

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING AGENDA – OCTOBER 21, 2016
RICHARD “DICK” COHEE BOARD ROOM**

PFPF MISSION STATEMENT:

To provide long term benefits to participants and their beneficiaries

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

PRESENT

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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Beth McCague, Consultant
Paul Daragjati, Fund Attorney
Dan Holmes, Summit Strategies – *via video conference call*
Debbie Manning, Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

CITY REPRESENTATIVES INVITED

Anna Brosche, City Council Liaison
Joey Greive, Fund Treasurer
Steve Durden, Office of General Counsel

GUESTS

Brian Smith, FIAC Chairman

I. CALL TO ORDER

The Board of Trustees will recite the Pledge of Allegiance.

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

Charles G. Joyeusaz, Retired Police Officer
William G. Dearborn, Retired Police Officer
Richard A. Caldwell, Active Police Officer
George R. Blackwell, Retired Fire Lieutenant
Vernon M. Evans, Retired Police Officer

III. PUBLIC SPEAKING PERIOD

IV. CONSENT AGENDA - ITEMS 2016-10-(1-14)CA

2016-10-1CA MEETING SUMMARIES & FINAL TRANSCRIPT APPROVED

1. Meeting summary of the Board of Trustee & FIAC Special Meeting held on October 12, 2016; Meeting summary and final transcript of the Board of Trustee meeting held on September 16, 2016; and meeting summary of the Board of Trustee Special Workshop meeting held on September 12, 2016. Copies held in the meeting files.

2016-10-2CA DISBURSEMENTS

The listed expenditures in DISBURSEMENTS A have been reviewed and deemed payable. The Police and Fire Pension Fund Chief Financial Officer certifies that they are proper and in compliance with the appropriated budget.

DISBURSEMENTS A - 9/8/2016 thru 9/30/2016

1. McCague & Co. LLC	\$ 12,480.00
2. Drs. Baker & Gilmour MD PA	\$ 3,250.00
3. Harvest Fund Advisors	\$ 88,658.43
4. J.P. Morgan	\$ 318,566.40
TOTAL	\$ 422,954.83

The listed expenditures in DISBURSEMENTS B have been reviewed and deemed payable. The Police and Fire Pension Fund Chief Financial Officer certifies that they are proper and in compliance with the appropriated budget.

DISBURSEMENTS B

Transaction list of Accounts Payable distributions **\$ 16,524.78**
9/1/2016 thru 9/30/2016

2016-10-3CA PENSION DISTRIBUTIONS

A. September 23, 2016	Regular Gross	\$5,008,654.36
	Regular Lumpsum	\$19,903.48
	Regular Rollover	\$3,974.16
	Regular DROP Gross	\$1,008,461.61
	DROP Lumpsum	\$96,737.46
	DROP Rollover	\$0.00
	TOTAL	\$6,137,731.07

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

The following Consent Agenda items 2016-10-(4-13) were approved at the Advisory Committee meeting held on October 18, 2016. Vote was unanimous.

2016-10-4CA APPLICATION FOR MEMBERSHIP (POLICE)

CLEARED:

ARGUDO, Luis A.
AUTHEMENT, Jacob L.
CALDERON, Jordon C.
DUNLAP, Marguex E.
ELKINS, Jonathan R.
MADDOX, Stuart R.
MINEO, Anthony S.
NEADER, Richard A.
OTTE, Evan A.
REDMOND, Brittany A.
SCOTT, Annastasia G.
WALKER, Jeremy K.

TRUSTEE RULE 13.3:

BEALL, Steven A.
BINGHAM, Rebecca L.
BRUNO, Jeffrey M.
FONTANA, Alexander
GRIGSBY, Thomas D.
NELSON, Joshua D.
RODRIGUEZ, Nelson E.
RONDAIN, Roberto J.
SEITER, Scott T.
VAUGHAN, Monique R.

2016-10-5CA APPLICATION FOR SURVIVOR BENEFITS

1. **ANDERSON, Adrienne M.**, widow of Jack E. Anderson who passed away on August 30, 2016, bi-weekly gross pension benefit of \$1,232.33.
2. **EVANS, Cheryl D.**, widow of Vernon M. Evans who passed away on September 14, 2016, bi-weekly gross pension benefit of \$1,704.37.

2016-10-6CA APPLICATION FOR TIME SERVICE CONNECTIONS

1. **ALLOUSH, Tom S.**, Prior Florida Service (2 yrs., 8 mths., 5 days), \$28,499.60. Fire Fighter
2. **DAVIS III, John A.**, Prior Wartime Military Service (9 mths., 8 days), \$12,076.34. Fire Lieutenant

2016-10-7CA APPLICATION FOR TIME SERVICE RETIREMENT

1. **KOCS, Attila R.**, date of retirement September 23, 2016, monthly pension base amount of \$3,407.02. Police Officer

2016-10-8CA APPLICATION FOR VESTED RETIREMENT

1. **MACEACHERN, David A.**, date of vesting September 16, 2016, to be placed on pension July 10, 2024, monthly pension base amount of \$1,831.44. Police Officer
2. **SELZER, Bryan.**, date of vesting August 5, 2016, to be placed on pension

April 20, 2017, monthly pension base amount of \$3,648.48. Police Sergeant

2016-10-9CA REFUND OF PENSION CONTRIBUTIONS

1. **HOLTZENDORFF, Michael J.**, refund of pension contributions in the amount of \$404.21. Police Officer
2. **LAMB, Nanette C.**, refund of pension contributions in the amount of \$23,473.43. Police Officer

2016-10-10CA SHARE PLAN DISTRIBUTION

1. **BROWN JR., Curtis J.**, refund of \$1,500.65
2. **SELZER, Bryan**, refund of \$1,500.65
3. **VITALE, John**, refund of \$1,500.65

2016-10-11CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

1. **ACHORD, John M.**, DROP commencement date of October 28, 2011, termination of employment date effective September 23, 2016, with a monthly retirement base of 4,006.69. Firefighter Engineer
2. **AHERN, Keith T.**, DROP commencement date of July 19, 2013, termination of employment date effective September 9, 2016, with a monthly retirement base of \$3,790.31. Fire Lieutenant
3. **RAGIN, Brian F.**, DROP commencement date of July 20, 2012, termination of employment date of September 9, 2016, with a monthly retirement base of \$4,452.95. Fire Captain
4. **SMITH, Karen M.**, DROP commencement date of October 24, 2014, termination of employment date of September 23, 2016, with a monthly retirement base of \$3,240.79. Police Officer
5. **VITALE, John**, DROP commencement date of October 23, 2015, termination of employment date of September 9, 2016, with a monthly retirement base of \$3,789.35. Fire Lieutenant
6. **WARD, Kent H.**, DROP commencement date of July 20, 2012, termination of employment date September 9, 2016, with a monthly retirement base of

\$4,069.54. Fire Lieutenant

2016-10-12CA DROP DISTRIBUTIONS

1. **ACHORD, John M.**, the entire value of his DROP account \$307,972.41 paid to him over the next 25 years.
2. **AHERN, Keith T.**, the entire value of his DROP account \$172,983.20 paid to him over the next 52.4 years.
3. **CARVER, Kevin D.**, the entire value of his DROP account \$96,737.46 paid to him lump sum.
4. **RAGIN, Brian F.**, the entire value of his DROP account \$282,421.26 paid to him over the next 49.5 years.
5. **SMITH, Karen M.**, the entire value of her DROP account \$83,271.44 paid to her over the next 36 years.
6. **VITALE, John**, the entire value of his DROP account \$43,345.59 paid to him over the next 20 years.
7. **WARD, Kent H.**, the entire value of his DROP account \$258,112.92 paid to him over the next 44.6 years.

2016-10-13CA RECISION OF DROP PARTICIPATION

1. **AYOUB, Andre E.**, DROP commencement date of October 10, 2015, date of recision September 17, 2016, 6% pension contribution requirement at the rate of \$5,159.16. Police Lieutenant

2016-10-14CA EDUCATIONAL OPPORTUNITIES

*FL Public Pension Trustee Association, Winter Trustees School, Orlando, FL
January 29 – February 1, 2017*

V. EXECUTIVE DIRECTOR'S REPORTS – Tim Johnson / Beth McCague

- Monthly Status Report
- Consultant's Report

VI. COUNSEL REPORTS

- Legal Report – *Steve Durden*
- Legal Report – *Paul Daragjati*

VII. INVESTMENT CONSULTANT REPORTS – *Dan Holmes w Summit*

- Monthly Economic & Capital Market Update – September 2016
- Flash Report – September 30, 2016
- Rebalancing Recommendation

VIII. OLD BUSINESS – *Brian Smith, FIAC Chairman*

- Recommendation for Fund Actuary to Board

IX. NEW BUSINESS

- KBLD Engagement Letter - Approval on condition of legal review

X. ADJOURNMENT

NOTE: 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

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES & FIAC
SPECIAL MEETING SUMMARY – OCTOBER 12, 2016
RICHARD “DICK” COHEE BOARD ROOM**

PFPF MISSION STATEMENT:

To provide long term benefits to participants and their beneficiaries

BOARD OF TRUSTEES

Lt. Richard Tuten III, Chairman
Richard Patsy, Board Secretary
Willard Payne, Trustee

FINANCIAL INVESTMENT AND ADVISORY COMMITTEE

Eric “Brian” Smith Jr., FIAC Chairman
Rob Kowkabany, FIAC

STAFF

Timothy H. Johnson, Executive Director - Administrator
Devin Carter, Chief Financial Officer
Beth McCague, Consultant
Steve Lundy, Economic Research Analyst
Debbie Manning, Executive Assistant

CITY REPRESENTATIVES INVITED

Anna Brosche, City Council Liaison

GUESTS

Joey Greive, City Treasurer
Randy Wyse, Jax. Association of Fire Fighters

EXCUSED

Chris Brown, Trustee
William E. Scheu, Trustee
Craig Lewis Sr., FIAC Secretary
Rodney VanPelt, FIAC

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

I. CALL TO ORDER

CHAIRMAN TUTEN CALLED THE MEETING TO ORDER AT 10:07

II. PUBLIC SPEAKING PERIOD

THERE WERE NO REQUESTS FOR PUBLIC SPEAKING

TIM JOHNSON BRIEFLY DISCUSSED WITH THE BOARD OF TRUSTEES AND THE COMMITTEE HOW THE PROCESS WOULD WORK WITH THE INTERVIEWS. THEY HAVE THE BOARD BOOK BEFORE THEM WITH INFORMATION ABOUT THE FIRMS. AN EVALUATION MATRIX WAS HANDED OUT FOR EACH ATTENDEE TO COMPLETE FOR EACH OF THE CONSULTANTS INTERVIEWED. THE MATRIX WOULD BE PICKED UP AT THE END OF THE MEETING.

III. SCHEDULED INTERVIEW TIMES

- 10:00am – 11:00am – The Nyhart Company, Inc.

THE NYHART COMPANY'S PRESENTATION BEGAN AT APPROXIMATELY 10:15AM, WITH DAVID HARRIS AND HEATH MERLAK, BOTH SENIOR CONSULTANTS WHO HAVE BEEN WITH NYHART SINCE 2011. THEY WOULD BE THE TWO CONSULTANTS WORKING WITH US OUT OF THE ATLANTA OFFICE IF HIRED.

THEY HAVE WORKED WITH A LARGE TRANSITION SUCH AS OURS OUT OF MIAMI, MR. STANLEY'S FIRM WHOM BETH MCCAGUE WAS FAMILIAR WITH. THEY RETAINED 18 OUT OF 20 OF MR. STANLEY'S CLIENTS. DAVID HARRIS WAS THE CO-CONSULTANT IN THAT TRANSITION.

NYHART USES PROVAL SOFTWARE SYSTEM. JARMON USES ANOTHER SYSTEM.

THEY WOULD LIKE TO DO A PARALLEL EVALUATION WITH JARMON FOR 2016. NYHART REPLICATION WOULD BE AT NO CHARGE TO THE FUND HOWEVER, JARMON MAY CHARGE. AT THE END OF JANUARY THEY WOULD START WORKING WITH JARMON.

THEY DON'T NICKLE AND DIME THEIR CLIENTS. FEES MAY BE HIGHER THAN OTHERS BUT THEY HAVE EXPERIENCE, RESPONSIVENESS, RESULTS ON A

TIMELY BASIS, THEY RUN SMOOTHLY AS THEY DON'T LIKE SURPRISES, AND THEY COMMUNICATE FAR IN ADVANCE. NYHART WORKS FOR THE BOARD IN PARTNERSHIP WITH US.

NYHART WOULD LIKE TO HAVE THE FUND IN THEIR PORTFOLIO. IF THEIR FEES ARE OFF THE MARK, THEY CAN BE DISCUSSED.

NYPASS IS A SERVICE THAT NYHART CAN PROVIDE AND CAN BE SET UP FOR THE ADMINISTRATION AND PARTICIPANTS. THERE IS AN ADDITIONAL FEE FOR THIS SERVICE, BUT IT IS AVAILABLE.

NYHART TAKES THE TIME TO INVESTIGATE AND THINK THROUGH THE PROCESS. THEY TALK WITH THEIR CLIENTS AND ASK HOW THEY CAN BE OF ASSISTANCE.

END OF PRESENTATION

- 11:15am – 12:15pm – Gabriel Roeder Smith & Company

GABRIEL ROEDER SMITH & COMPANY BEGAN THEIR PRESENTATION AT APPROXIMATELY 11:41AM. PETE STRONG AND JEFF AMROSE WOULD BE OUR CONSULTANTS, WITH PETE BEING THE LEAD CONSULTANT.

THE COMPANY GAVE A THOROUGH PRESENTATION INCLUDING DETAILED ANALYSIS OF THE IMPACT OF HB1297. IN PARTICULAR, THEY NOTED THAT THE LEGISLATION DOES NOT STIPULATE HOW FUTURE UNFUNDED LIABILITY AMOUNTS GENERATED IN FUTURE YEARS WOULD BE AMORTIZED. IN ADDITION THEY PROVIDED ANALYSIS OF A 30 YEAR AMORTIZATION OF CURRENT UNFUNDED LIABILITIES ON A 30 YEAR LEVEL PAYMENT VS MORTGAGE STYLE AMORTIZATION.

THEY ALSO USE PROVAL SOFTWARE TO SUPPORT THEIR CONSULTANT SERVICES, AND IN ADDITION TO PROVAL, THEY HAVE DEVELOPED PROPRIETARY SOFTWARE THAT IS AVAILABLE TO STAFF MEMBERS WHICH ALLOWS STAFF TO RUN SENSITIVITY ANALYSIS ON THEIR OWN.

THEY ALSO HAVE SOFTWARE AVAILABLE THAT LETS MEMBERS ANALYZE THEIR OWN BENEFITS AND PROJECT RETIREMENT BENEFITS, HOWEVER, THERE IS AN ADDITIONAL COST FOR THIS SOFTWARE.

JEFF AND PETE INDICATED THEY ARE OPEN TO GIVING FIXED PRICE QUOTES FOR ANY ASSIGNMENTS OUTSIDE OF THE ANNUAL ACTUARIAL REPORTS. ADDITIONAL SERVICES ARE AVAILABLE FOR A SMALL FEE OR FLAT FEE, OR THROWN IN FOR FREE FOR LARGE CLIENTS.

END OF PRESENTATION

- 12:30pm – 1:30pm – Foster & Foster

FOSTER & FOSTER BEGAN THEIR PRESENTATION AT APPROXIMATELY 1:10PM. BRAD HEINRICHS, HAS BEEN PRESIDENT FOR 11 YRS. AND SPOKE TO THE BOARD AND COMMITTEE.

FOSTER & FOSTER IS PASSIONATE ABOUT PENSIONS. THEY USE THE PROVAL SOFTWARE SYSTEM. UPDATES HAPPEN IMMEDIATELY. IT'S THE GOLD STANDARD IN SOFTWARE – THE BEST SOFTWARE.

MANY ADDITIONAL SERVICES ARE AVAILABLE TO THEIR CLIENTS INCLUDING THE PLAN MODELER WHICH CAN BE CUSTOMIZED FOR US. THERE IS A CHARGE FOR ALL ADDITIONAL SERVICES OVER AND ABOVE THEIR FEE.

END OF PRESENTATION

IV. ADJOURNMENT

CHAIRMAN TUTEN ADJOURNED THE MEETING AT APPROX. 2:30PM

NOTE: 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.

TO BE APPROVED AT THE NEXT BOARD OF TRUSTEE MEETING ON OCTOBER 21, 2016

Rick Patsy, Board Secretary

TO BE APPROVED AT THE NEXT FIAC MEETING ON NOVEMBER 10, 2016

Craig Lewis, FIAC Secretary

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – SEPTEMBER 16, 2016
RICHARD “DICK” COHEE BOARD ROOM**

PFPF MISSION STATEMENT:

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PRESENT

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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Beth McCague, Consultant
Paul Daragjati, Fund Attorney
Dan Holmes, Summit Strategies – *via video conference call*
Devin Carter, Chief Financial Officer
Debbie Manning, Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

CITY REPRESENTATIVES INVITED

GUESTS

Anna Brosche, City Council Liaison
Joey Greive, Fund Treasurer
Steve Durden, Office of General Counsel
Randy Wyse, Jax Assn. of Fire fighters
Steve Zona, FOP
Rick Muchowitz

Police and Fire Pension Fund
Board of Trustees
Meeting Summary
September 16, 2016

Paul Barrett, City of Jax Finance
David Bauerlein, Times Union
Jim Piggot, WJXT
Bill Gassett
Curtis Lee

I. CALL TO ORDER

CHAIRMAN TUTEN CALLED THE MEETING TO ORDER AT 9:00AM

The Board of Trustees recited the Pledge of Allegiance.

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

Bryant R. Mickler, Retired Police Lieutenant
Gregory E. Clayton, Retired Detective
Ovid B. Walton Jr., Retired Firefighter Engineer
Dennis C. Wilson, Retired Firefighter Engineer

III. PUBLIC SPEAKING PERIOD

CHAIRMAN TUTEN RECEIVED REQUESTS FROM TWO SPEAKERS.

FIRST SPEAKER WAS BILL GASSETT WITH A HANDOUT TO THE BOARD.

THE SECOND SPEAKER WAS CURTIS LEE.

WITH NO ADDITIONAL REQUESTS FOR PUBLIC SPEAKING, THE PUBLIC SPEAKING PERIOD WAS CLOSED.

