
**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING AGENDA – SEPTEMBER 15, 2017 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

Lt. Richard Tuten III, Board Chair
Richard Patsy, Board Secretary
Lt. Chris Brown, Trustee
Willard Payne, Trustee
William Scheu, Trustee – *via webex*

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Pedro Herrera, Sugarman & Susskind, Fund Counsel
Lawsikia Hodges, Office of General Counsel
Dan Holmes, Summit Strategies
Pete Strong, Fund Actuary – *via webex*
Denice Taylor, AAA Reporters

EXCUSED

CITY REPRESENTATIVES INVITED

Greg Anderson, City Council Liaison
Joey Greive, Fund Treasurer

GUESTS

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. **A MOMENT OF SILENCE WILL BE OBSERVED FOR THE FOLLOWING DECEASED MEMBERS:**

Thomas E. Broward, Retired Police Detective
Donald G. Butler, Retired Fire Lieutenant
Vernon H. Simms, Retired Fire Captain
Linda Treadwell, Retired Firefighter
Earl H. Williamson, Retired Police Sergeant

IV. **PUBLIC SPEAKING PERIOD**

V. **CONSENT AGENDA – ITEMS 2017-09-(01-11)CA**
Board action requested

2017-09-01CA

Meeting Summary and Final Transcript Approved

1. Final Transcript of the Board of Trustees Meeting held August 18, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Meeting held August 18, 2017. Copies held in the meeting files.

2017-09-02CA

Disbursements

Disbursements A

8-1-2017 thru 8-31-2017

1.	J. P. Morgan	\$	673,368.38
2.	Pinnacle Associates LTD	\$	147,262.00
3.	Commercia Bank	\$	140,671.62
4.	Baker-Gilmour Cardiovascular	\$	1,700.00
5.	Leadership Jacksonville	\$	100.00
6.	AAA Reporters	\$	721.35
7.	Rotary Club of West Jacksonville	\$	265.00

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8.	GRS	\$	9,442.00
9.	CDW Government	\$	2,116.00
10.	SHI	\$	624.84
11.	Tim Johnson	\$	42.77
TOTAL		\$	976,313.96

The listed expenditures in DISBURSEMENTS B have been reviewed and deemed payable. The Police and Fire Pension Fund Executive Director – Plan Administrator certifies that they are proper and in compliance with the appropriated budget.

Disbursements B

8-1-2017 thru 8-31-2017

1.	<u>Transaction list of Accounts Payable distributions</u>	\$	25,186.72
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2017-09-03CA

Pension Distributions

A. August 11, 2017

1.	Regular Gross	\$	5,404,937.51
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,116,607.03
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,521,544.54

B. August 25, 2017

1.	Regular Gross	\$	5,403,153.14
2.	Regular Lumpsum	\$	47,614.40
3.	Regular Rollover	\$	31,162.49

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4.	Regular DROP Gross	\$	1,115,659.59
5.	DROP Lumpsum	\$	175,546.59
6.	DROP Rollover	\$	0.00
<u>TOTAL</u>		\$	<u>6,773,136.21</u>

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

The following Consent Agenda items 2017-09-(04-07) were verified with supporting documentation and approved at the Advisory Committee meeting held on September 13, 2017. Vote was unanimous.

2017-09-04CA

Application for Membership

2017-09-05CA

Applications for Vested Retirement

2017-09-06CA

Applications for Time Service Connections

2017-09-07CA

Applications for DROP

The following Consent Agenda items 2017-09-(08-11) were verified with supporting documentation and received as information at the Advisory Committee meeting held on September 13, 2017.

2017-09-08CA

Refund of Pension Contributions

2017-09-09CA

Share Plan Distributions

2017-09-10CA

DROP Participant Termination of Employment

2017-09-11CA

DROP Distributions

VI. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Flash Report – August 31, 2017
2. Economic & Capital Market Update – August 31, 2017
3. Expiration of Investment Advisory Agreements – Memo
Board action requested
4. Reimbursement to City
Board action requested

VII. EXECUTIVE DIRECTOR'S REPORT

Timothy H. Johnson

1. Finance Manager
Board action requested
2. Interim Finance Manager Contract
Board action requested
3. Outstanding Legal Opinions
4. Ordinance 2017-647 Appointing Nawal B. McDaniel to the Jacksonville Police and Fire Pension Board of Trustees

VIII. COUNSEL REPORTS

Pedro Herrera

Lawsikia Hodges

1. Ordinance 2017-564 – Staggering Terms
2. Participation of DROP Members in the Share Plan
Board action requested

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3. Internal Revenue Code Compliance of Share Distributions to DROP Members
Board action requested

IX. OLD BUSINESS

X. NEW BUSINESS

XI. NEXT MEETING

Friday, October 20th, 2017 at 9:00AM

XII. ADJOURNMENT

NOTES:

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

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.

SL

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – AUGUST 18, 2017 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

Lt. Richard Tuten III, Board Chair
Lt. Chris Brown, Trustee
Willard Payne, Trustee

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Pedro Herrera, Sugarman & Susskind, Fund Counsel
Lawsikia Hodges, Office of General Counsel
Dan Holmes, Summit Strategies – via Webex
Denice Taylor, AAA Reporters

EXCUSED

Richard Patsy, Board Secretary
William Scheu, Trustee
Greg Anderson, City Council Liaison
Joey Greive, Fund Treasurer

GUESTS

Randy Wyse, President, Jacksonville Association of Fire Fighters
Steve Zona, President, Fraternal Order of Police
Mark Muchowicz, Jacksonville Sheriff's Office

I. CALL TO ORDER

Chairman Richard Tuten called the meeting to order at 9:00AM.

II. PLEDGE OF ALLEGIANCE

III. PUBLIC SPEAKING PERIOD

There were no requests for Public Speaking. Public Speaking Period closed.

IV. CONSENT AGENDA – ITEMS 2017-08-(01-13)CA

2017-08-01CA

Meeting Summary and Final Transcript Approved

1. Final Transcript of the Board of Trustees Meeting held July 21, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Meeting held July 21, 2017. Copies held in the meeting files.

2017-08-02CA

Disbursements

Disbursements A

7-1-2017 thru 7-31-2017

1.	Baker Gilmour Cardiovascular	\$	4,000.00
2.	Nat'l Assoc. of Gov. Archives	\$	75.00
3.	All Purpose Printing	\$	3,739.95
4.	Drummond Press Inc.	\$	198.59
5.	Fed Ex	\$	199.83
6.	Cecil Powell & Co.	\$	11,151.65
7.	AAA Reporters	\$	428.40
8.	Bedell Firm	\$	4,700.91
9.	Timothy Johnson	\$	26.64
10.	Votenet Solutions	\$	3,130.00
11.	Pitney Bowes	\$	725.07
12.	GRS	\$	2,925.00
13.	The Northern Trust Company	\$	47,338.81
14.	Acadian Asset Management LLC	\$	286,929.00
15.	Office of General Counsel	\$	32,523.00

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16.	Thompson, Siegel & Walmsley LLC	\$	42,431.71
17.	Pinnacle Associates, LTD	\$	141,081.00
18.	Sawgrass Asset Management	\$	48,527.93
19.	Holmes Custom	\$	49.53
21.	Tortoise Capital Advisors	\$	96,336.00
<u>TOTAL</u>		\$	<u>726,518.02</u>

The listed expenditures in DISBURSEMENTS B have been reviewed and deemed payable. The Police and Fire Pension Fund Executive Director – Plan Administrator certifies that they are proper and in compliance with the appropriated budget.

Disbursements B

7-1-2017 thru 7-31-2017

1.	<u>Transaction list of Accounts Payable distributions</u>	\$	<u>18,204.56</u>
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2017-08-03CA

Pension Distributions

A. July 14, 2017

1.	Regular Gross	\$	5,400,964.77
2.	Regular Lumpsum	\$	3,390.88
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,114,054.78
5.	DROP Lumpsum	\$	110,712.56
6.	DROP Rollover	\$	0.00
<u>TOTAL</u>		\$	<u>6,629,122.99</u>

B. July 28, 2017

1.	Regular Gross	\$	5,403,520.73
2.	Regular Lumpsum	\$	46,428.15

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3.	Regular Rollover	\$	7,919.75
4.	Regular DROP Gross	\$	1,116,607.03
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,574,475.66

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

The following Consent Agenda items 2017-08-(04-08) were verified with supporting documentation and approved at the Advisory Committee meeting held on August 9, 2017. Vote was unanimous.

2017-08-04CA

Application for Membership

2017-08-05CA

Applications for Survivor Benefits

2017-08-06CA

Applications for Vested Retirement

2017-08-07CA

Applications for Time Service Connections

2017-08-08CA

Rescission of DROP Participation

The following Consent Agenda items 2017-08-(09-13) were verified with supporting documentation and received as information at the Advisory Committee meeting held on August 9, 2017.

2017-08-09CA

Refund of Pension Contributions

2017-08-10CA

Share Plan Distributions

2017-08-11CA

DROP Participant Termination of Employment

2017-08-12CA

DROP Distributions

2017-08-13CA

DROP Distributions for Survivors

A motion was made by Chris Brown to approve the Consent Agenda items 2017-08-(01-13CA), seconded by Willard Payne. The vote was unanimous.

V. INVESTMENT CONSULTANT REPORTS

Dan Holmes

3. Investment Performance Review – *taken out of order*

Dan Holmes described the Fund's performance over the past quarter, noting that factors such as strong US economic growth, increased sales and earnings, low inflation, and increases in consumer and business spending have driven good Fund returns.

Dan Holmes discussed the asset allocation of the Fund relative to other public pension plans. He said that the Fund's median weight to US equities, overweight to international equities, lower fixed income exposure, and high relative allocation to real estate are all determinants of the Fund's good performance relative to the peer public pension plan universe.

Chris Brown asked why the Fund has taken a dip relative to other pension plans over the last 3 months.

Dan Holmes said it is partly due to the fact that the Fund has the biggest weighting in US equities, and during the quarter, US equities have been weaker than international equities. He said there was also a big difference in the performance of MLPs between the quarter, the trailing year and the year-to-date periods. He said that MLPs comprised the only class that was negative for the quarter.

Dan Holmes discussed the makeup and performance of the portfolio, starting with US and international equity. He noted that Eagle, Brown, and Pinnacle are making comebacks. He also said that international equities may be undervalued.

Chris Brown asked if the closing of the pension plan to new members would affect how the plan is bound by the statute relative to asset allocation.

Pedro Herrera said that the plan would still be bound to the statute. He asked if the plan would be bound by cost or market value.

Dan Holmes said he believes the plan would be bound by market value.

Dan Holmes continued his discussion of the makeup and performance of the portfolio, covering fixed income, real estate, and MLPs. He said that the real estate portfolio has been greatly additive to the plan since the real estate crisis.

1. Economic & Capital Market Update – July 31, 2017
2. Flash Report – July 31, 2017

Dan Holmes briefly discussed the Economic & Capital Market Update, and the Flash Report. He said that the bottom line was that July was another good month for equities and MLPs, and emerging markets were up six percent in the month alone.

Dan Holmes concluded his discussion noting that the Total Fund was up 2.1% in the month, and FYTD net of fees, the Fund was up 12.2%, which is about 1.9% above the policy index.

Chris Brown thanked Dan Holmes for his hard work.

Dan Holmes said to thank the markets as well, and wished everyone a good weekend.

VI. EXECUTIVE DIRECTOR'S REPORT
Timothy H. Johnson

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Timothy Johnson said that Steve Lundy has taken over the creation of the Board Books, and that this month, Steve chose a new cover photo which shows the PFPF building as it was in the 1940s. He said it's fun to see the history of Jacksonville.

Timothy Johnson said that the PFPF staff continues to do a great job on the dashboard, noting that the staff has made over 1,000 transactions so far this year. He said that this number doesn't include phone calls or emails – it only shows transactions with paper records.

Chris Brown asked about the public records outstanding statistic.

Timothy Johnson said now that Jessica Fields is full-time, the public records turnover is about two weeks. He said that since these statistics are reported monthly, there are just a few public records outstanding from last month, if any.

Timothy Johnson discussed the records retention project, noting that over 53,000 documents have been scanned out of a total estimated 300,000.

Timothy Johnson said that he has not found a suitable Finance Manager, and will be launching an external search.

Timothy Johnson discussed the FIAC recommended term staggering chart and their work plan for the next Fiscal Year. He said that there was perfect attendance at the FIAC's August meeting.

Timothy Johnson briefly discussed the new bi-monthly newsletter, which will be made by Steve Lundy.

Chris Brown said that Steve Lundy's material presentation skill is 'right on the spot'. He said that he likes the font and the format of the newsletter.

Timothy Johnson briefly discussed the Trustee conference in Orlando from November 15-17th. He said that the 17th is the Board of Trustees Meeting, and that the Board is welcome to attend the conference on the 15th and 16th, and return to Jacksonville early for their regular meeting. He said he will extend the conference invitation to the other PFPF committees.

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Chris Brown asked about the PFPF's new policy to stop sending Direct Deposit Statements to members by default, and asked if an online system is in the works.

