



## SUMMARY TO THE REGULAR BOARD OF TRUSTEES MEETING

Friday, September 18, 2020

9:01 A.M. – 11:01 A.M.

City of Jacksonville Police and Fire Pension Fund  
1 West Adams Street Suite 100, Jacksonville, FL 32202  
**ZOOM ONLINE MEETING – NO PHYSICAL LOCATION**

The next regular Board of Trustees meeting will be held October 23, 2020 at 9:00 A.M.

### Board of Trustees

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

### Guests

Chuck Baldwin  
Paul Barrett  
Gar Chung  
Randy Wyse

### Staff

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

### Excused

Nawal McDaniel, Secretary

### 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.

### Agenda

Chair Chris Brown convened the meeting at 9:01 A.M.

#### I. Invocation

Timothy Johnson gave the invocation.

#### II. Moment of Silence

Jack R. Flood, Retired Fire Lieutenant

#### III. Public Speaking

None.

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IV. Consent Agenda Items 2020-09-(01-11)CA

Terry Wood made a motion to approve the Consent Agenda Items 2020-09-(01-11)CA. Seconded by Michael Lynch. The vote passed unanimously.

*2020-08-01CA Meeting Summaries to be Approved*

1. Summary to the Board of Trustees Meeting of August 21, 2020
2. Summary to the Board of Trustees Special Meeting of August 25, 2020
3. Summary to the Board of Trustees Special Meeting of August 27, 2020

*2020-09-02CA 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**

8-01-2020 thru 08-31-2020

None.

**DISBURSEMENTS B**

08-01-2020 thru 08-31-2020

1. Accounts Payable Distributions	\$	49,094.00
2. Accounts Receivables	\$	31,003.08

*2020-09-03CA Pension Distributions*

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

**August 7, 2020**

1. Regular Gross	\$	7,344,897.94
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	0.00
4. Regular DROP Gross	\$	1,322,802.84
5. DROP Lumpsum	\$	178,491.76
6. DROP Rollover	\$	0.00
<b>Total</b>	<b>\$</b>	<b>8,846,192.54</b>

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**August 21, 2020**

1. Regular Gross	\$	6,340,793.27
2. Regular Lumpsum	\$	0.00
3. Regular Rollover	\$	56,976.71
4. Regular DROP Gross	\$	1,322,802.05
5. DROP Lumpsum	\$	0.00
6. DROP Rollover	\$	0.00
<b>Total</b>	<b>\$</b>	<b>7,720,572.03</b>

The following Consent Agenda items 2020-09-(04-07CA) were verified with supporting documentation and approved at the Advisory Committee meeting held on September 9, 2020. Vote was unanimous. Meeting Summary attached.

[2020-09-04CA](#)

Application for Vested Retirement

[2020-09-05CA](#)

Application for Survivor Benefits

[2020-09-06CA](#)

Application for Time Service Connections

[2020-09-07CA](#)

Application for DROP

The following Consent Agenda items 2020-09-(08-10CA) were verified with supporting documentation and received as information at the Advisory Committee meeting held on September 9, 2020. Meeting Summary attached.

[2020-09-08CA](#)

Share Plan Distributions

[2020-09-09CA](#)

DROP Participant Termination of Employment

[2020-09-10CA](#)

DROP Distributions

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[2020-09-11CA](#)

Educational Opportunities

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1. 50 South Capital 2020 Virtual Investor Conference

Wednesday, September 23<sup>rd</sup>, 10AM – 12PM

Thursday, September 24<sup>th</sup>, 10AM – 12PM

[Click here to register](#)

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Michael Lynch said he would like to take up some new business – both the police and fire unions have sent direction letters to Timothy Johnson.

Michael Lynch said he would like to make a motion that the Board of Trustees give authority to Timothy Johnson to move accordingly with the unions' direction (assuming the direction is legally appropriate). Seconded by Terry Wood.

Discussion:

There was no public speaking requested on this motion.

Richard Patsy said that OGC will determine if the unions' intent is legally appropriate, as it has in previous years.

Chris Brown said the motion would include that this is in accordance with the rules and regulations.

Michael Lynch agreed. The direction is essentially identical to that of previous years. There should be no legal issues.

Lawsikia Hodges said OGC will confirm everything aligns with the ordinance code.

The vote passed unanimously.

Michael Lynch said that Timothy Johnson's contract expires on September 30. He made a motion to extend the current contract for 60 days, and to give authority to the Board of Trustees Chair to execute. Seconded by Terry Wood.

Discussion:

Chris Brown said that the Personnel Committee would need to meet within those 60 days to develop a new contract.

The vote passed unanimously.

