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

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**PRESENT**

Lt. Richard Tuten III, Board Chair  
Richard Patsy, Board Secretary  
Lt. Chris Brown, Trustee  
Willard Payne, Trustee  
William Scheu, 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  
Pete Strong, Fund Actuary  
Denice Taylor, AAA Reporters

**EXCUSED**

**CITY REPRESENTATIVES INVITED**

Greg Anderson, City Council Liaison  
Anna Brosche, City Council President  
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:**

William J. Parks Jr., Retired Fire Chief  
Ronald W. Reonas, Active Police Officer  
Troy E. Senterfitt, Retired Firefighter Engineer

IV. **PUBLIC SPEAKING PERIOD**

V. **CITY COUNCIL LIAISON RECOGNITION**

VI. **CONSENT AGENDA – ITEMS 2017-07-(01-12)CA**  
***Board action requested***

**2017-07-01CA**

*Meeting Summary and Final Transcript Approved*

1. Final Transcript of the Board of Trustees Meeting held May 19, 2017. Copies held in the meeting files.
2. Final Transcript of the Board of Trustees Meeting held June 16, 2017. Copies held in the meeting files.
3. Meeting Summary of the Board of Trustees Meeting held June 16, 2017. Copies held in the meeting files.
4. Meeting Summary of the Board of Trustees Personnel Committee Workshop held July 10, 2017. Copies held in the meeting files.

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**2017-07-02CA**

*Disbursements*

**Disbursements A**

*6-1-2017 thru 6-30-2017*

1.	Baker Gilmour Cardiovascular	\$	4,350.00
2.	Harvest Fund Advisors	\$	102,203.54
3.	Summit Strategies Group	\$	61,466.00
4.	Bedell Firm	\$	6,218.44
5.	Cecil W. Powell & Company	\$	43,996.37
<b><u>TOTAL</u></b>		<b>\$</b>	<b><u>218,234.35</u></b>

*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**

*6-1-2017 thru 6-30-2017*

1.	<u>Transaction list of Accounts Payable distributions</u>	<b>\$</b>	<b><u>45,027.08</u></b>
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**2017-07-03CA**

*Pension Distributions*

**A. June 2, 2017**

1.	Regular Gross	\$	5,355,120.23
2.	Regular Lumpsum	\$	8,191.12
3.	Regular Rollover	\$	10,264.74
4.	Regular DROP Gross	\$	1,087,515.79
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	24,511.99
<b>TOTAL</b>		<b>\$</b>	<b>6,485,603.87</b>

**B. June 16, 2017**

1.	Regular Gross	\$	5,348,992.80
2.	Regular Lumpsum	\$	30,920.44
3.	Regular Rollover	\$	9,948.07
4.	Regular DROP Gross	\$	1,087,263.69
5.	DROP Lumpsum	\$	35,000
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>6,512,125.00</b>

**C. June 30, 2017**

1.	Regular Gross	\$	5,348,363.72
2.	Regular Lumpsum	\$	(3,226.44)
3.	Regular Rollover	\$	6,895.60
4.	Regular DROP Gross	\$	1,088,139.20
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>6,440,172.08</b>

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

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The following Consent Agenda items 2017-07-(04-07) were verified with supporting documentation and approved at the Advisory Committee meeting held on July 12, 2017. Vote was unanimous.

**2017-07-04CA**

*Application for Membership*

**2017-07-05CA**

*Applications for Survivor Benefits*

**2017-07-06CA**

*Applications for Disable Child's Benefit*

**2017-07-07CA**

*Applications for Vested Retirement*

The following Consent Agenda items 2017-07-(08-12) were verified with supporting documentation and received as information at the Advisory Committee meeting held on July 12, 2017.

**2017-07-08CA**

*Application for Time Service Connections*

**2017-07-09CA**

*Refund of Pension Contributions*

**2017-07-10CA**

*Share Plan Distributions*

**2017-07-11CA**

*DROP Participant Termination of Employment*

**2017-07-12CA**

*DROP Distributions*

**VII. EXECUTIVE DIRECTOR'S REPORTS**

*Timothy H. Johnson*

1. **Contract Renewal Discussion**  
***Board action requested***
  1. Investment Consultant (Summit Strategies)
  2. Custodian (Northern Trust)
2. **External Auditor's Engagement Letter (Carr, Riggs & Ingram)**  
***Board action requested***
3. 2017 Election Timeline Update
4. FIAC Meeting Attendance Update

**VIII. COUNSEL REPORTS**

*Pedro Herrera*  
*Lawsikia Hodges*

**IX. INVESTMENT CONSULTANT REPORTS**

*Dan Holmes*

1. Economic & Capital Market Update – June 30, 2017
2. Flash Report – June 30, 2017
3. **Sawgrass Recommendation**  
***Board action requested***

**X. OLD BUSINESS**

1. **Personnel Committee**  
***Board action requested***

**XI. NEW BUSINESS**

**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.

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**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES  
MEETING SUMMARY – JUNE 16, 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

**STAFF**

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

**EXCUSED**

William Scheu, Trustee

**GUESTS**

Anna Brosche, City Council Liaison  
Joey Greive, Fund Treasurer  
Randy Wyse, President, Jacksonville Association of Firefighters

**I. CALL TO ORDER**

***Chairman Richard Tuten called the meeting to order at 9:02AM.***

**II. PLEDGE OF ALLEGIANCE**

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

William C. Barker Jr., retired Police Officer  
William “Bill” Bolena III, retired Police Officer  
William M. “Bill” Plaster, retired Police Officer  
Ronald W. Reonas, active Police Officer  
Gerald Roach, active Fire District Chief  
Thomas C. Simms Jr., retired Police Officer  
William R. Van Cleave, retired Firefighter Engineer

**IV. PUBLIC SPEAKING PERIOD**

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

**V. CONSENT AGENDA – ITEMS 2017-06-(01-12)CA**

**2017-06-01CA**

*Meeting Summary and Final Transcript Approved*

1. Final Transcript of the Board of Trustees Meeting held April 21, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Special Meeting held May 19, 2017. Copies held in the meeting files.

**2017-06-02CA**

*Disbursements*

**Disbursements A**

*5-1-2017 thru 5-31-2017*

- |    |                                 |    |            |
|----|---------------------------------|----|------------|
| 1. | Thompson, Siegel & Walmsley LLC | \$ | 50,144.70  |
| 2. | Brown Advisory                  | \$ | 87,792.18  |
| 3. | Eagle Capital Management        | \$ | 373,019.65 |

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4.	Baker Gilmour Cardiovascular	\$	3,600.00
5.	Commercial Bank	\$	140,064.98
6.	Gabriel, Roeder, Smith & Company	\$	34,202.00
<b>TOTAL</b>		<b>\$</b>	<b>688,823.51</b>

*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**

*5-1-2017 thru 5-31-2017*

1.	Transaction list of Accounts Payable distributions	<b>\$</b>	<b>19,312.04</b>
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**2017-06-03CA**

*Pension Distributions*

**A. May 5, 2017**

1.	Regular Gross	\$	5,351,868.44
2.	Regular Lumpsum	\$	8,544.70
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,089,399.82
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>6,449,812.96</b>

**B. May 19, 2017**

1.	Regular Gross	\$	5,344,625.50
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,084,037.95

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5.	DROP Lumpsum	\$	98,179.90
6.	DROP Rollover	\$	0.00
<b>TOTAL</b>		<b>\$</b>	<b>6,526,843.35</b>

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

*The following Consent Agenda items 2017-06-(04-07) were verified with supporting documentation and approved at the Advisory Committee meeting held on June 14, 2017. Vote was unanimous.*

**2017-06-04CA**

*Application for Membership*

**2017-06-05CA**

*Applications for Survivor Benefits*

**2017-06-06CA**

*Applications for Vested Retirement*

**2017-06-07CA**

*Applications for DROP*

*The following Consent Agenda items 2017-06-(08-12) were verified with supporting documentation and received as information at the Advisory Committee meeting held on June 14, 2017.*

**2017-06-08CA**

*Application for Time Service Connections*

**2017-06-09CA**

*Refund of Pension Contributions*

**2017-06-10CA**

*Share Plan Distributions*

**2017-06-11CA**

*DROP Participant Termination of Employment*

**2017-06-12CA**

*DROP Distributions*

**A motion was made by Richard Patsy to approve the Consent Agenda items 2017-06-(01-12CA), seconded by Chris Brown. The vote was unanimous.**

**VI. EXECUTIVE DIRECTOR'S REPORTS**

*Timothy H. Johnson*

*Timothy Johnson informed the Trustees that they are required to complete the Form 1 disclosures. He said that Steve Lundy had emailed the Trustees the online version of the form earlier in the week, and hard copies will be handed out to the Trustees today as well.*

*Timothy Johnson discussed the attached City letters which were sent to members of the Senior Staff Voluntary Retirement Plan (SSVRP). The letters state that the administrative duties of the SSVRP will be handed over from the PFPF to the General Employees' Pension Plan (GEPP) staff. Timothy Johnson briefly discussed the history of PFPF administration of the SSVRP, and how the PFPF staff was locked out of the pension payroll system by the City. Timothy Johnson said that he has talked with Joey Greive and OGC on the matter.*

*Timothy Johnson said that last month, the Board did not vote on the transfer of administrative duties of the SSVRP to the GEPP.*

*Lawsikia Hodges said that the Board may vote if they please, but a vote is not necessary.*

*Richard Tuten said that he thought the original idea was to wait until the John Keane lawsuit was resolved. Richard Tuten said that no vote on the transfer of administrative duties is necessary, and to let the GEPP handle the SSVRP.*

*Timothy Johnson briefly discussed the attached letter to OGC regarding the 2017 pension reform. The letter asked for an opinion on the reconciliation of the Board of Trustees' duty under the 2015 court judgment.*

*Richard Tuten signed the letter, and handed it over to OGC.*

*Lawsikia Hodges said that the OGC is preparing its response.*

**VII. COUNSEL REPORTS**

*Lawsikia Hodges*

*Lawsikia Hodges discussed the OGC opinion on Bailiff Time Service Connections. She said that Bailiffs should be able to connect full time service to their pension as members of the PFPF. She described a meeting held on Monday between all departments of the City that would be affected by this opinion. She said that it was a good meeting, and that everyone at the meeting talked about the basic principle and how to apply it administratively. She said that there are many nuances that will need to be considered when developing the policy to implement the opinion. Lawsikia Hodges said that one of the first steps is discovering exactly how many former Bailiffs would be impacted.*

*Richard Tuten asked what the buyback rate would be for Bailiffs wishing to connect their time.*

*Lawsikia Hodges and Timothy Johnson answered that the rate would be the same as other similar time service connections.*

*Timothy Johnson said that even though we have the opinion, we have not started implementation yet. He said that all of the details need to be worked out first. Timothy Johnson said that the Board should receive a policy for implementation by their July meeting.*

*Lawsikia Hodges briefly described the reemployment affidavit which is almost complete. She said that OGC has worked with the PFPF staff and Bob Sugarman's staff on the affidavit. She said that it will strengthen the annual PFPF affidavit in order to discover if any ordinance code violations are occurring due to PFPF pensioners entering into contracts with the City. She said that the content is complete, and only minor formatting edits remain.*

*Lawsikia Hodges said that good progress is being made on the official reclamation policy.*

*Pedro Herrera said that he is reviewing the reclamation policy with Bob Sugarman, and that it should be ready soon.*

*Timothy Johnson said that the Board of Trustees should have the completed reclamation policy and the reemployment affidavit by July's meeting. He said that the Advisory Committee has been busy working on these items.*

*Chris Brown asked how PFPF pensioners would be affected by the new pension reform, supposing they may wish to work for the City after retirement. He asked if this would be possible given the fact that they would not be accruing a pension with the City because the pension plans are closing to new members.*

*Lawsikia Hodges remarked that this is a good question.*

*Chris Brown said that this issue will come up soon, and that the Board needs an answer.*

*Richard Patsy asked if a retiree continues to accrue a benefit if they get rehired by the City.*

*Joey Greive said that currently, the retiree's pension would be shut off, and the PFPF time would connect and they would continue to accrue a benefit under the GEPP plan.*

*Richard Tuten discussed the issues with retirees with contracts with the City. He said that the Board should not pay pensions to ineligible persons.*

#### **VIII. INVESTMENT CONSULTANT REPORTS**

*Dan Holmes*

##### **1. Economic & Capital Market Update – May 31, 2017**

*Dan Holmes said that better economic indicators and stronger US and international corporate earnings have led the current equity rally to continue worldwide. US job growth, falling unemployment, and wage growth has contributed as well. The Fed has recently raised rates by 25 basis points. The quarterly GDP estimate was revised upwards. The manufacturing sector is expanding. Dan Holmes said all of this is positive news for the economy.*

##### **2. Flash Report – May 31, 2017**

*Dan Holmes said that this is a preliminary flash report, as one money manager reports quarterly and not monthly. The numbers should actually be a little higher.*

*Dan Holmes described the Fund's recent performance: Calendar Year earnings are up over 8%, Fiscal Year earnings are up over 9% gross of fees. Performance is above the policy benchmark on both the Calendar and Fiscal Year Bases.*

*Dan Holmes said in summary, absolute performance is being driven by US and non-US equities.*

*Rick Patsy asked Dan Holmes what his intentions were concerning Sawgrass Asset Management.*

*Dan Holmes replied that he will make a recommendation. He said that Sawgrass presented to the FIAC's June meeting. Dan Holmes said that he will bring his recommendation to the Board once it is approved by the FIAC – whenever they get a quorum.*

*Timothy Johnson said that Sawgrass gave an excellent presentation.*

*Dan Holmes said that yes, they got right to the point, and that they explained their recent underperformance by highlighting their protective strategy, which performs better in flat or down markets, not the current market.*

### 3. Rebalancing Recommendation

*Dan Holmes said that the Board should vote on his attached rebalancing recommendation, and that it is not controversial.*

*Richard Tuten asked how long the Fund asset allocation has been overweight.*

*Dan Holmes said that it has been overweight for a while, and that he can do some research to get a more precise answer.*

*Chris Brown thanked Dan Holmes for a good presentation.*

*Richard Patsy asked if the Board is required to have a recommendation from the FIAC before they make a rebalancing decision.*



Lawsikia Hodges said that under 121.504, it is permissive - it is fine for the Board to execute a rebalancing action without a FIAC recommendation. She said that certain actions, like hiring or firing a money manager must be recommended by the FIAC before a Board vote.

Richard Tuten asked Timothy Johnson to prepare a report tracking FIAC attendance, showing how many FIAC meetings have been scheduled, how many had a quorum and how many resulted in no quorum. Richard Tuten said that FIAC members need to show up to their scheduled meetings.

**A motion was made by Chris Brown to approve the Rebalancing Recommendation, seconded by Richard Patsy. The vote was unanimous.**

#### **IX. OLD BUSINESS**

#### **X. NEW BUSINESS**

##### **1. Fiscal Year 2018 Budget**

Timothy Johnson said that he had opportunities to meet with all of the Trustees individually before today's meeting regarding the budget. He highlighted that the budget includes 2 new hires, and the COJ wage increase recommendation.

Timothy Johnson said that the Proposed Fiscal Year 2018 Budget is \$12,306,945 – an increase of 8% over last year's budget. He said that it is more efficient and accountable than last year's budget.

Timothy Johnson said that in the budget, expenditures and revenues are included, contrasting to last year, in which only expenditures were shown.

Timothy Johnson said that he has broken out investment expense into a separate line item. He said that more has been budgeted for investment expense, as overall assets have grown.

Timothy Johnson described the revenues, including the trust fund revenues, building rental revenues, and parking revenues. He noted that building rental revenues look decreased only because of an error on last year's budget – in

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*which a tenant was budgeted to pay 12 months of rent, although their contract states they pay rent 11 months out of the year.*

*Timothy Johnson said that parking revenues are up due to Farah & Farah renting 36 new parking spaces.*

*Richard Tuten asked if the PFPF should advertise parking.*

*Timothy Johnson said that FSCJ is moving in across the street, and the Laura Street Trio is being developed, and that new tenants may inquire soon.*

*Timothy Johnson discussed the expenditure items on the budget. He said that in contrast to last year, this year we are not budgeting for a Deputy Director position, although it may be needed in future years. He noted that the budgeted amount for professional services has been reduced, due to legal fees being reallocated equally between Bob Sugarman and OGC. OGC is classified as an operating expense.*

*Timothy Johnson said that investment expense was calculated as 50 basis points of total assets as of June 12<sup>th</sup>. Parking and Building expenses were kept level.*

*Timothy Johnson noted that some additional associated actions are required as part of the budget:*

- 1. Approve and post the attached Finance Manager job.*
- 2. Approve the attached Records Specialist job and hire Jessica Fields.*

*Timothy Johnson added that the PFPF hired Jessica in this position on a part time basis, and that more duties have been added in order to expand it to a full time position.*

- 3. Approve the attached Assistant Plan Administrator job and reclassify Steve Lundy into the position.*

*Timothy Johnson said that the reclassification would put Steve Lundy in line for Pension Administration duties, and that he has tremendous talent and a heart for Pension Administration. He said that Steve Lundy has been outstanding.*

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Richard Tuten asked if Steve Lundy would still be interacting with members of the PFPF.

Timothy Johnson said that member education has been added to Steve Lundy's duties, which includes educational New Member Orientation, Vesting, and DROP workshops.

4. 5% COJ wage increase per Collective Bargaining.
5. Ratification of PACE lease.

Timothy Johnson briefly described the audit findings, indicating the need for the Board to officially ratify the PACE lease for the third floor of the building.

**A motion was made by Chris Brown to approve the Fiscal Year 2018 Budget and the associated 5 actions, seconded by Willard Payne. The vote was unanimous.**

Chris Brown reminded the Board that the Executive Director needs to be evaluated before his contract expires at the end of July, and that a subcommittee needs to be formed in order to make a recommendation to the Board of any changes.

Richard Tuten nominated Richard Patsy and Chris Brown to comprise the Personnel Committee to evaluate the Executive Director.

**The afternoon of Monday, July 10<sup>th</sup>, 2017 was chosen as the meeting date for the personnel committee.**

Chris Brown asked if any other people need to attend.

Lawsikia Hodges said that she will attend, and someone will need to attend to take minutes.

Anna Brosche asked if the approved FY2018 Budget will be submitted to City Council.

Timothy Johnson said that he will present the budget to City Council as he did last year alongside Beth McCague.

Chris Brown said that a revised budget may need to be submitted if any changes are made to the Executive Director's contract.

*Timothy Johnson said that he would like to formally recognize Anna Brosche at July's Board of Trustees Meeting for her service as the Board's Council Liaison, and to congratulate her on her election as Council President.*

*Anna Brosche said that it has been a wonderful experience.*

*Chris Brown thanked Anna Brosche for her helpful insight and contributions to the Board meetings, noting her ability to explain matters in a fashion easily understandable to police officers and firefighters.*

2. Form 1 Disclosures

*The Form 1 Disclosures were discussed previously in the meeting.*

**XI. ADJOURNMENT**

***Richard Tuten adjourned the meeting at approximately 10:17AM.***

**NOTES:**

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Pension Benefits Specialist 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.

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Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on July 21, 2017

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**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES PERSONNEL COMMITTEE  
WORKSHOP SUMMARY – JULY 10, 2017 – 1:30PM  
RICHARD “DICK” COHEE BOARD ROOM**

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**PRESENT**

Richard Patsy, Board Secretary  
Lt. Chris Brown, Trustee

**STAFF**

Timothy H. Johnson, Executive Director – Plan Administrator  
Steve Lundy, Assistant Plan Administrator  
Lawsikia Hodges, Office of General Counsel

**EXCUSED**

**GUESTS**

Rick Carlson, JFRD  
Randy Wyse, President, Jacksonville Association of Firefighters  
Steve Zona, President, Fraternal Order of Police

**I. CALL TO ORDER**

***Rick Patsy called the workshop to order at 1:45PM.***

**II. PUBLIC SPEAKING PERIOD**

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

**II. PERSONNEL COMMITTEE**

*Rick Patsy said that the purpose of today's meeting is to discuss Timothy Johnson's performance evaluation.*

*Lawsikia Hodges said that she had reached out to other City departments to see how they addressed their executive performance evaluations. She said*

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BOARD OF TRUSTEES PERSONNEL COMMITTEE  
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*that there is no standard way across all departments to evaluate their executives; however the evaluations are usually in a written format.*

*Lawsikia Hodges discussed Timothy Johnson's contract, and said that his attached presentation is good to use as a reference for evaluating his performance.*

*Chris Brown said that the Board needs to do a few specific things:*

- 1. Evaluate Timothy Johnson's performance over the past year;*
- 2. Determine if he should be retained;*
- 3. Determine how his benefits should be changed, if he is retained;*
- 4. Establish new performance goals and measures for the future.*

*Rick Patsy voiced his concern that most items in the handout and presentation are qualitative and not quantitative.*

*Rick Patsy, Chris Brown, and Lawsikia Hodges discussed the performance evaluation sheet handout that Timothy Johnson provided, and how the Board should go about filling it out.*

*Timothy Johnson began his presentation. He said that it is a work in progress. He discussed the history of his five values that are the pillars of his administrative work. He said that the Board will see his presentation today, and again in the future.*

*Timothy Johnson described the first slide as five questions, 'Where we are going?', 'How are we going to get there?', 'What progress have we made so far?', 'What are our next steps?', and 'How do we measure success?'.*

*Timothy Johnson highlighted the accomplishments he has helped facilitate over the past year throughout the presentation, including the Annual Report, the Board Book, the Cycle of Work, and others.*

*Timothy Johnson also described the new educational workshops that Steve Lundy has put together, including the DROP Workshop, and the New Member Orientation.*

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*Chris Brown said that he has gotten lots of good feedback on Steve Lundy's Workshops.*

*Timothy Johnson described External Events that influence the Fund, and the Surtax Growth Rate, and other items. He also discussed the Administrative Working Group that he will hold, which will cover the implementation of the 2017 Pension Reform.*

*Timothy Johnson and Chris Brown discussed the metrics that are used to measure progress. Chris Brown said that instead of reporting the gross Fund return, the net, or 'excess' return of active over passive management should be used.*

*Rick Patsy asked how the PFPF's Public Record Request turnaround time compares to other departments.*

*Chris Brown answered and said that it is exceptional. Other departments take upwards of 120 days, whereas the PFPF takes less than 3 weeks on average. He said that this has been a tremendous improvement.*

*Rick Patsy, Chris Brown, Lawsikia Hodges, and Timothy Johnson discussed modifications to the performance evaluation sheet handout that Timothy Johnson provided. They came to the conclusion that the sheet will be modified to reflect 'yes or no' answers to the question if Timothy Johnson has accomplished the goals of the five pillars that he has laid out. The sheet will be modified by Timothy Johnson, and sent back to Chris Brown and Rick Patsy. Chris and Rick will fill out their evaluations, and present to the Board on their July 21<sup>st</sup> meeting. The Board as a whole will:*

- 1. Evaluate Timothy Johnson's performance over the past year;*
- 2. Determine if he should be retained;*
- 3. Determine how his benefits should be changed, if he is retained;*
- 4. Establish new performance goals and measures for the future.*



#### IV. ADJOURNMENT

*Rick Patsy adjourned the meeting at 2:36PM.*

#### 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

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Richard Patsy, Board Secretary

To be approved at the Board of Trustees Meeting on July 21, 2017





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

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

*"We Serve. . .and We Protect"*

Date: July 17, 2017  
To: PFPF Board of Trustees  
From: Timothy H. Johnson, Executive Director  
RE: Executive Director's Monthly Status Report

**DASHBOARDS**

<b>Benefits</b>	<b>Prior Month</b>	<b>FYTD</b>
Retiree Payroll (\$)	\$16,052,477	\$103,710,674
Refunds (\$)	\$145,801	\$2,494,708
Refunds (#)	25	241
New Members	24	261
New Medicals	39	310
Disability Applications	0	0
Disability Appeals	0	0
Deaths	0	35
Pension Estimates	26	358
Buyback Applications	8	66
Reclamations (\$)	\$0	\$569
Reclamations (#)	0	1
DROP Revocations	0	0

<b>Retirements</b>	<b>Prior Month</b>	<b>FYTD</b>
Total (Minus Enter DROP)	0	70
Full Retirement	0	7
Vested Retirement	1	9
Enter DROP	0	89
Exit DROP	24	106
Disability	0	0
Survivor	6	28
Children	1	8
Retirement Appointments	17	131
DROP Appointments	0	110

<b>Public Records Requests</b>	<b>Prior Month</b>	<b>FYTD</b>
Requests (#)	4	47
Completed (#)	4	50
Response Pages Produced (#)	565	3171

<b>Records Retention</b>	<b>Prior Month</b>	<b>FYTD</b>
Access Records Scanned (#)	0	10214
In House Records Scanned (#)	0	4842

## UPDATES

External Audit: Carr, Riggs & Ingram, LLC to replace KBLD as external auditor. Attached is an example of what CRI's engagement letter would look like for the Jacksonville Police and Fire Pension Fund audit for next year. The fee is in line with our previous contract - \$30,000 due in part to the value CRI placed on its relationship with the City. The terms of the engagement letter are very similar to those that were included in our previous contract. Strategically, I'm seeking shared services which lower our costs by leveraging relationships with the COJ. This recommendation is to engage CRI to perform the FYE 2017 audit.