Steve Lundy said that yes, Chuck Hayes is working with ITD to develop an online system that will follow the City's template.

Richard Tuten recessed the meeting for a 5-minute break at 10:04AM.

Richard Tuten reconvened the meeting at 10:09AM.

VII. COUNSEL REPORTS

Pedro Herrera
Lawsikia Hodges

1. John Keane v. Jacksonville Police and Fire Pension Fund Board of Trustees – Defendant's Response in Opposition to Plaintiff's Motion to Disqualify Counsel

Lawsikia Hodges said that she would like to discuss this matter with the Trustees in a one-on-one setting, for strategic reasons. She said that the Trustees should have received some correspondence from her office this week.

2. Ordinance to Stagger Terms

Lawsikia Hodges discussed the staggers, and the ordinance which was introduced to City Council. She said that the FIAC members have decided who will get which term length after the term stagger takes effect. She said that although the ordinance was already introduced, she can propose amendments to correct the changes as to who will get what term length.

Lawsikia Hodges asked for a motion to direct her to make corrective changes to the ordinance.

A motion was made by Chris Brown to direct Lawsikia Hodges to make corrective changes to the Ordinance to Stagger Terms, seconded by Willard Payne. The vote passed unanimously.

Lawsikia Hodges discussed the Advisory Committee election, and who would get what staggered terms. She said that the terms will be divvied up by the most populous vote. She said that she and Timothy Johnson will bring a recommendation to the Trustees in September regarding any election rule revisions that would be necessary.

Lawsikia Hodges and Chris Brown discussed a possible Board of Trustees term staggering. Lawsikia Hodges said that it would require a change to the charter, which is more complicated than an ordinance change.

Richard Tuten suggested that for Council appointed Trustees, it should be written into the law that the Council needs to consider any reappointments 6 months before the appointed Trustees' terms are scheduled to end, in order to avoid Trustees like Bill Scheu staying on the Board long after their term ends.

Lawsikia Hodges said that two opinions should be completed by OGC within the next couple of weeks; first, the opinion answering Richard Tuten's questions concerning the Consent Decree; and second, the opinion regarding Bailiff Time Service Connections.

Pedro Herrera said that the Securities Litigation Policy is being worked on, and that it looks straightforward. He asked if the PFPF has a designated public records officer as required by recent changes to Florida public records law.

Timothy Johnson said that Jessica Fields is the PFPF's designated public records officer, and that a notice is posted in the front office.

IX. NEW BUSINESS

Taken out of order

1. FORFEITURE OF PENSION

1. ROUNSVILLE, Michael S.

Timothy Johnson said that the Advisory Committee originally decided to delay their recommendation to the Board of Trustees until Mr. Rounsville finished his appeal. He said that now, the Advisory Committee has recommended that the Board deny Mr. Rounsville's vested retirement application.

A motion was made by Chris Brown to deny the vested retirement application of ROUNSVILLE, Michael S., seconded by Willard Payne. Discussion:

Chris Brown added that Mr. Rounsville did receive a felony conviction, and that he did use his public safety powers to commit a crime.

Pedro Herrera clarified that Mr. Rounsville is entitled to a refund of his pension contributions, without interest, and that the motion was to deny his application for vested retirement.

The vote passed unanimously.

Timothy Johnson said that the PFPF staff will notify Mr. Rounsville accordingly.

VIII. OLD BUSINESS

Taken out of order

1. 2017-07-04CA – APPLICATION FOR MEMBERSHIP

1. **GARDNER, Zachary K.**
Previously approved under Trustee Rule 13.3 – amended to cleared

A motion was made by Chris Brown to amend the Application for Membership of GARDNER, Zachary K. to cleared, seconded by Willard Payne. The vote passed unanimously.

X. NEXT MEETING

Friday, September 15, 2017 at 9:00AM

XI. ADJOURNMENT

Richard Tuten adjourned the meeting at 10:35AM.

NOTES:

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Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

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Additional items may be added / changed prior to meeting.

SL

Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on September 15, 2017



Summit Strategies Group

8182 Maryland Avenue, 6th Floor

St. Louis, Missouri 63105

314.727.7211

City of Jacksonville Police & Fire Pension Fund

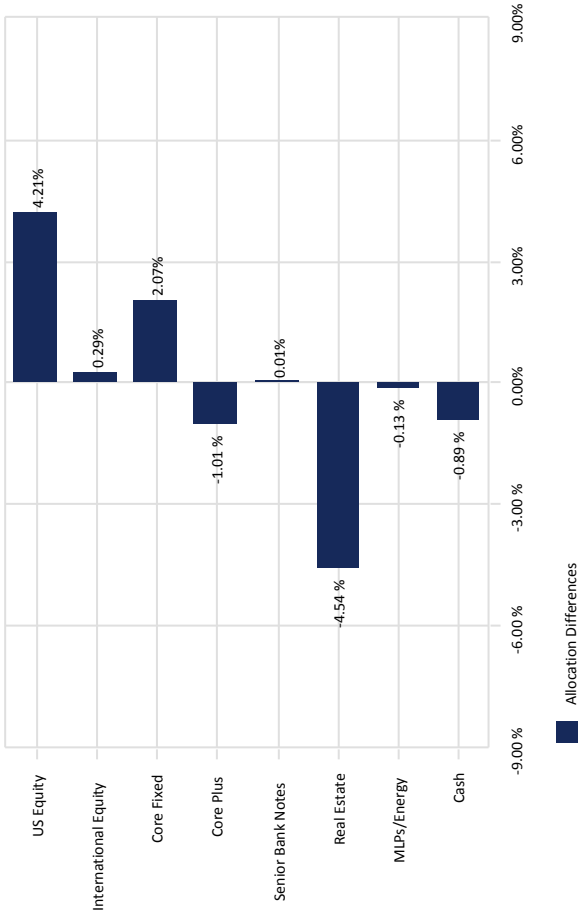
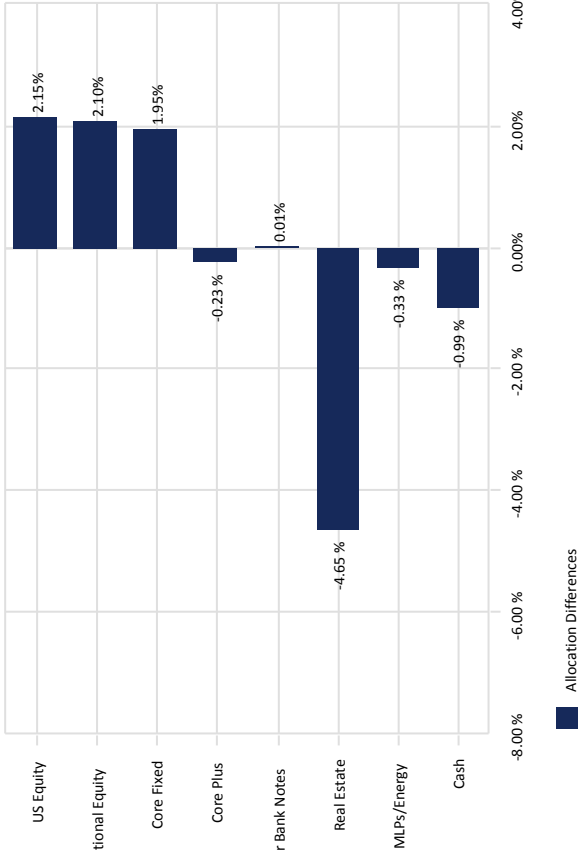
Preliminary Flash Report

August 31, 2017

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

August 31, 2017



August 31, 2017

May 31, 2017

	Market Value (\$)	Allocation (%)	Target (%)
US Equity	808,371,462	41.15	39.00
International Equity	434,097,505	22.10	20.00
Core Fixed	116,927,750	5.95	4.00
Core Plus	299,951,650	15.27	15.50
Senior Bank Notes	119,133	0.01	0.00
Real Estate	203,237,093	10.35	15.00
MLPs/Energy	101,522,489	5.17	5.50
Cash	279,386	0.01	1.00
Total Fund	1,954,506,468	100.00	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

August 31, 2017

	Asset \$	Asset %	Performance(%)										Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	
Total Fund	1,964,506,468	100.00	0.48	3.27	11.80	13.02	13.92	5.74	9.74	6.17	7.47	8.27	Apr-1989
Total Fund Policy			0.11	2.40	8.99	10.43	11.21	5.23	9.02	5.53	7.34	8.26	
Excess Return			0.37	0.87	2.81	2.59	2.71	0.51	0.72	0.64	0.13	0.01	
Total Equity	1,242,468,967	63.25	0.85	4.61	17.27	19.39	20.50	7.39	12.41	6.14	-	5.69	Jun-2007
US Equity			0.24	3.12	12.61	17.15	17.68	8.38	13.54	7.79	9.27	10.28	Jan-1988
US Equity Index	808,371,462	41.15	0.19	3.00	11.20	15.88	16.06	9.08	14.27	7.75	9.55	10.55	
Excess Return			0.05	0.12	1.41	1.27	1.62	-0.70	-0.73	0.04	-0.28	-0.27	
International Equity	434,097,505	22.10	1.99	7.64	27.92	24.75	26.97	5.66	10.26	2.50	7.40	5.62	Feb-1999
International Equity Index			0.55	4.64	19.35	17.92	19.43	2.83	7.85	1.80	7.54	4.55	
Excess Return			1.44	3.00	8.57	6.83	7.54	2.83	2.41	0.70	-0.14	1.07	
Fixed Income	416,998,533	21.23	0.57	1.32	4.25	2.33	2.49	3.29	2.57	4.56	4.51	6.40	Jan-1988
Fixed Income Index			0.87	1.27	3.95	0.86	0.80	2.75	2.25	4.43	4.39	6.45	
Excess Return			-0.30	0.05	0.30	1.47	1.69	0.54	0.32	0.13	0.12	-0.05	
Real Estate	203,237,093	10.35	0.46	2.04	4.74	7.15	7.84	11.00	12.10	7.20	-	9.25	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	11.79	5.25	-	7.52	
Excess Return			0.46	0.34	1.24	1.46	-0.03	-0.34	0.31	1.95	-	1.73	
NCREIF Property Index			0.00	1.75	3.32	5.11	6.97	10.17	10.49	6.42	-	9.22	Jan-1978
MLPs/Energy	101,522,489	5.17	-4.11	-2.58	-4.21	-1.94	0.04	-9.67	5.37	-	-	8.14	Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	-	2.45	
Excess Return			0.29	0.77	1.74	0.89	1.23	3.87	4.87	-	-	5.69	
Cash	279,386	0.01	0.97	1.10	1.87	2.02	2.08	1.12	1.07	1.10	8.13	8.20	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

August 31, 2017

	Asset \$	Asset %	Performance(%)										Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	
Total Fund	1,964,506,468	100.00	0.48	3.24	11.59	12.73	13.56	5.32	9.27	5.81	7.11	8.07	Apr-1989
Total Fund Policy			0.11	2.40	8.99	10.43	11.21	5.23	9.02	5.53	7.34	8.26	
Excess Return			0.37	0.84	2.60	2.30	2.35	0.09	0.25	0.28	-0.23	-0.19	
Total Equity	1,242,468,967	63.25	0.84	4.56	17.07	19.08	20.13	6.97	11.93	5.76	-	5.33	Jun-2007
US Equity			0.24	3.12	12.45	16.87	17.37	7.94	13.02	7.40	9.01	10.15	Jan-1988
US Equity Index	808,371,462	41.15	0.19	3.00	11.20	15.88	16.06	9.08	14.27	7.75	9.55	10.55	
Excess Return			0.05	0.12	1.25	0.99	1.31	-1.14	-1.25	-0.35	-0.54	-0.40	
International Equity	434,097,505	22.10	1.97	7.50	27.62	24.39	26.50	5.25	9.86	2.12	7.13	5.40	Feb-1999
International Equity Index			0.55	4.64	19.35	17.92	19.43	2.83	7.85	1.80	7.54	4.55	
Excess Return			1.42	2.86	8.27	6.47	7.07	2.42	2.01	0.32	-0.41	0.85	
Fixed Income	416,998,533	21.23	0.57	1.30	4.21	2.24	2.40	3.16	2.42	4.43	4.42	6.35	Jan-1988
Fixed Income Index			0.87	1.27	3.95	0.86	0.80	2.75	2.25	4.43	4.39	6.45	
Excess Return			-0.30	0.03	0.26	1.38	1.60	0.41	0.17	0.00	0.03	-0.10	
Real Estate	203,237,093	10.35	0.46	2.04	4.30	6.65	7.14	10.13	11.15	6.48	-	8.66	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	11.79	5.25	-	7.52	
Excess Return			0.46	0.34	0.80	0.96	-0.73	-1.21	-0.64	1.23	-	1.14	
NCREIF Property Index			0.00	1.75	3.32	5.11	6.97	10.17	10.49	6.42	-	9.22	Jan-1978
MLPs/Energy	101,522,489	5.17	-4.11	-2.58	-4.55	-2.39	-0.51	-10.27	4.65	-	-	7.44	Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	-	2.45	
Excess Return			0.29	0.77	1.40	0.44	0.68	3.27	4.15	-	-	4.99	
Cash	279,386	0.01	0.97	1.10	1.87	2.02	2.08	1.12	1.07	0.93	8.00	8.10	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

