JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING AGENDA – MARCH 17, 2017 – 9:00AM
RICHARD "DICK" COHEE BOARD ROOM

PRESENT

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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Bob Sugarman, Fund Attorney
Craig Coleman, Summit Strategies – *via webex*
Pete Strong, Fund Actuary
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Debbie Manning Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

CITY REPRESENTATIVES INVITED

Mike Weinstein, Director of Finance, City of Jacksonville
Jason Gabriel, Office of General Counsel
Anna Brosche, City Council Liaison
Joey Greive, Fund Treasurer
Steve Durden, Office of General Counsel
Lawsikia Hodges, Office of General Counsel

GUESTS

Linda Dufresne, KBLD – *via webex*

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

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

Donald G. Aspinwall, Retired Police Officer
Franklin C. Bailey Jr., Retired Firefighter Engineer
Christopher B. Chaffee, Retired Fire Lieutenant
Dean F. Hodge, Retired Firefighter

IV. PUBLIC SPEAKING PERIOD

V. CONSENT AGENDA - ITEMS 2017-03-(1-14)CA

2017-03-01CA
MEETING SUMMARY AND FINAL TRANSCRIPT APPROVED

1. Meeting Summary and Final Transcript of the Board of Trustee Meeting held on February 17, 2017. Copies held in the meeting files.

2017-03-02CA
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 - *2/1/2017 thru 2/28/2017*

1. Baker Gilmour Cardiovascular	$4,150.00
2. Sugarman & Susskind	$427.50
3. ACCESS	$1,180.25
4. Pension Board Consultants	$19,500.00
5. Klausner, Kaufman, Jensen & Levinson	$339.25
6. KBLD LLC	$25,000.00
TOTAL	**$50,597.00**

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 **$14,523.07**
2/1/2017 thru 2/28/2017

2017-03-03CA PENSION DISTRIBUTIONS

A. February 10, 2017	Regular Gross	$5,263,345.69
	Regular Lumpsum	$7,702.52
	Regular Rollover	$5,480.92
	Regular DROP Gross	$1,049,085.11
	DROP Lumpsum	$0.00
	DROP Rollover	$0.00
	TOTAL	**$6,325,614.24**

B. February 24, 2017	Regular Gross	$5,265,583.82
	Regular Lumpsum	$1,184.73
	Regular Rollover	$0.00
	Regular DROP Gross	$1,048,945.04
	DROP Lumpsum	$10,000.00
	DROP Rollover	$297,476.02
	TOTAL	**$6,623,189.61**

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

The following Consent Agenda items 2017-03-(4-6) were verified with supporting documentation and approved at the Advisory Committee meeting held on March 8, 2017. Vote was unanimous.

2017-03-04CA
APPLICATIONS FOR MEMBERSHIP

2017-03-05CA
APPLICATIONS FOR SURVIVOR BENEFIT

2017-03-06CA
APPLICATIONS FOR TIME SERVICE RETIREMENT

The following Consent Agenda items 2017-03-(7-14) were verified with supporting documentation and received as information at the Advisory Committee meeting held on March 8, 2017.

2017-03-07CA
APPLICATIONS FOR TIME SERVICE CONNECTION

2017-03-08CA
REFUND OF PENSION CONTRIBUTIONS

2017-03-09CA
SHARE PLAN DISTRIBUTIONS

2017-03-10CA
APPLICATIONS FOR DROP

2017-03-11CA
DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2017-03-12CA
DROP DISTRIBUTIONS

2017-03-13CA
DROP DISTRIBUTIONS FOR SURVIVORS

2017-03-14CA
DROP ENROLLMENT STATISTICS

VI. EXECUTIVE DIRECTOR'S REPORTS – *Timothy H. Johnson*

VII. COUNSEL REPORTS – *Lawsikia Hodges & Bob Sugarman*

VIII. ACTUARY REPORT – *Pete Strong*

IX. INVESTMENT CONSULTANT REPORTS – *Craig Coleman w Summit*

1. Large Cap Growth Search/Review
2. Flash Report – February 28, 2017
3. Economic & Capital Market Review – February 28, 2017

X. OLD BUSINESS

1. FINAL of 2016 KBLD Financial Audit – *Linda Dufresne*

Break

XI. NEW BUSINESS

1. **Review and Discussion of the Pension Reform Surtax**

XII. ADJOURNMENT

NOTES:

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

If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

Additional items may be added / changed prior to meeting.

JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
MEETING SUMMARY – FEBRUARY 17, 2017 @ 9:00AM
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
Lt. Chris Brown, Trustee
William Scheu, Trustee – *left @ 10:40am*

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Bob Sugarman, Fund Attorney
Dan Holmes, Summit Strategies
Pete Strong, Fund Actuary – *via webex*
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Debbie Manning Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

Willard Payne, Trustee

GUESTS

Linda Dufresne, KBLD – *via webex*
Anna Brosche, City Council Liaison
Joey Greive, Fund Treasurer
Steve Durden, Office of General Counsel
Lawsikia Hodges, Office of General Counsel
John Sawyer, Office of General Counsel
Brian Parks, City Council Auditor
Paul Barrett, City Finance
Randy Wyse, Jax. Assoc. of Firefighters
Mike Lynch, Advisory Committee Member

Paul Daragjati
Eric Smith
Mark Muchowicz
David Bauerlein, Times Union
Jim Piggot, Channel 4
A.G. Gaucarski
Bill Gassett

I. CALL TO ORDER

CHAIRMAN TUTEN CALLED THE MEETING TO ORDER AT 9:01AM

II. PLEDGE OF ALLEGIANCE

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

Donald O. Kreitzman, Retired Fire Lieutenant
Michael D. Castle, Retired Police Lieutenant

IV. PUBLIC SPEAKING PERIOD

PUBLIC SPEAKING REQUEST FROM BILL GASSETT. NO FURTHER REQUESTS. PUBLIC SPEAKING PERIOD CLOSED.

V. CONSENT AGENDA - ITEMS 2017-02-(1-12)CA

2017-02-01CA MEETING SUMMARY AND FINAL TRANSCRIPT APPROVED

1. Meeting Summary and Final Transcript of the Board of Trustee & FIAC Special Meeting held on January 18, 2017,

A REQUEST WAS MADE TO CORRECT THE MEETING SUMMARY FOR THE BOARD OF TRUSTEE & FIAC SPECIAL MEETING HELD ON JANUARY 18, 2017 TO REFLECT THAT ANNA BROSCHE, CITY COUNCIL LIAISON ATTENDED THE MEETING AND ALSO CORRECT THE TITLE FOR DEVIN CARTER, CHIEF FINANCIAL OFFICER. A MOTION WAS MADE BY TRUSTEE BROWN TO APPROVE THE MEETING SUMMARY, WITH CORRECTIONS MADE, AND FINAL TRANSCRIPT FOR THE MEETING HELD ON JANUARY 18, 2017. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

2. Meeting Summary and Final Transcript of the Board of Trustee Meeting held on January 20, 2017. Copies held in the meeting files.

A MOTION WAS MADE BY TRUSTEE SCHEU TO APPROVE THE BOARD OF TRUSTEE MEETING SUMMARY AND FINAL TRANSCRIPT FOR THE MEETING HELD ON JANUARY 20, 2017. SECONDED BY TRUSTEE BROWN. VOTE WAS UNANIMOUS.

2017-02-02CA DISBURSEMENTS

DISBURSEMENTS A - *1/1/2017 thru 1/31/2017*

DISBURSEMENTS B – *1/1/2017 thru 1/31/2017*

2017-02-03CA PENSION DISTRIBUTIONS

The following Consent Agenda items 2017-02-(4-6) were verified with supporting documentation and approved at the Advisory Committee meeting held on February 8, 2017. Vote was unanimous.

2017-02-04CA APPLICATION FOR MEMBERSHIP

2017-02-05CA APPLICATION FOR SURVIVOR BENEFITS

2017-02-06CA APPLICATION FOR VESTED RETIREMENT

The following Consent Agenda items 2017-02-(7-11) were verified with supporting documentation and received as information at the Advisory Committee meeting held on February 8, 2017.

2017-02-07CA APPLICATION FOR TIME SERVICE CONNECTIONS

2017-02-08CA REFUND OF PENSION CONTRIBUTIONS

2017-02-09CA DROP PARTICIPANT TERMINATION OF EMPLOYMENT

2017-02-10CA DROP DISTRIBUTIONS

2017-02-11CA DROP DISTRIBUTIONS FOR SURVIVORS

2017-02-12CA EDUCATIONAL OPPORTUNITIES

A MOTION WAS MADE BY TRUSTEE BROWN TO APPROVE THE CONSENT AGENDA ITEMS 2016-02-(02-12)CA. SECONDED BY TRUSTEE SCHEU. VOTE WAS UNANIMOUS.

AGENDA ITEM TAKEN OUT OF ORDER:

V. EXECUTIVE DIRECTOR'S REPORTS – *Timothy H. Johnson*

- Monthly Status Report

TIM JOHNSON REVIEWED THE MONTHLY STATUS REPORT WITH THE BOARD AND POINTED OUT THAT ON PAGE 3 IT HAS BEEN SUGGESTED THAT WE HOLD A SPECIAL WORKSHOP TO DISCUSS BOTH ORDINANCE 304 AND 300 WITH OFFICE OF GENERAL COUNSEL PRESENT AT THE WORKSHOP.

THE BOARD ADVISED THAT WE HAVE RECEIVED NOTHING TO DISCUSS REGARDING THE LANGUAGE OF THE CONTRACTS THEMSELVES, NO FINANCIALS, AND NO AGREEMENTS TO REVIEW.

BOB SUGARMAN STATED THIS IS A TREMENDOUS DECISION TO MAKE. THE BOARD NEEDS LEGAL ADVICE AND FUNDING INFORMATION (ACTUARY AND FINANCIAL ADVISORS, REVENUE STREAM, ETC.). THE BOARD NEEDS TO HAVE A COMPLETE PICTURE BEFORE THE WORKSHOP TO DISCUSS.

THE CITY SHOULD MAKE A PROPOSAL TO BOARD COMBINED WITH ADVICE FROM COUNCIL.

TRUSTEE SCHEU STATED THERE HAS BEEN NO ADVICE FROM CITY EVEN THOUGH THE BOARD HAS FIDUCIARY RESPONSIBILITY. CITY CAN'T IMPOSE DEADLINE.

WAIT TO SCHEDULE WORKSHOP AFTER WE RECEIVE PROPOSAL FROM THE MAYOR'S OFFICE. STEVE DURDEN, WHO WAS PRESENT AT THE MEETING, WAS ASKED TO URGE THE MAYOR TO GIVE HIS FULL PROPOSAL AS THE BOARD NEEDS A COMPLETE PICTURE.

STEVE DURDEN WILL SEND THE MAYOR'S PROPOSAL TO THE BOARD AS SOON AS POSSIBLE.

NEXT AGENDA ITEM TAKEN OUT OF ORDER:

IX. NEW BUSINESS

- DRAFT of 2016 KBLD Financial Audit – *Linda Dufresne*

LINDA DUFRESNE WITH KBLD WAS ON THE PHONE TO REVIEW THE 2016 FINANCIAL AUDIT AND ANSWER QUESTIONS FROM BOARD MEMBERS.

SEVERAL CHANGES WERE RECOMMENDED THEREFORE, THE AUDIT WAS DEFERRED UNTIL THE NEXT BOARD MEETING TO MAKE CORRECTIONS.

NEXT ITEM ON THE AGENDA:

VI. COUNSEL REPORTS

- Legal Reports – *Steve Durden / Lawsikia Hodges & Bob Sugarman*

BOB SUGARMAN BRIEFLY EXPLAINED HIS REPORT REGARDING THE DROP PROCEDURE. THE PENSION FUND IS DOING IT RIGHT! THEIR PROCEEDURE IS IN ACCORDANCE WITH CITY ORDINANCE AND INTERNAL REVENUE CODE. SUGARMAN RECOMMENDED THE BOARD ACCEPT THE PROCEDURE INCLUDED IN THE PENSION FUND STANDARD PROCEDURES MANUAL.

A MOTION WAS MADE BY TRUSTEE BROWN TO ACCEPT THE METHOD FOR DETERMINING THE MAXIMUM NUMBER OF MONTHS OVER WHICH A DROP BALANCE MAY BE PAID WHICH IS IN ACCORDANCE WITH CITY ORDINANCE AND INTERNAL REVENUE CODE. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

A MOTION WAS MADE BY TRUSTEE BROWN TO ACCEPT THE PROCEDURE CURRENTLY BEING USED BY THE POLICE AND FIRE PENSION FUND IN THE STANDARD PROCEDURES MANUAL. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

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

- FIAC Recommendation Regarding Eagle

A MOTION WAS MADE BY TRUSTEE SCHEU TO ACCEPT FIAC AND SUMMIT STRATEGIES RECOMMENDATION TO RETAIN EAGLE AS AN EQUITY LARGE CAP MANAGER. SECONDED BY TRUSTEE PATSY. VOTE WAS UNANIMOUS.

- FIAC Recommendation Regarding Brown

RECOMMENDATION BY FIAC AND SUMMIT STRATEGIES WAS DEFERRED UNTIL

MORE INFORMATION IS PROVIDED TO THE BOARD.

VIII. <u>OLD BUSINESS</u> – *Devin Carter*

- Commission Recapture – Memorandum of Law – *Paul Daragjati*

- Abel/Noser, L.L.C.

    - Commission Recapture Agreement Information Request
    - Commission Recapture Agreement

COMMISSION RECAPTURE WAS DEFERRED UNTIL NEXT MONTH TO BE DISCUSSED ALONG WITH SECURITIES LITIGATION.

VII. <u>INVESTMENT CONSULTANT REPORTS</u> – *Dan Holmes w Summit*

- Executive Summary of Investment Performance Review – 4Q
- Monthly Economic & Capital Market Update – January, 2017
- Flash Report – January 31, 2017

THE REMAINING INVESTMENT CONSULTANT REPORTS WERE BRIEFLY REVIEWED BY DAN HOLMES WITH SUMMIT AND THE BOARD OF TRUTEES.

NEXT MONTH DAN WILL HAVE THE ACTIVE VS PASSIVE REPORT UPDATED FOR THE BOARD.

X. <u>ADJOURNMENT</u>

CHAIRMAN TUTEN ADJOURNED THE MEETING AT 10:50AM

<u>NOTE</u>: 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.

____

Richard Patsy, Board Secretary

BOARD OF TRUSTEES MEETING **2/10/2017**

2017-03-02CA
attachment

BAKER- GILMOUR CARDIOVASCULAR 3550 UNIVERSITY BLVD S #302 JACKSONVILLE, FL 32216	$4,150.00	MEDICALS
SUGARMAN & SUSSKIND 100 MIRACLE MILE #300 CORAL GABLES, FL 33134	$427.50	#118251
ACCESS PO BOX 101048 ATLANTA, GA 30392-1048	$1,180.25	#1839233
PENSION BOARD CONSULTANTS 195 FOURTEENTH STREET, N.E. SUITE 2307 ATLANTA, GA 30309	$19,500.00	ACTUARIAL
KLAUSNER, KAUFMAN, JENSEN & LEVINSON 7080 N.W. 4TH STREET PLANTATION, FL 33317	$339.25	#19525
	$25,597.00	

PLEASE PROCESS CHECKS WITHIN 24 HOURS OF RECEIPT

APPROVALS:TIM JOHNSON ____________ DEVIN CARTER ____________

BOARD OF TRUSTEES MEETING **2/15/2017**

KBLD LLC 6960 BONNEVAL RD #302 JACKSONVILLE, FL 32216	$25,000.00	#K-1294

$25,000.00

PLEASE PROCESS CHECKS WITHIN 24 HOURS OF RECEIPT

APPROVALS:TIM JOHNSON ______________________ DEVIN CARTER ______________________

2017-03-02CA
(B) attachment

Transactions by Category
FY04-08AP

2/1/2017 Through 2/28/2017

	Num	Date Payee	C	Category	Amount
Opening Balance as of 2/1/2017					
Expense Categories					
Sales Tax					
		2/22/2017 FLORIDA DEPT OF REV...		Sales Tax	(551.86)
Total Sales Tax					(551.86)
5402 Member,dues,subs					
	9980	2/22/2017 CECIL W. POWELL CO		5402 Member,dues,s...	(80.00)
	9978	2/22/2017 ASSOC OF GOVERMENT...		5402 Member,dues,s...	(105.00)
	9970	2/15/2017 WALL ST JOURNAL		5402 Member,dues,s...	(770.41)
	9965	2/15/2017 PBI		5402 Member,dues,s...	(1,620.00)
	9964	2/15/2017 CECIL W. POWELL CO		5402 Member,dues,s...	(210.00)
Total 5402 Member,dues,subs					(2,785.41)
5101 Office Supplies					
	9981	2/22/2017 HOLMES STAMP COMPA...		5101 Office Supplies	(34.00)
	9974	2/15/2017 OFFICE DEPOT		5101 Office Supplies	(68.25)
	9971	2/15/2017 HOLMES STAMP COMPA...		5101 Office Supplies	(90.00)
	9968	2/15/2017 MAC PAPERS		5101 Office Supplies	(339.00)
Total 5101 Office Supplies					(531.25)
4938a Building exp					
	9983	2/22/2017 COMCAST		4938a Building exp	(221.30)
	9975	2/22/2017 HART ELECTRIC COMPA...		4938a Building exp	(98.00)
	9972	2/15/2017 HD SUPPLY FACILITIES ...		4938a Building exp	(62.34)
	9969	2/15/2017 PLANT PEOPLE OF NOR...		4938a Building exp	(47.25)
Total 4938a Building exp					(428.89)
4938 Miscellaneous					
	9977	2/22/2017 AAA REPORTERS		4938 Miscellaneous	(414.45)
	9966	2/15/2017 AAA REPORTERS		4938 Miscellaneous	(530.70)
Total 4938 Miscellaneous					(945.15)
4906 Solid Waste					
	9967	2/15/2017 TAX COLLECTOR		4906 Solid Waste	(420.30)
Total 4906 Solid Waste					(420.30)

Transactions by Category
FY04-08AP

2/1/2017 Through 2/28/2017

	Num	Date Payee	C	Category	Amount
4603a BMaintenance & Repair					
	9982	2/22/2017 TRANE COMPANY		4603a BMaintenance ...	(1,642.38)
	9979	2/22/2017 BRINTON'S PAINT CO		4603a BMaintenance ...	(97.95)
Total 4603a BMaintenance & Repair					(1,740.33)
4304g Water					
	9973	2/15/2017 JEA		4304g Water	(33.75)
Total 4304g Water					(33.75)
4304 Water					
	9973	2/15/2017 JEA		4304 Water	(624.55)
Total 4304 Water					(624.55)
4301g Elec					
	9973	2/15/2017 JEA		4301g Elec	(354.21)
Total 4301g Elec					(354.21)
4301 Elec					
	9973	2/15/2017 JEA		4301 Elec	(5,265.39)
Total 4301 Elec					(5,265.39)
4101 Postage					
	9976	2/22/2017 PITNEY BOWES		4101 Postage	(841.98)
Total 4101 Postage					(841.98)
Total Expense Categories					(14,523.07)
Grand Total					(14,523.07)

2017-03-03CA
attachment

REPORT NUMBER : 2029
POLICE AND FIRE PENSION

JaxPension

POLICE AND FIRE PAYROLL REGISTER

PAY DATE 02/10/2017

Name	SSN	Marital Status	Tax Exem	Days	Rate	Index	Gross Pay	Tax	Net Pay	Check #

SUMMARY REPORT FOR PAY DATE : 02/10/2017

REGULAR PENSION GROSS	TOTAL	:	5,263,345.69
REGULAR LUMPSUM	TOTAL	:	7,702.52
REGULAR ROLLOVER	TOTAL	:	5,480.92
REGULAR DROP GROSS	TOTAL	:	1,049,085.11
DROP LUMPSUM	TOTAL	:	0.00
DROP ROLLOVER	TOTAL	:	0.00
LEAVE LUMPSUM	TOTAL	:	0.00
LEAVE ROLLOVER	TOTAL	:	0.00
GROSS	TOTAL	:	6,325,614.24
WITHHOLDING TAX	TOTAL	:	932,108.02
AFTER TAX DEDUCTIONS	TOTAL	:	537,113.26
PRE TAX DEDUCTION	TOTAL	:	239,993.67
NET PAY	TOTAL	:	4,616,399.29
DROP/RLA/REF CHECKS	TOTAL	:	10,872.68
CORRECTED CHECK	TOTAL	:	0.00
RETURN CHECK	TOTAL	:	0.00
NET PAY FOR REGULAR PEN & DROP	TOTAL	:	4,605,526.61
PENSIONERS	COUNT	:	2480

REPORT NUMBER : 2029
POLICE AND FIRE PENSION

JaxPension

POLICE AND FIRE PAYROLL REGISTER

PAY DATE 02/24/2017

Name	SSN	Marital Status	Tax Exem	Days	Rate	Index	Gross Pay	Tax	Net Pay	Check #

SUMMARY REPORT FOR PAY DATE : 02/24/2017

REGULAR PENSION GROSS	TOTAL	:	5,265,583.82
REGULAR LUMPSUM	TOTAL	:	1,184.73
REGULAR ROLLOVER	TOTAL	:	0.00
REGULAR DROP GROSS	TOTAL	:	1,048,945.04
DROP LUMPSUM	TOTAL	:	10,000.00
DROP ROLLOVER	TOTAL	:	297,476.02
LEAVE LUMPSUM	TOTAL	:	0.00
LEAVE ROLLOVER	TOTAL	:	0.00
GROSS	TOTAL	:	6,623,189.61
WITHHOLDING TAX	TOTAL	:	938,542.65
AFTER TAX DEDUCTIONS	TOTAL	:	552,688.42
PRE TAX DEDUCTION	TOTAL	:	220,575.95
NET PAY	TOTAL	:	4,911,382.59
DROP/RLA/REF CHECKS	TOTAL	:	305,305.33
CORRECTED CHECK	TOTAL	:	4,147.23
RETURN CHECK	TOTAL	:	4,142.23
NET PAY FOR REGULAR PEN & DROP	TOTAL	:	4,606,072.26
PENSIONERS	COUNT	:	2480

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

"We Serve. . .and We Protect"

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

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

DASHBOARDS

Benefits	*Prior Month*	*FYTD*
Retiree Payroll ($)	$10,528,930	$55,806,251
Refunds ($)	$316,178	$1,322,036
Refunds (#)	14	61
New Members	40	122
New Medicals	45	160
Disability Applications	0	0
Disability Appeals	0	0
Deaths	3	11
Pension Estimates	108	298
Buyback Applications	8	20
Reclamations ($)	$0	$569
Reclamations (#)	0	1
DROP Revocations	0	0

Retirements	*Prior Month*	*FYTD*
Total (Minus Enter DROP)	6	62
Full Retirement	1	4
Vested Retirement	1	5
Enter DROP	0	53
Exit DROP	2	37
Disability	0	0
Survivor	2	13
Children	0	3
Retirement Appointments	21	68
DROP Appointments	36	83

Public Records Requests	*Prior Month*	*FYTD*
Requests (#)	2	35
Completed (#)	6	41
Response Pages Produced (#)	196	2491

Records Retention	*Prior Month*	*FYTD*
Access Records Scanned (#)	0	2000
In House Records Scanned (#)	294	2160

Operating Budget	*FY Budget*	*FYTD Expenditures*	*$ Balance*	*% Balance*
Administration	$1,200,069	$395,856	$804,213	67.01%
Operating	$563,237	$237,910	$325,327	57.76%
Professional Services	$9,416,829	$1,679,724	$7,737,105	82.16%
Building	$172,220	$52,440	$119,780	69.55%
Parking	$23,900	$9,404	$14,496	60.65%
Total	$11,376,255	$2,375,334	$9,000,921	79.12%

UPDATES

Tracey Devine Approved by Council

FIAC Update – See Attached

Six-Month Review – See Attached

Letter of Appreciation – See Attached

Respectfully submitted,

Timothy H. Johnson

Report form FIAC Meeting on March 10, 2017

- The Financial Investment Advisory Committee met on March 10, 2017

- The Committee was updated on the discussion by the Board of Trustees at its meeting on February 17, 2017

    - In particular, the request by the Board of Trustees for Summit Strategies to recommend active managers for consideration by the Board at its March 17, 2017 meeting to replace Brown Advisory was discussed.

- Summit presented its search book proposed for delivery to the Board of Trustees with the FIAC.

    - The presentation included analysis for proposed candidates including: style adherence, investment performance, correlation to existing domestic equity managers in the portfolio, portfolio characteristics, down-side protection, fees, and investment process.
    - Summit discussed their recommendation of three managers for consideration by the Board of Trustees: HS Management, Loomis Sayles, and Sustainable Growth Advisors.

- FIAC members present asked questions regarding the proposed candidates, the role and sizing of passive management, and the role and sizing of Sawgrass Asset Management.

- Although no vote was taken, FIAC members present felt comfortable with Summit presenting the search book to the Board of Trustees for their consideration and the recommendation of the three candidates for possible interview by the Board.

Jacksonville Police and Fire Pension Fund

The First Six Months:
August 2016 – January 2017

Timothy Johnson
Executive Director

Our Vision

"A <u>sustainable</u> pension administration solution that delivers value to <u>all</u> <u>stakeholders</u>."

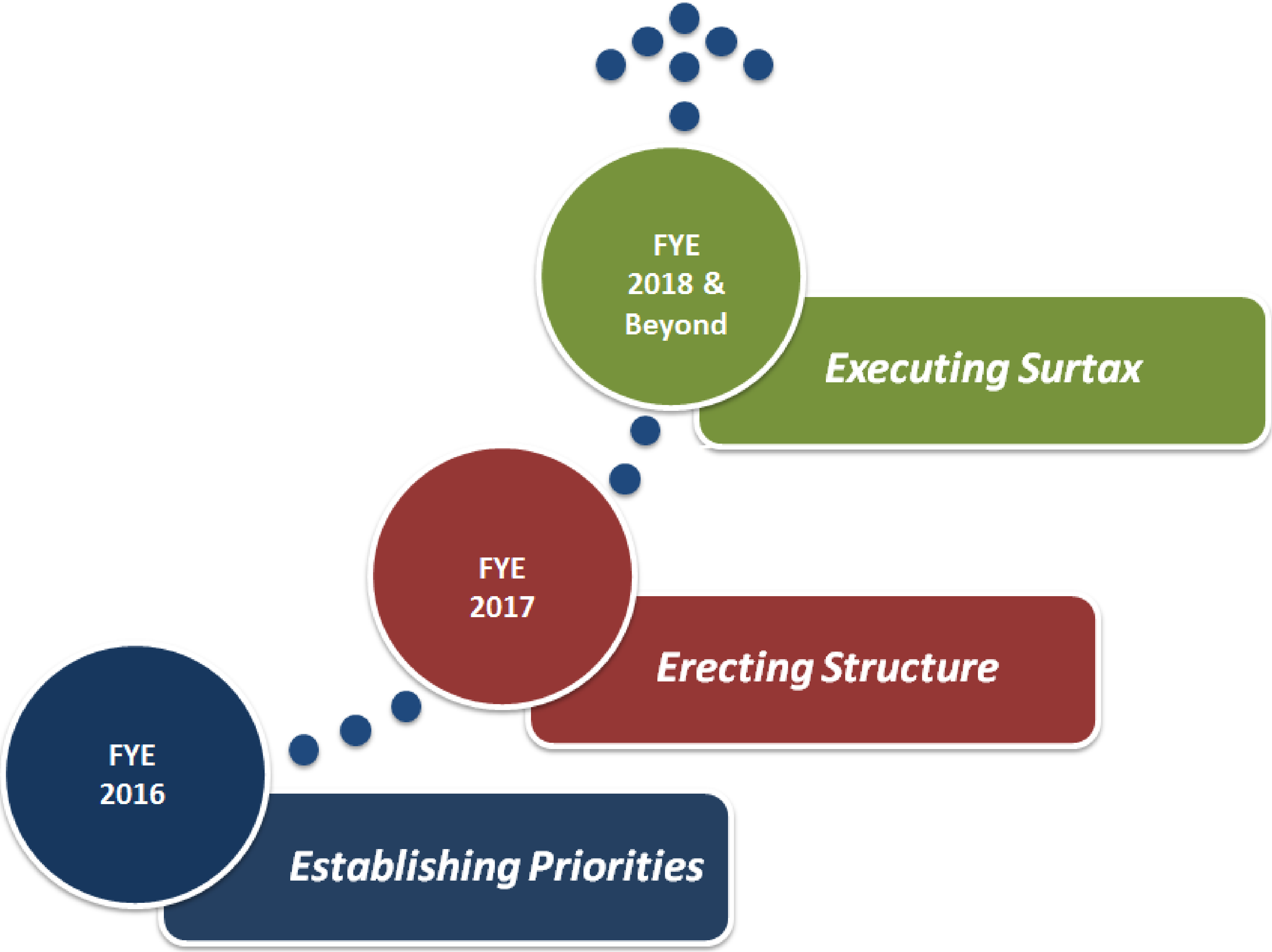
Pension Sustainability Formula

Benefits + Expenses = Contributions + Income

Our Value to Stakeholders

Board & Committees	Efficient reporting to provide effective oversight
Members & Survivors	Timely and accurate distribution of benefits
Unions	Professionally administer the terms of labor agreements
City Council	Focus on board practices, standards of conduct, risk management and actuarial practices
COJ	Reduced Minimum required contribution
Media & Public	Accountability, responsiveness and transparency
Staff	Managing reputational risk
Auditor & Regulators	Reporting and follow-up to recommendations

Our Journey


FYE
2018 &
Beyond
Executing Surtax
FYE
2017
Erecting Structure
FYE
2016
Establishing Priorities

Establish Priorities

Governance

Give Trustees the tools to discharge complex responsibilities under newly enacted pension reform ordinances and bills.

