grant said yes.

Michael Lynch suggested asking ITD to let us know whenever they change something that affects us.

Kevin Grant said they are aware that they must let us know whenever they make changes that affect our reports.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

Richard Patsy asked to change the word 'alter' in paragraph 3 in the management's action column. He said it has a negative connotation and should be changed to 'corrected'.

Robert Lemmon said he would make that update. He thanked the PFPF team for their help with this good, clean audit.

Michael Lynch said since there are some items to be corrected in the audit, it should be brought back to be reapproved next month.

Chris Brown said it could be approved conditionally today.

Timothy Johnson said that Kevin Grant recommends the Board of Trustees approve it preliminarily today.

Kevin Grant said that the audit goes with the Chapter Funds application, so we need it approved.

Michael Lynch made a motion to accept the audit, on the condition that the points raised are corrected, and that it be brought back to the Board for reapproval. Seconded by Richard Patsy. The vote passed unanimously.

VIII. Investment Consultant Reports

a. Monthly Investment Performance Analysis – February 28, 2021

Kevin Schmidt covered the Monthly Investment Performance Analysis as attached to the meeting book. He gave the following update:

- Equity markets began the month strong, before pulling back sharply the last week of January, finishing with mixed results. Broad international and US indices ended the month roughly flat, although domestic small cap indices outperformed their large cap counterparts and finished with mid-single digit returns. The strong performance early in the month was largely due to vaccine and stimulus optimism, but pulled back in part due to renewed uncertainty over likelihood of the large \$1.9T stimulus package being passed by Congress, and due to the continued spread of COVID-19 combined with delays in the distribution of vaccines.
- Adding to the downwards pricing pressure on equity markets towards the end of the month, groups of retail investors attempted to enact a short squeeze on select hedge funds with large short interest in certain small cap stocks. Some hedge funds were forced to sell large amounts of liquid equity positions in order to remain solvent.
- At the January Federal Reserve meeting, the FOMC announced it would continue its pace of purchasing assets while keeping the federal funds rate near zero to support the economy, noting that the US' economic outlook remains uncertain.
- Equity markets posted negative returns in January as the S&P 500 (Cap Wtd) Index returned -1.01% and the MSCI EAFE (Net) Index returned -1.07%. Emerging markets returned 3.07% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.72% in January, underperforming the -0.24% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned - 1.41%, 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 0.10% in January and 5.51% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 13.35% for the trailing one-year period and 12.99% for the trailing five-year period ending September 2020.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

- The return for absolute return strategies, as measured by the HFRI FOF Comp Index, is currently unavailable.
- Crude oil's price increased by 7.58% during the month, and has increased by 1.24% YoY.
- Fund Performance Month-to-Date: +2.4%;
- Fund Performance Year-to-Date: +5.3%;
- Fund Performance Fiscal Year-To-Date: +18.0%

Jordan Cipriani said that the Private Market Allocations education would be brought later to the Board of Trustees, possibly as a joint meeting with the FIAC.

IX. Executive Director's Report

a. FIAC Recruitment: Jim Mattera

Timothy Johnson introduced Jim Mattera, who has extensive experience in the retirement services industry with a focus on Defined-Benefit plans. The FIAC recommends the Board of Trustees direct Timothy Johnson and OGC to create a resolution appointing Jim Mattera to the FIAC. He would then be brought through the City Council approval process. He has attended two FIAC meetings so far.

Jim Mattera was attending via ZOOM, however his microphone was experiencing technical difficulties.

Richard Patsy made a motion to approve Jim Mattera as FIAC candidate. Seconded by Nawal McDaniel. The vote passed unanimously.

Timothy Johnson said the FIAC is recommending a joint meeting with the Board of Trustees for private investment education. This will be brought in May.

a. Phase I Succession Plan

X. Personnel Committee Recommendation

Timothy Johnson covered Phase I of the Succession Plan, which includes a recommendation from the Personnel Committee. He covered the 'Personnel Committee Recommendations to PFPF Board of Trustees' presentation in the meeting book:

- 2020/2021 Strategic Goals: Succession Planning was originally planned as part of this fiscal year's goals, and was assigned to Chuck Hayes.
- New PFPF Organization Structure: This new structure is slightly different – rather than post and hire a new replacement for Debbie Manning, we are distributing her duties between Lynn West and Maria Young. After the Personnel Committee meeting this month, the Committee recommends we retain the CSA III position, even though our intent is to not fill it at this time.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

Chris Brown asked about the CSA III position, and why we are not filling it currently.

Timothy Johnson said the CSA III was the position at the front desk. The current CSA III is a contractor. The new Pension Administrative Specialist will take front desk duties.