August 31, 2017

	Performance(%)											Inception Date
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	
US Equity												
NT S&P 500 Index Fund	266,122,488	13.55	0.31	3.01	11.95	16.23	16.26	9.62	14.39	7.63	5.82	Jan-1999
S&P 500			0.31	3.01	11.93	16.21	16.23	9.54	14.34	7.61	5.81	
Excess Return			0.00	0.00	0.02	0.02	0.03	0.08	0.05	0.02	0.01	
Eagle Capital Management	200,144,839	10.19	-0.22	4.33	13.02	21.04	21.76	10.24	15.68	-	13.80	Apr-2011
Russell 1000 Value Index			-1.16	1.79	4.81	11.81	11.58	6.74	13.25	-	11.15	
Excess Return			0.94	2.54	8.21	9.23	10.18	3.50	2.43	-	2.65	
Brown Investment Advisory	92,190,008	4.69	1.21	2.21	19.07	13.66	14.20	8.61	-	-	9.33	Nov-2013
Russell 1000 Growth Index			1.83	4.26	19.17	20.38	20.82	11.67	-	-	13.27	
Excess Return			-0.62	-2.05	-0.10	-6.72	-6.62	-3.06	-	-	-3.94	
Sawgrass Asset Management	95,144,962	4.84	1.37	2.78	12.91	14.61	13.65	9.04	-	-	11.20	Nov-2013
Russell 1000 Growth Index			1.83	4.26	19.17	20.38	20.82	11.67	-	-	13.27	
Excess Return			-0.46	-1.48	-6.26	-5.77	-7.17	-2.63	-	-	-2.07	
Pinnacle	83,267,855	4.24	2.01	6.13	22.00	26.12	30.59	9.48	16.45	-	21.95	Mar-2009
Russell 2500 Growth Index			0.20	3.84	12.33	15.24	15.57	8.13	14.04	-	19.36	
Excess Return			1.81	2.29	9.67	10.88	15.02	1.35	2.41	-	2.59	
Wedge Capital Mgmt	71,501,312	3.64	-3.30	-1.41	-2.45	8.92	9.12	-	-	-	9.12	Sep-2016
Russell 2000 Value Index			-2.46	1.59	-1.31	12.58	13.47	-	-	-	13.47	
Excess Return			-0.84	-3.00	-1.14	-3.66	-4.35	-	-	-	-4.35	
International Equity												
NT EAFE Index Fund	19,025,735	0.97	-0.02	2.70	17.47	16.78	18.25	3.21	8.83	-	7.45	Apr-2012
MSCI EAFE Index (Net)			-0.04	2.66	17.05	16.21	17.64	2.83	8.48	-	7.08	
Excess Return			0.02	0.04	0.42	0.57	0.61	0.38	0.35	-	0.37	
Silchester	147,490,837	7.51	0.02	4.03	18.47	21.48	22.49	6.93	-	-	9.89	Sep-2013
MSCI EAFE Value Index (Net)			-0.62	3.01	14.12	18.88	20.03	1.03	-	-	5.21	
Excess Return			0.64	1.02	4.35	2.60	2.46	5.90	-	-	4.68	
Baillie Gifford	141,470,319	7.20	3.10	9.73	37.94	28.64	33.20	8.55	13.01	-	8.58	Mar-2011
MSCI EAFE Growth Index (Net)			0.56	2.32	20.18	13.53	15.23	4.55	9.04	-	5.42	
Excess Return			2.54	7.41	17.76	15.11	17.97	4.00	3.97	-	3.16	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

August 31, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
International Equity (continued)												
Acadian Emerging Mkts Equity II Fund	126,110,613	6.42	3.43	10.77	32.02	28.42	30.12	3.83	-	-	6.72	Jan-2014
MSCI Emerging Markets (Net)			2.23	9.41	28.29	22.95	24.53	2.38	-	-	4.79	
Excess Return			1.20	1.36	3.73	5.47	5.59	1.45	-	-	1.93	
Fixed Income												
NTGI Aggregate Bond Index	26,887,356	1.37	0.92	1.24	3.71	0.54	0.48	2.69	-	-	2.47	Feb-2013
Blmbg. Barc. U.S. Aggregate			0.90	1.23	3.64	0.55	0.49	2.64	-	-	2.47	
Excess Return			0.02	0.01	0.07	-0.01	-0.01	0.05	-	-	0.00	
Neuberger Berman	177,053,680	9.01	0.58	1.26	4.19	-	-	-	-	-	4.19	Jan-2017
Blmbg. Barc. U.S. Aggregate			0.90	1.23	3.64	-	-	-	-	-	3.64	
Excess Return			-0.32	0.03	0.55	-	-	-	-	-	0.55	
Loomis, Sayles & Company	122,897,971	6.26	0.39	1.58	-	-	-	-	-	-	4.62	Feb-2017
Blmbg. Barc. U.S. Aggregate			0.90	1.23	-	-	-	-	-	-	3.43	
Excess Return			-0.51	0.35	-	-	-	-	-	-	1.19	
Thompson Siegel Fixed	90,040,394	4.58	0.72	1.12	4.12	2.08	2.21	3.62	3.15	5.19	6.23	Aug-1991
Thompson Policy Index			0.90	1.23	3.64	0.55	0.49	2.64	2.19	4.31	5.95	
Excess Return			-0.18	-0.11	0.48	1.53	1.72	0.98	0.96	0.88	0.28	
Eaton Vance Instl Senior Loan Trust	119,133	0.01										
Real Estate												
JP Morgan	154,130,186	7.85	0.32	1.82	4.55	6.81	7.50	10.68	11.92	5.95	8.23	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	11.79	5.25	7.52	
Excess Return			0.32	0.12	1.05	1.12	-0.37	-0.66	0.13	0.70	0.71	
Principal Global Investments	49,106,907	2.50	0.90	2.75	5.95	8.87	9.57	12.25	-	-	12.65	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	-	-	11.49	
Excess Return			0.90	1.05	2.45	3.18	1.70	0.91	-	-	1.16	
MLPs/Energy												
Harvest MLP	50,615,245	2.58	-3.89	-2.74	-5.13	-3.49	-1.55	-9.95	4.86	-	8.17	Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	2.45	
Excess Return			0.51	0.61	0.82	-0.66	-0.36	3.59	4.36	-	5.72	
Tortoise MLP	50,907,244	2.59	-4.33	-2.41	-3.28	-0.35	1.66	-9.48	5.84	-	8.07	Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	2.45	
Excess Return			0.07	0.94	2.67	2.48	2.85	4.06	5.34	-	5.62	
Cash	279,386	0.01	0.97	1.10	1.87	2.02	2.08	1.12	1.07	1.10	8.20	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

August 31, 2017

	Performance(%)											Inception Date
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	
US Equity												
NT S&P 500 Index Fund	266,122,488	13.55	0.31	3.01	11.95	16.23	16.25	9.60	14.35	7.59	5.80	Jan-1999
S&P 500			0.31	3.01	11.93	16.21	16.23	9.54	14.34	7.61	5.81	
Excess Return			0.00	0.00	0.02	0.02	0.02	0.06	0.01	-0.02	-0.01	
Eagle Capital Management	200,144,839	10.19	-0.22	4.33	12.61	20.39	21.11	9.53	14.89	-	13.02	Apr-2011
Russell 1000 Value Index			-1.16	1.79	4.81	11.81	11.58	6.74	13.25	-	11.15	
Excess Return			0.94	2.54	7.80	8.58	9.53	2.79	1.64	-	1.87	
Brown Investment Advisory	92,190,008	4.69	1.21	2.21	18.85	13.34	13.88	8.36	-	-	9.08	Nov-2013
Russell 1000 Growth Index			1.83	4.26	19.17	20.38	20.82	11.67	-	-	13.27	
Excess Return			-0.62	-2.05	-0.32	-7.04	-6.94	-3.31	-	-	-4.19	
Sawgrass Asset Management	95,144,962	4.84	1.37	2.78	12.80	14.37	13.41	8.81	-	-	10.97	Nov-2013
Russell 1000 Growth Index			1.83	4.26	19.17	20.38	20.82	11.67	-	-	13.27	
Excess Return			-0.46	-1.48	-6.37	-6.01	-7.41	-2.86	-	-	-2.30	
Pinnacle	83,267,855	4.24	2.01	6.13	21.79	25.68	29.79	8.78	15.66	-	21.24	Mar-2009
Russell 2500 Growth Index			0.20	3.84	12.33	15.24	15.57	8.13	14.04	-	19.36	
Excess Return			1.81	2.29	9.46	10.44	14.22	0.65	1.62	-	1.88	
Wedge Capital Mgmt	71,501,312	3.64	-3.30	-1.41	-2.45	8.92	9.12	-	-	-	9.12	Sep-2016
Russell 2000 Value Index			-2.46	1.59	-1.31	12.58	13.47	-	-	-	13.47	
Excess Return			-0.84	-3.00	-1.14	-3.66	-4.35	-	-	-	-4.35	
International Equity												
NT EAFE Index Fund	19,025,735	0.97	-0.02	2.70	17.47	16.75	18.22	3.15	8.76	-	7.39	Apr-2012
MSCI EAFE Index (Net)			-0.04	2.66	17.05	16.21	17.64	2.83	8.48	-	7.08	
Excess Return			0.02	0.04	0.42	0.54	0.58	0.32	0.28	-	0.31	
Silchester	147,490,837	7.51	-0.03	3.87	17.95	20.72	21.64	6.14	-	-	9.05	Sep-2013
MSCI EAFE Value Index (Net)			-0.62	3.01	14.12	18.88	20.03	1.03	-	-	5.21	
Excess Return			0.59	0.86	3.83	1.84	1.61	5.11	-	-	3.84	
Baillie Gifford	141,470,319	7.20	3.10	9.73	37.94	28.61	33.14	8.19	12.58	-	8.18	Mar-2011
MSCI EAFE Growth Index (Net)			0.56	2.32	20.18	13.53	15.23	4.55	9.04	-	5.42	
Excess Return			2.54	7.41	17.76	15.08	17.91	3.64	3.54	-	2.76	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

August 31, 2017

		Performance(%)										Since Inception	Inception Date
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year			
International Equity (continued)													
Acadian Emerging Mkts Equity II Fund	126,110,613	6.42	3.43	10.50	31.52	27.94	29.29	3.34	-	-	6.24		Jan-2014
MSCI Emerging Markets (Net)			2.23	9.41	28.29	22.95	24.53	2.38	-	-	4.79		
Excess Return			1.20	1.09	3.23	4.99	4.76	0.96	-	-	1.45		
Fixed Income													
NTGI Aggregate Bond Index	26,887,356	1.37	0.92	1.24	3.71	0.53	0.47	2.66	-	-	2.43		Feb-2013
Bimbg. Barc. U.S. Aggregate			0.90	1.23	3.64	0.55	0.49	2.64	-	-	2.47		
Excess Return			0.02	0.01	0.07	-0.02	-0.02	0.02	-	-	-0.04		
Neuberger Berman	177,053,680	9.01	0.58	1.26	4.19	-	-	-	-	-	4.19		Jan-2017
Bimbg. Barc. U.S. Aggregate			0.90	1.23	3.64	-	-	-	-	-	3.64		
Excess Return			-0.32	0.03	0.55	-	-	-	-	-	0.55		
Loomis, Sayles & Company	122,897,971	6.26	0.39	1.58	-	-	-	-	-	-	4.62		Feb-2017
Bimbg. Barc. U.S. Aggregate			0.90	1.23	-	-	-	-	-	-	3.43		
Excess Return			-0.51	0.35	-	-	-	-	-	-	1.19		
Thompson Siegel Fixed	90,040,394	4.58	0.72	1.08	3.93	1.85	1.98	3.42	2.96	5.05	6.18		Aug-1991
Thompson Policy Index			0.90	1.23	3.64	0.55	0.49	2.64	2.19	4.31	5.95		
Excess Return			-0.18	-0.15	0.29	1.30	1.49	0.78	0.77	0.74	0.23		
Eaton Vance Instl Senior Loan Trust	119,133	0.01											
Real Estate													
JP Morgan	154,130,186	7.85	0.32	1.82	4.12	6.37	6.82	9.81	10.96	5.24	7.64		Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	11.79	5.25	7.52		
Excess Return			0.32	0.12	0.62	0.68	-1.05	-1.53	-0.83	-0.01	0.12		
Principal Global Investments	49,106,907	2.50	0.90	2.75	5.75	8.44	9.07	11.48	-	-	11.80		Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.70	3.50	5.69	7.87	11.34	-	-	11.49		
Excess Return			0.90	1.05	2.25	2.75	1.20	0.14	-	-	0.31		
MLPs/Energy													
Harvest MLP	50,615,245	2.58	-3.89	-2.94	-5.65	-4.02	-2.25	-10.59	4.12	-	7.44		Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	2.45		
Excess Return			0.51	0.41	0.30	-1.19	-1.06	2.95	3.62	-	4.99		
Tortoise MLP	50,907,244	2.59	-4.33	-2.41	-3.64	-0.91	1.09	-10.12	5.10	-	7.36		Mar-2011
S&P MLP Index			-4.40	-3.35	-5.95	-2.83	-1.19	-13.54	0.50	-	2.45		
Excess Return			0.07	0.94	2.31	1.92	2.28	3.42	4.60	-	4.91		
Cash	279,386	0.01	0.97	1.10	1.87	2.02	2.08	1.12	1.07	0.93	8.10		Dec-1998