Finance Manager: The position was posted internally for two weeks with the City of Jacksonville including its agencies and authorities at the recommendation of Employees Services. Six candidates responded and three were selected for interview including one veteran. The interviews are being scheduled and I may have a recommendation for the Board's August meeting. In none of the applicants are acceptable; then and external posting will occur.

FIAC Attendance: Of the last 16 scheduled meetings of the FIAC, only eight had a quorum. Ten of those meetings occurred before the fifth member was appointed. This topic was discussed with the committee at its Friday, July 14<sup>th</sup> meeting. The members acknowledges the importance of the work and are all committed to attending as many meetings as possible; informing staff of conflicts so that meetings can be rescheduled; additionally the FIAC requested that staff provide an orientation manual, fiduciary, ethics and public records training; also a special annual meeting to get up to speed on priorities for the new year.

Contract Extensions: Recommendation of the Director, thru the FIAC, to extend both the Northern Trust and Summit Strategies contracts for one year to September 30, 2018 due to pension reform.

Form 1 (Stmnt of Financial Interests): Submitted for all trustees.

Reform Working Group: The purpose is to discuss and recommend ideas for administering recent pension reform ordinances and collective bargaining agreements.

Success Criteria:

- Administering the law/CBA as intended;
- Service to our members and other stakeholders;
- Avoiding confusion and controversy.

This list is by no means exhaustive. It serves as a starting point of topics to discuss. If more comes about; it can be added to the discussion.

Topic	Description
Asset Allocation	Should a closed plan with dedicated funding de-risk or risk-up the portfolio?
Share Plan	How to invest and distribute Chapter funds?
Benefits (i.e. DROP & COLA)	Treating all members as if they were classified as Group I.
NPV of Surtax	What is the process for recommending the rate? What factors impact rate change? When will the rate be set each year?
% vs \$ Contribution	The current % method underfunds the plan as payroll declines.
Disability & Survivor Benefits	Who and how to administer these benefits?
Actuarial Reports	Timing. Assumptions. Format. Payment.
2% load	What is the true long-term impact of crediting a 1.4% higher rate to DROP accounts than the fund expects to receive?
Closed Plan	Moving the plan to fully-funded status.

Meeting occurs Thursday July 20<sup>th</sup>. Invited are: Hodges, Sugarman, Wyse, Zona, Grieve, Strong, Holderfield, Parks, Anderson and Patsy.

LIBOR Settlement: Barclays check received in the amount of \$7,642.58 from the PFPF share of the settlement.

Respectfully submitted,



Timothy H. Johnson



# 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

## AGREEMENT FOR INVESTMENT EVALUATION CONSULTANT SERVICES BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND SUMMIT STRATEGIES GROUP

**THIS AGREEMENT**, made and entered into in duplicate effective the 1<sup>st</sup> day of October, 2013, by and between the **JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES**, a body politic and corporate, hereinafter referred to as the "**BOARD**" or the "**TRUSTEES**" and **SUMMIT STRATEGIES GROUP**, a corporation-for-profit with offices located at 8182 Maryland Avenue, 6<sup>th</sup> Floor, St. Louis, Missouri 63105, hereinafter referred to as the "**CONSULTANT**".

### WITNESSETH:

**WHEREAS**, Chapters 112, 175 and 185 of the Florida Statutes and Article 22 of the City Charter vest the **BOARD** with full authority, power and responsibility to manage and administer the Police Officers and Firefighters Pension Fund, hereinafter referred to as the "**FUND**"; and

**WHEREAS**, the **BOARD** prepared a Scope of Services for an Investment Evaluation/Search Consultant to the **FUND** for the purpose of soliciting proposals from qualified consultants; and

**WHEREAS**, the aforesaid Scope of Services is attached to this Agreement as Exhibit A and by this reference made a part hereof; and

**WHEREAS**, the **CONSULTANT** submitted a proposal to the **BOARD** dated December 15, 2006 and was selected by the **BOARD** as the best and most qualified applicant; and

**WHEREAS**, the **CONSULTANT** originally commenced the provision of services to the **BOARD** on December 3, 2007 and the parties wish to continue this relationship by execution of this Agreement which will authorize the continued provision of services for periods subsequent to the

## POLICE AND FIRE PENSION FUND

expiration of the Agreement previously in effect;

**NOW, THEREFORE**, in consideration of the premises and mutual covenants contained in this Agreement, the parties agree as follows:

1. The **CONSULTANT** hereby accepts the appointment to provide investment evaluation services in conjunction with the investment performance of the consolidated portfolio as well as an individual analysis of the performance of each of the investment advisors under contract to the Jacksonville Police and Fire Pension Fund as follows:

a. Provide a comprehensive review and analysis quarterly report of the rates of return and other pertinent data over a period of analysis not to exceed ten (10) prior years, depending upon the availability of the appropriate data, with respect to the portfolio of stocks, bonds, and all other types of investments of the **FUND**. The comprehensive quarterly reports shall contain an analysis of the Fund as a whole, and separate analyses of the performance of each investment advisory firm with appropriate comparisons to various benchmark indicators and peer groups. Quarterly evaluations under this Agreement will commence for the quarterly period ending December 31, 2013 and such evaluations shall continue for each quarterly period thereafter for the period under contract.

b. Provide a summary review and analysis monthly report detailing the beginning and ending balance of each investment advisor's separately managed portfolio as designated by the **BOARD**, detailing the beginning value, the ending value, and the percentage rate of return for periods ending with each month end, with appropriate comparisons to various benchmark indicators. Such monthly "flash reports" will commence for the monthly period ending October 31, 2013 and such reports shall continue for each monthly period thereafter for the period under contract.

c. The above described quarterly evaluations will be provided to the **BOARD** in

## POLICE AND FIRE PENSION FUND

person by the **CONSULTANT**. The **CONSULTANT** shall be available to present the monthly “flash report” by telephone or by video-conferencing.

d. Provide a continuing overview of the current investment environment, present investment strategy, recent performance, asset allocation, alternative investment vehicles and the impact of such variables upon the pension fund.

e. Assist the **BOARD** in monitoring the investments to ensure that the investment portfolio as a whole and each component thereof is administered in accordance with the various provisions of the **BOARD’S** Statement of Investment Policy.

f. The **CONSULTANT** shall also assist the **BOARD** in reviewing and updating investment policies, objectives and strategies of the **FUND**.

g. Provide other consulting services which may be reasonable and necessary to successfully accomplish the purposes of this Agreement.

2. Information needed to provide the investment evaluations required herein are generally contained in the records and reports of the custodial bank. Should additional information be needed by the **CONSULTANT**, the **BOARD** shall execute such releases as are necessary to secure such information. The **CONSULTANT** is entitled to reasonably rely upon information provided by the **BOARD** or its agents and the **CONSULTANT** will, to the best of its ability, notify the **BOARD** of any material discrepancies that it may find.

3. The **CONSULTANT** shall also serve as an advisor and search consultant to the **TRUSTEES** in conjunction with periodic selections of additional or replacement investment advisors.

4. The **BOARD** shall pay the **CONSULTANT** a hard-dollar quarterly fee of \$61,466.00 for the fiscal year ending September 30, 2014, and a \$61,466.00 quarterly fee for the fiscal year



## POLICE AND FIRE PENSION FUND

ending September 30, 2015, for the provision of services described in this Agreement. Such fee shall be inclusive of any travel-related expenses that may necessary to properly service the account. The fee will be paid in quarterly installments upon delivery of completed reports and services. A statement showing the amount of fee payable shall be submitted to the **BOARD** by the **CONSULTANT** promptly after the close of each quarterly period.

5. The **CONSULTANT** certifies that it is professionally qualified as an independent consultant to evaluate the performance of the professional money managers investing the assets of the Jacksonville Police and Fire Pension Fund.

6. This Agreement shall be governed by the laws of the State of Florida. In any action to enforce the provisions of this Agreement venue shall be in Duval County, Florida.

7. The parties further agree:

a. In the event of any legal action arising out of the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover its costs and attorneys fees.

b. The **FUND** represents that the services hereunder, to the extent that they are paid for by the **FUND**, inure solely to the benefit of the **FUND** and that, under the governing instruments of the **FUND** and/or the **BOARD**, and the laws to which the **BOARD** and/or **FUND** is subject, the services are a proper and permissible expense.

c. The parties hereby represent and warrant that they have full power, authority and capacity to execute and deliver this Agreement and to perform their respective obligations under this Agreement and that this Agreement has been duly executed and delivered by the parties and constitutes a legal, valid and binding obligation of the parties enforceable against the parties in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights.

## POLICE AND FIRE PENSION FUND

d. The **CONSULTANT** represents and warrants that it is registered as an investment advisor under the Investment Advisers Act of 1940, as amended, and that it will maintain such registration during the term of the Agreement.

e. The parties to the contract recognize that the **BOARD** is not governed by ERISA. Nevertheless, in all of its relations with the **BOARD**, the **CONSULTANT** will utilize the skill, care, prudence and diligence that a reasonable person in like positions would use. The **CONSULTANT** recognizes that its primary obligation under this Agreement is to the **BOARD** and members of the **FUND** and that it will place the interest of the **BOARD** and the members above all others and will not enter into any agreement or take any action contrary to that responsibility. The **CONSULTANT** will be governed in all of its activities by Chapter 112, Part VII, Florida Statutes, including but not limited to the fiduciary responsibility provisions applicable to providers of services to retirement plans as described in Section 112.656, Florida Statutes.

f. The **CONSULTANT** and its employees will not render any legal, accounting or actuarial advice and will not prepare any legal, accounting or actuarial documents.

g. The **CONSULTANT** will treat confidentially, by not disclosing to unaffiliated persons, information furnished by the **BOARD** to the **CONSULTANT** hereunder without the **BOARD'S** consent except information that is (i) incident to a subcontract or service contract entered into by the **CONSULTANT** to assist in performing the services hereunder, (ii) in connection with an audit, actuarial or regulatory examination, or (iii) as may otherwise be legally required.

h. The **CONSULTANT** hereby acknowledges and agrees that it has been provided with the Statement of Investment Policy for the **FUND**, which is attached hereto as Exhibit B and by this reference made a part hereof. The Statement of Investment Policy has been duly adopted by the **BOARD** in accordance with its authority under state law.

## POLICE AND FIRE PENSION FUND

i. The **CONSULTANT** acknowledges that it has read and fully understands (to the extent relevant to the provision of the services described herein) the provisions of Chapters 175 and 185, Florida Statutes and any applicable provisions described in Section 215.47, Florida Statutes and the limitations and prohibitions regarding investments therein contained. The **CONSULTANT** agrees to observe those statutory provisions together with the Statement of Investment Policy as set forth by the **BOARD**.

j. The **CONSULTANT** warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the **CONSULTANT**, to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual, or firm other than a bona fide employee working solely for the **CONSULTANT**, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement.

k. If any part of this Agreement shall be held void, voidable, or otherwise unenforceable by any court of law or equity, nothing contained in this Agreement shall limit the enforceability of any other part.

l. The **CONSULTANT** shall not make any public statement regarding the dealings with the **FUND** without the prior written approval of the **FUND**.

8. This Agreement shall commence on the day and year first above written and shall remain in full force and effect through the 30<sup>th</sup> day of September, 2015. The **BOARD** may terminate this Agreement upon thirty (30) days written notice, with or without cause. The **CONSULTANT** may terminate this Agreement upon ninety (90) days written notice, with or without cause. The **BOARD** shall have the option of renewing this Agreement for additional periods based upon terms

## POLICE AND FIRE PENSION FUND

to be negotiated by the parties.

9. This Agreement may not be assigned by the **CONSULTANT** without the written consent of the **BOARD**.

10. If any part of this Agreement shall be held void, voidable, or otherwise unenforceable by any court of law or equity, nothing contained in this Agreement shall limit the enforceability of any other part.

11. In the event of a dispute between the parties, the parties may by mutual consent agree to submit the matter to binding arbitration.

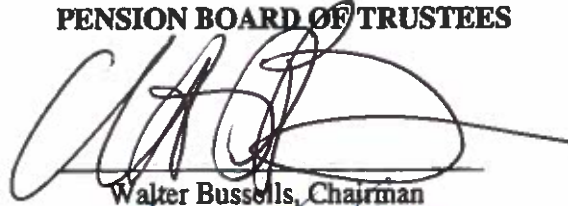
12. This Agreement constitutes the entire understanding of the **BOARD** and the **CONSULTANT** and may be amended only by written instrument executed by both parties.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year first above written.

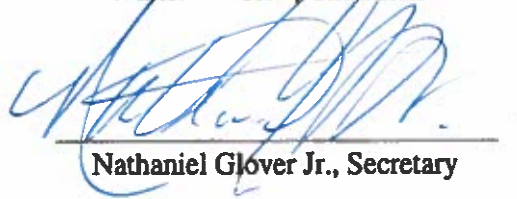
Signature element on following page.

# POLICE AND FIRE PENSION FUND

## JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES

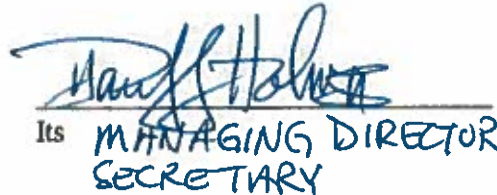
A large, stylized black ink signature, likely of Walter Bussells, written over a horizontal line.

Walter Bussells, Chairman

A blue ink signature, likely of Nathaniel Glover Jr., written over a horizontal line.

Nathaniel Glover Jr., Secretary

## SUMMIT STRATEGIES GROUP

A blue ink signature, likely of the Managing Director Secretary, written over a horizontal line.

Its

MANAGING DIRECTOR  
SECRETARY

ATTEST:

A blue ink signature, likely of John Keane, written over a horizontal line.

John Keane

Executive Director – Administrator



## **POLICE AND FIRE PENSION FUND**

**ONE WEST ADAMS STREET, SUITE 100**

**JACKSONVILLE, FLORIDA 32202-3616**

*"We Serve...and We Protect"*

### **FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND SUMMIT STRATEGIES GROUP**

**THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES, is made and entered into this 1<sup>st</sup> day of October, 2015, by and between the JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES, a body politic and corporate, hereinafter referred to as the "BOARD" or the "TRUSTEES" and SUMMIT STRATEGIES GROUP, a corporation-for-profit with offices located at 8182 Maryland Ave., 6<sup>th</sup> Floor, St. Louis, Missouri 63105, hereinafter referred to as the "CONSULTANT".**

**THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES, amends the INVESTMENT EVALUATION CONSULTANT SERVICES as follows:**

**"ADDS ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES AND EXTENDS THE AGREEMENT UNTIL SEPTEMBER 30, 2017".**

#### **ADDENDUM "A" TO THE AGREEMENT**

(a) Any investment manager or advisor of the Police and Fire Pension Fund who has discretionary authority for any investment of the fund, any custodian of Fund assets, and any investment consultant retained by the Board shall agree to certify, annually, to the Financial Investment and Advisory Committee and to the Board of Trustees, no later than the January 31 following the previous calendar year, that:

**SCANNED**

## POLICE AND FIRE PENSION FUND

(1) The investment manager, advisor, custodian, or investment consultant acknowledges that the manager or advisor serves as a fiduciary to the Police and Fire Pension Fund and agrees to be bound by all responsibilities of a fiduciary;

(2) All investment decisions made by the investment manager, advisor, custodian, or investment consultant on behalf of the Police and Fire Pension Fund are made in the best interests of the Fund and not made in a manner to the advantage of such investment advisor, manager, custodian, investment consultant, other persons, or clients to the detriment of the Fund;

(3) Appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager, advisor, custodian, or investment consultant to ensure that relationships with any affiliated persons or entities do not adversely influence the investment decisions made on behalf of the Police and Fire Pension Fund;

(4) The investment manager, advisor, custodian, or investment consultant is not the subject of a claim or litigation brought by a present or former client or by a regulatory agency asserting that such investment manager, advisor, custodian, or investment consultant has breached its fiduciary responsibilities, or, if such be the case, the investment manager, advisor, custodian, or investment consultant shall disclose the particulars of each such claim or litigation;

(5) A written code of ethics, conduct, or other set of standards, as submitted by the investment manager or advisor to the Financial Investment and Advisory Committee and the Board of Trustees and accepted by both the Financial Investment and Advisory Committee and the Board of Trustees, (i) governs the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment advisor, manager, custodian, or investment consultant; (ii) has been adopted and implemented; and (iii) is effectively monitored and enforced; and

## POLICE AND FIRE PENSION FUND

(6) Policies of the Board concerning prohibited business relationships among family members and other related parties have been complied with.

(b) Any investment manager, advisor, custodian, or investment consultant of the Police and Fire Pension Fund who has discretionary authority for any investment of the Police and Fire Pension Fund shall agree to disclose annually to the Financial Investment and Advisory Committee and to the Board, no later than the January 31 following the previous calendar year:

(1) Any known circumstances or situations that a prudent person could expect to create and actual or potential conflict of interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the Police and Fire Pension Fund, and (ii) any personal financial or investment positions of the investment manager, advisor, custodian, or investment consultant that could be related to the performance of an investment program of the Police and Fire Pension Fund over which the investment manager, advisor, custodian, or investment consultant has discretionary investment authority on behalf of the Police and Fire Pension Fund; and;

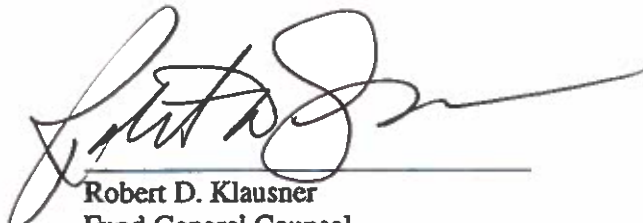
(2) All direct or indirect pecuniary interests that the investment manager, advisor, custodian, or investment consultant has in or with any party to a transaction with the Police and Fire Pension Fund if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the Police and Fire Pension Fund.

**THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES** shall commence on the day and year first above written and shall remain in full force and effect through the 30<sup>th</sup> day of September, 2017. All other terms and conditions of the Investment Agreement remain in full force and effect.




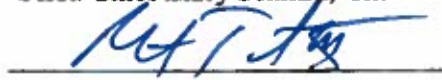
# POLICE AND FIRE PENSION FUND

IN WITNESS WHEREOF, the parties have duly executed this First Amendment  
an Addendum to Investment Agreement as of the day and year first above written.

  
Robert D. Klausner  
Fund General Counsel

## JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES

  
Asst. Chief Larry Schmitt, Chair

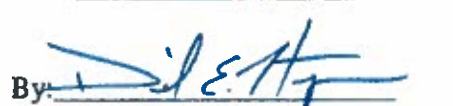
  
Richard Tuten III, Board Secretary

## SUMMIT STRATEGIES GROUP

By: 

Name: Stephen P. Holmes

Title: President

By: 

Name: Dan Haynes

Title: Chief Compliance Officer

Attest to:

  
By: John Keane  
John Keane  
Executive Director-Administrator



## **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

### **PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY**

THIS AGREEMENT, made and entered into in duplicate the 1<sup>ST</sup> day of October, 2013 by and between the **JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES**, a body politic and corporate, hereinafter referred to as the **"BOARD"** or the **"TRUSTEES"** and **THE NORTHERN TRUST COMPANY**, with its principal offices located at 50 South LaSalle Street, Chicago, Illinois 60603, hereinafter referred to as **"NORTHERN"**:

#### **WITNESSETH:**

**WHEREAS**, Chapters 112, 175, and 185 of the Florida Statutes and Article 22 of the City Charter vest the **BOARD** with full authority, power and responsibility to manage and administer the Police Officers and Firefighters Pension Fund, hereinafter referred to as the **"FUND"**; and

**WHEREAS**, **NORTHERN** has previously expressed an interest in serving the **BOARD** to act as custodian for certain securities of the **FUND**; and

**WHEREAS**, **NORTHERN** has previously rendered master custody services to the **BOARD** and the parties wish to continue this relationship by execution of this Agreement which will authorize the continued provision of services for periods subsequent to the agreement(s) previously in effect;

**SCANNED**

## POLICE AND FIRE PENSION FUND

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

To the extent not inconsistent with the provisions of this Agreement, **NORTHERN** shall follow the parameters set forth in Section VIII, subsection A (excluding item #17) of the Statement of Investment Policy approved by the **BOARD** on June 16, 2009, attached to this Agreement as Appendix AB<sup>o</sup> and by this reference such Section VIII, subsection A (excluding item #17) is made a part hereof.