IV. CONSENT AGENDA - ITEMS 2016-09-(1-13)CA

2016-09-1CA MEETING SUMMARY APPROVED

2016-09-2CA DISBURSEMENTS

2016-09-3CA PENSION DISTRIBUTIONS

2016-09-4CA APPLICATION FOR SURVIVOR BENEFITS

2016-09-5CA APPLICATION FOR TIME CONNECTIONS

2016-09-6CA APPLICATION FOR VESTED RETIREMENT

2016-09-7CA REFUND OF PENSION CONTRIBUTIONS

2016-09-8CA SHARE PLAN DISTRIBUTION

2016-09-9CA APPLICATION FOR DROP

2016-09-10CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2016-09-11CA DROP DISTRIBUTIONS

**2016-09-12CA 2015 ANNUAL REPORT TO THE DIVISION OF RETIREMENT –
APPROVAL LETTER**

**2016-09-13CA ANALYSIS OF DROP ENROLLMENT STATISTICS FY1999 TO OCT
FY2017**

A MOTION WAS MADE BY TRUSTEE BROWN TO APPROVE CONSENT AGENDA ITEMS 2016-09-(1-13)CA WITH A CORRECTION MADE TO 2016-09-9CA AS TO THE WITHDRAWAL OF THE APPLICATION FOR DROP FOR DAVID J. BATROUS (POLICE). SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS AS AMENDED.

V. EXECUTIVE DIRECTOR'S REPORT – *Tim Johnson*

TIM JOHNSON DISCUSSED WITH THE BOARD A BREAKDOWN OF HIS MONTHLY STATUS REPORT. BETH MCCAGUE WILL DESIGN A PROGRAM TO REBUILD RESPECT WITH THE COMMUNITY. SEVERAL WORKSHOPS ARE BEING PLANNED.

BETH MCCAGUE'S CONSULTANT REPORT WAS NOT INCLUDED IN THE BOARD BOOK BUT WAS HANDED OUT AND DISCUSSED WITH THE BOARD AT THE MEETING.

WE HAD EIGHT FIRMS RESPOND TO THE ACTUARY RFP. WE HAVE NARROWED IT DOWN TO THREE. WE WOULD LIKE TO SCHEDULE THESE INTERVIEWS FOR THE SECOND WEEK IN OCTOBER.

A MOTION WAS MADE BY TRUSTEE BROWN TO HOLD A WORKSHOP FOR THESE THREE INTERVIEWS THE SECOND WEEK OF OCTOBER. SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

VI. COUNSEL REPORTS

2016-07-2 CSO right to purchase – *Steve Durden*

STEVE DURDEN BRIEFLY DISCUSSED WHAT WAS STATED IN THE ATTACHMENT REGARDING TIME SERVICE CREDITS FOR COMMUNITY SERVICE OFFICERS. THEY ONCE WORKED FOR THE CITY, THEY CAN CONNECT TIME. APPROXIMATELY 37 EMPLOYEES ARE AFFECTED.

A MOTION WAS MADE BY TRUSTEE BROWN TO ACCEPT THE OPINION OF THE OFFICE OF GENERAL COUNSEL AS DISCUSSED WITH THE BOARD. SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

2016-09-1 Legal report – *Paul Daragjati*

PAUL DARAGJATI DISCUSSED HIS LEGAL REPORT WITH THE BOARD AS STATED IN THE ATTACHMENT. THE RESPONSE TO THE FORENSIC INVESTIGATION WILL BE POSTED ON THE PFPF WEBSITE.

THE FOLLOWING AGENDA ITEMS WERE TAKEN OUT OF ORDER:

VIII. OLD BUSINESS – *Devin Carter*

2016-06-6 – Budget revision

DEVIN CARTER PROVIDED THE BOARD WITH A REVISION TO THE FY2016-2017 BUDGET. THERE WAS SOME DISCUSSION WITH THE BOARD FOR CLARIFICATION.

A MOTION WAS MADE BY TRUSTEE BROWN TO ACCEPT THE BUDGET REVISION. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

IX. NEW BUSINESS – *Devin Carter*

2016-09-5 - NT VALUATION SUPPORT SERVICES AGREEMENT

DEVIN CARTER DISCUSSED THE NORTHERN TRUST VALUATION SUPPORT SERVICES AGREEMENT THAT IS NOW NECESSARY BECAUSE OF NEW ACCOUNTING RULES. THIS AGREEMENT IS FOR ONE YEAR FOR \$10,000. WE WILL SEE HOW WELL IT WORKS.

PAUL DARAGJATI SAID THAT CHAPTER 119 STATES THAT THE AGREEMENT HAS TO INCLUDE A SPECIAL PROVISION. HE WILL VERIFY THE WORDING TO BE INCLUDED.

A MOTION WAS MADE BY TRUSTEE PAYNE TO APPROVE THE NORTHERN TRUST VALUATION SUPPORT SERVICES AGREEMENT WITH THE SPECIAL PROVISION TO BE INCLUDED. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

THE FOLLOWING INVESTMENT CONSULTANT REPORTS BY DAN HOLMES WERE DISCUSSED LAST IN THE AGENDA.

VII. INVESTMENT CONSULTANT REPORTS – *Dan Holmes w Summit*

2016-09-2 - Summit Monthly Economic & Capital Market Update – August 2016

DAN HOLMES DISCUSSED WITH THE BOARD. RECEIVED AS INFORMATION.

2016-09-3 - Summit Flash Report – August 31, 2016

DAN HOLMES DISCUSSED WITH THE BOARD. RECEIVED AS INFORMATION.

THE FINANCIAL INVESTMENT AND ADVISORY COMMITTEE HAS REQUESTED THAT DAN PROVIDE MORE DETAILED INFORMATION TO THE COMMITTEE FOR ACTIVE VS PASSIVE.

2016-09-4 - Authorization to transfer funds

THE BOARD ASKED DAN HOLMES FOR A RECOMMENDATION TO LIQUIDATE \$105,500,000 IN ORDER TO REPAY THE CITY FOR PAYBACK OF BENEFITS FOR FY2016 AND FOR OPERATING EXPENSES.

AFTER A ROBUST DISCUSSION WITH DAN AND THE BOARD OF TRUSTEES, DAN RECOMMENDED \$20,000,000 FROM NORTHERN TRUST S&P 500 INDEX FUND; \$43,300,000 FROM NORTHERN TRUST EAFE INDEX FUND; AND \$42,200,000 FROM NORTHERN TRUST AGGREGATE BOND INDEX FUND.

A MOTION WAS MADE BY TRUSTEE PATSY TO AUTHORIZE THE TRANSFER OF \$105,500,000 AS FOLLOWS:

- **\$20,000,000 FROM NT S&P 500 INDEX FUND**
- **\$43,300,000 FROM NT EAFE INDEX FUND**
- **\$42,200,000 FROM NT AGGREGATE BOND INDEX FUND**

SECONDED BY TRUSTEE BROWN. VOTE WAS UNANIMOUS.

TIM JOHNSON WELCOMED ANNA BROSCHE, CITY COUNSEL LIAISON, TO THE BOARD MEETING.

A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE RESOLUTION AUTHORIZING THE POLICE AND FIRE PENSION FUND TO ACCEPT APPLICATIONS FROM MEMBERS WHO WISH TO PURCHASE OR TRANSFER TIME SERVED AS A COMMUNITY SERVICE OFFICER. SECONDED BY TRUSTEE PAYNE. VOTE WAS UNANIMOUS.

X. ADJOURNMENT

CHAIRMAN TUTEN ADJOURNED THE MEETING AT 10:35AM

NOTE: 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.

**TO BE APPROVED AT THE BOARD OF
TRUSTEE MEETING ON OCTOBER 21, 2016**

Richard Patsy, Board Secretary

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL WORKSHOP SUMMARY
SEPTEMBER 12, 2016**

MISSION STATEMENT

To provide long term benefits to participants and their beneficiaries

PRESENT

Richard Tuten, Board Chairman
Richard Patsy, Board Secretary
Christopher Brown, Trustee
Willard Payne, Trustee
William Scheu, Trustee (via conference call) – *left meeting @ 10:20am*

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Paul Daragjati, Fund Counsel – *left meeting @ 10:00am*
Beth McCague, Consultant
Debbie Manning, Executive Assistant

GUESTS

Jason Gabriel, Chief Legal Counsel, Office of General Counsel
Stephen Durden, Office of General Counsel
John Sawyer, Office of General Counsel

CALL TO ORDER

CHAIRMAN TUTEN CALLED THE MEETING TO ORDER AT 9:05AM

PUBLIC SPEAKING PERIOD

THERE WERE NO REQUESTS FOR PUBLIC SPEAKING. PUBLIC SPEAKING PERIOD WAS CLOSED.

MEETING OBJECTIVE – *Timothy H. Johnson*

TO DEVELOP A CLEAR UNDERSTANDING OF MATTERS ON WHICH THE OFFICE OF GENERAL COUNSEL WOULD EXPECT TO RENDER ADVICE AND COUNSEL TO THE FUND.

TIM JOHNSON STATED THAT WE ARE MOVING INTO A NEW FISCAL YEAR, WE HAVE A NEW EXECUTIVE DIRECTOR, NEW BOARD MEMBERS, AND PENSION REFORM IN PLACE. WE WANT A CANDID DIALOGUE WITH THE OFFICE OF GENERAL COUNSEL. WE ARE WORKING TOWARDS THE SAME PURPOSE.

UPDATE ON RFP FOR NEW PENSION LEGAL COUNSEL – Beth McCague

THE RFP FOR LEGAL COUNSEL HAS BEEN SENT TO FOUR FIRMS SPECIALIZING IN PENSION MATTERS WHICH ARE:

- **RON COHEN, FT. LAUDERDALE, FL**
- **SUGERMAN & SUSSKIND, CORAL GABLES, FL**
- **MIERZWA & FLOYD, LAKE WORTH, FL**
- **KLAUSNER & KAUFMAN, PLANTATION, FL**

THE DEADLINE TO RESPOND IS OCTOBER 4TH. BETH HAS SPOKEN WITH EACH FIRM AND THEY ARE ALL VERY INTERESTED IN RESPONDING TO THE RFP.

DISCUSSION POINTS - Jason Gabriel and Steve Durden

OFFICE OF GENERAL COUNSEL (OGC) IS ESSENTIALLY THE LAW FIRM FOR CITY OF JACKSONVILLE CONSOLIDATED GOVERNMENT. THE OGC SERVES FIVE CONSTITUTIONAL OFFICERS AND NUMEROUS INDEPENDENT AGENCIES INCLUDING THE POLICE AND FIRE PENSION FUND.

OGC HAS 36 ATTORNEYS AND APPROXIMATELY 22 STAFF MEMBERS. THE OGC IS THE CLEARING HOUSE FOR ALL LEGAL SERVICES. THERE ARE VARIOUS OGC DEPARTMENTS INCLUDING LIGATION, TRANSACTIONAL, AND LEGISLATIVE SPECIAIZATIONS. THE CHARTER IS ESSENTIALLY THE CONSTITUTION FOR THE CITY.

OGC RECOGNIZES THERE IS A NEED FOR OUTSIDE COUNSEL FOR THE POLICE AND FIRE PENSION FUND AS THE ADMINISTRATION OF THE FUND NEEDS SPECIALIZED PENSION EXPERTISE FROM TIME TO TIME.

JASON GABRIEL WAS ASKED TO DESCRIBE THE ROLE OF OGC AS CENTRAL LEGAL ADVISOR AND DESCRIBE THE DIFFERENCE BETWEEN LEGAL ADVICE AND POLICY DECISIONS:

PER JASON GABRIEL, THE DIFFERENCE BETWEEN LEGAL ADVICE AND POLICY DECISIONS. THE OGC DOES NOT WANT TO WORK ON POLICY DECISIONS. A POLICY MATTER TO BE MADE IS WELL WITHIN THE BOARD'S PARAMETERS. THE BOARD IS THE PROTECTOR OF THE FUND.

OGC WANTS TO HELP US NAVAGATE THRU DECISIONS – BLACK AND WHITE.

THERE WAS DISCUSSION REGARDING THE ROLE OF THE FIDUCIARY AS IT RELATES TO LEGAL ADVICE WHICH MAY CONFLICT WITH TRUSTEE VIEWS:

STEPHEN DURDEN CONFIRMED THAT THE RELATIONSHIP BETWEEN FIDUCIARY DUTIES AND LEGAL ADVICE IS SIMILAR TO THE RELATIONSHIP BETWEEN LEGAL ADVICE AND POLICY DECISION. LAWYERS ADVISE ON THE LAW AND CLIENTS MAKE THEIR DECISIONS.

DISCUSS THE CITY'S CHIEF LEGAL COUNSEL'S RESPONSIBILITY TO FUND MEMBERS:

THE BOARD HAS A DUTY TO PROTECT THE FUND AND CHAIRMAN TUTEN SAID THE STATE STATUTES, CHAPTERS 175/185 DICTATE WHAT WE DO. IT SAYS WE CAN HIRE AN ATTORNEY OF OUR CHOICE. CHAIRMAN TUTEN REFERS TO JASON GABRIEL'S LETTER TO THE MAYOR REGARDING JOHN KEANE'S PENSION CITING CASE LAW HOWEVER, NO FLORIDA CASES WERE CITED, IS THERE ANY LAW THAT TRUMPS STATE STATUTE?

JASON GABRIEL STATED THE BOARD MIGHT HAVE PERSONAL LIABILITY IF A LEGAL OPINION WAS STATED AND THE BOARD CHOSE NOT TO TAKE COUNSEL'S ADVICE AND WAS LATER SUED OVER THAT DECISION. THE CITY CHARTER IS LEGISLATIVELY APPROVED STATE LAW. 175/185 GOVERNS HOWEVER, IN JACKSONVILLE WHERE THERE IS A CHARTER PROVISION, IT IS A SPECIAL LAW WHICH TRUMPS STATE LAW.

PAUL DARAGJATI SAID FOR KLAUSNER, KAUFMAN, THE 175/185 LAW PRE-EMPTS THE CHARTER ON ANY PROVISION WHICH CONFLICTS WITH 175/185.

JASON GABRIEL SAID THE ISSUE OF FIDUCIARY LIABILITY VS BINDING LEGAL OPINION, THE OFFICE OF GENERAL COUNSEL HAS NEVER ISSUED A BINDING LEGAL OPINION TO THE POLICE AND FIRE PENSION FUND. IF THE BOARD RELIES ON AN OGC OPINION, THEY ARE PROTECTED IF THERE ARE LATER CHALLENGES TO THE BOARD'S DECISION. IT IS EXTREMELY RARE FOR THE OGC TO ISSUE A BINDING OPINION.

BY THE CHARTER, A VARIETY OF PUBLIC OFFICIALS CAN ASK FOR A BINDING LEGAL OPINION. AT THE END OF THE DAY, IT IS VERY RARE TO HAVE A CONFLICT. THE SSVRP SITUATION AND LITIGATION WAS VERY UNUSUAL. THE OGC WOULD EXPECT TO WORK IN COLLABORATION WITH THE POLICE AND FIRE PENSION FUND AND ANY OUTSIDE COUNSEL TO PROVIDE A UNIFIED OPINION TO THE BOARD ON ANY FUTURE UNUSUAL SITUATION.

THE POLICE AND FIRE PENSION PLAN IS LARGE AND COMPLICATED. IT NEEDS OUTSIDE COUNSEL TO PROVIDE EXPERTISE ON PENSION AND BENEFIT MATTERS.

TRUSTEE BROWN STATED THE FUND IS CAUGHT IN THE MIDDLE.

JASON GABRIEL SAID AT THE END OF THE DAY, THE OFFICE OF GENERAL COUNSEL IS THE LEGAL BINDING AUTHORITY. IF THE BOARD CHOOSES TO RELY ON A CONFLICTING OPINION THERE IS A RISK TO THE BOARD.

IS IT APPROPRIATE TO ASK FOR ANOTHER LEGAL OPINION?

JASON GABRIEL SAID THAT WHATEVER THE QUESTIONS, THE BOARD OR EXECUTIVE DIRECTOR CAN REACH OUT TO EITHER. HOPEFULLY, THE LAWYERS WORK OUT DIFFERENCES OF OPINIONS THEMSELVES. MOST OF THE TIME, THE CLIENT WILL BE PROVIDED WITH A UNIFIED OPINION. THE CLIENT SHOULDN'T BE IN THE MIDDLE OF OUTSIDE COUNSEL AND THE OGC.

THE ATTORNEYS WILL WORK TOGETHER. THE CLIENT SHOULD BE GIVEN THE BEST AGREED UPON OPINION AND NOT HAVE TO CONSIDER TWO OPPOSING OPINIONS.

TRUSTEE PATSY SAID OUR GOAL IS TO DEVELOP A GOOD RELATIONSHIP WITH THE OFFICE OF GENERAL COUNSEL. CONFLICTS OF INTEREST – PUBLIC PENSION PLANS ALWAYS HAVE THAT. ARE WE GOING TO BE TREATED FAIRLY? AS THE OGC REPRESENTS BOTH THE FUND AND OUR SPONSOR CAN WE COUNT ON GETTING OBJECTIVE ADVICE?

JASON GABRIEL SAID THERE IS INHERENT TENSION WHEN THERE ARE QUESTIONS REGARDING TWO SEPARATE PARTS OF CITY GOVERNMENT. HIS OFFICE IS FREQUENTLY SCRUTINIZED BY BOTH SIDES WHEN THESE TYPES OF ISSUES OCCUR. MANY TIMES CLIENTS, WHETHER THEY ARE CITY COUNCIL OR INDEPENDENT AGENCIES, CONSIDER OPINIONS TO BE POLITICALLY MOTIVATED.

JASON SAID THE OFFICE OF GENERAL COUNSEL IS INSULATED FROM POLITICS. THE OFFICE OF GENERAL COUNSEL IS MADE UP OF PROFESSIONAL ATTORNEYS. THEY WOULD PAY FOR A THIRD ATTORNEY IF THEY BELIEVE ANOTHER OPINION WAS WARRANTED. OGC WILL OFFER AN OPINION AND THE BOARD WILL MAKE THE DECISION.

TRUSTEE PATSY SAID THE BOARD HAS DONE BUSINESS A CERTAIN WAY FOR A LONG TIME. THE LETTER DEMANDED WE CHANGE IMMEDIATELY. IN DEALING WITH OGC IN THE PAST, TRUSTEE PATSY HAS NOT EXPERIENCED THIS TYPE OF HARSH LANGUAGE. JASON INDICATED THIS MAY BE A STYLE ISSUE AND THE LETTER REFERENCED WAS MEANT TO OUTLINE THE RISKS TO THE FUND. HOWEVER, IF GENERAL COUNSEL STATES AN OPINION, THAT OPINION IS FINAL.

JASON GABRIEL REPEATED THAT THE CHARTER SAYS OGC IS THE LAST WORD. THE UNDERLYING GOAL IS TO PROTECT THE FUND AS A CLIENT.