City of Jacksonville Police & Fire Pension Fund

Historical Hybrid Composition

As of August 31, 2017

Total Fund Policy				US Equity Index	
	(%)		(%)		(%)
Jan-2017		Apr-2012		Jul-2009	
Russell 3000 Index	39.00	Russell 3000 Index	40.00	Russell 3000 Index	100.00
MSCI AC World ex USA (Net)	20.00	MSCI AC World ex USA (Net)	20.00		
Bimbg. Barc. U.S. Aggregate	4.00	Bimbg. Barc. U.S. Aggregate	25.00	Jan-1988	
Bimbg. Barc. U.S. Universal Index	15.50	NCREIF Fund Index-ODCE (VW) [M]	10.00	Dow Jones US Total Stock Market Index	100.00
NCREIF Fund Index-ODCE (VW) [M]	15.00	S&P MLP Index	5.00		
S&P MLP Index	5.50			International Equity Index	
Citigroup 3 Month T-Bill	1.00	Jun-2011			(%)
		Russell 3000 Index	40.00	Oct-2009	
Sep-2016		MSCI EAFE Index	20.00	MSCI AC World ex USA	100.00
Russell 3000 Index	39.00	Bimbg. Barc. U.S. Aggregate	25.00		
MSCI AC World ex USA (Net)	20.00	NCREIF Fund Index-ODCE (VW) [M]	10.00	Feb-1999	
Bimbg. Barc. U.S. Aggregate	19.50	S&P MLP Index	5.00	MSCI EAFE Index	100.00
NCREIF Fund Index-ODCE (VW) [M]	15.00				
S&P MLP Index	5.50	Jul-2009		Fixed Income Index	
Citigroup 3 Month T-Bill	1.00	Russell 3000 Index	40.00		(%)
		MSCI EAFE Index	20.00	Jan-2017	
Mar-2016		Bimbg. Barc. U.S. Aggregate	25.00	Bimbg. Barc. U.S. Aggregate	20.51
Russell 3000 Index	39.00	NCREIF Fund Index-ODCE (VW) [M]	15.00	Bimbg. Barc. U.S. Universal Index	79.49
MSCI AC World ex USA (Net)	20.00				
Bimbg. Barc. U.S. Aggregate	20.50	Oct-2008		Jan-1976	
NCREIF Fund Index-ODCE (VW) [M]	15.00	Dow Jones US Total Stock Market Index	50.00	Bimbg. Barc. U.S. Aggregate	100.00
S&P MLP Index	5.50	MSCI EAFE Index	10.00		
		BofA Merrill Lynch Gov Corp Master	30.00	Thompson Policy Index	
Mar-2013		NCREIF Fund Index-ODCE (VW) [M]	10.00		(%)
Russell 3000 Index	35.00			Oct-2009	
MSCI AC World ex USA (Net)	20.00	Apr-1989		Bimbg. Barc. U.S. Aggregate	100.00
Bimbg. Barc. U.S. Aggregate	22.50	Dow Jones US Total Stock Market Index	50.00		
NCREIF Fund Index-ODCE (VW) [M]	15.00	MSCI EAFE Index	10.00	Dec-1975	
S&P MLP Index	7.50	BofA Merrill Lynch Gov Corp Master	35.00	BofA Merrill Lynch Gov Corp Master	100.00
		NCREIF Fund Index-ODCE (VW) [M]	5.00		

City of Jacksonville Police & Fire Pension Fund

Asset Allocation Compliance

August 31, 2017

	% Target	% Actual	% Difference from Target	Current Target (\$)	Actual (\$)	Difference (\$)
Total Fund	100.00	100.00	0.00	1,964,506,468	1,964,506,468	-
Total Equity	59.00	63.25	4.25	1,159,058,816	1,242,468,967	(83,410,152)
US Equity	39.00	41.15	2.15	766,157,522	808,371,462	(42,213,940)
Large Cap	31.40	33.27	1.87	616,855,031	653,602,296	(36,747,265)
Non Large Cap	7.60	7.88	0.28	149,302,492	154,769,166	(5,466,675)
International Equity	20.00	22.10	2.10	392,901,294	434,097,505	(41,196,212)
International Developed Markets	14.00	15.68	1.68	275,030,905	307,986,892	(32,955,986)
International Emerging Markets	6.00	6.42	0.42	117,870,388	126,110,613	(8,240,225)
Fixed Income	19.50	21.23	1.73	383,078,761	416,998,533	(33,919,772)
Core Fixed Income	4.00	5.95	1.95	78,580,259	116,927,750	(38,347,491)
Core Plus	15.50	15.27	(0.23)	304,498,502	299,951,650	4,546,852
Real Estate	15.00	10.35	(4.65)	294,675,970	203,237,093	91,438,877
Real Estate excluding Haverly & Admin	15.00	10.35	(4.65)	294,675,970	203,237,093	91,438,877
JP Morgan	5.00	7.85	2.85	98,225,323	154,130,186	(55,904,862)
Principal Global Investments	5.00	2.50	(2.50)	98,225,323	49,106,907	49,118,416
Non Core Real Estate (TBD)	5.00	0.00	(5.00)	98,225,323	-	98,225,323
Total Alternatives Composite	5.50	5.17	(0.33)	108,047,856	101,522,489	6,525,367
MLP's/Energy	5.50	5.17	(0.33)	108,047,856	101,522,489	6,525,367
Cash	1.00	0.01	(0.99)	19,645,065	279,386	19,365,679

DISCLAIMER

Summit Strategies Group (Summit) has prepared this report for the exclusive use by the client for which it was prepared. The information herein was obtained from various sources, such as the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources. While Summit believes these sources to be reliable, Summit does not guarantee nor shall be liable for the market values, returns, or other information contained in this report. The market commentary, portfolio holdings, and characteristics are as of the date shown and are subject to change. Past performance is not an indication of future performance. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell. Any forward-looking projection contained herein is based on assumptions that Summit believes may be reasonable, but are subject to a wide range of risks, uncertainties, and the possibility of loss. Accordingly, there is no assurance that any estimated performance figures will occur in the amounts and during the periods indicated, or at all. Actual results and performance will differ from those expressed or implied by such forward-looking projections. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.



Summit Strategies Group

8182 Maryland Avenue, 6th Floor

St. Louis, Missouri 63105

314.727.7211

Monthly Economic & Capital Market Update

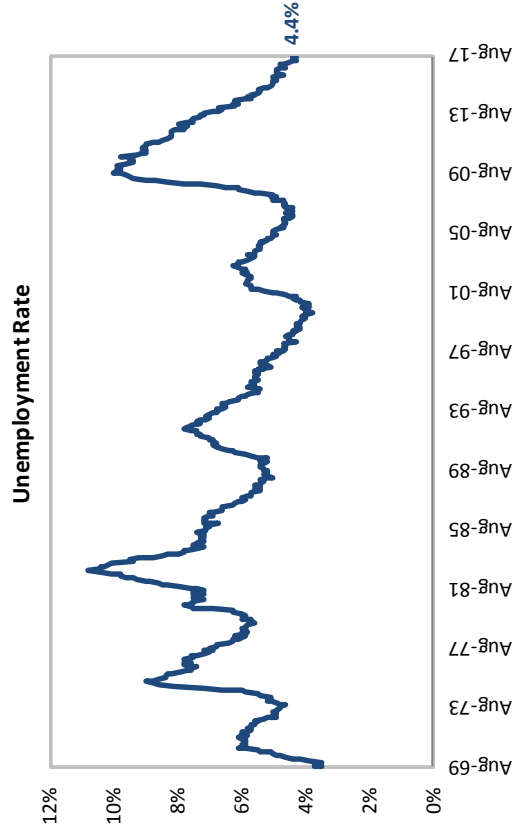
August 2017

Economic Perspective

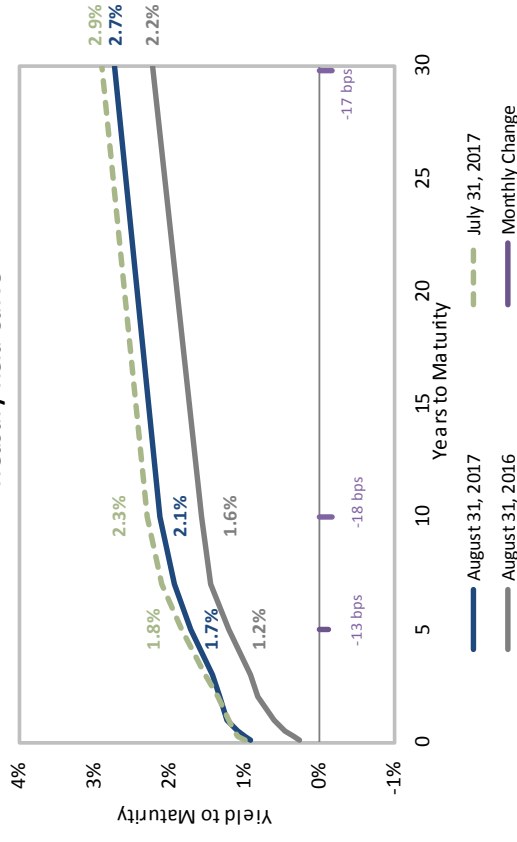
August 31, 2017

Economy

- Economic data released during August reflected continued positive growth momentum throughout the world. Global GDP is estimated to have grown 3.8% during the second quarter of 2017, the fastest growth rate for any quarter since 2010, and expectations are for 3% global growth for the remainder of the year.¹ Equity prices continue to move higher and reflect this increased activity; MSCI ACWI IMI gained 0.4% during August and is now up 14.8% year-to-date.
- The US economy experienced positive job growth for the 83rd consecutive month during August. Employers added 156,000 new payrolls, slightly missing economists' expectations of 180,000 new jobs, and the unemployment rate increased 10 bps to 4.4%. Wage growth, as measured by the change in average hourly earnings of private sector workers, was 2.5% over the 12 months ending in August, unchanged for a fifth consecutive month. Payrolls from July were revised downward by 20,000 total jobs.
- Real GDP grew at a 3.0% annual rate during the second quarter of 2017 according to the second estimate released by the Bureau of Economic Analysis. The estimate is based on more complete source data than that available for last July's advance estimate. The increase in real GDP from 1.2% in the first quarter 2017 reflected positive changes in consumer and government spending, business investment, and exports.



Treasury Yield Curve



- Economic activity in both the manufacturing and services sectors continues to expand, as measured by purchasing managers indices (PMI). The US ISM Manufacturing PMI increased 2.5 points in August to 58.8, its highest level since June 2011; an Index reading over 50 suggests expansion in the sector. Manufacturing has now been a boost to US growth for a year, following a period during which muted trading partner growth and a strong US dollar weighed on US manufacturing. The Non-Manufacturing (or services) PMI also continues to reflect strength, led by strong consumer spending. US services have expanded 92 consecutive months.

Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 15 bps to 140 bps in August. Over the past two years, the 2-30 spread has tightened by 82 bps, with the long end of the curve mostly unchanged while short-term yields have been lifted by Federal Reserve rate hikes. The 20-year average spread between 2-year and 30-year Treasuries is 191 bps.

Public Equities

- Equity markets were higher throughout the world during August despite mid-month concerns surrounding escalating tensions between North Korea and the rest of the world. As the US dollar continued its 2017 decline, non-US markets further benefited from currency gains. For the month, the S&P 500 rose 0.3% and outperformed US small cap stocks. Outside the US, emerging markets outperformed their developed peers, rising 2.2%.
- Master limited partnerships (MLPs) returned -4.9% for the month, driven by poor performance in the crude oil pipelines sector. Year-to-date, the Alerian MLP Index has returned -6.3% and the distribution yield has increased 46 bps to 7.7%.