Transparency

Florida public records law and the public demand information about the fund in a complete and timely manner.

Solvency

Insure the plan has the assets to pay its liabilities.

Education

As benefits change under recent reforms, members need the right information from pension professionals to prepare for retirement security.

Outreach

Communicate happenings, implications and results to all stakeholders.

Our Progress to Date

- Annual Cycle of Work
- Board Book with Dashboards
- Integrated OGC
- New Actuary & Counsel

Governance Accomplishments

- Digitizing/Indexing Files
- Improved PRR Tracking System
- DROP Opinion

Transparency Accomplishments

- 10.48% return for FYE 2016
- Reemployment Policy & Affidavit
- Lower Investment Costs

Solvency Accomplishments

- New Member Orientation
- DROP Workshop
- Newsletter

Education Accomplishments

- Press Releases
- REA, FOP, Chiefs, JFFDBF, IAFF, Times-Union Editorial Board, City Council, JCC

Outreach Accomplishments

Our Next Phases of Work

Establishing Priorities

- Custody, Audit and Consulting RFPs
- Key Elections and Appointments
- Security Litigation & Purchasing Policies
- Publish 2016 Annual Report
- Actuarial Impact Statement
- Asset Liability Study
- Vesting Workshop
- Ethics & Fiduciary Training
- Update Plan Summary

Erecting Structure

- Performance Reviews
- Update Job Descriptions
- Define Core Behaviors
- Work Rules
- Staff Realignment
- Hire Records Specialist
- Evaluate Executive Director
- Professional Development & Training

Executing Surtax

- Surtax Workshop
- Actuarial Impact Statement
- Asset Liability Study
- Retro-pay for DROP and COLA
- Strategy for Managing a Frozen Plan

External Events Impacting Results

Surtax Ordinance

- Dedicated funding source
- Plan closes to new members
- Affects solvency

Litigation

- Test the OGC Model
- Potential Damages & Fees

Interest Rates

- Increased bond yields lower pension liabilities and improve funded status which lowers the ARC

Media & Public

- "Sunshine" Law spurs demand for public records & information
- Media coverage may influence public opinion

New Labor Agreements

- Potentially changes benefit structures and creates retro-pay scenarios

Measuring Results

KEY RATIOS	PFPF 10/1/15	PFPF 10/1/16	TREND
Assumed Investment Return	7%	7%	Neutral
Total Fund IPS Target	-3.79%	10.69%	+
Actual Gross Return on Assets	-3.55%	10.98%	+
Administrative Cost Per Member	$436	$699	-
Investment Fees to Assets	56bp	50bp	+
Contributions to Benefits	1.12:1	1:03:1	-
Funding Status	43%	45%	+
Minimum Required Contribution	$165,771,919	$205,488,666	-
Net Yield on Property	5.49%	5.63%	+

Key Takeaways

Organizational Vision

- *"A sustainable pension administration solution that delivers value to ALL stakeholders."*

Long-term Goals

- *Governance…*
- *Transparency…*
- *Solvency…*
- *Education…*
- *Outreach*

First Six Months Accomplishments

- *OGC Integration*
- *New Actuary and Attorney*
- *PRR Tracking System*
- *New Member Orientation*
- *Times Union Editorial Board*

Next Six Months Objectives

- *Staff Realignment*
- *Adoption of Pension Liability Surtax*
- *Custody, Audit and Consulting RFPs*
- *Ethic and Fiduciary Training*
- *Elections and Appointments*

Performance Measures

- *Over 10% return*
- *Reduced fees 6 basis points*
- *Member service satisfaction 93% Good*

February 28, 2017

Police Lieutenant Jesse E. York
501 E. Bay St.
Jacksonville FL 332202

To the Board of Trustee's Police & Fire Pension Fund
One West Adams St. Suite 100
Jacksonville FL 32202

I wish to thank Mr. Steve Lundy, Mr. Chuck Hayes and the front office staff of the Pension Office for their readiness to help and for the excellent service they provided me.

In November 2016, I received a written notification from Mr. Lundy reminding me that I was approaching my 30th year of service with the city and to schedule an appointment with him to sign up for DROP, if I was interested. I was interested and had I not received Mr. Lundy's notification; I could have easily overlooked my deadline. I appreciate Mr. Lundy's thoughtfulness and for looking out for my best interest. This act clearly demonstrated to me that the Pension Office is truly dedicated to serving the membership and keeping us informed on matters that are very important and time sensitive. When I met with Mr. Lundy to sign up for DROP, he was very patient with me and took the time to fully explain the numbers and what I could expect. Mr. Lundy provided me copies of the documents and encouraged me to call him if I had any questions. Mr. Lundy and his associates provided me a very positive experience.

Additionally, I would like to thank the Police & Fire Pension Board of Trustee's for your service and dedication to looking out for the member's best interest. Your organization's assistance has been invaluable to me during this process.

Best Regards,

Lt. Jesse E. York

Summit Strategies Group
8182 Maryland Avenue, 6th Floor
St. Louis, Missouri 63105
314.727.7211

Large Cap Growth Search/Review

City of Jacksonville Police & Fire Pension Fund

March 2017

BACKGROUND & RECOMMENDATION

Background

- The FIAC has been reviewing the underperformance of Brown Advisory for a number of quarters.
- At the February 10, 2017 FIAC meeting, the FIAC decided to recommend to the Board of Trustees the following actions:
  - Terminate Brown Advisory.
  - Replace them with a Russell 1000 Growth Index fund managed by The Northern Trust.
  - Once the custodian account and necessary contracts are in place have The Northern Trust transition the portfolio.
- The FIAC recommendation was made to the Board of Trustees at its meeting on February 17, 2017.
- The Board of Trustees asked Summit Strategies to bring additional active large cap growth managers for its consideration at the March Board of Trustees meeting.
  - It should be noted the City of Jacksonville Retirement System selected Loomis, Sayles to replace Brown Advisory in February.
- The purpose of today's presentation is to inform the FIAC of active managers Summit will recommend to the Board for consideration and interview and to obtain FIAC comments and considerations relative to these active managers.
- For purposes of comparison, the search book presents information on Brown Advisory and Sawgrass Asset Management, both managers currently in the portfolio.
- For consideration as additional active managers, the search book presents information on the following managers: CastleArk Management, HS Management Partners, Loomis Sayles & Co., and Sustainable Growth Advisors.

Recommendation

- Summit recommends the following managers be interviewed:
  - HS Management
  - Loomis Sayles
  - Sustainable Growth Advisors

POTENTIAL REPLACEMENTS FOR BROWN ADVISORY

MANAGER SEARCH FUNNEL

Large Growth Universe Screen

- Utilize manager database subscriptions, proprietary contacts and relationships to establish the total universe of domestic large cap growth strategies
(355 strategies managed by 231 managers)

Focus List of Managers (Top/Second Tier) - 12

- Identify open strategies that are attractive on the following criteria:
  - Firm – ownership, management, asset flows, legal/regulatory issues
  - People – additions, departures, changes in leadership or responsibilities
  - Portfolio – themes, allocations, performance

(12 managers)

Final Candidates – 6 Products

- Brown Advisory – Incumbent
- Sawgrass – Incumbent
- CastleArk
- HS Management
- Loomis Sayles
- Sustainable Growth Advisers (SGA)

REPLACEMENT OPTIONS FOR THE BROWN ADVISORY ALLOCATION

Risk Spectrum of Large Cap Growth Managers

Top Tier   2nd Tier   Client Manager

SGA   Brown   Sawgrass   Castle Ark   Loomis   HS

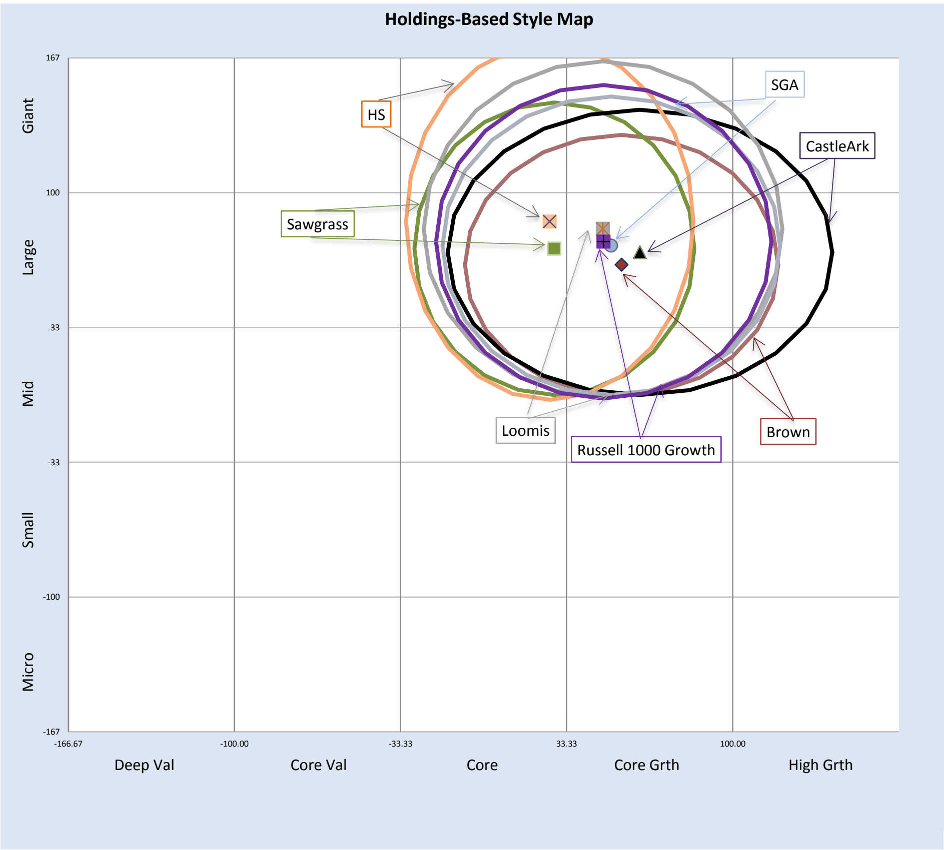
Largest Historical 3-Year Relative Outperformance/Underperformance

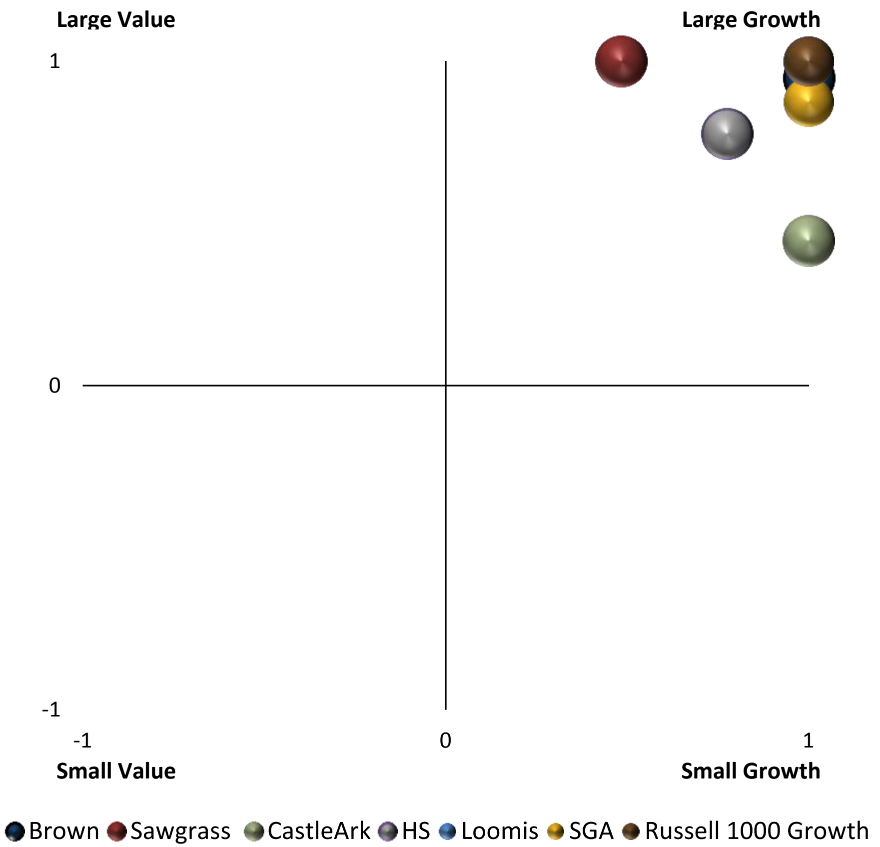
	Brown	Sawgrass	CastleArk	HS	Loomis	SGA
Highest Outperformance	10.61%	14.46%	11.51%	5.60%	6.36%	19.29%
Lowest Underperformance	-9.06%	-3.00%	-4.24%	-1.89%	-1.89%	-5.74%

- Managers return profiles come in many forms. Risk can be evaluated by looking at tracking error or by returns associated with a managers best and worst periods.
- All active managers should be expected to outperform/underperform at various points in an investment or economic cycle.
- The table above shows the best/worst benchmark relative 3-year excess returns for each of the managers evaluated.

STYLE CONSISTENCY

- Both Holdings-based and Returns-based style-analysis indicate that the managers are remaining true to their growth processes.
- Style purity is important to maintain diversification and to prevent asset class and risk concentration in portfolios.





Summit Strategies Group

EXCESS RETURN CORRELATION VS. CURRENT US EQUITY PORTFOLIO EX BROWN & SAWGRASS

3-Year Excess Return Correlation vs. Russell 3000	Brown	Sawgrass	CastleArk	HS	Loomis	SGA
Current US Equity Portfolio ex Brown & Sawgrass	-0.27	-0.65	-0.12	-0.15	-0.31	-0.20

5-Year Excess Return Correlation vs. Russell 3000	Brown	Sawgrass	CastleArk	HS	Loomis	SGA
Current US Equity Portfolio ex Brown & Sawgrass	-0.26	-0.60	-0.13	-0.07	-0.13	-0.12

7-Year Excess Return Correlation vs. Russell 3000	Brown	Sawgrass	CastleArk	HS	Loomis	SGA
Current US Equity Portfolio ex Brown & Sawgrass	-0.06	-0.44	0.00	-0.14	-0.19	-0.18

10-Year Excess Return Correlation vs. Russell 3000	Brown	Sawgrass	CastleArk	HS	Loomis	SGA
Current US Equity Portfolio ex Brown & Sawgrass	0.13	-0.25	0.22	---	-0.03	-0.18

- Each of the managers has historically had a low correlation to the plan's current domestic equity portfolio ex Brown and Sawgrass.

EXCESS RETURN CORRELATION VS. SAWGRASS

3-Year Excess Return Correlation vs. Russell 1000 Growth	Brown	CastleArk	HS	Loomis	SGA
Sawgrass	-0.18	-0.29	0.41	-0.33	-0.12

5-Year Excess Return Correlation vs. Russell 1000 Growth	Brown	CastleArk	HS	Loomis	SGA
Sawgrass	-0.31	-0.33	0.40	-0.20	-0.11

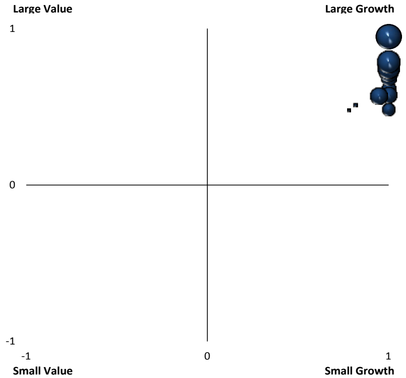
7-Year Excess Return Correlation vs. Russell 1000 Growth	Brown	CastleArk	HS	Loomis	SGA
Sawgrass	-0.26	-0.44	0.42	-0.06	-0.10

10-Year Excess Return Correlation vs. Russell 1000 Growth	Brown	CastleArk	HS	Loomis	SGA
Sawgrass	-0.15	-0.46	---	0.25	0.20

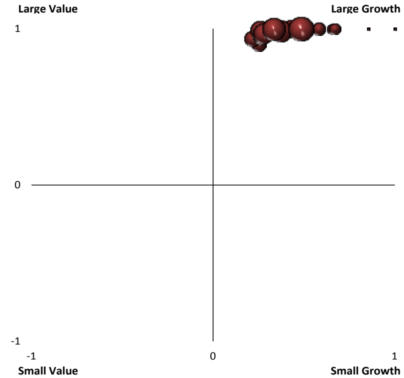
- When examining excess return vs. the Russell 1000 Growth correlation, SGA then Loomis have historically been the best diversifier to Sawgrass.

STYLE ANALYSIS, ROLLING THREE-YEAR PERIODS

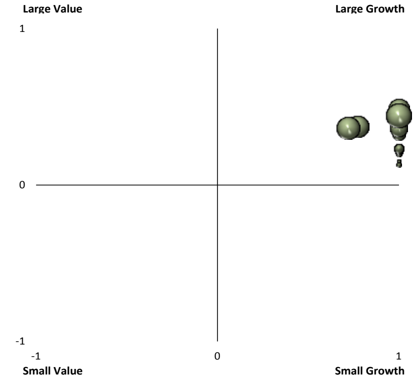
Brown



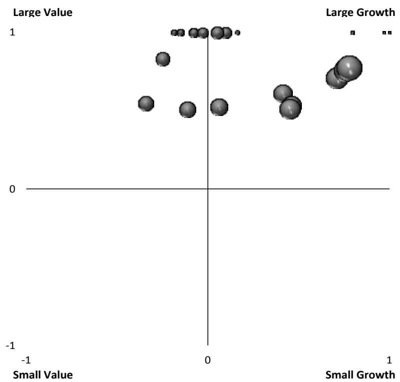
Sawgrass



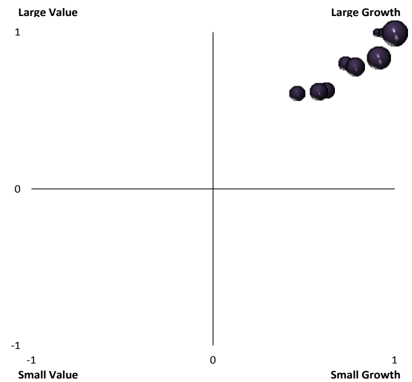
CastleArk



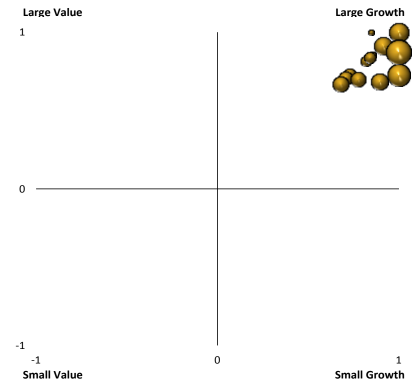
HS Management



Loomis



SGA



- The charts above represent each manager’s rolling three-year return correlation to the Russell 1000 Value (top left), Russell 1000 Growth (top right), Russell 2000 Value (bottom left), and Russell 2000 Growth (bottom right) over the last forty periods.
- Spheres are sized so that the most recent period’s correlation is the largest and the oldest correlation is the smallest.

Returns are gross of fees.

FEE ANALYSIS

Universe Fees	
Percentiles	**$85 mm**
High	17
5th Percentile	39
25th Percentile	50
Median	55
75th Percentile	63
95th Percentile	90
Low	150
Observations	286

Manager Fees	
Strategy	**$85 mm**
Brown	55
Sawgrass*	55
CastleArk**	59
HS	68
Loomis***	43
SGA	57

Manager Rank	
Strategy	**$85 mm**
Brown	50
Sawgrass*	49
CastleArk**	64
HS	81
Loomis***	9
SGA	62

- The importance of fees cannot be overstated in an asset class that has historically added little to no excess returns after fees.
- Assuming an investment of $80 million from the City of Jacksonville, Loomis is the most compelling option (from a fee perspective).

*Fee represents Sawgrass's rack rate. Jacksonville Police and Fire has a performance-based fee in place of 0.20% base, 18% of excess return, and max fee of 0.85%.
**CastleArk offers a performance-based fee as well.
***Assumes an investment of $80 mm from City of Jacksonville.

SIDE BY SIDE COMPARISON

	As of 12/31/16	Brown Advisory	Sawgrass	CastleArk	HS	Loomis	SGA	Russell 1000 Growth
	Large Cap Growth Equity							
Firm	Headquarters Location	Baltimore, MD	Jacksonville, FL	Chicago, IL	New York, NY	Boston, MA	Stamford, CT	
Firm	Firm Assets	$25.4B	$3.8B	$3.5B	$3.4B	$240.2B	$7.0B	
Firm	Ownership	70% employee owned; 30% owned by Board of Directors, Clients, and Investors	100% employee owned	100% employee owned	100% employee owned	100% owned by Natixis Global Asset Management (NGAM)	76% employee owned; 24% owned by Estancia Capital Management	
Product	Product Inception Date	March 1993	March 1998	March 1999	April 2007	June 2006	March 2000	
Product	Product Assets	$12.2B	$1.9B	$1.4B	$3.4B	$28.0B	$5.1B	
Product	Vehicle(s) Available	SA, MF	SA	SA, CF	SA	SA, CF, MF	SA, CF, MF	
Product	Separate Account Minimum	$5M	$1M	$10M	$10M	$20M	$10M	
Product	Commingled Fund Minimum	N/A	N/A	$1M	N/A	$5M	$5M	
Product	Mutual Fund Minimum	$1M	N/A	N/A	N/A	$100,000	$250,000	
Characteristics	Stock Selection Method	Fundamental	Fundamental	Fundamental	Fundamental	Fundamental	Fundamental	Index
Characteristics	No. of Securities	34	49	47	25	33	30	606
Characteristics	Portfolio Turnover	30%	40%	101%	66%	9%	39%	N/A
Characteristics	Wtd Avg Market Cap	$89.2B	$160.3B	$109.4B	$154.8B	$143.3B	$119.0B	$153.4B
Characteristics	Dividend Yield	0.43%	1.54%	1.15%	1.70%	1.39%	1.00%	1.58%
Characteristics	P/E (trailing 12-mo)	32.5x	22.2x	27.0x	25.1x	22.1x	29.6x	23.0x
Characteristics	P/B Ratio	4.7x	6.4x	4.8x	8.1x	5.0x	5.2x	5.7x

ANNUALIZED RETURNS

Manager vs Benchmark					
As of 12/31/16	1 year	3 years	5 years	7 years	10 years
Brown Advisory	-2.30%	4.10%	11.40%	11.68%	9.12%
Sawgrass	6.54%	7.47%	13.96%	12.84%	7.90%
CastleArk	8.38%	6.34%	12.28%	11.96%	8.06%
HS	6.93%	7.87%	16.34%	14.84%	N/A
Loomis	6.54%	9.74%	16.71%	14.11%	11.09%
SGA	1.79%	6.81%	13.56%	12.22%	8.51%
Russell 1000 Growth	**7.08%**	**8.55%**	**14.50%**	**13.03%**	**8.33%**

Calendar Year Return										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Brown Advisory	-2.30%	7.81%	7.10%	30.29%	16.73%	0.42%	25.74%	53.82%	-36.00%	12.25%
Sawgrass	6.54%	2.27%	13.91%	35.53%	14.28%	9.29%	10.86%	28.34%	-36.80%	13.18%
CastleArk	8.38%	4.26%	6.42%	30.50%	13.71%	1.30%	22.00%	37.80%	-43.62%	26.75%
HS	6.93%	3.83%	13.03%	31.76%	28.87%	5.55%	17.13%	35.92%	-34.49%	N/A
Loomis	6.54%	11.00%	11.75%	36.83%	19.76%	1.94%	14.13%	41.23%	-28.04%	11.78%
SGA	1.79%	9.38%	9.45%	27.97%	21.09%	4.85%	13.20%	46.25%	-34.21%	4.88%
Russell 1000 Growth	**7.08%**	**5.67%**	**13.05%**	**33.48%**	**15.26%**	**2.64%**	**16.71%**	**37.21%**	**-38.44%**	**11.81%**

Returns are gross of fees.

STATISTICAL SUMMARY

As of 12/31/16	Brown Advisory	Sawgrass	CastleArk	HS	Loomis	SGA	Russell 1000 Growth
3 Year Performance:							
Annualized Return	4.1%	7.5%	6.3%	7.9%	9.7%	6.8%	8.6%
Annualized St. Dev	7.5%	5.7%	7.8%	6.0%	8.6%	8.1%	6.5%
Sharpe Ratio	0.53	1.30	0.80	1.29	1.12	0.82	1.29
Tracking Error	3.7%	3.6%	4.1%	5.1%	5.1%	5.2%	0.0%
Info Ratio	-1.19	-0.30	-0.54	-0.14	0.23	-0.34	0.00
Batting Average	41.7%	58.3%	41.7%	41.7%	41.7%	41.7%	0.0%
Up Market Capture	55.6%	85.5%	86.1%	85.8%	100.7%	74.7%	100.0%
Down Market Capture	93.9%	80.7%	134.4%	62.8%	46.4%	57.5%	100.0%
5 Year Performance:							
Annualized Return	11.4%	14.0%	12.3%	16.3%	16.7%	13.6%	14.5%
Annualized St. Dev	11.9%	9.3%	10.7%	8.9%	10.3%	10.0%	9.8%
Sharpe Ratio	0.95	1.49	1.14	1.82	1.62	1.35	1.46
Tracking Error	3.9%	3.3%	3.5%	5.4%	4.6%	4.5%	0.0%
Info Ratio	-0.78	-0.16	-0.63	0.34	0.48	-0.21	0.00
Batting Average	50.0%	55.0%	45.0%	45.0%	55.0%	45.0%	0.0%
Up Market Capture	84.8%	93.3%	90.4%	96.7%	102.5%	83.8%	100.0%
Down Market Capture	122.7%	78.4%	123.7%	5.2%	30.1%	30.7%	100.0%
7 Year Performance:							
Annualized Return	11.7%	12.8%	12.0%	14.8%	14.1%	12.2%	13.0%
Annualized St. Dev	14.9%	11.6%	15.0%	12.1%	13.1%	13.7%	13.3%
Sharpe Ratio	0.78	1.10	0.79	1.22	1.07	0.88	0.97
Tracking Error	4.0%	3.8%	3.8%	4.9%	4.6%	4.0%	0.0%
Info Ratio	-0.34	-0.05	-0.28	0.37	0.24	-0.20	0.00
Batting Average	60.7%	57.1%	50.0%	50.0%	50.0%	50.0%	0.0%
Up Market Capture	94.8%	91.9%	99.7%	97.2%	97.1%	89.3%	100.0%
Down Market Capture	106.1%	81.5%	114.2%	65.6%	76.5%	83.6%	100.0%
10 Year Performance:							
Annualized Return	9.1%	7.9%	8.1%	N/A	11.1%	8.5%	8.3%
Annualized St. Dev	17.9%	14.7%	18.8%	N/A	15.3%	16.4%	16.5%
Sharpe Ratio	0.47	0.49	0.39	N/A	0.68	0.47	0.46
Tracking Error	4.5%	4.0%	4.9%	N/A	5.8%	6.3%	0.0%
Info Ratio	0.18	-0.11	-0.06	N/A	0.48	0.03	0.00
Batting Average	65.0%	52.5%	57.5%	N/A	52.5%	50.0%	0.0%
Up Market Capture	101.8%	89.5%	106.5%	N/A	99.6%	84.9%	100.0%
Down Market Capture	96.0%	88.7%	110.9%	N/A	75.6%	76.2%	100.0%

Returns are gross of fees.

VEHICLE REVIEW

	Brown*	Sawgrass	CastleArk
Type of Fund	SA	SA	SA
Assets	$10.2 billion	$1.9 billion	$1.4 billion
Fee	Accts. <$50 million: 0.65% on all assets Accts. >$50 million: 0.55% on all assets Accts. >$100 million: 0.45% on all assets Accts. >$150 million: 0.40% on all assets	Base: 0.20% Performance: 18% of Excess Return Max: 0.85%	0.70% on first $25 mm; 0.60% on next $25 mm; 0.50% on balance
Allowable Clients	ERISA & Non-ERISA	ERISA & Non-ERISA	ERISA & Non-ERISA
Liquidity	Daily	Daily	Daily
Lock-Ups	None	None	None
Entry/Exit Fees	None	None	None
Gate on Redemptions	None	None	None

*With the City of Jacksonville's reduction of Brown's allocation, fees will increase.