CHAIRMAN TUTEN STATED THAT THE BOARD APPRECIATES JASON GABRIEL AND STEVE DURDEN ATTENDING THE WORKSHOP.

EXECUTIVE DIRECTOR TIM JOHNSON SAID THIS HAS BEEN A GREAT WORKSHOP. TIM ASKED WHEN WE HAVE A SITUATION REGARDING A MEMBER WHERE WE'VE DONE SOMETHING WRONG, WOULD WE SEEK EXTERNAL COUNSEL?

PER JASON, THAT DEPENDS ON THE CIRCUMSTANCES. EXTERNAL COUNSEL COULD SHARE CONCERNS AND VIEWS WITH THE OFFICE OF GENERAL COUNSEL. IT'S A TWO WAY STREET, AND DEPENDS ON THE ISSUE, HOW COMPLICATED, AND HOW BIG THE PROBLEM IS. IT'S NEVER TOO LATE TO REVIEW.

IF THE FUND HAS A RUN OF THE MILL QUESTION, IT CAN GO DIRECTLY TO OUTSIDE PENSION ATTORNEY. JASON REALIZES MEMBERS NEED TIMELY ANSWERS.

REVIEW OF TYPICAL FUND ACTIVITIES REQUIRING LEGAL ADVICE:

OFFICE OF GENERAL COUNSEL

HIRING OF SERVICE PROFESSIONALS (ACTUARIES, AUDITORS, OR MEDICAL DIRECTOR, INSURANCE)

CONTRACTS (EMPLOYMENT, LEASES)

FILING OR DEFENDING LAW SUITS

INTERPRETATION OF LAW AS IT RELATES TO PLAN ADMINISTRATION

QUESTIONS REGARDING SUNSHINE LAW OR PUBLIC RECORDS

EXTERNAL COUNSEL

DISABILITY APPLICATIONS, ADVISORY COMMITTEE REVIEW, HEARINGS SURVIVOR OR CHILDRENS BENEFITS

APPLICATIONS FOR OR SUSPENSION OF BENEFITS

OUT OF THE ORDINARY PENSION QUESTIONS/ SITUATIONS

CONTRACTS FOR MONEY MANAGERS/CUSTODIANS

SECURITIES LENDING

SECURITIES LITIGATION

SOMEONE FROM THE OFFICE OF GENERAL COUNSEL WILL ATTEND ALL OF OUR BOARD OF TRUSTEE MEETINGS. OGC WILL ALSO ATTEND THE ADVISORY COMMITTEE MEETINGS AS SCHEDULES PERMIT OR AS NEEDED.

CHAIRMAN TUTEN ADJOURNED THE MEETING AT 10:42AM

**TO BE APPROVED AT THE NEXT BOARD
OF TRUSTEE MEETING ON OCTOBER 21, 2016**

Richard Patsy, Board Secretary

BOARD OF TRUSTEES MEETING**9/28/2016****2016-10-2CA
A-attachment**

MCCAGUE & COMPANY LLC
6740 EPPING FOREST WAY N #106
JACKSONVILLE, FL 32217

\$12,480.00

CONSULTANT

DRS BAKER & GILMOUR MD PA
3550 UNIVERSITY BLVD S
SUITE 302
JACKSONVILLE, FL 32216

\$3,250.00

SEPTEMBER 2016

HARVEST FUND ADVISORS
100 WEST LANCASTER AVENUE 2ND FLOOR
WAYNE, PA 19087

\$88,658.43

QTR 6/30/2016

J.P. MORGAN
PO BOX 27169
NEW YORK, NY 10087

\$318,566.40

QTR 6/30/2016

\$422,954.83

PLEASE PROCESS CHECKS WITHIN 24 HOURS OF RECEIPT



APPROVALS:TIM JOHNSON

DEVIN CARTER



9/28/2016

Transactions by Category
FY04-08AP

9/1/2016 Through 9/30/2016

2016-10-2CA
B-attachment

Num	Date Payee	C	Category	Amount
Opening Balance as of 9/1/2016				

Expense Categories

Sales Tax

Total Sales Tax

9/28/2016 FLORIDA DEPT OF REVENUE

Sales Tax

(566.41) †
(566.41)

5101 Office Supplies

9876 9/23/2016 OFFICE DEPOT
9870 9/9/2016 MAC PAPERS

5101 Office Supplies
5101 Office Supplies

(59.90) †
(840.00) †
(899.90)

Total 5101 Office Supplies

4938b Garage Exp

9881 9/28/2016 DYNAMIC SECURITY PRO
9873 9/9/2016 CITY OF JACKSONVILLE

4938b Garage Exp
4938b Garage Exp

(330.00) †
(495.00) †
(825.00)

Total 4938b Garage Exp

4938a Building exp

9879 9/23/2016 HD SUPPLY FACILITIES MAINTEN...
9877 9/23/2016 COMCAST
9872 9/9/2016 PLANT PEOPLE OF NORTH FLORIDA

4938a Building exp
4938a Building exp
4938a Building exp

(617.93) †
(105.90) †
(47.25) †
(771.08)

Total 4938a Building exp

4938 Miscellaneous

9875 9/23/2016 AAA REPORTERS

4938 Miscellaneous

(400.60) †
(400.60)

Total 4938 Miscellaneous

4603a BMaintenance & Repair

9881 9/28/2016 DYNAMIC SECURITY PRO
9880 9/28/2016 MCDOWELL & ARIALL, INC
9871 9/9/2016 TRANE COMPANY

4603a BMaintenance & Repair
4603a BMaintenance & Repair
4603a BMaintenance & Repair

(930.00) †
(937.00) †
(2,829.92) †
(4,696.92)

Total 4603a BMaintenance & Repair

4304g Water

9874 9/23/2016 JEA

4304g Water

(33.75) †
(33.75)

Total 4304g Water

4304 Water

9/28/2016

Transactions by Category
FY04-08AP

9/1/2016 Through 9/30/2016

	Num	Date Payee	C	Category	Amount
Total 4304 Water	9874	9/23/2016 JEA		4304 Water	(624.55) † (624.55)
4301g Elec	9874	9/23/2016 JEA		4301g Elec	(373.03) † (373.03)
Total 4301g Elec					
4301 Elec	9874	9/23/2016 JEA		4301 Elec	(7,196.35) † (7,196.35)
Total 4301 Elec					
4101 Postage	9878	9/23/2016 PITNEY BOWES		4101 Postage	(72.00) †
Total 4101 Postage	9869	9/9/2016 FEDERAL EXPRESS		4101 Postage	(65.19) † (137.19)
Total Expense Categories					(16,524.78)
Grand Total					(16,524.78) †

Just Pension

POLICE AND FIRE PAYROLL REGISTER

PAY DATE 09/23/2016

2016-10-3CA
attachment

Name	SSN	Marital Status	Tax Exem	Days	Rate	Index	Gross Pay	Tax	Net Pay	Check #
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SUMMARY REPORT FOR PAY DATE : 09/23/2016

REGULAR PENSION GROSS	TOTAL :	5,008,654.36
REGULAR LUMP SUM	TOTAL :	19,903.48
REGULAR ROLLOVER	TOTAL :	3,974.16
REGULAR DROP GROSS	TOTAL :	1,008,461.61
DROP LUMP SUM	TOTAL :	96,737.46
DROP ROLLOVER	TOTAL :	0.00
LEAVE LUMP SUM	TOTAL :	0.00
LEAVE ROLLOVER	TOTAL :	0.00
GROSS	TOTAL :	6,137,731.07
WITHHOLDING TAX	TOTAL :	956,674.49
AFTER TAX DEDUCTIONS	TOTAL :	764,438.93
PRE TAX DEDUCTION	TOTAL :	8,115.51
NET PAY	TOTAL :	4,408,502.14
DROP/RL/REF CHECKS	TOTAL :	98,078.48
CORRECTED CHECK	TOTAL :	0.00
RETURN CHECK	TOTAL :	2,781.91
NET PAY FOR REGULAR PEN & DROP	TOTAL :	4,313,205.57
PENSIONERS	COUNT :	2425



POLICE AND FIRE PENSION FUND

ONE WEST ADAMS STREET, SUITE 100

JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"

Date: October 13, 2016

To: PFPF Board of Trustees

From: Timothy H. Johnson, Executive Director

RE: Executive Director's Monthly Status Report

BENEFITS		
Type	Prior Month	FYTD
Retiree Payroll (\$)	\$6,137,731.07	#N/A
Refunds (\$)	\$ 120,615.10	#N/A
Refunds (#)	5	#N/A
New Members	22	#N/A
New Medicals	32	#N/A
Disability Applications	0	#N/A
Disability Appeals	0	#N/A
Deaths	4	#N/A
Pension Estimates	61	#N/A
Buyback Applications	4	#N/A
Reclamations (\$)	\$ 3,732.84	#N/A
Reclamations (#)	1	#N/A
DROP Revocations	1	#N/A

RETIREMENTS		
Type	Prior Month	FYTD
Total	3	#N/A
Full Retirement (No DROP)	0	#N/A
Early Retirement (Vesting)	1	#N/A
Enter DROP	0	#N/A
Exit DROP	1	#N/A
Disability	0	#N/A
Survivor	1	#N/A
Children	0	#N/A

Retirement Appointments	4	#N/A
DROP Appointments	4	#N/A

PUBLIC RECORD REQUESTS	Prior Month	# FYTD
Requests (#)	9	#N/A
Completed (#)	9	#N/A

INVESTMENTS		
Rebalancing:		
Date	Manager	Amount
0	0	\$ -
Allocations:		
Date	Manager	Amount
0	0	\$ -
Terminations:		
Date	Manager	Amount
0	0	\$ -
Liquidations:		
Date	Manager	Amount
42642	NTGI S&P 500 Fund	\$ 20,000,000.00
42642	NT Agg Bond	\$ 42,200,000.00
42642	NTGI EAFE Index Fund	\$ 43,300,000.00

OPERATING BUDGET					
Description	Budget	Actual	\$ Variance	% Var.	Explanation
Admin.	1,370,707.00	700,097.00	670,610.00	0.49	Staff vacancy
Operating	482,806.00	1,144,806.00	(662,000.00)	(1.37)	Settlements, \$570k and IT, \$94k
Prof. Services	9,836,452.00	7,364,133.00	2,472,319.00	0.25	0
Building	279,900.00	274,817.00	5,083.00	0.02	0
Total	11,969,865.00	9,483,853.00	2,486,012.00	0.21	0

UPDATES

Governance:

- Functional Chart & Annual Cycle of Work, *Attached*
- Actuarial Recommendation, *Attached*
- Response to Atty Wm Sheppard, *See legal counsel report*
- Legal Consulting RFP, McCague

Solvency:

- Recommendation to accept \$6.2 million on behalf of the PFPF and the class in the action against CVB Financial Corp.
- Chapter Funds: Funds to be received for 2016 are \$10,680,624.05. Fifty percent goes to the City to apply to its yearly pension contribution. The remainder is distributed by the PFPF board as 1) Holiday Bonus, 2) Share Plan &/or 3) pay down to the UAAL. In 2015 the board voted to allocate \$2 million to option one and \$3 million to option two. Consideration of the 2016 chapter funds allocation will be on the November board agenda.

Transparency:

- Added PRR to the dashboard for monthly monitoring and reporting;
- Begun practice of 48 hour acknowledgement of requests;
- Replicating all other policies used by the city.

Education:

- First scheduled DROP Retirement workshop. DROP Workshop Oct 26 at 10am - noon at the PFPF Office. Capacity Crowd
- New Member Orientation Slides (JFRD Oct 17, JSO Nov 23) *Attached*

Outreach:

- Opinion roundup: New pension fund director shows promise | Jacksonville News, Sports and Entertainment | jacksonville.com September 27, 2016, *Attached*
- Breakfast with Retired Firefighters Oct 13, 2016, Piccadilly Cafe

Other:

- Hurricane Matthew. Staff moved computers and member files to a secure location because of the possible tidal surge from hurricane Matthew. Sand bags for the two ground floor entry way doors.

NEWS and REPORTS

Editorial: Hurricane's gone, so is pension crisis. *Attached*

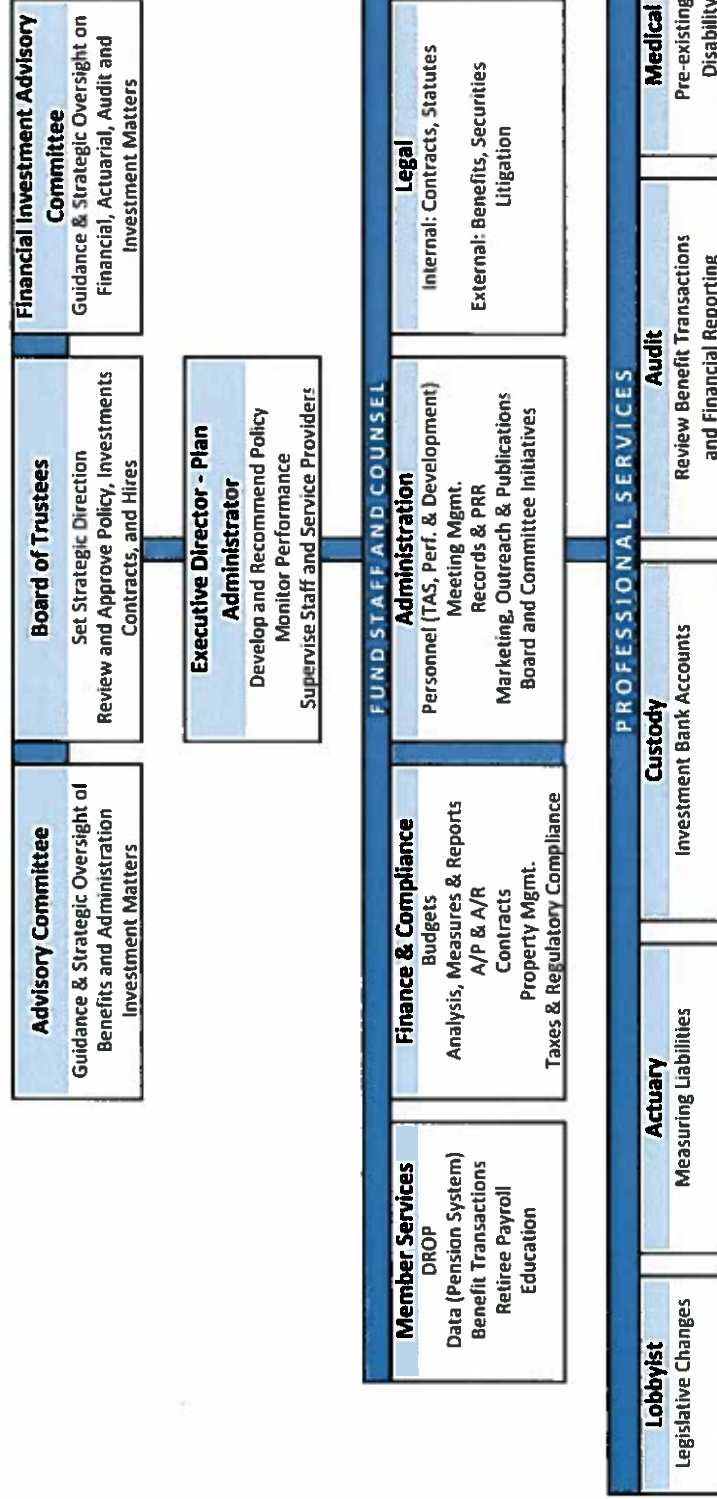
"Will Pensions and OPEBs Break State and Local Budgets?" Center for Retirement Research at Boston College http://crr.bc.edu/wp-content/uploads/2016/10/slp_51.pdf

Respectfully submitted,



Timothy H. Johnson

Draft PFPF Organizational Structure by Function



DRAFT 2016/2017 PFPF Annual Cycle of Work

Year	Month	Administration	FIAC	Advisory	Board of Trustees
2016	September	Board/Committee Books, Digitize Records, Hire Public Records Specialist, Summary Plan Update, DROP Enrollment Statistic		DROP Workshop	OGC Legal Training
	October	Org Assessment/Business Plan/Performance Reviews/Update Job Descriptions	Reporting Subcommittee, Actuarial RFP, Review Year-End Financial Performance	New Member Orientation	CSO Purchase of Time Opinion
	November	Staff Restructuring, PR Plan (Branding, Update PR Materials, Outreach)	Recruit 5th FIAC Member	Election to replace David McCall, City Employee Transfer Clarification	Share Plan/Holiday Bonus
	December	Confirm COLA calculation, City Pension Payment Due, Holiday Bonus Paid, DROP Enrollment Statistics	Review Internal Audit, Review 10-1-16 Actuarial Report	Subcommittee on use of PFPF Building	Appoint to replace Bill Scheu
2017	January	Actuarial Report Due to City, Share Plan Credited, 1099s	Review External Audit, Custody RFP	Annual Member Statements	Fiduciary Training
	February	State Report Due, 945 Taxes Due, Governor SSN Letter		Election to replace Brady Rigdon	
	March	Publish FY2016 Annual Report, DROP Enrollment Statistics	Review HB 1297 Actuarial Assumptions	Share Plan/Holiday Bonus Policy Subcommittee	
	April	MFN Affidavits	Auditor RFP	Election of seven new members	Election of P&F Members
	May	Workers' Comp Policy Renewal, Renewal of VoteNet Contract	2017 Asset Liability Study	Fiduciary Training	Evaluation of Executive Director
	June	Est Building as Profit Center, Financial Interest Statements, Property & Casualty Insurance Renewal, DROP Enrollment Statistics	Investment Con. Expires 9/30/2017		Lobbyist Contract expires 7/25/2017
	July	Create Member Uses of PFPF Building	Securities Lending Review, IPS Review	Medical Director Contract expires 9/30/2017	
	August	Affidavits	2017/2018 Operating Budget		
	September	Update Summary Plan, DROP Enrollment Statistics	Trading Cost Review		

Evaluation Matrix Actuarial and Consulting Services

Firm: Foster & Foster, Gabriel, Roeder & Smith, and Nyhart

Date: 10/12/16

Evaluate each criterion on a scale of 1 (low) to 10 (high).

