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

PRESENT

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

Eric “Brian” Smith Jr., FIAC, Chairman
Craig Lewis Sr., FIAC, Secretary
Tracey Devine, FIAC
Rob Kowkabany, FIAC
Rodney Van Pelt, FIAC

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Bob Sugarman, Fund Attorney – via Webex
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Denice Taylor, AAA Reporters

EXCUSED

CITY REPRESENTATIVES INVITED

Anna Brosche, City Council Liaison
Joey Greive, Fund Treasurer
Lawsikia Hodges, Office of General Counsel

GUESTS

David Altman, HS Management
Bart Buxbaum, HS Management
Joe Kolanko, Sustainable Growth Advisers
John Meyer, Loomis Sayles
John O'Shea, Loomis Sayles

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Rob Rohn, Sustainable Growth Advisers

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

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

William E. Anderson, Retired Firefighter
Larry T. Hester, Retired Firefighter Engineer
Warren B. Jennings, Retired Police Officer
Michael B. Johnson, Active Police Officer
Claude E. Midget, Retired Police Officer
Gene Parker, Retired Police Officer

IV. PUBLIC SPEAKING PERIOD

V. CONSENT AGENDA – ITEMS 2017-04-(01-10)CA
Board action requested

2017-04-01CA

Meeting Summary and Final Transcript Approved

1. Meeting Summary and Final Transcript of the Board of Trustees Meeting held March 17, 2017. Copies held in the meeting files.
2. Meeting Summary of the Board of Trustees Special Meeting held April 10, 2017. Copies held in the meeting files.
3. Meeting Summary of the Board of Trustees Special Meeting held April 17, 2017. Copies held in the meeting files.

2017-04-02CA

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Disbursements

Disbursements A

3-1-2017 thru 3-31-2017

1.	Baker Gilmour Cardiovascular	\$	3,050.00
2.	KBLD LLC	\$	4,465.00
3.	ACCESS	\$	402.57
4.	J.P. Morgan	\$	329,933.99
5.	Pinnacle Associates LTD	\$	127,663.00
TOTAL		\$	465,514.56

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

3-1-2017 thru 3-31-2017

1.	<u>Transaction list of Accounts Payable distributions</u>	\$	30,478.88
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2017-04-03CA

Pension Distributions

A. March 10, 2017

1.	Regular Gross	\$	5,264,203.61
2.	Regular Lumpsum	\$	1,561.07
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,050,206.94
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
TOTAL		\$	6,315,971.62

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B. March 24, 2017

1.	Regular Gross	\$	5,270,546.91
2.	Regular Lumpsum	\$	0.00
3.	Regular Rollover	\$	0.00
4.	Regular DROP Gross	\$	1,051,207.22
5.	DROP Lumpsum	\$	0.00
6.	DROP Rollover	\$	0.00
<u>TOTAL</u>		\$	<u>6,321,754.13</u>

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

The following Consent Agenda items 2017-04-(04-05) were verified with supporting documentation and approved at the Advisory Committee meeting held on April 12, 2017. Vote was unanimous.

2017-04-04CA

Applications for Survivor Benefit

2017-04-05CA

Applications for Vested Retirement

The following Consent Agenda items 2017-04-(06-09) were verified with supporting documentation and received as information at the Advisory Committee meeting held on April 12, 2017.

2017-04-06CA

Applications for Time Service Connection

2017-04-07CA

Share Plan Distributions

2017-04-08CA

DROP Participant Termination of Employment

2017-04-09CA

DROP Distributions

2017-04-10CA

Educational Opportunities

1. May 31 – June 2, 2017 - FL Division of Retirement – 38th Annual Police Officers' and Firefighters' Pension Trustees' School – Tallahassee, FL

VI. EXECUTIVE DIRECTOR'S REPORTS

Timothy H. Johnson

1. FY2016 PFPF Annual Report
2. Agenda and Book enhancements

VII. COUNSEL REPORTS

Bob Sugarman

1. DaVita Securities Litigation

VIII. OLD BUSINESS

Board action requested

1. **2017-02-02CA – APPLICATION FOR MEMBERSHIP**
GRAY Jr., David B.
Previously approved under Trustee Rule 13.3 – amended to cleared
2. **2017-03-04CA – APPLICATION FOR MEMBERSHIP**
HILL, John D.
Previously approved under Trustee Rule 13.3 – amended to cleared
3. **2017-03-04CA – APPLICATION FOR MEMBERSHIP**
RAMSEY, Airaka A.
Previously approved under Trustee Rule 13.3 – amended to cleared

IX. BOARD OF TRUSTEES BREAK

10:00AM – The FIAC will call their meeting to order and approve their meeting summaries.

X. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Economic & Capital Market Update – March, 2017
2. Flash Report – March, 2017
3. **Silchester – Additional Contribution**
Board action requested following FIAC recommendation
4. Large Cap Growth Manager Interviews

XI. NEW BUSINESS

Board action requested following FIAC recommendation

1. **HS Management Interview**
David Altman & Bart Buxbaum
10:30AM – 11:00AM
2. **Loomis Sayles Interview**
John Meyer & John O'Shea
11:05AM – 11:35AM
3. **Sustainable Growth Advisers Interview**
Joe Kolanko & Rob Rohn
11:40AM – 12:10PM

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-

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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 – 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
Pete Strong, Fund Actuary
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Debbie Manning Executive Assistant
Denice Taylor, AAA Reporters

EXCUSED

Craig Coleman, Summit Strategies – *via webex*
Mike Weinstein, Director of Finance, City of Jacksonville

GUESTS

Greg Anderson, City Council
Joe Arnall
David Bauerlein, Florida Times Union
Beau Bottin, JSO/FOP
Anna Brosche, City Council Liaison
Tracey Devine, FIAC
Linda Dufresne, KBLD
Steve Durden, Office of General Counsel
Phillip Eddins, Retiree
Jason Gabriel, Office of General Counsel
Monica Garcia, FCN
Bill Gassett
Joey Greive, Fund Treasurer
Sean Hatchett, PFPF Advisory Committee
Lawsikia Hodges, Office of General Counsel
Margie LeBow, Sugarman & Suskind

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Rita Mairs, Office of General Counsel
Rick Muchowicz, JSO
Jim Piggott, Channel 4 News
Larry Pullo, Retired Firefighter
Randy Reaves, FOP
John Sawyer, Office of General Counsel
Eric “Brian” Smith Jr., FIAC
Eric Smith
Phil Vogelsang, JSO/FOP
Scott Watzlawick, JSO/FOP
John Winkler
Randy Wyse, Jax. Association of Firefighters
Steve Zona, JSO/FOP

I. CALL TO ORDER

Chairman Tuten called the meeting to order at 9:04AM.

II. PLEDGE OF ALLEGIANCE

III. A MOMENT OF SILENCE WAS 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

Public speaking from John Winkler (handout for the Board), Larry Pullo, and Bill Gassett. No further requests. Public Speaking Period closed.

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

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

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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 & Suskind	\$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
2/1/2017 thru 2/28/2017 **\$14,523.07**

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

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	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)CA 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)CA 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

A motion was made by Bill Scheu to approve the Consent Agenda items 2017-03-(01-14CA), seconded by Chris Brown. The vote was unanimous.

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

Tim Johnson reviewed the monthly status report with the Board and clarified that there are a lot of public records in process, and that we are ahead of schedule in processing them. Tim said that the average turnaround time to complete the requests is around 2 weeks. Tim clarified that since the PFPF receives the requests directly, turnaround time is fast.

Tim Johnson reviewed the FIAC report from their meeting on 3-10-2017. He recommended that the Board authorize himself and Dan Holmes to request the three managers listed on the report (HS Management, Loomis Sayles, and Sustainable Growth Advisors) for interviews.

A motion was made by Chris Brown, seconded by Richard Patsy, to call the managers to be interviewed. The vote was unanimous.

VII. COUNSEL REPORTS – Lawsikia Hodges & Bob Sugarman

There were no new counsel reports.

VIII. ACTUARY REPORT – Pete Strong

Pete Strong told the Board that he is diligently working to replicate Jarmon Welch's reports. Pete said that he should be able to completely replicate the reports to within 1% variance from Jarmon Welch's reports in a couple of weeks' time.

Joey Greive gave a handout to the Board requesting that the Board perform an Actuarial Impact Statement by March 31st to determine the new Actuarially Determined Employer

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Contribution based upon the funding modifications contained in the 2017 agreements between the Police and Fire unions and the City.

Chairman Tuten asked Pete Strong if he is using the new 6.5 – 6.5 – 7.0 % raises in his replication calculations of Jarmon Welch's reports.

Pete Strong replied that he is just replicating the original reports now, and that a deadline of March 31st is pushing it.

Tim Johnson informed the Board that Jarmon Welch's 10-1-16 report is being reviewed in regards to the newly proposed payroll growth rate of .067 which will be phased in over the next 3 years. He said that we have not received an approval or official response from the State yet.

Bill Scheu asked Joey Greive what discount rate is being used if he is recording the present value of the future surtax revenues in his calculations.

Joey Greive said that the actuarial assumed rate of return for the plan, 7.0%, is being used in his calculations.

Chairman Tuten said that the Board was under the assumption that the Board had to approve this deal. Tuten said that Jason Gabriel is now saying that this is not the case. Tuten wants Pete Strong to incorporate analysis in time for the April Board of Trustees Meeting using alternative discount rates.

Bill Scheu said that the Board must follow ordinance, and that the FIAC must review any actuarial matters.

Jason Gabriel said that once the new ordinance is filed, he will be required to bring supporting documents to the Board. Depending on the time it is filed, it will 'start the clock ticking'. 5-6 weeks would be most likely. Public Hearings will be held as well.

Bill Scheu said that April 21st is the next Board meeting, and that the Board cannot accept any new payroll growth assumptions without an experience study.

Chairman Tuten said that we don't even have approval by the State yet.

Bill Scheu said that we should change wording in the request.

Chairman Tuten said that the Board cannot pass something based on a 'report'. The Board needs a study – an impact statement – which falls under the Board's fiduciary responsibility. First of all, the Board needs the State's approval.

