

**JACKSONVILLE POLICE AND FIRE PENSION FUND  
BOARD OF TRUSTEES  
SPECIAL WORKSHOP MEETING SUMMARY – MARCH 17, 2016  
RICHARD “DICK” COHEE BOARD ROOM**

**PPFF MISSION STATEMENT:**

*To provide long term benefits to participants and their beneficiaries*

**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.

**PRESENT**

Chief Larry Schmitt, Chairman  
Lt. Richard Tuten III, Board Secretary  
William E. Scheu, Trustee

Brian Smith, FIAC Chairman  
Craig Lewis, FIAC Secretary  
Rob Kowkabany, FIAC  
Rodney VanPelt, FIAC

**STAFF**

Beth McCague, Interim Executive Director – Plan Administrator  
Dan Holmes, Summit Strategies  
Paul Daragjati, Fund Attorney – *arrived at 2:46pm*  
Devin Carter, Chief Financial Officer  
Debbie Manning, Executive Assistant

**EXCUSED**

Richard Patsy, Trustee  
Willard Payne, Trustee

**CITY REPRESENTATIVES INVITED**

Tommy Hazouri, City Council Liaison  
Steve Durden, Office of General Counsel  
Joey Greive, Fund Treasurer

## **GUESTS**

**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.

**CHAIRMAN SCHMITT CALLED THE MEETING TO ORDER AT 2:03PM**

## **PUBLIC SPEAKING PERIOD**

**NO REQUESTS FOR PUBLIC SPEAKING.**

## **SUMMIT STRATEGIES - DAN HOLMES INTRODUCTION**

**DAN HOLMES EXPLAINED TO THE BOARD THAT EACH MANAGER WAS SCHEDULED FOR A 30 MINUTE PRESENTATION. THE TOP FOUR WERE SELECTED FOR THE INTERVIEWS WITH THE BOARD.**

- **CORE PLUS MANAGER SEARCH – *attachment***

**IN THE BOOKLET, DAN HOLMES HAS CATEGORIZED THE MANAGERS. SUMMIT ASKED ALL OF THEM TO REDUCE / NEGOTIATE THEIR FEES. THERE IS NO BAD SELECTION. ALL OF THESE WILL GET THE BOARD WHERE IT WANTS TO BE.**

**DAN WOULD ALSO LIKE TO REVIEW PRUDENTIAL AND LM CAPITAL IF THE BOARD APPROVES.**

**THE FOURTH MANAGER, LOOMIS, WAS RECOMMENDED BY TRUSTEE PATSY AND JOEY GREIVE, CITY TREASURER, FOR REVIEW. THE GENERAL EMPLOYEES FUND USES THEM.**

- **SCHEDULED INTERVIEWS**
  - 2:15 – 2:45 – Loomis/Sayles

**THE REPRESENTATIVES FOR LOOMIS/SAYLES WERE JOHN MEYER AND BRIAN KENNEDY.**

**THEY MANAGE 230 BILLION IN ASSETS. LOOMIS IS KNOWN AS THE RESEARCH FIRM.**

**FULL DISCRETION STRATEGY – RETURN 8% NET, LONG TERM TO MAXIMIZE RETURN. BROAD GLOBAL OPPORTUNITY SET.**

**BRIAN KENNEDY STATED THEY DO THEIR RESEARCH. THEY TAKE ADVANTAGE OF DOWN MARKET. THEY TAKE RATING INTO CONSIDERATION. IS IT A SURVIVOR AND FUNDAMENTALLY IMPROVING.**

**LOOMIS HAS A BROAD EXPERIENCED STAFF. THEY MAKE DECISIONS JOINTLY. TEAM APPROACH. IF THERE IS A TIE, THEY LOOK AT MORE DISCUSSION. RISK MANAGEMENT TEAM IS IN HOUSE.**

**LONG TERM INVESTMENT POLICY – 3 TO 5 YRS.**

**AGGREGATE FEES WITH CITY OF JACKSONVILLE. SAME PORTFOLIO ACCOUNT WITH CITY.**

**NO CLIENT LAWSUITS.**

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- 2:55 – 3:25 – Blackrock

**PRESENTATION BEGAN AT 3:10PM**

**THE REPRESENTATIVES FOR BLACKROCK WERE LISA BOWMAN AND CHRIS BARR. WORLD'S LARGEST ASSET MANAGER.**

**BLACKROCK IS LOOKING FOR HIGH RETURNS, LOW RISK. THEY ARE A HUGE TRADER OF MORTGAGES. LOW RISK AND LIQUIDITY.**

**MAJOR STRATEGIES ARE CORE PLUS. THIS IS THE OLD BARCLAY PROJECT THAT MERGED. TRULY UNIQUE.**

**STANDARD FEE IS ABOVE 30 BASIS POINTS. WITH SUMMIT, 25 BASIS POINTS. IN SEPARATE ACCOUNT, NO PROBLEM.**

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- 3:35 – 4:05 – Neuberger/Berman

**PRESENTATION BEGAN AT 4:03PM**

**THE REPRESENTATIVES FOR NEUBERGER/BERMAN WERE MIKE SAVINELLI AND ANDREW JOHNSON.**

**NEUBERGER/BERMAN'S KEY FOCUS IS ON RISK MANAGEMENT.**

**ANDREW JOHNSON SAID THE FUND HAS CHOSEN A GOOD TIME FOR CORE PLUS. ATTRACTIVE RETURNS. NEUBERGER IS LOOKING FOR BEST VALUE WHENEVER IT IS AVAILABLE. THEY DON'T BELIEVE IN TAKING TOO MUCH RISK.**

**FEE PROPOSAL OFFERING 19.6.**

**LESS THAN 10% OR HIGH YIELD IN ENERGY.**

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- 4:15 – 4:45 – Western Asset

**THE REPRESENTATIVES FOR WESTERN ASSET WERE FRANCES COOMBES AND CARL EICHSTAEDT.**

**WESTERN TRIES NOT TO PUT ALL EGGS IN ONE BASKET.**

**CORE PLUS FEE IS 28 BASIS POINTS. MOST FAVORED NATION CLAUSE, NON NEGOTIABLE FEE.**

**ENERGY SECTOR POSITIVE.**

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**MAKING A DECISION:**

- **LOOMIS/SAYLES HAD THE SECOND HIGHEST FEES**
- **BLACKROCK HAS A 25 BASIS POINT FEE WITH SUMMIT**
- **NEUBERGER/BERMAN HAD A LOW FEE – LESS TRACKING ERROR**
- **WESTERN HAD THE HIGHEST FEE – HIGHER TRACKING ERROR**

**FURTHER DISCUSSION AFTER INTERVIEWS. DAN HOLMES WAS ASKED TO REVIEW THE PROS AND CONS AND NEGOTIATE FEES LOWER IF POSSIBLE.**

**CHAIRMAN SCHMITT ADJOURNED THE MEETING AT 5:48PM.**

**TO BE APPROVED AT THE BOARD OF TRUSTEE MEETING ON APRIL 15, 2016**

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Richard Tuten III, Board Secretary