1. Experience working with public pension plans. This includes relevant experience of the firm and the proposed team who will be providing actuarial services. (20%) _____
2. Demonstrate ability to effectively communicate actuarial principles, recommendations, and challenges to stakeholders. (20%) _____
3. Developing recommendations for an appropriate actuarial cost method for public pension plan which also includes recommendations for amortization of unfunded liabilities. (20%) _____
4. Demonstration of the firm's ongoing monitoring to assure adherence to legal and accounting standards. (20%) _____
5. Cost/Fee Structure (20%). _____

Summary of Cost			
	Foster & Foster	GRS	Nyhart
Annual Actuarial Valuation Report	\$ 45,000	\$ 32,000	\$ 53,000
Experience Study (occurs in 3rd year)	\$ 20,000	\$ 17,500	\$ 27,000
Senior Consultant (hourly rate)	\$ 300	\$ 454	\$ 375
Senior Staff (hourly rate)	\$ 250	\$ 272	\$ 290
Staff (hourly rate)	\$ 150	\$ 202	\$ 185
Administrative (hourly rate)	\$ 100	\$ 140	\$ 95

Final Score

	Gabriel, Foster & Roeder & Foster Smith Nyhart		
Evaluator 1	62	100	68
Evaluator 2	94	96	92
Evaluator 3	100	100	100
Evaluator 4	72	86	78
Evaluator 5	76	92	92
Evaluator 6	90	90	100
Evaluator 7	62	80	66
Evaluator 8	76	94	92
Average	79.00	92.25	86.00

Jacksonville Police and Fire Pension Fund Deferred Retirement Option Program (DROP) Workshop

Presented by Steve Lundy, Pension Benefits
Specialist/Economic Research



About this Workshop

- * This presentation has been made with members within 5 years of DROP enrollment and current DROP enrollees in mind, although all active members may find information in this presentation useful.



Presentation Outline

- * In this presentation, we will discuss:
 - * DROP Basics
 - * DROP Eligibility & Participation
 - * DROP Enrollment
 - * DROP Commencement
 - * DROP Calculation
 - * DROP Accumulation
 - * DROP Interest Rates
 - * Cost-Of-Living Adjustments (COLAs)
 - * DROP Distributions
 - * Survivor & Child Benefits



DROP Basics

- * The Deferred Retirement Option Program (DROP) is an additional retirement benefit that began in 1999.
- * Police Officers and Firefighters enroll during a specified quarterly schedule.
- * Your Pension Base is calculated and locked-in at DROP commencement.
- * Pension is deposited into your individual DROP account until retirement and may be accessed thereafter.
- * Your DROP account accrues interest.



DROP Eligibility & Participation

- * You must be a contributing member of the Police and Fire Pension Fund.
- * You must have at least 20 and less than 32 whole years of service at the date of DROP commencement.
- * You must have been a member of the Fund as of June 19, 2015.



Years of Service at Enrollment	Maximum DROP Participation
20-29	5 Years
30	3 Years
31	2 Years
32+	Not Eligible

Enrollment

- * You must enroll in the DROP in the specified month long window (usually two months before commencement).
- * After submitting your application, you may withdraw your application up until the date of application approval by the Pension Board of Trustees.



DROP Commencement

- * After enrollment and DROP commencement, your pension contributions from your salary will decrease from 8% to 2%. No other changes are made to your pay.
- * After DROP commencement, your Share Plan account balance will be distributed to you in either a lump sum check, or a rollover into another qualified plan.



How is the DROP Calculated?

- * Your Pension Base is calculated by taking the average salary of your past 52 pay periods before the date of DROP commencement and multiplying it by one of the following percentages depending on your years of service:

Years of Service	Pension Benefit
20	60%
21	62%
22	64%
23	66%
24	68%
25	70%
26	72%
27	74%
28	76%
29	78%
30+	80%

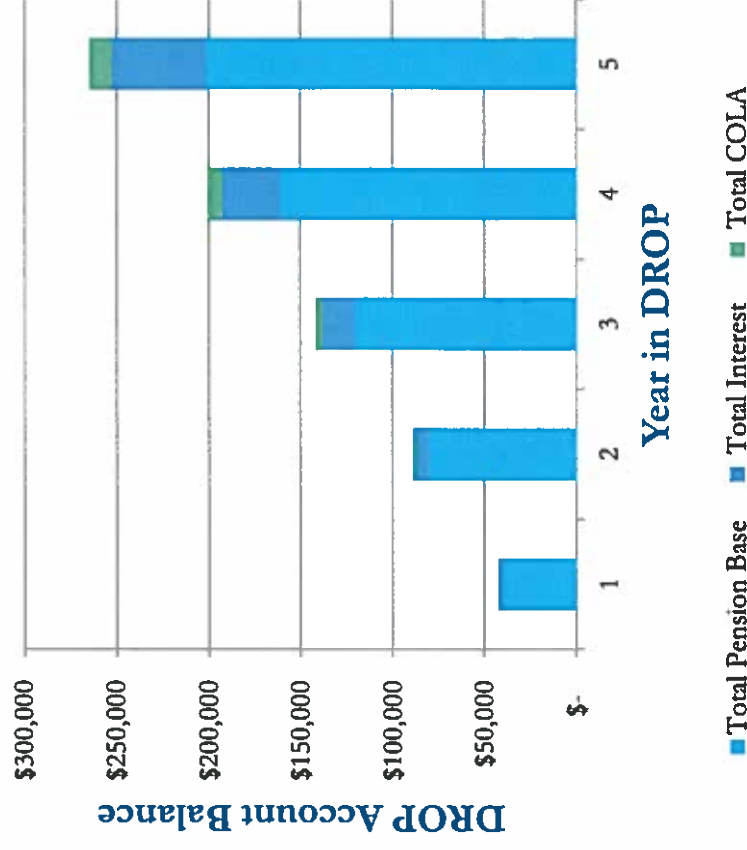


DROP Accumulation

- * After DROP commencement, deposits of your pension base are made bi-weekly into your account.
- * Interest is credited monthly.
- * Your pension base is increased by the Cost of Living Adjustment (COLA) percentage amount every January 1st. The COLA compounds.



DROP Account Accumulation
(Police Officer, 20 YOS, 8.4% DROP Return)



DROP Interest Rates

- * 8.4% annual flat if your Pension Date is before June 19, 1995.
- * 2.0% - 14.4% annual variable if your Pension Date is on or after June 19, 1995.
- * The variable DROP interest rate is tied to the rate of return of the Pension Fund's total investments of the previous Fiscal Year. The variable rate will change every January 1st.



Fiscal Year	Actual Return	Variable DROP Rate
2011	-2.1%	2.0%
2012	22.3%	14.4%
2013	16.8%	14.4%
2014	10.7%	10.7%
2015	-3.9%	2.0%

Cost Of Living Adjustments (COLAs)

- * 3.0% annual flat if your Pension Date is before June 19, 1995.
- * Proration of 3.0% and the Social Security COLA rate if your Pension Date is on or after June 19, 1995:
 - * If your Pension Date is after June 19, 1995: The percentage of time that you worked BEFORE June 19, 2015 will be applied to your Pension Base, and that amount will be increased by 3% every year. The remaining percentage of time worked AFTER June 19, 2015 will be applied to your Pension Base and increased by the Social Security COLA rate every year (between 0-6%).



DROP Distributions

* You may access your DROP account upon retirement in the following ways:

- * Bi-weekly Distribution
- * Lump Sum, or Partial Lump Sum
- * Direct Rollover into a qualified plan
- * Or a combination of the above

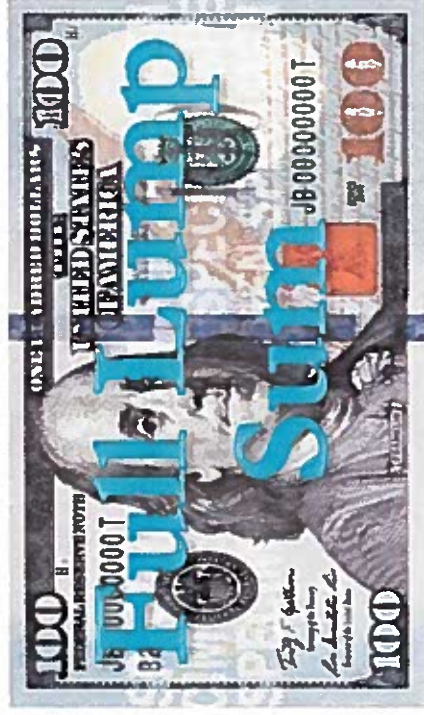


Bi-Weekly Distributions

- * You will select a certain number of years to amortize your DROP account upon retirement.
- * Your Bi-Weekly DROP payment will be included with your Pension Base, COLA, and Supplement.
- * This will be one recurring bi-weekly direct deposit into your bank account.
- * If you are under age 50 at the end of the year you exit the DROP, you will need to consider certain IRS guidelines in order to avoid unnecessary penalties.
- * If you elect to take a bi-weekly distribution and are over 50, you may not modify your distribution. Your only option is to cash out your entire account.
- * If you are under 50, you get one option to modify your distribution at age 59½.



Lump Sum Distributions



- * 20% will be deducted from the amount you withdraw for taxes regardless of your age.



- * An additional 10% penalty will be deducted if you are under 50 at the end of the year that you withdraw.



Direct Rollover Distributions

- * You may transfer your DROP balance entirely, or partially into another qualified plan upon retirement, such as an IRA or your Empower account.



- * We will not deduct any taxes or apply any penalties on your rollover.



Survivor & Child Benefits

- * If you die with a spouse, your spouse is entitled to 100% of your DROP money and there are no changes to the program.
- * If you die without a spouse, your remaining DROP balance will be cashed out and written as a check "To the estate of the deceased". Where the DROP money moves after that point will be determined by your will.
- * Your Pension Base and COLA will be reduced to 75% for survivors. DROP and Supplement are left unchanged.
- * If you die with minor children, each child will receive an additional benefit of \$200 per child per month until the child reaches 18 years of age, or 22 years of age if they enter college full-time.



Additional Considerations

- * You are waiving your right to a disability pension retirement upon DROP enrollment. If you become disabled, or incapacitated or cannot work for your department in any capacity, you must leave the DROP and retire early.
- * The DROP is irrevocable – unless you become appointed AFTER DROP enrollment. If you enroll in the DROP as an appointed employee, then you may not revoke your membership.
- * After enrolled in the DROP, any subsequent raises, or increases in salary due to promotion do not increase your pension.
- * Only in the event of retro pay will your pension amounts change after DROP enrollment.



DROP Example

- * A typical 20-year police officer enrolling in the DROP can expect after 5 years of DROP participation (figures approx.):
 - * \$260,000 final DROP account balance
 - * \$970 bi-weekly DROP payment (if taken over 25 years at 8.4% interest).

<u>Pension Summary</u>	
Pension Base	1,550
COLA	245
Supplement	46
<u>DROP</u>	<u>970</u>
Bi-Weekly Total	2,811
<u>Annual Rate</u>	<u>73,086</u>



DROP Workshop Q & A

Chuck Hayes, Pension Benefits Manager

&

Steve Lundy, Pension Benefits Specialist/Economic
Research



Jacksonville Police and Fire Pension Fund New Member Orientation

Presented by Steve Lundy, Pension Benefits
Specialist/Economic Research



Jacksonville Police and Fire Pension Fund Board of Trustees



* Your Pension Plan is ultimately administered by the Pension Board of Trustees, comprising five members; two are appointed by the City Council, one is elected by JSO, one is elected by JFRD, and the fifth member is elected by the previous four. Left to right:

- * Christopher Brown – JSO Elected
- * Richard Patsy – City Council Appointee
- * Willard Payne – Fifth Member
- * Bill Scheu – City Council Appointee
- * Richard Tuten III – JFRD Elected



Jacksonville Police and Fire Pension Fund Advisory Committee

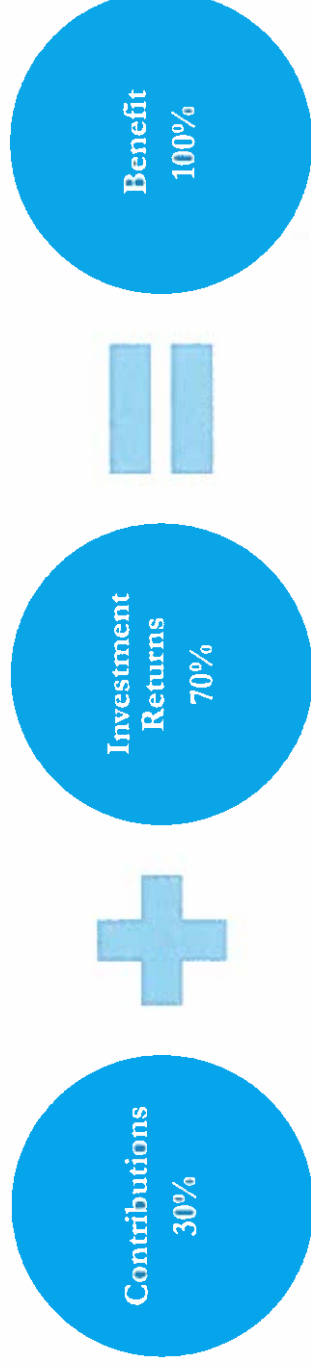


* The Advisory Committee advises the Board of Trustees regarding all pension benefits. The Committee is comprised of three active police officers and three firefighters all who are elected by their peers, and one retiree who is elected by the Fund's retirees. Left to Right:

- * Robert "Ellis" Burns III – JSO
- * Sean Hatchett – JFRD
- * James A. Holderfield – JSO
- * David McCall – JFRD
- * Brady Rigdon – JFRD
- * Michael Shell – JSO
- * Rick Townsend – JSO (Retired)



The Defined Benefit Pension Illustration



- * 10% of *Contributions* are from the employee, and 90% of *Contributions* are from the employer.
- * 100% of your *Benefits* are guaranteed regardless of the Fund's investment returns.



Your Pension Benefit Calculation



- * Service Time - You are eligible for retirement at 25 years of service.
- * Average Salary - Your Pension Benefit will be a multiplier of your average 5 years of salary immediately preceding retirement based on your service time.
- * Your retirement multipliers are as follows:
 - * 25 Years: 52.5%
 - * 26 Years: 55.0%
 - * 27 Years: 60.0%
 - * 28 Years: 65.0%
 - * 29 Years: 70.0%
 - * 30 Years: 75.0%



Other Benefits

- * Vesting - You may Vest with at least 10 years of service (but less than 25) and begin to receive your pension at age 62. You will accrue 2% of your average last 5 years of salary for each year of service.
- * Disability - If you become disabled and cannot perform your duties, your disability benefit will equal 50% of your average last 5 years of salary.
- * Refund - If you leave with less than 10 years of service, you are entitled to a refund of 100% of your contributions without interest. You may also choose a refund in lieu of vesting. Your refund may be rolled over into an IRA or other qualified retirement plan.
- * Survivorship - Your surviving spouse and any minor children are also entitled to benefits should you die while active or retired.



Time Service Connections

- * You are eligible to purchase up to 2 years of Military Time to connect to your pension time service by providing your DD214.
- * You are eligible to purchase up to 5 years of prior Florida Service Time as a certified Police Officer or Firefighter to connect to your pension time service.
- * All Time Service Connections cost 20% of your current average monthly salary for the amount of months purchased.



Other Notes

- * While employed with JSO or JFRD, you will contribute 10% of your salary to the Pension Fund.
- * Your pension will continue to accrue should you go on military leave.
- * Overtime is not included in your pension benefit calculation.
- * Even though you are employees of the City of Jacksonville under JSO or JFRD, you are not a member of the COJ General Employees' Pension Plan.

Stay in Touch!

- * Your Pension Fund Staff is here for you. If you would like to contact us with further questions or for any reason, please feel free to drop by the office, send an email, or call.

Steve Lundy
SLUNDY@COJ.NET
904-255-7373

POLICE AND FIRE PENSION FUND
1 WEST ADAMS STREET SUITE 100
JACKSONVILLE, FL 32202





Posted September 27, 2016 08:00 pm - Updated September 27, 2016 08:39 pm

Opinion roundup: New pension fund director shows promise

 Comments  0 Share

Tim Johnson has only been on the job for eight weeks, but he has a clear plan to lead the Police and Fire Pension Fund.

In an interview with the Times-Union editorial board, Johnson expressed his happiness at being in Jacksonville. Though he only has a one-year contract, he intends to make this his home.

He takes over a job that has been highly controversial in recent years but he also has several advantages.

The city of Jacksonville has received a painful education about pension funds in recent years. Having one of the worst-funded pensions in the state of Florida has a way of focusing your attention.

And the election campaign to pass a half-cent sales tax to pay off the \$1.7 billion debt of the city's three pensions also produced a great deal of discussion.

So Johnson, for the moment at least, has the role of the man in the white hat.

His five-point plan is clear:

Solvency. The pension plan must be able to pay benefits of its retired officers and firefighters. In that regard, he would like to pursue ways that the fund can become more solvent even before revenue from the sales tax kicks in after 2030. In part this means adjusting the investment portfolio to carefully move into investments that produce greater returns while being mindful of the risks. Examples are real estate investment funds and private equity. Johnson had experience in this regard in his previous job in the Pittsburgh area.

Governance. Reforms of the fund were meant to help prevent some of the unwise decisions of the past. For instance, there is a citizen board meant to oversee the fund. Johnson is coming up with a to-do list for that group, but this is all a new venture for everyone.

Transparency. Johnson has hired a person to handle public records requests in order to provide quick customer service. And he will be digitizing important records in order to make that more efficient.

Outreach. Johnson will go just about anywhere to talk about pensions. That is especially true of the members he serves.

Education. He is personally giving orientation sessions to newly hired officers and firefighters. In short, his members shouldn't have to rely on the rumor mill to get information on essential financial information for the rest of their lives. This process should be continual but it ramps up as employees near retirement. This is "complicated and sophisticated" and it becomes a source of anxiety if employees don't fully understand their options.

The administration expenses of the pension fund were blasted in a forensic audit. Johnson was asked if he would partner with the city's Finance Department, whose pension investment performance has been among the best in the nation. Johnson said he has already been having discussions with city finance executives and looks forward to opportunities to "work together as much as possible."

Hurricane's gone, so is pension crisis

It's a new fiscal year for Jacksonville and like the departure of Hurricane Matthew, a huge cloud has lifted from the city's future.

Thanks to the superb leadership of Mayor Lenny Curry and his team, the city now has an answer for its huge unfunded pension debt.

Make no mistake, the failure to resolve this pension debt would have held back the city's quality of life.

No, the city wasn't about to become Detroit, but we were on the same path. The debt is so huge that some citizens even suggested that the city declare bankruptcy. Therefore, the mayor's warnings were right on the mark.

Eight years had passed since Florida TaxWatch blew the whistle on the dangerously unfunded liability in Jacksonville. Attempts were made by two previous mayors to resolve the issue, and for various reasons, neither passed. Meanwhile, the debt grew and solutions became more difficult.

Think about where we were three years ago. Jacksonville's city budget was being smothered by ever-increasing annual payments on the unfunded liability for public-employee pensions.