Public Debt

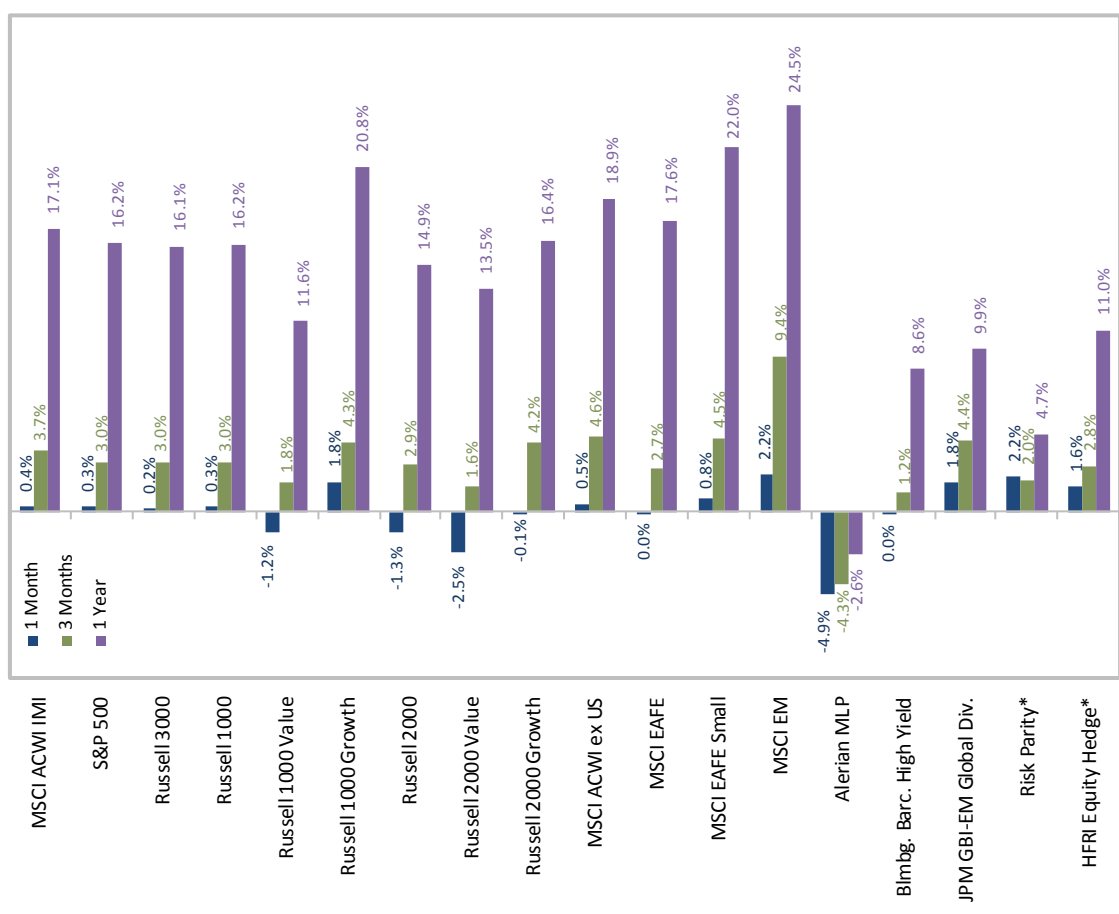
- The Bloomberg Barclays US High Yield Index was unchanged for August. Rising yields offset coupon payments, with spreads widening from their lowest levels since May 2014.
- Local currency-denominated emerging market debt returned 1.8%, as both currency and principal added 0.9% of returns. Emerging market local bonds ended August yielding 6.0% with duration of 5.1 years.

Private Assets

- The strong fundraising environment for private equity continued into the second quarter. Capital commitments have now exceeded \$100b in five of the last seven quarters, with Preqin estimating that Q2 fundraising totaled \$121b. The amount of capital raised has been relatively concentrated, with approximately 63% of the \$121b raised being secured by the top 10 funds closed during the quarter.
- Momentum in private debt fundraising slowed during the first half of 2017 compared to record highs at the end of 2016. Twenty-eight funds, totaling \$16b in capital, closed during the second quarter, down from \$26b in Q1. The second quarter marked the first time in three years in which private debt fundraising did not surpass \$20b.

Hedge Funds

- Risk parity strategies contributed gains in July. Gains were spread across asset classes, with commodities and nominal bonds providing the largest contributions.
- Growth hedge funds were positive during July, with long/short equity strategies driving returns. Event-driven strategies also gained, including distressed, merger arbitrage, and activist strategies.



* Data was not available at time of publication – returns are previous month's.
 Note: Risk Parity returns are based on an internally comprised benchmark.
 All returns are USD.

Public Debt

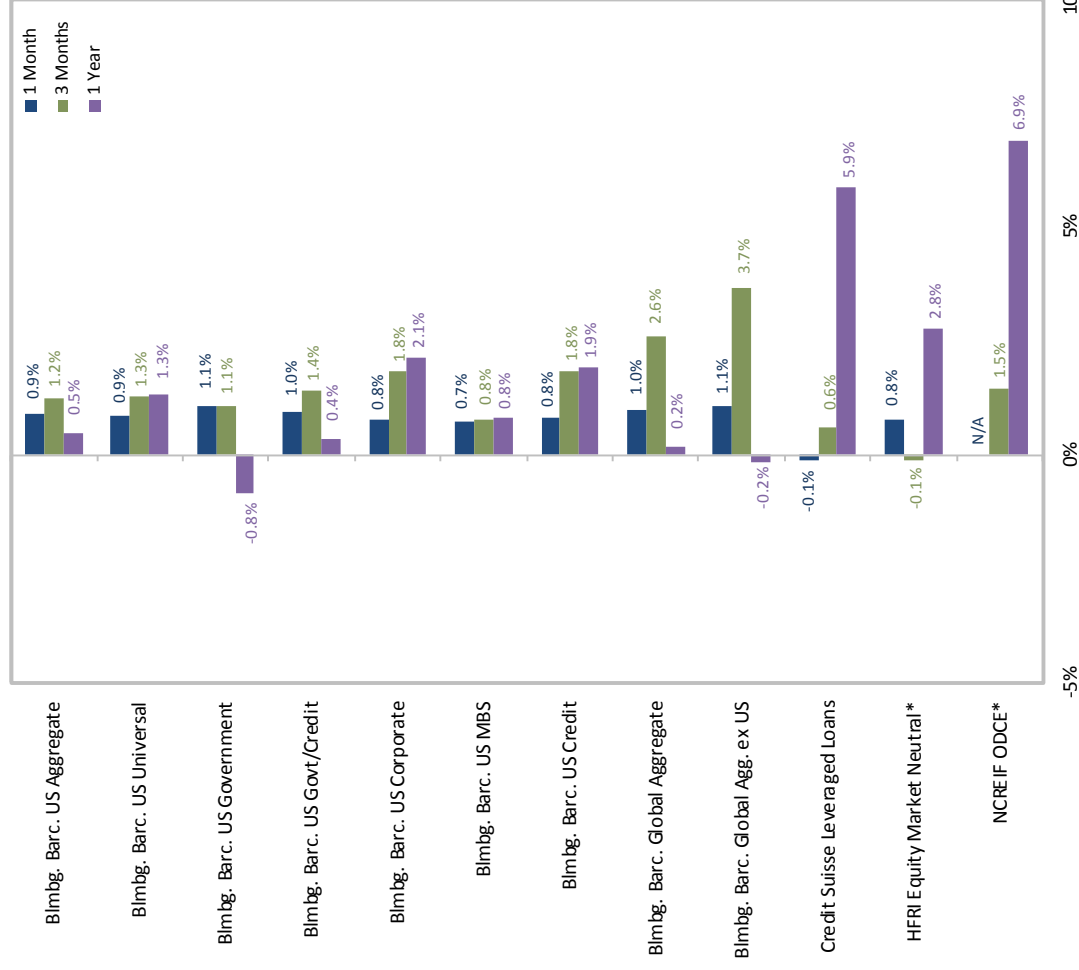
- The yield curve flattened during August after a brief steepening during July. Short-end rates remained stable while long-end rates fell due to lower inflation expectations and real rates.
- The 10-year US Treasury yield ended August at 2.1%, down 18 basis points from July to its lowest month-end rate in 2017. Heightened geopolitical risk causing expectations of a slower path of rate hikes contributed to the decline in yields for the month.
- The Bloomberg Barclays US Aggregate returned 0.9% in August, bringing year-to-date returns to 3.6%. Treasuries were the top-performing sector in the Index, as market participants preferred safe-haven securities. Spreads widened in both the MBS and corporate sectors.
- The Bloomberg Barclays Global Aggregate returned 1.0%. Principal was the primary driver of performance, contributing 0.6%, while currency and coupon added 0.4%.
- Public bank loans, as measured by the Credit Suisse Leveraged Loan Index, returned -0.1%. Three year discount margins increased by 13 bps, ending the month at 436 bps. Neither BB-, B- or CCC-rated issues generated positive returns for the month.

Relative Value Hedge Funds

- Relative value hedge funds performed well in July, led by equity market neutral strategies. Relative value credit, convertible arbitrage, and volatility arbitrage all also contributed.

Core Real Estate

- Core real estate returns for the second quarter of 2017 were 1.7% gross and 1.5% net, bringing the one-year gain for core funds to 6.9%. Strong but declining gains in the commercial real estate market have been supported by the US cyclical expansion, with strong labor market growth fueling demand while supply remains limited. In recent quarters, price appreciation has slowed compared to prior in the expansion, with a larger percentage of real estate gains now being generated through income.



* Data was not available at time of publication – returns are previous month's.
Note: All returns are USD.

Inflation

- TIPS provided a positive return during the month as real rate declines surpassed the decline in inflation expectations. Principal contributed almost all of the return during the month with 0.0% coming from coupon, giving total return of 1.1% for the month.

Deflation

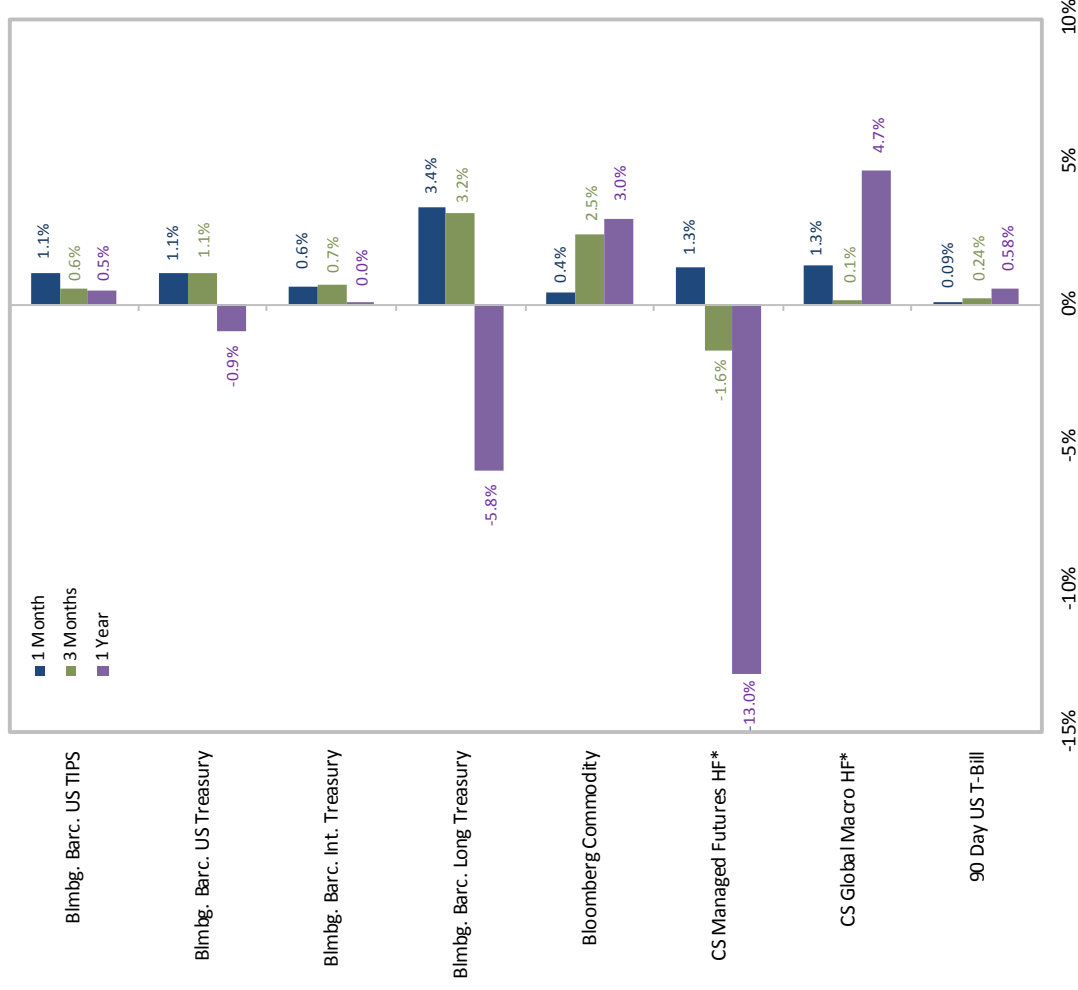
- The Bloomberg Barclays Long Treasury Index returned 3.4%, with 3.2% being related to price return, as long-end rates fell during the month. Yields for the Index ended at 2.6% compared to 2.8% at the end of July.

Commodities

- The Bloomberg Commodity Index returned 0.4%, as strong performance by industrial metals and energy was offset by poor performance by livestock and grains. The Bloomberg Commodity Index returned 3.0% for the trailing year, driven by energy and industrial metals.

Tactical Trading

- Tactical trading hedge funds contributed gains in July. Gains were led by trend-followers, ending a recent losing streak. Discretionary global macro also contributed.



* Data was not available at time of publication – returns are previous month's.
Note: All returns are USD.