A. **APPOINTMENT OF CUSTODIAN.** The **BOARD** hereby designates and appoints **NORTHERN** as the master custodian for the **FUND**, and **NORTHERN** hereby accepts such appointment and agrees to serve as master custodian of such assets of the **FUND** in accordance with the terms of this Agreement.

B. **TERM.** This Agreement shall commence on the 1<sup>st</sup> day of October, 2013 and shall expire on September 30, 2015. This Agreement replaces and supersedes all previous agreements between the **BOARD** and **NORTHERN** with respect to the assets of the **FUND**, which said agreements shall become null and void on the effective date of this Agreement. Unless otherwise terminated as provided below, this Agreement shall be automatically renewed on an annual basis for all periods subsequent to September 30, 2013. In the event that this Agreement is renewed, all of the conditions and provisions of this Agreement shall remain in full force and effect during the renewal term, unless otherwise amended, modified, or supplemented in writing by mutual agreement of the **BOARD** and **NORTHERN**, either prior to, or at the time of the renewal. The **BOARD** may terminate this Agreement, with or without cause, by giving thirty (30) days written notice thereof to **NORTHERN**. **NORTHERN** may terminate this Agreement, with or without

## POLICE AND FIRE PENSION FUND

cause, by giving one hundred eighty (180) days written notice thereof to the **BOARD**.

**C. CUSTODIAN ACCOUNT(S) ESTABLISHED.** The **NORTHERN** shall establish an account (the "Account") to hold such assets of the **FUND** as are transferred to it from time to time.

The **BOARD** shall direct **NORTHERN** to establish one or more separate accounts ("Separate Account") for cash, securities and other property of the **FUND** received by **NORTHERN** from time to time. Each Separate Account shall be managed by either the **BOARD** or an investment manager appointed by the **BOARD**. By written direction the **BOARD** will designate assets of the Account to be allocated to each Separate Account and direct **NORTHERN** to transfer assets of the Account to or from each Separate Account. With respect to cash deposited in **NORTHERN'S** banking department, the Separate Accounts are maintained as a matter of convenience and, therefore, **NORTHERN** may aggregate the Separate Accounts for purposes of its depository requirements.

**NORTHERN** shall appoint as its agent a foreign custodian to hold the assets of any Separate Account established by the **BOARD** for investment in foreign securities.

Until advised to the contrary **NORTHERN** may assume that the assets of the **FUND** are exempt from taxation under the provisions of the Internal Revenue Code relating to government plans and the **BOARD** will promptly inform **NORTHERN** of the loss of the tax exempt status of the **FUND**.

**D. INSTRUCTIONS.** **NORTHERN'S** duties shall be as follows:

1. **NORTHERN** shall hold and safeguard the cash, securities, and other property in the Account and shall collect the income and principal thereof when due.
2. **NORTHERN** may hold securities or other property of each Separate

## POLICE AND FIRE PENSION FUND

Account through an agent or in the name of its nominee or in a corporate depository or federal book entry account system or other form as it deems best. **NORTHERN** shall forward any proxies relating to securities or other property held in the Account to the appropriate investment manager, or, in accounts where no investment manager has been appointed, to the **BOARD** or the **BOARD's** designee, and **NORTHERN** shall process such proxies as directed by the investment manager, the **BOARD** or the **BOARD's** designee.

3. With respect to a Separate Account managed by the **BOARD**, all security transactions shall be placed through brokers of its choice. Each investment manager appointed by the **BOARD** is authorized to execute security trades directly with respect to its respective Separate Account. **NORTHERN** is hereby directed to receive and pay for securities purchased in accordance with industry practice and to deliver in accordance with industry practice, securities sold by the **BOARD** or by an investment manager.

Under no circumstance shall **NORTHERN** pay any money to an investment manager except pursuant to written instructions by the **BOARD**. **NORTHERN** shall issue its operating instructions to the **BOARD** and an investment manager as it deems appropriate.

4. **NORTHERN** is authorized, but shall not be obligated, to credit the Account provisionally on payable date with interest, dividends, distributions, redemptions or other amounts due. Otherwise, such amounts will be credited to the Account on the date such amounts are actually received by **NORTHERN** and reconciled to the Account. In cases where **NORTHERN** has credited the Account with such amount prior to actual collection and reconciliation, the **BOARD** agrees that **NORTHERN** may reverse such credit as of payable date if and to the extent that it does not receive such amounts in the ordinary

## POLICE AND FIRE PENSION FUND

course of business. The **BOARD** shall make **NORTHERN** whole for any loss which it may incur from any such provisional credit and acknowledges that **NORTHERN** shall be entitled to recover from the **BOARD** on demand such provisional credit, plus **NORTHERN'S** fee, applicable from time to time, and any reasonable expenses incurred in connection with such provisional credit.

5. **NORTHERN** is authorized, but shall not be obligated, to advance its own funds to complete transactions in cases where adequate funds may not otherwise be available to the Account. The **BOARD** shall make **NORTHERN** whole for any loss which it may incur from such advancement and acknowledges that **NORTHERN** shall be entitled to repayment of any amounts advanced plus its fee, as applicable from time to time, and reasonable expenses incurred in connection with advancing such funds.

6. The **BOARD** recognizes that any decision to effect a provisional credit or an advancement of **NORTHERN'S** own funds to the Account pursuant to this Agreement will be an accommodation granted entirely at **NORTHERN'S** option and in light of the particular circumstances, which circumstances may involve conditions in different countries, markets and classes of assets at different times. All amounts thus due to **NORTHERN** under this Agreement with respect to a provisional credit or advancement of **NORTHERN'S** funds to the Account shall be paid by **NORTHERN** from the Account unless otherwise paid by the **BOARD** on a timely basis, and in that connection the **BOARD** acknowledges that **NORTHERN** has a continuing lien on all Account assets to secure such payments and agrees that **NORTHERN** may apply or set off against such amounts any amounts credited by or due from **NORTHERN** to the **BOARD**. If funds in the Account are insufficient to make any such payment, the **BOARD** shall promptly deliver to **NORTHERN** the amount of

## POLICE AND FIRE PENSION FUND

such deficiency in immediately available funds when and as specified by **NORTHERN'S** written or oral notification.

7. **NORTHERN** may execute and deliver as agent of the **BOARD** and pursuant to the **BOARD'S** directions or the directions of an investment manager any assignments, stock or bond powers or other documents or instruments and, in particular (a) may sell, assign, transfer, or make other disposition of any security or other property in the Account in accordance with industry practice; (b) may obtain any payment due; and (c) may make payment in accordance with industry practice for any securities purchased or otherwise acquired. **NORTHERN** may execute any and all documents by signing as agent of the **BOARD** or as its attorney-in-fact pursuant to this authorization.

8. Subject to contrary instructions from the **BOARD** or an investment manager, **NORTHERN** shall invest United States Dollars held by **NORTHERN** in the United States in a Separate Account on a short-term basis pending permanent investment, **NORTHERN** is authorized to invest such United States Dollars so held in bonds, notes, and other evidences of indebtedness including investments in United States Treasury Bills, commercial paper, bankers' acceptances and certificates of deposit and undivided interests or participations therein, collective or commingled funds and regulated investment companies. Notwithstanding any other provision of this agreement **NORTHERN** may invest United States Dollars held by **NORTHERN** in the United States in a Separate Account in its or its affiliate's collective short term investment fund or pursuant to the direction of the **BOARD** or an investment manager in any other collective fund maintained pursuant to **NORTHERN'S** or its affiliate's collective trust fund which is maintained as a medium for the collective investment of funds of pension, profit sharing or other employee

## POLICE AND FIRE PENSION FUND

benefit plans including government plans, and which is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and, any assets invested in such collective trust fund shall be held and invested pursuant to all the terms and conditions of the trust agreement or declaration of trust establishing such trust, which are hereby incorporated by reference and shall prevail over any contrary provision of this Agreement. For currencies other than United States Dollars, **NORTHERN** shall invest cash as directed by the **BOARD**, or an investment manager, which may include interest bearing accounts of a foreign custodian.

9. In connection with **NORTHERN'S** global custody service, the **BOARD** will maintain deposits at **NORTHERN'S** London Branch. The **BOARD** acknowledges and agrees that such deposits are payable only in the currency in which an applicable deposit is denominated; that such deposits are payable only on its demand at **NORTHERN'S** London Branch; that such deposits are not payable at any of **NORTHERN'S** offices in the United States; and that **NORTHERN** will not in any manner directly or indirectly promise or guarantee any such payment in the United States.

The **BOARD** further acknowledges and agrees that such deposits are subject to cross-border risk, and therefore **NORTHERN** will have no obligation to make payment of deposits if and to the extent that it is prevented from doing so by reason of applicable law or regulation or any Sovereign Risk event affecting the London Branch or the currency in which the applicable deposit is denominated. "Sovereign Risk" for this purpose means nationalization, expropriation, devaluation, revaluation, confiscation, seizure, cancellation, destruction or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of



## POLICE AND FIRE PENSION FUND

currency restrictions, exchange controls, taxes, levies or other charges affecting the property rights of persons who are not residents of the affected jurisdiction; or acts of war, terrorism, insurrection or revolution; or any other act or event beyond **NORTHERN'S** control.

THE BOARD ACKNOWLEDGES AND AGREES THAT DEPOSIT ACCOUNTS MAINTAINED AT FOREIGN BRANCHES OF UNITED STATES BANKS (INCLUDING, IF APPLICABLE, ACCOUNTS IN WHICH CUSTOMER FUNDS FOR THE PURCHASE OF SECURITIES ARE HELD ON AND AFTER CONTRACTUAL SETTLEMENT DATE), ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION; MAY NOT BE GUARANTEED BY ANY LOCAL OR FOREIGN GOVERNMENTAL AUTHORITY; ARE UNSECURED; AND IN A LIQUIDATION MAY BE SUBORDINATED IN PRIORITY OF PAYMENT TO DOMESTIC (U.S. - DOMICILED) DEPOSITS. THEREFORE, BENEFICIAL OWNERS OF SUCH FOREIGN BRANCH DEPOSITS MAY BE UNSECURED CREDITORS OF THE NORTHERN TRUST COMPANY. Deposit account balances that are owned by United States residents are expected to be maintained in an aggregate amount of at least \$100,000 or the equivalent in other currencies.

10. If a corporation in which the Account holds common stock declares a dividend in stock, and such payment results in a fractional share, **NORTHERN** shall sell such fraction.

11. In the event the **BOARD** invests, or authorizes any investment manager to invest, the assets of any Separate Account in financial futures or options on futures, the **BOARD** shall direct **NORTHERN**: (i) to transfer initial margin to a futures commission merchant or third party safekeeping bank as directed by the **BOARD** or the investment

## POLICE AND FIRE PENSION FUND

manager; and (ii) to pay or demand variation margin in accordance with industry practice to or from the designated futures commission merchant based on daily marking to market calculations. **NORTHERN** shall have no investment or custodial responsibility with respect to assets of any Separate Account transferred to a futures commission merchant or safekeeping bank.

12. In the event that the **BOARD** or an investment manager engage in any type of options transactions including, but not limited to, put and call options, **NORTHERN** is authorized to pledge assets of a Separate Account as collateral for such transaction in accordance with industry practice.

13. In the event that the **BOARD** engages, or authorizes any investment manager to engage, in short sale transactions with respect to any Separate Account, **NORTHERN'S** responsibilities shall be limited to putting the short positions on record, and accepting or transferring assets to or from the Separate Account, as the **BOARD** or the investment manager directs. **NORTHERN** shall have no responsibility to calculate realized gains or losses, nor shall **NORTHERN** have any investment or custodial responsibility with respect to cash or securities held by brokers or others, in connection with such transactions.

14. Pursuant to the **BOARD'S** direction or the direction of an investment manager, and subject to **NORTHERN'S** consent, **NORTHERN** shall enter into such additional procedural, safekeeping, custody, or other agreements with brokers, futures commission merchants, safekeeping banks or others as the **BOARD** or the investment manager may deem necessary to effectuate any futures, options on futures, options or short sale transactions undertaken with respect to any Separate Account, and **NORTHERN** shall establish such collateral accounts (which may be sub-accounts of a Separate Account) as

## POLICE AND FIRE PENSION FUND

the **BOARD** or an investment manager shall direct. The **BOARD** or the investment manager shall approve the form and content of any such additional agreements, and the provisions of such agreements shall control in the event of a conflict with this Agreement. **NORTHERN** shall have no investment or custodial responsibility hereunder for any assets held pursuant to any such agreement.

15. **NORTHERN'S** duties shall be limited to those expressly set forth in this Agreement. Except to the extent **NORTHERN** exercises discretion with respect to securities lending and the temporary investment of U.S. dollar denominated cash, **NORTHERN** shall have no obligation to make any investment review, to consider the propriety of holding or selling any property in the Account or to provide any advice. **NORTHERN** shall incur no liability to the **BOARD** or the Account for any act taken or omitted by **NORTHERN** or any of its agents pursuant to this Agreement and shall be indemnified by the **BOARD** for any losses, expenses (including accounting and legal fees), penalties or taxes (collectively "Losses") arising from its provision of custody services hereunder, except to the extent such Losses are the direct result of **NORTHERN'S** negligence, fraud or willful misconduct in the performance of its responsibilities under this Agreement. **NORTHERN** shall indemnify the **BOARD** and hold it harmless from and against any Losses incurred by the **BOARD** or the Account to the extent such Losses are the direct result of **NORTHERN'S** negligence, fraud or willful misconduct in the performance of its responsibilities under this Agreement. **NORTHERN** shall have no responsibility for the solvency or financial condition of any agent engaged in connection with the provision of services to the Account, and shall incur no liability to the **BOARD** or the Account for any loss arising therefrom.

## POLICE AND FIRE PENSION FUND

16. **NORTHERN** shall furnish the **BOARD** with periodic statements of account showing all receipts and disbursements and the property in each Separate Account and the market value thereof. **NORTHERN** shall incur no liability to the **BOARD** or the Account for any loss which may arise from the mispricing of Account assets by any broker, pricing service or other person upon whose valuation **NORTHERN** relies in good faith. A statement of account shall be approved by the **BOARD** by written notice delivered to **NORTHERN** or by failure to object to the statement of account within sixty (60) days of the date upon which the statement of account was delivered to the **BOARD**. To the extent permitted by law, the approval of a statement of account shall constitute a full and complete discharge to **NORTHERN** as to all matters set forth in that statement of account. In no event shall **NORTHERN** be precluded from having its statement of account settled by a judicial proceeding.

17. Upon the expiration or termination of this Agreement **NORTHERN** shall promptly deliver all cash, securities and other property then in the Account to the **BOARD** or in accordance with its order.

18. The **BOARD** may appoint **NORTHERN** a lending fiduciary whereupon **NORTHERN** shall lend securities of the Account held by it pursuant to a written agreement with the **BOARD**. The terms of the written agreement shall be consistent with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending. The written agreement shall direct **NORTHERN** to enter into a lending Agreement with the borrower or borrowers. **NORTHERN** shall transfer the securities to the borrower and invest the collateral received in exchange for the securities. Notwithstanding anything in this Agreement to the contrary, the right to vote securities out on loan on record date passes to

## POLICE AND FIRE PENSION FUND

the borrower, or a transferee of the borrower, as a consequence of the transfer of title to the securities. **NORTHERN** shall maintain a record of the market value of the loaned securities and shall be paid reasonable compensation as agreed upon between it and the **BOARD**.

19. **NORTHERN** shall receive such reasonable compensation for its services as agreed upon from time to time between it and the **BOARD**. The initial fees for compensation for custodial services are set forth in Appendix A which is attached to this Agreement. Those items of compensation shall be paid from the **FUND** when due, subject to prior payment by the **BOARD** in its discretion. In addition, in circumstances requiring unusual or extraordinary legal or accounting fees and expenses, **NORTHERN** shall pay such fees and expenses from the **FUND** if (i) such fees and expenses are reasonable, (ii) the **BOARD** is given advance notice of the required work which generated such fees or expenses, and (iii) **NORTHERN** shall repay the Account for any legal or accounting fees or expenses if such fees or expenses are incurred as a result of action or inaction which has been determined by a court of competent jurisdiction to be the result of **NORTHERN'S** negligence or willful misconduct in carrying, or failing to carry out, its duties under this Agreement. This paragraph 19 shall survive the termination of this Agreement.

20. **NORTHERN** shall make distributions from the Account to such persons, in such amounts, at such times and in such manner as the **BOARD** shall from time to time direct in writing and the **BOARD** warrants that any such directions shall be in compliance with applicable law or regulation, including any plan. **NORTHERN** shall not be liable for any distribution made in good faith without actual notice or knowledge of the changed condition or status of the recipient. If any distribution made by **NORTHERN** is returned unclaimed, it

## POLICE AND FIRE PENSION FUND

shall notify the **BOARD** and shall dispose of the distribution as the **BOARD** directs. Pursuant to making distributions, **NORTHERN** may deposit cash in any depository including its own banking department, without any liability for the payment of interest thereon, notwithstanding **NORTHERN'S** receipt of "float" from such uninvested cash.

21. The provisions of the law of Florida shall govern the validity, interpretation and enforcement of this Agreement. The invalidity of any part of this Agreement shall not affect the remaining parts hereof.

22. **NORTHERN** is hereby authorized to rely and act on any direction or instruction which it believes in good faith has been provided to it by the persons holding any two of the following positions:

- (a) Chairman of the Board;
- (b) Secretary of the Board;
- (c) Executive Director – Administrator;
- (d) Deputy Executive Director.

The Secretary of the **BOARD** shall certify to **NORTHERN** the names of each of the individuals occupying such positions and **NORTHERN** shall not be charged with knowledge of a change in the identify of the persons holding such positions until so notified in writing by the Secretary of the **BOARD**. **NORTHERN** shall incur no liability to the **BOARD** or the Account for acting on any instruction, direction or other communication on which **NORTHERN** is authorized to rely pursuant to this Agreement, or for any delay in delivery or non-delivery or error in transmission.

Notices to the **BOARD** shall be sent to:

Jacksonville Police and Fire Pension Fund

## POLICE AND FIRE PENSION FUND

One West Adams Street, Suite 100

Jacksonville, Florida 32202

Attention: Executive Director – Administrator

23. The **BOARD** authorizes **NORTHERN** to pay or withhold any income or other taxes payable on investments or transactions of the Account and, on a best efforts basis, to file for and obtain refunds of any taxes withheld to which the Account may be entitled under applicable tax treaties, laws and regulations. The **BOARD** shall provide **NORTHERN** with any documentation and information it may reasonably require to perform its duties under this paragraph, and **NORTHERN** may rely upon such documentation and information without further inquiry.

24. With respect to Securities and Exchange Commission Rule 14 regarding disclosure of the **BOARD'S** name to the issuers of securities held in Separate Accounts managed by the **BOARD**, **NORTHERN** is instructed as follows:

Disclose the name of the Board

25. The **BOARD** or any investment manager may, in its discretion, engage **NORTHERN** (or its affiliate) to execute foreign exchange transactions for the Account. The **BOARD** accepts that **NORTHERN** may act as principal in such transactions, or as agent for the counterparty as well as for the **FUND**. When **NORTHERN** acts as agent **NORTHERN** may levy charges for such service as set forth in its operating guidelines and instructions. When **NORTHERN** acts as principal, **NORTHERN** will provide such service at rates established in its discretion having regard to rates available in the foreign exchange market on the global trading day, and may retain any profit derived from such service. **NORTHERN** is authorized to enter into master netting agreements with respect to any such

## POLICE AND FIRE PENSION FUND

foreign exchange transactions upon terms **NORTHERN** (or its affiliate) deems appropriate.

If **NORTHERN** determines that the assets of the Account are insufficient to provide adequate coverage in connection with any outstanding foreign exchange transactions executed on behalf of the Account the **BOARD** will, upon **NORTHERN'S** request, deliver to the Account immediately available funds or other assets acceptable to **NORTHERN** in such amounts as **NORTHERN** deems necessary to provide such coverage.

26. **NORTHERN** shall incur no liability to the **BOARD** or the Account (i) for any indirect, incidental, consequential, special, exemplary or punitive damages, whether or not **NORTHERN** knew of the likelihood of such damages, or (ii) for any delay in performance, or non-performance, of any obligation hereunder to the extent that the same is due to forces beyond **NORTHERN'S** reasonable control, including but not limited to delays, errors or interruptions caused by the **BOARD** or third parties, any industrial, juridical, governmental, civil or military action, acts of terrorism, insurrection or revolution, nuclear fusion, fission or radiation, failure or fluctuation in electrical power, heat, light, air conditioning or telecommunications equipment, or acts of God.

### E. GENERAL.

1. This Agreement shall be performed in accordance with all applicable federal, state and local laws and administrative regulations and shall be governed by the laws of the State of Florida. Any action seeking to interpret or enforce the provisions of this Agreement shall be filed and maintained in the Circuit Court, in and for Duval County, Florida.

2. The **BOARD** shall furnish **NORTHERN** with all documents, authorizations and powers as might be reasonably required by **NORTHERN** to carry out its obligations



## POLICE AND FIRE PENSION FUND

according to the terms of this Agreement.

3. This Agreement constitutes the entire understanding of the **BOARD** and **NORTHERN**, and may be amended only by written instrument specifically referring to this Agreement and executed with the same formalities as this Agreement.

Signature element on the following page.

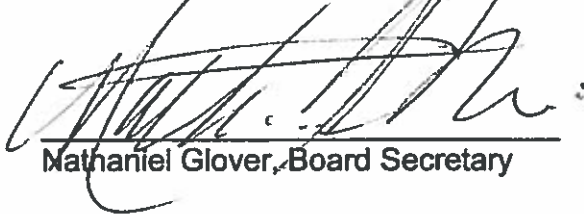
# POLICE AND FIRE PENSION FUND

IN WITNESS WHEREOF, the **BOARD** and **NORTHERN** have executed this Agreement by their respective duly authorized officers, effective as of the day and year first above written.

## JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES

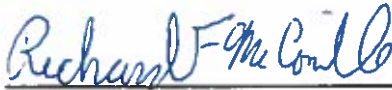


Assistant Chief Bobby Deal, Chairman



Nathaniel Glover, Board Secretary

## THE NORTHERN TRUST COMPANY



Its Senior Vice President - Relationship Manager

ATTEST:



John Keane  
Executive Director – Administrator





# 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

## FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY

THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT ("Amendment"), is made and entered into this 1st day of October, 2015, by and between the JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES, a body politic and corporate, hereinafter referred to as the "BOARD" or the "TRUSTEES" and THE NORTHERN TRUST COMPANY, with its principal offices located at 50 South LaSalle Street, Chicago, Illinois, 60603, hereinafter referred to as "NORTHERN."

The BOARD and NORTHERN previously executed the PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY, effective October 1, 2013 (the "Custody Agreement"); and

The BOARD and NORTHERN desire to amend the Custody Agreement pursuant to Section E.3 of the Agreement.

NOW THEREFORE, THIS AMENDMENT amends the CUSTODY AGREEMENT as follows:

1. The term of the Custody Agreement as set forth in Section B of the Custody Agreement is hereby extended through September 30, 2017.
2. The below ADDENDUM "A" is added to the Custody Agreement.