Then-Mayor Alvin Brown's administration colluded with the Police and Fire Pension Fund and the unions to hold secret negotiations out of town, under the guise of a meaningless federal lawsuit.

The proposal they came up with would have made Brown's budgets look good for a couple of years but then would have continued the escalating pension costs, and the money available for the rest of the city's budget needs would have continued to shrink.

We successfully sued to toss out the secret negotiations, and the City Council wisely killed the bad plan, but that left the city and its citizens back at square one with this monster feasting on our tax dollars.

That political, legal and emotional trauma turned out to be a catharsis for the city, and most of the credit goes to open democratic engagement over the solutions available, the involvement of many citizens and the leadership of Curry.

The progress out of that deep hole began with a much improved proposal drafted by a pension reform task force led by Bill Scheu that involved many citizens and experts, all deliberating in public. That credible plan was approved in mid-2015.

The plan led to major governance changes at the Police and Fire Pension Fund along with City Council passage of reforms.

But money still had to be found to pay down the \$2.8 billion unfunded liability when Curry took office. This was always the hardest part.

Curry's leadership included a relentless focus on passing a special sales tax. He never wavered from his top priority, which included refusing to talk about spending for other city needs.

Curry rallied support in the Legislature and the Governor's Office, using his considerable political skills. When his complicated half-cent sales tax plan was first proposed, many Northeast Florida legislators interviewed by the editorial board shook their heads and said passage would be a heavy lift.

Once the bill was passed and signed by the governor, it required a vote of the people. Asked to approve a tax of any kind in this political climate would be difficult.

The naysayers shot holes in the plan, arguing for a property tax increase instead.

But the people voted and approved the plan by a comfortable margin to the amazement of the skeptics.

There's more to be done — renegotiating contracts, rebuilding the budget. But now the city will be negotiating with police and fire unions, not with the Police and Fire Pension Fund.

Having a mayor with a successful financial background should help the city arrive at new pension agreements that are fair to the employees, competitive and affordable for the taxpayers.

Just three years ago, the situation seemed almost hopeless, but now we have not only hope but actual optimism that we're on the right track.

Jacksonville's future is brighter today thanks to strong leadership from Curry.



Broad Support. Nat Glover, co-chairman of the Yes for Jacksonville group, spoke at City Hall before the Aug. 30 referendum on the half-cent sales tax.

FAST FACTS ON PENSION SOLUTION

- Jacksonville owns 25 percent of the total unfunded pension liability among 400 cities and counties throughout Florida.
- The city's contributions to its three pension funds represent nearly 30 percent of its total operating budget.
- Revenues from the half-penny sales tax can only be used to pay down pension debt. The tax will end when the plans are 100 percent funded or by 2060, whichever comes first. Estimates show that the plans could be fully funded shortly after 2045.
- Regardless of the referendum, the plan is to replace current retirement plans with those that reflect current market practices with increased employee retirement contributions to 10 percent.
- This proposal empowers the city to contribute investments in public safety, youth services, neighborhoods and economic development opportunities.

Source: City of Jacksonville website

Consultant's Report to the Board

October 21, 2016

The following projects have been identified as necessary to complete prior to November 30, 2016:

1. Secure Board decision on CSO Purchase of Time

This is a long standing unresolved issue impacting members of the Fund who at one time worked as Community Service Officers in the City of Jacksonville. At the time of employment in that capacity these position were considered by the City to be "temporary" and therefore not eligible for benefits including participation in the pension plan. The OGC several years later issued an opinion stating that Federal Law requires individuals working in those positions be considered permanent employees and therefore eligible for benefits including purchase of pension benefits. Stephen Durden has researched this issue and presents his opinion at today's meeting. Currently 43 members of the Fund once served as Community Service Officers.

COMPLETE

2. Secure clarification of City Employees' Transfer of Time

It has been the Fund's policy to transfer City employee pension benefits to the Fund pension system at the point a City employee becomes a Firefighter or Police Officer with no distinction between "start date" and "pension date". A question has arisen as to whether or not such employees are eligible to transfer City pension time accrued prior to June 19, 2015 (pension reform legislation 304E) as Group IB rather than Group II. Stephen Durden from the OGC is researching this question and is expected to have an opinion to report to the Board at it October meeting. 37 individuals have transferred to the Jacksonville Police & Fire Pension Fund since June 19, 2105 as of August 1st.

DEFERRED UNTIL CITY AND UNION NEGOTIATIONS CONCLUDE

3. The Baldwin Bill

This is a long standing issue which involves securing 185 Funds as a result of providing Police service to the Town of Baldwin. In order to receive these funds from the State an Interlocal agreement between the City of Jacksonville and the Town of Baldwin must be executed. Approximately \$10,000 a year would be directed to the City of Jacksonville for the Fund.

4. Update contracts with Commission Recapture Service Providers

Updated contracts with the Fund's revised Investment Policy have been forwarded to the Fund's four providers-ConverGex, Capital Institutional Services, Abel Noser and Knight Capital Group. We are awaiting receipt of executed contracts to present to the Board.

5. Secure approval of 2017 Budget from City Council

The Fund's 2017 Budget was presented to City Council on August 26th. Recommendations from City Auditor were accepted. The Finance Committee recommended no further changes.

COMPLETE

6. Complete Performance Reviews for all Staff members

7. Manage the Records Electronification and Retention Project

The Pilot effort for this project has been completed. All Board Meeting Minute Files have been prepared and sent to Access for processing. Invoices and supporting documentation as of September 1, 2106 will be filed in the Access system.

COMPLETE

8. Craft a Public Relations Program

The Fund needs to move beyond the objective of repairing relationships with the City and Civic leaders to the broader objective of rebuilding confidence and respect in the staff, the work and the results of the Fund throughout the Community. The program developed will have key repeatable actions with identified stakeholders and measurable goals to assure progress.

AWAITING PROPOSAL FROM DALTON AGENCY DUE OCTOBER 21

9. Develop An Operating Structure for the Financial Investment & Advisory Committee

The FIAC, established as part of Pension Reform 304E, can be a valuable resource to the Board of Trustees. This Committee should be known and respected throughout the Community for its investment and finance acumen.

Creating community awareness and building the FIAC reputation will be incorporated into the above referenced public relations program.

A defined annual program of work will be developed to further educate and engage the Committee members. It is in the best interest of the Fund that these Committee members are directed to the most important finance and investment decision points so their considerable expertise and advice can guide the Board on these most important matters.

Annual cycle of work plan completed. Committee deliberation and decision making process now separate from Board. Recommendation from FIAC delivered to Board for Board action effective with Actuary selectin process October 2016.

10. Coordinate the selection of a new Pension Services Attorney.

In collaboration with OGC four RFP's were issued. Please see attached timeline for selection process and highlights of the three firms which bid.

Pension Counsel Services RFP Timeline

September 6

- Request for proposal (RFP) issued as a Directed RFP to four firms

October 4

- Deadline for proposals

October 10-15

- Evaluation of proposals by staff

October 25

- Anticipated interview date

November 18

- Notice of Award

November 21-25

- Negotiations and execution of contract

December 1

- New Pension Legal Counsel in place

Summary of Candidates for Pension Legal Service Provider

Interviews Tuesday, October 25th

Sugarman and Susskind P.A.

1:00

A 7 member firm in Coral Gables representing public and private sector pensions, VEBA and health and welfare plans for over 30 years. The firm has served as special counsel to JPF&PF on forfeitures since 2012.

Clients include over 60 Florida municipal pension fund clients including 41 pension funds covering police officers and firefighters. US News & World Report recently ranked the firm in the highest level (Tier 1). Public sector pension plan comprise the majority of the firm's clients.

Founding Partner Bob Sugarman and Firm Partner Pedro Herrera will serve the Fund. Four additional attorneys serve as backup.

Fee: \$285 per hour guaranteed for 2 years

Plus reimbursement for travel expense (50% cost sharing of this expense first year)

No charge for photocopies

Mierzwa & Floyd, P.A.

2:00

A 2 member firm located in Lake Worth Florida representing over 25 benefit plans in the state and over 50 labor organizations at the state, regional and national levels in both the public and private sectors. It is a full service labor law firm and has been established over 35 years. The firm is involved in the administration of pension funds and also in the negotiation and establishment of pension benefits. Moreover the firm is heavily involved in the representation of firefighters.

Partners Matthew Mierzwa and Mark Floyd will serve the Fund with Mr. Floyd acting as our primary contact.

Fee: \$255 per hour for attorneys

\$75 per hour for paralegals.

Travel billed at half the hourly rate plus reimbursement for travel expense.

The firm does charge for shipping, certified mail and photocopying.

Pugatch Robinson Storfer & Cohen PLLC

3:00

Pugatch Robinson, a 12 member law firm, is well respected for its sophisticated business practice and offers practical litigation and transactional solutions to the complicated legal problems encountered in today's marketplace. The firm recently added a labor and employment group led by Ronald Cohen. This well respected team handles a variety of labor and employment matters, including unfair labor practices, arbitrations, wage and hour cases, discrimination cases, and commercial litigation in both State and Federal Courts, both at the trial and appellate level. The attorneys in this section are well

known for their work on behalf of public safety officers and have an extensive practice in public pension law, representing numerous public pension funds throughout the State of Florida.

Mr. Cohen would serve the Fund. He has attained an AV rating in the Martindale-Hubbard Directory.

Fee: \$300 per hour for partners and senior associates

\$235 per hour for junior associates

\$ 40 per hour for paralegals

Plus travel and lodging expenses (Travel time not billed.)

\$.15 per page for copy cost

A flat fee charge for matters except litigation and contested disability may be negotiated.

**OFFICE OF GENERAL COUNSEL
CITY OF JACKSONVILLE**

JASON R. GABRIEL*
GENERAL COUNSEL



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JULIA B. DAVIS
STEPHEN M. DURDEN
CRAIG D. FEISER
SONDRA R. FETNER
LOREE L. FRENCH
CHRISTOPHER GARRETT
SEAN B. GRANAT
SUSAN C. GRANDIN
KATY A. HARRIS
LAWSIKIA J. HODGES
SONYA HARRELL HOENER
PAIGE HOBBS JOHNSTON

RITA M. MAIRS
JAMES R. MCCAIN, JR.
WENDY L. MUMMAW
KELLY H. PAPA
JACOB J. PAYNE
GAYLE PETRIE
JON R. PHILLIPS
CHERRY SHAW POLLOCK
STEPHEN J. POWELL
TIFFINY DOUGLAS SAFI
JOHN C. SAWYER, JR.
MARGARET M. SIDMAN
SANDRA P. STOCKWELL
JASON R. TEAL
ADINA TEODORESCU
MICHAEL B. WEDNER
GABY YOUNG

***BOARD CERTIFIED CITY, COUNTY
AND LOCAL GOVERNMENT LAW**

October 17, 2016

William J. Sheppard, Esquire
Sheppard White & Kachergus
215 North Washington Street
Jacksonville, Florida 32202-2808

Dear Mr. Sheppard,

I am writing in response to your three letters dated September 15, 2016, sent on behalf of your clients, Mr. Keane, Ms. Walmsley and Ms. Cohee. Prior to addressing the substance of your correspondence, please be advised that the Office of General Counsel represents the Jacksonville Police and Fire Pension Fund Board of Trustees ("JPFPF Board") and its individual Board members, officers and employees, as set forth in the Charter of the City of Jacksonville ("Charter") and as stated in the recent General Counsel's opinion 2016-01. Therefore, any further communication with the JPFPF Board or Tim Johnson, its Executive Director, should be directed to the Office of General Counsel.

You state that unless treble damages are paid to Mr. Keane, Ms. Walmsley and Ms. Cohee, and the previous amounts under the purported Senior Staff Voluntary Retirement Plan ("SSVRP") are reinstated, a lawsuit will be filed alleging civil theft under section 772.11, Florida Statutes. There are numerous reasons why payment will not be tendered as demanded, the primary reason being that no theft occurred. *See* § 772.19, Florida Statutes.

Please be advised that should you pursue the claim of civil theft under section 772.11, attorney's fees and costs will be sought. In addition, although repayment of excess pension funds your clients were paid under the SSVRP has not been pursued, should this matter proceed to litigation, repayment will be sought

October 17, 2016

Page 2

and other claims existing against your clients will be brought. Having stated that, I am available to discuss this matter with you at any time. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Gabriel', with a stylized, cursive script.

JASON GABRIEL

General Counsel

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

**In re: Monthly Written Report of
Legal Counsel Paul Daragjati of
Klausner, Kaufman, Jensen
& Levinson**

Date: October 21, 2016

Update on Existing Matters

I assisted the Fund's Chief Financial Officer in reviewing the Valuation Support Services Agreement. I made an adjustment to add the public records language required by Chapter 119.

New Matters

I worked with attorneys for the City of Jacksonville and the Wyse plaintiffs to draft and file the Annual Joint Status Report. Pursuant to the Wyse Settlement Agreement, the parties are obligated to file a yearly report to the U.S. District Court to apprise the Court on whether the parties are upholding their commitments to the agreement. All parties have honored their commitments and the report to the Court was thus reflected. The report is attached for review.

Securities Litigation

Jacksonville is among the court appointed lead plaintiffs in the following cases. Each case is prosecuted on a contingency basis and the fund has no obligation for fees or costs, which are paid from any potential class recovery. Time spent by Fund staff is directly reimbursed from the class recovery. KKJL has been active counsel in these cases along with the lead securities counsel and will receive payment based on KKJL's contributions to the litigation from any class-wide recovery.

In re NII Holdings, Inc. Securities Litigation
No. 14-cv-227-LMB-JFA (E.D. Va.)

Update: The US District Court for the Eastern District of Virginia granted final approval of a \$41.5 million settlement in the NII securities class action on September 16, 2016. The Court issued a Final Order and Judgment approving the Settlement, an Order Approving Plan of Allocation of Net Settlement Fund, and an Order Awarding Attorneys' Fees and Expenses. In the Final Order and Judgment, the Court found that notice of the Settlement was properly given to members of the Class; that no members of the Class objected to the Settlement; that the settlement is fair, reasonable, and adequate and in the best interests of the Class; and that the Settlement should be implemented, including distributing the Net Settlement Fund to Class members who file valid claim

forms. Devin Carter, the CFO of the Jacksonville Police & Fire Pension Fund, has filed Jacksonville P&F's claim form. In the Order Approving Plan of Allocation of Net Settlement Fund, the Court found that notice of the Plan of Allocation was properly given to members of the Class; that no members of the Class objected to the Plan of Allocation; and that the Plan of Allocation is fair and reasonable.

The Court awarded 25% of the settlement of \$41.5m, or approximately \$10.375m, in fees. The total attorney hours approved by the Court was 39,000 with a lodestar value of \$19.2m. (This means the class lawyers invested double the amount of hours that were realized by the actual fee.) There were several law firms involved in this action, and the firm representing Jacksonville P&F's interests, Bernstein Litowitz (BLBG), received \$1.99m of the fee or slightly less than 20% with the remainder going to other lead counsel. Jacksonville's actual recovery, from the \$30M to be divided among class members, will depend on its pro rata loss and the number of class members timely making a claim. BLBG has been working with the Fund CFO, Devin Carter, on the claim form.

History: The Jacksonville P&F holds stock in a corporation that provides wireless services in South America. The company is alleged to have had a substantial failure to replace outmoded communications equipment but allegedly misreported those losses to shareholders causing Jacksonville to suffer a \$1.4 million loss in the stock during the 2010-2014 class period. Jacksonville filed suit to recover those losses, along with Denmark's largest pension fund and two large Taft Hartley Plans (private sector trade union funds), who collectively had \$15million in losses. Discovery took place and the Jacksonville P&F Executive Administrator was deposed in New York City. The parties have reached a mediated settlement and declarations have been submitted to the Court for final reimbursement of fees and costs, and issuance of a final order.

As this case is resolved, the above will be the final entry on this matter.

Lloyd v. CVB Financial Corp., et al
No. 10-cv-06256-CAS-PJW (C.D. Ca)

Update: This case was successfully mediated. However, because a motion for court approval and a notice to the class has not been filed, the settlement details are still protected by the mediation privilege and cannot be discussed publicly. These will be prepared and submitted to the Court. It is expected that the Court will approve the resolution of the case. Jacksonville will receive a claim form, which KKJL will monitor. Additionally, copies of the relevant pleadings will be provided as filed, as this process takes a few months to complete.

History: This is a case brought in 2011 in federal court in California to recover losses incurred when CVB, a bank holding company, allegedly unreported real estate loan failures and allegedly inflated collateral to avoid loss of share value. In 2013, the court dismissed the claim and the decision was made to appeal to the US Court of Appeals for the 9th Circuit, which partially reversed the District Court and allowed the case to proceed to discovery. Originally, the Fund was not going to pursue the case because the

loss was \$165,000 and it was believed that larger pension funds would pursue the matter. As the filing deadline approached, it became clear that no one else was pursuing the claim and Jacksonville would have had no opportunity to receive any recovery if it did not file.

In re: Tower Group International, Ltd., Securities Litigation

No.: 13-cv-05852-AT (S.D. NY)

Update: The U.S. District Court dismissed the claims against the accounting firm. After extensive discussion and evaluation of the accounting firm claims among all plaintiffs' counsel, they recommended against an appeal.

History: This is an action against a Bermuda based insurance holding company that as a result of a merger had substantial reduction in its reserves causing the stock price to fall from \$21 per share to \$4.39 per share. Jacksonville sued along with the Oklahoma Firefighter Pension Fund and the Kansas City Pension Fund who collectively had \$1.1million in losses. The case was mediated to a resolution with a recovery for the class of \$22.5 million. Unfortunately, the aggregate losses were much larger but the holding company in which all the class members held stock was effectively insolvent. The recovery was paid by the officer and director insurance policies. Claims against the accounting firm for the company remain open. No class members objected and a final order is expected at any time.

As this case is resolved, the above will be the final entry on this matter.

Birmingham Fireman's and Policeman's Supplemental Pension System v. Plains All-American Pipeline, L.P.

No.: 15-cv-02404 (S.D. Tex.)

Update: Nothing new to report.

History: Plains is a firm that operates oil pipeline and energy infrastructure, which sustained a large oil spill in California in 2015. In its public filings pursuant to the Securities Act, it is alleged that the company mislead investors regarding their oil pipeline monitoring and safety measure failures leading to a dramatic drop in share price after the issues were publicly revealed. Several funds filed suit against the company, including Jacksonville, however Jacksonville was not near the largest losses in this litigation, so it withdrew its claim for class status. During discovery it was revealed that the lead plaintiff, IAM National Pension Fund, did not purchase stock in Plains' secondary offerings, but Jacksonville did. Jacksonville moved for status as lead plaintiff in these secondary offerings, which was granted. Discovery is continuing.