Bill Scheu reiterated that if they want an impact statement, then the FIAC must review by law. If we just want a study, the FIAC does not need to review.

Chairman Tuten said that the Board can request preliminary reports containing calculations using alternative assumptions. He said that we need a disclaimer that says this is not a legal document.

Bob Sugarman said that we should give the City calculations with all assumptions, and let the City decide what they want. Then we get approval by the State, and send it through the FIAC.

Chris Brown said that we should move as fast as possible, however the 31st seems too soon.

Bob Sugarman recommended a motion to:

- 1. Ask Actuary for report incorporating calculations using assumptions provided by the City;**
- 2. Provide Actuarial Impact Study once requested by the City.**

The motion was made by Chris Brown, and seconded by Bill Scheu. The vote was unanimous.

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

In the interest of time, Chairman Tuten deferred the Investment Consultant Reports to the April, 2017 Board of Trustees Meeting.

X. OLD BUSINESS

1. FINAL of 2016 KBLD Financial Audit – Linda Dufresne

Linda Dufresne gave the Board a final quick review of some corrections of typos to the 2016 Financial Audit.

Devin Carter said that the Board needs to approve the Audit report.

Anna Brosche asked Pete Strong if the change of mortality tables from 2014 to 2000 makes sense on page 22.

Pete Strong said that the move was required by State Statute.

A motion was made by Richard Patsy to approve the 2016 Financial Audit, seconded by Willard Payne. The vote was unanimous.

Chariman Tuten called a break at 10:21AM. He resumed the meeting at 10:36AM.

XI. NEW BUSINESS

1. Review and Discussion of the Pension Reform Surtax

Tim Johnson said that he had two questions:

1. *What specific action must be taken by the Board? Jason Gabriel now says, upon research, that no action must be taken by the Board.*

Tim Johnson reiterated that the City has given us no information as to forgo the supplemental payments, and that Mike Weinstein is not present to give a presentation.

2. *What has changed in the past 30 days?*

Chairman Tuten said to Jason Gabriel that the City made contracts with the Police and Fire unions, and that the City met with the Board of Trustees individually last month. But now the Board of Trustees doesn't need to vote. He said he found this revelation curious since it is just now coming out, days before discussion with the Board.

Jason Gabriel began telling his account of the story of the Police and Fire Pension Fund's history, including his take of the 1990, 2000, 2013, and 2015 agreements and proposed agreements between the PFPF and the City. He noted three highlights of the 2015 agreement: Benefit Design, Financial Transactions (unfunded liability), and Governance and Administration.

Jason said that the Board of Trustees has no place negotiating collective bargaining agreements (CBAs), per Florida Law.

Jason Gabriel said that to answer Tim's second question, the City and the unions entered into 'good-faith' collective bargaining for the first time in the past 20 years. The Board does not

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interfere with rights to agree on benefits and collective bargaining. And that the state statute should not be violated – thus the Board should not vote.

Bill Scheu asked Jason to make it clear that no governance reforms made as a result of the 2015 agreement will be changed, and Jason clarified that no changes to governance will be made.

Chairman Tuten asked how an agreement between two parties can be changed when one of the parties is excluded from a new agreement. Tuten expressed his dire concern with the General Counsel's ability to advise the Board of Trustees free from conflicts of interest, given the evident fact that Jason Gabriel is hired directly by the Mayor, and ultimately answers to the Mayor.

Jason Gabriel said that his conclusion is that there is no need to dissolve the 2015 agreement. His conclusion is that the CBA complies with 2015-304-E.

Bill Scheu said he wants assurance that the Board is free from fiduciary responsibility relating to the CBA.

Bob Sugarman said that there is no need to be worried about fiduciary responsibility concerning the new CBA, and that the Board has no right to vote on it. The Actuarial Impact Statement is basically a bill to the City. He said the real concern to the Fund is liquidity resulting from forgoing the supplemental payments – basically does the bill give us enough cash to operate. He said that the 'stuff' will 'hit the fan' when we present the Actuarial Impact Statement. Bob said that we'll have to say, 'This is how we value the surtax via our actuary'. Actuaries must disclose what are and are not reasonable assumptions. The growth of the surtax cannot be spoken to by the actuary; it is out of their scope.

Chairman Tuten said, for the record, "The Mayor's plan is terrible." He wants to save money now, putting the problem off for years – for a future administration to deal with. He said the Board may have to sue the City to stop implementation of the new plan.

A motion was made by Bill Scheu to authorize Tim Johnson to employ a financial consultant to evaluate all the City's assumptions, including the growth of the surtax, seconded by Chris Brown. The vote was unanimous.

Bill Scheu recommended that the questions he wrote concerning the new agreement be provided to City Council. He said he encourages the Mayor and Council to consider continuing the supplemental payments.

Chris Brown said the City shouldn't let the 'credit card bill' continue to grow over the next 13 years without at least paying the interest.

Richard Patsy said the unfunded liability will continue grow and compound regardless of if the City's surtax revenue scheme pans out or not.

A motion was made by Richard Patsy to:

- 1. Recommend the City get independent financial analysis (and to include the questions provided by Bill Scheu).***
- 2. Consider continuing the supplemental payments.***

The motion was seconded by Chris Brown. The vote was unanimous.

XII. ADJOURNMENT

Chairman Tuten adjourned the meeting at 11:52AM.

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.

Richard Patsy, Board Secretary

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 10, 2017 – 9:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

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

Eric “Brian” Smith Jr., FIAC, Chairman
Craig Lewis Sr., FIAC, Secretary
Tracey Devine, FIAC
Rob Kowkabany, FIAC
Rodney Van Pelt, FIAC

STAFF

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

EXCUSED

Willard Payne, Trustee

GUESTS

Colin Aguilar, JFRD
Mike Allen, JFRD
Greg Anderson, City Council
Frank Arnall
Joe Arnall
David Bauerlein, Times Union
Anna Brosche, City Council Liaison
Mark Daugherty, Action News
Steve Durden, Office of General Counsel

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Elizabeth Feustel, Jax Civic Council
Jason Gabriel, Office of General Counsel
Bill Gassett
Russell Gilburn
Joey Greive, Fund Treasurer
Lawsikia Hodges, Office of General Counsel
Brian Parks, Council Auditor's Office
John Pertner, GA Public Solutions
Jim Piggot, Channel 4
Randy Reaves, FOP
Mike Weinstein, Director of Finance
John Winkler
Randy Wyse, IAFF

I. CALL TO ORDER

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

FIAC Chairman Brian Smith called the FIAC meeting to order at 9:06AM.

II. PUBLIC SPEAKING PERIOD

Public speaking from John Winkler. No further requests. Public Speaking Period closed.

III. NEW BUSINESS

1. Review and Discussion of the Actuarial Impact Study

Brian Smith described the format of today's Special Meeting: The Actuary, City, Counsel, and Advisors will give presentations to the Board of Trustees and to the FIAC discussing possible assumptions to use for the Actuarial Impact Statement. The FIAC will first make a motion to give their recommendations on assumptions to the Board of Trustees, who will then discuss and make a final motion on which assumptions to use.

Timothy Johnson outlined the meeting to the FIAC and the Board:

First, John Pertner of GA Public Solutions will give a presentation on the Surtax Growth Rate Assumption.

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Second, Fund Actuary Pete Strong of GRS will give five presentations:

- 1. Experience Study on Payroll Growth Assumption*
- 2. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 3.34% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption*
- 3. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.5% Payroll Growth Rate Assumption*
- 4. Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption*
- 5. 30-Year Projections*

Timothy Johnson then introduced Bob Sugarman, who described to the Board of Trustees and to the FIAC their respective duties as they relate to today's agenda.

Bob Sugarman reiterated to the Board and FIAC of their primary goal today:

- 1. The FIAC will make a recommendation to the Board of Trustees*
- 2. The Board will consider the recommendation and make a decision.*
- 3. The Board must issue an Actuarial Impact Statement*

Bob Sugarman noted that the FIAC and the Board must accomplish this goal with one primary consideration: that they must make the decision that is best for the current members of the Police and Fire Pension Fund. He said that the FIAC and Board must be comfortable in their decision.

Bob Sugarman said that he and the Office of General Counsel (OGC) have differing views on how to value the surtax. Bob says he believes the Board has the authority to value the surtax on their own, as the surtax is an asset of the Fund. He noted that OGC believes the City has the sole authority to value the surtax. Bob reminded the Board that the higher the surtax growth rate assumption, the lower the City payment to the Fund, and vice versa.

Bob Sugarman said that the Board may rely on OGC's opinion, or his opinion, and that being able to choose between the two opinions is a luxury of the Board's. Bob said he believes that his recommendation is more reasonable than that of OGC's.

Jason Gabriel affirmed his own belief that the City has the sole authority to value the surtax, given his interpretation of the State Law.

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Timothy Johnson then introduced John Pertner, of GA Public Solutions, to give his presentation on the Surtax Growth Rate Assumption.

John Pertner gave his presentation on the Surtax Growth Rate Assumption. His Report recommends that the Board:

“Immediately:

Implement an initial rate of 3.34%, based upon the Compounded Average Growth Rate calculation for the initial projections for 2017-2030 of the Discretionary Surtax estimations, and then apply the rate to the Pension Liability Surtax out to 2060 for an initial view of what that amount may be.

Annually:

Each October, update the City's actual collected surtax revenue.

Calculate the Compound Average Growth Rate (CAGR) after each annual reporting using arepresentative number of periods, the final full Reported Year revenue, and starting year revenue.

Insert the recalculated CAGR as the base for the projections using the past year revenue out to 2030 and 2060.

Update the projections by using representative number of periods and compare estimates, and then select the best fit.”

Mike Weinstein said that the Surtax Growth Rate Assumption, whether it is the City's proposed rate of 4.25% or whatever will be reviewed every year by the City and the Present Value of the Surtax will be recalculated each year accordingly.

Richard Tuten argued that Mike Weinstein was being ingenuous, since the Mayor's plan assumes a Surtax Growth Rate of 4.25% for the entire life of the surtax.