- Newly Assigned Duties Following Manning Retirement: This detailed slide shows the process the team went through in distributing Debbie Manning's duties. We have worked with Employee Services, and everything has been reviewed and graded.
- Recommendation:
 - Reclassify the Sr. Pension Benefits Specialist position into the Finance and Benefits Specialist position with reduced pay grade 29.10
 - Place Maria Young into the Finance and Benefits Specialist position
 - Re-Grade Benefits Specialist Position (Lynn West) from 29.09 to 29.13
 - Reassign certain Pension Administrative Specialist duties to the Deputy Director
 - Pay Adjustments
 - Finance & Benefits Specialist \$30.05/hr.
 - Pension Benefits Specialist \$38.46/hr.
 - Deputy Director \$43.49/hr.
 - Redesign, post, and hire a new Pension Administrative Specialist remaining at 29.07 pay grade
 - Projected 2021 Personnel Savings After Changes: \$78,910.23

Michael Lynch said that the Personnel Committee supports everything in the recommendation. We talked through the questions, and ultimately retained the CSA III position.

Timothy Johnson said Employee Services concurred with everything in this presentation.

Michael Lynch said he agrees with everything we are doing, and asked that since these employees have been performing these duties for two months, if the pay adjustments would go back to January.

Timothy Johnson said that the recommendation does not include that – we typically make pay adjustments effective when the Board of Trustees approves them. It would be up to the Board of Trustees to make the pay retroactive.

Chris Brown asked if the employees have been training up to this point, or are doing the new duties self-sufficiently.

Timothy Johnson said the employees have been doing the new duties self-sufficiently for a while. They became self-sufficient faster than expected, with no pushback. He said he would endorse a retroactive pay adjustment if the Board of Trustees supports it.

Lawsikia Hodges said she feels compelled to disclose that OGC is looking into an issue regarding retro pay for people not classified to perform the job, from a Florida Statute 215 perspective. If the Board of Trustees takes action to make pay retroactive, it should be subject to OGC completing its review and determining it is legal and in compliance with the statutes.

Michael Lynch asked how long OGC has been looking at this question.

Lawsikia Hodges said there is legislation being considered in the past week.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

Michael Lynch asked how long the 215 conversation has been an issue because he recalls the last time he discussed this with Lawsikia Hodges was over six months ago.

Lawsikia Hodges said OGC has multiple clients, and there is a filing deadline this Wednesday. There was no talk about retro pay at the Personnel Committee meeting. This is a new point. If the Board wants to move forward, that is fine, but the Board should make the motion subject to OGC's legal determination.

Chris Brown said that if the Board waits, it would be to consider OGC's legal opinion. OGC would give the Board legal advice, and the Board would take that under advisement, but ultimately the Board is responsible for making these decisions.

Lawsikia Hodges said yes, it is always legal advice.

Chris Brown said as fiduciaries, perhaps the Board should seek legal opinions from multiple sources before taking action on this part. He suggested taking action on the pay adjustments, but tabling the retroactive pay so research could be done.

Michael Lynch asked how long OGC has, for whatever agency, been dealing with this question. The Board could wait 9 months for an opinion, or 9 days.

Lawsikia Hodges said this would need to be answered in the next two weeks.

Chris Brown asked if it would be ready before the next Board of Trustees meeting.

Lawsikia Hodges said absolutely.

Chris Brown said he thinks it would be responsible to get more information and a legal opinion. He said he recommends action on this recommendation in full, but wait on the retro pay. It is responsible to compensate the employees correctly.

Michael Lynch made a motion to implement the Personnel Committee's recommendation as listed by Timothy Johnson. Seconded by Terry Wood. The vote passed unanimously.

Timothy Johnson covered the last slide, 'Phase II of the Succession Plan':

- Alignment with business strategy
- Required competencies to implement
- Pipeline of candidates
- Fairness Opinion on Manager Compensation
- Career Progression
- Monitoring the process
- Cover unforeseen circumstances
- Report back to the Personnel Committee before budget submission

Timothy Johnson discussed the Virtual Annual Members' Meeting. The focus will be on the Fiscal Year 2020 annual report. The meeting will start at 9AM on Thursday, April 22 and should not last longer than an hour and a half.

Chris Brown noted he would like to see the number of retirees and active members of the Plan on the dashboard.

City of Jacksonville Police and Fire Pension Fund
Summary to the Regular Board of Trustees Meeting of
Friday, March 19, 2021
9:00 A.M. – 10:22 A.M.

The Board of Trustees discussed scheduling the joint FIAC meeting.

Chris Brown said he would be fine with a special joint meeting in April.

Timothy Johnson said that is possible and he would work to schedule it.

XI. Counsel Reports

Bob Sugarman said he is working on updating the SSVRP, as IRS regulations have changed. We will review and amend the plan, and work with the PFPF on procedures to put into effect.

XII. Council Liaison Update

XIII. Old Business

XIV. New Business

XV. Next Meeting: **Thursday**, April 22, 2021 at 9:00 A.M. – Main Library

XVI. Adjournment
10:22 A.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director

City of Jacksonville Police and Fire Pension Fund

Posted: 03/23/2021

To be Approved: 04/22/2021