### ADDENDUM "A"

(a) Any investment manager or advisor of the Police and Fire Pension Fund who has discretionary authority for any investment of the fund, any custodian of Fund assets, and any

SCANNED

## **POLICE AND FIRE PENSION FUND**

investment consultant retained by the Board shall agree to certify, annually, to the Financial Investment and Advisory Committee and to the Board of Trustees, no later than the January 31 following the previous calendar year, that:

- (1) To the extent applicable, the investment manager, advisor, custodian, or investment consultant acknowledges that the manager or advisor serves as a fiduciary to the Police and Fire Pension Fund and agrees to be bound by all responsibilities of a fiduciary;
- (2) To the extent applicable, all investment decisions made by the investment manager, advisor, custodian, or investment consultant on behalf of the Police and Fire Pension Fund are made in the best interests of the Fund and not made in a manner to the advantage of such investment advisor, manager, custodian, investment consultant, other persons, or clients to the detriment of the Fund;
- (3) To the extent applicable, appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager, advisor, custodian, or investment consultant to ensure that relationships with any affiliated persons or entities do not adversely influence the investment decisions made on behalf of the Police and Fire Pension Fund;
- (4) The investment manager, advisor, custodian, or investment consultant is not the subject of a claim or litigation that would have a material effect on its ability to perform the services as required brought by a present or former client or by a regulatory agency asserting that such investment manager, advisor, custodian, or investment consultant has breached its fiduciary responsibilities, or, if such be the case, the investment manager, advisor, custodian, or investment consultant shall disclose the particulars of each such claim or litigation;
- (5) A summary code of ethics has been provided to the Financial Investment and Advisory Committee and the Board of Trustees, which (i) governs the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment advisor, manager, custodian, or investment

## **POLICE AND FIRE PENSION FUND**

consultant; (ii) has been adopted and implemented; and (iii) is effectively monitored and enforced; and

(6) To the best of its knowledge, policies of the Board concerning prohibited business relationships among family members and other related parties have been complied with.

(b) To the extent applicable, any investment manager, advisor, custodian, or investment consultant of the Police and Fire Pension Fund who has discretionary authority for any investment of the Police and Fire Pension Fund shall agree to disclose annually to the Financial Investment and Advisory Committee and to the Board, no later than the January 31 following the previous calendar year:

(1) Any known circumstances or situations that a prudent person could expect to create and actual or potential conflict of interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the Police and Fire Pension Fund, and (ii) any personal financial or investment positions of the investment manager, advisor, custodian, or investment consultant that could be related to the performance of an investment program of the Police and Fire Pension Fund over which the investment manager, advisor, custodian, or investment consultant has discretionary investment authority on behalf of the Police and Fire Pension Fund; and;

(2) All direct or indirect pecuniary interests that the investment manager, advisor, custodian, or investment consultant has in or with any party to a transaction with the Police and Fire Pension Fund if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the Police and Fire Pension Fund.


THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT shall commence on the day and year first above written and shall remain in full force and effect through the 30th day of September, 2017. All other terms

# POLICE AND FIRE PENSION FUND

and conditions of the Custody Agreement remain in full force and effect.

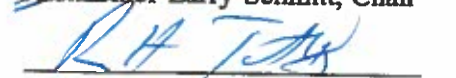
Signature element on the following page.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Custody Agreement as of the day and year first above written.

  
Robert D. Klausner  
Fund General Counsel

## JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES

  
Asst. Chief Larry Schmitt, Chair

  
Richard Tuten III, Board Secretary

## THE NORTHERN TRUST COMPANY

By: 

Name: Rich McConville

Title: Senior Vice President

Attest to:

By:   
John Keane  
Executive Director-Administrator

May 29, 2017

To the Board of Directors and Timothy Johnson, Executive Director  
Jacksonville Police and Fire Pension Fund  
One West Adams Street, Suite 100  
Jacksonville, FL 32202

We are pleased to confirm our understanding of the services we are to provide the Jacksonville Police and Fire Pension Fund (the "Fund") for the year ended September 30, 2017. We will audit the financial statements of the Fund, including the related notes to the financial statements, as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Fund's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Fund's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedule of Changes in Net Pension Liability and Related Ratios for the Senior Staff Voluntary Retirement Plan
- 3) Schedule of Contributions for the Senior Staff Voluntary Retirement Plan
- 4) Schedule of City Contributions
- 5) Schedule of Investment Returns – Annual money-weighted rate of return, net of investment expenses
- 6) Schedule of Changes in Net Pension Liability and Related Ratios

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Fund and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Fund's financial statements. Our report will be addressed to the Board of Directors of the Fund. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.



We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Fund is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.



An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Fund's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the financial statements and related notes of the Fund in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements,

performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, investment, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Fund; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Carr, Riggs & Ingram, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to applicable regulatory bodies or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by applicable regulatory bodies.

Robert J. Lemmon is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be a fixed fee of \$30,000. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

### **Dispute Resolution**

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first try in good faith to resolve the dispute through non-binding mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting and Related Services Disputes*. The costs of any mediation proceedings shall be shared equally by all parties.

### **Electronic Data Communication and Storage and Use of Third Party Service Provider**

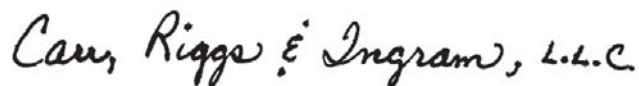
In the interest of facilitating our services to your company, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records.

We appreciate the opportunity to be of service to the Fund and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Carr Riggs & Ingram

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Timothy Johnson, Executive Director  
Jacksonville Police and Fire Pension Fund  
May 29, 2017  
Page: 6

RESPONSE:

This letter correctly sets forth the understanding of the Jacksonville Police and Fire Pension Fund.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **BOARD OF TRUSTEE'S TERM – 4 YEAR TERM**

**Amended from Oct. 1, 2017 to December 31, 2017 to be in compliance with Article 22**

<i>Name</i>	<i>Start of term</i>	<i>End of term</i>
Chris Brown	July 1, 2016	Dec. 31, 2017
Willard Payne	Jan. 26, 2016	Feb. 3, 2020
Rick Patsy	Aug. 9, 2016	Aug. 9, 2020
William Scheu	July 24, 2012	June 30, 2016 pending
Richard Tuten	Oct. 1, 2013	Dec. 31, 2017

***\*\*William Scheu, Rick Patsy, and Willard Payne (ministerial)  
ARE APPOINTED BY CITY COUNCIL\*\****

### **ADVISORY COMMITTEE TERM – 4 YEAR TERM**

**Amended from Oct. 1, 2017 to December 31, 2017 to be in compliance with Chapter Sec. 121.103**

<i>Name</i>	<i>Start of term</i>	<i>End of term</i>
Ellis Burns	Oct. 1, 2013	Dec. 31, 2017
Sean Hatchett	Oct. 1, 2013	Dec. 31, 2017
James Holderfield	Oct. 1, 2013	Dec. 31, 2017
Michael Lynch (replaced McCall)	Jan. 1, 2017	Dec. 31, 2017
Michael Shell (replaced Brown)	Aug. 1, 2016	Dec. 31, 2017
Christopher Stover (replaced Rigdon)	April 17, 2017	Dec. 31, 2017
Rick Townsend	Jan. 1, 2014	Dec. 31, 2017
	*due to mailing of ballots*	

### **FINANCIAL INVESTMENT AND ADVISORY COMMITTEE**

**2 AND 3 YEAR TERMS - staggered**

<i>Name</i>		<i>Start of term</i>	<i>End of term</i>
Tracey Devine	2 yr.	Dec. 16, 2016	March 1, 2018
Rob Kowkabany	2 yr.	March 8, 2016	March 1, 2018
Craig Lewis Sr.	3 yr.	March 8, 2016	March 1, 2019
Brian Smith Jr.	3 yr.	March 22, 2016	March 1, 2019
Rodney VanPelt	3 yr.	June 14, 2016	March 1, 2019

## **JACKSONVILLE POLICE AND FIRE PENSION FUND 2017 Election Timeline**

*This election is for two Board of Trustee positions and seven Advisory Committee positions, all of which expire on December 31, 2017. All new terms are four years in duration, from January 1, 2018 through December 31, 2021.*

**October 9, 2017 (Monday)** – Qualification Notice will be sent

**October 20, 2017 (Friday, at 4PM)** – Qualification Deadline

**October 25, 2017 (Wednesday)** – Candidate Announcement will be sent (email and website)

**November 15, 2017 (Wednesday)** – Voting Begins

**November 29, 2017 (Wednesday, at 4PM)** – Voting Deadline

**November 30, 2017 (Thursday)** – Unofficial results announced to candidates

**December 6, 2017 (Wednesday)** – Certification of Voting Results Expected

*Three Separate Ballots:*

- *One for active JFRD who will elect the JFRD Trustee and three JFRD Advisory Members;*
- *One for active JSO who will elect the JSO Trustee and three JSO Advisory Members;*
- *One for retirees who will elect the retired Advisory Member.*





***Summit Strategies Group***

*8182 Maryland Avenue, 6th Floor*

*St. Louis, Missouri 63105*

*314.727.7211*

**Monthly Economic & Capital Market Update**

*June 2017*



## Economic Perspective

June 30, 2017

### Economy

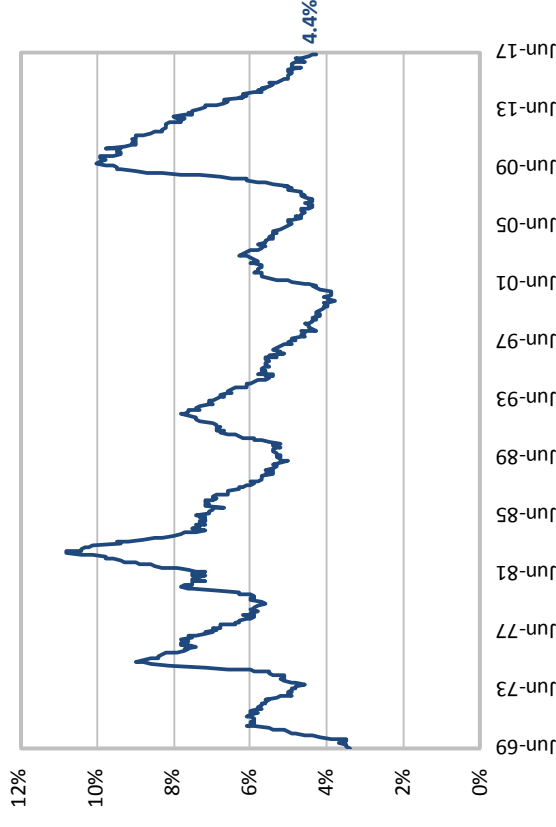
- Economic conditions throughout the world continued to improve during June, lifting global equity indices to new all-time highs. Low interest rates, increased consumer sentiment, and higher company earnings have helped generate strong equity market gains over the past year.
- The US economy saw positive job growth for the 81st consecutive month during June. Employers added 222,000 new payrolls, exceeding economists' expectations of 175,000 new jobs, and the unemployment rate increased 10 bps from May's 16-year low of 4.3%. Wage growth, as measured by the change in average hourly earnings of private sector workers, was 2.5% over the 12 months ending in June, unchanged month-over-month. Payrolls from April and May were revised upward by 47,000 total jobs. Job gains averaged 194,000 per month during the second quarter, above the average of 185,000 per month since the beginning of 2010.
- Real GDP grew at a 1.4% annual rate during the first quarter of 2017 according to the final estimate released by the Bureau of Economic Analysis. The estimate was revised upward from the second estimate of 1.2%, reflecting positive changes in nonresidential fixed income, personal consumption, and state and local government spending. GDP growth for Q2 2017 is estimated to have been 2.7% annualized according to the Atlanta Federal Reserve.

- Economic activity in both the manufacturing and services sectors continues to expand, as measured by purchasing managers indices (PMI). The US ISM Manufacturing PMI expanded 2.9 points in June to 57.8; an index reading over 50 suggests expansion in the sector. Manufacturing has now been a boost to US growth for ten consecutive months, following a period during which slowing 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 90 consecutive months.

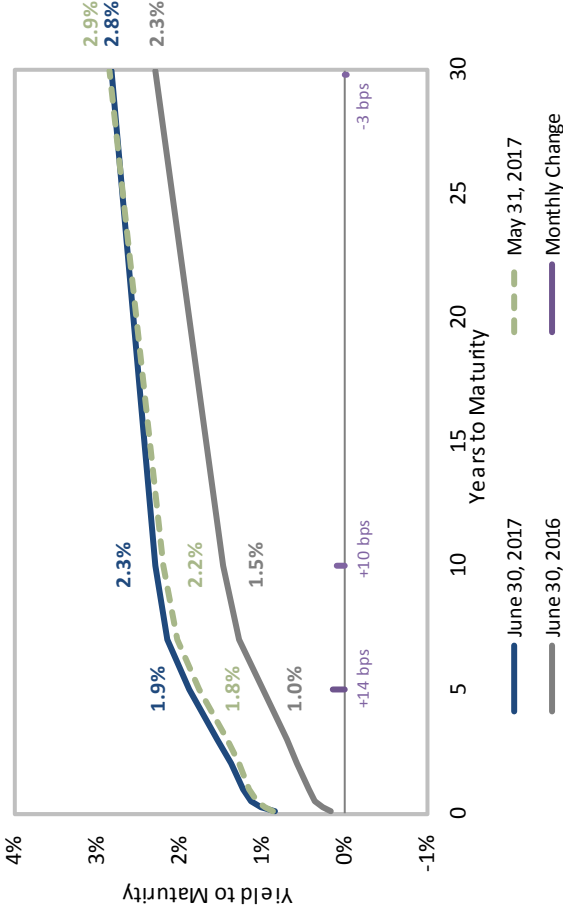
### Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 13 bps to 145 bps in June. Over the past two years the 2-30 spread has tightened by 103 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 190 bps.

Unemployment Rate



Treasury Yield Curve



## Growth Assets

June 30, 2017

### Public Equities

- Global stocks achieved modest gains for the month, with US markets outperforming international by 60 bps. Over the first half of 2017 MSCI ACWI IMI earned 11.3%, the best performance over the first half of a year for the Index since 2003. Strong gains in the equity markets over the past year have been supported by an improvement in earnings growth, but price gains continue to outpace earnings and valuations remain elevated as a result.
- Master limited partnerships (MLPs) returned -0.6% in June, led by underperformance in exploration and production (E&P) and energy services sectors. Year-to-date, the Alerian MLP Index has returned -2.7% and the distribution yield has increased 10 bps to 7.2%.

### Public Debt

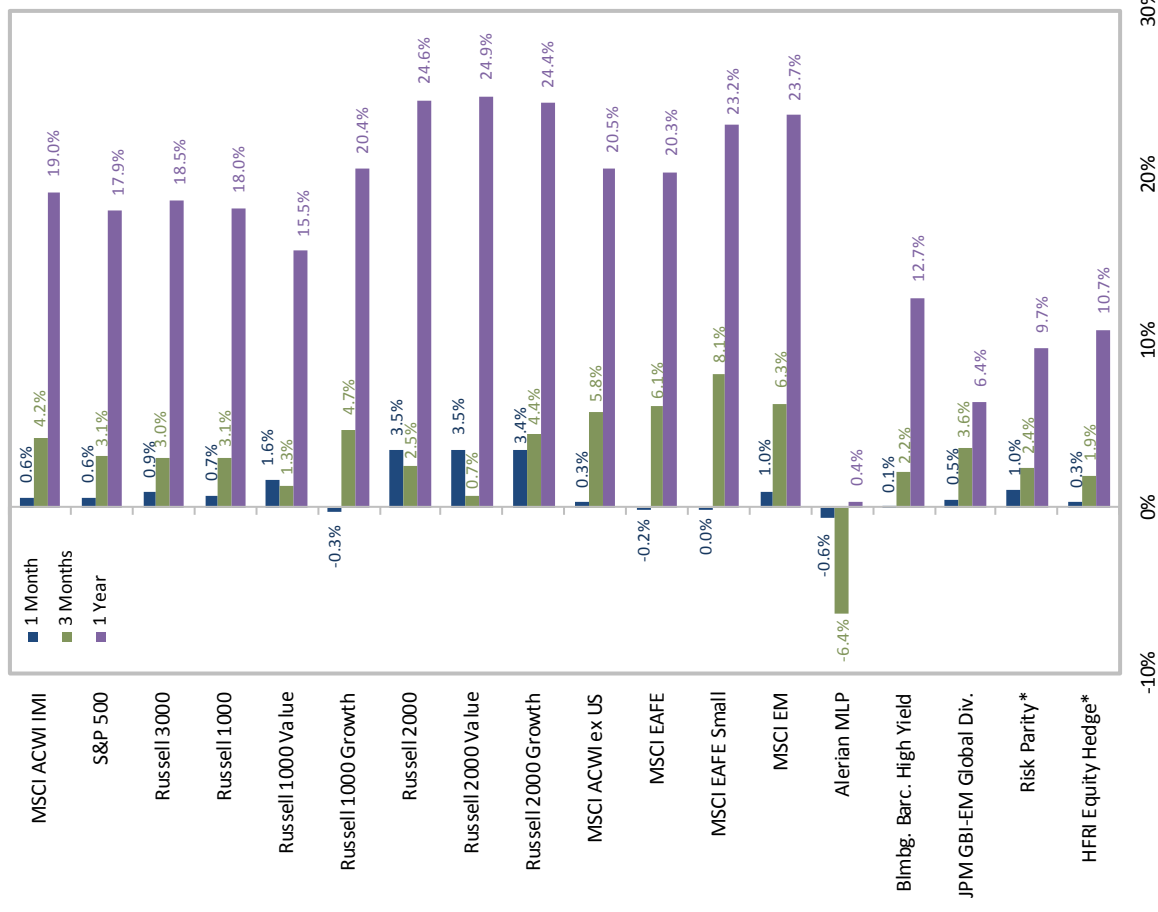
- The Bloomberg Barclays High Yield Index gained 0.1% during June as coupon payments were nearly offset by price declines. High yield spreads were mostly unchanged, ending the month at 364 bps over treasuries.
- Local currency-denominated emerging market debt returned 0.5%, with currency detracting approximately 0.2%. EM local bonds ended June yielding 6.15%, 13 bps lower month-over-month.

### Private Assets

- The strong fundraising environment for private equity has continued into 2017, as the industry is likely to have seen the highest levels of first quarter capital raising since the global financial crisis. Preqin expects Q1 fundraising to surpass the \$90b raised by funds closed in Q1 2016. Purchase price multiples for middle-market LBOs, as measured by S&P Leveraged Commentary and Data (S&P LCD), have remained relatively stable from 2016 at 9.6x YTD.
- In Q1 2017, private debt funds raised a total of \$21b, surpassing last year's Q1 level of \$11b, as the momentum for direct lending strategies continued; direct lending funds accounted for 62% of total capital raised. Nearly two-thirds of all private debt funds closed during the quarter exceeded their target size.

### Hedge Funds

- Risk parity funds gained in May, with positive contributions from equity and nominal bond allocations. Commodities were negative and inflation-linked bonds were generally unchanged.
- Growth hedge funds gained in May, with the largest gains coming from long/short equity. Merger arbitrage strategies were also positive, while activist and distressed debt funds detracted.



\* 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.

## Income Assets

June 30, 2017

### Public Debt

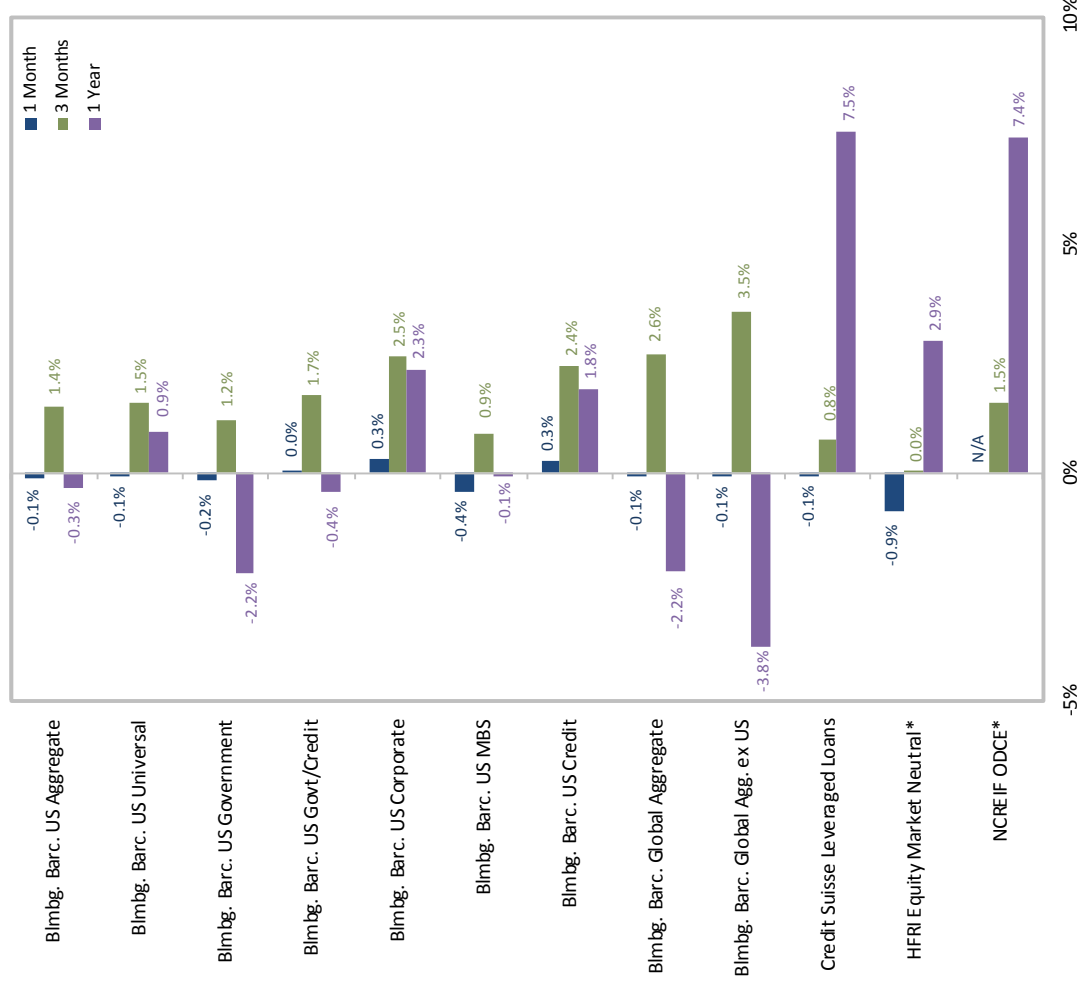
- The yield curve continued to flatten during June; the Federal Reserve once again raised short-term interest rates 25 bps while yields along the long end of the curve declined.
- The 10-year US Treasury yield ended June at 2.3%; June was the first month of 2017 in which the trading range of the 10-year Treasury did not exceed 20 bps, with the yield trading within a 17 bps range.
- The Bloomberg Barclays Aggregate returned -0.1% for June, slightly out of trend as the Index has had a negative return for only one other month in 2017. The longer duration portion of the Index continued to outperform and lower-quality outperformed higher-quality issues.
- The Bloomberg Barclays Global Aggregate reversed the positive momentum observed in prior months, returning -0.1% for June. Price return was the sole detractor during the month, while coupon and currency partially offset price losses.
- Public bank loans, as measured by the Credit Suisse Leveraged Loan Index, returned -0.1% for the month. Principal returns were negative due to technical outflows from the asset class, as well as outsized losses in the energy and retail space (which make up small portions of the Index). The trailing 12-month default rate in loans has remained relatively constant year-to-date at 1.5%, approximately in line with forecasts. Recovery rates have averaged 73% year-to-date compared to 63% in 2016.