V. Investment Consultant Reports

a. *Monthly Investment Performance Analysis – August 31, 2020*

Kevin Schmidt covered the Monthly Investment Performance Analysis as of August 31, 2020:

“August was a very strong month for US equity markets, with all major indices finishing in positive territory. The S&P 500 Index reached its all-time high in August, driven by continued expectations of low interest rates coupled with strong corporate earnings. Better-than-expected economic data, declining COVID-19 cases, and optimism of a vaccine in the near future also spurred investor confidence. Developed international markets and emerging markets also experienced a positive month, with most major indices finishing with low to mid-single digit returns, largely driven by accommodative fiscal and monetary policy in multiple countries. Equity markets posted positive returns in August as the S&P 500 (Cap

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Wtd) Index returned 7.19% and the MSCI EAFE (Net) Index returned 5.14%. Emerging markets returned 2.21% as measured by the MSCI EM (Net) Index.”

All of the fund’s asset classes remained within their policy target ranges.

*b. Asset Allocation Study Update*

Timothy Johnson updated the Board of Trustees on the Asset Allocation Review, and the process leading up to this point. The FIAC has made a recommendation, however according to the ordinance, City Council Finance Committee must be notified 10 days in advance before the Board of Trustees considers a change to its asset allocation. The Asset Allocation Review will be discussed at a high level today, and will be brought back to the Board next month for action.

Michael Lynch asked to confirm that the Finance Committee does not actually weigh in on the Board’s decision to change its asset allocation. He said he wanted to make sure they do not have oversight on the Board’s investment authority.

Lawsikia Hodges said that is correct – this is just a notice. The Finance Committee does not weigh in, but may add public comment.

Timothy Johnson covered the bullet points in his PFPF Asset Allocation Timeline slide from the Board book, leading up to the September 11, 2020 FIAC action recommending the Board of Trustees adopt ‘Potential Portfolio 3’ from RVK’s Asset Allocation Review. Potential Portfolio 3 adds Non-Core Real Estate at 5%, Private Credit at 8%, and does not allocate to Private Equity (0%).

Jordan Cipriani, Jim Voytko, and Kevin Schmidt covered the Asset Allocation Review. They covered the following topics and made the following points:

- Introduction (page 2)
- Overview of Potential Portfolios (page 4): A handful of portfolios shown went through many iterations, and this summarizes what the FIAC, Staff, and RVK coalesced around, Portfolio 3. This portfolio exits the MLP asset class, and adds Private Credit and Non-Core Real Estate to the portfolio.

Jordan Cipriani discussed trends and opportunities in the Private Credit asset class post-2008. Commitments are long term, but time to harvesting is shorter than that of Private Equity. By moving to Portfolio 3, the fund is increasing its expected return, and lowering its expected risk.

- Efficient Frontier (page 5)
- Monte Carlo Risk Analysis (page 6)
- Monte Carlo Simulation (page 7): Potential Portfolio 3 has the most favorable downside protection.
- Monte Carlo Simulation, Continued (page 8)

Jordan Cipriani said that RVK can answer the Board’s questions today, and could provide additional educational materials if the Board wishes.

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Timothy Johnson said that there is no urgency to approve the Asset Allocation. He encouraged the Board to also follow up with RVK directly if they have more questions after today's meeting. He thanked Richard Patsy for attending two FIAC meetings.

Chris Brown asked Richard Patsy if he was comfortable moving out of the MLP space.

Richard Patsy said he was initially reluctant because the class had lost so much value. However, the long-term prognosis is not good. Now is a good time to take our losses. This is a long-term decision – we won't know if it was a good one for quite some time.

Michael Lynch asked if there is enough manpower to implement the private asset classes into the portfolio, and if Bob Sugarman's office has the experience in this type of business.

Bob Sugarman said that his office is entirely equipped, and everything shown today has been successfully invested in by his clients. So far, Pedro Herrera has not failed.

Timothy Johnson said the PFPF staff is capable to handle this workload.

Paul Barrett said that RVK has done well working with GEPP in implementing private investments, and is happy to help provide any input if needed.

Chris Brown said this was a very good presentation.

Michael Lynch asked if he would be able to send questions to Richard Patsy about the Asset Allocation before the next meeting, or if he should send them to Timothy Johnson to distribute.

Lawsikia Hodges said she would prefer him send his questions to Timothy Johnson – as long as there is just one-way communication. This would help prevent any inadvertent responding.

Michael Lynch asked the Board of Trustees for their thoughts. This is a very big and important decision.

Chris Brown said that he wants to study the Private Credit asset class more himself before the Board makes its decision.