DISCLOSURES

Summit has prepared this presentation for the exclusive use of its intended audience. Any information contained in this report is for information purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management. The information herein was obtained from various sources, which Summit believes to be reliable. Summit cannot assure the accuracy of any third-party-generated numbers. Past performance is no guarantee of future results, and no graph, chart, or formula can, in and of itself, be used to determine which managers or investments to buy or sell. Any forward-looking projection contained herein is based on assumptions that Summit believes is reasonable, but which are subject to a wide range of risks, uncertainties, and the possibility of loss. Actual results and performance will differ from those expressed or implied by such forward-looking projections.

This report may contain opinions developed by Summit. Summit does not guarantee the accuracy or completeness of the information contained in this report. The opinions, market commentary, portfolio holdings, and characteristics are as of the date(s) shown and subject to change.

Private investments and hedge funds are subject to less regulation than other types of pooled vehicles. Alternative investments may involve a substantial degree of additional risk, including the risk of total loss of an investor's capital and lack of liquidity, and therefore may not be appropriate for all investors. Clients should review the Offering Memorandum, the Subscription Agreement, and any other applicable documents prior to investing. Summit does not provide legal or accounting advice. Clients should consult with their own legal advisor and/or accountant on these opportunities, including the review of any Subscription Document, Offering Memorandum, or Partnership Agreement.

Summary statistical data such as standard deviation (risk), Sharpe ratio, and tracking error is calculated using industry-standard methodology. Details regarding these calculations are available upon request.



Date: September 15, 2017

To: City of Jacksonville Police & Fire Pension Fund – Board of Trustees

From: Dan Holmes

CC: Timothy Johnson
Stephen Lundy

Subject: Expiration of Investment Advisory Agreements

Please be advised that a significant number of Investment Advisory Agreements for investment managers employed by the Pension Fund are due to terminate on September 30, 2017. The managers to which this pertains are shown below:

- Northern Trust Aggregate Bond Index
- Northern Trust S&P Index
- Northern Trust EAFE Index
- Eagle Capital Management
- Sawgrass Asset Management`
- Pinnacle Associates Ltd.
- Thompson Siegel & Walmsley, Inc.
- Harvest Fund Advisors LLC
- Tortoise Capital Advisors

Summit recommends each Agreement be extended under the same terms and conditions as contained in the current Agreements for a period of one (1) year. During this extension period, Summit recommends each Agreement be updated by the Fund's legal counsel to reflect best practices which include:

- Conversion of the Agreements from a term period to an "evergreen" status whereby the manager Agreements will continue until terminated with a notice period;
- Accurate reflection of fee schedules which combine assets of the Fund with those of the City of Jacksonville Retirement System where managers are common to both;
- Insertion of MFN clauses where appropriate; and
- Any other Agreement updates deemed advisable by legal counsel.

Please note also the following:

- At this time, Summit does not recommend termination of any investment managers.
- As a result of pension reform, Summit is conducting an asset-liability study. The one year extension will not affect the ability to terminate any manager should the need arise pursuant to any new asset allocation or implementation Fund being adopted as a result of the asset-liability study.
- FIAC recommends adoption of the above.

Please contact Timothy Johnson if you have any questions or concerns.



POLICE AND FIRE PENSION FUND
ONE WEST ADAMS STREET, SUITE 100
JACKSONVILLE, FLORIDA 32202-3616

"We Serve. . .and We Protect"

Phone: (904) 255-7373
Fax: (904) 353-8837

Date: September 15, 2017
To: PFPF Board of Trustees
From: Timothy H. Johnson, Executive Director
RE: Executive Director's Monthly Status Report

DASHBOARDS

<i>Benefits</i>	<i>Prior Month</i>	<i>FYTD</i>
Retiree Payroll (\$)	\$10,808,091	\$125,323,250
Refunds (\$)	\$201,762	\$2,859,511
Refunds (#)	13	268
New Members	0	303
New Medicals	73	399
Disability Applications	0	0
Disability Appeals	0	0
Deaths	1	45
Pension Estimates	6	374
Buyback Applications	6	74
Reclamations (\$)	\$0	\$569
Reclamations (#)	0	1
DROP Revocations	0	1

<i>Retirements</i>	<i>Prior Month</i>	<i>FYTD</i>
Total (Minus Enter DROP)	0	72
Full Retirement	0	7
Vested Retirement	2	13
Enter DROP	0	103
Exit DROP	1	110
Disability	0	0
Survivor	1	30
Children	0	8
Retirement Appointments	28	171
DROP Appointments	37	147

<i>Public Records Requests</i>	<i>Prior Month</i>	<i>FYTD</i>
Requests (#)	3	53
Completed (#)	4	58
Response Pages Produced (#)	39	3912

<i>Records Retention</i>	<i>Prior Month</i>	<i>FYTD</i>
Access Records Scanned (#)	49627	112850
In House Records Scanned (#)	847	6903

UPDATES

Finance Manager: Candidate identified. Recommendation to Personnel Committee to interview candidate and bring report to board in October.

Interim Finance Manager: Recommended by Kevin Stork, Mike Givens is a CPA and former COJ Treasurer who will complete necessary posing and close-out the financials for FYE 2017. Contract is attached. Recommend acceptance pending legal review.

Outstanding Legal Opinions: See attached chart.

Ordinance 2017-647: Appointing Nawal B. McDaniel to the JPPF Board. See attached resume.

Employee Conflict of Interest: More to come.

Property Performance Analysis: More to come.

FIAC Investment Policy Discussion: Bringing recommendation to the board in 2018 relative to portfolio changes following A/L Study, streamlining the document and policies to fill the private assets target.

INDEPENDENT CONTRACTOR AGREEMENT

This is an Independent Contractor Agreement between the Jacksonville Police and Fire Pension Fund ("PFPPF") and Michael R. Givens, C.P.A. PLLC ("Givens"). This agreement will become effective September 12, 2017, subject to ratification by the PFPPF Board at its next regular meeting.

Recitals

PFPPF is a single-employer contributing defined benefit pension plan covering all full time police officers and firefighters of the consolidated City of Jacksonville, Florida. PFPPF is currently recruiting a senior level accounting administrator to fill a vacancy created by the departure of the PFPPF employee providing accounting and financial reporting services. PFPPF is in need of an experienced contractor to provide certain of the services expected from the accounting administrator for the period beginning with the start of the vacancy continuing through a successful hire. Time is of the essence as year-end approaches.

Givens has considerable experience and knowledge relative to the accounting and financial reporting services provided by the departed PFPPF employee and is available to provide these services for the period of the vacancy in an interim consultant role. In this role, Givens will report to and take general direction from the PFPPF Executive Director.

In consideration of the mutual promises set forth in this agreement, PFPPF and Givens agree as follows:

Description of Work

Givens shall perform work as an independent contractor by providing the specified accounting and reporting services described below:

1. Organize, reconcile and schedule all transactions from the PFPPF Center State Bank monthly activity statements and Northern Trust custodial statements in a manner that facilitates the computation and preparation of the accounting entries to record such activity.
2. Prepare and post the resulting journal entries to the accounting system of PFPPF (FAMIS).
3. Design and generate a reporting tool for use in assembling interim financial reports desired by PFPPF executives, including a budget to actual statement for the operating activities.
4. After all operating activities have been scheduled and posted to the general ledger, assist in identifying the source of any remaining available resources available for encumbrance for near term use.
5. Assist in training and transition of responsibilities to permanent finance manager hire.

Time Devoted to Work

In performing the services under this agreement, PFPF will rely on Givens to work the number of hours necessary to adequately perform the services described above and provide timely recording of the transactions and required reporting.

Payment of Fees

For the services described PFPF shall pay to Givens an hourly rate of \$125 for all hours worked. Givens shall submit an invoice for such fees and PFPF will pay each invoice within 10 business days after receipt. The current estimate of the time required to accomplish the agreed upon tasks 1-4 above for the period March 2017 through September 2017 is 168 hours. This estimate is based on an assumed availability and condition of the underlying records, as well as reasonable clerical and administrative assistance from PFPF staff. Additional work to extend or expand the scope of these agreed upon procedures and to train and transition to the permanent finance manager hire can be negotiated between the parties.

Relationship of the Parties

PFPF shall not withhold from Givens' fees any amount for federal income taxes, FICA, or any other legal deductions. Except where required by law, PFPF shall not make premium payments or contributions for any workers' compensation or unemployment compensation benefits for Givens. PFPF asserts it has relied upon Givens' experience, knowledge, and skill in selecting Givens to perform the services described in this agreement.

Givens shall have sole control of the manner and means of performing its services under this agreement, with PFPF only being interested in the delivery of the agreed upon services described in this agreement on a timely basis.

Savings Clause

If any provision of this agreement is declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect and shall be construed to effectuate the purpose and intent of this agreement.

Applicable Law

This agreement shall be governed by the laws of the State of Florida, and any action for breach of the terms of this agreement shall be commenced in a court of competent jurisdiction within Duval County, Florida where jurisdiction and venue shall lie.

Modification

This agreement may not be modified except by written agreement signed by both parties.

Incorporation

This agreement expressly supersedes all practices, understandings, and agreements, whether written or oral, not specifically set forth in the agreement. This agreement constitutes the entire agreement between PFPF and Givens, and there are no other agreements or understandings concerning this agreement which are not fully set forth in this agreement.

IN WITNESS WHEREOF, PFPF, by its authorized representative, and Givens, by its authorized representative, have executed this agreement, this _____ day of September, 2017.

Attorney Approval as to Form

By:_____

Jacksonville Police & Fire Pension Fund

Witness:_____

By:_____

Michael R Givens, C.P.A. PLLC

Witness:_____

By:_____

**Outstanding Opinions
Office of General Counsel**

<u>Opinion</u>	<u>Date of Request</u>	<u>Date Received (Expected)</u>
Securities Litigation Policy	January, 2017	(TBD)
Reemployment Affidavit	2/8/2017	(10/6/2017)
Benefit Correction / Appeal Policy	4/12/2017	(10/6/2017)
Bailiff Time Service Connections	4/21/2017	(9/18/2017)
Participation of DROP Members in the Share Plan	6/14/2017	9/1/2017
IRS Compliance of Share Distributions to DROP Members	6/14/2017	9/1/2017
Tuten's Request for Legal Opinions (Consent Decree)	6/16/2017	
Chapter Fund Questions	7/20/17	
Investment Consultant & Custodian Contract Extension	8/18/2017	(TBD)

Introduced by Council President Brosche:

RESOLUTION 2017-647

A RESOLUTION REGARDING THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES; APPOINTING NAWAL B. MCDANIEL, A DUVAL COUNTY RESIDENT, TO THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES, REPLACING WILLIAM B. SCHEU, PURSUANT TO SECTION 22.02, JACKSONVILLE CHARTER, FOR A FIRST FOUR-YEAR TERM TO EXPIRE ON JUNE 30, 2020; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by the Council of the City of Jacksonville:

Section 1. Appointment of Nawal B. McDaniel. The Council hereby confirms the appointment of Nawal B. McDaniel, a Duval County resident, to the Jacksonville Police and Fire Pension Board of Trustees, replacing William B. Scheu, pursuant to Section 22.02, Jacksonville Charter, for a first four-year term to expire on June 30, 2020.

Section 2. Effective Date. This resolution shall become effective upon signature by the Mayor or upon becoming effective without the Mayor's signature.

Form Approved:

/s/ Margaret M. Sidman

Office of General Counsel

Legislation Prepared By: Paula Shoup

17-647

RECEIVED
9-6-2017

NAWAL B. McDANIEL
1301 Riverplace Blvd., Suite 1500, Jacksonville, Florida 32207
Phone: (904) 346-5511, E-mail: nmcdaniel@rtlaw.com

EXPERIENCE

Rogers Towers, P.A., Jacksonville, Florida
Associate Attorney, July 2012 – December 2015
Shareholder, January 2016 – Present

Attorney practicing in the areas of Wills, Trusts and Estates and Probate, Trust and Guardianship administration. Experience includes meeting with clients to discuss estate planning needs, advising clients on various estate planning options, handling complex estates and trusts and federal estate, gift and generation-skipping transfer tax planning.

Fisher & Sauls, P.A., St. Petersburg, Florida
Associate Attorney, September 2007 – Present

Associate attorney practicing primarily in the areas of Wills, Trusts and Estates and Probate, Trust and Guardianship administration.

Gulfcoast Legal Services, Inc., St. Petersburg, Florida
Staff Attorney, September 2006 – August 2007

Representation of indigent clients in family law matters, including dissolution of marriage proceedings, paternity proceedings and domestic violence injunctions. Responsibilities included preparation of Complaints for Dissolution of Marriage, representation of clients at domestic violence injunction hearings, counseling and advising clients on matters involving child support, alimony and custody of minor children.