### Relative Value Hedge Funds

- Relative value hedge funds posted mixed performance in May. Equity market neutral funds were negative, while credit and volatility arbitrage contributed gains.

### Core Real Estate

- Core real estate returns for the first quarter of 2017 were 1.8% gross, 1.5% net, bringing the one-year gain for core funds to 7.4%. Continued strong gains in the commercial real estate market have coincided with the US economic expansion, with strong labor market growth fueling demand while supply remains limited. Of note is that 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 experienced their largest monthly decline since November 2016 during June. Declining inflation expectations and rising real yields resulted in returns of -0.9% for the Bloomberg Barclays US TIPS Index. 10-year market-implied inflation expectations ended the month 9 bps lower at 1.74%.

## Deflation

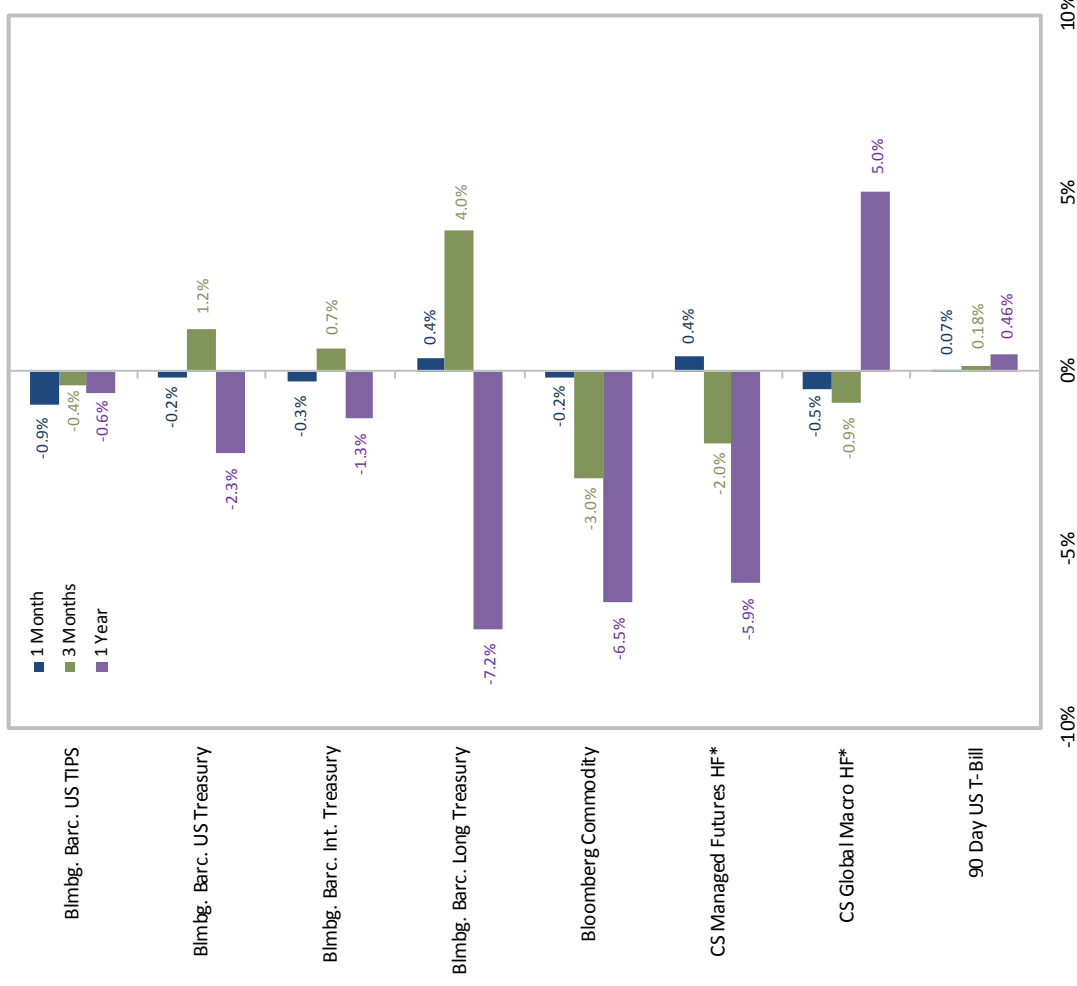
- The Bloomberg Barclays Long Treasury Index returned 0.4% for the month, 0.1% of which can be attributed to price return and the remainder to coupon. 30-year Treasury yields ended the month 2 bps lower at 2.84%.
- Cash continues to offer low returns, as 90-day T-bills gained 7 bps during June and 46 bps over the past year.

## Commodities

- The Bloomberg Commodity Index returned -0.2%, with the largest detractors being soft commodities (-6.6%) and energy (-3.7%). Conversely, grains and industrial metals produced strong performance as they returned 6.2% and 3.4%, respectively. The Bloomberg Commodity Index returned -6.5% for the trailing year, with soft commodities and energy being the main detractors from performance.

## Tactical Trading

- Tactical trading hedge funds were mixed in May. Global macro strategies detracted while trend following strategies saw modest gains.



\* 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.



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**City of Jacksonville Police & Fire Pension Fund**

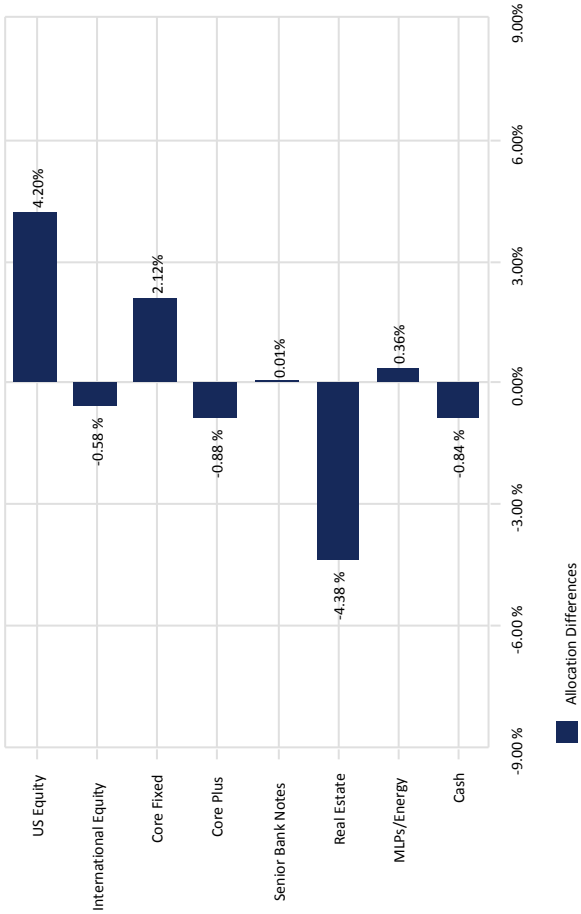
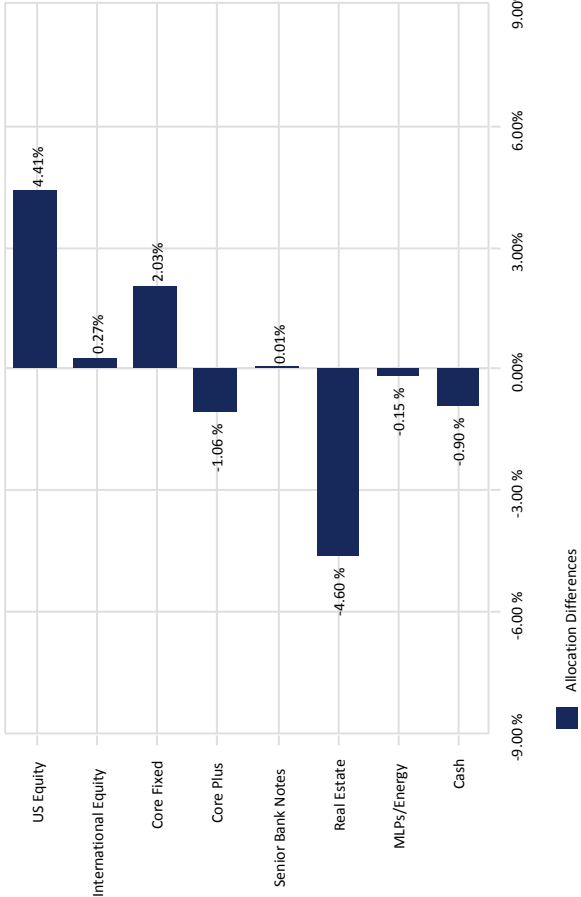
Preliminary Flash Report

**June 30, 2017**

# City of Jacksonville Police & Fire Pension Fund

## Asset Allocation vs. Target Allocation

June 30, 2017



June 30, 2017

March 31, 2017

	Market Value (\$)	Allocation (%)	Target (%)
US Equity	831,003,769	43.41	39.00
International Equity	388,023,166	20.27	20.00
Core Fixed	115,364,893	6.03	4.00
Core Plus	276,378,600	14.44	15.50
Senior Bank Notes	118,889	0.01	0.00
Real Estate	199,168,185	10.40	15.00
MLPs/Energy	102,324,814	5.35	5.50
Cash	1,826,268	0.10	1.00
Total Fund	1,914,208,584	100.00	100.00

# City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

June 30, 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	1,914,208,584	100.00	0.53	3.00	8.84	10.03	14.89	5.21	9.78	5.83	7.02	8.22	Apr-1989
Total Fund Policy Excess Return			0.38	2.26	6.84	8.26	12.22	4.97	9.19	5.27	6.94	8.23	
			0.15	0.74	2.00	1.77	2.67	0.24	0.59	0.56	0.08	-0.01	
Total Equity	1,219,026,935	63.68	0.82	4.71	13.02	15.06	22.36	6.45	12.28	5.55	-	5.40	Jun-2007
US Equity	831,003,769	43.41	0.99	3.46	10.28	14.73	20.57	8.21	13.81	7.41	8.47	10.26	Jan-1988
US Equity Index Excess Return			0.90	3.02	8.93	13.52	18.51	9.10	14.58	7.30	8.83	10.53	
			0.09	0.44	1.35	1.21	2.06	-0.89	-0.77	0.11	-0.36	-0.27	
International Equity	388,023,166	20.27	0.45	7.49	19.38	16.42	26.38	3.26	9.33	1.40	6.12	5.27	Feb-1999
International Equity Index Excess Return			0.35	5.99	14.45	13.08	21.00	1.27	7.70	1.07	6.49	4.35	
			0.10	1.50	4.93	3.34	5.38	1.99	1.63	0.33	-0.37	0.92	
Fixed Income	391,862,382	20.47	0.03	1.60	2.93	1.03	2.15	3.08	2.60	4.65	4.66	6.39	Jan-1988
Fixed Income Index Excess Return			-0.09	1.51	2.56	-0.49	-0.04	2.58	2.27	4.51	4.50	6.44	
			0.12	0.09	0.37	1.52	2.19	0.50	0.33	0.14	0.16	-0.05	
Real Estate	199,168,185	10.40	-0.00	0.67	2.64	5.01	7.23	10.78	12.09	7.14	-	9.20	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	11.41	5.07	-	7.48	
Excess Return			0.00	0.67	0.87	1.08	1.16	0.06	0.68	2.07	-	1.72	
NCREIF Property Index			0.00	0.00	1.55	3.30	5.13	9.53	10.11	6.24	-	9.21	Jan-1978
MLPs/Energy	102,324,814	5.35	0.09	-6.09	-1.59	0.74	4.25	-7.92	7.68	-	-	8.83	Mar-2011
S&P MLP Index Excess Return			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	-	3.03	
			0.33	0.29	1.33	0.44	1.02	3.33	5.20	-	-	5.80	
Cash	1,826,268	0.10	0.11	0.23	0.87	1.02	1.14	0.82	0.88	1.18	8.08	8.22	Dec-1998



# City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

June 30, 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	1,914,208,584	100.00	0.53	2.95	8.66	9.77	14.48	4.77	9.30	5.47	6.66	8.02	Apr-1989
Total Fund Policy Excess Return			0.38	2.26	6.84	8.26	12.22	4.97	9.19	5.27	6.94	8.23	
			0.15	0.69	1.82	1.51	2.26	-0.20	0.11	0.20	-0.28	-0.21	
Total Equity	1,219,026,935	63.68	0.81	4.64	12.87	14.81	21.96	6.00	11.78	5.18	-	5.04	Jun-2007
US Equity	831,003,769	43.41	0.99	3.39	10.13	14.45	20.15	7.73	13.26	7.02	8.21	10.13	Jan-1988
US Equity Index Excess Return			0.90	3.02	8.93	13.52	18.51	9.10	14.58	7.30	8.83	10.53	
			0.09	0.37	1.20	0.93	1.64	-1.37	-1.32	-0.28	-0.62	-0.40	
International Equity	388,023,166	20.27	0.43	7.43	19.22	16.20	26.02	2.87	8.94	1.03	5.86	5.06	Feb-1999
International Equity Index Excess Return			0.35	5.99	14.45	13.08	21.00	1.27	7.70	1.07	6.49	4.35	
			0.08	1.44	4.77	3.12	5.02	1.60	1.24	-0.04	-0.63	0.71	
Fixed Income	391,862,382	20.47	0.03	1.59	2.90	0.96	2.04	2.95	2.44	4.52	4.58	6.34	Jan-1988
Fixed Income Index Excess Return			-0.09	1.51	2.56	-0.49	-0.04	2.58	2.27	4.51	4.50	6.44	
			0.12	0.08	0.34	1.45	2.08	0.37	0.17	0.01	0.08	-0.10	
Real Estate	199,168,185	10.40	-0.00	0.61	2.21	4.51	6.30	9.83	11.09	6.43	-	8.60	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	11.41	5.07	-	7.48	
Excess Return			0.00	0.61	0.44	0.58	0.23	-0.89	-0.32	1.36	-	1.12	
NCREIF Property Index			0.00	0.00	1.55	3.30	5.13	9.53	10.11	6.24	-	9.21	Jan-1978
MLPs/Energy	102,324,814	5.35	0.09	-6.18	-1.95	0.28	3.59	-8.60	6.90	-	-	8.10	Mar-2011
S&P MLP Index Excess Return			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	-	3.03	
			0.33	0.20	0.97	-0.02	0.36	2.65	4.42	-	-	5.07	
Cash	1,826,268	0.10	0.11	0.23	0.87	1.02	1.14	0.82	0.88	1.01	7.96	8.12	Dec-1998

# City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

June 30, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
US Equity												
NT S&P 500 Index Fund	279,528,358	14.60	0.63	3.10	9.36	13.55	17.92	9.69	14.68	7.20	5.74	Jan-1999
S&P 500			0.62	3.09	9.34	13.52	17.90	9.61	14.63	7.18	5.73	
Excess Return			0.01	0.01	0.02	0.03	0.02	0.08	0.05	0.02	0.01	
Eagle Capital Management	205,839,688	10.75	2.20	3.88	10.71	18.56	24.58	10.26	15.88	-	13.82	Apr-2011
Russell 1000 Value Index			1.63	1.34	4.66	11.64	15.53	7.36	13.94	-	11.44	
Excess Return			0.57	2.54	6.05	6.92	9.05	2.90	1.94	-	2.38	
Brown Investment Advisory	94,438,588	4.93	-0.76	5.61	15.61	10.37	14.44	8.54	-	-	8.89	Nov-2013
Russell 1000 Growth Index			-0.26	4.67	13.99	15.15	20.42	11.11	-	-	12.54	
Excess Return			-0.50	0.94	1.62	-4.78	-5.98	-2.57	-	-	-3.65	
Sawgrass Asset Management	97,771,851	5.11	0.27	3.23	10.15	11.81	12.46	9.05	-	-	10.99	Nov-2013
Russell 1000 Growth Index			-0.26	4.67	13.99	15.15	20.42	11.11	-	-	12.54	
Excess Return			0.53	-1.44	-3.84	-3.34	-7.96	-2.06	-	-	-1.55	
Pinnacle	79,423,028	4.15	1.23	4.64	16.37	20.30	32.82	8.48	16.39	-	21.74	Mar-2009
Russell 2500 Growth Index			2.28	4.13	10.63	13.51	21.44	7.65	14.33	-	19.57	
Excess Return			-1.05	0.51	5.74	6.79	11.38	0.83	2.06	-	2.17	
Wedge Capital Mgmt	74,002,257	3.87	2.03	0.09	0.96	12.73	-	-	-	-	12.93	Sep-2016
Russell 2000 Value Index			3.50	0.67	0.54	14.69	-	-	-	-	15.59	
Excess Return			-1.47	-0.58	0.42	-1.96	-	-	-	-	-2.66	
International Equity												
NT EAFE Index Fund	18,493,500	0.97	-0.17	6.33	14.18	13.51	20.87	1.51	9.04	-	7.11	Apr-2012
MSCI EAFE Index (Net)			-0.18	6.12	13.81	13.00	20.27	1.15	8.69	-	6.74	
Excess Return			0.01	0.21	0.37	0.51	0.60	0.36	0.35	-	0.37	
Silchester	142,590,860	7.45	0.48	6.06	14.42	17.33	25.26	5.47	-	-	9.35	Sep-2013
MSCI EAFE Value Index (Net)			0.30	4.78	11.12	15.75	25.01	-0.59	-	-	4.71	
Excess Return			0.18	1.28	3.30	1.58	0.25	6.06	-	-	4.64	
Baillie Gifford	114,592,688	5.99	-0.20	10.67	25.46	17.00	30.46	4.70	11.51	-	7.20	Mar-2011
MSCI EAFE Growth Index (Net)			-0.65	7.52	16.68	10.24	15.70	2.81	9.19	-	5.08	
Excess Return			0.45	3.15	8.78	6.76	14.76	1.89	2.32	-	2.12	
Acadian Emerging Mkts Equity II Fund	112,346,118	5.87	1.18	5.76	20.59	17.30	28.79	2.20	-	-	4.32	Jan-2014
MSCI Emerging Markets (Net)			1.01	6.27	18.43	13.50	23.75	1.07	-	-	2.65	
Excess Return			0.17	-0.51	2.16	3.80	5.04	1.13	-	-	1.67	

# City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

June 30, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,527,395	1.39	-0.11	1.46	2.32	-0.81	-0.36	2.52	-	-	2.25	Feb-2013
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	2.27	-0.77	-0.31	2.48	-	-	2.26	
Excess Return			-0.01	0.01	0.05	-0.04	-0.05	0.04	-	-	-0.01	
Neuberger Berman	164,910,987	8.62	0.00	1.47	2.89	-	-	-	-	-	2.89	Jan-2017
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	2.27	-	-	-	-	-	2.27	
Excess Return			0.10	0.02	0.62	-	-	-	-	-	0.62	
Loomis, Sayles & Company	111,467,613	5.82	0.33	1.98	-	-	-	-	-	-	3.33	Feb-2017
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	-	-	-	-	-	-	2.07	
Excess Return			0.43	0.53	-	-	-	-	-	-	1.26	
Thompson Siegel Fixed	88,837,497	4.64	-0.23	1.43	2.73	0.72	1.98	3.38	3.24	5.25	6.22	Aug-1991
Thompson Policy Index			-0.10	1.45	2.27	-0.77	-0.31	2.48	2.21	4.41	5.93	
Excess Return			-0.13	-0.02	0.46	1.49	2.29	0.90	1.03	0.84	0.29	
Eaton Vance Instl Senior Loan Trust	118,889	0.01										
Real Estate												
JP Morgan	151,377,458	7.91	-0.00	0.75	2.69	4.90	7.07	10.48	11.96	5.92	8.19	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	11.41	5.07	7.48	
Excess Return			0.00	0.75	0.92	0.97	1.00	-0.24	0.55	0.85	0.71	
Principal Global Investments	47,790,727	2.50	0.00	1.00	3.11	5.96	8.39	11.94	-	-	12.45	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	-	-	11.52	
Excess Return			0.00	1.00	1.34	2.03	2.32	1.22	-	-	0.93	
MLPs/Energy												
Harvest MLP	50,944,354	2.66	-0.21	-6.74	-2.66	-0.98	3.36	-7.92	7.20	-	8.84	Mar-2011
S&P MLP Index			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	3.03	
Excess Return			0.03	-0.36	0.26	-1.28	0.13	3.33	4.72	-	5.81	
Tortoise MLP	51,380,459	2.68	0.39	-5.45	-0.51	2.50	5.14	-8.02	8.11	-	8.78	Mar-2011
S&P MLP Index			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	3.03	
Excess Return			0.63	0.93	2.41	2.20	1.91	3.23	5.63	-	5.75	
Cash	1,826,268	0.10	0.11	0.23	0.87	1.02	1.14	0.82	0.88	1.18	8.22	Dec-1998