Michael Lynch asked Jordan Cipriani for examples of RVK's thoughts on Private Credit and Non-Core Real Estate. He said he was curious to see examples.

Jordan Cipriani said that this would be an easy task, and this could be presented at the next meeting, or it could be sent over in advance.

Chris Brown said additional educational materials would be great, and for RVK to send them to Timothy Johnson.

Jim Voytko said he could give examples of funds used with RVK's other clients.

Terry Wood asked if it would take years to be fully committed to a private investment strategy.

Jordan Cipriani said yes, you could commit \$50 million, but depending on the strategy, they could draw all \$50 million at once, or they could draw it over time.

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VI. Executive Director's Report

Timothy Johnson covered highlights of his Executive Director's Report as included in the Board Book. Jason Weathington's disability hearing will occur in October following his hearing with the Civil Service Board. This will be on next month's agenda. Also, Richard Patsy has given direction, and RVK is preparing a recommendation regarding changes to the process of the annual City Reimbursement. This should be ready by November. He congratulated Michael Lynch on completing the 'Accredited Fiduciary' program at NCPERS.

*a. Farah & Farah Lease Amendment – Kevin Grant*

Kevin Grant covered the Farah & Farah Lease Amendment. This is an amendment to the contract that needs Board approval. Farah & Farah wish to lease additional space.

**Richard Patsy made a motion to approve (giving Timothy Johnson authority to sign). Seconded by Terry Wood. The vote passed unanimously.**

*b. Encumbering Keane Settlement Funds – Kevin Grant*

Kevin Grant discussed the Encumbering Keane Settlement Funds as attached to the Board Book. The settlement amount is \$125,000. Action is needed to move funds from the Professional Services line of the budget to the Judgements and Settlements line, and to encumber the amount from fiscal year 2020 excess funds to carry over to the next fiscal year, in anticipation of City Council's approval.

Kevin Grant said that to replace the chiller, we need to encumber the \$112,996 amount from fiscal year 2020 funds to carry over to the next fiscal year.

Timothy Johnson said that the City has to come up with its half of the total \$250,000 settlement as well.

**Michael Lynch made a motion to approve the Encumbering Keane Settlement Funds and the Chiller Replacement Encumbrance. Seconded by Terry Wood. The vote passed unanimously.**

VII. Personnel Committee Recommendation

Timothy Johnson overviewed his 'Year in Review' presentation from the Personnel Committee meeting. He covered some performance goals set by the Board of Trustees at the beginning of the Fiscal Year, and showed some goals which were not achieved. He covered the following core competencies and related goals:

Leading Change: Assessed And Adjusted To Changing Situations, Implementing Innovative Solutions To Make Organizational Improvements:

- Determining the Correct Long-term Assumed Rate of Return
- Opinions: Pension Forfeiture of Admitted Felons, Children's Benefit

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- Optimizing Cash Position: True-up and Employer Contribution (incomplete)
- Foresight Stress/Scenario Testing Software (incomplete)
- Full day pre-retirement seminar similar to COJ (incomplete)

Leading People: Provided An Inclusive Workplace That Fostered The Development Of Others To Their Full Potential:

- Public records accessible online via screen reader
- Cross-train Benefits staff
- PT CSA to scan and index record

Business Acumen: Administered Job Duties In a Manner That Instilled Stakeholder Trust And Accomplished The Organization's Mission:

- Peer Group Benchmarking
- ERP Conversion
- Lease 3rd floor office
- Hold/Sell Analysis of One West Adams Street
- Asset Allocation Study
- Health Trust: Union Feed to JaxPension
- Retiree Portal Enhancements & JaxPension Updates
- Pension Adjustments: DOJ v. City (JFRD) Consent Decree & Children's Benefit
- Internal review of benefit ordinance, policy, procedures and practices (incomplete)
- Children's Benefit (Aged-out) (incomplete)
- Follow-up to Audit Report 736A (incomplete)

Building Coalitions: Solicited And Considered Feedback From Internal And External Stakeholders:

- Better communication with Board
- Settlements: C. Brock v. COJ and PFPF; J. Keane v. COJ and PFPF cases
- Enlistments: Park, Lax, and Woods
- Update Financial Services Agreement with COJ (incomplete)

Timothy Johnson said that about 90% of the goals were achieved this Fiscal Year.

Chris Brown said that this is very impressive considering the shutdown and quarantines.

Timothy Johnson said this is also the Executive Director's 2020 Performance Review – ultimately, the Executive Director is held responsible for what we do and don't do.