VEHICLE REVIEW (CONTINUED)

	HS	Loomis*	SGA
Type of Fund	SA	CF	SA
Assets	$3.3 billion	$844 million	$4.1 billion
Fee	0.90% on first $25 mm; 0.70% on next $25 mm; 0.50% on balance	0.45% on first $100 mm; 0.40% on balance	0.75% on first $25 mm; 0.50% on next $75 mm; 0.35% on balance
Allowable Clients	ERISA & Non-ERISA	ERISA Only	ERISA & Non-ERISA
Liquidity	Daily	Daily	Daily
Lock-Ups	None	None	None
Entry/Exit Fees	None	None	None
Gate on Redemptions	None	None	None

*City of Jacksonville's negotiated fee schedule.

BROWN ADVISORY, LLC – LARGE CAP GROWTH

FIRM DETAILS

Address:	901 South Bond Street, Ste. 400 Baltimore, MD 21231
Phone:	410.537.5400
Asset Class:	Large Cap Growth
Benchmark:	Russell 1000 Growth
Founded:	1993
Ownership:	70% employee owned; 30% owned by Board of Directors, clients, and investors

Assets Under Management: $25.4 billion

PRODUCT DETAILS

Inception: March 1993

Assets Under Management: $12.2 billion

Vehicles Offered: SA, MF

Separate Account Minimum: $5 million

Mutual Fund Minimum (BAFGX): $1 million

Portfolio Managers/Dual Role PMs: 1

Avg. Yrs of Experience: 30

Avg. Yrs at Firm: 20

Research Analysts: 25

Avg. Yrs of Experience: 13

Avg. Yrs at Firm: 7

Fee Schedule (SA)**:

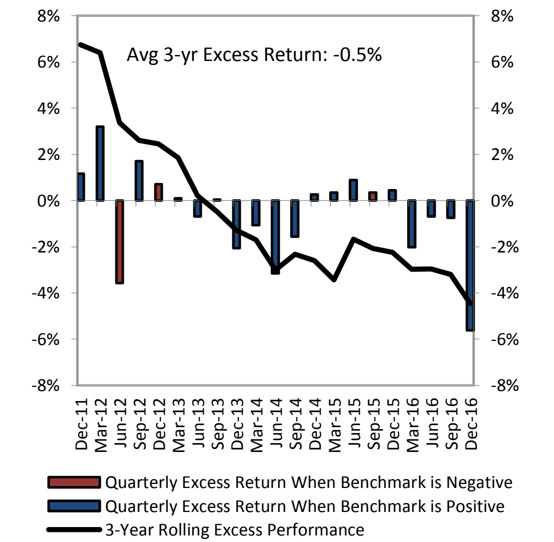
Accts. <$50 million:	0.65% on all assets
Accts. >$50 million:	0.55% on all assets
Accts. >$100 million:	0.45% on all assets
Accts. >$150 million:	0.40% on all assets

CHARACTERISTICS

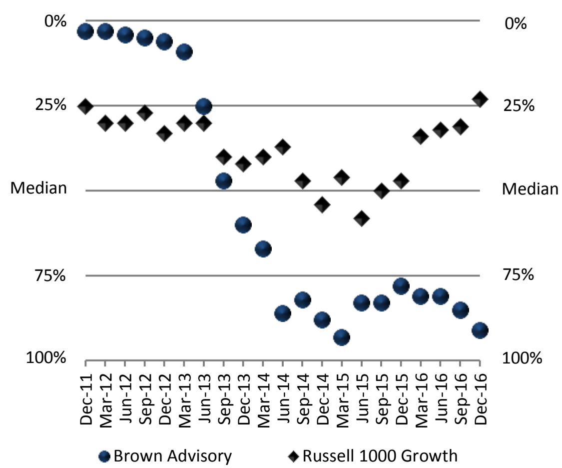
	Portfolio	Benchmark
No of Securities:	34	606
Portfolio Turnover:	29%	N/A
Dividend Yield:	0.4%	1.6%
Equity P/E:	32.5x	23.4x
Avg Market Cap:	$89.2 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	3.7%	N/A
Information Ratio:	-1.2	N/A
Sharpe Ratio:	0.5	1.3

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Brown Advisory was established in 1993 as an investment management arm of Alex Brown and Sons. Key professionals made an employee-led buyout in 1998 to gain independence from investment banking conflicts. 70% of the equity is held by a diverse group of employees, and 30% is held by members of the independent Board of Directors and a group of clients.
- Ken Stuzin took over as the lead manager for institutional large cap growth accounts in 2001 and proceeded to build out the research team. The 25 analysts on this team average thirteen years of investment experience and seven years with the firm.
- The process is designed to find quality sustainable growth companies through bottom-up research, focused on both traditional and non-traditional growth sectors. A quantitative screen, based on several growth and balance sheet metrics, is used to narrow the initial universe. Companies must have sustainable earnings growth rates of 14% or better. Favored companies will have large and enduring market opportunities, an experienced management team, and proprietary products or services. The firm tries to identify companies with a culture that rewards innovation and is adaptable to change. Patience on valuation is a key to factor in the strategy's buy and sell discipline.
- Portfolios are relatively concentrated (30-35 stocks) with name turnover averaging 35%. Analysts remain style agnostic, which brings periods of significant benchmark risk, especially in momentum-driven or narrow markets.

QUALITATIVE RANKING

FIRM	-2 -1 0 1 2
Empl Ownership	
Mgmt Consistency	
Integration	
Cost	
Litigation	
Responsiveness	
TOTAL	+8

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

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

PHILOSOPHY	-3 -2 -1 0 1 2 3
Philosophy	
Purchase Discipline	
Sell Discipline	
Research	
Trading Skills	
Decision Process	
Characteristics	
TOTAL	+9

TOTAL QUALITATIVE SCORE: +25

Poor | Average | Above Average | Exceptional

-10 | 0 | +10 | +20 | +30

*Negotiated fee schedule

BROWN ADVISORY, LLC – LARGE CAP GROWTH

Key Differentiator: This team boasts the experience, expertise, and discipline to identify great companies in both traditional and non-traditional growth sectors.

- **Investment Thesis:**
  - **Experienced Team** – Ken Stuzin has 30 years of investment experience and has built out an experienced team. Members are encouraged to challenge one another so only the best ideas enter the portfolio.
  - **Unique Approach** – Analysts find growth wherever it may be and are not afraid to think outside the box. The firm has a successful track record buying companies with strong business models that translate to sustainable earnings power.
  - **Patience** – Even if they favor a particular company's business model, Brown will wait until the valuation multiple makes sense. This has helped to avoid buying companies at peak valuation.
- **Risks/Concerns:**
  - **Key Leader** – Ken Stuzin is at the helm of this strategy. Ken Stuzin has an investment acumen and an earned respect within Brown that would be hard to replace.
  - **Valuation Sensitivity** – This portfolio is constructed from the bottom-up, which will lead to high tracking error at times. Underperformance can occur if fundamentals and valuation are ignored by the market.
- **Performance Review and Expectations:**
  - The excess return target is 200 bps over the Russell 1000 Growth over a full market cycle. Tracking error of roughly 500 bps is expected.
  - The portfolio underperformed the Russell 1000 Growth Index by 563 bps in the fourth quarter of 2016 and by 937 bps over the trailing one year. Stock selection was broadly challenged for the quarter and trailing year as no sector added value.

SAWGRASS ASSET MANAGEMENT, LLC – DIVERSIFIED LARGE CAP GROWTH EQUITY

FIRM DETAILS

Address:	1579 The Greens Way Suite 20 Jacksonville, FL 32250
Phone:	904.493.5500
Asset Class:	Large Cap Growth
Benchmark:	Russell 1000 Growth
Founded:	1998
Ownership:	100% employee owned

Assets Under Management: $3.8 billion

PRODUCT DETAILS

Inception: March 1998

Assets Under Management: $1.9 billion

Vehicles Offered: SA , $1 million minimum

Portfolio Managers/Dual Role PMs: 5

Avg. Yrs of Experience: 31

Avg. Yrs at Firm: 16

Research Analysts: 1

Avg. Yrs of Experience: 11

Avg. Yrs at Firm: 4

Fee Schedule (SA): 0.70% on first $10 million
0.60% on next $20 million
0.50% on balance

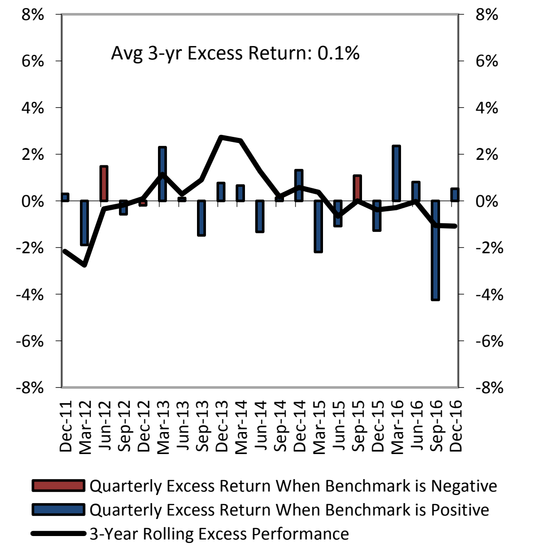
Performance-Based Fee Example:
Base: 0.20%
Share: 20%
Cap: 1.00%

CHARACTERISTICS

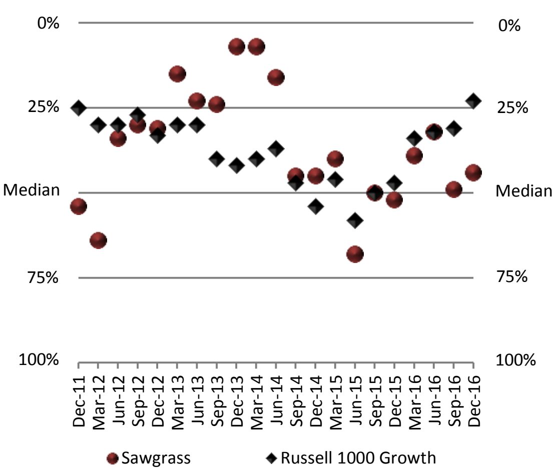
	Portfolio	Benchmark
No of Securities:	49	606
Portfolio Turnover:	40%	N/A
Dividend Yield:	1.5%	1.6%
Equity P/E:	22.2x	23.4x
Avg Market Cap:	$160.3 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	3.6%	N/A
Information Ratio:	-0.3	N/A
Sharpe Ratio:	1.3	1.3

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



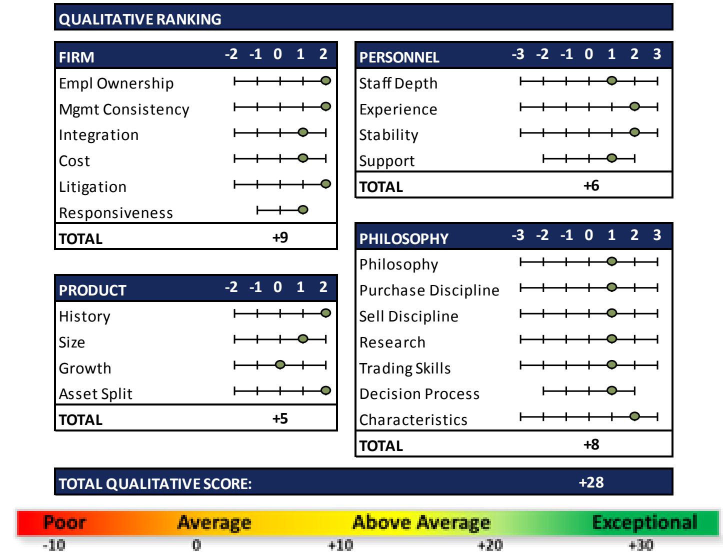
Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

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

QUALITATIVE RANKING



 Returns are gross of fees.

Summit Strategies Group

SAWGRASS ASSET MANAGEMENT, LLC – LARGE CAP GROWTH EQUITY

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

- **Investment Thesis:**
  - **Low Volatility Approach** – The strategy's volatility is among the lowest in the large cap growth universe. The approach focuses on fundamentals and financial statement analysis to uncover potential blowups before they get into the portfolio.
  - **Experienced Team** – Portfolio Managers Marty LaPrade and Dean McQuiddy have run growth portfolios together for over two decades and have 38 and 33 years of investment experience, respectively. They have each seen multiple investment market cycles and have demonstrated the ability to add value.
  - **Client-Centric Firm** – The firm excels in client service and communication has been superb. In addition, the firm is very accommodative to fee negotiations and is open to performance based fees.
  - **Downside Market Performance** – The firm prides itself on capital preservation. Downside market capture is key to avoiding permanent losses in capital and Sawgrass has a demonstrated history of protecting in down markets.
- **Risks/Concerns:**
  - **Momentum** – This strategy will likely not keep pace during a momentum-driven or low-quality market run as their valuation discipline has the team selling names as they reach valuation targets.
- **Performance Review and Expectations:**
  - The portfolio outperformed the Russell 1000 Growth by 52 bps gross of fees in the fourth quarter. Stock selection in technology, healthcare, consumer discretionary and consumer staples drove underperformance for the quarter. For the trailing year, the strategy underperformed the benchmark by 54 bps gross of fees. For the year, strong stock selection in technology, healthcare, and consumer discretionary contributed to performance, while asset weighting in consumer staples and energy detracted from performance.
  - There is not a high excess return target for this strategy, nor is high tracking error expected. Sawgrass is expected to provide around 100 basis points of net excess return with less volatility than the benchmark and do well during both growth and value market cycles.

CASTLEARK MANAGEMENT, LLC – LARGE CAP GROWTH EQUITY

FIRM DETAILS

Address: 1 N. Wacker Drive
Suite 3950
Chicago, IL 60606
Phone: 312.456.9682
Asset Class: Large Cap Growth
Benchmark: Russell 1000 Growth
Founded: 1999
Ownership: 100% employee owned
Assets Under Management: $3.5 billion

PRODUCT DETAILS

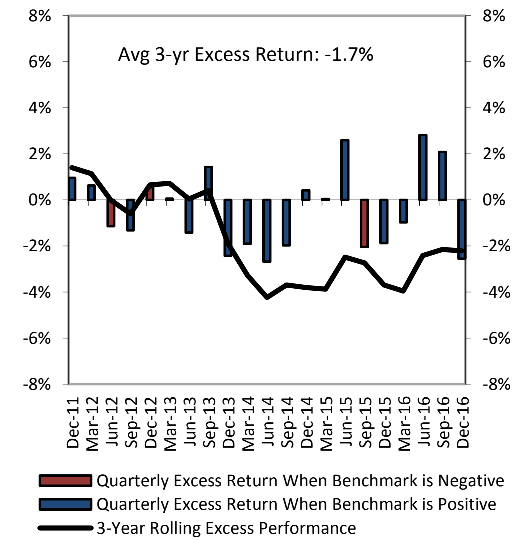
Inception: March 1999
Assets Under Management: $1.4 billion
Vehicles Offered: SA, CF
Separate Account Minimum: $10 million
Commingled Fund Minimum: $1 million
Portfolio Managers/Dual Role PMs: 3
Avg. Yrs of Experience: 35
Avg. Yrs at Firm: 16
Research Analysts: 2
Avg. Yrs of Experience: 9
Avg. Yrs at Firm: 9
Fee Schedule (SA*): 0.70% on first $25M
0.60% on next $25M
0.50% on balance
(Performance-based fees are available)
(CF): 0.50% on all assets

CHARACTERISTICS

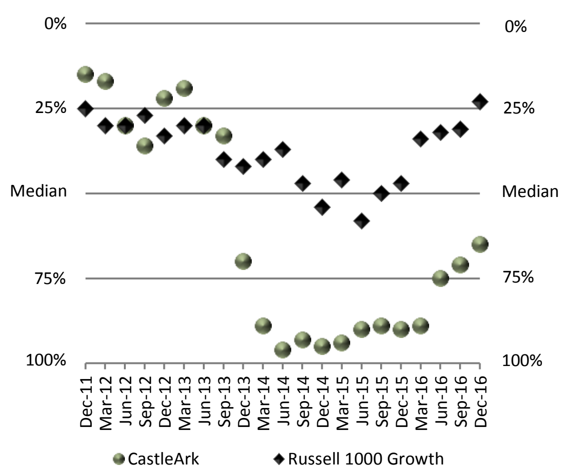
	Portfolio	Benchmark
No of Securities:	47	606
Portfolio Turnover:	101%	N/A
Dividend Yield:	1.1%	1.6%
Equity P/E:	27.0x	23.4x
Avg Market Cap:	$109.4 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	4.1%	N/A
Information Ratio:	-0.54	N/A
Sharpe Ratio:	0.8	1.3

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- CastleArk is a 100% employee-owned firm that was founded by a former Loomis Sayles team. The large cap growth product is managed using the same approach.
- Bob Takazawa serves as the lead manager and works with Scott Pape, Jerry Castellini, and Rick Drake in setting overall risk and sector allocations for the portfolio. The team is well experienced, and most of the investment professionals have worked together for more than two decades.
- The investment process is driven by an understanding of growth throughout the lifecycle of a company. The CastleArk team believes that all companies' earnings trends follow select lifecycle phases. They believe that the phase a company is in plays a dominant role in the stock's current and future valuation, thereby providing a more accurate means of matching company fundamentals with stock price behavior. Using this philosophy, portfolios are built in three steps: qualitative identification of dominant companies, valuation analysis relative to a company's lifecycle position, and diversifying with sensitivity to sector, liquidity, and life cycle.
- Portfolios will consist of 40-55 names and generally have a stronger growth orientation relative to the index. Risk controls are stated in both traditional terms and relative to the lifecycle stages. Portfolio allocation is broken down into three buckets: emerging growth: 8-25% (1.0-2.5% positions), consistent growth: 30-60% (2.5-5.0% positions), and cyclical growth: 25-55% (2.0-4.0% positions).

QUALITATIVE RANKING

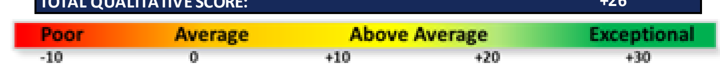
FIRM (-2 -1 0 1 2)	
Empl Ownership	1
Mgmt Consistency	2
Integration	1
Cost	2
Litigation	2
Responsiveness	1
TOTAL	+9

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

PERSONNEL (-3 -2 -1 0 1 2 3)	
Staff Depth	1
Experience	3
Stability	2
Support	1
TOTAL	+7

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

TOTAL QUALITATIVE SCORE: +26



*Summit negotiated fee schedule, subject to vehicle minimum.
Returns are gross of fees.

Summit Strategies Group

CASTLEARK MANAGEMENT, LLC – LARGE CAP GROWTH EQUITY

Key Differentiator: A highly experienced team that takes a unique approach to growth investing with their lifecycle method of valuation.

- **Investment Thesis:**
  - **Team Continuity and Experience** – Portfolio Managers Bob Takazawa, Jerry Castellini, and Scott Pape have managed the strategy since the firm's founding in 1999, in addition to their tenure at Loomis, Sayles & Company. The portfolio management team averages 35 years of experience over several market cycles.
  - **Lifecycle Approach** – Company valuation is dependent on the earnings phase that a company is experiencing. The CastleArk process is designed to capture the mismatch between the multiple assigned by the market and the lifecycle-derived valuation.
  - **Defined Asset Cap** – The members left Loomis due to excessive asset gathering, which they believed harmed performance. This team wants to avoid the potential for alpha deterioration and has stated that they intend to close the product at $5 billion.
- **Risks/Concerns:**
  - **Benchmark Risk** – This portfolio is constructed from the bottom-up, and it is common for the portfolio to look very different from the benchmark. The strategy does have risk controls in place, but annualized tracking error in excess of 500 bps should be expected.
  - **Product Dependability** – Representing over half of the firm's existing assets under management, CastleArk is highly dependent on the large growth strategy. The firm launched a small growth strategy in 2007 to help diversify the firm's revenue stream; this product has experienced a pick-up in asset growth recently.
- **Performance Review and Expectations:**
  - The strategy underperformed the Russell 1000 Growth index in the fourth quarter by 256 bps gross of fees. Underperformance for the quarter was driven by poor stock selection in technology, health care, and energy. For the trailing year, an overweight to energy combined with strong stock selection in the sector led to the strategy outperforming the Russell 1000 Growth by 130 bps. The strategy lags over the trailing 3, 5, 7, and 10 years.
  - The excess return target is 100-200 bps over the Russell 1000 Growth over a market cycle. Tracking error of 400 to 700 bps is expected.
  - The Russell 1000 Growth index has been a difficult benchmark for active large cap growth managers to outperform over the last five-years with the index being close to a top-quartile performer through much of that time.

HS MANAGEMENT PARTNERS, LLC – CONCENTRATED QUALITY GROWTH EQUITY

FIRM DETAILS

Address:	640 Fifth Avenue, 18th floor New York, NY 10019
Phone:	212.888.0060
Asset Class:	Large Cap Growth
Benchmark:	Russell 1000 Growth
Founded:	2007
Ownership:	100% employee owned

Assets Under Management: $3.4 billion

PRODUCT DETAILS

Inception: April 2007

Assets Under Management: $3.4 billion

Vehicles Offered: SA ($10 million minimum)

Portfolio Managers/Dual Role PMs: 1

Avg. Yrs of Experience: 35

Avg. Yrs at Firm: 10

Research Analysts: 6

Avg. Yrs of Experience: 22

Avg. Yrs at Firm: 7

Fee Schedule (SA): 0.90% on first $25 million
0.70% on next $25 million
0.50% on balance

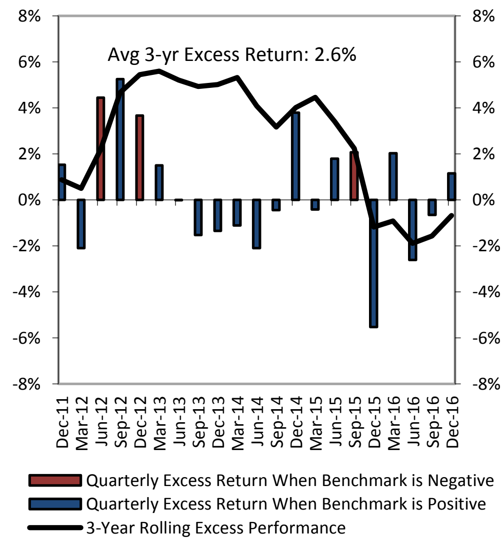
(Performance-based fees are not available)

CHARACTERISTICS

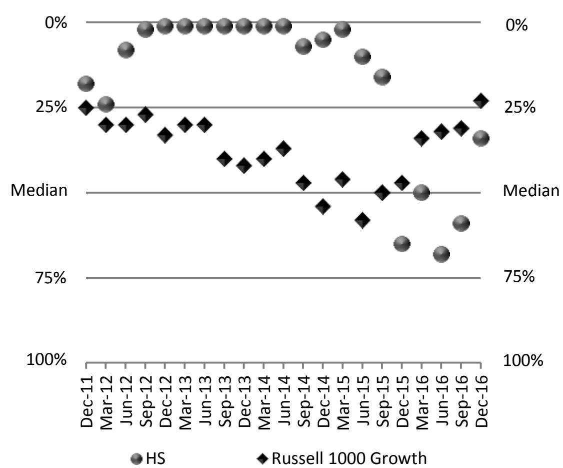
	Portfolio	Benchmark
No of Securities:	25	606
Portfolio Turnover:	66%	N/A
Dividend Yield:	1.7%	1.6%
Equity P/E:	25.1x	23.4x
Avg Market Cap:	$154.8 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	5.1%	N/A
Information Ratio:	-0.14	N/A
Sharpe Ratio:	1.3	1.3

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- In 2007, senior investment professionals lifted out of W.P. Stewart to form HS Management Partners, a 100% employee-owned firm. There are four equity holders, including the three portfolio managers and the Director of Client Development. The firm has one offering, the Concentrated Quality Growth strategy, which has experienced strong growth since inception.
- Harry Segalas, former CIO of W.P. Stewart, and David Altman, former Director of Research, managed large growth assets together for 13 years before forming HS Management Partners. Including Greg Nejmeh, the Portfolio Management team averages over 30 years of investment experience. The bulk of the investment decision making is by the portfolio managers with final authority by Harry Segalas.
- This is a bottom-up, fundamental, benchmark agnostic, and concentrated investment approach. The team will invest down in market cap to as low as $1 billion and can invest up to 30% outside the U.S. The team will invest across the growth spectrum from established franchises to up-and-coming businesses with higher growth potential. Attractive securities will have global platforms with defendable moats, new market opportunities, strong and sustainable earnings, and good management teams. The majority of research is concentrated on a 50-stock focus list, from which the team focuses on execution of the business model and long-term potential. Securities are continuously scrutinized on a 12-month forward P/E, free cash flow yield, and private market value; valuation is highly emphasized.
- The portfolio holds 20 to 25 stocks. Portfolio turnover averages 70 to 100%. The portfolio can vary significantly from the Russell 1000 Growth in terms of market cap distribution, sector allocation, and its investment in non-U.S. securities.

QUALITATIVE RANKING

FIRM	-2 -1 0 1 2
Empl Ownership	
Mgmt Consistency	
Integration	
Cost	
Litigation	
Responsiveness	
TOTAL	+6

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

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

PHILOSOPHY	-3 -2 -1 0 1 2 3
Philosophy	
Purchase Discipline	
Sell Discipline	
Research	
Trading Skills	
Decision Process	
Characteristics	
TOTAL	+9

TOTAL QUALITATIVE SCORE: +26

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

 Returns are gross of fees.

HS MANAGEMENT PARTNERS, LLC – CONCENTRATED QUALITY GROWTH EQUITY

Key Differentiator: A true high conviction portfolio run by a collaborative, passionate, and experienced team.

- **Investment Thesis:**
  - **High Collaboration on Research** – Every team member knows every position at this single-product shop. The team will bring two or three investment professionals to company management visits providing additional experience and perspective by the team.
  - **Discipline on Valuation** – The team emphasizes valuation (forward P/E, free cash flow yield, and private market value) and continuously evaluates current portfolio positions relative to their focus list opportunities.
  - **Continuity of Process** – Portfolio Manager, Harry Segalas was Chairman and CIO and Portfolio Manager, David Altman was Director of Research of their prior firm, W.P. Stewart. Harry, David, and Portfolio Manager, Robert Gebhart managed in excess of $8 billion in concentrated large growth assets in a similar investment process before founding HS Management Partners in 2007.
  - **Experience Relative to Peers** – Portfolio managers, Harry Segalas, David Altman, and Greg Nejmeh each have over 30 years of investment experience and have born witness to multiple market cycles.
- **Risks/Concerns:**
  - **Benchmark Agnostic Approach** – The portfolio may exhibit high tracking error: there are no sector constraints; there is an allowance for up to 30% in non-U.S. securities; and the team can opportunistically and meaningfully invest in companies with a market cap as low as $1 billion. The team avoids commodity-like sectors (Energy) as well as many financial stocks; this could present a headwind in narrow markets favoring those areas. To be sure, the historic volatility of the portfolio has been low relative to most large growth peers (ranked in the bottom decile over 3- and 5-year periods). This team emphasizes the preservation of client capital.
  - **Above Average Fee** – For accounts less than $25 million, the firm charges 90 bps. For accounts over $25 million, the tier of 70 bps is above the universe average.
- **Performance Review and Expectations:**
  - The strategy outperformed the Russell 1000 Growth by 115 bps in the fourth quarter, but underperformed by 15 bps over the trailing year. Outperformance for the quarter was driven by strong stock selection in consumer discretionary. For the year, strong stock selection in consumer discretionary contributed to performance, while weak stock selection in technology detracted from performance.
  - The portfolio has no excess return target; however, long-term results (including the record at W.P. Stewart) average 300 bps (gross) over the Russell 1000 Growth. HS Management is patient on long-term growth stories.