## City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

June 30, 2017

Performance(%)											
	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	279,528,358	14.60	0.63	3.10	9.36	13.54	17.91	9.67	14.64	7.16	5.72
			0.62	3.09	9.34	13.52	17.90	9.61	14.63	7.18	5.73
			0.01	0.01	0.02	0.02	0.01	0.06	0.01	-0.02	-0.01
Eagle Capital Management	205,839,688	10.75	2.20	3.88	10.50	18.15	24.01	9.55	15.08	-	13.05
			1.63	1.34	4.66	11.64	15.53	7.36	13.94	-	11.44
			0.57	2.54	5.84	6.51	8.48	2.19	1.14	-	1.61
Brown Investment Advisory	94,438,588	4.93	-0.76	5.61	15.51	10.15	14.12	8.31	-	-	8.66
			-0.26	4.67	13.99	15.15	20.42	11.11	-	-	12.54
			-0.50	0.94	1.52	-5.00	-6.30	-2.80	-	-	-3.88
Sawgrass Asset Management	97,771,851	5.11	0.27	3.18	10.05	11.58	12.17	8.80	-	-	10.74
			-0.26	4.67	13.99	15.15	20.42	11.11	-	-	12.54
			0.53	-1.49	-3.94	-3.57	-8.25	-2.31	-	-	-1.80
Pinnacle	79,423,028	4.15	1.23	4.64	16.17	19.88	32.02	7.72	15.56	-	21.02
			2.28	4.13	10.63	13.51	21.44	7.65	14.33	-	19.57
			-1.05	0.51	5.54	6.37	10.58	0.07	1.23	-	1.45
Wedge Capital Mgmt	74,002,257	3.87	2.03	0.09	0.96	12.73	-	-	-	-	12.93
			3.50	0.67	0.54	14.69	-	-	-	-	15.59
			-1.47	-0.58	0.42	-1.96	-	-	-	-	-2.66
International Equity											
NT EAFE Index Fund	18,493,500	0.97	-0.17	6.33	14.18	13.48	20.81	1.44	8.97	-	7.05
			-0.18	6.12	13.81	13.00	20.27	1.15	8.69	-	6.74
			0.01	0.21	0.37	0.48	0.54	0.29	0.28	-	0.31
Silchester	142,590,860	7.45	0.42	5.90	14.03	16.71	24.36	4.67	-	-	8.50
			0.30	4.78	11.12	15.75	25.01	-0.59	-	-	4.71
			0.12	1.12	2.91	0.96	-0.65	5.26	-	-	3.79
Baillie Gifford	114,592,688	5.99	-0.20	10.67	25.46	16.97	30.40	4.35	11.06	-	6.79
			-0.65	7.52	16.68	10.24	15.70	2.81	9.19	-	5.08
			0.45	3.15	8.78	6.73	14.70	1.54	1.87	-	1.71
Acadian Emerging Mkts Equity II Fund	112,346,118	5.87	1.18	5.76	20.43	17.14	28.28	1.75	-	-	3.89
			1.01	6.27	18.43	13.50	23.75	1.07	-	-	2.65
			0.17	-0.51	2.00	3.64	4.53	0.68	-	-	1.24

# City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

June 30, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,527,395	1.39	-0.11	1.46	2.32	-0.82	-0.38	2.49	-	-	2.22	Feb-2013
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	2.27	-0.77	-0.31	2.48	-	-	2.26	
Excess Return			-0.01	0.01	0.05	-0.05	-0.07	0.01	-	-	-0.04	
Neuberger Berman	164,910,987	8.62	0.00	1.47	2.89	-	-	-	-	-	2.89	Jan-2017
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	2.27	-	-	-	-	-	2.27	
Excess Return			0.10	0.02	0.62	-	-	-	-	-	0.62	
Loomis, Sayles & Company	111,467,613	5.82	0.33	1.98	-	-	-	-	-	-	3.33	Feb-2017
Bimbg. Barc. U.S. Aggregate			-0.10	1.45	-	-	-	-	-	-	2.07	
Excess Return			0.43	0.53	-	-	-	-	-	-	1.26	
Thompson Siegel Fixed	88,837,497	4.64	-0.23	1.43	2.64	0.60	1.81	3.20	3.07	5.11	6.17	Aug-1991
Thompson Policy Index			-0.10	1.45	2.27	-0.77	-0.31	2.48	2.21	4.41	5.93	
Excess Return			-0.13	-0.02	0.37	1.37	2.12	0.72	0.86	0.70	0.24	
Eaton Vance Instl Senior Loan Trust	118,889	0.01										
Real Estate												
JP Morgan	151,377,458	7.91	-0.00	0.75	2.26	4.47	6.13	9.52	10.94	5.21	7.59	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	11.41	5.07	7.48	
Excess Return			0.00	0.75	0.49	0.54	0.06	-1.20	-0.47	0.14	0.11	
Principal Global Investments	47,790,727	2.50	0.00	1.00	2.91	5.54	7.74	11.12	-	-	11.58	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	1.77	3.93	6.07	10.72	-	-	11.52	
Excess Return			0.00	1.00	1.14	1.61	1.67	0.40	-	-	0.06	
MLPs/Energy												
Harvest MLP	50,944,354	2.66	-0.21	-6.74	-3.00	-1.33	2.83	-8.57	6.45	-	8.11	Mar-2011
S&P MLP Index			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	3.03	
Excess Return			0.03	-0.36	-0.08	-1.63	-0.40	2.68	3.97	-	5.08	
Tortoise MLP	51,380,459	2.68	0.39	-5.63	-0.88	1.93	4.36	-8.73	7.31	-	8.05	Mar-2011
S&P MLP Index			-0.24	-6.38	-2.92	0.30	3.23	-11.25	2.48	-	3.03	
Excess Return			0.63	0.75	2.04	1.63	1.13	2.52	4.83	-	5.02	
Cash	1,826,268	0.10	0.11	0.23	0.87	1.02	1.14	0.82	0.88	1.01	8.12	Dec-1998

# City of Jacksonville Police & Fire Pension Fund

Historical Hybrid Composition

As of June 30, 2017

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

# City of Jacksonville Police & Fire Pension Fund

Asset Allocation Compliance

June 30, 2017

	% Target	% Actual	% Difference from Target	Current Target (\$)	Actual (\$)	Difference (\$)
<b>Total Fund</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>1,914,208,584</b>	<b>1,914,208,584</b>	<b>-</b>
<b>Total Equity</b>	<b>59.00</b>	<b>63.68</b>	<b>4.68</b>	<b>1,129,383,064</b>	<b>1,219,026,935</b>	<b>(89,643,871)</b>
<b>US Equity</b>	<b>39.00</b>	<b>43.41</b>	<b>4.41</b>	<b>746,541,348</b>	<b>831,003,769</b>	<b>(84,462,422)</b>
<b>Large Cap</b>	<b>31.40</b>	<b>35.40</b>	<b>4.00</b>	<b>601,061,495</b>	<b>677,578,485</b>	<b>(76,516,990)</b>
<b>Large Cap Core</b>	<b>0.00</b>	<b>14.60</b>	<b>14.60</b>	<b>-</b>	<b>279,528,358</b>	<b>(279,528,358)</b>
NT S&P 500 Index Fund	-	14.60	-	-	279,528,358	-
<b>Large Cap Value</b>	<b>0.00</b>	<b>10.75</b>	<b>10.75</b>	<b>-</b>	<b>205,839,688</b>	<b>(205,839,688)</b>
Eagle Capital Management	-	10.75	-	-	205,839,688	-
<b>Large Cap Growth</b>	<b>0.00</b>	<b>10.04</b>	<b>10.04</b>	<b>-</b>	<b>192,210,439</b>	<b>(192,210,439)</b>
Brown Investment Advisory	-	4.93	-	-	94,438,588	-
Sawgrass Asset Management	-	5.11	-	-	97,771,851	-
<b>Non Large Cap</b>	<b>7.60</b>	<b>8.02</b>	<b>0.42</b>	<b>145,479,852</b>	<b>153,425,284</b>	<b>(7,945,432)</b>
Wedge Capital Mgmt	-	3.87	-	-	74,002,257	-
Pinnacle	-	4.15	-	-	79,423,028	-
<b>International Equity</b>	<b>20.00</b>	<b>20.27</b>	<b>0.27</b>	<b>382,841,717</b>	<b>388,023,166</b>	<b>(5,181,449)</b>
<b>International Developed Markets</b>	<b>14.00</b>	<b>14.40</b>	<b>0.40</b>	<b>267,989,202</b>	<b>275,677,048</b>	<b>(7,687,846)</b>
NT EAFE Index Fund	-	0.97	-	-	18,493,500	-
Baillie Gifford	-	5.99	-	-	114,592,688	-
Silchester	-	7.45	-	-	142,590,860	-
<b>International Emerging Markets</b>	<b>6.00</b>	<b>5.87</b>	<b>(0.13)</b>	<b>114,852,515</b>	<b>112,346,118</b>	<b>2,506,397</b>
Acadian Emerging Mkts Equity II Fund	-	5.87	-	-	112,346,118	-
<b>Fixed Income</b>	<b>19.50</b>	<b>20.47</b>	<b>0.97</b>	<b>373,270,674</b>	<b>391,862,382</b>	<b>(18,591,708)</b>
<b>Core Fixed Income</b>	<b>4.00</b>	<b>6.03</b>	<b>2.03</b>	<b>76,568,343</b>	<b>115,364,893</b>	<b>(38,796,549)</b>
NTGI Aggregate Bond Index	-	1.39	-	-	26,527,395	-
Thompson Siegel Fixed	-	4.64	-	-	88,837,497	-
<b>Core Plus</b>	<b>15.50</b>	<b>14.44</b>	<b>(1.06)</b>	<b>296,702,330</b>	<b>276,378,600</b>	<b>20,323,731</b>
Neuberger Berman	-	8.62	-	-	164,910,987	-
Loomis, Sayles & Company	-	5.82	-	-	111,467,613	-
<b>Senior Bank Notes</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>	<b>-</b>	<b>118,889</b>	<b>(118,889)</b>
Eaton Vance Instl Senior Loan Trust	-	0.01	-	-	118,889	-
<b>Real Estate</b>	<b>15.00</b>	<b>10.40</b>	<b>(4.60)</b>	<b>287,131,288</b>	<b>199,168,185</b>	<b>87,963,102</b>
<b>Real Estate excluding Haverly &amp; Admin</b>	<b>15.00</b>	<b>10.40</b>	<b>(4.60)</b>	<b>287,131,288</b>	<b>199,168,185</b>	<b>87,963,102</b>
JP Morgan	5.00	7.91	2.91	95,710,429	151,377,458	(55,667,029)
Principal Global Investments	5.00	2.50	(2.50)	95,710,429	47,790,727	47,919,702
Non Core Real Estate (TBD)	5.00	0.00	(5.00)	95,710,429	-	95,710,429
<b>Total Alternatives Composite</b>	<b>5.50</b>	<b>5.35</b>	<b>(0.15)</b>	<b>105,281,472</b>	<b>102,324,814</b>	<b>2,956,659</b>
<b>MLP's/Energy</b>	<b>5.50</b>	<b>5.35</b>	<b>(0.15)</b>	<b>105,281,472</b>	<b>102,324,814</b>	<b>2,956,659</b>
Tortoise MLP	-	2.68	-	-	51,380,459	-
Harvest MLP	-	2.66	-	-	50,944,354	-
Cash	1.00	0.10	(0.90)	19,142,086	1,826,268	17,315,818

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*St. Louis, Missouri 63105*

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**Sawgrass – Large Cap Growth Manager Review**

**City of Jacksonville Police & Fire  
Pension Fund**

*June 9, 2017*

## BACKGROUND & RECOMMENDATION

### Background

- The FIAC has been monitoring the underperformance of Sawgrass Asset Management for a number of quarters.
- The purpose of today's presentation is to review and analyze Sawgrass's performance, and to discuss whether or not any action needs to be taken.

### Summary

- Sawgrass has underperformed its Russell 1000 Growth benchmark over the trailing year by 5.5% and the trailing three years by 2.3%, net of fees.
- With a process focused on high-quality companies and valuations, Sawgrass's portfolio will tend to be less volatile with lower sensitivity to market movements than most large cap growth strategies.
- Given the more risk-aware, defensive nature of the strategy, Sawgrass should not be expected to keep pace during momentum-driven markets or low-quality rallies; it should, however, be expected to protect on the downside in the event that a period of negative stock market sentiment should emerge.
- Sawgrass's results, more so than some other managers, should be viewed primarily through a risk lens; the strategy realizing a slightly higher standard deviation than the benchmark in a given time period would be much more worrisome than a period of underperformance of a similar magnitude.

### Recommendation

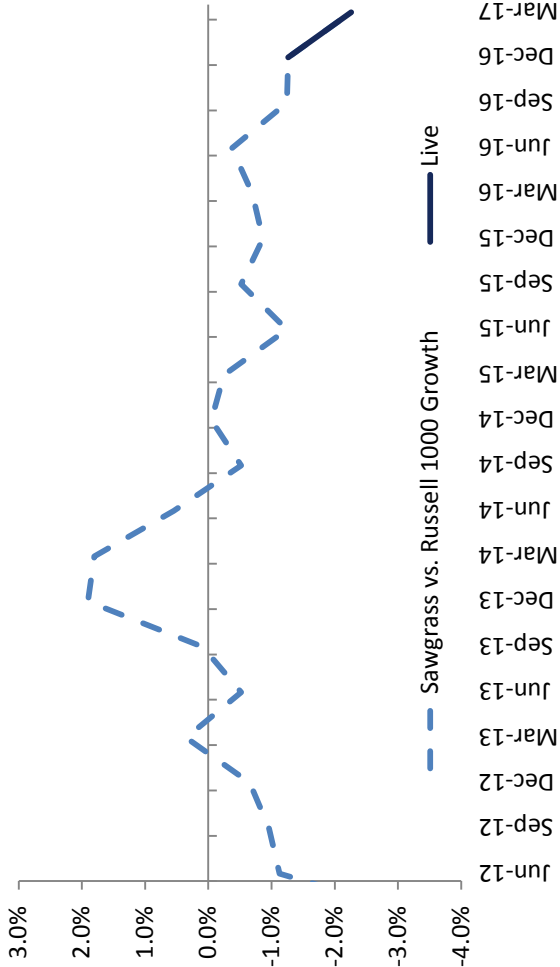
- Given the performance-based fee in place (0.20% base fee with an 18% excess performance share, capped at 0.85%), Summit recommends that the Fund maintain its allocation to Sawgrass to dampen volatility and provide downside market protection in the future.

SAWGRASS REVIEW (AS OF MARCH 31, 2017)

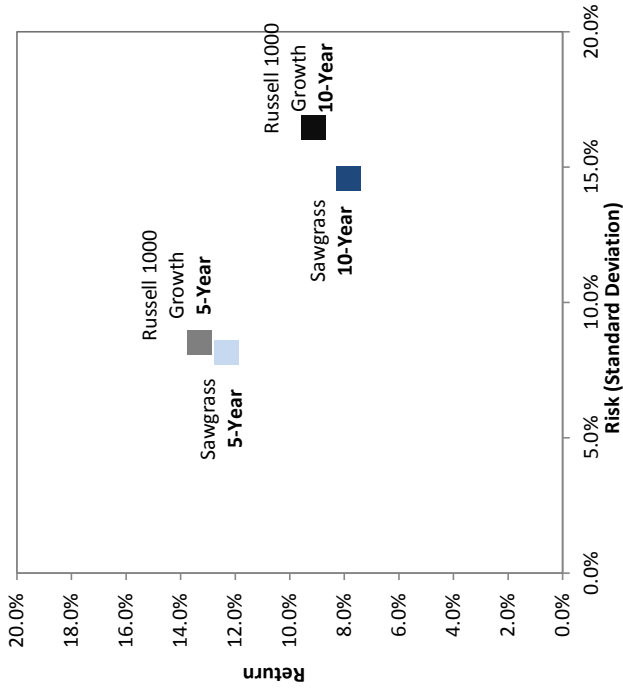
Background

- Sawgrass was hired in November 2013 to manage a large cap growth mandate for the Fund; it is currently one of four U.S. large cap equity managers within the portfolio and one of two U.S. large cap growth managers (the other being Brown Advisory).
- The ~\$95 million allocation to Sawgrass equates to a ~12% weight in the U.S. Equity Portfolio and a ~5% Total Fund weight.
- Recent underperformance warrants further analysis:
  - The strategy has trailed the benchmark by 5.5% over the trailing year, net of fees.
  - Performance also lags the benchmark over the trailing three-year period, by 2.3%, net of fees.

Rolling Three-Year Excess Performance



Risk vs. Return

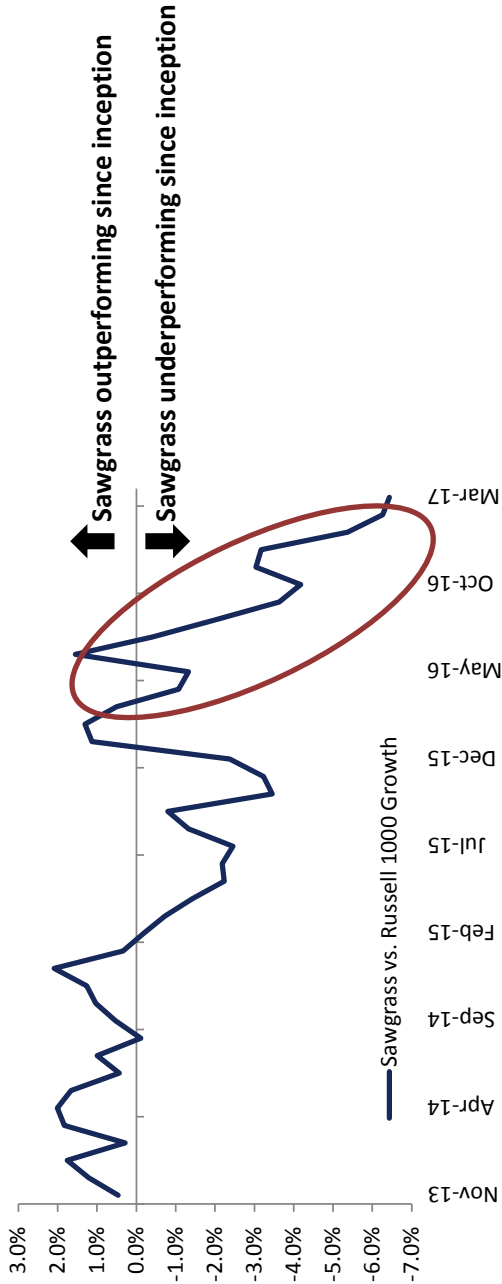


- Sawgrass has lagged the benchmark over both the trailing 5- and 10-year periods, but with less volatility over both timeframes (particularly the trailing ten years).

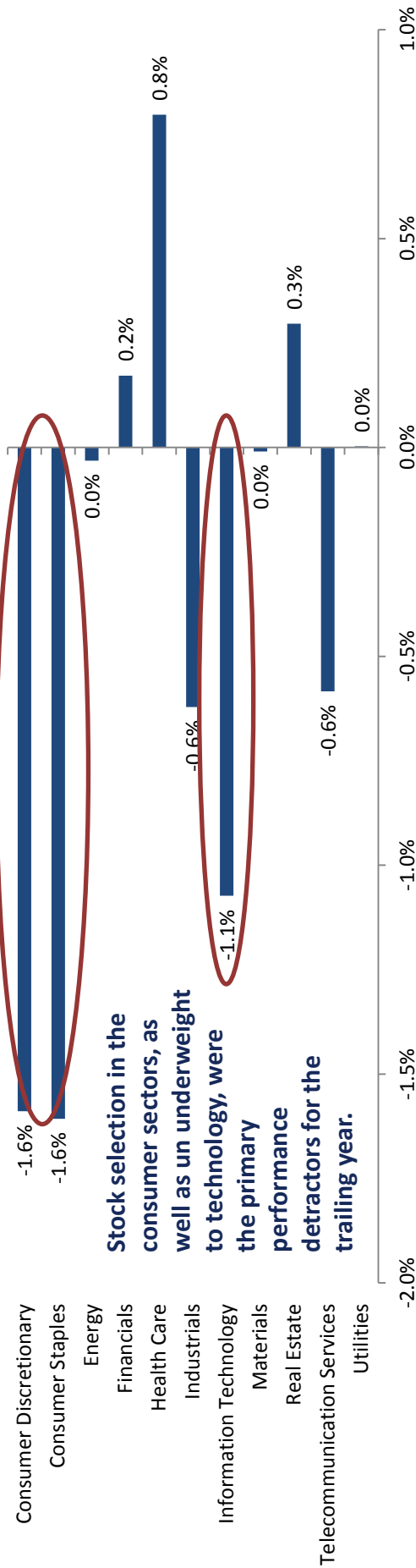
UNDERPERFORMANCE SUMMARY (AS OF MARCH 31, 2017)

- Sawgrass's underperformance since inception in the Fund can be entirely attributed to performance over the trailing year.
- As of 3/31/2016, the portfolio was outperforming the Russell 1000 Growth since inception by 18 bps.
- As of 3/31/2017, the portfolio was lagging the benchmark since inception by 146 bps.

Cumulative Relative Performance Since Inception



One-Year Performance Attribution

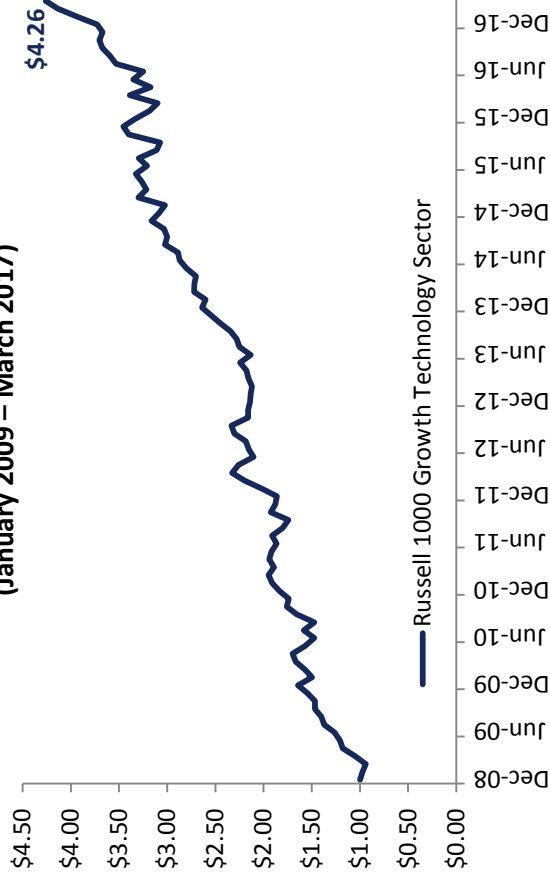


**TRAILING ONE-YEAR UNDERPERFORMANCE (AS OF MARCH 31, 2017)**

- Stock selection within the Consumer Discretionary and Consumer Staples sectors was a detrimental to the portfolio's performance over the trailing year.
- Generally, high-beta, momentum-driven stocks were in favor over the trailing year, with investors preferring risk rather than the more stable, higher-quality names typically held by Sawgrass.

Company	Sector	Russell 1000			Performance Attribution
		Sawgrass Average Weight	Growth Average Weight	1-Year Stock Return	
AutoZone	Consumer Discretionary	2.8%	0.2%	-9%	-0.7%
Coca-Cola	Consumer Staples	3.6%	1.3%	-5%	-0.5%
Dollar Tree	Consumer Discretionary	2.1%	0.2%	-5%	-0.4%
CVS Health Corp	Consumer Staples	1.8%	0.9%	-23%	-0.4%
Kroger	Consumer Staples	1.2%	0.3%	-22%	-0.3%
McCormick & Co	Consumer Staples	2.2%	0.1%	0%	-0.3%
General Mills	Consumer Staples	1.8%	0.4%	-4%	-0.3%
<b>Total:</b>					<b>-2.9%</b>

**Growth of \$1 - Technology Sector**  
(January 2009 – March 2017)



- In addition to certain stocks owned by Sawgrass detracting from relative performance, stocks that the portfolio did not own, mainly in the technology sector (Amazon and Facebook), also hurt relative performance.
- Sawgrass had an average allocation of 22% to technology stocks over the trailing year, compared to 30% for the index. Thus, a 26% one-year return for the sector resulted in ~100 bps of underperformance for Sawgrass.
- The technology sector has seen significant growth for eight straight years, with earnings and volatility metrics that can be cost prohibitive for a valuation-focused manager like Sawgrass.