Timothy Johnson read Nawal McDaniel's comment from his 'Executive 2020 Performance Review', as attached to the Board Book:

“In follow up to our meeting of the Personnel Committee yesterday, I wanted to acknowledge again what an outstanding job you and your team have done over the past year, despite the challenges that COVID has presented. You have accomplished many goals, and most of those that did not get accomplished are not due to lack of action or efforts, but rather outside factors that are beyond your control. I think this is important to note when looking at the tasks that remain incomplete.



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I understand that a 3.5% raise is being recommended across the board to all team members, because much of the success has been a group effort. I have no problem with a 3.5% raise and think it is well deserved. However, I do think that you personally and other individuals have gone above and beyond over the last year and some recognition for that is in order. As I mentioned, I am unfortunately unable to attend the board meeting tomorrow (9/18), but I wanted to send a note to confirm my approval of the 3.5% raise across the board, and to also note that I am in favor of an even higher increase for you and other members of the staff who have gone above and beyond in completing not only goals that were on the agenda for this fiscal year, but also other tasks and projects that arose unexpectedly.”

Chris Brown asked Michael Lynch to elaborate, since he was also at the Personnel Committee meeting.

Michael Lynch said there was great discussion and all agreed. He echoed Nawal McDaniel’s point – he said he would be in favor of either an across the board raise, or one based on performance, but the Board chose performance-based pay. He said he personally does not like the across the board method. He said he is open to paying those who stepped up more. He said lump-sum payments are an option to reward those employees, or a higher raise percentage. He said he thinks the raises should be tabled so that the Personnel Committee could review more information and determine what the extra amounts should be.

Terry Wood agreed with Michael Lynch and said this should be tabled until the next meeting.

Chris Brown said he agrees that a 3.5% raise is fine, but he would need time to look at individual scores to determine what the extra amounts would be.

Michael Lynch said the Personnel Committee is OK with the 3.5% across the board raise. He said he would be willing to hold another Personnel Committee meeting as soon as next week. He said we could go with a 3.5% across the board raise now, and later bring a recommendation for the extra lump sums at the next meeting.

Chris Brown asked Timothy Johnson if this would be too complex to work through administratively.

Timothy Johnson said his only issue is making anything retroactive. He said he would table the 3.5% until next month, and make it retroactive to October 1.

Michael Lynch said that is OK.

Lawsikia Hodges asked to be included in this discussion to ensure the lump sums are administered correctly.

Michael Lynch said he would work with Timothy Johnson, and said that the Board of Trustees has full authority on compensation. Lump sum payments were made to PFPF employees in the past, and across the City government.

**Michael Lynch made a motion to table the Personnel Committee recommendation and bring a new motion at the next Board of Trustees Meeting. Seconded by Terry Wood. The vote passed unanimously.**

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VIII. Counsel Reports

*a. Hearing – Forfeiture of Pension Benefits – Michael S. Rounsville*

Bob Sugarman covered the background on the recommended Forfeiture of Pension Benefits of Michael S. Rounsville. Mr. Rounsville has decided to not contest the forfeiture based on his conversations with Timothy Johnson. He had the opportunity to attend today to speak at this hearing, but chose not to.

Bob Sugarman reviewed the case and conviction of Michael Rounsville. He reviewed his opinion from February 2020 which recommends forfeiture. If the Board approves the forfeiture, Bob Sugarman’s office will prepare an order, the Board Chair will sign, and send to Michael Rounsville. His pension will be terminated. If he has been paid a pension in excess of his total contributions, he will be required to pay the difference. He could appeal the order, but he has indicated he has no interest in doing so.

**Terry Wood made a motion, based on the evidence in the record summarized in the February 2020 letter from Bob Sugarman, for reasons set forth in that letter, to forfeit Michael S. Rounsville’s pension, and to authorize the Board Chair to sign. Seconded by Michael Lynch. Discussion:**

Chris Brown said that this is very unfortunate, but forfeiture is one of the Board’s duties.

Timothy Johnson said that he had many conversations with Michael Rounsville, and it was through those conversations that he said he did not wish to contest the forfeiture.

Bob Sugarman said that Michael Rounsville had full opportunity to come to the hearing today.

**The vote passed unanimously.**

IX. Council Liaison Update

Timothy Johnson said that Scott Wilson is the Liaison to the Board of Trustees through November 3. Councilman Boylan will be the Liaison going forward. He said he wanted to commend Scott Wilson in his role during the John Keane settlement.

X. Old Business

XI. New Business

XII. Adjournment  
11:01 A.M.

Nawal McDaniel, Board Secretary

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**Summary Prepared By:**

Steve Lundy, Deputy Director  
City of Jacksonville Police and Fire Pension Fund

**Posted:** 09/22/2020

**To be Approved:** 10/23/2020