LOOMIS, SAYLES & COMPANY, L.P. – LARGE CAP GROWTH

FIRM DETAILS

Address: 1 Financial Center, Boston, MA 02111
Phone: 617.482.2450
Asset Class: Large Cap Growth
Benchmark: Russell 1000 Growth
Founded: 1926
Ownership: 100% owned by Natixis Global Asset Management
Assets Under Management: $240.2 billion

PRODUCT DETAILS

Inception: June 2006

Assets Under Management: $28.0 billion

Vehicles Offered: SA, CF, MF

Separate Account Minimum: $20 million

Commingled Fund Minimum: $5 million

Mutual Fund Minimum: $100,000

Portfolio Managers/Dual Role PMs: 1

Avg. Yrs of Experience: 23

Avg. Yrs at Firm: 6

Research Analysts: 6

Avg. Yrs of Experience: 10

Avg. Yrs at Firm: 5

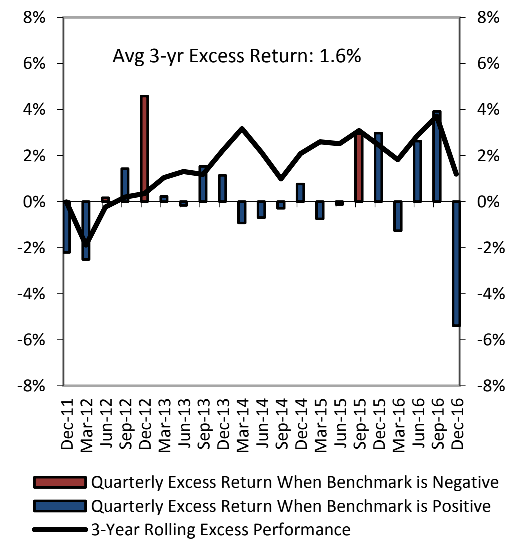
Fee Schedule (CF*): 0.40% on first $20 million
0.30% on next $80 million
0.20% on the balance
(Performance-based fees are available)
(MF): 0.85% on all assets

CHARACTERISTICS

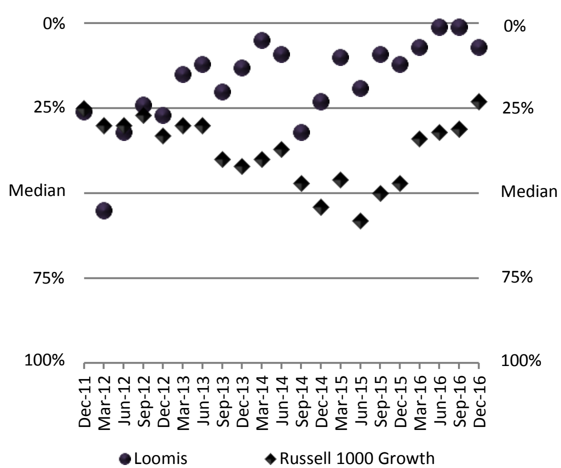
	Portfolio	Benchmark
No of Securities:	33	606
Portfolio Turnover:	9%	N/A
Dividend Yield:	1.4%	1.6%
Equity P/E:	22.1x	23.4x
Avg Market Cap:	$143.3 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	5.1%	N/A
Information Ratio:	0.2	N/A
Sharpe Ratio:	1.1	1.3

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Loomis Sayles & Company, L.P. is wholly owned by Natixis Global Asset Management, L.P., which is the US-based subsidiary of Natixis that is based in Paris, France. The Large Cap Growth team was created in May of 2010 when Portfolio Manager Aziz Hamzaogullari and three analysts, Brian Coyle, Peter Linnard, and Rayon Ward, departed Evergreen Investments.
- The Large Cap Growth strategy has been managed by Aziz Hamzaogullari and three dedicated analysts since the strategy's mid-2006 inception at Evergreen Investments. Since coming to Loomis Sayles, the team added Research Analysts Igor Chan and Ryan Hill, as well as Research Associate Larry Keegan. The strategy is effectively closed to new clients. All potentially new institutional accounts must be funded by 5/1/17.
- Loomis uses a long-term private equity approach to investing. They seek high-quality businesses with sustainable competitive advantages and profitable growth trading at a significant discount to intrinsic value. The team seeks to identify potentially unique elements of a company's business model and its ability to defend competitive advantages. They require at least a 2:1 upside-to-downside, reward-to-risk opportunity.
- The team looks to manage a portfolio of 30-40 stocks that are diversified by business drivers. Because business drivers are imperfectly correlated, the positive impact of one may offset the negative impact of another. At any given time, there will be no more than 15-20% exposure to the same business driver. Turnover ranges from 10%-25%.

QUALITATIVE RANKING

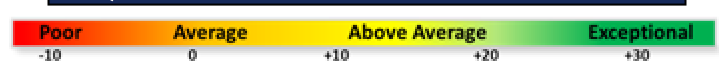
FIRM	-2 -1 0 1 2
Empl Ownership	
Mgmt Consistency	
Integration	
Cost	
Litigation	
Responsiveness	
TOTAL	+4

PRODUCT	-2 -1 0 1 2
History	
Size	
Growth	
Asset Split	
TOTAL	+3

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

PHILOSOPHY	-3 -2 -1 0 1 2 3
Philosophy	
Purchase Discipline	
Sell Discipline	
Research	
Trading Skills	
Decision Process	
Characteristics	
TOTAL	+10

TOTAL QUALITATIVE SCORE: +23



Returns are gross of fees.
*City of Jacksonville negotiated fee schedule.

LOOMIS, SAYLES & COMPANY, L.P. – LARGE CAP GROWTH

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Assets Under Management: $28.0 billion
Vehicles Offered: SA, CF, MF
Separate Account Minimum: $20 million
Commingled Fund Minimum: $5 million
Mutual Fund Minimum: $100,000
Portfolio Managers/Dual Role PMs: 1
Avg. Yrs of Experience: 23
Avg. Yrs at Firm: 6
Research Analysts: 6
Avg. Yrs of Experience: 10
Avg. Yrs at Firm: 5
Fee Schedule (CF*): 0.45% on first $100 million
0.40% on the balance
(Performance-based fees are available)
(MF): 0.85% on all assets

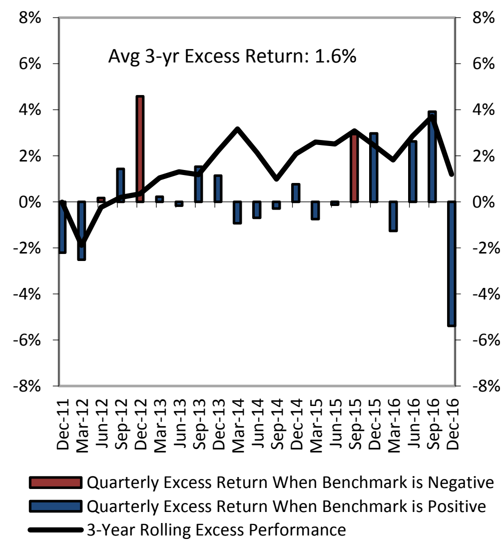
CHARACTERISTICS

	Portfolio	Benchmark
No of Securities:	33	606
Portfolio Turnover:	9%	N/A
Dividend Yield:	1.4%	1.6%
Equity P/E:	22.1x	23.4x
Avg Market Cap:	$143.3 billion	$153.4 billion
Last 3 Years:		
Tracking Error:	5.1%	N/A
Information Ratio:	0.2	N/A
Sharpe Ratio:	1.1	1.3

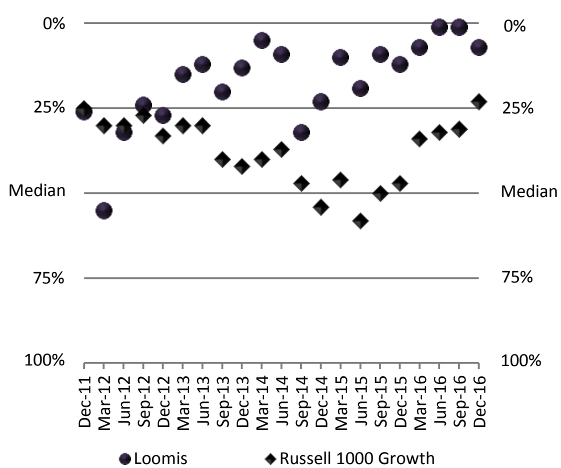
Returns are gross of fees.
*City of Jacksonville negotiated fee schedule.

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 1000 Growth Index



Manager vs. Large Cap Growth Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Loomis Sayles & Company, L.P. is wholly owned by Natixis Global Asset Management, L.P., which is the US-based subsidiary of Natixis that is based in Paris, France. The Large Cap Growth team was created in May of 2010 when Portfolio Manager Aziz Hamzaogullari and three analysts, Brian Coyle, Peter Linnard, and Rayon Ward, departed Evergreen Investments.
- The Large Cap Growth strategy has been managed by Aziz Hamzaogullari and three dedicated analysts since the strategy's mid-2006 inception at Evergreen Investments. Since coming to Loomis Sayles, the team added Research Analysts Igor Chan and Ryan Hill, as well as Research Associate Larry Keegan. The strategy is effectively closed to new clients. All potentially new institutional accounts must be funded by 5/1/17.
- Loomis uses a long-term private equity approach to investing. They seek high-quality businesses with sustainable competitive advantages and profitable growth trading at a significant discount to intrinsic value. The team seeks to identify potentially unique elements of a company's business model and its ability to defend competitive advantages. They require at least a 2:1 upside-to-downside, reward-to-risk opportunity.
- The team looks to manage a portfolio of 30-40 stocks that are diversified by business drivers. Because business drivers are imperfectly correlated, the positive impact of one may offset the negative impact of another. At any given time, there will be no more than 15-20% exposure to the same business driver. Turnover ranges from 10%-25%.

QUALITATIVE RANKING

FIRM (-2 -1 0 1 2)	
Empl Ownership	
Mgmt Consistency	
Integration	
Cost	
Litigation	
Responsiveness	
TOTAL	+4

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

PRODUCT (-2 -1 0 1 2)	
History	
Size	
Growth	
Asset Split	
TOTAL	+3

PHILOSOPHY (-3 -2 -1 0 1 2 3)	
Philosophy	
Purchase Discipline	
Sell Discipline	
Research	
Trading Skills	
Decision Process	
Characteristics	
TOTAL	+10

TOTAL QUALITATIVE SCORE: +23

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

Summit Strategies Group

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

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

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

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

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

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

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

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

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

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

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

Summit Strategies Group
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City of Jacksonville Police & Fire Pension Fund

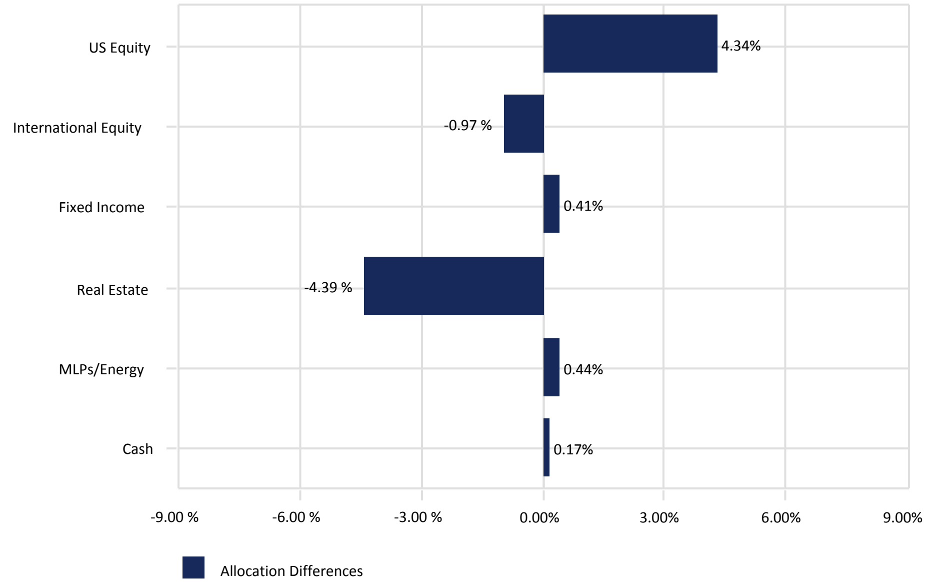
Flash Report

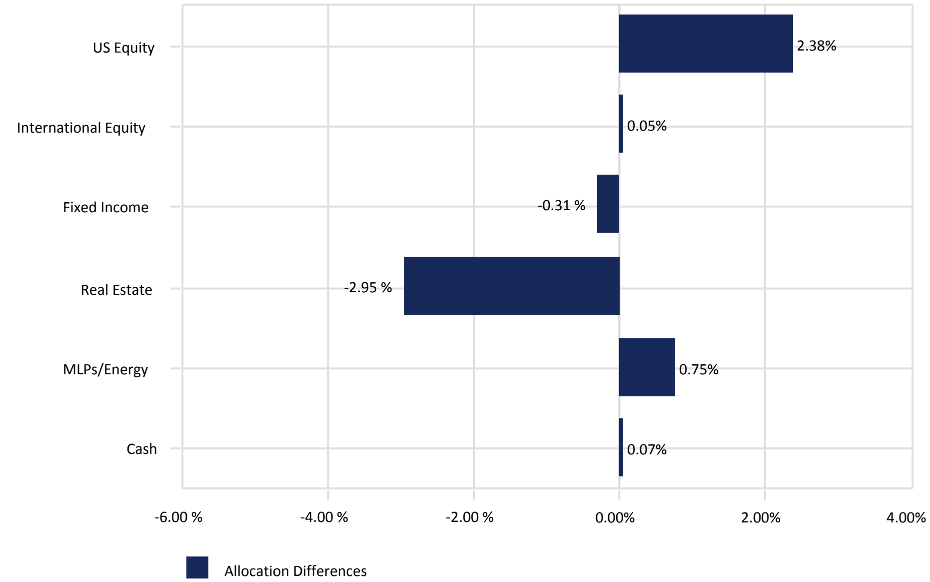
February 28, 2017

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

February 28, 2017





February 28, 2017

	Market Value ($)	Allocation (%)	Target (%)
US Equity	799,127,075	43.34	39.00
International Equity	350,868,504	19.03	20.00
Fixed Income	385,533,820	20.91	20.50
Real Estate	195,631,123	10.61	15.00
MLPs/Energy	109,582,949	5.94	5.50
Cash	3,173,248	0.17	0.00
Total Fund	1,843,916,719	100.00	100.00

November 30, 2016

	Market Value ($)	Allocation (%)	Target (%)
US Equity	660,730,968	41.38	39.00
International Equity	320,172,066	20.05	20.00
Fixed Income	322,441,364	20.19	20.50
Real Estate	192,405,158	12.05	15.00
MLPs/Energy	99,860,178	6.25	5.50
Cash	1,079,941	0.07	0.00
Total Fund	1,596,689,675	100.00	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees
February 28, 2017

	Asset $	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Inception Date
			Performance(%)										
Total Fund Composite	1,843,916,719	100.00	2.21	6.01	4.75	5.90	19.10	5.72	8.56	6.01	6.62	8.17	Apr-1989
Total Fund Policy			*1.96*	*5.63*	*3.67*	*5.02*	*17.97*	*5.78*	*8.32*	*5.44*	*6.48*	*8.22*	
Excess Return			0.25	0.38	1.08	0.88	1.13	-0.06	0.24	0.57	0.14	-0.05	
Total Equity	1,149,995,579	62.37	3.05	8.00	6.60	8.53	25.30	6.05	10.23	-	-	4.96	Jun-2007
US Equity	799,127,075	43.34	3.48	7.29	6.05	10.33	26.11	8.35	12.86	7.79	7.79	10.24	Jan-1988
US Equity Index			*3.72*	*7.73*	*5.67*	*10.12*	*26.29*	*9.92*	*13.85*	*7.73*	*7.95*	*10.54*	
Excess Return			-0.24	-0.44	0.38	0.21	-0.18	-1.57	-0.99	0.06	-0.16	-0.30	
International Equity	350,868,504	19.03	2.08	9.64	7.88	5.21	23.58	1.65	4.98	1.41	5.38	4.79	Feb-1999
International Equity Index			*1.61*	*7.95*	*5.22*	*3.96*	*19.88*	*0.27*	*4.02*	*1.13*	*6.13*	*3.95*	
Excess Return			0.47	1.69	2.66	1.25	3.70	1.38	0.96	0.28	-0.75	0.84	
Fixed Income	385,533,820	20.91	0.91	1.75	1.27	-0.60	4.23	3.16	2.59	4.47	4.70	6.40	Jan-1988
Blmbg. Barc. U.S. Aggregate			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	*2.24*	*4.28*	*4.52*	*6.46*	
Excess Return			0.24	0.74	0.40	1.53	2.82	0.52	0.35	0.19	0.18	-0.06	
Real Estate	195,631,123	10.61	0.58	1.71	0.93	3.25	8.67	11.75	12.59	7.67	-	9.32	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	*12.21*	*5.82*	*-*	*7.54*	
Excess Return			0.58	-0.40	0.93	1.14	-0.10	-0.32	0.38	1.85	-	1.78	
NCREIF Property Index			*0.00*	*1.73*	*0.00*	*1.73*	*7.97*	*11.02*	*10.92*	*6.93*	*-*	*9.25*	*Jan-1978*
MLPs/Energy	109,582,949	5.94	1.20	9.74	5.39	7.88	41.71	-0.07	7.75	-	-	10.60	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	*-*	*-*	*4.49*	
Excess Return			0.28	-0.01	0.80	-0.18	-5.79	3.93	4.98	-	-	6.11	
Cash	3,173,248	0.17	0.02	0.67	0.60	0.75	0.95	0.86	0.84	2.40	8.13	8.36	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

February 28, 2017

	Asset $	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
			Performance(%)									
US Equity												
NT S&P 500 Index Fund	270,796,589	14.69	3.97	8.04	5.94	10.00	25.01	10.71	14.05	7.63	5.66	Jan-1999
S&P 500			*3.97*	*8.04*	*5.94*	*9.99*	*24.98*	*10.63*	*14.01*	*7.62*	*5.65*	
Excess Return			0.00	0.00	0.00	0.01	0.03	0.08	0.04	0.01	0.01	
Eagle Capital Management	196,896,263	10.68	2.99	7.81	5.89	13.40	28.18	10.47	15.39	-	13.79	Apr-2011
Russell 1000 Value Index			*3.59*	*6.94*	*4.33*	*11.30*	*29.13*	*9.90*	*14.02*	*-*	*12.06*	
Excess Return			-0.60	0.87	1.56	2.10	-0.95	0.57	1.37	-	1.73	
Brown Investment Advisory	88,601,470	4.81	3.72	7.68	8.47	3.54	14.63	6.61	-	-	7.74	Nov-2013
Russell 1000 Growth Index			*4.15*	*9.00*	*7.66*	*8.75*	*22.15*	*10.47*	*-*	*-*	*11.94*	
Excess Return			-0.43	-1.32	0.81	-5.21	-7.52	-3.86	-	-	-4.20	
Sawgrass Asset Management	93,698,090	5.08	3.70	6.79	5.56	7.15	15.88	9.01	-	-	10.73	Nov-2013
Russell 1000 Growth Index			*4.15*	*9.00*	*7.66*	*8.75*	*22.15*	*10.47*	*-*	*-*	*11.94*	
Excess Return			-0.45	-2.21	-2.10	-1.60	-6.27	-1.46	-	-	-1.21	
Wedge Capital Mgmt	74,451,142	4.04	1.04	4.50	1.57	13.54	-	-	-	-	13.75	Sep-2016
Russell 2000 Value Index			*1.45*	*4.88*	*0.72*	*14.90*	*-*	*-*	*-*	*-*	*15.80*	
Excess Return			-0.41	-0.38	0.85	-1.36	-	-	-	-	-2.05	
Pinnacle	74,683,521	4.05	4.90	9.58	9.42	13.12	30.81	6.97	13.54	-	21.80	Mar-2009
Russell 2500 Growth Index			*3.03*	*6.42*	*5.47*	*8.21*	*28.05*	*6.20*	*12.39*	*-*	*19.75*	
Excess Return			1.87	3.16	3.95	4.91	2.76	0.77	1.15	-	2.05	
International Equity												
NT EAFE Index Fund	78,467,849	4.26	1.45	7.98	4.39	3.78	16.33	-0.28	-	-	5.67	Apr-2012
MSCI EAFE Index (Net)			*1.43*	*7.94*	*4.37*	*3.63*	*15.75*	*-0.62*	*-*	*-*	*5.35*	
Excess Return			0.02	0.04	0.02	0.15	0.58	0.34	-	-	0.32	
Baillie Gifford	99,499,024	5.40	0.80	9.42	8.93	1.59	23.76	0.36	6.66	-	5.11	Mar-2011
MSCI EAFE Growth Index (Net)			*2.22*	*8.00*	*5.66*	*-0.18*	*11.33*	*0.38*	*5.47*	*-*	*3.64*	
Excess Return			-1.42	1.42	3.27	1.77	12.43	-0.02	1.19	-	1.47	
Silchester	69,706,855	3.78	2.53	8.77	6.33	9.04	22.32	4.58	-	-	8.00	Sep-2013
MSCI EAFE Value Index (Net)			*0.68*	*7.89*	*3.16*	*7.47*	*20.27*	*-1.73*	*-*	*-*	*2.97*	
Excess Return			1.85	0.88	3.17	1.57	2.05	6.31	-	-	5.03	
Acadian Emerging Mkts Equity II Fund	103,194,777	5.60	3.54	11.76	10.76	7.74	35.04	3.26	-	-	2.01	Jan-2014
MSCI Emerging Markets (Net)			*3.06*	*8.94*	*8.70*	*4.17*	*29.46*	*1.35*	*-*	*-*	*0.18*	
Excess Return			0.48	2.82	2.06	3.57	5.58	1.91	-	-	1.83	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

February 28, 2017

			Performance(%)									
	Asset $	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,158,934	1.42	0.67	1.03	0.90	-2.18	1.41	2.68	-	-	2.08	Feb-2013
Blmbg. Barc. U.S. Aggregate			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	-	-	*2.10*	
Excess Return			0.00	0.02	0.03	-0.05	0.00	0.04	-	-	-0.02	
Neuberger Berman	162,679,404	8.82	0.79	-	1.50	-	-	-	-	-	1.50	Jan-2017
Blmbg. Barc. U.S. Aggregate			*0.67*	-	*0.87*	-	-	-	-	-	*0.87*	
Excess Return			0.12	-	0.63	-	-	-	-	-	0.63	
Loomis, Sayles & Company	109,090,286	5.92	1.12	-	-	-	-	-	-	-	1.12	Feb-2017
Blmbg. Barc. U.S. Aggregate			*0.67*	-	-	-	-	-	-	-	*0.67*	
Excess Return			0.45	-	-	-	-	-	-	-	0.45	
Thompson Siegel Fixed	87,486,707	4.74	0.92	1.74	1.16	-0.81	4.18	3.46	3.36	5.03	6.24	Aug-1991
Thompson Policy Index			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	*2.24*	*4.20*	*5.95*	
Excess Return			0.25	0.73	0.29	1.32	2.77	0.82	1.12	0.83	0.29	
Eaton Vance Instl Senior Loan Trust	118,490	0.01										
Real Estate												
JP Morgan	148,782,162	8.07	0.58	1.68	0.93	3.10	8.38	11.42	12.45	6.44	8.27	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	*12.21*	*5.82*	*7.54*	
Excess Return			0.58	-0.43	0.93	0.99	-0.39	-0.65	0.24	0.62	0.73	
Principal Global Investments	46,848,962	2.54	0.56	1.80	0.95	3.73	9.61	12.79	-	-	12.97	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	-	-	*12.06*	
Excess Return			0.56	-0.31	0.95	1.62	0.84	0.72	-	-	0.91	
MLPs/Energy												
Harvest MLP	54,637,679	2.96	0.69	8.26	4.40	6.20	44.45	-0.30	7.40	-	10.63	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	-	*4.49*	
Excess Return			-0.23	-1.49	-0.19	-1.86	-3.05	3.70	4.63	-	6.14	
Tortoise MLP	54,945,270	2.98	1.71	11.25	6.39	9.61	39.10	0.05	8.04	-	10.52	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	-	*4.49*	
Excess Return			0.79	1.50	1.80	1.55	-8.40	4.05	5.27	-	6.03	
Cash	3,173,248	0.17	0.02	0.67	0.60	0.75	0.95	0.86	0.84	2.40	8.36	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

February 28, 2017

			Performance(%)										
	Asset $	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Inception Date
Total Fund Composite	1,843,916,719	100.00	2.15	5.91	4.67	5.74	18.61	5.25	8.06	5.65	6.26	7.97	Apr-1989
Total Fund Policy			*1.96*	*5.63*	*3.67*	*5.02*	*17.97*	*5.78*	*8.32*	*5.44*	*6.48*	*8.22*	
Excess Return			0.19	0.28	1.00	0.72	0.64	-0.53	-0.26	0.21	-0.22	-0.25	
Total Equity	1,149,995,579	62.37	2.99	7.91	6.54	8.37	24.76	5.58	9.72	-	-	4.59	Jun-2007
US Equity	799,127,075	43.34	3.41	7.19	5.98	10.15	25.56	7.85	12.28	7.42	7.54	10.11	Jan-1988
US Equity Index			*3.72*	*7.73*	*5.67*	*10.12*	*26.29*	*9.92*	*13.85*	*7.73*	*7.95*	*10.54*	
Excess Return			-0.31	-0.54	0.31	0.03	-0.73	-2.07	-1.57	-0.31	-0.41	-0.43	
International Equity	350,868,504	19.03	2.03	9.55	7.82	5.09	23.06	1.25	4.57	1.05	5.13	4.58	Feb-1999
International Equity Index			*1.61*	*7.95*	*5.22*	*3.96*	*19.88*	*0.27*	*4.02*	*1.13*	*6.13*	*3.95*	
Excess Return			0.42	1.60	2.60	1.13	3.18	0.98	0.55	-0.08	-1.00	0.63	
Fixed Income	385,533,820	20.91	0.89	1.71	1.25	-0.66	4.06	3.02	2.42	4.35	4.61	6.36	Jan-1988
Blmbg. Barc. U.S. Aggregate			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	*2.24*	*4.28*	*4.52*	*6.46*	
Excess Return			0.22	0.70	0.38	1.47	2.65	0.38	0.18	0.07	0.09	-0.10	
Real Estate	195,631,123	10.61	0.58	1.52	0.76	3.03	7.94	10.80	11.53	6.98	-	8.72	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	*12.21*	*5.82*	*-*	*7.54*	
Excess Return			0.58	-0.59	0.76	0.92	-0.83	-1.27	-0.68	1.16	-	1.18	
NCREIF Property Index			*0.00*	*1.73*	*0.00*	*1.73*	*7.97*	*11.02*	*10.92*	*6.93*	*-*	*9.25*	*Jan-1978*
MLPs/Energy	109,582,949	5.94	0.93	9.45	5.11	7.49	40.72	-0.83	6.95	-	-	9.84	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	*-*	*-*	*4.49*	
Excess Return			0.01	-0.30	0.52	-0.57	-6.78	3.17	4.18	-	-	5.35	
Cash	3,173,248	0.17	0.02	0.67	0.60	0.75	0.95	0.86	0.84	2.23	8.01	8.26	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

February 28, 2017

	Asset $	Asset %	Performance(%) 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	270,796,589	14.69	3.97	8.04	5.94	10.00	24.99	10.68	14.01	7.60	5.64	Jan-1999
S&P 500			*3.97*	*8.04*	*5.94*	*9.99*	*24.98*	*10.63*	*14.01*	*7.62*	*5.65*	
Excess Return			0.00	0.00	0.00	0.01	0.01	0.05	0.00	-0.02	-0.01	
Eagle Capital Management	196,896,263	10.68	2.80	7.61	5.70	13.01	27.36	9.69	14.55	-	12.98	Apr-2011
Russell 1000 Value Index			*3.59*	*6.94*	*4.33*	*11.30*	*29.13*	*9.90*	*14.02*	-	*12.06*	
Excess Return			-0.79	0.67	1.37	1.71	-1.77	-0.21	0.53	-	0.92	
Brown Investment Advisory	88,601,470	4.81	3.62	7.58	8.37	3.34	14.21	6.35	-	-	7.49	Nov-2013
Russell 1000 Growth Index			*4.15*	*9.00*	*7.66*	*8.75*	*22.15*	*10.47*	-	-	*11.94*	
Excess Return			-0.53	-1.42	0.71	-5.41	-7.94	-4.12	-	-	-4.45	
Sawgrass Asset Management	93,698,090	5.08	3.66	6.74	5.51	6.98	15.63	8.77	-	-	10.47	Nov-2013
Russell 1000 Growth Index			*4.15*	*9.00*	*7.66*	*8.75*	*22.15*	*10.47*	-	-	*11.94*	
Excess Return			-0.49	-2.26	-2.15	-1.77	-6.52	-1.70	-	-	-1.47	
Wedge Capital Mgmt	74,451,142	4.04	1.04	4.38	1.57	13.41	-	-	-	-	13.62	Sep-2016
Russell 2000 Value Index			*1.45*	*4.88*	*0.72*	*14.90*	-	-	-	-	*15.80*	
Excess Return			-0.41	-0.50	0.85	-1.49	-	-	-	-	-2.18	
Pinnacle	74,683,521	4.05	4.90	9.38	9.42	12.91	30.00	6.21	12.68	-	21.08	Mar-2009
Russell 2500 Growth Index			*3.03*	*6.42*	*5.47*	*8.21*	*28.05*	*6.20*	*12.39*	-	*19.75*	
Excess Return			1.87	2.96	3.95	4.70	1.95	0.01	0.29	-	1.33	
International Equity												
NT EAFE Index Fund	78,467,849	4.26	1.45	7.98	4.39	3.75	16.26	-0.35	-	-	5.60	Apr-2012
MSCI EAFE Index (Net)			*1.43*	*7.94*	*4.37*	*3.63*	*15.75*	*-0.62*	-	-	*5.35*	
Excess Return			0.02	0.04	0.02	0.12	0.51	0.27	-	-	0.25	
Baillie Gifford	99,499,024	5.40	0.80	9.40	8.93	1.56	23.51	-0.05	6.17	-	4.69	Mar-2011
MSCI EAFE Growth Index (Net)			*2.22*	*8.00*	*5.66*	*-0.18*	*11.33*	*0.38*	*5.47*	-	*3.64*	
Excess Return			-1.42	1.40	3.27	1.74	12.18	-0.43	0.70	-	1.05	
Silchester	69,706,855	3.78	2.47	8.56	6.20	8.69	21.38	3.78	-	-	7.15	Sep-2013
MSCI EAFE Value Index (Net)			*0.68*	*7.89*	*3.16*	*7.47*	*20.27*	*-1.73*	-	-	*2.97*	
Excess Return			1.79	0.67	3.04	1.22	1.11	5.51	-	-	4.18	
Acadian Emerging Mkts Equity II Fund	103,194,777	5.60	3.41	11.61	10.62	7.60	33.83	2.77	-	-	1.55	Jan-2014
MSCI Emerging Markets (Net)			*3.06*	*8.94*	*8.70*	*4.17*	*29.46*	*1.35*	-	-	*0.18*	
Excess Return			0.35	2.67	1.92	3.43	4.37	1.42	-	-	1.37	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