HONORS/ACTIVITIES

Gulfcoast Legal Services, Inc., Board of Directors, Vice President (2009 – 2010), President (2010 – Present); St. Petersburg Bar Association Probate & Guardianship Section, Chair (2009 – 2010); St. Petersburg Chamber of Commerce Young Professionals (2008 – 2012); Suncoast Hospice Foundation Council of Professional Partners (2008 – 2012); Suncoast Estate Planning Council (2008 – 2012); The Florida Bar Real Property Probate & Trust Law Section (2007 – Present); Executive Council Member, Leukemia and Lymphoma Society Light the Night Walk (2014); University of Florida Planned Giving Advisory Board (2016 – Present); Estate Planning Council of Northeast Florida (2012 – Present)

EDUCATION

Stetson University College of Law. Gulfport, FL. 2003 – 2006
Juris Doctor
University of the South. Sewanee, TN. 1999 – 2003
B.A. English Literature, Minor in Spanish
The Bolles School. Jacksonville, FL. 1995-1999
High School Diploma

1 Introduced by the Council President at the request of the
2 Jacksonville Police and Fire Pension Board of Trustees:

3
4
5 **ORDINANCE 2017-564**

6 AN ORDINANCE AMENDING CHAPTER 121 (POLICE AND
7 FIREFIGHTERS PENSION PLAN), PART 1 (POLICE AND
8 FIRE PENSION FUND ADMINISTRATION), SECTION
9 121.103 (ADVISORY COMMITTEE), ORDINANCE CODE,
10 TO CREATE STAGGERED TERMS; AMENDING CHAPTER
11 121 (POLICE AND FIREFIGHTERS PENSION PLAN),
12 PART 5 (FINANCIAL INVESTMENT AND ADVISORY
13 COMMITTEE), SECTION 121.503 (FINANCIAL
14 INVESTMENT AND ADVISORY COMMITTEE; MEMBERSHIP,
15 APPOINTMENT AND TERMS), ORDINANCE CODE, TO
16 CREATE STAGGERED TERMS; PROVIDING AN EFFECTIVE
17 DATE.

18
19 **BE IT ORDAINED** by the Council of the City of Jacksonville:

20 **WHEREAS**, the Jacksonville Police and Fire Pension Board of
21 Trustees (the "Board") is an independent agency of the consolidated
22 City of Jacksonville, is governed by Chapter 121, *Ordinance Code*, and
23 is responsible for administering the Jacksonville Police and Fire
24 Pension Fund ("Pension Fund"); and

25 **WHEREAS**, the Advisory Committee created under Section 121.103,
26 *Ordinance Code*, and the Financial Investment and Advisory Committee
27 ("FIAC") created under Section 121.503, *Ordinance Code*, were
28 established to assist the Board with the administration of the Pension
29 Fund; and

30 **WHEREAS**, the Advisory Committee consists of seven members: three
31 police officers elected by police officers, three firefighters elected

1 by firefighters, and one retired member elected by the retired members
2 as a group, and the terms of all seven members are set to expire on
3 December 31, 2017; and

4 **WHEREAS**, the FIAC consists of five members and the terms of a
5 majority of the membership are set to expire on March 1, 2019; and

6 **WHEREAS**, the Board at its regular meeting on July 21, 2017,
7 recommended that the Advisory Committee and FIAC board members be
8 staggered in such a way as to create the least disruption in board
9 membership and provide better continuity in board membership as set
10 forth in the meeting minutes excerpt attached hereto as **Exhibit 1**; now
11 therefore

12 **Section 1. Chapter 121 (Police and Firefighters Pension**
13 **Plan), Part 1 (Police and Fire Pension Fund Administration),**
14 **Section 121.103 (Advisory Committee), Ordinance Code, amended.**

15 Chapter 121 (Police and Firefighters Pension Plan), Part 1 (Police
16 and Fire Pension Fund Administration), Section 121.103 (Advisory
17 Committee), *Ordinance Code*, is hereby amended to create staggered
18 member terms in the 2017 election, as illustrated on **Exhibit 2**
19 attached hereto, and as amended shall read as follows:

20 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

21 **PART 1. POLICE AND FIRE PENSION FUND ADMINISTRATION**

22 * * *

23 **Sec. 121.103. - Advisory Committee.**

24 There shall be an advisory committee composed of three police
25 officers and three firefighters who are Members or Qualified
26 Members of the fund and one person who has retired from the fund.
27 The Trustees shall establish the rules and regulations for the
28 election. Advisory Committee members shall be elected for a four-
29 year term, with the election in November of odd-numbered years,
30 with those elected to take office on the first Monday of the
31 following January. Of the seven persons elected to serve on the

1 committee in the November 2017 elections, one police member and one
2 firefighter member shall serve an initial term of two years, and
3 one police member and one firefighter member shall serve an initial
4 term of three years. All subsequent terms after the stagger is
5 established shall be for four year terms. The police officers shall
6 be elected by police officers, the firefighters shall be elected by
7 firefighters, who are Members or Qualified Members of the fund. The
8 retired member shall be elected by a vote of the retired members as
9 a group.

10 * * *

11 **Section 2. Chapter 121 (Police and Firefighters Pension**
12 **Plan), Part 5 (Financial Investment and Advisory Committee),**
13 **Section 121.503 (Financial Investment and Advisory Committee;**
14 **Membership, Appointment and Terms), Ordinance Code, amended.**
15 Chapter 121 (Police and Firefighters Pension Plan), Part 5
16 (Financial Investment and Advisory Committee), Section 121.503
17 (Financial Investment and Advisory Committee; Membership,
18 Appointment and Terms), *Ordinance Code*, is hereby amended to read
19 as follows:

20 **Chapter 121. POLICE AND FIREFIGHTERS PENSION PLAN**

21 **PART 5. FINANCIAL INVESTMENT AND ADVISORY COMMITTEE**

22 * * *

23 **Sec. 121.503. - Financial Investment and Advisory Committee;**
24 **Membership, Appointment and Terms.**

25 * * *

26 (c) The term of office shall be three years. No person shall
27 serve more than three consecutive terms. Of the five persons
28 selected to serve on the initial Committee two members shall serve
29 an initial term of one year and two members shall serve initial
30 terms of two years. All subsequent terms after the stagger is
31 established shall be for four year terms. In its confirmation of

1 the Committee Member nominee, the City Council shall designate
2 whether the initial term is for two or for three years.

3 * * *

4 **Section 3. Effective Date.** This ordinance shall become
5 effective upon signature by the Mayor or upon becoming effective
6 without the Mayor's signature.

7
8 Form Approved:

9
10 /s/ Lawsikia J. Hodges_____

11 Office of General Counsel

12 Legislation prepared by: Lawsikia J. Hodges

13 GC-#1145009-v3-PFPF_Advisory_and_FIAC_Legislation_-_Staggered_Terms.doc

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – JULY 21, 2017 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

Lt. Richard Tuten III, Board Chair
Richard Patsy, Board Secretary
Lt. Chris Brown, Trustee
Willard Payne, Trustee – via webex
William Scheu, Trustee – via webex

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Pedro Herrera, Sugarman & Susskind, Fund Counsel
Lawsikia Hodges, Office of General Counsel
Dan Holmes, Summit Strategies
Pete Strong, Fund Actuary
Denice Taylor, AAA Reporters

GUESTS

Greg Anderson, City Council Liaison
Anna Brosche, City Council President
K. Dobson, Jacksonville Association of Firefighters
Joey Greive, Fund Treasurer
Mark Muchowicz, JSO
Randy Wyse, President, Jacksonville Association of Firefighters

I. CALL TO ORDER

Chairman Richard Tuten called the meeting to order at 9:06AM.

II. PLEDGE OF ALLEGIANCE

III. A MOMENT OF SILENCE WAS OBSERVED FOR THE FOLLOWING DECEASED MEMBERS:

2. External Auditor's Engagement Letter (Carr, Riggs & Ingram)

Timothy Johnson said that the PFPF's external auditor, KBLD is retiring. He said he reached out to the City to find out about their external auditor. He said he was recommended to use the City's auditor, CRI. CRI would match KBLD's price. He said the timing is perfect, as the PFPF would be entering the contract with CRI at the same time as the City. He said the contract was for one year, and the price was \$30,000.

A motion was made by Chris Brown to enter into a contract with CRI, seconded by Rick Patsy. The vote passed unanimously.

3. 2017 Election Timeline Update

Timothy Johnson said that the Board of Trustees and the Advisory Committee have seats coming up for election. Two Trustee seats and all seven Advisory Committee seats expire on December 31st, and the election will be held in the Fall.

Richard Tuten said that he will not run for reelection, and that 14 years is long enough. He asked Timothy Johnson if he has received any indication from the Advisory Committee members on their intentions to run for reelection.

Timothy Johnson said that all seven members could run for reelection; however they could change their mind. He said that he has received no indication that any of the Advisory Committee members would not seek reelection.

Rick Patsy said that potentially, all of the Advisory Committee seats turning over at the same time is a bad thing.

Lawsikia Hodges said that the Board could recommend to the City Council changes to the ordinance to stagger the terms.

Greg Anderson recommended that the Board create a subcommittee to draft possible changes to the ordinance, and that he would not be in favor of an emergency Council vote on ordinance language change in order to change the ordinance before the election.

POLICE AND FIRE PENSION FUND
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Page 8

Chris Brown asked if the Board could direct OGC to draft new language for an ordinance change.

Lawsikia Hodges said she would come back to the August Board of Trustees' meeting with draft language prepared.

Chris Brown recommended that the Advisory Committee's seats be staggered in the following manner:

1. The three JFRD seats would have terms of 2, 3, and 4 years.
2. The three JSO seat would have terms of 2, 3, and 4 years.
3. The retired seat would have a term of 4 years.
4. All seats would have equal term lengths after.

A motion was made by Chris Brown to direct OGC to make a proposed ordinance change to stagger the seats of the Advisory Committee, seconded by Rick Patsy. Discussion:

Richard Tuten said that he would make an amendment to the motion for Timothy Johnson to work along with OGC to clear this up.

Lawsikia Hodges said that she can draft language to stagger the Board, FIAC, and Advisory Committee seats.

The vote passed unanimously.

Greg Anderson said that he recommends that he file the proposed language with the City Council, and the Board can make any amendments if they desire.

A motion was made by Bill Scheu to accept Greg Anderson's recommendation to file, seconded by Chris Brown. The vote passed unanimously.

4. FIAC Meeting Attendance Update

Timothy Johnson said that at the request of Richard Tuten, analysis was made of the meeting attendance of the FIAC. He said that he met with the FIAC

chair, and discussed attendance at the last FIAC meeting. He said that the FIAC committed to better attendance, and will inform the PFPF if they are unable to attend ahead of the meeting. He said a large factor affecting FIAC quorums was that the FIAC only had four members up until the last few months. He said that a new member orientation is also in the works.

Richard Tuten said that he wasn't sure if the FIAC members knew what they were getting themselves into, and if they were aware of the gravity of the commitment, and that there are millions of dollars on the line.

Timothy Johnson informed the Board of the working group that was held Thursday. He said a robust discussion was had concerning how to administer the recent pension reform. He said he will prepare notes to present to the Board in their August meeting.

Rick Patsy said that it was a good and constructive meeting.

A motion was made by Rick Patsy to direct Summit Strategies and GRS to start the asset-liabilities study, seconded by Chris Brown. Discussion:

Pete Strong said that he could have a draft ready by November, and a final version by mid-December or January.

The vote passed unanimously.

VIII. COUNSEL REPORTS

There were no new counsel reports.

IX. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Economic & Capital Market Update – June 30, 2017

Dan Holmes said that continued economic growth has been driving strong returns. Job growth, wage growth, and GDP growth have been contributing factors to the recent great returns.

Exhibit 2

Board Member	Current Term End	Initial Term Length	Stagger Term End	Subsequent Term End
Active Police Officer	December 31, 2017	2 years	December 31, 2019	December 31, 2023
Active Firefighter	December 31, 2017	2 years	December 31, 2019	December 31, 2023
Active Police Officer	December 31, 2017	3 years	December 31, 2020	December 31, 2024
Active Firefighter	December 31, 2017	3 years	December 31, 2020	December 31, 2024
Active Police Officer	December 31, 2017	4 years	December 31, 2021	December 31, 2025
Active Firefighter	December 31, 2017	4 years	December 31, 2021	December 31, 2025
Retiree	December 31, 2017	4 years	December 31, 2021	December 31, 2025

PFPF Advisory Committee & FIAC Proposed Staggered Terms

FIAC	MEMBER	INITIAL TERM		PERMANENT															
		LENGTH	TERM LENGTH	Current Term Start	Current Term Ending	Proposed Term End	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022	3/1/2023	3/1/2024	3/1/2025	3/1/2026	3/1/2027	3/1/2028		
	Van Pelt	1	3	3/1/2016	3/1/2019	3/1/2017			X		X				X				
	Kowkabany	2	3	3/1/2016	3/1/2018		X			X		X				X			
	Lewis	1	3	3/1/2016	3/1/2019	3/1/2017			X		X			X					
	Devine	2	3	3/1/2016	3/1/2018		X			X		X				X			
	Smith	3	3	3/1/2016	3/1/2019			X			X			X			X		

ADVISORY COMMITTEE	MEMBER	PERMANENT			Current Term Start	Current Term Ending	Proposed Term End										
		INITIAL TERM LENGTH	TERM LENGTH					12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026		
	F1	2	4		1/1/2014	12/31/2017	x					x					
	F2	3	4		1/1/2014	12/31/2017			x				x				
	F3	4	4		1/1/2014	12/31/2017				x				x			
	P1	2	4		1/1/2014	12/31/2017	x					x					
	P2	3	4		1/1/2014	12/31/2017			x				x				
	P3	4	4		1/1/2014	12/31/2017				x				x			
	R	4	4		1/1/2014	12/31/2017				x				x			

SUGARMAN & SUSSKIND

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♦ Board Certified Labor
& Employment Lawyer

September 1, 2017

Board of Trustees
City of Jacksonville Police & Fire Pension Fund Advisory Committee
c/o Tim Johnson, Executive Director
1 West Adams Street, Suite 100
Jacksonville, FL 32202

Re: Participation of DROP members in the Share Plan

Dear Trustees:

You have requested our opinion as to whether Chapters 175 and 185, Florida Statutes, require the City of Jacksonville Police and Fire Pension Plan to permit DROP members to participate in the Supplemental Share plan. For the reasons and based upon our understanding of the facts as set forth below, it is our opinion that the plan is not required to permit DROP members to participate in the Share.