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

RANDALL WYSE, JOHN LAMB,
MARK ROBERTS, AND
LATORRENCE NORRIS,

Plaintiffs,

Case No. 3:13-cv-121-J-34 MCR

v.

CITY OF JACKSONVILLE,

Defendant,

and

JACKSONVILLE POLICE AND FIRE
PENSION FUND BOARD OF TRUSTEES,

Defendant.

_____ /

ANNUAL JOINT STATUS REPORT

COME NOW the Parties, by and through their undersigned counsel and pursuant to this Court's Order (Doc. # 119, 10-29-15), and file this Joint Status Report.

1. On October 29, 2015, at the parties' request, this Court entered a Consent Judgment (Doc. # 119, 10-29-15) based on the Parties' "Retirement Reform Agreement" (Doc. # 119-1, 10-29-15). The Consent Judgment dismissed this matter with prejudice subject to certain reservations of jurisdiction. Paragraph "C" of the Consent Judgment included the following directive:

Pursuant to paragraph II (F) of the Agreement, by October 15, 2016, and every twelve (12) months thereafter for the duration

of the Agreement, the Parties must file a joint status report with the Court confirming their compliance with the obligation to make the unfunded liability payments set forth in paragraph III (D) on pages 31-34 of the Agreement.

2. The Parties are in compliance with their obligations under the “Retirement Reform Agreement.”

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 15th day of October, 2016, I filed the foregoing with the Clerk of the Court by using the CM/ECF system which will automatically send a notice to all counsel of record.

Respectfully submitted,

<p><u>/s/ Paul A. Donnelly</u> Paul A. Donnelly, Trial Counsel Florida Bar No. 813613 paul@donnellygross.com James Sullivan Florida Bar No.: 0584711 sully@donnellygross.com Donnelly & Gross, P. A. 2421 NW 41st Street, Suite A-1 Gainesville, FL 32606 Telephone: (352) 374-4001 Facsimile: (352) 374-4046 Counsel for Plaintiffs</p> <p>ROBERT D. KLAUSNER Florida Bar No.: 244082 PAUL A. DARAGJATI Florida Bar No.: 713813 KLAUSNER, KAUFMAN, JENSEN AND LEVINSON, P.A. 10059 N.W. 1st Court Plantation, Florida 33324 Telephone: (954) 916-1202 Fax: (954) 916-1232</p> <p>By: <u>/s/ Paul A. Daragjati</u> PAUL A. DARAGJATI, ESQ. Counsel for Defendant/ Cross-Plaintiff</p>	<p><u>/s/ Michael B. Wedner</u> Michael B. Wedner Senior Assistant General Counsel Florida Bar No.: 287431 Craig D. Feiser Assistant General Counsel Florida Bar No.: 0164593 Office of General Counsel 117 West Duval Street, Suite 480 Jacksonville, FL 32202 (904) 630-1719 (904) 630-1316 (facsimile) mwedner@coj.net cfeiser@coj.net Attorneys for City of Jacksonville</p>
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Summit Strategies Group

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Monthly Economic & Capital Market Update

September 2016

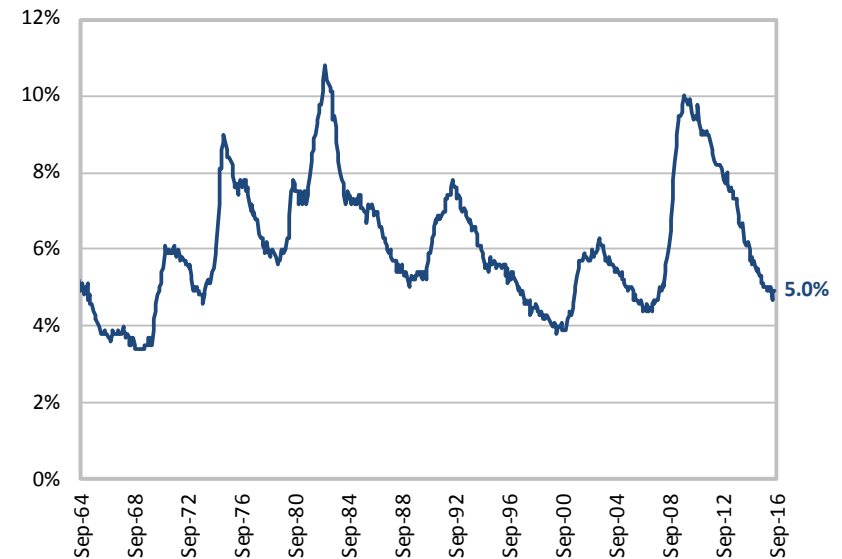
Economy

- September proved to be a relatively uneventful month for the economy and markets. The US Federal Reserve met and did not raise interest rates, as expected. Market-implied interest rate projections at the end of September suggested an approximately 60% chance the Fed raises rates in December (up 10 percentage points since August). While the next move from the Fed is likely to be an interest rate increase, central banks outside the US, particularly in Europe and Japan, are continuing to increase monetary policy accommodation. In this regard, the Bank of Japan increased the scope of its quantitative easing to include a target rate of 0% on 10-year Japanese government bonds during September.
- The US economy saw positive job growth for the 72nd consecutive month in September, adding 156,000 payrolls during the month. Despite September's figure coming in below economists' expectations of 175,000 new jobs, the labor market continues to expand at a pace that is likely to put upward pressure on inflation in coming months. Wages, as measured by average hourly earnings of private-sector workers, rose 2.6% over the 12 months ending September, matching the highest wage growth of the expansion. Historically there has been a strong relationship between wage growth and inflation in the US, as consumer spending is the biggest driver of changes in GDP and inflation. The unemployment rate and labor force participation rate both rose 10 basis points to 5.0% and 62.9%, respectively, and payrolls from July and August were revised downward by 7,000 total jobs.
- Real GDP grew at a 1.4% annualized rate during the second quarter of 2016 according to the final estimate from the Bureau of Economic Analysis. This estimate was above expectations for 1.2% growth, yet it marks the third straight quarter of growth below 2.0%. An increase in consumer spending contributed to the increase in real GDP but was modestly offset by drawdowns in inventory, as GDP less inventory investment increased 2.6% in the second quarter.
- The ISM non-manufacturing Purchasing Managers Index report rose to 57.1 in September, exceeding expectations of 53.0 and suggesting that August's figure of 51.4 was likely an outlier. The 5.7 point increase from last month is the largest increase on record for the Index, which uses 50.0 as a neutral reference point, or level of zero demand growth. September marked the 80th consecutive month of growth in the US services sector.

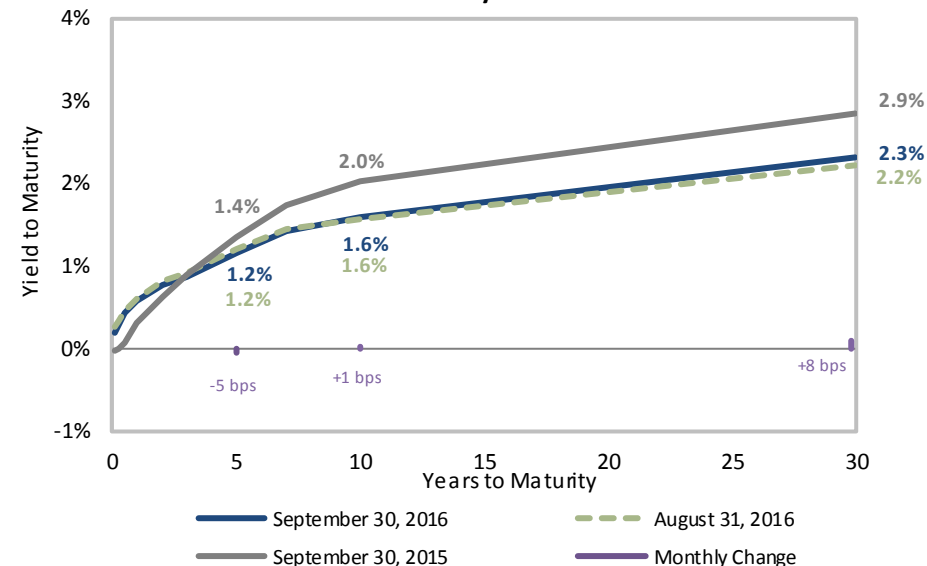
Yield Curve

- The yield curve was mostly unchanged during September. The spread between 2-year and 30-year Treasuries expanded 12 bps to 155 bps in September, remaining below the 30-year average spread of 167 bps.

Unemployment Rate



Treasury Yield Curve



Public Equities

- During the month of September global equity markets were positive across the board. Within the US market, small cap stocks outperformed their larger counterparts by 100 bps, bringing the one-year outperformance of small cap over large cap to 60 bps. International markets outperformed the US, with the MSCI EAFE Index and the MSCI EAFE Small Cap Index ending the month up 1.2% and 3.0%, respectively. As commodities continued to rebound, specifically oil, emerging markets continued to perform well, posting a return of 1.3% for the month.
- Master limited partnerships (MLPs) were up 1.9% for the month of September, regaining ground after returning -1.3% in August. Energy services were the biggest contributor for the month and year-to-date periods, returning 8.2% and 56.9%, respectively. The downstream sector was the only negative performer for the month, returning -3.6%; year-to-date downstream remains down -5.2%. MLP year-to-date returns were 15.9% as of the end of September.

Public Debt

- High yield continued its impressive 2016 run, posting gains for the seventh straight month. Spreads continued to tighten across the board, coming in by 7 bps.
- Local currency-denominated emerging market debt was the best-performing fixed income asset class for the month, with the index returning 2.1%. Yield compression was the primary driver of returns, with currency appreciation contributing as well.

Private Equity

- Larger deals continue to sell for relatively higher price multiples with the average over the first half of 2016 greater than the 2015 average, although there was a decrease in the second quarter of 2016. In contrast to this, deals involving companies that have less than \$50m in EBITDA experienced significantly lower multiples in the second quarter, with an average of 7.2x for the period; this is dramatically lower than the 10.7x average experienced in 2015. Data and manager sentiment suggest the lower multiples in the middle market demonstrate managers staying disciplined on pricing and walking away from deals with higher valuations, causing fewer deals to be completed.

Private Debt

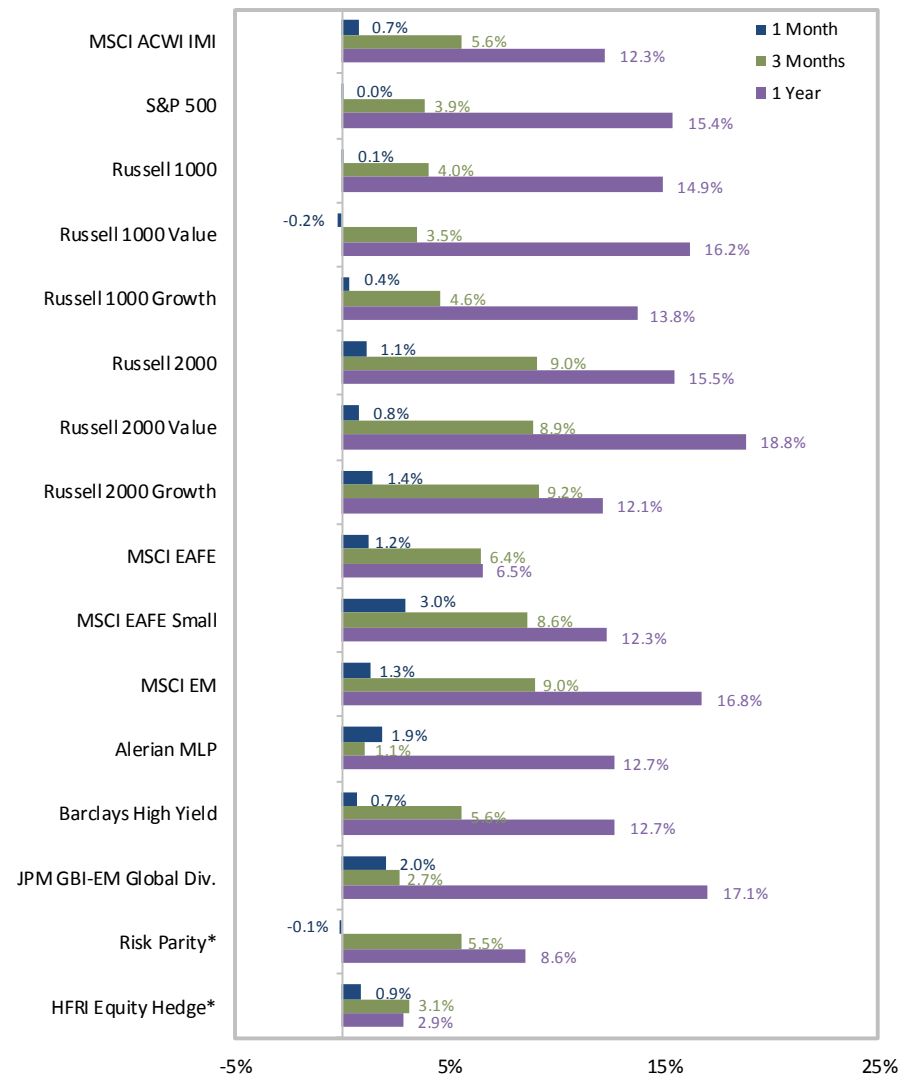
- Debt multiples suggest a similar dichotomy between middle market deals and larger deals. Average debt multiples for deals larger than \$50m in EBITDA essentially held constant with the multiples experienced in 2015 while deals in the middle market decreased markedly from 5.3x to 4.3x over the first half of 2016.

Risk Parity

- Risk parity strategies saw modest declines in August. Nominal bonds and commodities detracted while equities contributed.

Growth Hedge Funds

- Growth hedge funds contributed gains in August, led by activist and distressed strategies. Long/short equity also performed well, particularly value-oriented funds.



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

Public Debt

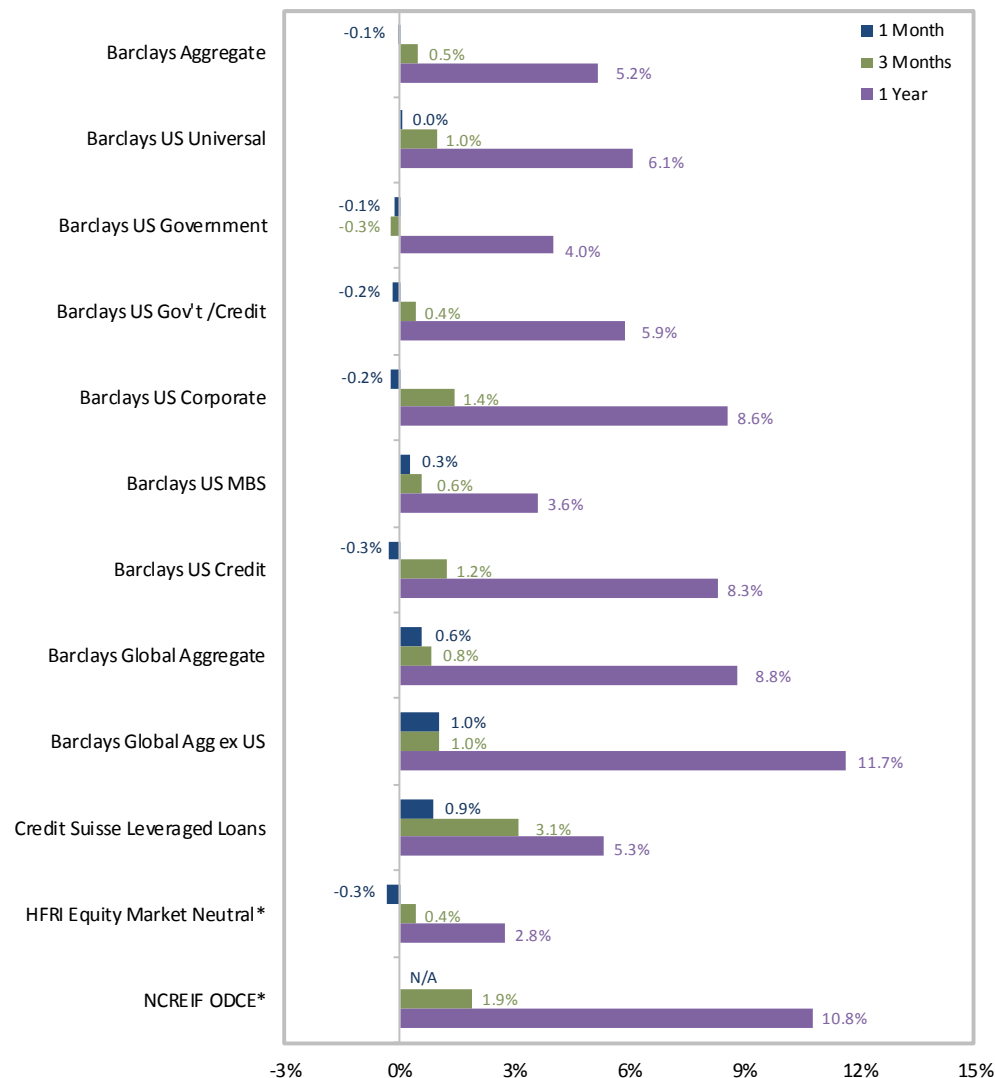
- The 10-year US Treasury yield ended September at 1.6%, the highest month-end yield since May's 1.8%. Markets are not expecting a Federal Reserve rate increase in November, though market-implied odds of a rate increase in December ended the month over 50%.
- Investment grade credit saw spreads increase during the month by 2 bps, and over the quarter spreads widened by 14 bps.
- Both the MBS and ABS segments of the Barclays Aggregate were the top-performing segment of the index during the month, returning 28 bps and 26 bps respectively.
- International bonds returned 1.0% during the month, with yield declines primarily driving returns.
- Leveraged loan prices continued to climb during the month, with almost 60% of the index trading above par at the end of September compared to __% one year ago.

Relative Value Hedge Funds

- Income hedge funds were mixed in August. Equity market neutral funds detracted, while fixed income-oriented strategies contributed.

Core Real Estate

- The second quarter NCREIF ODCE Index return was 2.1% gross, 1.9% net, with 110 bps of the return comprised of income, and appreciation making up the other 100 bps. While these returns reflect a drop in appreciation from previous quarters they remain in line with historic norms. Seventy-six consecutive months of job growth in the US have been a tailwind for core real estate returns.



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

Inflation

- Inflation expectations continued to increase in September. At the end of the month ten-year breakeven inflation expectations were 1.62% compared to 1.47% at the end of August.