February 28, 2017

			Performance(%)									
	Asset $	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,158,934	1.42	0.67	1.03	0.90	-2.20	1.38	2.64	-	-	2.05	Feb-2013
Blmbg. Barc. U.S. Aggregate			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	*-*	*-*	*2.10*	
Excess Return			0.00	0.02	0.03	-0.07	-0.03	0.00	-	-	-0.05	
Neuberger Berman	162,679,404	8.82	0.79	-	1.50	-	-	-	-	-	1.50	Jan-2017
Blmbg. Barc. U.S. Aggregate			*0.67*	*-*	*0.87*	*-*	*-*	*-*	*-*	*-*	*0.87*	
Excess Return			0.12	-	0.63	-	-	-	-	-	0.63	
Loomis, Sayles & Company	109,090,286	5.92	1.12	-	-	-	-	-	-	-	1.12	Feb-2017
Blmbg. Barc. U.S. Aggregate			*0.67*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*0.67*	
Excess Return			0.45	-	-	-	-	-	-	-	0.45	
Thompson Siegel Fixed	87,486,707	4.74	0.84	1.65	1.08	-0.94	3.92	3.27	3.18	4.90	6.18	Aug-1991
Thompson Policy Index			*0.67*	*1.01*	*0.87*	*-2.13*	*1.41*	*2.64*	*2.24*	*4.20*	*5.95*	
Excess Return			0.17	0.64	0.21	1.19	2.51	0.63	0.94	0.70	0.23	
Eaton Vance Instl Senior Loan Trust	118,490	0.01										
Real Estate												
JP Morgan	148,782,162	8.07	0.58	1.48	0.73	2.90	7.66	10.45	11.37	5.75	7.67	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	*12.21*	*5.82*	*7.54*	
Excess Return			0.58	-0.63	0.73	0.79	-1.11	-1.62	-0.84	-0.07	0.13	
Principal Global Investments	46,848,962	2.54	0.56	1.66	0.88	3.46	8.81	11.91	-	-	12.05	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			*0.00*	*2.11*	*0.00*	*2.11*	*8.77*	*12.07*	*-*	*-*	*12.06*	
Excess Return			0.56	-0.45	0.88	1.35	0.04	-0.16	-	-	-0.01	
MLPs/Energy												
Harvest MLP	54,637,679	2.96	0.34	7.88	4.03	5.83	43.47	-1.06	6.61	-	9.86	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	*-*	*4.49*	
Excess Return			-0.58	-1.87	-0.56	-2.23	-4.03	2.94	3.84	-	5.37	
Tortoise MLP	54,945,270	2.98	1.53	11.05	6.20	9.20	38.09	-0.72	7.24	-	9.77	Mar-2011
S&P MLP Index			*0.92*	*9.75*	*4.59*	*8.06*	*47.50*	*-4.00*	*2.77*	*-*	*4.49*	
Excess Return			0.61	1.30	1.61	1.14	-9.41	3.28	4.47	-	5.28	
Cash	3,173,248	0.17	0.02	0.67	0.60	0.75	0.95	0.86	0.84	2.23	8.26	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Benchmark Composition Total Fund & US Equity & International Equity

As of February 28, 2017

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 (VW) [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 (VW) [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 (VW) [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 (VW) [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 (VW) [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 (VW) [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 (VW) [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 February 28, 2017

		% Current Target	% Actual	% Difference from Current Target	$ Current Target	$ Actual	$ Difference
A.	**Total Equity**	**59.00%**	**62.37%**	**3.37%**	**$1,087,910,865**	**$1,149,995,579**	**$62,084,714**
1.	***Domestic Large Cap Equity (70% of Domestic)***	31.40%	35.25%	3.85%	578,989,850	649,992,412	71,002,562
	NT S&P 500 Index Fund		14.69%	14.69%		270,796,589	270,796,589
	Eagle Capital Management		10.68%	10.68%		196,896,263	196,896,263
	Brown Advisory		4.81%	4.81%		88,601,470	88,601,470
	Sawgrass Asset Management		5.08%	5.08%		93,698,090	93,698,090
2.	***Domestic Small/Mid Cap Equity (30% of Domestic)***	7.60%	8.09%	0.49%	140,137,671	149,134,663	8,996,992
	Wedge Capital Mgmt		4.04%	4.04%		74,451,142	74,451,142
	Pinnacle		4.05%	4.05%		74,683,521	74,683,521
3.	***International Equity Developed***	14.00%	13.43%	(0.57%)	258,148,341	247,673,728	(10,474,613)
	NT EAFE Index Fund		4.26%	4.26%		78,467,849	78,467,849
	Baillie Gifford		5.40%	5.40%		99,499,024	99,499,024
	Silchester		3.78%	3.78%		69,706,855	69,706,855
4.	***International Emerging Markets***	6.00%	5.60%	(0.40%)	110,635,003	103,194,777	(7,440,226)
	Acadian Emerging Markets		5.60%	5.60%		103,194,777	103,194,777
B.	**Total Fixed Income**	**20.50%**	**21.08%**	**0.58%**	**$378,002,928**	**$388,707,068**	**$10,704,140**
1.	***Core Fixed Income***	4.00%	6.16%	2.16%	73,756,669	113,645,640	39,888,972
	NTGI Aggregate Bond Index		1.42%	1.42%		26,158,934	26,158,934
	Thompson Siegel Fixed		4.74%	4.74%		87,486,707	87,486,707
2.	***Core Plus***	15.50%	14.74%	(0.76%)	285,807,092	271,769,690	(14,037,402)
	Neuberger Berman		8.82%	8.82%		162,679,404	162,679,404
	Loomis, Sayles & Company		5.92%	5.92%		109,090,286	109,090,286
3.	***Senior Bank Notes***	0.00%	0.01%	0.01%	0	118,490	118,490
	Eaton Vance Instl Senior Loan Trust		0.01%	0.01%		118,490	118,490
4	***Cash/Paid Receipts***	1.00%	0.17%	(0.83%)	18,439,167	3,173,248	(15,265,919)
C.	**Total Real Assets**	**20.50%**	**16.55%**	**(3.95%)**	**$378,002,928**	**$305,214,073**	**($72,788,855)**
1.	***Real Estate***	15.00%	10.61%	(4.39%)	276,587,508	195,631,123	(80,956,385)
	JPM RE Strategic Property	5.00%	8.07%	3.07%	92,195,836	148,782,162	56,586,326
	Principal Global Investments	5.00%	2.54%	(2.46%)	92,195,836	46,848,962	(45,346,874)
	Non-Core Real Estate (TBD)	5.00%	0.00%	(5.00%)	92,195,836	0	(92,195,836)
2.	***MLPs / Timber / Commodities***	5.50%	5.94%	0.44%	101,415,420	109,582,949	8,167,530
	Harvest MLP		2.96%	2.96%		54,637,679	54,637,679
	Tortoise MLP		2.98%	2.98%		54,945,270	54,945,270
D.	**TOTAL FUND**	**100.00%**	**100.00%**			**$1,843,916,720**	

DISCLAIMER

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Monthly Economic & Capital Market Update

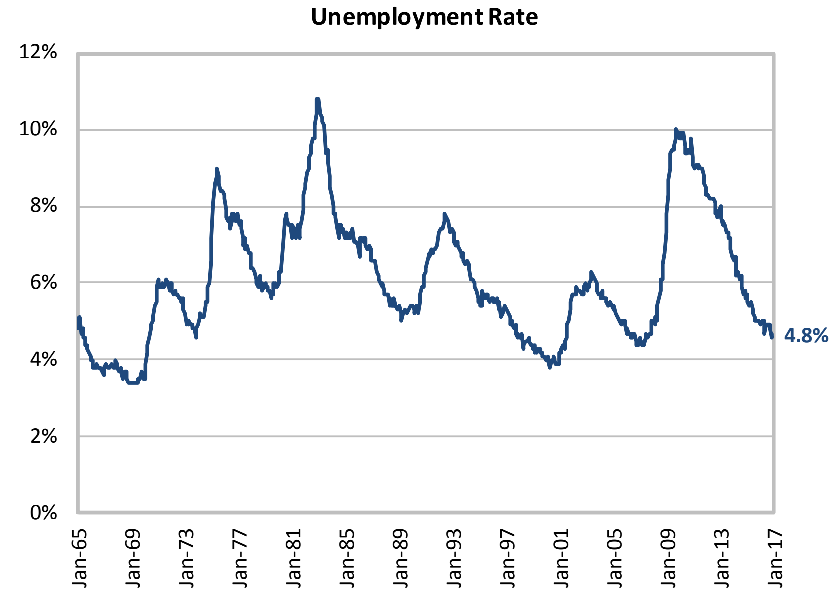
February 2017

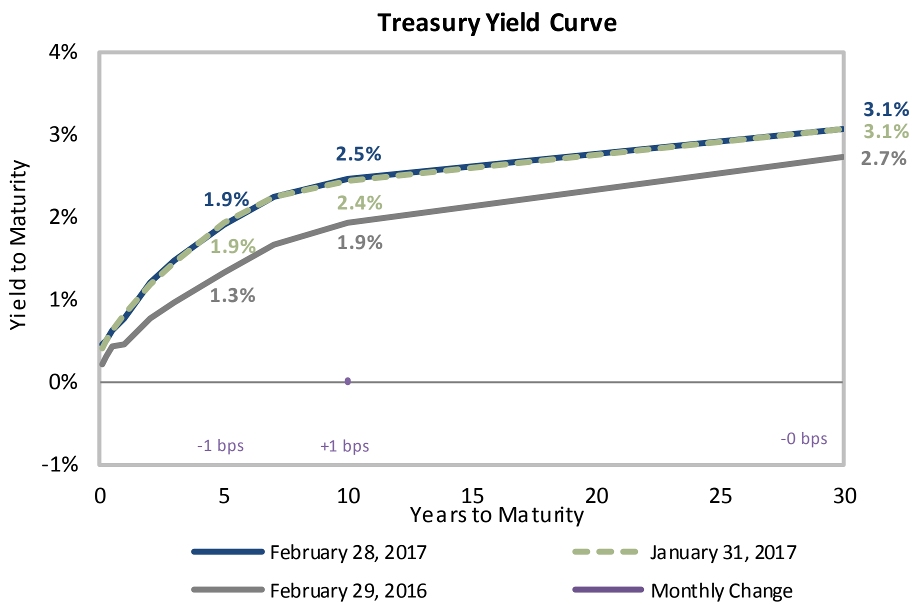
Economy

- February saw continued strong economic surveys and estimates, consistent with the trend that has been in place since November's US election. The increase in expectations has helped propel global equity markets higher on low levels of volatility. During February, President Trump announced the upcoming proposal of a "phenomenal tax plan" focused on cutting individual and corporate tax rates, along with a potential border adjustment tax; however, specifics have yet to emerge. The strong market performance and levels of surveys over the past several months reflect higher expectations for effective policies, which are expected to be implemented over the next several months and years. The Federal Reserve has taken notice of the improvement in optimism and throughout February Fed members became more vocal about raising rates in March. Comments from Fed Chair Yellen suggest the potential for three rate hikes for 2017, and during February market expectations for a March rate hike rose from below 30% to above 80%.
- The US economy experienced positive job growth for the 76th consecutive month in January as employers added 227,000 jobs during the month. The unemployment rate rose slightly to 4.8% from December's 4.7%, and the labor force participation rate was unchanged at 62.9%. Wages, as measured by average hourly earnings of private sector workers, increased 0.1% for the month and 2.5% year-over-year. Payrolls from November and December were revised downward by 39,000 total jobs. Economist expectations for the February employment report are for 190,000 new payrolls and for the unemployment rate to decline 10 bps to 4.7%.
- Real GDP grew at a 1.9% annual rate during the fourth quarter, according to the second estimate released by the Bureau of Economic Analysis. The 1.9% GDP growth overall for the US economy in 2016 matches 2015's growth rate and remains well below historical levels. The fourth quarter figure, which remained stable from the first estimate earlier this year, reflected lower exports and government spending than the previous quarter.
- February marked the 86th consecutive month of expansion in the US services sector. The ISM non-manufacturing Purchasing Managers Index (PMI) came in at 57.6, slightly above December's record high of 57.2. Any reading over 50.0 indicates expansion in the services sector.

Yield Curve

- The spread between 2-year and 30-year Treasuries contracted 13 bps to 173 bps in February. Over the past 30 years, the spread between 2-year and 30-year Treasuries has averaged 167 bps.





Growth Assets

February 28, 2017

Public Equities

- In February, global equity markets extended their 2017 gains. The S&P 500 earned 4.0% for the month and the Russell 2000 gained 1.9%. Both international large and small cap equities performed well, with the MSCI EAFE and MSCI EAFE Small Cap Indices gaining 1.4% and 2.2%, respectively. Emerging markets also posted positive performance, gaining 3.1% for the month.
- Master limited partnerships (MLPs) returned 0.4% in February. MLPs saw negative returns across almost all sectors, with the exception of general partners (4.0%), gathering and processing (3.6%), and crude oil pipelines (0.5%). Major detractors of performance included downstream (-5.3%) and energy services (-3.9%). MLPs have gained 5.3% year-to-date, with gathering and processing the best performers at 9.3%.

Public Debt

- The Bloomberg Barclays High Yield Index returned 1.5% for the month of February, with spreads tightening 25 bps from January. Spreads at 363 bps are low relative to historical levels, with a 20-year median of 510 bps for the Index.
- Local currency-denominated emerging market debt returned 1.8% during February, making it the best-performing fixed income asset class for the month.

Private Equity

- The private equity environment proved to be robust in 2016, with over 800 funds closing globally for a total of $345 billion. This marks the fourth consecutive year of fundraising totals exceeding $300 billion, which remains below the nearly $400 billion raised in both 2007 and 2008. Purchase price multiples for larger deals, as measured by S&P Leveraged Commentary and Data (S&P LCD), remained steady from 2015, while multiples in the middle market declined by 10%. Manager sentiment suggests that the lower multiples in the middle market demonstrate that managers remain disciplined on pricing, resulting in fewer deals being completed.

Private Debt

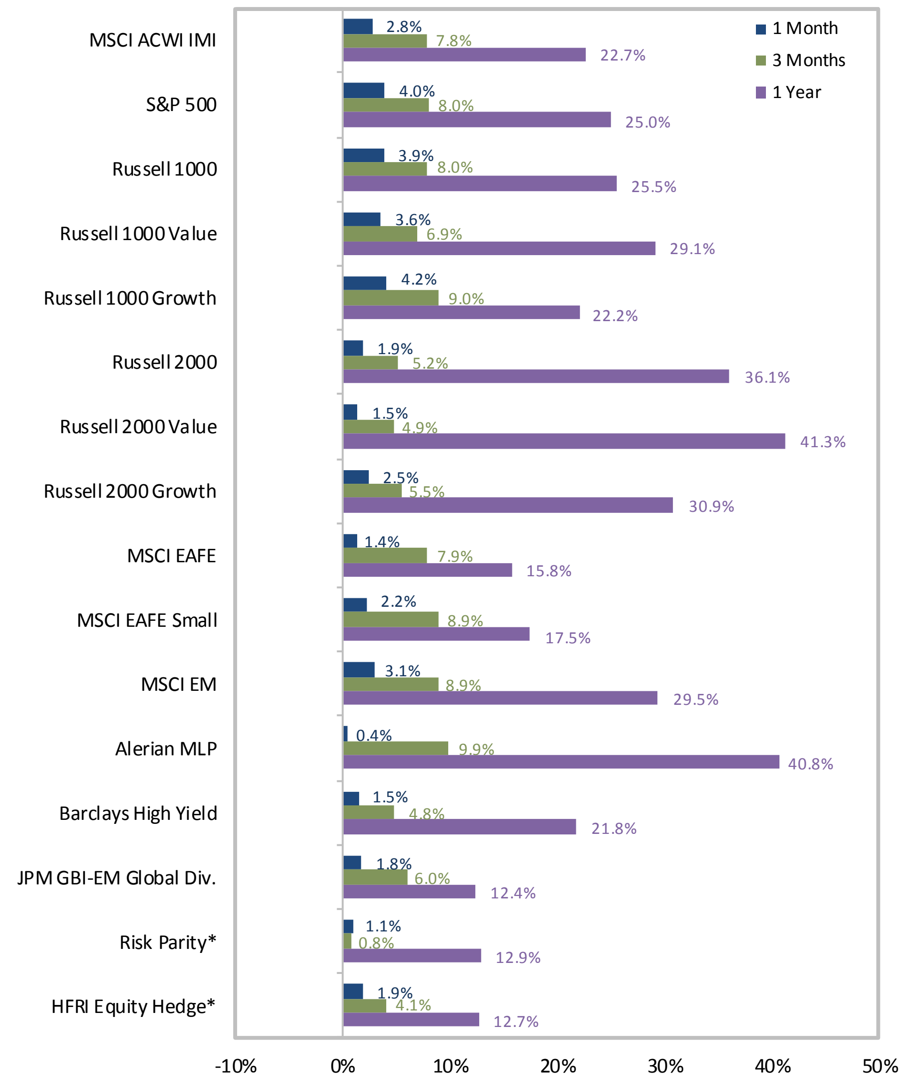
- In 2016, private debt saw 119 funds close for a combined total of $74 billion, below the 2015 value of $96 billion. According to Preqin, 2016 had the lowest number of fund closures since 2013, as the pace of fundraising slowed to an average of 20 months, up from a 16-month average in 2015. Fundraising pace has slowed as capital is becoming increasingly concentrated among a small group of fund managers.

Risk Parity

- Risk parity strategies gained in January, with equities driving returns. Commodity allocations also contributed while nominal bonds detracted.

Growth Hedge Funds

- Growth hedge funds performed well in January. Equity long/short funds led returns as equity markets gained for the quarter. Event-driven strategies also contributed, with distressed strategies contributing strongly.



* 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

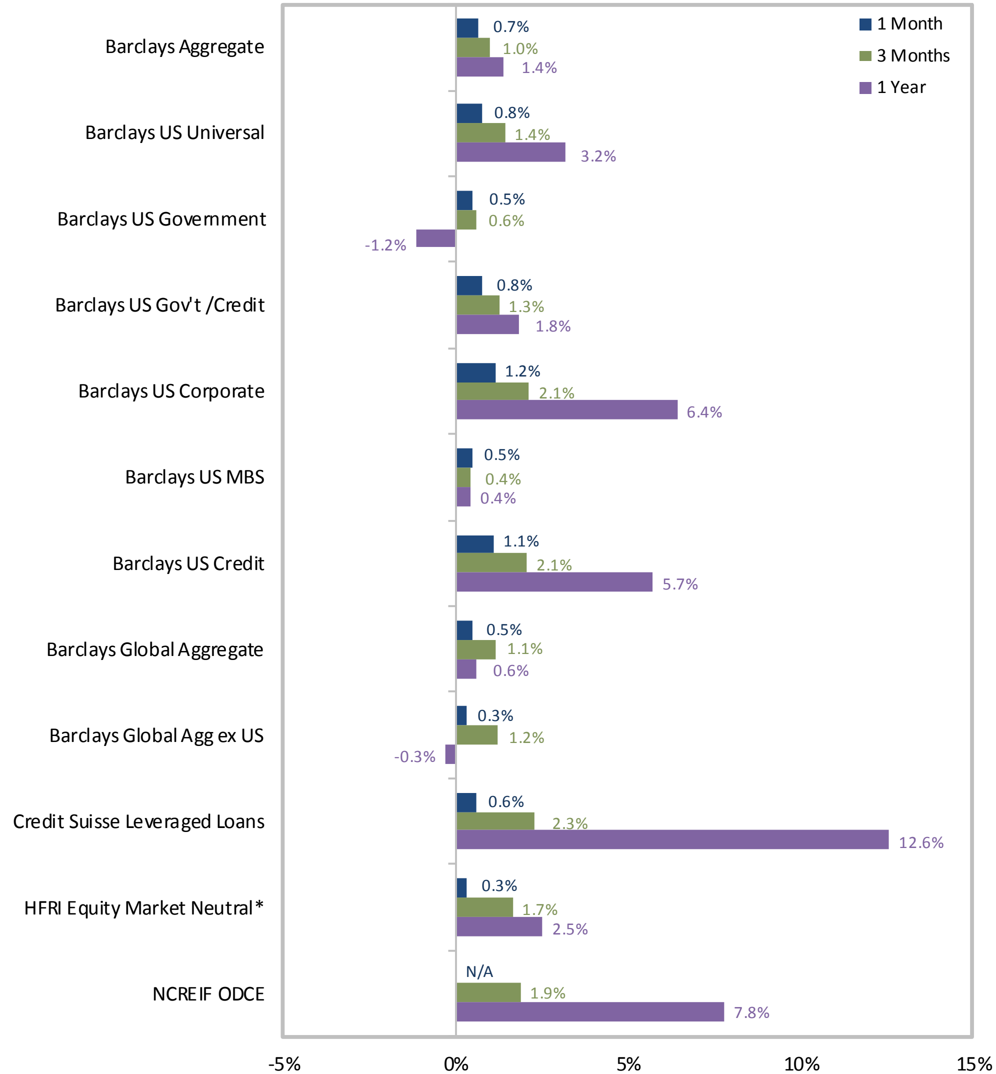
- The 10-year US Treasury yield traded within a 20-bp band during the month before ending February at 2.4%, mostly unchanged from the end of January.
- After the spread volatility observed at the end of 2016, February was a relatively calm month for core fixed income; option-adjusted spreads tightened one basis point during the month.
- International bonds posted a return of 0.3% during February, with gains on principal and interest of 0.9% overwhelming a 0.6% loss on currency.
- Bank loans returned 0.6% during the month of February, which is consistent with coupon-like returns. Gross issuance of loans are on record pace to start the year, totaling $220B in January and February compared to $22B for the same period in 2016.

Relative Value Hedge Funds

- Relative value hedge funds posted gains across strategies in January. Credit-related strategies were the strongest contributors, while volatility arbitrage and equity market neutral strategies also contributed.

Core Real Estate

- The fourth quarter return for the NCREIF ODCE Index was 2.1% gross and 1.8% net, with the majority of gains coming from income rather than price appreciation. Continued progress in the labor market and economic recovery have acted as a tailwind for real estate performance, with the asset class turning in a strong gain of 7.7% in 2016. As capitalization rates have decreased in recent years, so have core real estate returns; 2016's return was the lowest since 2009 for the asset class.



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

Inflation

- Inflation expectations remained relatively stable during February, ending the month with 10-year breakeven inflation expectations slightly above 2.0%.

Deflation

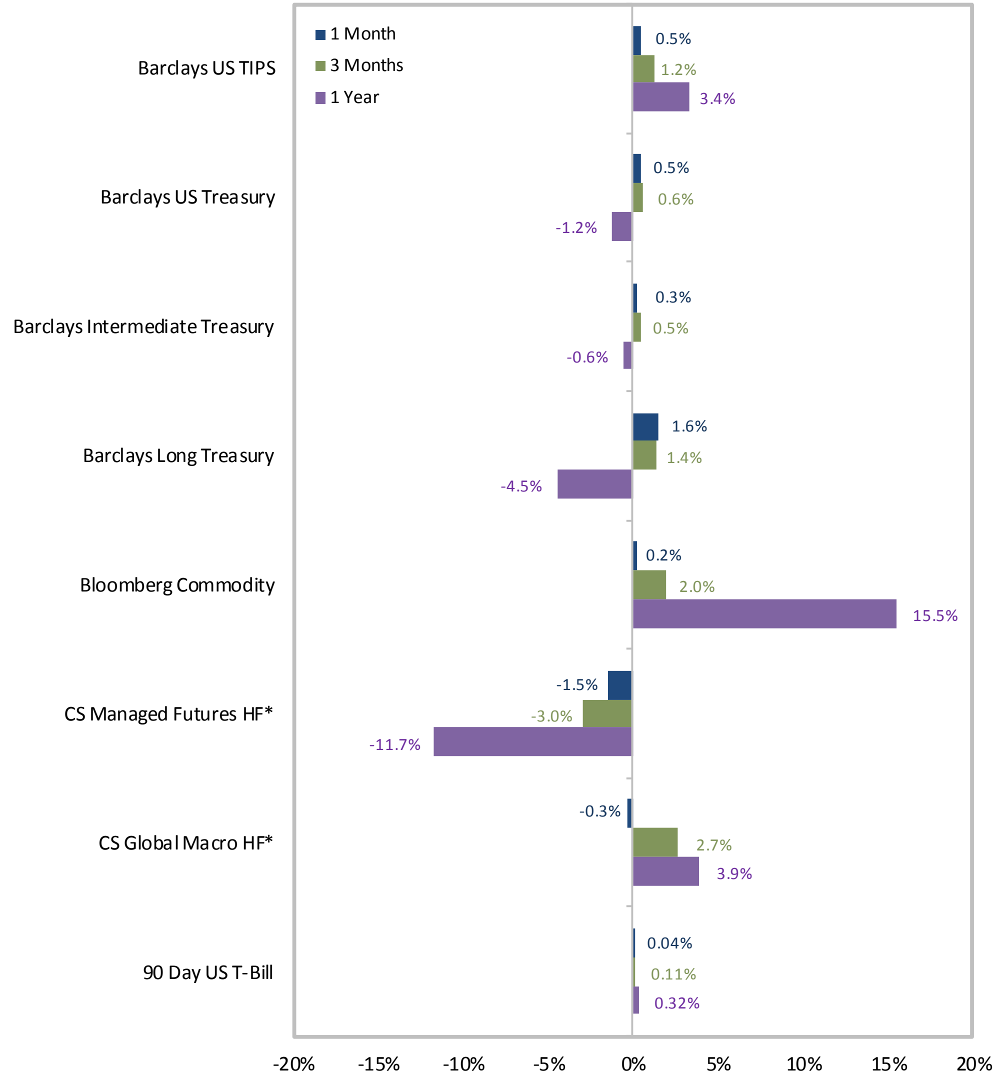
- The Bloomberg Barclays Long Treasury Index returned 1.6% for the month, 131 bps of which can be attributed to price return and the remaining to coupon payments.
- Cash continues to offer no relative return, as 90-day T-bills gained 4 bps during February and 0.3% over the past year.

Commodities

- The Bloomberg Commodity Index returned 0.2% for the month of February. Industrial metals generated positive returns while agriculture experienced modest declines. The largest detractor from overall performance was energy, with natural gas declining 11.0% for the month as inventories continue to swell. Nickel and live cattle produced the highest returns of 10.4% and 9.5%, respectively. Year-to-date, the index remains positive at 2.2% with natural gas and WTI Crude as the largest contributors to performance.

Tactical Trading

- Tactical trading hedge funds detracted in January. Both managed futures and discretionary global macro strategies detracted.



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Note: All returns are USD.

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.

CITY OF JACKSONVILLE, FLORIDA
POLICE AND FIRE PENSION FUND

A Pension Trust Fund of the City of Jacksonville Financial Report

For the Fiscal Year Ended September 30, 2016

KBLD, LLC
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City of Jacksonville, Florida
Police and Fire Pension Fund Financial Report
For The Fiscal Year Ended September 30, 2016

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DATE

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Jacksonville, Florida Police and Fire Pension Fund (Fund), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund, as of September 30, 2016, and the respective changes in the fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-6 and pages 24-28, respectively, be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated ____ ___________, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

KBLD, LLC

We are pleased to provide this overview and analysis of the financial activities of the Jacksonville Police and Fire Pension Fund (Fund) during the fiscal year ended September 30, 2016. This section presents management's discussion and analysis of key financial performance indicators in a narrative format.

FINANCIAL HIGHLIGHTS

- The fiduciary net position of the Fund as of the fiscal year ended September 30, 2016, was $1,613,043,824. The fiduciary net position, which is held in trust for pension benefits, is available to meet the Fund's ongoing obligations to plan participants and their beneficiaries.

- The net position represents an increase of $175,267,193 or 10.87%. The increase was largely a result of favorable investment returns available in the financial markets.

- The Fund's ongoing funding objective is to meet long-term benefit obligations through contributions, Investment income, and the receipt of various revenue sources. As of September 30, 2016, the funded ratio for the Fund was approximately 45.24% which compares to the September 30, 2015 funded ratio of 42.68%. In general, the current funded ratio indicates that for every dollar of benefits due, the Fund has approximately $.4524 of assets to cover it.

- Revenues (additions to the fiduciary net position) other than investment income for the 2016 fiscal year were $181,961,280, which comprises member and employer contributions of $165,325,232, and other additions of $16,636,048. This compares to revenues other than investment income in the amount of $178,551,888 in the prior fiscal year. This 2% increase was largely attributable to a supplemental payment of $5,000,000 from the City to pay down the unfunded liability.