Pete Strong of GRS gave his first presentation on the Experience Study on Payroll Growth Rate Assumption. His report recommends to the Board:

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"Based on the projected 10-year compound average payroll growth rate through 2021 (reflecting across-the-board negotiated salary increases in 2017-2019 and an OPEN group projection), and a goal of preventing negative amortization, our recommendation is for the payroll growth assumption used to amortize the UAAL to not exceed 1.25%."

Pete Strong then gave his second presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 3.34% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption.

Brian Smith gave a 10-minute recess to the meeting at 11:15AM.

Brian Smith reconvened the meeting at 11:25AM.

Pete Strong then gave his third presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.5% Payroll Growth Rate Assumption.

Pete Strong then gave his fourth presentation, discussing the Impact Statement for Ordinance Nos. 2017-259 and 2017 with a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption.

Pete Strong then gave his fifth presentation, discussing the 30-Year Projections of the Required City Contribution. He gave three scenarios, each with a 'stress test' variation scenario; each of which include a negative-15% return in year 2019. He included graphs which showed the 30-Year Projections of the Required City Contribution, the UAAL, and the Funded Ratio under each scenario and each 'stress test' scenario variation.

Mike Weinstein then gave his solely oral presentation to the FIAC and Board of Trustees. He noted that the citizens voted for the referendum, so the City is trying to implement the voters' wishes. He reminded the FIAC and Board that if the funded ratio of the Fund falls below 5:1, then the City will be required to fund the difference.

Richard Tuten asked Mike Weinstein what factors he considered when he came up with a 4.25% Surtax Growth Rate Assumption.

Mike Weinstein said that inflation, population growth, building permits, and the fact that 'we are in Florida' are all factors influencing the decision to choose a Surtax Growth Rate Assumption of 4.25%.

Jason Gabriel then gave his presentation to the FIAC and Board of Trustees. He restated his opinion that OGC covers all of COJ, including all independent agencies. He repeated his belief that the City solely has the authority to value the Surtax. He said that the City will value the Surtax every year, as it related to all three defined benefit pension funds of the City. He stated that the City is the sole taxing authority. He said that collaboration between the City and Board is required.

Brian Smith reminded the FIAC and Board of the procedure for the remainder of the meeting.

The FIAC began their deliberation of the Payroll Growth Rate Assumption.

Tracey Devine asked Timothy Johnson what risks are posed to members, relating to the Fund's ability to pay benefits.

Timothy Johnson explained the importance of the liquidity factor as it relates to paying benefits to members.

Craig Lewis asked Pete Strong what impact the 1.5% Payroll Growth Rate Assumption would have.

Pete Strong said that the UAAL would increase during the short term, and slowly decrease over the long term.

A motion was made by Craig Lewis to recommend the Board of Trustees accept a 1.25% Payroll Growth Rate Assumption. Tracey Devine seconded the motion to discussion, noting that the 1.25% was a more conservative, rational selection.

Rob Kowkabany agreed, stating that it was the only latitude the FIAC has.

Rodney Van Pelt stated his agreement.

The motion passed unanimously.

Brian Smith opened the Surtax Growth Rate Assumption for discussion, with Mike Weinstein, John Pertner, Bob Sugarman, and Jason Gabriel commenting.

A motion was made by Craig Lewis to recommend the Board of Trustees accept a 4.25% Surtax Growth Rate Assumption. Tracey Devine seconded the motion to discussion.

Rodney Van Pelt stated his desire for more information from OGC, saying that it is hard to make a choice without a material presentation.

Rob Kowkabany introduced an amendment to the motion, to include the wording “based upon advice from the counsel of OGC” and “adopt the City-selected Surtax Growth Rate Assumption of 4.25%” Craig Lewis seconded the motion to amend to discussion. The motion to amend passed unanimously.

The original motion, to recommend the Board of Trustees - based upon advice from the counsel of OGC - adopt the City-selected Surtax Growth Rate Assumption of 4.25%, as amended, passed unanimously.

Brian Smith adjourned the FIAC meeting at 1:12PM.

A motion was made by Chris Brown to accept the FIAC's recommendations of a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption for the Actuarial Impact Study. Richard Patsy seconded the motion to discussion.

Bill Scheu directed Jason Gabriel to write an opinion stating that the Board of Trustees has no discretion to value the Surtax, and that the advice of OGC trumps that of Bob Sugarman. Jason Gabriel agreed.

The motion to accept the FIAC's recommendations of a 4.25% Surtax Growth Rate Assumption and a 1.25% Payroll Growth Rate Assumption for the Actuarial Impact Study passed unanimously.

Richard Tuten scheduled the next Special Meeting of the Board of Trustees for Monday, April 17th at 1:30PM.

IV. ADJOURNMENT

Richard Tuten adjourned the Board of Trustees Meeting at 1:31PM.

NOTES:

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 10, 2017 – 9:00AM
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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.

Richard Patsy, Board Secretary

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

**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
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 – via Webex
Jeffrey Amrose, GRS, Fund Actuary – via Webex
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefit Specialist
Denice Taylor, AAA Reporters

EXCUSED

Jason Gabriel, Office of General Counsel

CITY REPRESENTATIVES INVITED

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

GUESTS

Bill Gassett
Brian Parks, Council Auditor's Office
Randy Wyse, President, Jacksonville Association of Fire Fighters

I. CALL TO ORDER

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
Page 2

Chairman Richard Tuten called the meeting to order at 1:35PM.

II. PUBLIC SPEAKING PERIOD

Public speaking from Bill Gasset. No further requests. Public Speaking Period closed.

III. NEW BUSINESS

Board action requested

1. Board comments to Ordinance 2017-257

Tim Johnson stated that the purpose of today's meeting was to comment on the Ordinances 2017-257 and 2017-259.

Tim Johnson said that he has worked with Pete Strong and Bob Sugarman on working up preliminary comments over the past week, and that he hopes the Board has had time to review these preliminary comments.

Bob Sugarman began to summarize and highlight each paragraph in his preliminary draft comments, recommending changes with the Board.

Bill Scheu said that Bob Sugarman's comments are excellent, and that he had done a thorough job, maintaining a good tone throughout the document.

Bill Scheu asked who will manage the 401(k)s that will be given to new hires.

Chris Brown added that the Police and Fire Pension Fund will have nothing to do with the 401(k)s.

Richard Tuten said that it will be up to the unions.

Randy Wyse added that they are 401(a)s for the record.

Bob Sugarman asked how this new plan compares to the 2015 reform.

Bill Scheu said that there are significant additional costs. He said that he bets Joey Greive knows, but won't tell.

Bill Scheu proposed adding a line in the comments noting increased costs.

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
Page 3

Bob Sugarman noted that Council should be aware of increased costs due to the unfunded actuarial accrued liability (UAAL).

Jeffrey Amrose agreed.

Bob Sugarman continued outlining his comments, and discussing and recommending changes with the Board. He picked up at the bottom of page 2, discussing the Pension Surtax. On page 3, he highlighted the fact that the proposed ordinance permits, but does not require, such annual review of the projection.

Bill Scheu noted that at the last Board of Trustees Meeting, Director of Finance Mike Weinstein said that he would review the projection annually and suggested, 'why not put some teeth into our comments?'

Chris Brown added that Weinstein said that the Council Auditor would review the Surtax Growth Rate every year.

Steve Durden clarified that the current City Council cannot force a future City Council to do this.

Chris Brown asked if this is something that would come up in the Council Auditors' annual duties.

Steve Durden said that he was not familiar enough with their current routine practices. His guess is that this Board of Trustees could issue a resolution to Council, should the need arise. He added that the Council Auditors second guess issues all the time.

Richard Patsy said that the thing that will make this plan work is annual actuarial review. He added that discipline by the current and future City Council to maintain adherence to this plan is critical to the soundness of the Fund.

Bill Scheu said that this annual responsibility should be given to the Council Auditor's Office.

Brian Parks said that to state that the Council Auditor's Office has to do this annually may jeopardize its independence.

Bill Scheu asked if it was appropriate to suggest that City Council Finance Committee review this annually.

Anna Brosche said that City Council should be fine with just the Board's comment. She added that the comments that the Board has in front of them are sufficient.

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
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Tim Johnson noted a concern of his – if that in any given year, City Council needs an extra few million dollars, they can just manipulate the Surtax Growth Rate assumption to generate revenue without touching taxes. Tim said that there needs to be a well-defined process to change the Surtax Growth Rate assumption.

Richard Tuten added that there is nothing to stop Council from changing the assumed rate to an outlandish number like 7%.

Steve Durden said that there is a range of reasonableness; however that he cannot define what a reasonable range is. He noted a study must be done.

Richard Patsy said that a fixed number of years for the average should be used.

Tim Johnson noted that Bob Sugarman recommends a 10-year average as well.

Richard Tuten voiced his concern that the City has a 13-year window before Surtax begins generating revenue, and warned everyone who is counting on the City to honor this plan to not hold their breath.

Richard Tuten added that he is worried most about liquidity. He asked what happens accounting-wise when the Surtax kicks in and is generating less revenue than expected.

Jeffrey Amrose said that the difference between expected and actual revenues would reflect on the total assets.

A quick break was held at 2:38PM, and the meeting resumed at 2:45PM.

Chris Brown added that some headings in the document need to be bolded and consistently formatted.

2. Board comments to Ordinance 2017-259

Bob Sugarman began to discuss page 4 of the document with the Board, starting the discussion of comments to Ordinance 2017-259.

Bob Sugarman stated that with the closing of the plan, no new members will be a stress to the plan's effort to maintain liquidity, as employee contributions will decrease. He asked what the Board suggested to use as the recommended liquidity ratio.

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
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Tim Johnson said that he is not exactly sure how the money will be paid to the fund if the fund falls below the liquidity ratio, and that this makes him nervous.

Joey Greive referred Tim's question to Steve Durden.

Steve Durden said that Section 121.113(b) refers to this. This will be part of the Actuarially Determined Employer Contribution (ADEC) payment, and part of the City budget.

Tim Johnson asked Steve Durden when this payment will be made.

Steve Durden said it will be paid with the ADEC.

Bob Sugarman asked Jeffrey Amrose if he can include the liquidity ratio in his annual actuarial valuation reports if the fund falls below the liquidity ratio.