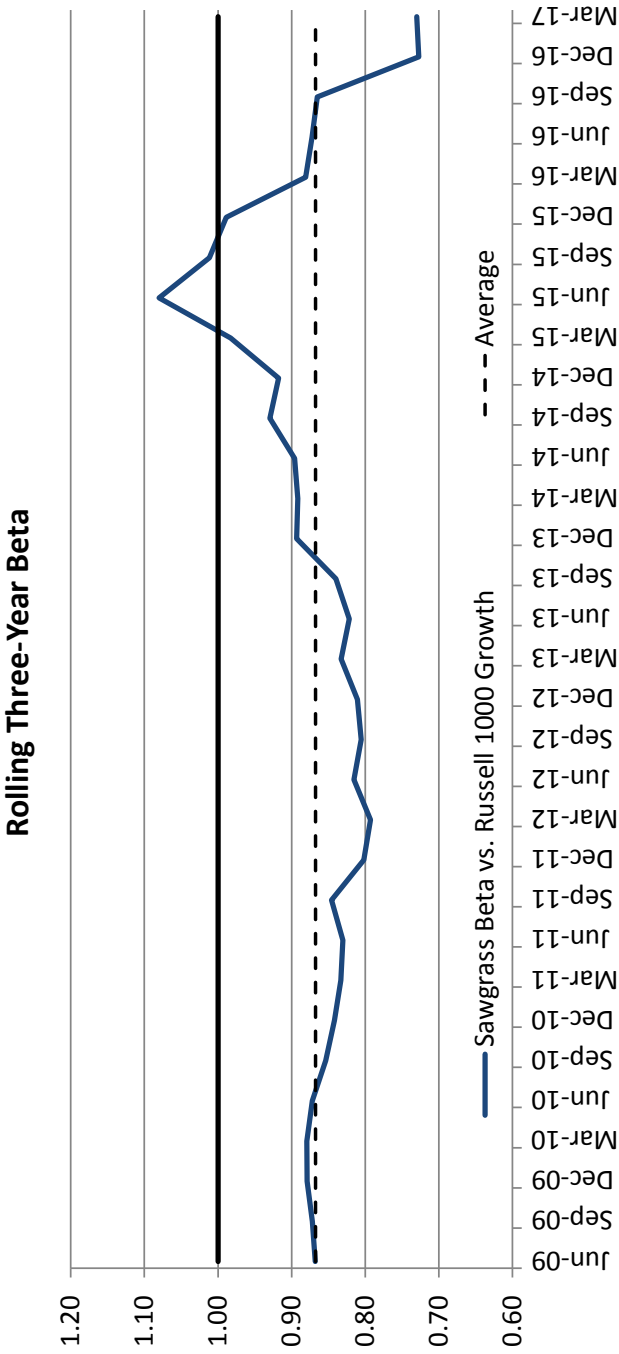
## PERFORMANCE STATISTICS (AS OF MARCH 31, 2017)

As of 3/31/2017		Sawgrass	Russell 1000 Growth
3 Year Performance:			
Annualized Return		9.0%	11.3%
Annualized St. Dev		6.3%	7.6%
Sharpe Ratio		1.40	1.47
Tracking Error		3.7%	0.0%
Info Ratio		-0.61	0.00
Batting Average		50.0%	0.0%
Up Market Capture		79.6%	100.0%
Down Market Capture		81.7%	100.0%
5 Year Performance:			
Annualized Return		12.3%	13.3%
Annualized St. Dev		8.4%	8.7%
Sharpe Ratio		1.46	1.51
Tracking Error		3.3%	0.0%
Info Ratio		-0.31	0.00
Batting Average		50.0%	0.0%
Up Market Capture		90.3%	100.0%
Down Market Capture		82.0%	100.0%
7 Year Performance:			
Annualized Return		12.7%	13.7%
Annualized St. Dev		11.6%	13.5%
Sharpe Ratio		1.09	1.01
Tracking Error		3.9%	0.0%
Info Ratio		-0.24	0.00
Batting Average		53.6%	0.0%
Up Market Capture		88.9%	100.0%
Down Market Capture		83.4%	100.0%
10 Year Performance:			
Annualized Return		7.9%	9.1%
Annualized St. Dev		14.8%	16.7%
Sharpe Ratio		0.49	0.51
Tracking Error		4.0%	0.0%
Info Ratio		-0.32	0.00
Batting Average		47.5%	0.0%
Up Market Capture		86.2%	100.0%
Down Market Capture		90.3%	100.0%

- While Sawgrass has underperformed the benchmark over the trailing 3-, 5-, 7-, and 10-year periods, it has also had a lower volatility than the benchmark over those periods.
  - The strategy's volatility is among the lowest in the large cap growth universe, with a process focusing on fundamentals and financial statement analysis to uncover potential "blowups" before they get into the portfolio.
- The strategy generally will not keep up with the benchmark in momentum-driven or low-quality market runs, given the team's valuation discipline and practice of selling stocks that have reached their target prices.
  - This is evidenced by up market captures of ~80-90%, indicating that the strategy hasn't kept pace in quarters when the market was positive; however, similar down market capture metrics indicate that the strategy has significantly preserved capital when the market has sold off.

SAWGRASS PORTFOLIO BETA

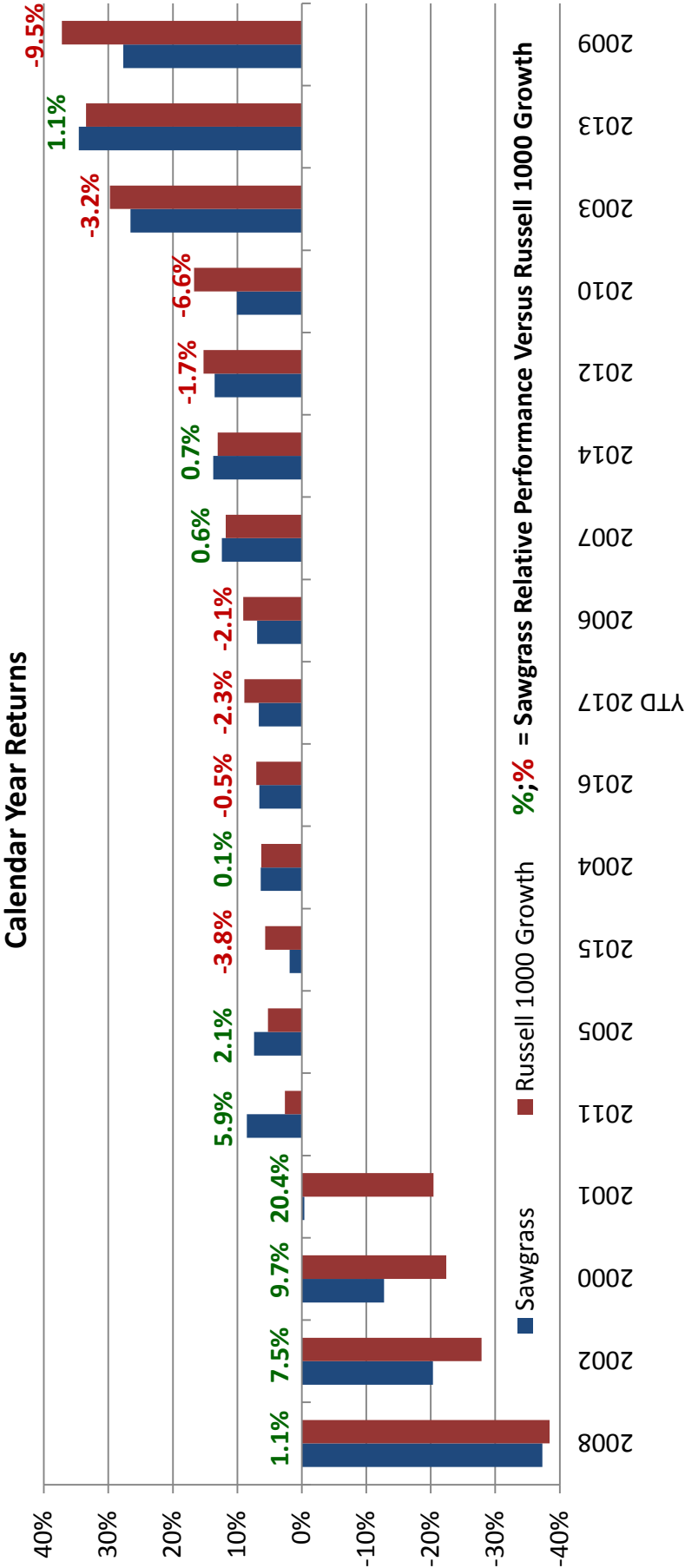
- **Beta** measures the sensitivity or magnitude of a portfolio’s response (in terms of return) to changes in a given market or benchmark.
- A beta greater than 1 indicates that a portfolio is expected to be more volatile than the benchmark, while a beta less than 1 indicates a portfolio with a lower expected volatility.
- Sawgrass’s beta (3-year) versus the Russell 1000 Growth Index has been relatively low over time, averaging 0.87 over the past ten years.
- This indicates that Sawgrass’s portfolio would be expected to underperform the benchmark by 13% in up markets and outperform by 13% in down markets (e.g., a return of 8.7% when the market is up 10% and a return of -8.7% when the market is down 10%).
- Given that the Russell 1000 Growth Index has produced positive returns for each of the past eight calendar years (2009 - 2016), it’s not surprising that Sawgrass has had trouble keeping up with the benchmark over this timeframe.



CALENDAR YEAR PERFORMANCE COMPARISON

- Calendar-year performance for Sawgrass and the Russell 1000 Growth Index is summarized below, shown in ascending order of the performance of the Russell 1000 Growth Index.
- In calendar years that the Russell 1000 Growth Index returned less than 5.5%, Sawgrass outperformed 100% of the time (6 out of 6 years).
- In calendar years that the Russell 1000 Growth Index returned over 5.5%, Sawgrass outperformed 33% of the time (4 out of 12 years)
- Every calendar year since 2011 has fallen into the latter group.

Given Sawgrass’s typically more defensive and low volatility nature, the portfolio can be expected to be in a strong position for relative outperformance should a period of negative market sentiment emerge.





## CORRELATION ANALYSIS

## Three-Year Excess Return Correlation vs. Russell 3000 Index

	Sawgrass	NT S&P 500	Brown Advisory	Eagle	WEDGE	Pinnacle
Sawgrass	1.00	0.62	0.42	-0.37	-0.46	-0.50
NT S&P 500	0.62	1.00	0.08	0.00	-0.74	-0.31
Brown Advisory	0.42	0.08	1.00	-0.05	-0.51	0.08
Eagle	-0.37	0.00	-0.05	1.00	-0.13	0.42
WEDGE	-0.46	-0.74	-0.51	-0.13	1.00	-0.09
Pinnacle	-0.50	-0.31	0.08	0.42	-0.09	1.00

## Five-Year Excess Return Correlation vs. Russell 3000 Index

	Sawgrass	NT S&P 500	Brown Advisory	Eagle	WEDGE	Pinnacle
Sawgrass	1.00	0.48	0.34	-0.36	-0.37	-0.46
NT S&P 500	0.48	1.00	-0.11	0.01	-0.68	-0.38
Brown Advisory	0.34	-0.11	1.00	-0.07	-0.36	0.20
Eagle	-0.36	0.01	-0.07	1.00	-0.17	0.40
WEDGE	-0.37	-0.68	-0.36	-0.17	1.00	-0.10
Pinnacle	-0.46	-0.38	0.20	0.40	-0.10	1.00

- Relative to Brown (the other U.S. large cap growth equity manager in the Fund) Sawgrass provides significant diversification benefits vs. Eagle, WEDGE, and Pinnacle from an excess return correlation perspective.
- Brown provides better diversification benefits vs. the NT S&P 500 Index Fund.
- The two managers appear to be good complements in the portfolio as their excess return profiles appear to be significantly different, while each offer stronger excess return diversification benefits to varying managers in the U.S. Equity Portfolio.

SAWGRASS ASSET MANAGEMENT, LLC – DIVERSIFIED LARGE CAP GROWTH EQUITY

FIRM DETAILS

Address: 1579 The Greens Way  
Suite 20  
Jacksonville, FL 32250

Phone: 904.493.5500

Asset Class: Large Cap Growth

Benchmark: Russell 1000 Growth

Founded: 1998

Ownership: 100% employee owned

Assets Under Management: \$4.0 billion

PRODUCT DETAILS

Inception: March 1998

Assets Under Management: \$2.1 billion

Vehicles Offered: SA, \$1 million minimum

Portfolio Managers/Dual Role PMs: 5

Avg. Yrs of Experience: 31

Avg. Yrs at Firm: 16

Research Analysts: 1

Avg. Yrs of Experience: 11

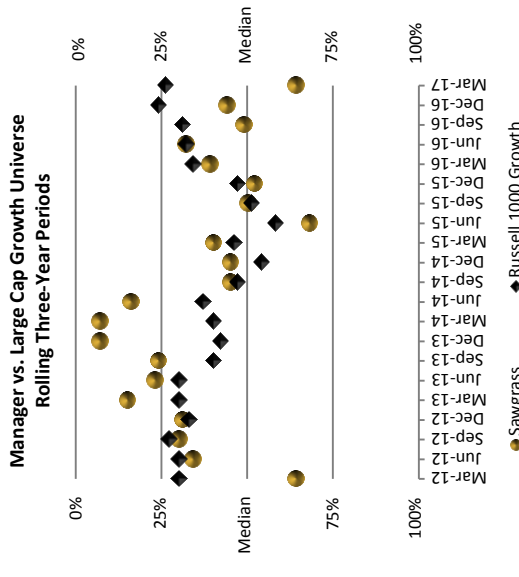
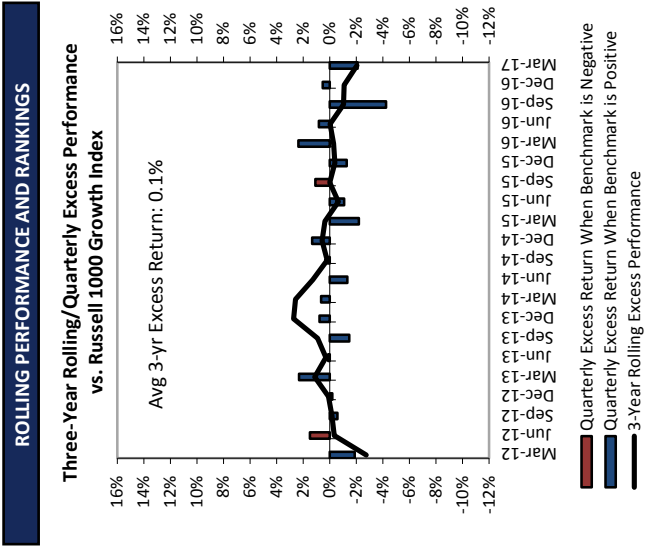
Avg. Yrs at Firm: 4

Performance-Based Fee:

Base: 0.20%

Share: 18%

Cap: 0.85%



CHARACTERISTICS

No of Securities:	53	Benchmark	609
Portfolio Turnover:	40%		N/A
Dividend Yield:	1.6%		1.5%
Equity P/E:	23.0x		24.0x
Avg Market Cap:	\$179.6 billion		\$179.1 billion
Last 3 Years:			
Tracking Error:	3.7%		N/A
Information Ratio:	-0.55		N/A
Sharpe Ratio:	1.4		1.5

9 Performance reflects gross of fees composite returns.

- QUALITATIVE OVERVIEW
- The firm was founded in 1998 by three principals and five other investment professionals which had previously worked together at Barnett Capital Advisors, the investment management arm of Barnett Bank. Their money management experience dates back to 1983, whereas their decision to form their own firm resulted from the 1997 acquisition of Barnett by NationsBank.
  - The firm's three founding principals, Andrew Cantor, Dean McQuiddy, and Brian Monroe, own the controlling interest of the firm. Control has remained constant with the only change being a broadening of inside ownership as the total partner stake has increased from its original allotment of 50%. The firm is now 100% employee owned by seven staff members, following the '06 buyout of outside silent partner and seed investor, AmSouth Bank.
  - By combining quantitative models with bottom-up fundamental research in a consistent and structured investment discipline, the strategy focuses on companies with greater earnings potential than the market, looking for the most successful and fastest growing companies. Factors crucial in their analysis are earnings momentum, earnings estimates, and reasonable valuation relative to the Russell 1000 Growth Index.
  - This is a team approach with Martin LaPrade being the ultimate decision maker. Portfolios exhibit characteristics consistent with a quality growth style, with low tracking error, and volatility statistics. The firm's primary objective is to provide growth exposure, while adding value by avoiding torpedo stocks and preserving capital.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2	TOTAL
Empl Ownership	+	+	+	+	+	+
Mgmt Consistency	+	+	+	+	+	+
Integration	+	+	+	+	+	+
Cost	+	+	+	+	+	+
Litigation	+	+	+	+	+	+
Responsiveness	+	+	+	+	+	+
TOTAL						+9

QUALITATIVE RANKING

PERSONNEL	-3	-2	-1	0	1	2	3	TOTAL
Staff Depth	+	+	+	+	+	+	+	+
Experience	+	+	+	+	+	+	+	+
Stability	+	+	+	+	+	+	+	+
Support	+	+	+	+	+	+	+	+
TOTAL								+6

QUALITATIVE RANKING

PRODUCT	-2	-1	0	1	2	TOTAL
History	+	+	+	+	+	+
Size	+	+	+	+	+	+
Growth	+	+	+	+	+	+
Asset Split	+	+	+	+	+	+
TOTAL						+5

QUALITATIVE RANKING

PHILOSOPHY	-3	-2	-1	0	1	2	3	TOTAL
Philosophy	+	+	+	+	+	+	+	+
Purchase Discipline	+	+	+	+	+	+	+	+
Sell Discipline	+	+	+	+	+	+	+	+
Research	+	+	+	+	+	+	+	+
Trading Skills	+	+	+	+	+	+	+	+
Decision Process	+	+	+	+	+	+	+	+
Characteristics	+	+	+	+	+	+	+	+
TOTAL								+8

TOTAL QUALITATIVE SCORE:

Average	0	+10	+20	+30
Poor	Average	Above Average	Exceptional	
-10				

TOTAL QUALITATIVE SCORE: +28

## SAWGRASS ASSET MANAGEMENT, LLC – LARGE CAP GROWTH EQUITY

**Key Differentiator:** Offers consistent growth exposure with significantly less volatility than the index and peers.

- **Investment Thesis:**

- **Low Volatility Approach** – The strategy’s volatility is among the lowest in the large cap growth universe. The approach focuses on fundamentals and financial statement analysis to uncover potential blowups before they get into the portfolio.
- **Experienced Team** – Portfolio Managers Marty LaPrade and Dean McQuiddy have run growth portfolios together for over two decades and have 38 and 33 years of investment experience, respectively. They have each seen multiple investment market cycles and have demonstrated the ability to add value.
- **Client-Centric Firm** – The firm excels in client service and communication has been superb. In addition, the firm is very accommodative to fee negotiations and is open to performance based fees.
- **Downside Market Performance** – The firm prides itself on capital preservation. Downside market capture is key to avoiding permanent losses in capital and Sawgrass has a demonstrated history of protecting in down markets.

- **Risks/Concerns:**

- **Momentum** – This strategy will likely not keep pace during a momentum-driven or low-quality market run as their valuation discipline has the team selling names as they reach valuation targets.

- **Performance Review and Expectations:**

- The portfolio underperformed the Russell 1000 Growth by 209 bps (gross) in the first quarter and by 538 bps for the trailing year. Stock selection was the primary detractor – especially among consumer discretionary stocks. Not owning Amazon or Facebook also accounted for over half of the quarter’s underperformance. For the trailing year, the strategy was penalized for poor overall selection in technology, consumer discretionary, consumer staples, and industrials. Poor stock selection in technology was largely a result of not owning Amazon or Facebook – which accounted for over 180 bps of the trailing year’s underperformance.
- There is not a high excess return target for this strategy, nor is high tracking error expected. Sawgrass is expected to provide around 100 basis points of net excess return with less volatility than the benchmark and do well during both growth and value market cycles.

Style definitions are defined by analysis of historical return patterns and underlying investment philosophies of the strategies. Strategies are labeled within a “best fit” context to help differentiate.

**Analyst Coverage:** This is typically a small cap value strategy relying on the fact that sell side coverage is light and that the broader market has yet to properly recognize the actual opportunities/fundamentals of a company. (High-moderate tracking)

**Catalyst:** A manager that is looking for stocks in which the market has yet to price in present or future changes – i.e., management changes, new products, structural/regulatory changes in the industry, etc. (High-moderate tracking)

**Deep Value:** There is typically a right price for anything. Managers are typically looking for companies with depressed valuations (PE/PB/PCF). Despite market/structural/industry headwinds, are the future earnings of the company worth more than the present stock price? Long-term in nature. Value characteristics will typically be meaningfully cheaper than the value benchmark. (High tracking)

**Fundamental Value:** (Relative Value) Value and growth are not mutually exclusive. These managers are typically looking for companies with reasonable growth prospects that are trading at compelling valuations. They will typically have more of a quality bias than a deep value manager and value characteristics are generally in-line to slightly more rich than that of the value benchmarks. (Moderate tracking)

**Fundamental Growth:** These are growth at a reasonable price managers (GARP). These managers are similar to fundamental value but are ultimately more growth oriented. They will typically be looking for more conservative and less volatile growth companies than High Growth or Momentum managers. (Moderate tracking)

**High Growth:** These are still fundamentally based managers but they are looking for better than market growth characteristics. They typically have a growth hurdle rate for their stocks of more than 12%. Sell discipline can be a concern. (Moderate tracking)

**Momentum:** These are managers that invest in markets or stocks that are going up. They typically are looking for secular trends or opportunities that they believe will offer tailwinds. (Personal bias – these are generally traders and not investors; momentum should not be a standalone process but maybe a small part of an overall strategy). Sell discipline is a real concern. (High tracking)

**Quality:** These managers typically have a definition of quality incorporating the company's balance sheet, industry fundamentals and/or management. Quality and risk (volatility) reduction go hand in hand here. Valuation and growth of the company are secondary to the quality metric. Tracking error will typically be high but overall volatility or Beta has historically been low. Portfolios (from a valuation perspective) are often times more expensive than the benchmark

**Quantitative:** Generally these are multifactor model driven, risk aware strategies. Broad factors generally include (valuation, business momentum, industry momentum and fundamentals, country price momentum, management). Models can (but are not always) be designed to assess industry fundamentals/opportunities or country fundamentals/opportunities. Most of these strategies have a targeted tracking error

**Top Down:** These are generally thematic managers with limited “bets” centered around broad macro change or views that are not reflected in the market today. These can include industry trends, commodity plays, or country views

Note: Summit Strategies Group (Summit) has prepared this report for the exclusive use by its clients. The information herein was obtained from various sources, which Summit believes to be reliable, and may contain opinions developed by Summit. Summit does not guarantee the accuracy or completeness of the opinions, observations or other information contained in this report. The opinions, market commentary, portfolio holdings and characteristics are as of the date shown and are subject to change. Past performance is no guarantee of future performance. 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 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 information purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting or investment management.