- Net investment income (part of additions to fiduciary net position) for the 2016 fiscal year was $153,879,649 compared to net investment loss in the amount of $63,531,291 that was recorded in the prior fiscal year.

- Expenses (deductions in fiduciary net position) not related to investment activities for the 2016 fiscal year increased from $150,987,677 to $163,245,229 or approximately 8%.

OVERVIEW OF FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Fund's financial statement, which are comprised of these components: 1) statement of fiduciary net position, 2) statement of changes in fiduciary net position, 3) notes to the financial statements, and 4) required supplementary information. The information available in each of these sections is briefly summarized as follows:

1) The statement of fiduciary net position is a snapshot of account balances at the end of the fiscal year. It indicates the assets available for future payments to retirees and beneficiaries and any current liabilities that are owed at this time.

2) The statement of changes in fiduciary net position provides a view of current year additions to and deductions from the resources of the Fund during the fiscal year.

Both statements are presented in compliance with Governmental Accounting Standards Board (GASB) pronouncements. These pronouncements require certain disclosures and reporting standards. The Fund complies with all material requirements of these pronouncements.

The statement of fiduciary net position and the statement of changes in fiduciary net position report information about the Fund's financial activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the basis of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All realized and unrealized gains and losses are shown on investments, and all property and equipment (i.e. fixed assets) are depreciated over their useful lives.

These two statements report the Fund's fiduciary net position held in trust for pension benefits (the difference between assets and liabilities) as one way to measure the Fund's financial position. Over time, increases and decreases in the Fund's fiduciary net position are one indicator of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Fund's overall financial health (See the Fund's financial statements on pages 7 - 8 of this report).

3) Notes to the financial statements provide additional Information that is essential to a full understanding of the data provided in the financial statements (see notes to financial statements on pages 9 - 23 of this report).

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning the Fund's progress in funding its obligations to provide pension benefits to members (see required supplementary information on pages 24 - 28 of this report). Management's discussion and analysis described herein is additionally classified as required supplementary information for reporting and auditing purposes even though it is not presented in the required supplementary information section of this report.

Condensed Statement of Fiduciary Net Position

	September 30, 2016	September 30, 2015	Increase (Decrease) 2016/2015
Current assets	$ 49,793,025	$ 38,817,069	$ 10,975,956
Investments	1,575,485,127	1,403,418,715	172,066,412
Securities lending collateral	92,760,152	141,105,101	(48,344,949)
Capital assets	6,751	17,683	(10,932)
Total assets	1,718,045,055	1,583,358,568	134,686,487
Deferred outflows of resources	112,110	273,082	(160,972)
Current liabilities	11,665,471	4,259,802	7,405,669
Securities lending obligations	92,760,152	141,105,101	(48,344,949)
Long-term liabilities	687,718	490,116	197,602
Total liabilities	105,113,341	145,855,019 *	(40,741,678)
Total fiduciary net position	$ 1,613,043,824	$ 1,437,776,631	$ 175,267,193

Condensed Statement of Changes in Fiduciary Net Position

	September 30, 2016	September 30, 2015	Increase (Decrease) 2016/2015
Plan member contributions	$ 12,830,861	$ 12,061,321	$ 769,540
Employer contributions	152,494,371	154,664,522	(2,170,151)
Other additions	16,636,048	11,826,045	4,810,003
Net investment income	153,879,649	(63,531,291)	217,410,940
Net securities lending activities	433,493	646,659	(213,166)
Total additions to fiduciary net position	336,274,422	115,667,256	220,607,166
Benefit payments	159,726,009	148,633,308	11,092,701
Administrative expenses	3,519,220	2,354,369	1,164,851
Total deductions to fiduciary net position	163,245,229	150,987,677	12,257,552
Change in fiduciary net position	173,029,193	(35,320,421)	208,349,614
Fiduciary net position available for benefits - beginning of year, previously reported	1,437,776,631	1,473,097,052	(35,320,421)
Prior period adjustment	2,238,000	-	2,238,000
Fiduciary net position available for benefits - beginning of year, restated	1,440,014,631	1,473,097,052	(33,082,421)
Fiduciary net position available for benefits - end of year	$ 1,613,043,824	$ 1,437,776,631	$ 175,267,193

FINANCIAL ANALYSIS

The Fund provides retirement benefits to police officers and firefighters employed by the Consolidated City of Jacksonville (City). The pension benefits, which are provided by the Fund, are funded by member and employer contributions, by earnings on investments, and by various revenue sources. The Fund's fiduciary net position held in trust for benefits at September 30, 2016 was $1,613,043,824, an increase of $175,267,193 or 11% from $1,437,776,631 at September 30, 2015. The increase was largely a result of favorable investment returns available in the financial markets.

For the 2016 fiscal year, employer and member contributions were $165,325,232 representing a decrease of 1% over the $166,725,843 recorded during the 2015 fiscal year. The decrease in the level of pension contributions during fiscal year 2016 resulted from the amount of contribution by the City based on the actuary study. The Fund recognized net investment income of $153,879,649 for the 2016 fiscal year, compared with a net investment loss of $63,531,291 for the 2015 fiscal year. Other additional revenues recorded by the Fund are represented by: thirty percent of fines and court costs from charges of violations held in Duval County court and parking fines $832,536, Florida Chapter 175 and 185 premium taxes $10,680,624, supplemental payment from City to reduce unfunded liability $5,000,000, and miscellaneous revenues $122,888. Miscellaneous revenues consisted of commissions recapture $79,585, sales of surplus, lost, abandoned and unclaimed property held by the Office of Sheriff $30,796, investment security settlements $9,440, and de minims revenue $3,067. For the 2016 fiscal year, these other additions of revenue sources produced revenues in the amount of $16,636,048 for the Fund, a $4,810,004 or 41% increase of as compared to the $11,826,045 recorded during the 2015 fiscal year.

Deductions from the Fund's fiduciary net position held in trust for benefits included mainly retirement and survivor benefits, DROP payments, refunds of contributions and administrative expenses. For the 2016 fiscal year, retirement and survivor benefits (including DROP) were $159,726,009. Administrative expenses during the 2016 fiscal year were $3,519,220 versus $2,354,369 in the prior fiscal year.

At September 30, 2016, the Fund held $1,053,394,238 in U.S. equity, international equity securities and MLP’s Energy, an increase of $137,035,698 or 14.95% from the $916,358,540 held at September 30, 2015. The Fund's money managers administering U.S. equity, international equity securities and MLP’s Energy earned returns of approximately 13.47%, 12.05% and 14.53%, respectively, for the 2016 fiscal year compared to the Fund's benchmark return of 14.96%, 9.80% and 10.12%, respectively, on such securities.

At September 30, 2016, the Fund held $326,147,367 in U.S. fixed income securities, an increase of $13,960,018 or 4.47% from the $312,187,349 held at September 30, 2015. The Fund's money managers administering U.S. fixed income securities returned approximately 5.69% for the 2016 fiscal year, compared to the Fund's benchmark return of positive 5.19% on such securities.

At September 30, 2016, the Fund held $189,585,522 in a commingled U.S. real estate investment trust, an increase of $16,638,142 or 9.6% from the $172,947,380 held at September 30, 2015. The money manager administering real estate products for the Fund earned a return of 9.83% for the 2016 fiscal year, compared to Fund's benchmark return of 10.09% on such Investments.

At September 30, 2016, the Fund held $28,252,353 in short-term investments, which represent an increase of $3,643,673 or 14.8% compared to the $24,608,680 value of short-term Investments held at September 30, 2015. Short-term Investments generally represent liquid assets that are held by investment counseling firms and awaiting investment decisions.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

The Financial report is designed to provide citizens, taxpayers, fund participants and other interested parties with an overview of the Fund's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or need additional financial information, please contact the Fund's Executive Director-Administrator, One West Adams Street, Suite 100, Jacksonville, Florida 32202-3616.

City of Jacksonville, Florida
Police and Fire Pension Fund
Statement of Fiduciary Net Position
September 30, 2016

ASSETS	
Cash and short-term investments	$ 3,263,098
Due from the City	5,651,397
Other receivables	10,761,896
Interest and dividends receivable	1,782,528
Recoverable taxes	78
Prepaid assets	81,675
Short-term investments	28,252,353
Long-term investments	
Fixed income securities	326,147,367
Domestic and international equities	1,053,394,238
Real estate	195,943,522
Property, plant, furniture and equipment, net	6,751
Securities lending collateral	92,760,152
Total assets	1,718,045,055
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension, net	112,110
LIABILITIES	
Due to the City	7,000,000
Accounts payable	1,533,688
Accrued pension pay and wages payable	3,045,699
Compensated absences - current	21,278
Compensated absences - long-term	45,174
Net pension liability	582,196
Other post employment benefits	60,348
Other liabilities	64,806
Securities lending obligations	92,760,152
Total liabilities	105,113,341
Fiduciary net position available for pension benefits	$ 1,613,043,824

The accompanying notes are an integral part of these statements.

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City of Jacksonville, Florida
Police and Fire Pension Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2016

ADDITIONS		
Contributions:		
Plan member	$	11,633,724
Plan member buybacks and pension transfers		1,197,137
Employer		149,499,492
Employer pension transfers		2,994,879
Total contributions		165,325,232
Other additions:		
Court fines and other penalties		832,536
State insurance contributions		10,680,624
Supplemental payment		5,000,000
Miscellaneous		122,888
Total other additions		16,636,048
Investment income:		
Rental and parking revenue		704,536
Net appreciation in fair value of investments		131,355,243
Interest and dividends		29,406,337
Investment expenses		(7,297,110)
Rental expenses		(289,357)
Net investment income		153,879,649
Securities lending activities:		
Lending revenue		577,398
Lending expense		(143,905)
Total securities lending activities		433,493
Total additions to fiduciary net position		336,274,422
DEDUCTIONS		
Pension benefits remitted		129,091,476
DROP benefits remitted		30,249,696
Refunds of contributions		384,837
Administrative expenses:		
Personnel services		757,311
Professional services - non investment		1,242,822
Building rent - office space		258,000
Central services		265,713
Supplies		9,582
Depreciation		10,932
Judgements and settlements		570,200
Other services and charges		404,660
Total administrative expenses		3,519,220
Total deductions to fiduciary net position		163,245,229
Change in fiduciary net position		173,029,193
Fiduciary net position available for benefits - beginning of year, previously reported		1,437,776,631
Prior period adjustment		2,238,000
Fiduciary net position available for benefits - beginning of year, restated		1,440,014,631
Fiduciary net position available for benefits - end of year	$	1,613,043,824

The accompanying notes are an integral part of these statements.

1. Description of Plan

The City of Jacksonville, Florida (City) Police and Fire Pension Fund (Fund) is a single-employer contributory defined benefit pension plan covering all full-time civil service members of the City Police and Fire Departments. Qualified membership is further limited to only police officers and firefighters. The Fund is administered solely by a five-member board of trustees.

The Fund's membership consists of:

Retirees and beneficiaries currently receiving benefits	2,411
Deferred Retirement Option Program (DROP) participants	475
Terminated employees entitled to benefits but not yet receiving them	77
Active plan members	2,294
Total participants	5,257

<u>Group I members</u>

For members with five or more years of service as of the effective date of Ordinance 2015-304-E, those members shall be entitled to a time service retirement benefit equal to a maximum of 80 percent of the average salary (1) received by the member for the 52 pay periods immediately preceding the time of retirement, upon the completion of 30 years of credited service. For each year prior to the thirtieth year of service that a member retires, the 80 percent retirement benefit shall be reduced by two percent, of the average salary (1) received by the member for the 52 pay periods immediately preceding the time of retirement, with the minimum normal retirement benefit being 60 percent after completion of 20 years of credited service.

For members with fewer than five years of service as of the effective date of Ordinance 2015-304-E, those members shall be entitled to a time service retirement benefit equal to a maximum of 80 percent of the average salary (1) received by the member for the 104 pay periods immediately preceding the time of retirement, upon the completion of 30 years of credited service. For each year prior to the thirtieth year of service that a member retires, the 80 percent retirement benefit shall be reduced by two percent, of the average salary (1) received by the member for the 104 pay periods immediately preceding the time of retirement, with the minimum normal retirement benefit being 60 percent after completion of 20 years of credited service. However, in no event shall the average salary be less than it would have been using the 52 pay periods ending on the effective date of Ordinance 2015-304-E.

<u>Group II members hired on or after June 19, 2015</u>

Upon reaching 30 years of credited service, Group II members shall be entitled to a time service retirement with a benefit equal to 2.5 percent of average salary multiplied by the number of years of credited service, but not exceeding a maximum of 75 percent of average salary. The term average salary as used in the foregoing sentence means the average salaries (2) received by the Group II member during the 130 bi-weekly pay periods immediately preceding the date of retirement. The annual retirement benefit shall not exceed $99,999.99, which amount shall be adjusted January 1 of each year beginning with the first January after the effective date of Ordinance 2015-304-E, by the most recent cost of living adjustment applicable to recipients of Social Security retirement benefits, as determined by the U.S. Social Security Administration each calendar year, but not exceeding 1.5 percent.

Employees in both categories may alternatively select a 100% payout of member contributions to the Fund without interest upon withdrawal from the Fund. Early retirement, disability, death and other benefits are also provided.

Other benefits based on eligibility

Share Plan

Members of the Fund also participate in a supplemental Share Plan which is funded by insurance premium taxes received pursuant to Florida Statute 175.351(1)(b) and 185.35(1)(b). Florida Statutes Chapter 175.351(1)(b) defines the Fire Share Plan and Florida Statutes Chapter 185.35 defines the Police Share Plan and the methodology for funding each plan. The Share Plan is in addition to any other benefits and nothing herein shall in any way affect any other benefits that now exist. The Board of Trustees provides for all assets of the Share Plan to be held in trust solely for the use of paying the benefits provided and expenses of the Share Plan. Membership of the Share Plan consists of all firefighters and police officers in active service on or after June 9, 2015, excluding retired members and people who have entered the DROP. Each year the premium tax monies are allocated to the share accounts maintained for each firefighter and police officer, and the accounts earn interest over time. Upon retirement members receive his or her share account balance.

Terminal Leave Conversion Program (TLCP)

The Fund has a program for retirees to participate in the TLCP upon retirement, which was previously closed to new participants. There are two remaining retirees that elected to participate, whereby the member's credited Terminal Leave and Retirement Leave account balance was transferred into the Fund. The account balance is then used to pay for biweekly health-care premiums. The member's TLCP balance in the Fund continues to accrue interest until the member's individual account balance is drawn to zero.

Deferred Retirement Option Plan (DROP)

Eligible members of the Fund may elect to participate in the DROP. Upon election to participate the member's credited service and final average salary are frozen for purposes of determining pension benefits. The member continues employment with the City for a defined period of time not to exceed 60 months. The deferred monthly retirement benefits under the DROP accrue in the Fund plus interest on behalf of the member. Upon retirement, the member receives his or her DROP distribution or lump sum and bi-weekly pension benefit.

The State of Florida requires funding of pension contributions to be made based upon an actuarial valuation. The most recent full actuarial valuation report available for distribution is dated October 1, 2016. The City Council has the authority to amend its contribution to the Fund but not less than the minimum state requirement.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The Fund’s financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when occurred, if measurable. Contributions from the Fund’s members and the City are recognized as additions in the period in which the contributions are due. State contributions are recognized when received. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

B. Cumulative Effect of Change in Accounting Principle

The Fund recorded an increase to the beginning net positon balance as a result of adopting Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Recognition and measurement changes were applied prospectively since the Fund presents current and not comparative financial statements. The net positon has been restated as follows:

Net position, September 30, 2015, as previously reported	$	1,437,776,631
Prior period adjustment:		
Capital assets - investment value		2,238,000
Net position, October 1, 2015, as restated	$	1,440,014,631

C. Basis of Presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans* and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer.

D. Methods Used to Value Investments and Cash Equivalents

Highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, are considered to be cash equivalents. Such amounts are recorded at cost which approximates market value.

Equities securities traded on a national or international exchange are reported at current quoted fair values.

Bonds are other fixed assets are primarily reported at fair values obtained from independent pricing services.

Mortgages are valued on the basis of future principal and interest payments are discounted at prevailing interest rates for similar instruments.

Direct investments in real estate are valued based on independent appraisals made every year or according to fund agreement.

Real estate partnerships are reported at values provided by general partners. These values are based on discounted cash flows, comparative sales, capitalization rates applied to net operating income, or if none of the preceding fit a property’s attributes and strategy, at cost.

For various alternative investments (private equity, absolute return strategies, opportunistic funds, and real assets) where no readily ascertainable fair value exists, management in consultation with its investment advisors will value these investments in good faith based upon reported net asset values, cash flow analysis, purchases and sales of similar investments, new financings, economic conditions, other practices used within the industry, or other information provided by underlying investment advisors. Because of the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference cans be material.

E. Investment Policy

The pension plan's policy for the allocation of invested assets is established by a majority vote of the Board. The Board pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The selection of asset classes is limited by statute and each asset class is further diversified by style, and the use of both active and passive management. The policy discourages the use of cash equivalents, except for liquidity purposes, and refrains from dramatically shifting asset class allocations over short time spans. The following is the Board's asset allocation policy:

Asset Class	Target Allocation	Guidelines
Domestic equity	39.0%	30-40%
International equity	20.0%	15-25%
Fixed income	20.5%	14-24.5%
Real estate	15.0%	10-20%
MLPs/Energy	5.5%	0-10%
Cash	0.0%	0-5%
Total	100.0%	100.0%

F. Furniture and Equipment

Furniture and equipment are carried at historical cost and are depreciated using the straight-line method of depreciation over their respective useful lives.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Senior Staff Voluntary Retirement Plan (SERP) has one item that meets this criterion, net difference between projected and actual earning on pension plan investments. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The SERP has one item that meets this criterion, the difference between projected and actual earning on pension investments. These deferred inflows and deferred outflows are aggregated and reported as net deferred outflows of resources.

H. Recently issued accounting standards

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement of financial reporting purposes. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The Fund implemented this standard beginning with financial statements as of and for the fiscal year ended September 30, 2016.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - narrows the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI).

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - establishes new criteria to continue amortized cost accounting for certain external investment pools in light of recent SEC changes to money market fund criteria.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14 - establishes an additional blending requirement for the financial statement presentation of component units.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts - or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements - in which a donor irrevocably transfers resources to an intermediary. The intermediary administers these resources for the unconditional benefit of a government and at least one other beneficiary.

GASB Statement No. 82, *Pension Issues* - an amendment of GASB Statements No. 67, No. 68, and No. 73 - establishes accounting and financial reporting requirements for pensions provided to the employees of state or local governmental employers. This Statement also establishes financial reporting requirements for pension plans administered through trusts that meet the criteria in paragraph 3 of Statement 67.

I. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Risk and Uncertainties

Contributions to the Fund and the actuarial information included in the RSI are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is reasonably possible that changes in these assumptions may occur in the near term and could be material to the financial statements.

3. Reserve Accounts

An agreement between the Fund and the City established June 9, 2015 (Ordinance 2015-304-E) the Unfunded Actuarial Liability Reserve Account (UALPA) which consists of funds from the City Budget Stabilization Account (CBSA) and Enhanced Benefit Account (EBA) and the Supplemental Account (SUPA).

- UALPA was established to make payments towards unfunded accrued liability conditioned by City making contributions to the Fund in excess of any annual statutorily required payments.

- The CBSA was established to account for contributions in excess of current funding requirements.

- The EBA was established to account for State Chapter 175 and 185 funds to pay down the unfunded liability as a voluntary contribution and/or fund Share Plan and/or pay annual discretionary bonus payment to retiree.

- The SUPA is established to provide additional payments to the unfunded liability.

As of September 30, 2016 the balance for the various accounts are: UALPA $71,733,907, CBSA $5,085,300, EBA $5,278,118 and SUPA $10,000,000.

The SERP reserve account was established September 20, 2000 by the Board of Trustees to account for employee and employer contributions and payments for defined contribution plan for senior staff. At September 30, 2016 the balance was $4,102,201.

The Share Plan was established June 9, 2015 (Ordinance 2015-304-E) by the City and Fund to provide supplemental benefits to eligible active members. At September 30, 2016 the balance was $3,445,831.

4. Deferred Retirement Option Program (DROP)

The DROP is a form of retirement that allows an employee with at least 20 years of service to continue working for a maximum period of five (5) additional years while accumulating a savings account consisting of the retirement benefits that would have been received had the employee actually retired.

For Members with 20 or more years of creditable service, as of the effective date of Ordinance 2015-304-E, such interest shall produce an annual rate of return of 8.40%. The individual's retirement amount is calculated based on parameters when the employee enters the DROP.

For Members with less than 20 years of service as of the effective date of Ordinance 2015-304-E, such interest shall accrue based on the money-weighted rate of return or internal rate of return as presented in the plan's most recent audited financial statements; provided however, that the minimum interest shall be 2.0% and the maximum interest shall be 14.4%. The money weighted return of expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money weighted rate of return for the fiscal year ended September 30, 2016 was 10.00%.

At the end of the DROP period, the retiree has the option to withdraw all or part of their DROP balance or leave the balance in the interest earning account within the Fund and then subsequently withdrawing equal bi-weekly amounts over a period of time selected by the retiree, up to the maximum time limit set by IRS regulations. The DROP balance as of September 30, 2016 is $310,283,837.

5. Deposits and Investments

For the year ended September 30, 2016, the annual money weighted rate of return on pension plan investments was 10.00%. This expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

The Fund participates in a pooled cash account with other funds at the City. At September 30, 2016, the carrying amount of cash on hand and on deposit with banks, including interest-bearing accounts, was $3,263,097.

Deposits and investments of the Fund which have been transferred to the pension custodians are held separately from those of other City funds and are required to be administered by nationally recognized investment counseling firms. At September 30, 2016, the carrying amount of these deposits and investments was $1,428,972,660. Monies which are placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit are defined as public deposits.

The Fund is authorized to invest in certificates of deposit, obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase and reverse repurchase agreements, the local government surplus fund's trust fund, obligations of the City, the State of Florida, fixed income obligations issued by foreign governments if the obligations are rated Investment grade by at least one nationally recognized rating service, commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service, bankers' acceptances, group annuity contracts, corporate bonds, including collateralized mortgage obligations, preferred stocks, common stocks, foreign securities, securities lending transactions, and real estate investments. For the comprehensive list of available investments, the Statement of Investment Policy approved by the Board of Pension Trustees on August 20, 2016 should be referenced.

The Fund purchased land, an office building with related improvements, and a parking garage in fiscal year 1999. Upon purchase of the parking garage, the Fund took assignment of the existing management agreement and receives rental revenue from parking tenants. This asset is reported at its fair value, as determined by appraisals, and has been classified as an investment, as it is an income-producing asset.

During the fiscal year ended September 30, 2016, the office building and parking garage generated $704,536 in rental revenue.

The table below shows the Fund's investments by type as of September 30, 2016:

Cash and cash equivalents:	
Short term investments	$ 28,252,353
Fixed:	
Commercial mortgage backed	2,723,354
Corporate bonds	79,501,458
Government bonds	15,651,951
Government mortgage backed securities	61,891,776
Funds-other fixed income	166,378,828
	326,147,367
Equity:	
Common stock	1,051,476,822
Preferred	1,917,416
	1,053,394,238
Real estate	195,943,522
Total	$ 1,603,737,480

Interest Rate Risk

Interest rate risk is the risk that changes in market interest values will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Fund diversifies its investments by security type and limits holdings in any one type of investment with any one issuer with various durations of maturities.

The Fund holds certain investments in government mortgage-backed securities. Generally these are securities whose cash flows are backed by the principal and interest payments of a set of loans and payments are typically made monthly over the lifetime of the underlying loans. These types of investments are subject to various risks which have the potential to result in a decline in the value of the investments. For example, credit risk can be affected by borrowers defaulting on their loans. In addition, a change in interest rates may result in mortgage borrowers refinancing their loans or payment lives may change which will impact the life of the security. If the investments are backed by risky loans or sub-prime home loans for which the monthly interest payments fall, there is a potential for a decline in the value of the these investments.

Information about the sensitivity of the fair value of the Fund's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's investments by maturity at September 30, 2016:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Commercial Mortgage-Backed	$ 2,723,354	32
Corporate Bonds	79,501,458	9
Government Bonds	15,651,951	12
Government Mortgage Backed Securities	61,891,776	21
Total Fair Value	$ 159,768,539	
Portfolio Weighted Average Maturity		14.36

Bonds not due at a single maturity date have been included in the above table in the year of final contractual maturity. Actual maturities may differ from contractual maturities due to the exercise of prepayment options.

Foreign Currency Risk

Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of investment as of September 30, 2016, the Fund has no foreign currency risk as all investments are in the U.S. dollars.

Credit and Concentration Risk

Concentration of credit risk is the risk of loss attributed to the multitude of the Fund's investment in a single insurer. The Fund's investment policy was designed to mitigate both credit and concentration risk by providing specific guidance as to the weighting and integrity of the deposit and investment instruments. The Fund places no limit on the amount it may invest in any one issuer.

As of September 30, 2016, the following Organizations held 5% or more of the Plan's fiduciary net position:

	Market Value	Market Value as a Percentage
Fixed:		
Northern Trust Company	$ 125,230,036	15.54%
Equity:		
Northern Trust Company	248,448,696	7.83%
Baille Gifford	97,966,173	6.13%
Acadian	88,840,511	5.56%
Total equity	435,255,380	
Real estate:		
JP Morgan Strategic Property Fund	144,301,596	9.02%
Total	$ 704,787,012	

As of September 30, 2016 the Fund's debt security investments credit risk are in the following table:

Moody's	Fair Value
Aaa	$ 21,136,091
Aa	3,055,971
A	14,093,822
Baa	41,057,564
Ba	6,148,263
B	7,758,725
Not Rated	200,122,546
Total	$ 293,372,982

Custodial Credit Risk

Custodial risk for investments is the risk that, in the event of failure of the counterparty a transaction, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Fund, and are held either by the counterparty or the counterparty's trust department or agent but not in the Fund's name. Consistent with the Fund's investment policy, the investments are held by the Fund's custodial bank and registered in the Fund's name. All of the Fund's deposits are insured and or collateralized by a financial institution separate from the Fund's depository financial institutions.

Securities Lending

The Fund, pursuant to a Securities Lending Authorization Agreement, has authorized, Northern Trust Company, acting as agent, to lend securities held in the portfolios with the intent of generating additional interest income. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

Securities are loaned against collateral that may include cash, U.S. government securities, and irrevocable letters of credit. Securities are loaned against collateral valued at a minimum of 102% of the market value of the securities plus any accrued interest. If the broker/dealer fails to return the security upon request, the custodian, acting as agent, will utilize the collateral to replace the security borrowed. When non-cash collateral is provided the collateral must be obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities. The Fund cannot pledge or sell these obligations in the absence of a default by the borrower.

The transaction establishes a rebate interest rate, which is due back to the broker/dealer upon return of the security. The cash is then invested short-term and the Fund and the custodian share in the incremental return available above the rebated interest rate. The short-term fixed income instruments can be invested in high quality, dollar denominated fixed income instruments, with a policy dollar-weighted, average maturity limit of less than thirty days.

As of September 30, 2016, the Fund maintained collateral on loaned securities of $92,760,152 and earned a net income of $433,493.

The following represents the balance relating to the securities lending transactions as of September 30, 2016:

Security Type	Fair Value Securities Lent for Cash	Cash Collateral Received	Securities Lent for Non-Cash Collateral	Securities Received as Collateral
US Corporate Fixed	$ 10,755,732	$ 10,985,515	$ -	$ -
US Equities	79,609,582	81,097,771	503,793	512,550
US Government Fixed	664,220	676,866	-	-
	$ 91,029,534	$ 92,760,152	$ 503,793	$ 512,550

6. Fair Value Measurements

The Fund categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurement as of September 30, 2016:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents:				
Short-term investments	$ 28,252,353	$ 28,252,353	$ -	$ -
Total cash and cash equivalents	28,252,353	28,252,353	-	-
Fixed:				
Commercial mortgage-backed	2,723,354	-	2,723,354	-
Corporate Bonds	79,501,458	-	79,501,458	-
Funds - other fixed income	166,378,828	-	166,378,828	-
Government bonds	15,651,951	-	15,651,951	-
Government mortgage-backed securities	61,891,776	-	61,891,776	-
Total fixed	326,147,367	-	326,147,367	-
Equity:				
Common stock	1,051,476,822	1,051,476,822	-	-
Preferred	1,917,416	1,917,416	-	-
Real estate	195,943,523	-	189,585,523	6,358,000
Total equity	1,249,337,761	1,053,394,238	189,585,523	6,358,000
Total investments by fair value level	$ 1,603,737,481	$ 1,081,646,591	$ 515,732,890	$ 6,358,000

7. Other Receivables

The other receivable balance below includes an amount for an allowance for doubtful accounts.

Other Accounts Receivable	Allowance for Doubtful Accounts	Shown on Statement of Fiduciary Net Position
$ 10,784,322	$ (22,426)	$ 10,761,896

8. Net Pension Liability of the City

Total pension liability	$ 3,345,515,259
Total Plan fiduciary net position	1,513,398,466
City's net pension liability	1,832,116,793
Plan fiduciary net position as a percentage of the total pension liability	45.24%

9. Actuarial Methods and Assumptions

The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2011 − September 30, 2015.