Jeffrey Amrose said that it will be in the reports. He would show what the ADEC would be, and below it, what payment is needed to bring the plan back to the minimum liquidity ratio.

Tim Johnson noted that this payment appears discretionary to City Council.

Steve Durden reiterated his point that future Councils cannot be bound. This payment would be subject to appropriation, however the ADEC is not – it is governed by State Law.

Tim Johnson recommended a liquidity ratio of 7:1, which is close to the current ratio of the Fund, which is 'woefully low'. Tim said that he thinks it would be easier to maintain a higher liquidity ratio rather than to fix a lower one when times got rough.

Richard Tuten asked if the liquidity ratio is determined from the 'real books' or the 'Surtax books'.

Timothy Johnson said that it is determined from actual market value.

Joey Greive asked if the calculation is net or gross of DROP accounts.

Tim Johnson confirmed that it is net.

Joey Greive said that he would like to see the 30-year projection of the 4.25% Surtax Growth Rate and the 1.25% Payroll Growth Rate.

Jeffrey Amrose said that he will have the projection ready Tuesday or at worst, Wednesday.

POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES
SPECIAL MEETING SUMMARY – APRIL 17, 2017 – 1:30PM
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Bob Sugarman continued on to discuss the Minimum Payment section of his document. He recommended taking out the term 'subject to annual appropriation' wherever it appears.

Timothy Johnson asked if the \$110 million payment is part of the ADEC or on top of it.

Steve Durden clarified that if the ADEC was \$100 million, then the City would contribute \$110 million.

Joey Greive added that this is a 'protection on the good side'.

Tim Johnson asked why not to suggest a minimum payment of \$125 million since that is the lowest on the 30-year projection.

Joey Greive said 'you are free to make your comment to City Council'.

Tim Johnson said that over the next 30 years, many changes will be made to this plan. He added that he is not confident that in 10 years the Fund will be as secure as it is expected to be today. He said he would be more pleased if Council would annually review this to ensure that it is on the right track as predicted and intended.

Richard Tuten voiced his lack of confidence in this plan. He said Council has 13 years to change this before the Surtax revenue starts.

Chris Brown agreed that a \$125 million minimum payment should be used.

Bob Sugarman continued discussing his document and recommended edits with the Board, moving on to the Determination of Use of State Premium Tax Rebate Income for Additional Benefits.

Bill Scheu asked what document the Fund will follow in order to comply with changes in benefits.

Steve Durden said that Collective Bargaining Agreements and unions will determine changes in benefits.

Richard Tuten, referring to the 2015 agreement between the City and the Police and Fire Pension Fund, reminded everyone of his confusion regarding how a contract between two parties can be changed with one of the parties absent in a new contract. He asked what portions of the 2015 agreement are changed by the new ordinances.

POLICE AND FIRE PENSION FUND
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Steve Durden said that the changes relate to funding and benefits only. No governance changes.

Bob Sugarman said that his intention is to always be in compliance with the consent decree to the Federal Court.

A motion was made by Chris Brown to adopt Bob Sugarman's document with the amendments made by the Board of Trustees throughout this meeting. Rick Patsy seconded the motion, which was passed unanimously.

Bill Scheu recommended that City Council give close consideration to these ordinances, as the Board of Trustees has spent many hours in special meetings before reaching a conclusion.

IV. ADJOURNMENT

Richard Tuten adjourned the meeting at 4:00PM.

NOTES:

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Additional items may be added / changed prior to meeting.

Richard Patsy, Board Secretary

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



FLORIDA DEPARTMENT OF MANAGEMENT SERVICES

retirement

We serve those who serve Florida

**Bureau Local Retirement Systems
Municipal Police Officers' & Firefighters' Trust Funds' Office
P.O. Box 3010
Tallahassee, FL 32315-3010
Tel: 850-922-0667 | Fax: 850-921-2161 | Toll-Free: 877-738-6737**

Rick Scott, Governor

Chad Poppell, Secretary

TO: Board of Trustee Members and Other Interested Parties

FROM: Division of Retirement
Municipal Police Officers' and Firefighters' Pension Office

SUBJECT: SAVE THE DATE!
38th Annual Police Officers' & Firefighters' Pension Trustees' School
May 31st - June 2nd, 2017, Tallahassee, Fla.

You are cordially invited to attend the 38th Annual Police Officers' & Firefighters' Pension Trustees' School scheduled for May 31st - June 2nd, 2017, sponsored by the Department of Management Services' Division of Retirement (Division), in conjunction with The Florida State University's Center for Academic & Professional Development. This program is uniquely designed for pension plans established under Chapters 175 & 185, Florida Statutes.

Wednesday's program, on May 31, is designed specifically for new trustees, for those interested in becoming trustees, and for those who want a basic understanding of the operation of police and fire pension plans. The program will offer a no-nonsense explanation of how the plans work. An attorney, an actuary, and the Division will provide presentations on the trustees' responsibilities. We encourage participants to ask questions and participate in group discussions focusing on the fundamentals of pension fund management. If you are a new trustee, we encourage you to participate in this special program. The registration fee for the one-day program is **\$120**.

Thursday and Friday's programs, on June 1 and 2, are designed for both the new and seasoned trustee and will feature presentations on legal, investment, administrative, and ethics issues, as well as an update on new Police and Fire annual report submission. Speakers will range from State of Florida agency representatives to experts in the field of pension plans. There will be an opportunity for questions and answers after each speaker, to provide you a chance to address concerns specific to your plan.

We are always open to new ideas and topics. If there is a topic you would like discussed, please let our office know.

The registration fee for the two-day program is **\$210**.

If you wish to attend all three days, the registration fee is **\$300**. Each day's registration fee covers the cost of materials, refreshment breaks and lunch.

Cancellations must be received in writing by May 22, 2017, or you may be liable for the full registration fee. Any cancellations received after May 24, 2017, must be accompanied by

notarized documentation from a supervisor indicating that you have been called to duty.

Please remember, we are only able to continue providing these low cost conferences for our plans based on satisfactory attendance. We know that plan participants and board members fulfill a vital role in our communities, and although you may not be able to attend every program, Florida Statutes require that the plan investment policy provide for continuing education of board members. This program will help to satisfy that requirement and educate the attendees on how the plans may be most effectively administered to ensure their continued health. Please consider our program when making your training plans so that we can continue to offer them to you.

The program will be held at the Augustus B. Turnbull, III Florida State Conference Center, home of the Center for Academic & Professional Development. The Conference Center is located at 555 West Pensacola Street, Tallahassee, FL, across from the Tallahassee-Leon County Civic Center. You may register with Florida State University (FSU) for the program by going to our website at www.myflorida.com/frs/mpf for a direct link to the online registration site. The registration link will be made available in the upcoming week.

Please note, prior to registering, make sure you have the correct billing information, and attendee information. If you are registering on behalf of another individual, please use that individual's email address as the contact email and select the third party payment option, if the individual is not paying the registration themselves.

Florida State University has asked that all returning guests please make sure to select "returning guest" on the online registration. If someone else is registering for you, that individual should have your email address and the password used the last time you registered online. If you forgot the password, there is an option to retrieve it.

Florida State University will award a Certificate of Completion at the closing of the school. The Florida Public Pension Trustee Association will make Continuing Education Credits available for each participant. Attendance confirmation will be provided for accountants and attorneys wishing to apply for CPE and CLE credits.

Hotel accommodations may be made at the Residence Inn Tallahassee Universities at the Capitol. The room rate is \$135.00 per night and includes free parking, high speed internet, breakfast and fitness center. When reserving the room, please note that the website states \$10 for parking. We received confirmation that this fee will be waived, but the hotel was unable to remove that statement from their website. To make a reservation, please contact the hotel at 1 (800) 331-3131 or (850) 329-9080 before Saturday, April 22, 2017. You must identify yourself as part of the Police Officers and Firefighters Pension Trustees' School to receive the room rate. The hotel is located directly next to the conference center.

All police officer and firefighter plan participants, board of trustee members, plan sponsors, administrators, accountants, actuaries, investment advisors, legal counselors, other advisors, and anyone interested in the administration and operation of the Chapters 175 and 185 Pension Plans, should take advantage of this unique, insightful and informative program.

Further information will be posted soon to our website.

I look forward to meeting with you in Tallahassee in May!

Sincerely,

Sarah Carr
Benefits Administrator
Municipal Police Officers' and
Firefighters' Retirement Funds



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

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

"We Serve. . .and We Protect"

Date: April 18, 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 (\$)	\$10,534,751	\$66,341,001
Refunds (\$)	\$1,093	\$1,323,129
Refunds (#)	1	62
New Members	54	176
New Medicals	39	199
Disability Applications	0	0
Disability Appeals	0	0
Deaths	6	17
Pension Estimates	12	310
Buyback Applications	19	39
Reclamations (\$)	\$0	\$569
Reclamations (#)	0	1
DROP Revocations	0	0

Retirements	Prior Month	FYTD
Total (Minus Enter DROP)	3	65
Full Retirement	3	7
Vested Retirement	1	6
Enter DROP	0	53
Exit DROP	3	40
Disability	0	0
Survivor	1	14
Children	0	3
Retirement Appointments	24	92
DROP Appointments	1	84

Public Records Requests	Prior Month	FYTD
Requests (#)	2	37
Completed (#)	0	41
Response Pages Produced (#)	0	2491

Records Retention	Prior Month	FYTD
Access Records Scanned (#)	0	2000
In House Records Scanned (#)	960	3120

Operating Budget	FY Budget	FYTD Expenditures	\$ Balance	% Balance
Administration	\$1,200,069	\$473,062	\$727,007	60.58%
Operating	\$563,237	\$295,380	\$267,857	47.56%
Professional Services	\$9,416,829	\$2,188,671	\$7,228,158	76.76%
Building	\$172,220	\$66,625	\$105,595	61.31%
Parking	\$23,900	\$11,432	\$12,468	52.17%
Total	\$11,376,255	\$3,035,170	\$8,341,085	73.32%

UPDATES

PFPF Advisory Committee Election Results: The special election for the Fire Advisory Committee Member ended on March 31st at 4PM. JFRD voted and **Lt. Christopher W. Stover** was elected. The PFPF thanks the candidates and everyone on JFRD who voted in this election.