## **POLICE AND FIRE PENSION FUND**

One West Adams Street, Suite 100  
Jacksonville, Florida 32202-3616

Phone Number (904) 255-7373

Fax Number (904) 353-8837



### **MEMORANDUM**

**TO:** PFPF Board of Trustees  
**FROM:** PFPF Personnel Committee (R. Patsy and C. Brown)  
**SUBJECT:** Executive Director Performance Evaluation  
**DATE:** July 11, 2017

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The PFPF Executive Director, Tim Johnson, is at the end of his contract with the PFPF Board of Trustees. At the Board's direction, he met with the PFPF Personnel Committee this week to discuss his performance. Tim's contract requires that he is to be evaluated prior to July 31st, based on a performance plan with goals established by the Board. After the evaluation, the Board may choose to extend and/or amend the contract (upon satisfactory performance).

The Performance Evaluation Form is attached to this memo, along with copies of the contract and Tim's self-evaluation. You are asked to review Tim's results, and complete the form regarding his performance this past year.

Please bring your completed evaluation with you to the July 21st Board Meeting for discussion and potential Board action.

# EXECUTIVE DIRECTOR PERFORMANCE EVALUATION

Trustee Name \_\_\_\_\_

Date \_\_\_\_\_

<b>Performance Plan (Establishing the Foundation of Board Values)</b>	<b>Meets or Exceeds Expectations (Yes or No)</b>
<i>Governance: Provides Trustees with the tools necessary to discharge their complex responsibilities.</i>	
<i>Transparency: Disseminates information about the PFPF in a thorough and timely manner.</i>	
<i>Solvency: Helps ensure Plan has assets to pay benefits.</i>	
<i>Education: Gives members accurate and understandable benefit information.</i>	
<i>Outreach: Communicates happenings, implications and results to all stakeholders.</i>	

## Comments:

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# Jacksonville Police and Fire Pension Fund



## ***Executive Director Self-Evaluation***

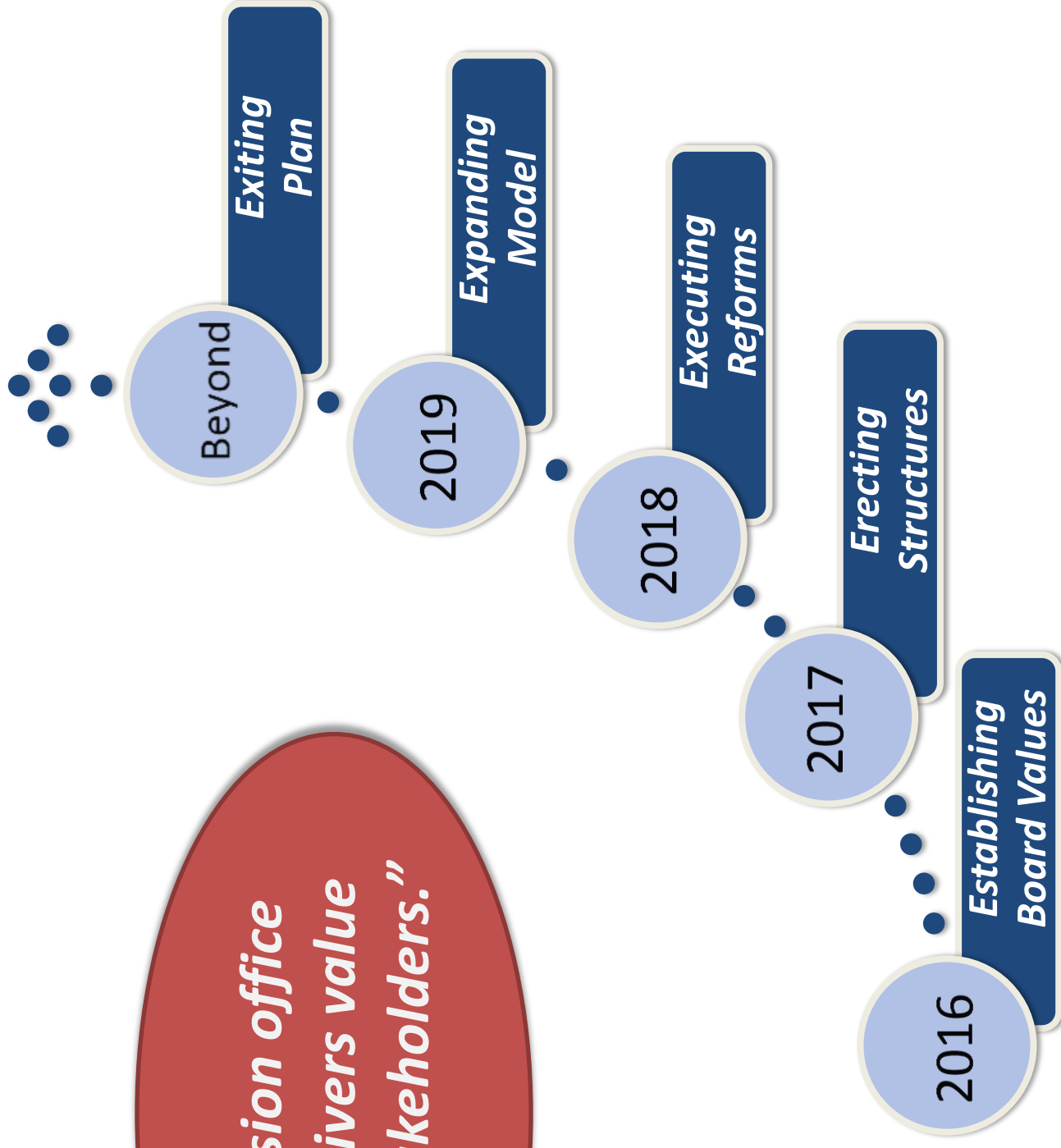
**July 10, 2017**

**Timothy H. Johnson**  
**Executive Director**



# Our Organizational Vision & Journey

*“A pension office  
that delivers value  
to all stakeholders.”*



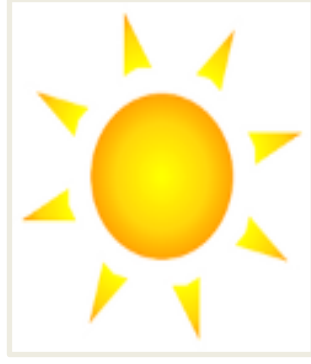
# Establishing Board Values

## Governance



*Give Trustees the tools to discharge complex responsibilities under newly enacted reforms.*

## Transparency



*The law, media and public demand information about the PFPF in a thorough and timely manner.*

## Solvency



*Ensuring the plan has the assets to pay benefits.*

## Education



*Members need accurate and understandable information in preparation for retirement.*

## Outreach



*Communicate happenings, implications and results to all stakeholders.*

# Progress-to-Date

## Governance

- ✓ 2016 Annual Report
- ✓ Annual Cycle of Work
- ✓ Board Book
- ✓ BOT and Advisory Elections
- ✓ New Actuary and Attorney
- ✓ Integrating OGC
- ✓ Opinions (DROP, CSO, Bailiffs)
- ✓ Updated Policies (Affidavits, Benefit Corrections, Forfeitures)
- ✓ Securities Litigation Policy
- ✓ Staff Realignment
- ✓ Actuarial Impact Statement
- ✓ 2016 Valuation Report
- ✓ Municipal Advisor
- ✓ Payroll Experience Study

## Transparency

- ✓ Ethics, Fiduciary, Public Records and Sunshine Training
- ✓ Records Mgmt. Strategy

## Education

- ✓ Orientation and Pre-DROP Workshops
- ✓ The Morning Pulse

## Solvency

- ✓ Bank Account Audit
- ✓ Commission Recapture
- ✓ Tracey Devine Appointment
- ✓ Establish Bldg. as Profit Center
- ✓ Hire Finance Manager
- ✓ Score Card and Watch List
- ✓ Most Favored Nation Letter

## Outreach

- ✓ Member Satisfaction Survey
- ✓ Multiple Appearances before City Council, Times Union, Rotary, REA, FOP, Chiefs, Retired Firefighters, Leadership Jax
- ✓ Quarterly Newsletter

# External Events Impacting Results

- Dedicated funding closes plan, reduces solvency, creates reporting challenges and increases admin. costs

## Pension Reforms



- Two active cases - test legal opinions; potential damages/fees

## Litigation



- Benefits are bargained and can change
- Takes PFPF out of the benefit negotiation business

## New Bargaining Agreement



- Media influences public opinion
- Sunshine Law spurs demand for information

## Media and Public



- OGC writes the opinions which govern board policy
- Reduces the Board's independence

## Consolidated Government



- Inflating asset value in order to balance city budgets

## Surtax



# Measures and Metrics

<i>Administrative</i>	10/01/2016	07/01/2017	<i>TREND</i>
Member Satisfaction (YTD)	n/a	93%	+
Documents Scanned (YTD)	n/a	58,646	+
Public Record Request Turnaround Time (YTD)	n/a	19 days	+
Administrative Cost Per Member	\$512	\$489	+
Net Yield on Property	5.49%	5.63%	Neutral
<i>Fund</i>			
Net Excess Return	0.14%	1.51%	+
Funded Status	45.24%	43.02%	-
City Contribution	\$205,488,666	\$135,648,057	-
Surtax (Net Present Value)	n/a	\$761,265,474	tbd
Investment Fees to Assets	54bp	45bp	Neutral



## **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**

### **EMPLOYMENT CONTRACT FOR EXECUTIVE DIRECTOR – PLAN ADMINISTRATOR OF THE POLICE AND FIRE PENSION FUND JACKSONVILLE, FLORIDA**

It is hereby agreed by and between the **JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES**, a body politic and corporate (hereinafter called the "**BOARD**") and **TIMOTHY H. JOHNSON** (hereinafter called the "**EXECUTIVE DIRECTOR**"), that said **BOARD** in accordance with its official action as reflected in the minutes of the meetings held June 7, 2016, has and does hereby employ the said **TIMOTHY H. JOHNSON** as **EXECUTIVE DIRECTOR - ADMINISTRATOR** of the Jacksonville Police and Fire Pension Fund, City of Jacksonville, Florida, under certain terms and conditions as contained in this employment contract (the "Contract") herein, for a period commencing on August 1, 2016 to July 31, 2017.

#### **WITNESSETH**

1. Employment Duties. The parties hereto agree that the **EXECUTIVE DIRECTOR** shall perform the duties, as prescribed by the laws of the State of Florida, the rules and regulations of the Department of Management Services, Division of Retirement, the Charter and ordinances of the City of Jacksonville, and the rules and policies of the

**BOARD.** A job description is attached and incorporated herein as Exhibit "A" and by this reference made part hereof.

2. **Fiduciary.** In performing his duties under this Contract, the **EXECUTIVE DIRECTOR** shall be a fiduciary of the City of Jacksonville Police and Fire Pension Fund and shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C), and such other fiduciary standards as imposed by law.
3. **Salary.** The **EXECUTIVE DIRECTOR'S** salary is hereby set at \$190,000 per annum commencing on August 1 2016, paid bi-weekly, subject to annual review by the **BOARD.**
4. **Performance Evaluations.** The **BOARD** will evaluate the **EXECUTIVE DIRECTOR** prior to July 31<sup>st</sup> of each year that this contract is in effect. The evaluation will be based on a performance plan with ascertainable and reasonable goals established by the **BOARD** at the beginning of each contract year. If the evaluation of the **EXECUTIVE DIRECTOR** is satisfactory, the **BOARD** may, in its discretion, extend the **EXECUTIVE DIRECTOR'S** contract for one year from the then current termination date of the Contract.
5. **Termination.** Throughout the term of this contract, the **EXECUTIVE DIRECTOR** shall be subject to discharge for good and just cause or causes, provided, however, that the **BOARD** does not arbitrarily or capriciously call for his dismissal and that the **EXECUTIVE DIRECTOR** shall have the right of service of written charges and a ninety (90) day opportunity to cure, notice of hearing, and a fair hearing before the **BOARD.** If the **EXECUTIVE DIRECTOR** chooses to be accompanied by legal

counsel at the hearing, said legal expenses will be incurred by the **EXECUTIVE DIRECTOR**.

6. Termination for Absence. If the **EXECUTIVE DIRECTOR** should be unable to perform useful and efficient service under this contract because of illness, accident, or other cause beyond his control and said disability exists for a period of more than ninety (90) days during any year (said ninety days to begin only after the expiration of any leave earned pursuant to Paragraph 8 hereof), the **BOARD** in its discretion may terminate this Contract.
7. Medical Examination. The **EXECUTIVE DIRECTOR** does hereby agree to have a comprehensive medical examination at the request of the **BOARD** for a specific good and just cause, that a statement certifying to the medical competency of the **EXECUTIVE DIRECTOR** shall be filed after any such examination with the **BOARD**. The **EXECUTIVE DIRECTOR** may in his reasonable judgment select the medical doctor that conducts the examination, and such doctor shall be a licensed Florida physician. Reasonable costs of the examination and reports required herein shall be paid by the **BOARD**. The **EXECUTIVE DIRECTOR** may, upon reasonable suspicion, be required to submit to chemical testing.
8. Annual Leave. The **EXECUTIVE DIRECTOR** shall accumulate annual leave credits in accordance with Section 7.1(1) of the Jacksonville Police and Fire Pension Fund Board of Trustees Salary and Employment Plan adopted by the Board, the relevant portion of which is attached and incorporated in the Contract as Exhibit "B" and by this reference made part hereof. Notwithstanding the foregoing, for purposes of this Contract, the **EXECUTIVE DIRECTOR's** leave plan shall commence at a level equivalent to zero (0) years of service, or four (4) weeks annually.



9. Retirement Plan. The **EXECUTIVE DIRECTOR** shall select provided pension and retirement benefits from either membership in the City of Jacksonville's General Employees' Pension Plan or a defined contribution plan as authorized by City's Ordinance Code.
10. Other Employment Benefits. In addition to the foregoing identified benefits, the **EXECUTIVE DIRECTOR** shall receive health insurance, life insurance, and dental insurance in the manner customarily provided to other employees of the **BOARD**, and such other benefits as the **BOARD** may authorize from time to time during the entire term of the Contract. The cost of all such benefits, so provided to the **EXECUTIVE DIRECTOR** by the **BOARD** shall be in the manner customarily provided to other employees of the **BOARD**. The **BOARD** shall provide the **EXECUTIVE DIRECTOR** for the opportunity to purchase benefits for his family members in the same manner as said benefits are made available by the **BOARD** to its other administrative employees. To the extent permitted by law and the Jacksonville Police and Fire Pension Fund Salary and Employment Plan (the Plan), and to the extent not otherwise provided herein, the **EXECUTIVE DIRECTOR** shall be entitled to all the benefits of the Plan in the manner and to the same extent as described in the Plan, as the Plan may be amended from time to time by the **BOARD**.
11. Professional Certification and Membership Fees. The **BOARD** shall pay the membership fees and dues of the **EXECUTIVE DIRECTOR** for professional membership and publications or periodicals appropriate to his position.
11. Entire Agreement. This Contract constitutes the entire Contract between the parties pertaining to the subject matter hereof and is the final, complete and exclusive expression of the terms and conditions of their Contract. Any and all prior and

contemporaneous agreements, representations, negotiations and understandings made by the parties, oral and written, express or implied, are hereby superseded and merged herein.

12. Amendment. Any amendment, modification or variations from the terms of the Contract shall be in writing, shall be effected only upon approval of such amendment, modification, or variation by the **BOARD** and the **EXECUTIVE DIRECTOR** and shall not operate as a termination of the Contract.
13. Governing Laws. This Contract shall be governed by the laws of the State of Florida.
14. Compliance with Laws. Any covenant or provision herein which does not comply with the laws of the State of Florida in existence from time to time during the term of this Contract shall be deemed amended to comply with such laws.
15. Counterpart Signatures. This Contract may be executed in counterpart and electronic signature, the counterparts of which, when taken together, shall be deemed to constitute an entire and original Contract.

**Signature element on the next page**

**DATED** at Jacksonville, Duval County, Florida this 8th day of July, 2016.

**JACKSONVILLE POLICE AND FIRE  
PENSION BOARD OF TRUSTEES**

  
\_\_\_\_\_  
**BOARD CHAIR**

  
\_\_\_\_\_  
**BOARD SECRETARY**

  
\_\_\_\_\_  
**EXECUTIVE DIRECTOR -  
ADMINISTRATOR**

Form Approved:

  
\_\_\_\_\_  
**Office of General Counsel**

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## **Exhibit A**

### **Job Description**

The Executive Director/Administrator reports to the five-member Board of Trustees of the Police and Fire Pension Fund and performs highly responsible, professional work in executing the decision of the board. Acts as the Board's Chief Liaison with Money Managers, Fund Evaluator, Consultants, Actuary, Auditor, Custodian Bank, fund Treasurer, Fund General Counsel, Fund Medical Director, other financial institutions, Pension Advisory Committee, and governmental agencies concerning the Fund's investment, securities, policies, and procedures. Work is performed independently with little or no daily supervision. Performance is reviewed by the Board annually. Primary responsibilities include the following:

#### **EXAMPLES OF WORK:**

- Plans, formulates, and recommends for the approval of the Board of Trustees of the Police and Fire Pension Fund, policies, programs which will further the objectives of the Police and Fire Pension Fund.
- Administers the asset allocation and the investment policy for the fund's portfolio of investments and securities.
- Researches, analyzes, and monitors the financial, technological, and demographic factors which may affect the present and future needs of the Pension Fund.
- Prepares, updates, and compiles Operating Rules and Regulations, Statements of Investment Policy, Summary Plan Descriptions, and Procedures Manuals covering various facets of the Fund's operations.
- Presents the annual budget to the Board for approval.
- Reviews authorized expenditures; recommends budgetary adjustments as needed.
- Maintains personal contact with the membership to the greatest degree possible.
- Handles concerns and questions from members of the Fund, retirees, appointed and elected officials and administrative staff, conferring with the Board on cases requiring special attention or Board action.
- Plans, coordinates, and directs a public relations program, meeting with the press and representing the Board at official functions, governmental meetings, and annual pension meetings with the membership.
- Insures that the Fund's physical assets and other properties are appropriately safeguarded.
- Serves as Personnel Officer and conducts annual performance evaluations of administrative staff.
- Supervises the production and distribution of the required annual report on the

status of the pension fund, to the State Division of Retirement, and pension fund members.

- Publishes newsletters informing the membership of pertinent issues and significant factors influencing the pension fund.
- Performs related work as required by the Board of Trustees, or as provided by law.

**Exhibit B**

**City of Jacksonville Police and Fire Pension Fund  
Board of Trustees Salary and Employment Plan – Annual Leave**

**(See two pages, following.)**

## **Section 7: PERSONAL LEAVE PLAN H**

This article shall apply to all permanent, probationary and provisional employees employed on or after October 1, 1987.

### **7.1 Method of Earning and Accruing Personal Leave**

- (1) Employees shall accrue personal leave for straight time hours worked in accordance with the following schedule:

<b>Continuous Years of Service</b>	<b>Hours Accrued Per Year</b>
0 thru 4th year	160
5th thru 9th year	184
10th thru 14th year	208
15th thru 19th year	232
20th thru 24th year	256
25 and above	280

- (2) Employees shall accrue personal leave based on time actually worked and time on approved leave with pay.
- (3) Personal leave will be credited to the employee at the rate stated above on a bi-weekly basis. The leave shall be credited on the last day of the pay period.
- (4) The accrual rate shall change to the higher rate on the first day of the pay period in which the anniversary date occurs.
- (5) Personal leave shall accrue to a maximum of 480 hours. Accrued and unused personal leave over 480 hours will be forfeited, except if applied in accordance with Section 7.2 below.

### **7.2 Critical Emergency Leave Bank**

- (1) There shall be established a Critical Emergency Leave Bank (CELB). Any accrual over the maximum 480 hours allowed in the regular personal leave account may be credited to the CELB account up to a maximum of 720 hours. To transfer excess time to the CELB, those employees with accrual over 480 hours in the Personal Leave Account on September 30 each fiscal year, shall execute a transfer option immediately after the close of the fiscal year, but no later than October 31. The CELB account shall be used as follows:
- (a) The CELB shall only be used for critical emergency illness. A critical emergency illness is defined as any incapacitating emergency illness requiring hospitalization and/or a recuperation period documented by a certified physician and/or hospital.

- (b) The CELB shall only be used for a critical illness of more than ten (10) consecutive days of the employee or member of his/her immediate family. Immediate family is defined as: spouse, child<sup>1</sup>, parent<sup>2</sup>, and any blood relative who permanently resides with the employee.
- (2) Upon resignation, termination, retirement, or an employee's death, there shall be no compensation for the accrued leave in the CELB.

### **7.3 Use of Personal Leave**

- (1) Employees, when eligible and authorized as provided above, may take personal leave for any reason they deem necessary. Personal leave may be taken only from accrued personal leave days earned.
- (2) Requests for personal leave must be submitted in writing at least two (2) weeks in advance for personal leave requests of forty (40) or more consecutive working/shift hours. Requests for personal leave of less than forty (40) consecutive working/shift hours must be submitted in writing for approval at least twenty-four (24) hours in advance, unless the personal leave is for illness or emergency. In the latter case, written requests shall be submitted as soon as practicable. These advance notice requirements may be waived by the Department Head. Requests for leave of any nature, as provided for above, shall not be unreasonably denied.
- (3) The minimum amount of personal leave to be taken and charged shall be one-half (1/2) hour.
- (4) An employee must notify his/her supervisor as early as possible, and no later than thirty (30) minutes before starting time, the first day the employee is unable to report for work because of illness. The employee will notify the supervisor of the nature of the employee's illness and the approximate amount of time the employee will be absent. Use of personal leave for illness is subject to investigation by the appropriate supervisor. An employee will be counseled whenever a pattern clearly develops where an employee is abusing personal leave taken for illness. (Example: when leave for illness is combined with regular days off more than three (3) times annually or when leave is used on an unscheduled basis more than six (6) times annually.)
- (5) Upon retirement (including vesting under the pension law), attainment of five (5) years of continuous service, or death of an employee, the employee shall be paid for all unused, accrued personal leave on an hour-for-hour basis.
- (6) Upon termination of an employee for other than retirement (including vesting under the pension law), if the employee has less than five (5) years of continuous service, the employee shall be paid for seventy-five percent (75%) of all unused personal leave on an hour-for-hour basis.

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<sup>1</sup> The term "child" means biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis.

<sup>2</sup> The term "parent" means the biological parent of an employee or an individual who stood in loco parentis to an employee when the employee was a child.