Investment Yield	7.0% annually, including inflation
Salary increases	3.5%, including inflation
Annual COLA	Group I: 3% annually reduced to 2.5% for future service for actives with less than 20 years of service on June 19, 2015 Group II: 1.5% annually
DROP Load	2% on active and DROP liabilities for interest greater than 7%
Payroll Increase	0.067% annually, actual 10 year average (2.5% COLA increase when allowed, adopted after the above experience study)

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The total pension liability in the October 1, 2016 actuarial report was based on the RP-2000, Generational Scale BB mortality rates. In the previous fiscal year, in the October 1, 2015 actuarial report was based on the RP-2014, combined Blue Collar, age set forward 2 years for males and 1 year for females, with MP-2014 Improvement Scale, generational, sex distinct mortality rates.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return (gross less 2.5% inflation)
Domestic equity	5.4%
International equity	5.5%
Fixed income	1.3%
Real estate	4.5%
Cash	1.4%
MLPs/Energy	5.5%

These are combined to produce the 7% expected rate of return, or discount rate, by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (diversification and volatility also impact this).

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount (7%)	1% Increase (8%)
City's net pension liability	$ 2,270,273,985	$ 1,832,116,793	$ 1,479,775,059

11. Tax Status

The Fund obtained a determination letter on January 20, 1999, in which the Internal Revenue Service stated that the Fund, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Fund has been amended since receiving the determination letter. The Fund's administrator believes that the Fund is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the Fund's administrator believes the Fund was qualified and the related trust was tax exempt as of September 30, 2016.

12. Claims and Litigation

The Board is a defendant in litigation as a result of proposed changes in benefits for the Senior Staff Voluntary Retirement Plan. The plaintiff contends that the proposed modifications to the formula for calculating retirement benefits is a breach of contract. The Fund is consulting with legal counsel and is in the process of reviewing the merits of the claim. No amounts related to this claim have been accrued in the accompanying financial statements or are able to be reasonably estimated as of September 30, 2016.

The Fund is involved in various other claims and litigation arising in the ordinary course of operations, most of which, in the opinion of the Fund's Administrator, will not have a material effect on the Fund's financial position.

13. Pension Plans for Fund Employees

The Fund sponsors a single-employer contributory defined benefit plan called the SERP that provides retirement, death, and disability benefits. The SERP is administered by the Fund's five member Board of Trustees and was adopted on September 20, 2000 and lastly amended on November 9, 2009. The Fund's Board of Trustees is responsible for establishing or amending the pension plan. As of September 30, 2015 this plan closed. The SERP currently has two retirees and one surviving spouse, and is closed to new members. There are no separately issued financial statements for the SERP.

The Fund also participates in the City of Jacksonville Retirement System (JRS). The JRS is a cost-sharing, multiple-employer, contributory defined benefit pension plan with a defined contribution alternative. The JRS is administered by a nine-member Board of Trustees that makes recommendations to the City Council. The Fund participates in the General Employee Pension Plan (GEPP) of the JRS. The Fund has seven employees participating in the contributory defined benefit pension plan and one employee participating in the defined contribution alternative. The financial statements for the JRS are included in the City's Comprehensive Annual Financial Report (CAFR).

Senior Staff Voluntary Retirement Plan (SERP)

1. Plan Description – The SERP provides vesting of benefits after five years of credited service. Members are eligible for normal retirement at age 65 with five years of service. Retirement benefits shall be equal to three percent of average final compensation which is based on the average for the last 24 months of compensation immediately preceding retirement for each year of credited service. Benefits shall be paid on a bi-weekly basis. Early retirement is at the age of 60 with five years of credited service; however, the benefits are reduced at the rate of 0.5% per month for each month that the member's retirement date precedes the attainment of age 65. A member may elect a deferred retirement upon the completion of five years of credited service, but delayed implementation under the provisions of normal retirement and early retirement above. The plan also provides for a delayed retirement benefit payable at age 70.5, disability retirement, and death benefits. A cost of living increase of 3% per year is provided to pensioners and their beneficiaries. Contributions are determined by Board of Trustees. No contributions were made for the year ended September 30, 2016.

2. Net pension liability of the SERP -

Total pension liability	$ 4,684,398
Fiduciary net position	(4,102,201)
City's fiduciary net pension liability	582,197
Fiduciary net position as a percentage of the total pension liability	87.57%

3. Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions

   For the year ended September 30, 2016, the SERP recognized pension expense of $130,745. At September 30, 2016, the SERP reported $112,110 of deferred outflows of resources related to pensions due to differences between projected and actual earnings on plan investments. The amount reported as deferred outflows related to pensions, net will be recognized in pension expense as follows:

Years Ending September 30,	Actual Investment Experience Net Deferred Outflows (Inflows) to be Recognized
2017	$ 45,095
2018	45,095
2019	45,095
2020	(23,175)
Deferred outflows related to pension, net	$ 112,110

4. Actuarial Methods and Assumptions –

Valuation Date	10/1/2016
Actuarial cost method	Individual Entry Age
Amortization method	Aggregate Method*
Asset valuation method	Market Value
Actuarial assumptions:	
Net investment rate of return**	7.00%, compounded annually
**Includes inflation at	2.50%
Projected salary increases	None
Mortality table in use	Pre and Post Retirement: All using RP-2000 Generational, Scale BB, with Female: 100% Annuitant White Collar Male: 10% Annuitant White Collar/90% Annuitant Blue Collar
Post-retirement benefit increase (COLA)	3.00%, compounded annually

* The actuarial cost method used by the SERP is the Aggregate Method which does not have an explicit amortization method of period. Instead, the total cost is paid for over the expected future working lifetime.

The total SERP pension liability in the October 1, 2016 actuarial report was based on the RP-2000, Generational Scale BB mortality rates.

In the previous fiscal year, the total SERP pension liability in the October 1, 2015 actuarial report was based on the RP-2014 Blue Collar Annuitant mortality rates.

5. Sensitivity of the SERP Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the SERP, calculated using the discount rate of 7%, as well as what the SERP's net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount (7%)	1% Increase (8%)
SERP net pension liability	$ 1,088,347	$ 582,197	$ 156,036

14. Supplemental Information

<u>Minimum Required Contribution</u>

In accordance with Ordinance 2016-504-E for fiscal year 2017 the City will contribute the greater of 119.60% of covered payroll or $165,771,919 and contribute an additional $10,000,000 to the Fund.

15. Subsequent Event

In February 2017, the police and fire unions are in discussions regarding renegotiation of employee benefits with the City. It is expected that an agreement will be finalized by the end of this fiscal year. At the time these financial statements were available to be issued, the following is management's understanding of certain of the terms of the proposed structure:

- the Fund will be closed to new participants hired as of October 1, 2017 who will be offered a defined contribution plan instead of a defined benefit plan;
- participants in the defined contribution plan will direct the investment of the contributions to their individual accounts; and

- responsibility for governance of the defined benefit plan, overseeing all aspects of the plan including investment decisions and contribution schedules, will still remain with the Fund.

Management has evaluated subsequent events through ______________, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Jacksonville, Florida Police and Fire Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
for the Senior Staff Voluntary Retirement Plan
For the Year Ended September 30, 2016

	2016	2015	2014	2013	2012	2011
Total pension liability						
Service cost (BOY)	$ -	$ (56,578)		PRIOR		
Interest on total pension liability	298,576	281,837		INFORMATION		
Experience deviations including buybacks	89,627	-		NOT		
Changes of benefit terms	26,951	-		AVAILABLE		
Changes of assumptions	149,469	153,704				
Benefit payments, including refunds of member contributions	(286,346)	(109,482)				
Net change in total pension liability	278,277	269,481				
Total pension liability -- beginning	4,406,121	4,136,640				
Total pension liability -- ending(a)	$ 4,684,398	$ 4,406,121				
Plan fiduciary net position						
Contributions--member	$ -	$ 21,520				
Net investment income	386,253	(166,821)				
Benefit payments, including refunds of member contributions	(286,346)	(109,482)				
Net change in plan fiduciary net position	99,907	(254,783)				
Plan fiduciary net position -- beginning	4,002,294	4,257,077				
Plan fiduciary net position -- ending(b)	4,102,201	4,002,294				
Plan net pension liability--ending(a)-(b)	$ 582,197	$ 403,827				
Plan fiduciary net position as a percentage of the total pension liability	87.57%	90.83%				
Covered-employee payroll	$0	$0				
City's pension liability as a percentage of covered-employee payroll	N/A	N/A				

City of Jacksonville, Florida Police and Fire Pension Fund
Schedule of Contributions for the Senior Staff Voluntary Retirement Plan
For the Year Ended September 30, 2016

FYE	Actuarially determined City contribution	Contribution in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
2016	$ -	$ -	$ -	$ -	N/A
2015	-	-	-	-	N/A
2014	28,098	7,205	20,893	298,471	2.41%
2013	28,098	248,016	(219,918)	289,786	85.59%
2012	523,102	117,460	405,642	354,971	33.09%
2011	142,308	101,004	41,304	484,071	20.87%
2010	134,889	247,476	(112,587)	506,043	48.90%

Valuation date: Actuarially determined contribution rates are calculated as of October 1, each year prior to the end of the fiscal year in which contributions are reported.

Methods used to determine contribution rates:

Actuarial cost method:	Individual entry age
Amortization method:	Aggregate method
Asset valuation method:	Market Value
Inflation:	2.5%
Investment rate of return:	7.00%, including inflation, compounded annually
Cost of living adjustments:	3.00%, compounded annually
Mortality Table in use	Postretirement: RP-2014 Blue Collar Annuitant Postretirement: RP-2014 Disabled Annuitant All tables are set forward 2 years for males and 1 year for females, use MP-2014 Improvement Scale, 2D generational, separate by sex.
Age differences for spouses:	Females are assumed to be 3 years younger than males
Percent married	100%

City of Jacksonville, Florida Police and Fire Pension Fund
Schedule of City Contributions
Last 10 Fiscal Years and
For the Year Ended September 30, 2016

FYE	Actuarially determined City contribution	Contribution in relation to the actuarially determined contribution	Contribution deficiency (excess) *	Covered employee payroll	Contribution as a percentage of covered employee payroll
2016	$ 149,499,492	$ 149,499,492	$ -	$ 135,599,741	110.25%
2015	153,603,996	153,935,565	(6,726,082)	132,735,243	110.88%
2014	142,432,577	149,158,659	(22,583,482)	134,521,216	93.59%
2013	99,996,835	122,580,317	3,130,318	130,972,174	52.84%
2012	73,729,000	70,598,682	1,162,380	133,611,459	50.95%
2011	77,065,314	75,902,934	(5,014,820)	148,967,906	52.01%
2010	77,182,058	82,196,878	329,448	158,046,680	32.29%
2009	50,564,207	50,234,759	442,776	155,557,729	32.62%
2008	48,806,879	48,364,103	(4,358,257)	148,276,743	30.91%
2007	39,849,713	44,207,970	2,105,596	143,006,154	26.82%

* Contribution deficiency (excess) is assigned to the City Budget Stabilization Account

Valuation date: Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods used to determine contribution rates:

Actuarial cost method:	Individual entry age
Amortization method:	Constant percentage of payroll increasing 3.25% annually, Closed
Remaining amortization period:	21 years
Asset valuation method:	Market Value
Inflation:	2.5%
Salary increases:	3.5%, including inflation
Investment rate of return:	7.0%, including inflation
Cost of living adjustments:	3.0%, compounded annually
Mortality Table in use	RP-2014, Blue Collar, age set forward 2 years for males and 1 year for females with MP-2014 Improvement Scale, generational, separate by sex.
Age differences for spouses:	Females are assumed to be 3 years younger than males
Percent married	Assume 75% of active employees are married, use tax reported status for inactives

City of Jacksonville, Florida Police and Fire Pension Fund
Schedule of Investment Returns
Annual money-weighted rate of return, net of investment expenses
For the Year Ended September 30, 2016

For Year Ended	Percentage
2016	10.00%
2015	-3.95%
2014	10.73%
2013	14.29%
2012	18.25%
2011	0.64%
2010	8.45%
2009	1.70%
2008	-13.07%
2007	15.05%

City of Jacksonville, Florida Police and Fire Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years and
For the Year Ended September 30, 2016

	2016	2015	2014	2013	2012	2011
Total pension liability						
Service Cost (BOY)	$ 44,087,089	$ 46,662,780	$ 47,915,012	$ 46,109,290	$ 47,569,761	PRIOR
Interest on total pension liability	217,546,212	210,942,612	203,577,435	195,519,742	190,343,631	INFORMATION
Changes of benefit terms	-	(28,684,960)	-	-	-	NOT
Experience deviations including buybacks	3,566,449	24,831,339	22,671,112	(4,675,994)	(12,512,641)	AVAILABLE
Changes of assumptions	97,813,304	24,514,349	-	5,332,605	227,333,255	
Benefit payments, including refunds of member contributions	(159,726,007)	(148,628,476)	(138,179,183)	(128,655,957)	(116,955,126)	
Net change in total pension liability	203,287,047	129,637,644	135,984,376	113,629,686	335,778,880	
Total pension liability -- beginning	3,142,228,212	3,012,590,568	2,876,606,192	2,762,976,506	2,427,197,626	
Total pension liability -- ending(a)	$ 3,345,515,259	$ 3,142,228,212	$ 3,012,590,568	$ 2,876,606,192	$ 2,762,976,506	
Fiduciary net position						
Contributions--employer	$ 154,499,492	$ 153,014,791	$ 148,277,368	$ 121,822,333	$ 69,828,557	
Contributions--member	11,633,724	10,469,643	10,067,765	9,682,998	11,204,317	
Buybacks and transfers--employer	2,994,879	1,649,732	2,242,902	-	2,814,296	
Buybacks and transfers--member	1,197,137	1,591,678	1,515,800	1,070,503	406,553	
Net investment income	153,879,649	(63,531,293)	146,950,776	169,202,439	181,653,432	
Securities Lending	433,493	646,659	382,022	-	-	
Benefit payments, including refunds of member contributions	(159,726,007)	(148,628,476)	(138,179,183)	(128,655,957)	(116,955,126)	
Administrative expense	(3,519,224)	(2,228,452)	(2,224,248)	(2,505,985)	(2,351,598)	
Chapter 175/185	10,680,624	10,577,853	10,110,493	9,667,185	9,275,728	
Court Fines	832,536	920,774	881,291	757,984	770,125	
Other	122,886	327,418	141,855	1,187,289	55,383	
Net change in fiduciary net position	173,029,189	(35,189,673)	180,166,841	182,228,789	156,701,667	
Cumulative effect of change in accounting principle	2,238,000					
Fiduciary net position -- beginning	1,437,776,634	1,473,097,052	1,292,930,211	1,110,737,208	954,035,541	
Fiduciary net position -- ending	1,613,043,823	1,437,907,379	1,473,097,052	1,292,965,997	1,110,737,208	
less Reserve Accounts and Sr. Staff Assets	(99,645,357)	(83,502,014)	(83,349,437)	(64,834,813)	(31,830,621)	
Total fiduciary net position -- ending(b)	1,513,398,466	1,354,405,365	1,389,747,615	1,228,131,184	1,078,906,587	
City's fiduciary net pension liability--ending(a)-(b)	$ 1,832,116,793	$ 1,787,822,847	$ 1,622,842,953	$ 1,648,475,008	$ 1,684,069,919	
Fiduciary net position as a percentage of the total pension liability	45.24%	43.10%	46.13%	42.69%	39.05%	
Covered-employee payroll	$135,599,741	$132,735,243	$134,521,216	$130,972,174	$133,611,459	
City's fiduciary net pension liability as a percentage of covered-employee payroll	1351.12%	1346.91%	1206.38%	1258.65%	1260.42%	

DATE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Jacksonville Police and Fire Pension Fund (Fund), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated ______________________.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KBLD, LLC

COJ Proposal to FOP (Police)
February 7, 2017 (Revision 2)

Michael Mattimore
COJ Chief Negotiator

Chief Negotiator

TENTATIVE AGREEMENT

FOP

(Police Officers and Sergeants, Lieutenants and Captains)

This constitutes the City of Jacksonville's complete proposal regarding wages and pension for full time employees of the FOP (all Police units), excluding all unit corrections officers, sworn bailiffs and judicial officers. This proposal, if accepted as set forth herein, shall become effective only upon the occurrence of each contingency set forth in Section IV below.

I. WAGES

All active, full-time unit employees shall receive wage increases as follows:

Fiscal Year 2017
One-time lump sum consideration: 3%

This lump sum consideration will be equal to three percent (3%) of the base wages, excluding any special pay items, and will be taxed for Medicare and FICA, if applicable. The lump sum consideration will be payable upon this proposal becoming effective, which shall not occur until the occurrence of each contingency set forth in Section IV below.

Fiscal Year 2018 effective October 1, 2017
Wage Increase: 6.5%

Fiscal Year 2019 effective October 1, 2018
Wage Increase: 6.5%

Fiscal Year 2020 effective October 1, 2019
Wage Increase: 7%

Wage increases will revise the base wages for active employees and adjust the wages for each step in the step schedules by the wage increase percent. Each base wage adjustment will impact all items that are driven/calculated based on

Michael Mattimore
COJ Chief Negotiator

Chief Negotiator

wages including, but not necessarily limited to, pension, Medicare, FICA, overtime, life insurance and some special pay.

II. RETIREMENT

A. **Defined Benefit Plan** for POLICE and FIRE Unit Employees Hired BEFORE October 1, 2017

1. **Contributions.** All active, full-time Police and Fire unit employees hired before October 1, 2017 and enrolled in the City's Defined Benefit retirement plan will remain in that plan. All such employees will increase their contribution to the plan from eight percent (8%) to ten percent (10%), or will continue to pay ten percent (10%), of their earnable compensation beginning on October 1, 2017. Additionally, on and after October 1, 2017, employees enrolled in the Defined Benefit plan will remain in that plan and may not switch to the Defined Contribution plan.

2. **Benefits.** The benefits for all active, full-time Police and Fire unit employees hired prior to October 1, 2017, (otherwise known as Group 1 and its sub-groups and Group 2) will be consolidated. Such employees will receive the same retirement benefits, including disability and death benefits, as those members previously classified as "Group 1 members with 20 or more years of credited service as of June 19, 2015," including:

- DROP eligibility with an 8.40% annual rate of return;

- Cost of Living Adjustment (COLA) of three percent (3%);

- Time service retirement benefit determined by a Final Average Compensation of 52 pay periods (based upon wages including an unlimited shift differential) immediately prior to retirement;

- Vesting after 5 years of credited service;

COJ Chief Negotiator   Chief Negotiator

- Annual Pension Compensation benefit is only limited by Internal Revenue Code (IRS);

- Accrual Rate: 3% for first 20 years
  2% for up to 10 more years;

- Normal Retirement at 20 years.

The Defined Benefit plan will be closed to any employee who begins employment as a full-time Police Officer on October 1, 2017 or thereafter, unless such employee is a returning member of the Defined Benefit plan who has left his/her contributions in the plan.

B. <u>Defined Contribution Plan</u> for all FOP Police Employees hired on or after October 1, 2017:

Any employee who becomes a full-time unit employee on or after October 1, 2017, and is not a qualified returning employee, will be enrolled in a Defined Contribution retirement plan administered by the City notwithstanding any previous employment by such employee with the consolidated government or any of its independent agencies. With input from the bargaining unit, the City will select, through its procurement process, and manage a third-party fund manager. General administrative plan fees will be paid by the City. Fees charged to individual accounts will be paid by the individuals. The terms of the Defined Contribution plan are as follows:

<u>Contribution</u>

Employee Contribution	10%
Employer Contribution	25%

<u>Vesting</u>

Upon leaving City employment, Defined Contribution plan members will be entitled to 100% of their own contributions and earnings and will be entitled

Michael Mattimore
COJ Chief Negotiator

Chief Negotiator

to the following percentage of the Employer's contribution and earnings after the indicated number of years of service:

6 months of service	25%
1 year of service	50%
2 years of service	75%
3 years of service	100% (fully vested)

Financial Counseling

The City will, at its own expense, arrange for all unit members of the Defined Contribution plan to meet with a financial advisor to provide financial counseling three times during each member's career. These meetings will occur (1) when the member is in the initial training academy; (2) at the member's 10 year anniversary; and (3) at the member's 20 year anniversary.

Disability and Survivor Benefits

The following Disability Benefits and Survivor (Death) Benefits are identical to the Group 1A Police and Fire Disability Benefits and Survivor (Death) Benefits.

Disability Benefits

All active, full-time unit employees who are permanently and totally disabled from useful and efficient service as a police officer, as established by competent medical evidence, will be entitled to disability benefits equal to sixty percent (60%) of the average salary received by the member for the 52 pay periods immediately preceding the time of disability. An annual, three percent (3%) COLA will apply. Additionally, the employee will receive a supplemental benefit of $5 per month for each year of actual credited service, which will be no less than $25 or more than $150 per month.

Michael Mattimore
COJ Chief Negotiator

Steve A Z
Chief Negotiator

Survivor (Death) Benefits

In the event of the death of an active, full-time unit employee, (1) the surviving spouse, or (2) unmarried, orphaned children under the age of 18 years will receive a benefit equal to seventy-five percent (75%) of the sum of sixty percent (60%) (plus an additional 2% for each full year of service in excess of 20), of the average salary received by the member for the 52 pay periods immediately preceding the employee's death. An annual three percent (3%) COLA will apply.

If there is a surviving spouse, each child of the deceased full-time unit employee will receive $200 per month until the child reaches age 18, or age 22 if a qualified student, or until the child is married. The total surviving benefit of a spouse and children will not exceed sixty percent (60%), plus an additional 2% for each full year of service in excess of 20, of the average salary received by the member for the 52 pay periods immediately preceding the employee's death, and will result in the survivors' benefits being prorated. An annual, three percent (3%) COLA will apply.

If there is no surviving spouse, each child of the deceased full-time unit employee under the age of 18 will receive the greater of $200 per month or a proportionate share of the surviving spouse's benefit (described above), until each child reaches age 18 or becomes married. If there is no surviving spouse, each child of the deceased employee who is age 18 or over and who is a qualified student will receive $200 per month until the child reaches age 22 or becomes married. If there is no surviving spouse, each child of the deceased employee who is disabled and reaches age 18 will receive fifty percent (50%) of the benefit otherwise allocable to the surviving spouse, during the presence of the disabling condition. An annual, three percent (3%) COLA will apply.

Additionally, the survival benefit will include a supplemental benefit of $5 per month for each year of actual credited service, which will be no less than $25 or more than $150 per month.

COJ Chief Negotiator

Chief Negotiator

If death benefits are paid to any survivor, such benefits will be in lieu of the payment of the employee's contributions and earnings to the Defined Contribution Plan, and any employer contributions and earnings to which the employee had a vested right.

In the event that a deceased employee's qualified survivors decline the benefits described above, the deceased employee's designated beneficiaries will receive the employee's contributions and earnings to the Defined Contribution Plan, and any employer contributions and earnings to which the employee had a vested right.

Disability and Survival benefits will be administered consistent with current restrictions.

III. ADDITIONAL TERMS

A. Language to be Contained in the Implementing Ordinance

The follow language is agreed to by the parties, and shall be contained in the implementing ordinance of the pension surtax:

"(1) Nothing in this section shall be construed to impair the rights provided under Article 1, Section 6 of the Florida Constitution or Chapter 447, Florida Statutes;

(2) Nothing herein shall be construed to waive the City's or the certified bargaining agent's right to demand collective bargaining as authorized under Florida law; and

(3) The City and any authorized certified bargaining agent shall have all of the rights and be subject to the provisions of Chapter 447, Florida Statutes, including but not limited to the requirement for negotiations, the term limitation set forth in Section 447.309(5), Florida Statute, and the impasse process, provided however that the City shall not unilaterally alter the retirement benefits of members of the defined benefit plan or members of the defined contribution plan, as authorized by Section 447.403(4)(d), Florida Statutes, for a period of 3 years from

COJ Chief Negotiator

Chief Negotiator

October 1, 2017, and such period shall automatically extend for two additional 3-year periods, and one additional 1-year period, under the following circumstances:

If the fiscal condition of the economy for the City of Jacksonville, as determined and certified in writing by the City's Director of Finance and Administration, within 90 days after the termination of the first 3-year period, and, if applicable, within 90 days after the termination of the second 3-year period, and, if applicable, within 90 days after the termination of the third 3-year period, meets the following 2 requirements:

(a) The average annual growth rate of the City of Jacksonville's total share of ad valorem revenues collected for Duval County for the three most recent fiscal years is no less than 2.5%, as provided in writing by the City's Director of Finance and Administration. For the purposes of this subsection, during a particular fiscal year, if: (i) there is a millage rate reduction, and (ii) the 2.5% threshold is not met, that particular fiscal year shall not be counted as part of the three most recent fiscal year average and instead only the remaining non-effected fiscal years shall be used to calculate the average annual growth rate. 53

annual gross

(b) The time-weighted, average ~~actual~~ return on investment for the **Police and Fire Pension Fund** for the three most recent fiscal years is no less than the actuarial assumed rate of return, less 1%, as provided in writing by the **Police and Fire Pension Fund** investment consultant.

The three most recent fiscal years shall be the three fiscal years terminating prior to or during the 90-day period(s) noted in this subsection.

The automatic extension(s) above shall not take effect if the certified collective bargaining agent declares an impasse on retirement benefits."

COJ Chief Negotiator

Chief Negotiator

B. <u>Chapter Funds</u>

Now that a long-term funding solution is identified, it is agreed by the parties that the City and the Police and Fire Pension Fund will no longer make the additional UAAL payments set forth in Ordinance 2015-304E as these payment obligations were a placeholder for a long term solution to the unfunded liability. The "Pension Liability Surtax" adopted by the State of Florida and passed by local referendum will now serve the purpose of addressing this issue.

Effective October 1, 2017, in return for reassigning (1) all future Chapter 185 proceeds for FOP's legal use; and (2) 20% of the balances, together with interest thereon, in the Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) to the Fund for FOP's legal use, it is agreed that the remaining balances, together with interest thereon, in the City Budget Stabilization Account (CBSA), Enhanced Benefit Account (EBA), Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) shall be applied to the City's Actuarially Determined Employer's Contribution (ADEC) for the year(s) selected by the City. Both the City and the FOP agree to not initiate any changes to the balances of those funds.

In summary, this proposal:

1) Cancels the immediate additional liability payments in light of the long term solution being identified;

2) Effective October 1, 2017, reassigns 20% of the accumulated balances in the UALPA, and SPA to the Fund for FOP's legal use, and the remaining balances of the UALPA, SPA, CBSA, and EBA to the City's ADEC, and;

3) Effective October 1, 2017, reassigns all future Chapter 185 revenues to the Fund for the FOP's legal use.

Michael Mattimore
COJ Chief Negotiator

Chief Negotiator

C. **Retroactivity of Pension Group Consolidation**

1) Police unit members who entered DROP as members of pension group 1B or 1C will be made whole as far as COLA and 8.4% DROP interest, as if they never left Group 1A.

2) Police unit members who have retired since June 19, 2015 will be retroactively compensated with a 3% COLA, as if they never left the plan.

D. **Reopeners**

Except for the wages and pension benefits expressed herein, the City agrees to reopen negotiations during the first year of this agreement to **negotiate other terms and conditions of employment including, but not limited to** the following proposals:

1) FOP's proposal that all members who are currently appointed will retire at their highest Civil Service attained rank;

2) Health insurance issues; and

3) Voluntary Individual Employee Benefit Contracts.

IV. CONTINGENCIES AND EFFECT

This proposal is contingent upon:

1) This proposal, when accepted, supersedes and repudiates all previous retirement benefit agreements and past practices including but not limited to the 2015 Retirement Reform Agreement (effective on or about June 19, 2015), and the Parties and the Police and Fire Pension Board of Trustees shall successfully dissolve the 2015 Retirement Reform Agreement and all actions necessary to dissolve it shall be accomplished;

COJ Chief Negotiator

Chief Negotiator

2) In the event that Section 212.055(9), Florida Statutes, is successfully challenged (upon the rendition of a final judgment by a Fourth Judicial Circuit Judge) before October 1, 2017, then none of the wage or retirement benefits described in the City's proposal will go into effect and the agreement will be dissolved. Should this condition occur, the parties shall enter collective bargaining negotiations over wages and benefits within 30 days.

   In the event that Section 212.055(9), Florida Statutes, is successfully challenged (upon the rendition of a final judgment by a Fourth Judicial Circuit Judge) after October 1, 2017, then any future wage increases described in the City's proposal that have not been realized will not occur; however any wage increases and benefits that have been realized at the time the lawsuit is resolved against the City will remain intact, including the October 1, 2017 wage increase, the one-time lump-sum payment, and the consolidation of defined benefit plan participants. Should this condition occur, the parties shall enter collective bargaining negotiations over wages within 30 days;

3) The ratification of this proposal by the City Council, the closure of the current Defined Benefit retirement plan to employees hired on or after October 1, 2017 and the realization and continued benefit of the terms of half-cent sales tax referendum and implementing legislation;

4) This proposal must be accepted on or before February 11, 2017. If not accepted on or before February 11, 2017, it is withdrawn;

5) The Parties agree to take all necessary actions to effectuate this Agreement pursuant to Chapter 447, Part II;

6) On or before March 15, 2017, the bargaining unit shall ratify the agreement, and any necessary approvals by the PFPF shall have occurred. On or before March 31, 2017, the City shall submit the agreement to the City Council for ratification;

7) All bargaining units within their applicable Pension Fund must have agreed to the same new Defined Contribution Plan for new employees effective October 1,

Michael Weinstein
COJ Chief Negotiator

Chief Negotiator

2017, which must be ratified by the City Council, including City Council approval of an implementing ordinance; and

8) All bargaining units must agree and understand that any existing ordinance code which contradicts this agreement will be changed to effectuate and coincide with this agreement.