2016 Annual Report- See attached DRAFT.

Board of Trustees Comment to Ordinances 2017-257 & 259

Respectfully submitted,



Timothy H. Johnson



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

"We Serve. . .and We Protect"

April 18, 2017

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

Lori Boyer, Council President
Office of the City Council
117 W Duval Street, Suite 425
Jacksonville, FL 32202

Thank you for the opportunity to review and comment on Ordinances 257 and 259.

The Board of Trustees of the Police and Fire Pension Fund is given the responsibility of commenting on any proposed ordinances concerning our Pension Fund. Section 121.104 of the City Charter and section 22.07 of the Code require that any proposed legislation concerning our Pension Fund be presented to our Board of Trustees for review and comment. Likewise, section 121.104 of the Charter requires that recommendations and comments from the State Division of Retirement accompany proposed pension ordinances before the last public hearing is held on the proposed ordinances. We look forward to receiving those from the state. We understand that the City administration has submitted the City administration's proposals and the actuarial impact statement that we approved on April 10th to the state.

We realize that the Council is not bound by our comments and recommendations but we have taken this responsibility seriously. We hope that you will recognize the hard work and good faith that we have put into meeting your legislative schedule and seeking the advice of our trustees, professional advisors and staff. We also hope that you will give great weight to our expertise in administering a pension plan that must be well-funded and actuarially sound to protect the retirement security of our police officers and firefighters in their most vulnerable years.

The City-wide pension reform legislation affects all City workers and the City's overall finances. Our focus in these comments is limited, as it must be, to the retirement security of our current and retired firefighters and police officers. Under the fiduciary standards of the Florida Protection of Public Employee Retirement Benefits Act, our Board's sole duty is to act in the best interests of our members' retirement security. The overall costs and benefits of the pension reform package to the City, its workers, their unions, and the taxpayers are for others to evaluate. Our duty is only to our members and retirees. Our comments

and recommendations only apply to how these two ordinances affect the security of their promised pension payments.

Our first comments will be on the overall pension reform proposal as it affects our Pension Fund. Then we will comment on and make recommendations for the two specific ordinances that you have referred to us.

THE OVERALL PENSION REFORM ARRANGEMENT

As Mayor Curry said, the pension reform arrangement replaces one revenue stream with another. In 2015, our Board and the City agreed in both our 2015 Pension Reform Agreement and the federal court consent decree that the City would endeavor to make additional payments of \$350 million dollars to our pension fund over the next 13 years. As shown in the attached 30 Year Projection from the Board's actuary, those additional contributions, if made, would have lowered our unfunded liability each year and brought our Pension Fund to over 100% funded in 2035, 18 years from now (page 4.)

Under the proposed ordinances, those additional payments anticipated in the 2015 Agreement and Consent Decree will be replaced by a portion of the pension surtax, but starting in 2030. Because of the delay in receiving those surtax revenues, our unfunded liability expressed in expected market value of our assets will increase each year until 2032, when it will begin to decrease. Our Pension Fund will not reach 100% funding until 2060, rather than in 18 years.

As said in the iconic Fram filters commercial, "You can pay me now or you can pay me later." Of course, our Pension Fund would prefer to be paid more now, as anticipated in the 2015 Agreement and Consent Decree, so our pension fund will be fully funded by the time that most of our current members will have retired. As the date of full funding is pushed out 25 more years by 2017 pension reform, we just want you to realize the increased uncertainty and risk of achieving a fully funded plan by then.

That being said, we also acknowledge that pension reform brings higher benefits to our Group II members. Equalizing their benefits with those of Group I brings significant benefit to them and makes it easier for us to administer the Pension Fund. Increasing their benefits brings added liability to our Pension Fund that was not anticipated when the 2015 agreement and consent decree were reached. While the current pension reform proposal may take longer to pay off those liabilities than we'd prefer, we recognize that the City has given us both a plan and a revenue stream to pay our debts to our members and retirees.

The pension reform package also closes our defined benefit plan to new hires at the close of this fiscal year. While we believe that a defined benefit plan

provides the best retirement security, that was not our decision to make. We respect the collective bargaining process between the City and the unions that, without our involvement, made this decision. Our only comment is to echo the warning that we received from our actuary. Eventually, as our cohort of active members age and get closer to retiring, we will be unable to tolerate the current level of investment risk and our investment policy will become more conservative. This is the same as an individual's decision as she or he gets older to shift personal investments to less risky investments. With the reduced risk tolerance of a mature closed plan also comes reduced investment returns, and thus eventually higher City contributions. This will be a slow and gradual process that will likely not need to begin immediately, but we do want our warning to be on record. This is faced by all closed pension plans everywhere.

Council should also be aware of the added long-term costs of increasing our unfunded liability and extending our date of full funding by 25 years. The added liability means added interest costs, as our unfunded liability increases by 7% each year (our assumed rate of investment return) to compensate for lost investment earnings.

We want to assure you that we are ready, willing and able to administer and operate whatever pension plan you enact. We have an experienced, devoted, educated and committed group of five volunteer trustees who oversee our experienced, devoted, educated and committed staff and professional advisors. We are no longer in the pension benefits design business. We will faithfully and to the letter administer the pension plan that you enact. We hope that you will favorably consider our following recommendations to help us do that for you and for our members.

THE PENSION SURTAX – ORDINANCE 2017-257

This ordinance implements the pension liability surtax imposed by the City's voters. Once it is imposed, state law permits the City to reduce its annual contribution to our Pension Fund by a 30-year amortization of the present value of the surtax.

VALUATION OF SURTAX REVENUE

In our actuarial impact statement approved April 10th, our Board accepted the City's determination that the surtax revenue would grow by 4.25% per year. The General Counsel told our Board that, for a variety of reasons, his opinion was that for the purposes of creating an impact statement and later creating our annual Actuarially Determined Employer Contribution (ADEC) payment, we were obligated to accept and apply the City's determination of the surtax growth rate. To best determine the value of this surtax to our Pension Fund, we'd engaged Dr.

John Pertner, a Registered Municipal Advisor Representative of GAPublic Solutions in Orlando, to project the growth of the surtax through 2060. His report, projecting a 3.34% growth rate, is attached. Because of the General Counsel's opinion, the Board chose to accept the City's projection of 4.25%.

The Board was uncomfortable with the difference between Dr. Pertner's and the City's projections. However, it took some comfort from the assurances from Finance Director Weinstein and General Counsel Gabriel that the City's projection would be reviewed annually. The proposed ordinance permits, but does not require, such an annual review of the projection. It also does not specify that the projection will be based upon any historical data (as does state law require that our pension fund project payroll growth using 10 years of data) or that the method of projection be the same each year (as does the City charter require that our Pension Board's annual actuarial valuations utilize consistency in methods). Thus we request and recommend the following change to section 776.105(b)(2) of Ordinance 2017-57:

RECOMMENDATION: 776.105(B)(2): The present value shall be calculated assuming 4.25 percent growth per annum in the proceeds of the surtax, which shall be reviewed and set by Council by October 31, 2018 and by each October 31st of each subsequent fiscal year using consistent methods and the compound average growth in surtax revenue for the previous ten years.

This proposed change does not require the Council to change the projection; only to review it.

ACTUARIAL DISCLOSURES

The actuarial impact statement approved by the Trustees on April 19th was prepared by the Pension Fund's new actuaries, Gabriel, Roeder & Smith (GRS Retirement Consulting), the largest governmental actuarial firm in the U.S. The statement contains several disclosures that are not usually found in actuarial impact statements: they comment on the reliance on the City's projection of the surtax revenue, the use a payroll growth assumption greater than zero for a closed fund, the 30 year amortization for the entire net unfunded liability, and whether current pension costs will be transferred to future taxpayers (see pp. 4 and 5.) Each of these items is required by a specific provision of state law and the opinion of the General Counsel and this is so recognized by the actuary in his impact statement.

Both the Florida Constitution and the City Charter require that the pension fund be maintained on a sound actuarial basis. Our position, based upon the advice of the General Counsel, is that it is sound actuarial practice to follow state

law and the City Charter and the actuarial practices and assumptions prescribed therein.

GASB REPORTING AND CAFR VALUATIONS

We have been advised by Finance Director Weinstein and our actuary that the valuation and recognition of the surtax revenue in our annual actuarial valuations and our impact statement may differ from the manner in which they are valued and recognized by our auditors in our annual audit and by your auditors in your GASB disclosures and CAFR. We add this comment just to bring it to your attention now.

PENSION BENEFIT AND FUNDING CHANGES – ORDINANCE 2017-259

The benefit changes and increased worker contributions provided in the new collective bargaining agreements are enacted by this ordinance. The additional City funding provided in the 2015 Pension Reform Agreement and Consent Decree is repealed, to be replaced with the surtax revenue, a minimum annual City payment, and City payments needed to preserve our Pension Fund's ability to pay benefits ("liquidity") as we await the surtax revenue starting in 2030.

LIQUIDITY PAYMENT

Because the Pension Fund's anticipated assets and funding level will decrease (compared to the assets expected under the 2015 Pension Reform Agreement and Consent Decree) while its payments to retirees will increase (as our members continue to retire), the Pension Fund's liquidity could be impaired. Our liquidity can be further impaired by adverse market events reducing the value of our assets, as shown in the "stress test" projections in our actuary's 30-year Projections, attached. Our actuary has warned us that a severe market downturn could cause large additional City payments (\$100M or more) to maintain liquidity in such situations. Both Dr. Pertner and our actuary have warned us that recessions and market downturns will occur several times during the next 43 years until our pension plan is expected to be fully funded.

Section 121.113(b)(4) of the proposed ordinance provides for an additional City contribution if our liquidity falls below an unspecified ratio. Based upon the advice of our Executive Director and our actuaries as to the amount we need to pay our bills, we

RECOMMEND: that the liquidity ratio in section 121.113(b)(4) be at least 7.0 (to prevent the Fund's liquidity to be reduced further below the current woefully low level of 7.0), and that this liquidity ratio be more specifically defined as the

net market value of assets in the Pension Fund (net of the DROP accounts and other reserve accounts) divided by the total benefit payments paid in the most recent fiscal year.