Deflation

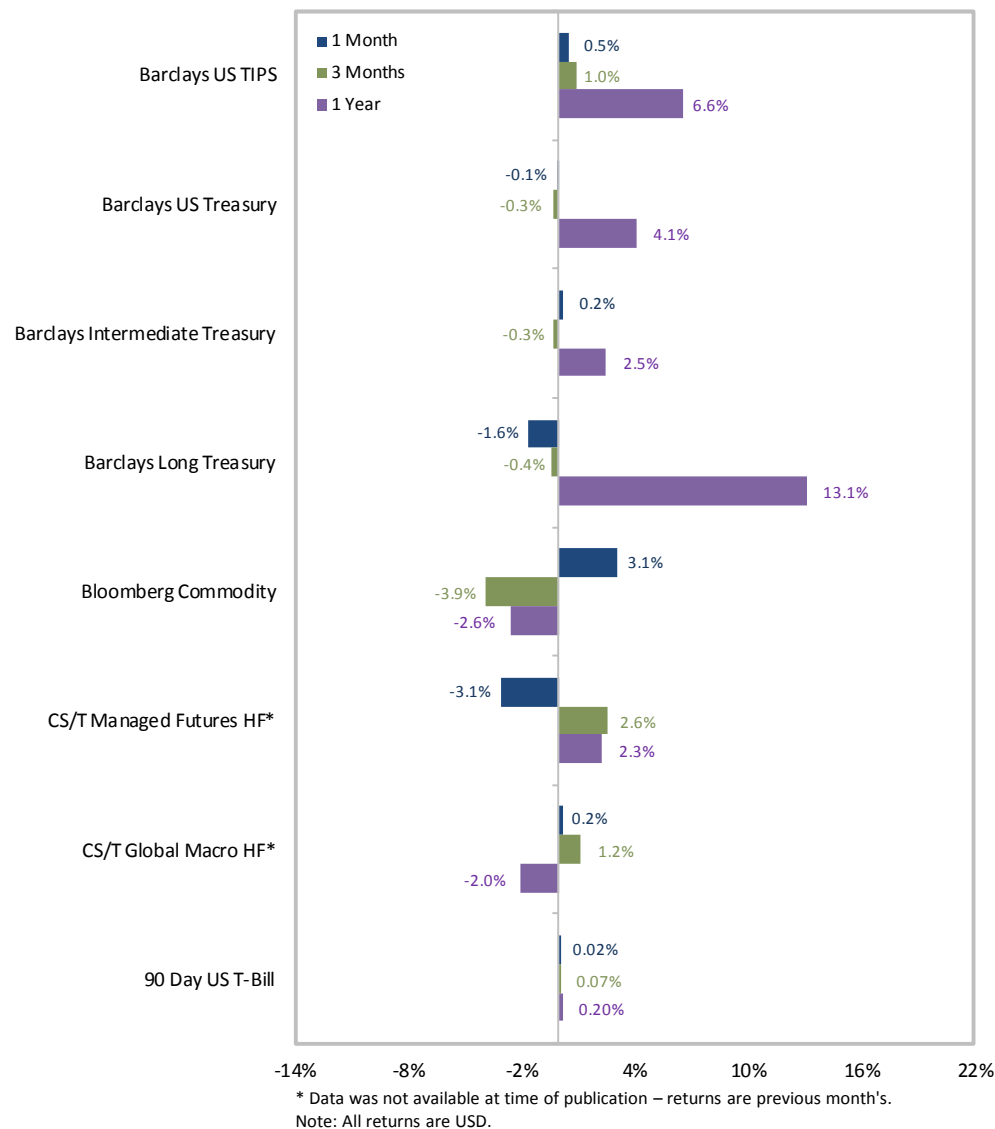
- The Barclays Long Treasury Index had a negative return for the second straight month, as the yield of the Index increased 10 bps to 2.21% versus 2.11% at the end of August.

Commodities

- The Bloomberg Commodity Index gained 3.1% during September. Wheat was up 11.4% for the month of September, but remains down 21.6% for the trailing 12-month period. Energy outperformed as WTI crude oil advanced 7.9%, and heating oil and gasoline gained 8.3% and 5.3%, respectively. Outperformance in energy was stimulated by production freeze agreements made by OPEC leaders at the end of September, as well as a weaker US dollar. Live cattle and lean hogs were major detractors from performance; although they only account for approximately 4% of the Index, the sectors were down 11.7% and 22.0% for the month, respectively.

Tactical Trading

- Diversification hedge funds detracted in August. CTAs detracted on trend reversals, while global macro funds were slightly positive.



DISCLOSURES

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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

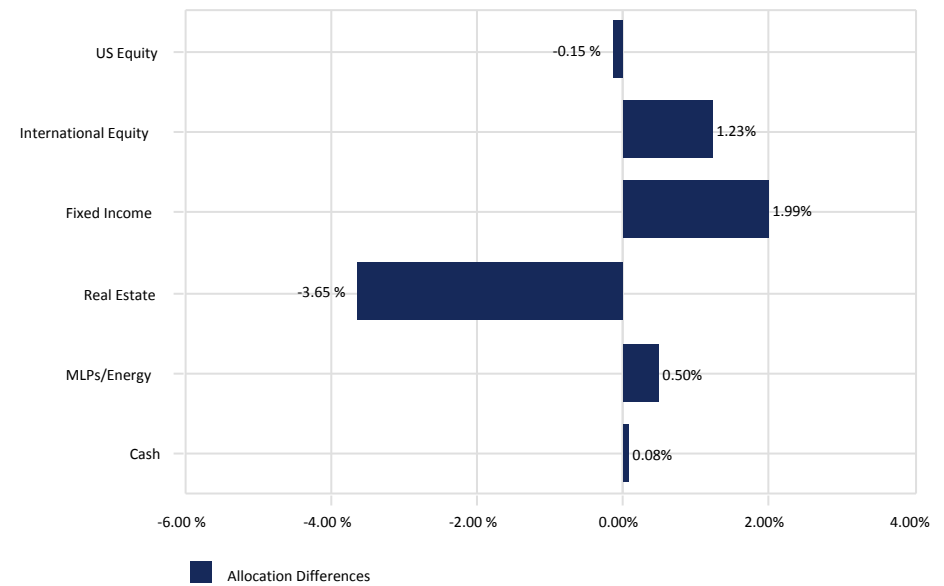
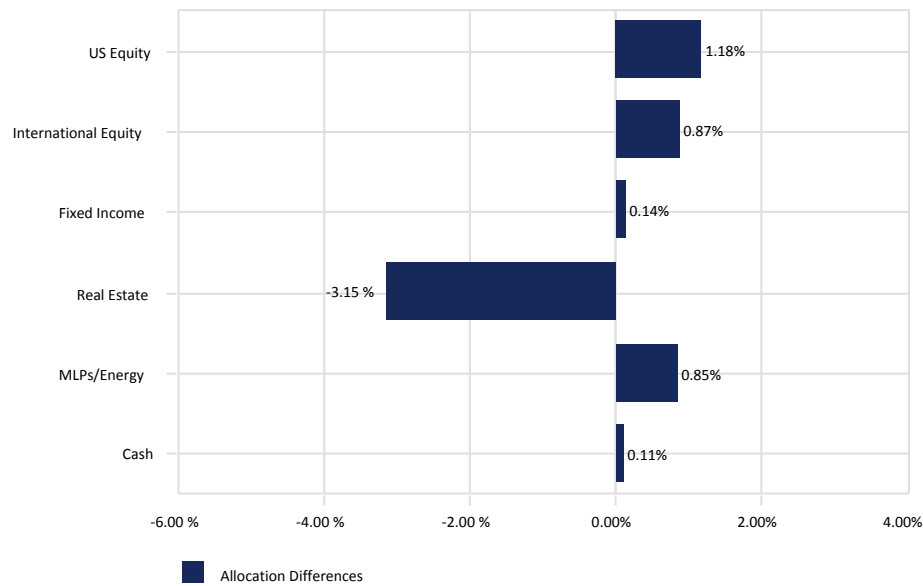
Flash Report

September 30, 2016

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

September 30, 2016



September 30, 2016

	<u>Market Value</u> <u>(\$)</u>	<u>Allocation</u> <u>(%)</u>	<u>Target</u> <u>(%)</u>
US Equity	642,525,647	40.18	39.00
International Equity	333,729,597	20.87	20.00
Fixed Income	330,054,270	20.64	20.50
Real Estate	189,585,522	11.85	15.00
MLPs/Energy	101,576,733	6.35	5.50
Cash	1,754,355	0.11	0.00
Total Fund	1,599,226,126	100.00	100.00

June 30, 2016

	<u>Market Value</u> <u>(\$)</u>	<u>Allocation</u> <u>(%)</u>	<u>Target</u> <u>(%)</u>
US Equity	636,040,652	38.85	39.00
International Equity	347,470,257	21.23	20.00
Fixed Income	368,229,746	22.49	20.50
Real Estate	185,740,455	11.35	15.00
MLPs/Energy	98,156,472	6.00	5.50
Cash	1,388,981	0.08	0.00
Total Fund	1,637,026,562	100.00	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

September 30, 2016

	Asset \$	Asset %	Performance(%)							
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund Composite	1,599,226,126	100.00	0.79	4.42	7.28	10.98	10.98	6.18	10.41	6.05
<i>Total Fund Policy</i>			<i>0.39</i>	<i>3.34</i>	<i>7.37</i>	<i>10.34</i>	<i>10.34</i>	<i>6.17</i>	<i>10.04</i>	<i>5.52</i>
Excess Return			0.40	1.08	-0.09	0.64	0.64	0.01	0.37	0.53
Total Equity	976,255,245	61.05	0.92	6.34	7.17	13.08	13.08	6.25	12.76	-
US Equity	642,525,647	40.18	0.45	5.09	6.83	13.47	13.47	8.46	15.29	7.54
<i>US Equity Index</i>			<i>0.16</i>	<i>4.40</i>	<i>8.18</i>	<i>14.96</i>	<i>14.96</i>	<i>10.44</i>	<i>16.36</i>	<i>7.47</i>
Excess Return			0.29	0.69	-1.35	-1.49	-1.49	-1.98	-1.07	0.07
International Equity	333,729,597	20.87	1.77	8.56	7.70	12.05	12.05	1.83	7.54	2.02
<i>International Equity Index</i>			<i>1.28</i>	<i>7.00</i>	<i>6.29</i>	<i>9.80</i>	<i>9.80</i>	<i>0.64</i>	<i>6.52</i>	<i>1.90</i>
Excess Return			0.49	1.56	1.41	2.25	2.25	1.19	1.02	0.12
Fixed Income	330,054,270	20.64	0.15	1.09	6.39	5.69	5.69	3.83	3.25	4.78
<i>Blmbg. Barc. U.S. Aggregate</i>			<i>-0.06</i>	<i>0.46</i>	<i>5.80</i>	<i>5.19</i>	<i>5.19</i>	<i>4.03</i>	<i>3.08</i>	<i>4.79</i>
Excess Return			0.21	0.63	0.59	0.50	0.50	-0.20	0.17	-0.01
Real Estate	189,585,522	11.85	0.65	2.12	6.32	9.83	9.83	12.32	12.82	7.96
<i>NCREIF Fund Index - ODCE [M]</i>			<i>0.00</i>	<i>0.00</i>	<i>4.36</i>	<i>7.85</i>	<i>7.85</i>	<i>11.69</i>	<i>11.94</i>	<i>5.80</i>
Excess Return			0.65	2.12	1.96	1.98	1.98	0.63	0.88	2.16
<i>NCREIF Property Index</i>			<i>0.00</i>	<i>0.00</i>	<i>4.29</i>	<i>7.33</i>	<i>7.33</i>	<i>10.66</i>	<i>10.79</i>	<i>7.04</i>
MLPs/Energy	101,576,733	6.35	2.02	3.49	15.47	14.53	14.53	1.51	11.12	-
<i>S&P MLP Index</i>			<i>1.68</i>	<i>2.92</i>	<i>18.03</i>	<i>10.12</i>	<i>10.12</i>	<i>-4.38</i>	<i>5.51</i>	<i>-</i>
Excess Return			0.34	0.57	-2.56	4.41	4.41	5.89	5.61	-
Cash	1,754,355	0.11	0.06	0.12	0.22	0.27	0.27	0.70	0.70	3.42

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

September 30, 2016

	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	165,659,609	10.36	0.02	3.85	7.88	15.50	15.50	11.23	16.42	7.26	5.23	Jan-1999
S&P 500			0.02	3.85	7.84	15.43	15.43	11.16	16.37	7.24	5.22	
Excess Return			0.00	0.00	0.04	0.07	0.07	0.07	0.05	0.02	0.01	
Eagle Capital Management	173,637,760	10.86	0.59	5.09	3.47	10.29	10.29	9.50	16.44	-	12.31	Apr-2011
Russell 1000 Value Index			-0.21	3.48	10.00	16.19	16.19	9.70	16.15	-	10.85	
Excess Return			0.80	1.61	-6.53	-5.90	-5.90	-0.20	0.29	-	1.46	
Brown Investment Advisory	85,568,469	5.35	0.47	3.69	2.34	10.33	10.33	-	-	-	7.60	Nov-2013
Russell 1000 Growth Index			0.37	4.58	6.00	13.76	13.76	-	-	-	10.53	
Excess Return			0.10	-0.89	-3.66	-3.43	-3.43	-	-	-	-2.93	
Sawgrass Asset Management	87,446,789	5.47	-0.84	0.58	5.22	11.61	11.61	-	-	-	9.72	Nov-2013
Russell 1000 Growth Index			0.37	4.58	6.00	13.76	13.76	-	-	-	10.53	
Excess Return			-1.21	-4.00	-0.78	-2.15	-2.15	-	-	-	-0.81	
Wedge Capital Mgmt	64,190,864	4.01	0.10	-	-	-	-	-	-	-	0.10	Sep-2016
Russell 2000 Value Index			0.79	-	-	-	-	-	-	-	0.79	
Excess Return			-0.69	-	-	-	-	-	-	-	-0.69	
Pinnacle	66,022,157	4.13	3.54	10.41	1.89	12.53	12.53	6.78	17.03	-	21.14	Mar-2009
Russell 2500 Growth Index			0.29	6.98	6.95	11.02	11.02	7.43	16.20	-	19.68	
Excess Return			3.25	3.43	-5.06	1.51	1.51	-0.65	0.83	-	1.46	
International Equity												
NT EAFE Index Fund	82,791,648	5.18	1.26	6.48	2.10	6.81	6.81	0.77	-	-	5.34	Apr-2012
MSCI EAFE Index (Net)			1.23	6.43	1.73	6.52	6.52	0.48	-	-	5.02	
Excess Return			0.03	0.05	0.37	0.29	0.29	0.29	-	-	0.32	
Baillie Gifford	97,966,173	6.13	3.53	11.48	8.95	15.76	15.76	2.32	10.46	-	5.20	Mar-2011
MSCI EAFE Growth Index (Net)			1.49	4.96	2.63	9.47	9.47	2.39	8.73	-	3.95	
Excess Return			2.03	6.52	6.32	6.29	6.29	-0.07	1.73	-	1.25	
Silchester	64,131,151	4.01	0.82	6.76	5.58	9.16	9.16	4.09	-	-	6.10	Sep-2013
MSCI EAFE Value Index (Net)			0.97	7.99	0.82	3.52	3.52	-1.49	-	-	0.99	
Excess Return			-0.15	-1.23	4.76	5.64	5.64	5.58	-	-	5.11	
Acadian Emerging Mkts Equity II Fund	88,840,625	5.56	1.32	9.79	17.04	16.40	16.40	-	-	-	-0.42	Jan-2014
MSCI Emerging Markets (Net)			1.29	9.03	16.02	16.78	16.78	-	-	-	-1.27	
Excess Return			0.03	0.76	1.02	-0.38	-0.38	-	-	-	0.85	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

September 30, 2016

	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	125,231,526	7.83	-0.06	0.46	5.87	5.23	5.23	4.08	-	-	2.94	Feb-2013
<i>Blmbg. Barc. U.S. Aggregate</i>			-0.06	0.46	5.80	5.19	5.19	4.03	-	-	2.94	
Excess Return			0.00	0.00	0.07	0.04	0.04	0.05	-	-	0.00	
Eaton Vance Instl Senior Loan Trust	41,168,899	2.57	0.89	2.89	7.82	5.67	5.67	3.47	-	-	3.55	Mar-2013
<i>CS Leveraged Loan Index</i>			0.87	3.10	7.46	5.35	5.35	3.62	-	-	3.79	
Excess Return			0.02	-0.21	0.36	0.32	0.32	-0.15	-	-	-0.24	
Thompson Siegel Fixed	163,653,845	10.23	0.13	1.25	6.52	6.14	6.14	4.34	4.14	5.40	6.38	Aug-1991
<i>Thompson Policy Index</i>			-0.06	0.46	5.80	5.19	5.19	4.03	3.08	4.71	6.15	
Excess Return			0.19	0.79	0.72	0.95	0.95	0.31	1.06	0.69	0.23	
Real Estate												
JP Morgan	144,301,596	9.02	0.65	2.06	6.09	9.67	9.67	12.09	12.71	6.74	8.29	Apr-2005
<i>NCREIF Fund Index - ODCE [M]</i>			0.00	0.00	4.36	7.85	7.85	11.69	11.94	5.80	7.44	
Excess Return			0.65	2.06	1.73	1.82	1.82	0.40	0.77	0.94	0.85	
Principal Global Investments	45,283,926	2.83	0.64	2.30	7.09	10.35	10.35	13.06	-	-	13.42	Apr-2013
<i>NCREIF Fund Index - ODCE [M]</i>			0.00	0.00	4.36	7.85	7.85	11.69	-	-	12.25	
Excess Return			0.64	2.30	2.73	2.50	2.50	1.37	-	-	1.17	
MLPs/Energy												
Harvest MLP	51,449,602	3.22	2.02	4.39	17.93	13.44	13.44	1.41	11.26	-	10.28	Mar-2011
<i>S&P MLP Index</i>			1.68	2.92	18.03	10.12	10.12	-4.38	5.51	-	3.38	
Excess Return			0.34	1.47	-0.10	3.32	3.32	5.79	5.75	-	6.90	
Tortoise MLP	50,127,131	3.13	2.02	2.57	13.04	15.68	15.68	1.50	10.91	-	9.53	Mar-2011
<i>S&P MLP Index</i>			1.68	2.92	18.03	10.12	10.12	-4.38	5.51	-	3.38	
Excess Return			0.34	-0.35	-4.99	5.56	5.56	5.88	5.40	-	6.15	
Cash	1,754,355	0.11	0.06	0.12	0.22	0.27	0.27	0.70	0.70	3.42	8.52	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