5A3

Section III (B) Additional Language:

It is understood the city will leave their monies in the accounts of the Police and Fire Pension Fund. These monies will be credited to the city by the PFPF to make their payments (ARC) in the amount chosen by the city each year. It is also understood if this agreement is determined to violate any IRS tax rules or causes a negative tax implication for the fund or members of the fund both parties agree to re-open this agreement. The re-opening of the agreement will be for the sole purpose of correcting any negative tax implication or IRS rule violation.

COJ Proposal to IAFF
February 8, 2017

COJ Chief Negotiator

Chief Negotiator

TENTATIVE AGREEMENT

IAFF

This constitutes the City of Jacksonville's complete proposal regarding wages and pension for full time employees of the IAFF bargaining unit. This proposal, if accepted as set forth herein, shall become effective only upon the occurrence of each contingency set forth in Section IV below.

I. WAGES

All active, full-time unit employees shall receive wage increases as follows:

Fiscal Year 2017
One-time lump sum consideration: 3%

This lump sum consideration will be equal to three percent (3%) of the base wages, excluding any special pay items, and will be taxed for Medicare and FICA, if applicable. The lump sum consideration will be payable upon this proposal becoming effective, which shall not occur until the occurrence of each contingency set forth in Section **IV** below.

Fiscal Year 2018 effective October 1, 2017
Wage Increase: 6.5%

Fiscal Year 2019 effective October 1, 2018
Wage Increase: 6.5%

Fiscal Year 2020 effective October 1, 2019
Wage Increase: 7%

Wage increases will revise the base wages for active employees and adjust the wages for each step in the step schedules by the wage increase percent. Each base wage adjustment will impact all items that are driven/calculated based on wages including, but not necessarily limited to, pension, Medicare, FICA, overtime, life insurance and some special pay.

COJ Proposal to IAFF
February 8, 2017

Michael Mattimore
COJ Chief Negotiator

Chief Negotiator

II. RETIREMENT

A. **Defined Benefit Plan** for POLICE and FIRE Unit Employees Hired BEFORE October 1, 2017

1. **Contributions**. All active, full-time Police and Fire unit employees hired before October 1, 2017 and enrolled in the City's Defined Benefit retirement plan will remain in that plan. All such employees will increase their contribution to the plan from eight percent (8%) to ten percent (10%), or will continue to pay ten percent (10%), of their earnable compensation beginning on October 1, 2017. Additionally, on and after October 1, 2017, employees enrolled in the Defined Benefit plan will remain in that plan and may not switch to the Defined Contribution plan.

2. **Benefits**. The benefits for all active, full-time Police and Fire unit employees hired prior to October 1, 2017, (otherwise known as Group 1 and its sub-groups and Group 2) will be consolidated. Such employees will receive the same retirement benefits, including disability and death benefits, as those members previously classified as "Group 1 members with 20 or more years of credited service as of June 19, 2015," including:

- DROP eligibility with an 8.40% annual rate of return;
- Cost of Living Adjustment (COLA) of three percent (3%);
- Time service retirement benefit determined by a Final Average Compensation of 52 pay periods (based upon wages including an unlimited shift differential) immediately prior to retirement;
- Vesting after 5 years of credited service;
- Annual Pension Compensation benefit is only limited by Internal Revenue Code (IRS);
- Accrual Rate: 3% for first 20 years
  2% for up to 10 more years;

COJ Chief Negotiator

Chief Negotiator

- Normal Retirement at 20 years.

The Defined Benefit plan will be closed to any employee who begins employment as a full-time Firefighter on October 1, 2017 or thereafter, unless such employee is a returning member of the Defined Benefit plan who has left his/her contributions in the plan.

B. <u>Defined Contribution Plan</u> for all IAFF Employees hired on or after October 1, 2017:

Any employee who becomes a full-time unit employee on or after October 1, 2017, and is not a qualified returning employee, will be enrolled in a Defined Contribution retirement plan administered by the City notwithstanding any previous employment by such employee with the consolidated government or any of its independent agencies. With input from the bargaining unit, the City will select, through its procurement process, and manage a third-party fund manager. General administrative plan fees will be paid by the City. Fees charged to individual accounts will be paid by the individuals. The terms of the Defined Contribution plan are as follows:

<u>Contribution</u>

Employee Contribution	**10%**
Employer Contribution	25%

<u>Vesting</u>

Upon leaving City employment, Defined Contribution plan members will be entitled to 100% of their own contributions and earnings and will be entitled to the following percentage of the Employer's contribution and earnings after the indicated number of years of service:

6 months of service	25%
1 year of service	50%
2 years of service	75%
3 years of service	100% (fully vested)

COJ Proposal to IAFF
February 8, 2017

Michael Mattinne
COJ Chief Negotiator

Chief Negotiator

Financial Counseling

The City will, at its own expense, arrange for all unit members of the Defined Contribution plan to meet with a financial advisor to provide financial counseling three times during each member's career. These meetings will occur (1) when the member is in the initial training academy; (2) at the member's 10 year anniversary; and (3) at the member's 20 year anniversary.

Disability and Survivor Benefits

The following Disability Benefits and Survivor (Death) Benefits are identical to the Group 1A Police and Fire Disability Benefits and Survivor (Death) Benefits.

Disability Benefits

All active, full-time unit employees who are permanently and totally disabled from useful and efficient service as a firefighter, as established by competent medical evidence, will be entitled to disability benefits equal to sixty percent (60%) of the average salary received by the member for the 52 pay periods immediately preceding the time of disability. An annual, three percent (3%) COLA will apply. Additionally, the employee will receive a supplemental benefit of $5 per month for each year of actual credited service, which will be no less than $25 or more than $150 per month.

Survivor (Death) Benefits

In the event of the death of an active, full-time unit employee, (1) the surviving spouse, or (2) unmarried, orphaned children under the age of 18 years will receive a benefit equal to seventy-five percent (75%) of the sum of sixty percent (60%) (plus an additional 2% for each full year of service in excess of 20), of the average salary received by the member for the 52 pay periods immediately preceding the employee's death. An annual three percent (3%) COLA will apply.

Michael Mattimore
COJ Chief Negotiator

RWAf
Chief Negotiator

If there is a surviving spouse, each child of the deceased full-time unit employee will receive $200 per month until the child reaches age 18, or age 22 if a qualified student, or until the child is married. The total surviving benefit of a spouse and children will not exceed sixty percent (60%), plus an additional 2% for each full year of service in excess of 20, of the average salary received by the member for the 52 pay periods immediately preceding the employee's death, and will result in the survivors' benefits being prorated. **An annual, three percent (3%) COLA will apply.**

If there is no surviving spouse, each child of the deceased full-time unit employee under the age of 18 will receive the greater of $200 per month or a proportionate share of the surviving spouse's benefit (described above), until each child reaches age 18 or becomes married. If there is no surviving spouse, each child of the deceased employee who is age 18 or over and who is a qualified student will receive $200 per month until the child reaches age 22 or becomes married. If there is no surviving spouse, each child of the deceased employee who is disabled and reaches age 18 will receive fifty percent (50%) of the benefit otherwise allocable to the surviving spouse, during the presence of the disabling condition. **An annual, three percent (3%) COLA will apply.**

Additionally, the survival benefit will include a supplemental benefit of $5 per month for each year of actual credited service, which will be no less than $25 or more than $150 per month.

If death benefits are paid to any survivor, such benefits will be in lieu of the payment of the employee's contributions and earnings to the Defined Contribution Plan, and any employer contributions and earnings to which the employee had a vested right.

In the event that a deceased employee's qualified survivors decline the benefits described above, the deceased employee's designated beneficiaries will receive the employee's contributions and earnings to the Defined Contribution Plan, and any employer contributions and earnings to which the employee had a vested right.

COJ Proposal to IAFF
February 8, 2017

Michael Mattimore
COJ Chief Negotiator

R W Wyse
Chief Negotiator

Disability and Survival benefits will be administered consistent with current restrictions.

III. ADDITIONAL TERMS

A. Language to be Contained in the Implementing Ordinance

The follow language is agreed to by that parties, and shall be contained in the implementing ordinance of this agreement:

"(1) Nothing in this section shall be construed to impair the rights provided under Article 1, Section 6 of the Florida Constitution or Chapter 447, Florida Statutes;

(2) Nothing herein shall be construed to waive the City's or the certified bargaining agent's right to demand collective bargaining as authorized under Florida law; and

(3) The City and any authorized certified bargaining agent shall have all of the rights and be subject to the provisions of Chapter 447, Florida Statutes, including but not limited to the requirement for negotiations, the term limitation set forth in Section 447.309(5), Florida Statute, and the impasse process, provided however that the City shall not unilaterally alter the retirement benefits of members of the defined benefit plan or members of the defined contribution plan, as authorized by Section 447.403(4)(d), Florida Statutes, for a period of 3 years from October 1, 2017, and such period shall automatically extend for two additional 3-year period, and an additional 1-year period, under the following circumstances:

If the fiscal condition of the economy for the City of Jacksonville, as determined and certified in writing by the City's Director of Finance and Administration, within 90 days after the termination of the first 3-year period, and, if applicable, within 90 days after the termination of the second 3-year period, and, if applicable, within 90 days after the termination of the third 3-year period, meets the following 2 requirements:

(a) The average annual growth rate of the City of Jacksonville's total share of ad valorem revenues collected for Duval County for the three most recent fiscal years is no less than 2.5%, as provided in writing by the City's Director of Finance and Administration. For the purposes of this subsection, during a particular fiscal year, if: (i) there is a millage rate reduction, and (ii) the 2.5% threshold is not met, that particular fiscal year shall not be counted as part of the three most recent fiscal year average and instead only the remaining non-effected fiscal years shall be used to calculate the average annual growth rate.

(b) The time-weighted, average ~~actual~~ ANNUAL GROSS return on investment for the Police and Fire Pension Fund for the three most recent fiscal years is no less than the actuarial assumed rate of return, less 1%, as provided in writing by the Police and Fire Pension Fund investment consultant.

The three most recent fiscal years shall be the three fiscal years terminating prior to or during the 90-day period(s) noted in this subsection.

The automatic extension(s) above shall not take effect if the certified collective bargaining agent declares an impasse on retirement benefits."

B. Chapter Funds

Now that a long-term funding solution is identified, it is agreed by the parties that the City and the Police and Fire Pension Fund will no longer make the additional UAAL payments set forth in 2015-304 as these payment obligations were a placeholder for a long term solution to the unfunded liability. The "Pension Liability Surtax" adopted by the State of Florida and passed by local referendum will now serve the purpose of addressing this issue.

Effective October 1, 2017, in return for reassigning (1) all future Chapter 175 proceeds for IAFF's legal use; and (2) 20% of the balances, together with interest thereon, in the Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) to the Fund for IAFF's legal use, it is agreed that the remaining balances, together with interest thereon, in the City Budget Stabilization Account (CBSA), Enhanced Benefit Account (EBA), Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) shall be applied to the City's Actuarially Determined Employer's Contribution (ADEC) for the year(s) selected by the City. Both the City and the IAFF agree to not initiate any changes to the balances of those funds.

In summary, this proposal:

1) **Cancels the immediate additional liability payments in light of the long term solution being identified,**

2) Effective October 1, 2017, reassigns **20%** of the accumulated balances in the UALPA, and SPA to the Fund for IAFF's **legal** use, and the remaining balances of the UALPA, SPA, CBSA, and EBA to the City's ADEC, and;

3) Effective October 1, 2017, reassigns all future Chapter 175 revenues to the Fund for the IAFF's legal use.

C. **Retroactivity of Pension Group Consolidation**

1) Unit members who entered DROP as members of pension group 1B or 1C will be made whole as far as COLA and 8.4% DROP interest, as if they never left Group 1A.

COJ Chief Negotiator

Chief Negotiator

2) Unit members who have retired since June 19, 2015 will be retroactively compensated with a 3% COLA, as if they never left the plan.

D. Reopeners

Except for the wages and pension benefits expressed herein, the City agrees to reopen negotiations during the first year of this agreement to **negotiate other terms and conditions of employment including, but not limited to** the following proposals:

1) IAFF's proposal that all members not currently appointed will retire at their highest Civil Service attained rank;

2) Incentive pay;

3) Employee Benefits including cell phone repair/replacement and transfer pay;

4) Leave usage;

5) Promotions;

6) Personal Leave (Plan P); **and**

7) Voluntary Individual Employee Benefit Contracts

IV. CONTINGENCIES AND EFFECT

This proposal is contingent upon:

1) This proposal, when accepted, supersedes and repudiates all previous retirement benefit agreements and past practices including but not limited to the 2015 Retirement Reform Agreement (effective on or about June 19, 2015), and the Parties and the Police and Fire Pension Board of Trustees shall

Michael Mattimore
COJ Chief Negotiator

R W
Chief Negotiator

successfully dissolve the 2015 Retirement Reform Agreement and all actions necessary to dissolve it shall be accomplished;

2) In the event that Section 212.055(9), Florida Statutes, is successfully challenged (upon the rendition of a final judgment by a Fourth Judicial Circuit Judge) before October 1, 2017, then none of the wage or retirement benefits described in the City's proposal will go into effect and the agreement will be dissolved. Should this condition occur, the parties shall enter collective bargaining negotiations over wages and benefits within 30 days.

In the event that Section 212.055(9), Florida Statutes, is successfully challenged (upon the rendition of a final judgment by a Fourth Judicial Circuit Judge) after October 1, 2017, then any future wage increases described in the City's proposal that have not been realized will not occur; however any wage increases and benefits that have been realized at the time the lawsuit is resolved against the City will remain intact, including the October 1, 2017 wage increase, the one-time lump-sum payment, and the consolidation of defined benefit plan participants. Should this condition occur, the parties shall enter collective bargaining negotiations over wages within 30 days;

3) The ratification of this proposal by the City Council, the closure of the current Defined Benefit retirement plan to employees hired on or after October 1, 2017 and the realization and continued benefit of the terms of half-cent sales tax referendum and implementing legislation;

4) This proposal must be accepted on or before February 11, 2017. If not accepted on or before February 11, 2017, it is withdrawn;

5) The Parties agree to take all necessary actions to effectuate this Agreement pursuant to Chapter 447, Part II;

6) On or before March 15, 2017, the bargaining unit shall ratify the agreement, and any necessary approvals by the PFPF shall have occurred. On or before

Michael Mattimore
COJ Chief Negotiator

RWC
Chief Negotiator

March 31, 2017, the City shall submit the agreement to the City Council for ratification;

7) All bargaining units within their applicable Pension Fund must have agreed to the same new Defined Contribution Plan for new employees effective October 1, 2017, which must be ratified by the City Council, including City Council approval of an implementing ordinance; and

8) All bargaining units must agree and understand that any existing ordinance code which contradicts this agreement will be changed to effectuate and coincide with this agreement.

Questions for Comparing the Existing JPFPF Pension Plan with the Proposed Plan

A. Using the current pension plan (with 2015 Amendments) projections starting with FYE 2017 (using most recent actuarial study and audit) as of 10/1/16:

1. What is the current gross asset value of the Fund?
2. What is the current gross liability of the Fund?
3. What are the projected contributions to the Fund for FY 2017 for:
   a. Employee contributions:
      i. Current employees with 10 or more years?
      ii. Current employees with less than 10 years?
      iii. New employees?
      iv. Total?
   b. City contributions:
      i. Normal cost share?
      ii. UAAL share?
      iii. Other?
      iv. Total?
4. What is the City's projected contribution as a percentage of payroll (assuming a 2.5% employee growth rate) for:
   a. Normal cost portion of contribution?
   b. UAAL portion of contribution?
   c. Total?
5. What are the projected distributions from the Fund for FY 2017 for:
   a. Pension and related benefit distributions?
   b. Other distributions and payments for expenses?
   c. Total?
6. Assuming a 7% investment return and the foregoing contributions and distributions, at the conclusion of FY 2017, what will be:
   a. The gross asset value of the Fund?
   b. The liabilities of the Fund stated as:
      i. Unfunded pension liability?
      ii. Other liabilities?
      iii. Total?

B. Using the current pension plan (with 2015 Amendments) projections for each FY beginning FYE 2018 to FYE 2030:

Answer each of the foregoing questions for each fiscal year beginning with FYE 2018 and continuing through FYE 2030.

C. Using the Mayor's plan as it relates to the continuing pension fund for current employees who are not shifted to the 401(k) type plan:

1. Answer each of the foregoing questions for each fiscal year beginning FY 2017 and continuing through FYE 2018, assuming the implementation of the recent

tentative collective bargaining proposals agreed to by the Mayor, the FOP and the IAFF.

2. Please advise with respect to each year whether you included as an asset the present value of the income stream projected for the sales tax revenues, and if so, the amount thereof and the assumptions and calculations by which it was determined.
3. Please advise the amortization period for the computation of the UAAL for each year.

D. As to New Employees who become subject to the proposed 401(k) type plan, for each of the foregoing fiscal years:

1. What is the City's projected contribution to the plan expressed as a percentage of payroll (assuming a 2.5% employee growth rate)?
2. What is the City's projected contribution to the plan expressed in dollars?

E. Combining the continuing pension plan for current employees and for employees under the new 401(k) plan: as proposed in the recent tentative collective bargaining proposals agreed to by the Mayor, the FOP and the IAFF:

1. What is the City's aggregate contribution to the continuing pension plan, expressed in dollars, for pension costs for each of the foregoing fiscal years?
2. What is the City's aggregate contribution for the 401(k) plan for each of the foregoing fiscal years?
3. What is the City's total contribution for both plans for each of the foregoing fiscal years?

F. Concerning revenue expectations from the proposed sales tax:

1. What are the projected contributions to the continuing pension plan from the sales tax proceeds for each of fiscal years 2030 through 2060.
2. What are the other projected City contributions to the continuing pension plan for each of fiscal years 2030 through 2060?
3. What portion of such contributions for each year is:
    a. Attributable to normal cost contributions?
    b. Attributable to UAAL contributions?

G. When does the pension fund for current employees first become 80% funded:

1. Under the existing plan with no changes, using the assumptions made in A above?
2. Under the existing plan as modified by the recent tentative collective bargaining proposals agreed to by the Mayor, the FOP and the IAFF?

An act relating to discretionary sales surtaxes; amending s. 112.64, F.S.; authorizing a county to apply proceeds of a pension liability surtax toward reducing the unfunded liability of a defined benefit retirement plan or system; specifying the method of determining the amortization schedule if a surtax is approved; amending s. 212.055, F.S.; authorizing a county to levy a pension liability surtax by ordinance if certain conditions are met; prescribing the form of the ballot statement; requiring the Department of Revenue to distribute the surtax proceeds, less administrative fees; specifying the manner in which a local government may use the surtax proceeds; prescribing requirements for the ordinance that provides for the imposition of the surtax; specifying conditions under which the surtax terminates; limiting the combined rate of specified discretionary sales surtaxes; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (6) of section 112.64, Florida Statutes, is renumbered as subsection (7), and a new subsection (6) is added to that section, to read:

112.64 Administration of funds; amortization of unfunded liability.—

<u>(6)(a) Notwithstanding any other provision of this part, the proceeds of a pension liability surtax imposed by a county pursuant to s. 212.055, which is levied for the purpose of funding or amortizing the unfunded liability of a defined benefit retirement plan or system, excluding the Florida Retirement System, shall be actuarially recognized, and the county shall apply the present value of the total projected proceeds of the surtax to reduce the unfunded liability or to amortize it as part of the county's annual required contribution, beginning with the fiscal year immediately following approval of the pension liability surtax. The unfunded liability amortization schedule must be adjusted beginning with the fiscal year immediately following approval of the pension liability surtax and amortized over a period of 30 years.</u>

<u>(b) The payroll of all employees in classifications covered by a closed retirement plan or system that receives funds from the pension liability surtax must be included in determining the unfunded liability amortization schedule for the closed plan, regardless of the plan in which the employees currently participate, and the payroll growth assumption must be adjusted to reflect the payroll of those employees when calculating the amortization of the unfunded liability.</u>

Section 2. Subsection (9) is added to section 212.055, Florida Statutes, to read:

212.055 Discretionary sales surtaxes; legislative intent;

authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.

<u>(9) PENSION LIABILITY SURTAX.—</u>

<u>(a) The governing body of a county may levy a pension liability surtax to fund an underfunded defined benefit retirement plan or system, pursuant to an ordinance conditioned to take effect upon approval by a majority vote of the electors of the county voting in a referendum, at a rate that may not exceed 0.5 percent. The county may not impose a pension liability surtax unless the underfunded defined benefit retirement plan or system is below 80 percent of actuarial funding at the time the ordinance or referendum is passed. The most recent actuarial report submitted to the Department of Management Services pursuant to s. 112.63 must be used to establish the level of actuarial funding for purposes of determining eligibility to impose the surtax. The governing body</u>

of a county may only impose the surtax if:

1. An employee, including a police officer or firefighter, who enters employment on or after the date when the local government certifies that the defined benefit retirement plan or system formerly available to such an employee has been closed may not enroll in a defined benefit retirement plan or system that will receive surtax proceeds.

2. The local government and the collective bargaining representative for the members of the underfunded defined benefit retirement plan or system or, if there is no representative, a majority of the members of the plan or system, mutually consent to requiring each member to make an employee retirement contribution of at least 10 percent of each member's salary for each pay period beginning with the first pay period after the plan or system is closed.

3. The pension board of trustees for the underfunded defined benefit retirement plan or system, if such board exists, is prohibited from participating in the collective bargaining process and engaging in the determination of pension benefits.

4. The county currently levies a local government infrastructure surtax pursuant to subsection (2) which is scheduled to terminate and is not subject to renewal.

5. The pension liability surtax does not take effect until the local government infrastructure surtax described in subparagraph 4. is terminated.

(b) A referendum to adopt a pension liability surtax must meet the requirements of s. 101.161 and must include a brief and general description of the purposes for which the surtax proceeds will be used.

(c) Pursuant to s. 212.054(4), the proceeds of the surtax collected under this subsection, less an administrative fee that may be retained by the department, shall be distributed by the department to the local government.

(d) The local government may use the pension liability surtax proceeds in the following manner:

1. If the proceeds of the pension liability surtax have been actuarially recognized as provided in s. 112.64(6), the local government must distribute the proceeds to an eligible defined benefit retirement plan or system, not including the Florida Retirement System.

2. If the proceeds of the pension liability surtax have not been actuarially recognized, the local government is authorized to distribute the proceeds to an eligible defined benefit retirement plan or system, not including the Florida Retirement System, to pledge the proceeds of the surtax to repay debts incurred for the purpose of making advanced payments toward the unfunded liability of an underfunded defined benefit retirement plan or system, and to reimburse itself from the proceeds of the surtax for any borrowing costs associated with such debts.

(e) The ordinance providing for the imposition of the pension liability surtax must specify how the proceeds will be used:

1. The ordinance must specify the method of determining the percentage of the proceeds, and the frequency of such payments, distributed to each eligible defined benefit retirement plan or system if the proceeds of the pension liability surtax are actuarially recognized as provided in s. 112.64(6).

2. The ordinance must specify the local government's intention to incur debt for the purpose of making advanced payments toward the unfunded liability of an underfunded defined benefit retirement plan or system if the proceeds of the pension liability surtax are not actuarially recognized as provided in s. 112.64(6).

(f) A pension liability surtax imposed pursuant to this subsection shall terminate on December 31 of the year in which the actuarial funding level is expected to reach or exceed 100 percent for the defined benefit retirement plan or system for which the surtax was levied or December 31, 2060, whichever occurs first. The most recent actuarial report submitted to the Department of Management Services pursuant to s. 112.63 must be used to establish the level of actuarial funding.

(g) Notwithstanding any other provision of this section, a county may not levy local option sales surtaxes authorized in this subsection and subsections (2), (3), (4), and (5) in excess of a combined rate of 1 percent.

Section 3. This act shall take effect July 1, 2016.

PFPF Board Pre-Workshop Questions Answered by the OGC (Jason Gabriel)

PFPF: What action is the board asked to take by March 15th?

OGC: Board action will be on an agreement, that is part of a series of agreements and ordinances, which will reduce the unfunded liability by instituting the voter referendum approved statutory pension surtax.

The agreement between the Board and the City recognizes the arrangement agreed to between the City and the unions with respect to the following:

Effective October 1, 2017, in return for reassigning (1) all future Chapter 175 proceeds for IAFF's legal use, and all future Chapter 185 proceeds for FOP's legal use, and (2) 20% of the balances, together with interest thereon, in the Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) to the Fund for IAFF's legal use and 20% of the balances of those same accounts, for FOP's legal use, the remaining balances, together with interest thereon, in the City Budget Stabilization Account (CBSA), Enhanced Benefit Account (EBA), Unfunded Liability Payment Account (UALPA), and Supplemental Payment Account (SPA) shall be applied to the City's Actuarially Determined Employer's Contribution (ADEC) for the year(s) selected by the City. The City, the IAFF and the FOP all agree to not initiate any changes to the balances of those funds.

PFPF: What will happen if the board is unable to act by that date because the actuarial analysis will not be complete?

OGC: It possibly scuttles the deal between the City and the Unions, jeopardizing an agreement that provides raises and restores benefits to police officers and firefighters, or causes them to go back to the bargaining table to avoid the financial payment aspects of the Tentative Agreements. Several more legislative steps have to take place before any of these provisions become effective and, accordingly, any delay in action could push the implementation of benefits, raises and pension reform out another year.

PFPF: Ordinance 304 says that the pension board is prohibited from engaging in the determination of pension benefits. Has the board been brought into benefit negotiations since its approval is necessary?

OGC: No. The new agreement between the Board and the City recognizes the authority of the City and the Unions to collectively bargain all benefits and rearrange any benefit previously agreed to by the City and the Board. This is a measure to further clarify that the Board's role (after years of entanglement in pension matters) does not go beyond administration and management. The Board's consideration of this matter should not be characterized in any way that interferes with the unions' exercise of their lawful authority to negotiate pension benefits.

Not only does Ordinance 2015-304-E prohibit the Board from engaging in collective bargaining, but Florida law does so as well. Section 212.055(9)(a)(3), Florida Statutes reads as follows:

"The pension board of trustees for the underfunded defined benefit retirement plan or system, if such board exists, is prohibited from participating in the collective bargaining process and engaging in the determination of pension benefits."

PFPF: Does ordinance 304 require this decision to go thru the Financial Investment Advisory Committee?

OGC: No.

PFPF: Do individual trustee meetings with Sam Mousa and Mike Weinstein to review the city's proposal create sunshine issues?

OGC: No. As I informed you at the meeting, the City officials listed above, as well as your individual Board Members, are well-counseled and advised on Sunshine Law requirements, particularly in light of all of the well-learned lessons taught by expensive litigation generated from past boards and officials. All persons involved know that they are: (1) not collectively bargaining pension benefits because (as noted above) that's not even on the table, and (2) not to transfer any information from one board member to another (i.e., act as a liaison).

PFPF: Could Mike Weinstein's conversations with the Department of Retirement regarding the PFPF payroll growth assumption be perceived as improper?

OGC: No. The Chief Financial Officer's responsibilities include communicating with the Division of Retirement and other financially relevant State agencies.

PFPF: What legal challenges have been made against the surtax and what is the city's defense strategy?

OGC: I will provide the amended complaint as well as the City's motion for summary judgment for the Board's information and reference. I will not divulge the defense strategy on an open public record like this one as those are matters of strategy that it would behoove us to not put in the hands of the named plaintiffs in the case. In any event, the position of the City is that the assertions made in such lawsuit are without merit.

PFPF: What legal authority does the board have to manage the risks brought on by the surtax?

OGC: The Board is required by law to administer the benefits of the pension plan and to manage the corpus of the monies it lawfully holds in trust for its members. The City is required by Florida Statute to transfer annual required contributions to the Board. The Board

does not have the authority (nor for that matter a fiduciary duty) to dictate to the City its chosen method of revenue generation including any decided method of taxation.

PFPF: What is our fiduciary/legal responsibility and liability for leaving the fund significantly underfunded for an extended period? In other words, could our deciding to cut funding that would strengthen the fund possibly open us up to future lawsuits by members if their benefits were affected?

OGC: The Board's fiduciary duties reside within the context of properly administering and managing the Fund (lawfully procuring the professional expertise to assist in this endeavor, lawfully and appropriately investing funds, etc.…). The City (which includes the Executive and Legislative Branches) is responsible for providing statutorily required funding to the PFPF Board for the Board, to in turn, fulfill its responsibilities as prescribed by Florida Law.

PFPF: Can the board condition its approval on passage of the surtax ordinance as presented to the board?

OGC: I do not understand this question but am happy to discuss it further with you.