MINIMUM PAYMENT

Section 121.113(b)(5) of the proposed ordinance provides for a minimum City payment to our pension fund each year. This minimum payment will use extraordinary actuarial gains to accelerate the payment of our unfunded liability as well as provide a minimum income to our Pension Plan if needed after the surtax expires. Any amounts paid by the City to maintain liquidity will be credited towards this payment. It is our understanding that this means no matter what happens in a given year relative to actuarial assumptions, earnings, the actuarial determined employer contribution, etc..., the Board will receive a minimum payment of an amount to be specified. Based upon advice of our Executive Director, we

RECOMMEND: that the minimum annual payment in section 121.113(b)(5) be \$125,000,000 (based on the actuary's 30-year projection using the 4.25% Surtax Growth Rate and the 1.25% Growth Rate assumptions).

"SUBJECT TO ANNUAL APPROPRIATION"

Both the liquidity payment and the annual minimum payment are described in the proposed ordinance as being "subject to annual appropriation." This, in our view, makes the payments optional with each year's Council deciding whether to make the appropriations so vital to our Pension Plan's liquidity and funding.

Under the proposed pension reform, our liquidity and our funding ratio will decrease until the surtax revenue arrives in 2031. The liquidity and annual minimum payments are crucial to our continued operation and soundness. To assure the flow of these minimum amounts that we need, we

RECOMMEND: that the phrase "subject to annual appropriation" be deleted from sections 121.113(b)(4) and (5).

DETERMINATION OF USE OF STATE PREMIUM TAX REBATE INCOME FOR ADDITIONAL BENEFITS

Sections 121.114(a)-(d) prescribe the use of certain funds now in internal Pension Fund accounts and those premium tax rebate funds received from the state in the future. The four subsections require that these funds be used for the

“legal use” of our firefighter and police officer members, “as determined by the legally recognized bargaining unit[s].”

The intent of these subsections is to permit the firefighter and police unions to decide how these funds will be allocated among their members. The unions will decide what benefits will be bought with this money and who will receive them. The proposed ordinance does not specify any procedure, method or deadline by which the unions will make these determinations or how they will be presented to, recognized by, and administered by our Pension Fund.

Deciding upon and designing pension benefits is no longer a function of our Board of Trustees. Our job is to administer the pension benefits agreed upon by the City and the unions in collective bargaining that result in an ordinance enacted by Council. Other than informing the unions and the City of the amount of money available for these benefits and making our actuary available to cost out any proposed use of these funds, we should not be involved in the creation of any additional pension benefits. Enacting benefit plans could subject our Board to litigation from retirees or members who are dissatisfied with the plans created by the unions or the procedures that the unions followed to create them. Rather than presenting their benefit plans to our Board, the unions should present the benefits they’ve decided upon to the City to be adopted as a pension plan amendment by City Council. Therefore, we

RECOMMEND: that the following underlined phrase be added to subsections 121.114(a),(b),(c) and (d):

“...as determined by the legally recognized bargaining unit and thereafter adopted by ordinance by the City Council.”

ASSURANCES AND EFFECT ON 2015 PENSION REFORM
AGREEMENT AND CONSENT DECREE

The viability of this 2017 pension reform and of our Pension Plan depends upon our assured receipt of the surtax revenue, the annual minimum payment, and the liquidity payment when it is needed. These are the income streams that replace those anticipated by the 2015 Pension Reform Agreement and Consent Decree. Thus, we have recommended deleting the words that make the liquidity and minimum annual payments “subject to appropriation.” We also need assurance that the pension surtax will not be repealed or reduced between now and the time our pension plan becomes fully funded (now estimated to be 43 years in the future.)

Also, the proposed ordinance repeals the funding provisions contained in the 2015 Pension Reform Agreement and the Consent Decree. Our pension fund

is a party to both the agreement and the consent decree. The consent decree requires annual reporting to the federal court on compliance with its terms. Whether legally required or not, both that agreement and the consent decree should be amended to reflect 2017's pension reform as a substitute for 2015's pension reform.

This Council may not wish or be able to bind future City Councils. However, regardless who sits on City Council, our need to receive the funding promised under 2017 pension reform continues each and every month. We will need these payments until we are fully funded so that we'll have the money needed to pay the last surviving retiree or beneficiary her or his last pension payment. To go forward with our now-delayed goal of full funding, we need assurances that the payments promised in Ordinance 2017-257 and 259 will be made or that the funding in the 2015 Pension Reform Agreement and Consent Decree (that is replaced by these ordinances) will be provided. Thus we

RECOMMEND: that the 2015 Pension Reform Agreement and Consent Decree be amended to include the provisions of this 2017 pension reform as a substitute for the pension funding provisions contained therein.

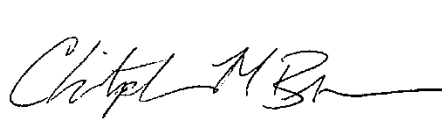
CONCLUSION

Our Board of volunteer trustees has spent over seven hours of formal meeting time plus additional review and study time by each trustee reading and analyzing these proposals. Our professionals and staff have spent weeks preparing their reports for our analysis and for our meetings. This is not a task that we undertook lightly or without careful thought and deliberations.

We encourage the Council to likewise carefully, prudently, and deliberately analyze and understand all aspects, implications and effects of this far-reaching proposal. 2017 pension reform will affect the financial security of our Pension Fund, its members, our retirees, our taxpayers, and our City government for decades to come.

After pension reform is considered and enacted by City Council, we will be left with the task of administering it. While appreciating the increased benefits for our members, we will be faced with a decreasing funded ratio and an increasing unfunded liability until mid-century. Our goal of 100% funding will be deferred for another 25 years. We acknowledge that it is the task of the City administration, the unions, and this City Council (and not our task) to balance the needs for enhanced benefits, adequate pension funding and the City's other financial priorities. We only ask that the 2017 pension reform be backed with promises, not just plans and projections, so that we can administer our pension plan on a sound basis.

We face considerable challenges in administering and financing our Pension Plan with the reduced resources made available under 2017 pension reform. With our six recommendations above, we seek only assurances from this Council that the City is committed to providing us with the contributions that we need to keep things going until the surtax revenue begins to flow and our progress towards full funding resumes.



Lt. Chris Brown
Trustee



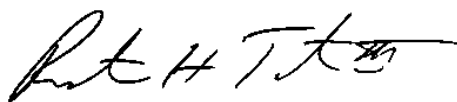
Richard Patsy
Trustee, Board Secretary



Willard Payne
Trustee



William Scheu
Trustee



Lt. Richard Tuten III
Trustee, Board Chairman



Timothy H. Johnson
Executive Director – Plan Administrator

Cc: Dr. Cheryl Brown
Members of City Council
Margaret Sidman
Bob Sugarman
Jason Gabriel
Pete Strong
John Pertner



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Monthly Economic & Capital Market Update

March 2017

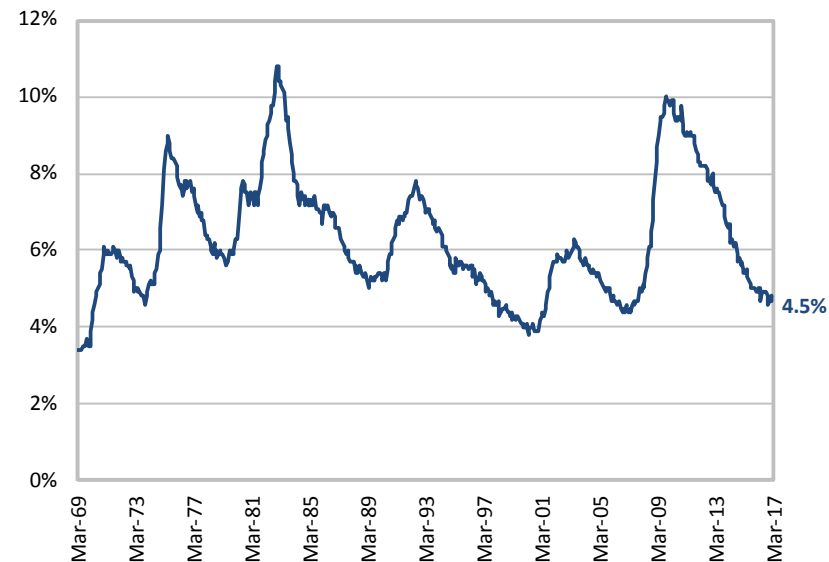
Economy

- Economic data releases continued to surprise to the upside throughout the world in March, lifting global equity prices. Subsiding fears of a global trade war, combined with rising investor concerns that the process of implementing pro-growth US policies may be more difficult than previously expected, contributed to the outperformance of international markets. Continued progress in the US labor market and steadily increasing inflation were catalysts for the Federal Reserve to raise short-term interest rates in March, and at the end of the month investors were pricing into markets two more rate hikes to 1.25% by the end of 2017.
- The US economy experienced positive job growth for the 78th consecutive month in March as employers added 98,000 new payrolls. The number of jobs added was below economists' expectations of 180,000, partly due to warmer-than-expected weather in January and February that pulled forward many new jobs into the first two months of 2017. The unemployment rate declined 20 bps to 4.5%, its lowest level since May 2007, and the labor force participation rate remained unchanged at 63.0%. Wage growth, as measured by the change in average hourly earnings of private sector workers, was 2.7% over the 12 months ending March, a slight decrease from February's 2.8% wage growth. Payrolls from January and February were revised downward by 38,000 total jobs.
- Real GDP grew at a 2.1% annual rate during the fourth quarter, according to the final estimate released by the Bureau of Economic Analysis, above the second estimate of 1.9%. GDP growth overall for the US economy in 2016 was 1.6%, below 2015's 2.6% growth rate. Per the Atlanta Federal Reserve, GDP growth for the first quarter of 2017 is expected to be 1.2% annualized.
- March marked the 87th consecutive month of expansion in the US services sector. The ISM non-manufacturing Purchasing Managers Index (PMI) came in at 57.2, slightly below February's record high of 57.6. Any reading over 50.0 indicates expansion in the services sector.