Our opinion is based upon our understanding of the facts as follows. The City of Jacksonville Police and Fire Pension Plan was created by Chapter 18615, Special Acts of Florida, during the 1937 legislative session. The plan contains a DROP and a Supplemental Share plan, set forth respectively in Sections 121.209 and 121.115 of the City's Code of Ordinances.

With regard to the DROP, Section 121.209 of the Code of Ordinances provides, "[a]dditional service beyond the date of entry into the DROP shall no longer accrue any additional benefits under the Pension Fund."

Section 121.115(e) relating to the Supplemental Share plan states in relevant part:

Distribution of share accounts. A Participant with ten or more years of credited service with the City, upon termination of creditable service employment, shall be eligible to receive a distribution of 100 percent of the balance in his or her Share Account, together with all earnings and losses and interest credited to the Share Account through the date of termination of employment... (emphasis added)

Those sections exclude DROP members from continued participation in the Share. First, under Section 121.209 of the Code of Ordinances as cited above, no additional benefits accrue under the plan upon entry into the DROP. Share benefits cease thus to accrue upon entry into the DROP. Furthermore, since DROP members no longer accrue any additional benefits, their creditable service employment effectively ceases upon entry into the DROP. Under Section 121.115 of the Code of Ordinances, the termination of creditable service employment entitles DROP members to the distribution of their Share accounts, which is consistent with the cessation of the accrual of Share credits. Accordingly, it is our opinion that the plan does not permit DROP members to continue participation in the Share.

The exclusion of DROP members from the Share is permitted under Chapters 175 and 185, Florida Statutes. Since the City of Jacksonville Police and Fire Plan was created by special act prior to May 27, 1939, the Plan is effectively exempt from the provisions of Chapters 175 and 185 that would otherwise prohibit the exclusion of DROP members from continued participation in the Share.

Generally, local law plans are required to permit DROP members to continue to participate in a supplemental share plan. Sections 175.032(7) and 185.02(8), Florida Statutes, provide:

175.032...

(7) “Deferred Retirement Option Plan” or “DROP” means a local law plan retirement option in which a firefighter may elect to participate. A firefighter may retire for all purposes of the plan and defer receipt of retirement benefits into a DROP account while continuing employment with his or her employer. However, a firefighter who enters the DROP and who is otherwise eligible to participate may not be precluded from participation or continued participation in a supplemental plan in existence on, or created after, March 12, 1999. (emphasis added)

185.02...

(8) “Deferred Retirement Option Plan” or “DROP” means a local law plan retirement option in which a police officer may elect to participate. A police officer may retire for all purposes of the plan and defer receipt of retirement benefits into a DROP account while continuing employment with his or her employer. However, a police officer who enters the DROP and who is otherwise eligible to participate may not be precluded from participation or continued participation in a supplemental plan in existence on, or created after, March 12, 1999. (emphasis added)

Those Sections, however, do not apply to local law plans that were created by special act on or before May 27, 1939. Sections 175.351(2) and 185.35(2), Florida Statutes, provide:

175.351...

(2) The premium tax provided by this chapter must be used in its entirety to provide retirement benefits to firefighters, or to firefighters and police officers if both are included. Local law plans created by special act before May 27, 1939, are deemed to comply with this chapter. (emphasis added)

185.35...

(2) The premium tax provided by this chapter must be used in its entirety to provide retirement benefits to police officers, or to police officers and firefighters if both are included. Local law plans created by special act before May 27, 1939, shall be deemed to comply with this chapter. (emphasis added)

“Deemed to comply” means that the plan is effectively exempt from actual compliance. By the use of the word “chapter,” the legislature gave broad effect to the exemption.

The broad exemption is confirmed by Sections 175.061(8)(b) and 185.05(8)(b), Florida Statutes, which specify certain provisions of Chapters 175 and 185 with which local law plans created by special act before May 27, 1939 are required to comply despite the exemption contained in Sections 175.351 and 185.31:

175.061(8) ...

(b) Notwithstanding s. 175.351(2) and (3), a local law plan created by special act before May 27, 1939, must comply with the provisions of this subsection.

185.05(8) ...

(b) Notwithstanding s. 185.35(2) and (3), a local law plan created by special act before May 27, 1939, must comply with the provisions of this subsection.

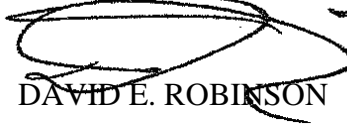
The legislature did not make similar exceptions for Subsections 175.032(7) and 185.02(8) (requiring local law plans to allow DROP members to participate in the DROP). Thus, by rule of interpretation, the legislature did not intend to require compliance with those Subsections. Accordingly, we conclude that Subsections 175.032(7) and 185.02(8) do not apply to this plan.

For the foregoing reasons, it is our opinion that Sections 175.351(2) and 185.35(2) exempt local law plans that were created by special act before May 27, 1939, such as City of Jacksonville Police and Fire Pension Plan, from compliance with Sections 175.032(7) and 185.02(8), Florida Statutes, which would otherwise prohibit the exclusion of DROP members from the Share. Therefore, the plan is not required to permit DROP members to participate in the Share.

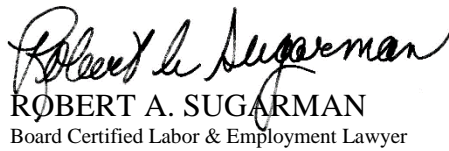
Board of Trustees
City of Jacksonville Police & Fire Pension Fund – Advisory Committee
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We look forward to discussing this matter further with you.

Yours truly,



DAVID E. ROBINSON



ROBERT A. SUGARMAN
Board Certified Labor & Employment Lawyer

RAS/jd

cc: Lawsikia Hodges

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September 1, 2017

Board of Trustees
City of Jacksonville Police & Fire Pension Fund
c/o Tim Johnson, Executive Director
1 West Adams Street, Suite 100
Jacksonville, FL 32202

Re: Internal Revenue Code Compliance of Share Distributions to DROP members.

Dear Trustees:

You have requested our opinion as to whether the distribution of a member's Share account to the member when he/she enters the DROP is a permitted in-service distribution under the Internal Revenue Code (hereinafter "the Code"). For the reasons and based upon our understanding of the facts as set forth below, it is our opinion that the distribution of a member's Share account to the member when he/she enters the DROP is a permitted in-service distribution under the Code.

Our opinion is based upon our understanding of the facts as follows. The City of Jacksonville Police and Fire Pension Plan contains a DROP and a Supplemental Share plan, set forth respectively in Sections 121.209 and 121.115 of the City's Code of Ordinances.

With regard to the DROP, Section 121.209 of the Code of Ordinances states, "Additional service beyond the date of entry into the DROP shall no longer accrue any additional benefits under the Pension Fund."

Section 121.115(e) relating to the Supplemental Share plan states in relevant part:

Distribution of share accounts. A Participant with ten or more years of credited service with the City, upon termination of creditable service employment, shall be eligible to receive a distribution of 100 percent of the balance in his or her Share

Account, together with all earnings and losses and interest credited to the Share Account through the date of termination of employment... (emphasis added)

Those sections mean that a member who enters the DROP is no longer engaged in creditable service employment and is therefore eligible to receive the distribution of 100% of his or her Share benefit. The distribution of Share benefits to a DROP member is thus permitted under the plan.

The distribution is also permitted under the Internal Revenue Code. Under Section 1.401(a)-(1)(b)(1) of the Department of Treasury regulations, a qualified plan generally may not permit the distribution of a participant's benefits under the plan to commence prior to the participant's retirement—which generally requires that the participant separate from service for the employer. There are exceptions to that rule. Under Section 401(a)(36) of the Code, a qualified plan may make distributions to a member who has not separated from service if the member has attained age 62. Furthermore, in recent proposed regulations promulgated on January 27, 2016 in Volume 81, No.17, Page 4599 of the Federal Register, the IRS permits governmental plans to make in-service distributions to members who have attained normal retirement age under the plan, if the plan's normal retirement age is not lower than the age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed.¹ The proposed regulations set forth certain "safe harbor" normal retirement ages that are deemed not to be earlier than the typical retirement age for workers in governmental plans. As long as a plan's normal retirement age is not below the applicable safe harbor age, the plan may make in-service distributions to participants who have reached normal retirement age.

Since members of the DROP continue in the employment of the City during the DROP period, the distribution of Share benefits to DROP members is an in-service distribution. In order for the distribution to be permissible, therefore, it must occur upon or after the attainment of a normal retirement age that is consistent with the proposed regulations.

At Page 4600 the proposed regulations define normal retirement age as:

the lowest age specified in the plan at which the employee has the right to retire without the consent of the employer and receive retirement benefits based on the amount of the employee's service to the date of retirement at the full rate set forth in the plan (that is, without actuarial or similar reduction because of retirement before some later specified age). (emphasis added)

¹ Though the proposed regulations are not final, governmental plans are permitted to rely on the regulations as proposed. At page 4604, the IRS provides, "Governmental plan sponsors may rely on these proposed regulations for periods preceding the effective date, pending the issuance of final regulations. If and to the extent the final regulations are more restrictive than the rules in these proposed regulations, those provisions of the final regulations will be applied without retroactive effect."

In other words, normal retirement age is generally that age at which one becomes entitled to unreduced retirement benefits under the plan.

Section 121.209(a)(1) of the Code of Ordinances provides:

(a) *Eligibility of Member to participate in the DROP. All Members who are eligible to, may elect participation in the DROP, provided Members comply administratively with the rules and regulations established by the board for the administration of the DROP.*

(1) *A Member who is eligible to receive normal retirement benefits under Section 121.201(a) may participate in the DROP providing the Member elects to participate within the time limits contained in Section 121.209(b)(1).* (emphasis added)

Section 121.209(a)(1) clearly conditions entry into the DROP upon the attainment of eligibility for normal retirement benefits (i.e. Normal Retirement Age as defined by the regulations). The distribution of Share benefits to a DROP member is therefore permissible, if the Plan's normal retirement age is consistent with the proposed regulations.

Section 121.201(a) of the plan provides that a Member may receive an unreduced normal retirement age upon completion of 20 years of credited service. Thus, the Plan's normal retirement age, as that term is defined in the proposed regulation, is 20 years of credited service.

That normal retirement age is consistent with the proposed regulations. With regard to "Qualified Public Safety Employees," Section 1.401(a)-1(b)(2)(v)(H) of the proposed regulations provides:

(H) *Service-based safe harbor for qualified public safety employees. A normal retirement age under a governmental plan that is the age at which the participant has been credited with at least 20 years of service under the plan is deemed to be not earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed if the participants to which this normal retirement age applies are qualified public safety employees (within the meaning of section 72(t)).*

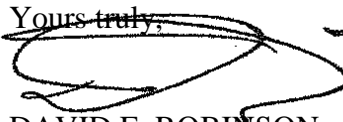
Section 72(t)(10)(B)(i) of the Code defines qualified public safety employee as:

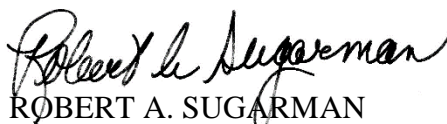
- (i) *any employee of a State or political subdivision of a State who provides police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision, ...*

Since the participants of the City of Jacksonville Police and Fire Pension Plan provide police and firefighting services within the meaning of Section 72(t)(10)(B)(i) of the Code, the plan's normal retirement age of 20 years of service is consistent with the safe harbor provided under Section 1.401(a)-1(b)(2)(v)(H) of the proposed regulations.

Since a member must reach normal retirement age under the plan in order to enter the DROP, and since the plan's normal retirement age is consistent with the proposed regulations of the department of treasury, it is our opinion that the distribution of a member's Share account to the member upon his/her entry into the DROP is permitted under the Internal Revenue Code.

We look forward to discussing this matter further with you.

Yours truly,

DAVID E. ROBINSON


ROBERT A. SUGARMAN
Board Certified Labor & Employment Lawyer

RAS/jd

cc: Lawsikia Hodges