September 30, 2016

	Asset \$	Asset %	Performance(%)							
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund Composite	1,599,226,126	100.00	0.74	4.29	6.91	10.48	10.48	5.68	9.89	5.70
<i>Total Fund Policy</i>			<i>0.39</i>	<i>3.34</i>	<i>7.37</i>	<i>10.34</i>	<i>10.34</i>	<i>6.17</i>	<i>10.04</i>	<i>5.52</i>
Excess Return			0.35	0.95	-0.46	0.14	0.14	-0.49	-0.15	0.18
Total Equity	976,255,245	61.05	0.88	6.23	6.79	12.57	12.57	5.75	12.23	-
US Equity	642,525,647	40.18	0.43	4.98	6.43	12.94	12.94	7.92	14.70	7.18
<i>US Equity Index</i>			<i>0.16</i>	<i>4.40</i>	<i>8.18</i>	<i>14.96</i>	<i>14.96</i>	<i>10.44</i>	<i>16.36</i>	<i>7.47</i>
Excess Return			0.27	0.58	-1.75	-2.02	-2.02	-2.52	-1.66	-0.29
International Equity	333,729,597	20.87	1.70	8.45	7.35	11.60	11.60	1.42	7.13	1.67
<i>International Equity Index</i>			<i>1.28</i>	<i>7.00</i>	<i>6.29</i>	<i>9.80</i>	<i>9.80</i>	<i>0.64</i>	<i>6.52</i>	<i>1.90</i>
Excess Return			0.42	1.45	1.06	1.80	1.80	0.78	0.61	-0.23
Fixed Income	330,054,270	20.64	0.15	1.08	6.30	5.55	5.55	3.68	3.09	4.66
<i>Blmbg. Barc. U.S. Aggregate</i>			<i>-0.06</i>	<i>0.46</i>	<i>5.80</i>	<i>5.19</i>	<i>5.19</i>	<i>4.03</i>	<i>3.08</i>	<i>4.79</i>
Excess Return			0.21	0.62	0.50	0.36	0.36	-0.35	0.01	-0.13
Real Estate	189,585,522	11.85	0.46	1.71	5.60	8.82	8.82	11.27	11.75	7.29
<i>NCREIF Fund Index - ODCE [M]</i>			<i>0.00</i>	<i>0.00</i>	<i>4.36</i>	<i>7.85</i>	<i>7.85</i>	<i>11.69</i>	<i>11.94</i>	<i>5.80</i>
Excess Return			0.46	1.71	1.24	0.97	0.97	-0.42	-0.19	1.49
<i>NCREIF Property Index</i>			<i>0.00</i>	<i>0.00</i>	<i>4.29</i>	<i>7.33</i>	<i>7.33</i>	<i>10.66</i>	<i>10.79</i>	<i>7.04</i>
MLPs/Energy	101,576,733	6.35	1.93	3.30	14.82	13.67	13.67	0.74	10.32	-
<i>S&P MLP Index</i>			<i>1.68</i>	<i>2.92</i>	<i>18.03</i>	<i>10.12</i>	<i>10.12</i>	<i>-4.38</i>	<i>5.51</i>	<i>-</i>
Excess Return			0.25	0.38	-3.21	3.55	3.55	5.12	4.81	-
Cash	1,754,355	0.11	0.06	0.12	0.22	0.27	0.27	0.70	0.35	3.24

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

September 30, 2016

	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	165,659,609	10.36	0.02	3.85	7.86	15.47	15.47	11.20	16.37	7.22	5.21	Jan-1999
S&P 500			0.02	3.85	7.84	15.43	15.43	11.16	16.37	7.24	5.22	
Excess Return			0.00	0.00	0.02	0.04	0.04	0.04	0.00	-0.02	-0.01	
Eagle Capital Management	173,637,760	10.86	0.59	4.97	2.98	9.57	9.57	8.71	15.59	-	11.52	Apr-2011
Russell 1000 Value Index			-0.21	3.48	10.00	16.19	16.19	9.70	16.15	-	10.85	
Excess Return			0.80	1.49	-7.02	-6.62	-6.62	-0.99	-0.56	-	0.67	
Brown Investment Advisory	85,568,469	5.35	0.47	3.60	2.11	10.03	10.03	-	-	-	7.39	Nov-2013
Russell 1000 Growth Index			0.37	4.58	6.00	13.76	13.76	-	-	-	10.53	
Excess Return			0.10	-0.98	-3.89	-3.73	-3.73	-	-	-	-3.14	
Sawgrass Asset Management	87,446,789	5.47	-0.84	0.53	5.10	11.43	11.43	-	-	-	9.50	Nov-2013
Russell 1000 Growth Index			0.37	4.58	6.00	13.76	13.76	-	-	-	10.53	
Excess Return			-1.21	-4.05	-0.90	-2.33	-2.33	-	-	-	-1.03	
Wedge Capital Mgmt	64,190,864	4.01	0.10	-	-	-	-	-	-	-	0.10	Sep-2016
Russell 2000 Value Index			0.79	-	-	-	-	-	-	-	0.79	
Excess Return			-0.69	-	-	-	-	-	-	-	-0.69	
Pinnacle	66,022,157	4.13	3.27	10.13	1.25	11.64	11.64	5.95	16.15	-	20.41	Mar-2009
Russell 2500 Growth Index			0.29	6.98	6.95	11.02	11.02	7.43	16.20	-	19.68	
Excess Return			2.98	3.15	-5.70	0.62	0.62	-1.48	-0.05	-	0.73	
International Equity												
NT EAFE Index Fund	82,791,648	5.18	1.26	6.48	2.07	6.75	6.75	0.71	-	-	5.28	Apr-2012
MSCI EAFE Index (Net)			1.23	6.43	1.73	6.52	6.52	0.48	-	-	5.02	
Excess Return			0.03	0.05	0.34	0.23	0.23	0.23	-	-	0.26	
Baillie Gifford	97,966,173	6.13	3.53	11.48	8.78	15.43	15.43	1.86	9.93	-	4.76	Mar-2011
MSCI EAFE Growth Index (Net)			1.49	4.96	2.63	9.47	9.47	2.39	8.73	-	3.95	
Excess Return			2.03	6.52	6.15	5.96	5.96	-0.53	1.20	-	0.81	
Silchester	64,131,151	4.01	0.76	6.55	4.97	8.32	8.32	3.28	-	-	5.27	Sep-2013
MSCI EAFE Value Index (Net)			0.97	7.99	0.82	3.52	3.52	-1.49	-	-	0.99	
Excess Return			-0.21	-1.44	4.15	4.80	4.80	4.77	-	-	4.28	
Acadian Emerging Mkts Equity II Fund	88,840,625	5.56	1.06	9.50	16.14	15.51	15.51	-	-	-	-0.89	Jan-2014
MSCI Emerging Markets (Net)			1.29	9.03	16.02	16.78	16.78	-	-	-	-1.27	
Excess Return			-0.23	0.47	0.12	-1.27	-1.27	-	-	-	0.38	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

September 30, 2016

	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	125,231,526	7.83	-0.06	0.46	5.85	5.20	5.20	4.05	-	-	2.91	Feb-2013
Blmbg. Barc. U.S. Aggregate			-0.06	0.46	5.80	5.19	5.19	4.03	-	-	2.94	
Excess Return			0.00	0.00	0.05	0.01	0.01	0.02	-	-	-0.03	
Eaton Vance Instl Senior Loan Trust	41,168,899	2.57	0.89	2.89	7.53	5.24	5.24	3.00	-	-	3.06	Mar-2013
CS Leveraged Loan Index			0.87	3.10	7.46	5.35	5.35	3.62	-	-	3.79	
Excess Return			0.02	-0.21	0.07	-0.11	-0.11	-0.62	-	-	-0.73	
Thompson Siegel Fixed	163,653,845	10.23	0.13	1.21	6.38	5.96	5.96	4.16	3.97	5.28	6.33	Aug-1991
Thompson Policy Index			-0.06	0.46	5.80	5.19	5.19	4.03	3.08	4.71	6.15	
Excess Return			0.19	0.75	0.58	0.77	0.77	0.13	0.89	0.57	0.18	
Real Estate												
JP Morgan	144,301,596	9.02	0.42	1.59	5.33	8.62	8.62	11.00	11.62	6.06	7.69	Apr-2005
NCREIF Fund Index - ODCE [M]			0.00	0.00	4.36	7.85	7.85	11.69	11.94	5.80	7.44	
Excess Return			0.42	1.59	0.97	0.77	0.77	-0.69	-0.32	0.26	0.25	
Principal Global Investments	45,283,926	2.83	0.58	2.09	6.45	9.47	9.47	12.14	-	-	12.48	Apr-2013
NCREIF Fund Index - ODCE [M]			0.00	0.00	4.36	7.85	7.85	11.69	-	-	12.25	
Excess Return			0.58	2.09	2.09	1.62	1.62	0.45	-	-	0.23	
MLPs/Energy												
Harvest MLP	51,449,602	3.22	1.84	4.21	17.27	12.57	12.57	0.63	10.44	-	9.51	Mar-2011
S&P MLP Index			1.68	2.92	18.03	10.12	10.12	-4.38	5.51	-	3.38	
Excess Return			0.16	1.29	-0.76	2.45	2.45	5.01	4.93	-	6.13	
Tortoise MLP	50,127,131	3.13	2.02	2.38	12.40	14.82	14.82	0.72	10.13	-	8.80	Mar-2011
S&P MLP Index			1.68	2.92	18.03	10.12	10.12	-4.38	5.51	-	3.38	
Excess Return			0.34	-0.54	-5.63	4.70	4.70	5.10	4.62	-	5.42	
Cash	1,754,355	0.11	0.06	0.12	0.22	0.27	0.27	0.70	0.35	3.24	8.42	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Benchmark Composition Total Fund & US Equity & International Equity

As of September 30, 2016

Total Fund Policy Index

	(%)
Mar-2016	
Russell 3000 Index	39.00
MSCI AC World ex USA (Net)	20.00
Blmbg. Barc. U.S. Aggregate	20.50
NCREIF Fund Index - ODCE [M]	15.00
S&P MLP Index	5.50
Mar-2013	
Russell 3000 Index	35.00
MSCI AC World ex USA (Net)	20.00
Blmbg. Barc. U.S. Aggregate	22.50
NCREIF Fund Index - ODCE [M]	15.00
S&P MLP Index	7.50
Apr-2012	
Russell 3000 Index	40.00
MSCI AC World ex USA (Net)	20.00
Blmbg. Barc. U.S. Aggregate	25.00
NCREIF Fund Index - ODCE [M]	10.00
S&P MLP Index	5.00
Jun-2011	
Russell 3000 Index	40.00
MSCI EAFE Index	20.00
Blmbg. Barc. U.S. Aggregate	25.00
NCREIF Fund Index - ODCE [M]	10.00
S&P MLP Index	5.00

Jul-2009

Russell 3000 Index	40.00
MSCI EAFE Index	20.00
Blmbg. Barc. U.S. Aggregate	25.00
NCREIF Fund Index - ODCE [M]	15.00

Oct-2008

Dow Jones US Total Stock Market Index	50.00
MSCI EAFE Index	10.00
BofA Merrill Lynch Gov Corp Master	30.00
NCREIF Fund Index - ODCE [M]	10.00

Apr-1989

Dow Jones US Total Stock Market Index	50.00
MSCI EAFE Index	10.00
BofA Merrill Lynch Gov Corp Master	35.00
NCREIF Fund Index - ODCE [M]	5.00

US Equity Index

	(%)
Jul-2009	
Russell 3000 Index	100.00
Jan-1988	
Dow Jones US Total Stock Market Index	100.00

International Equity Index

	(%)
Oct-2009	
MSCI AC World ex USA	100.00
Feb-1999	
MSCI EAFE Index	100.00

Thompson Siegal Policy

	(%)
Oct-2009	
Blmbg. Barc. U.S. Aggregate	100.00
Dec-1975	
BofA Merrill Lynch Gov Corp Master	100.00

City of Jacksonville Police & Fire Fund
Asset Allocation as of September 30, 2016

	% Current Target	% Actual	% Difference from Current Target	\$ Current Target	\$ Actual	\$ Difference
A. Total Equity	59.00%	61.05%	2.05%	\$943,543,414	\$976,255,245	\$32,711,831
1. Domestic Large Cap Equity (70% of Domestic)	31.40%	32.04%	0.64%	502,157,003	512,312,627	10,155,623
NT S&P 500 Index Fund		10.36%	10.36%		165,659,609	165,659,609
Eagle Capital Management		10.86%	10.86%		173,637,760	173,637,760
Brown Advisory		5.35%	5.35%		85,568,469	85,568,469
Sawgrass Asset Management		5.47%	5.47%		87,446,789	87,446,789
2. Domestic Small/Mid Cap Equity (30% of Domestic)	7.60%	8.14%	0.54%	121,541,186	130,213,021	8,671,835
Wedge Capital Mgmt		4.01%	4.01%		64,190,864	64,190,864
Pinnacle		4.13%	4.13%		66,022,157	66,022,157
3. International Equity Developed	14.00%	15.31%	1.31%	223,891,658	244,888,972	20,997,314
NT EAFE Index Fund		5.18%	5.18%		82,791,648	82,791,648
Baillie Gifford		6.13%	6.13%		97,966,173	97,966,173
Silchester		4.01%	4.01%		64,131,151	64,131,151
4. International Emerging Markets	6.00%	5.56%	(0.44%)	95,953,568	88,840,625	(7,112,942)
Acadian Emerging Markets		5.56%	5.56%		88,840,625	88,840,625
B. Total Fixed Income	20.50%	20.75%	0.25%	\$327,841,356	\$331,808,626	\$3,967,270
1. Core Fixed Income	4.00%	18.06%	14.06%	63,969,045	288,885,371	224,916,326
NTGI Aggregate Bond Index		7.83%	7.83%		125,231,526	125,231,526
Thompson Siegel Fixed		10.23%	10.23%		163,653,845	163,653,845
2. Core Plus	15.50%	0.00%	(15.50%)	247,880,049	0	(247,880,049)
Manager TBD		0.00%	0.00%		0	0
3. Senior Bank Notes	0.00%	2.57%	2.57%	0	41,168,899	41,168,899
Eaton Vance Instl Senior Loan Trust		2.57%	2.57%		41,168,899	41,168,899
4. TIPS	0.00%	0.00%	0.00%	0	0	0
NTGI TIPS		0.00%	0.00%		0	0
5. Emerging Market Debt	0.00%	0.00%	0.00%	0	0	0
Manager TBD		0.00%	0.00%		0	0
6. Cash/Paid Receipts	1.00%	0.11%	(0.89%)	15,992,261	1,754,355	(14,237,906)
C. Total Real Assets	20.50%	18.21%	(2.29%)	\$327,841,356	\$291,162,255	(\$36,679,101)
1. Real Estate	15.00%	11.85%	(3.15%)	239,883,919	189,585,522	(50,298,397)
JPM RE Strategic Property	5.00%	9.02%	4.02%	79,961,306	144,301,596	64,340,290
Principal Global Investments	5.00%	2.83%	(2.17%)	79,961,306	45,283,926	(34,677,381)
Non-Core Real Estate (TBD)	5.00%	0.00%	(5.00%)	79,961,306	0	(79,961,306)
2. MLPs / Timber / Commodities	5.50%	6.35%	0.85%	87,957,437	101,576,733	13,619,296
Harvest MLP		3.22%	3.22%		51,449,602	51,449,602
Tortoise MLP		3.13%	3.13%		50,127,131	50,127,131
D. TOTAL FUND	100.00%	100.00%			\$1,599,226,125	

DISCLAIMER

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



Summit Strategies Group

MEMORANDUM

8182 Maryland Avenue, 6th Floor
St. Louis, Missouri 63105
314.727.7211, fax 314.727.6068

Date: October 13, 2016

To: Board of Trustees, City of Jacksonville Police & Fire Pension Plan

Cc: Tim Johnson

From: Dan Holmes

Subject: Rebalancing Recommendation

Based on market values as of September 30, 2016, the allocation to Acadian Emerging Markets Fund is underweight relative to target by approximately \$7 million. Summit recommends redeeming \$7 million from the Northern Trust EAFE Index Fund and investing it in the Acadian Fund. This will bring their allocation to target. While emerging markets have performed well in 2016, Summit believes the asset class remains attractively priced and should continue to deliver competitive returns over the long-term.

Financial Investment Advisory Committee Report to the Police & Fire Pension Fund Board of Trustees

The decision to select a new actuary for the Police & Fire Pension Fund was difficult because we had three excellent firms to interview: Nyhart, GRS, and Foster & Foster. Members of the FIAC and Board of Trustees had an opportunity to hear presentations from each of the firms and ask questions. Then the FIAC met later that week to discuss the proposals and deliberate. The committee agreed that GRS and Nyhart were the top contenders because they did their homework and spent time addressing HB 1297. We called the account representatives from GRS and Nyhart to ask further questions and both representatives picked up right away. Both said that their firms would serve as a fiduciary (under a limited definition). The FIAC recommends that the Board of Trustees select GRS for the following reasons:

- 1.) GRS is a larger firm and had more resources at their disposal.
- 2.) Actuarial software as a check and balance on the programming.
- 3.) GRS discussed several funding scenarios related to HB 1297 in greater detail than the other firms.
- 4.) The GRS Lead Actuary (Pete Strong, FSA) indicated that the size of our fund made us a top priority and that he would transition some of his clients to another actuary to make sure that our account was serviced properly. He also said that he would provide his cell phone number.
- 5.) GRS provides GRS Advantage software, at no additional charge, which allows for performance benchmarking.
- 6.) GRS had the best pricing on the Annual Actuarial Valuation Report and Experience Study.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Eric B. Smith, Jr.", with a stylized flourish at the end.

Eric "Brian" Smith, Jr.
Chair, FIAC

September 8, 2016

To the Board of Trustees of the City of Jacksonville, Florida Police and Fire Pension Fund

We are pleased to confirm our understanding of the services we are to provide the City of Jacksonville, Florida Police and Fire Pension Fund (Fund) for the year ended September 30, 2016. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Fund as of and for the year ended September 30, 2016. 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 Trustees 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 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 KBLD, 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 oversight or regulatory bodies of 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 KBLD, LLC 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 an oversight or regulatory body. If we are aware that a federal agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We will begin our engagement on a date to be determined in consultation with management that will facilitate delivery of our report no later than the date required to meet applicable deadlines. Linda Dufresne 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 at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$29,465. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. 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. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. 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.

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,

Handwritten signature of KBLD LLC in cursive script.

KBLD, LLC

RESPONSE:

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

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____