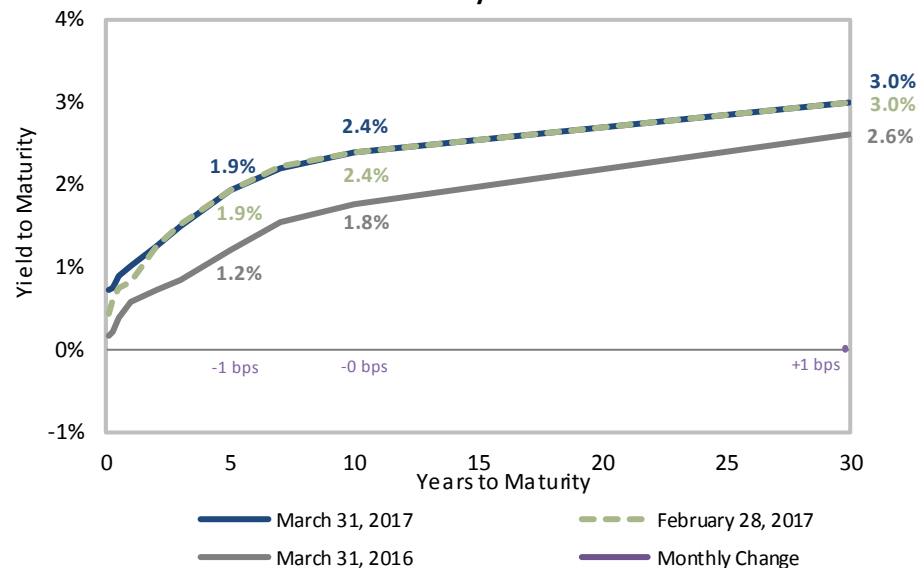
Yield Curve

- The spread between 2-year and 30-year Treasuries expanded 2 bps to 175 bps in March. Over the past 30 years, the spread between 2-year and 30-year Treasuries has averaged 168 bps.

Unemployment Rate



Treasury Yield Curve



Growth Assets

March 31, 2017

Public Equities

- US stocks underperformed their international counterparts in March and for the first quarter of 2017, reversing the trend that began following the US election in November. Strong economic data throughout the world, in addition to decreased concerns surrounding global trade barriers and political change in Europe, contributed to equity market gains.
- Master limited partnerships (MLPs) returned -1.3% in March. MLPs saw negative returns across almost all sectors, with the exception of general partners (+2.8%), shipping (+0.9%), and gathering and processing (+0.6%). Detractors included energy services (-7.3%) and coal (-3.9%). MLPs have gained 3.9% year-to-date, with distribution yields falling 8 bps to 7.0% so far in 2017.

Public Debt

- The Bloomberg Barclays High Yield Index returned -0.2%, only the second month of negative returns over the past year, as spreads widened by 20 bps to 383 bps.
- Local currency-denominated emerging market debt gained 2.3%, continuing to outperform other fixed income markets. Currency fluctuations were a tailwind to returns, contributing 0.9% on top of gains from principal and interest.

Private Equity

- The strong fundraising environment for private equity has continued into 2017, as the industry is likely to see record levels of first quarter capital raising since the global financial crisis. According to Preqin, approximately 175 private equity funds reached a final close in the first quarter, raising a combined \$89b. Preqin expects these figures to rise by an additional 10% as more information becomes available, thus surpassing the \$90b raised by funds closed in Q1 2016. Purchase price multiples for middle-market LBOs, as measured by S&P Leveraged Commentary and Data (S&P LCD), have remained relatively stable from 2016 at 9.6x YTD.

Private Debt

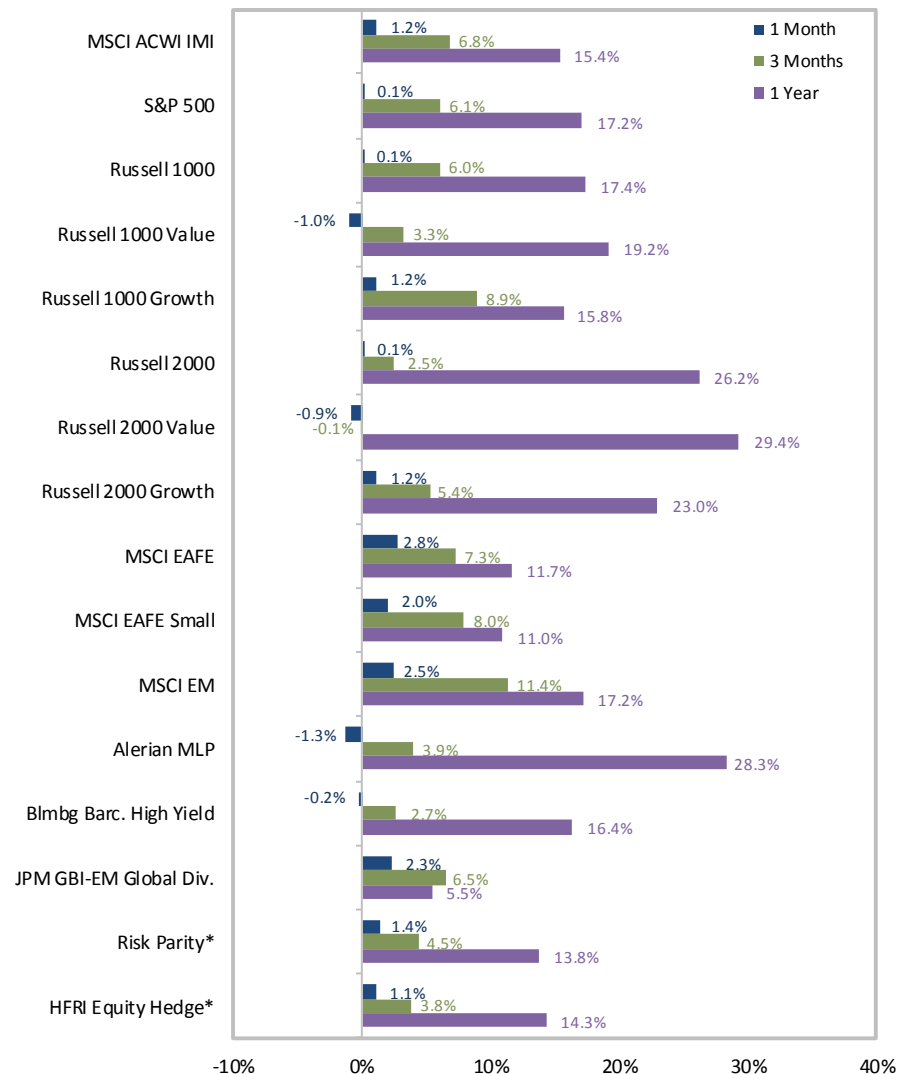
- In Q1 2017, 21 private debt funds closed for a combined total of \$21b, below the record \$50b secured in Q4 2016. However, the level of capital secured surpassed last year's Q1 level of \$11b, as the momentum for direct lending strategies continued; direct lending funds accounted for 62% of total capital raised. Nearly two-thirds of all private debt funds closed during the quarter exceeded their target size.

Risk Parity

- Risk parity strategies were positive in February, with gains distributed across asset classes. Nominal interest rates were the greatest contributor, followed by equities. Gains in commodities and inflation-linked bonds were muted.

Growth Hedge Funds

- Growth hedge funds contributed in February, with gains in equity long/short and event-driven hedge funds. Healthcare-oriented funds were strong contributors, as well as activists. Strategies outside of the energy sector were generally positive.



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

Income Assets

March 31, 2017

Public Debt

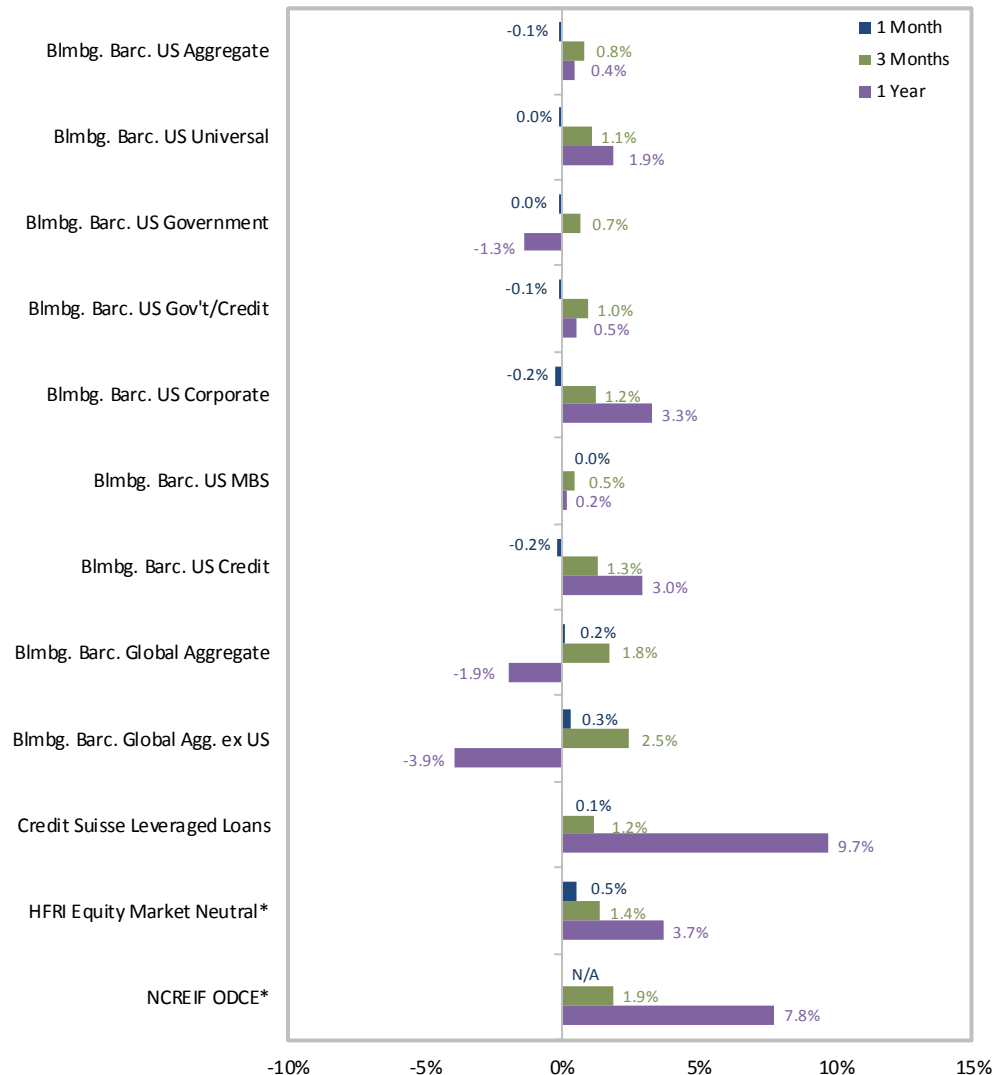
- The 10-year US Treasury yield was volatile during March, starting the month at 2.36% before rising to 2.62% mid-month and falling to end the month relatively flat at 2.42%.
- The Bloomberg Barclays Aggregate ended the month with duration of 6.0 years, the highest level on record. The increasing duration of the Index is reflective of falling prepayment assumptions of mortgage-backed securities, which represented 28.5% of the Index at month end.
- International bonds posted a return of 0.3% during March, with currency and coupon gains overcoming losses from principal. Over the past year, currency has been a net detractor of 2.3% for the Bloomberg Barclays Global Aggregate ex-US Index for an unhedged dollar investor.
- Bank loans returned 0.1% during the month of March as lower principal, a result of refinancing, was offset by coupon payments. Despite headlines of record-setting gross issuance, investors should note that 80% of issuance has been repricing and refinancing. Gross issuance for the month totaled \$111B, while net issuance was a more reasonable \$22B.

Relative Value Hedge Funds

- Relative value hedge funds were generally positive in February. Credit and equity relative value strategies contributed, while only volatility arbitrage detracted.

Core Real Estate

- The fourth quarter return for the NCREIF ODCE Index was 2.1% gross and 1.9% 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 7.8% 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.

Diversification Assets

March 31, 2017

Inflation

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

Deflation

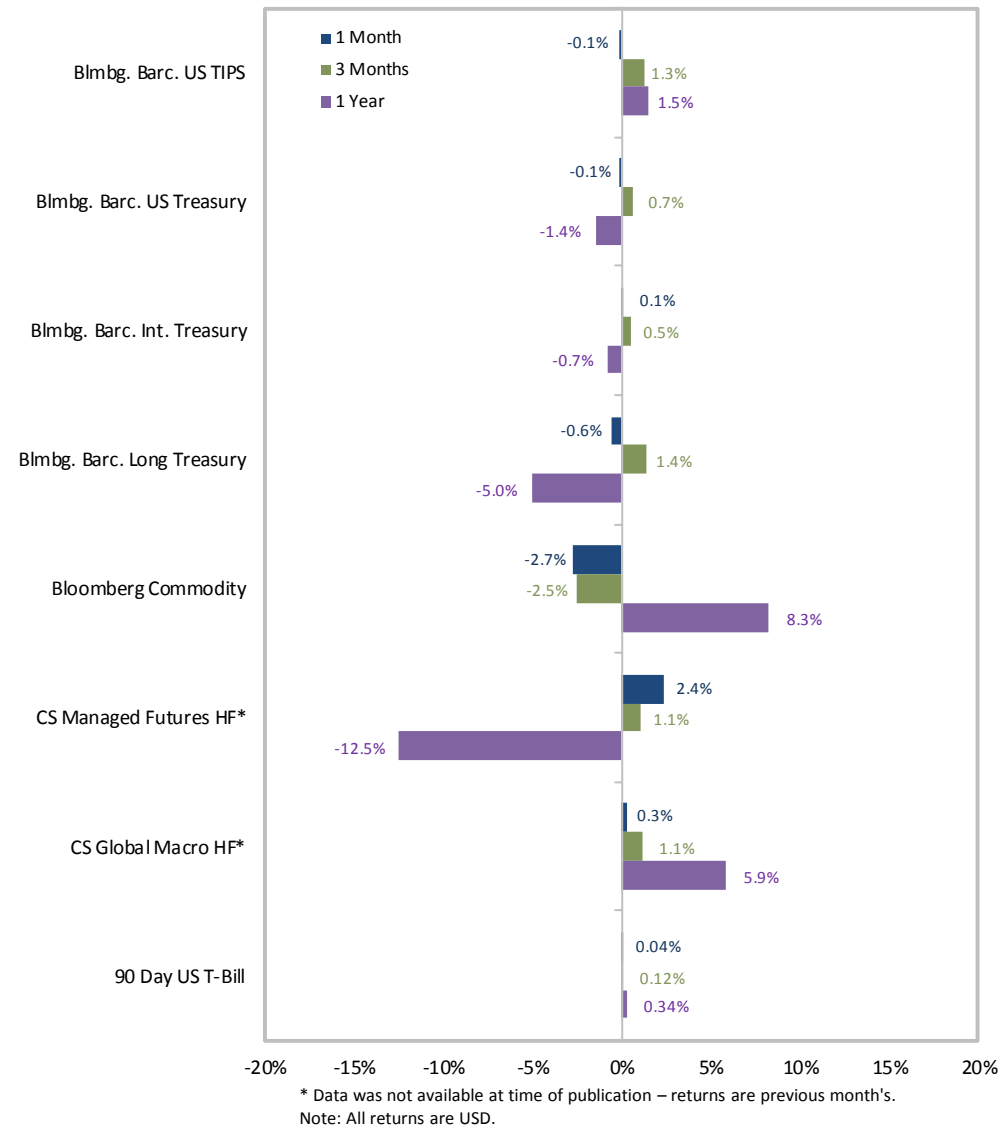
- The Bloomberg Barclays Long Treasury Index returned -0.6% for the month, -0.8% of which can be attributed to price return, which was modestly offset by coupon payments.
- Cash continues to offer low returns, as 90-day T-bills gained 4 bps during March and 0.3% over the past year.

Commodities

- The Bloomberg Commodity Index returned -2.7% for the month of March and was down 2.5% for the quarter. Natural gas and gasoline were the strongest performers for the month, gaining 15.0% and 12.4%, respectively. The largest detractor from overall performance was sugar, returning -13.2%; grains and livestock also posted negative returns. In particular, despite growth in consumer demand, prices in agriculture continue to decline reflecting high levels of global stock.

Tactical Trading

- Tactical trading hedge funds were positive in February. CTAs posted strong performance on positive trend following results, while discretionary global macro also contributed modestly.



DISCLOSURES

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



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City of Jacksonville Police & Fire Pension Fund

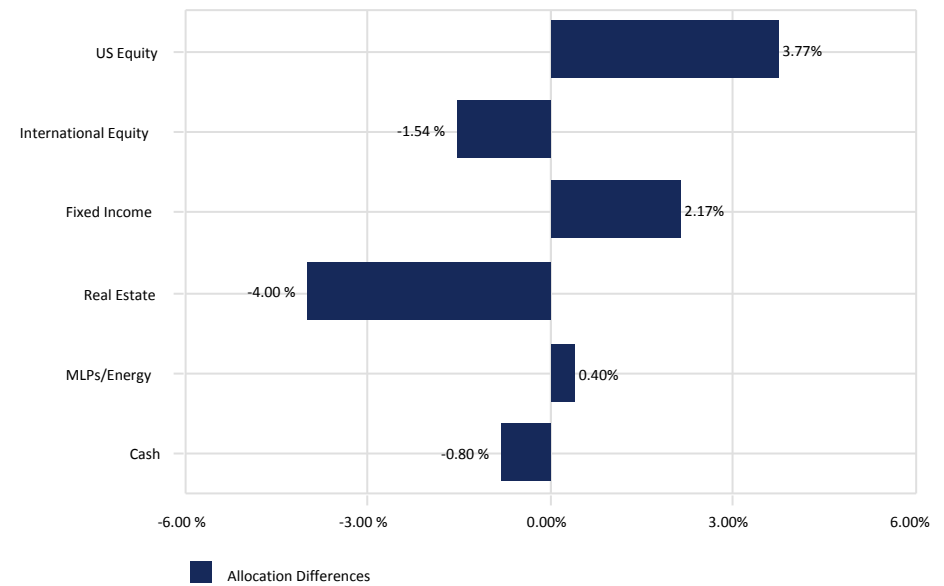
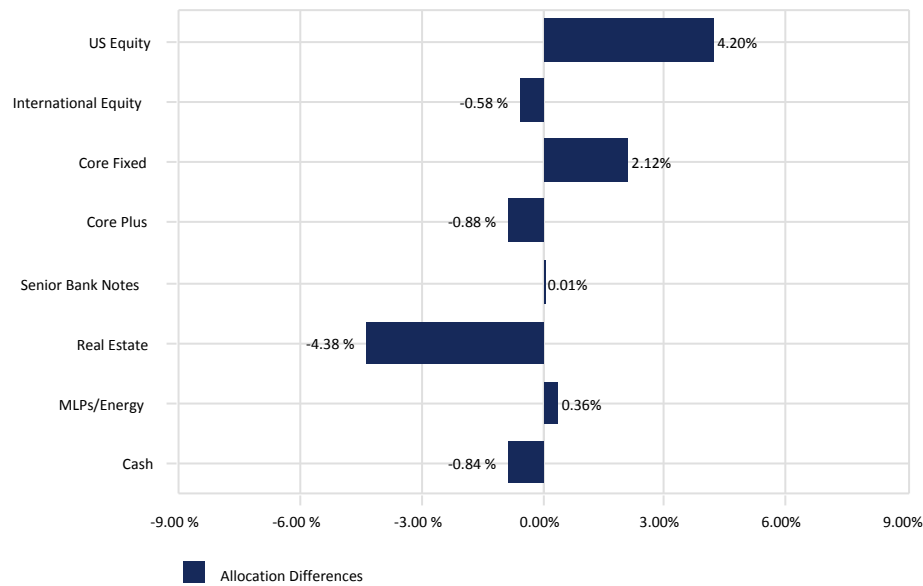
Flash Report

March 31, 2017

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

March 31, 2017



March 31, 2017

	<u>Market Value</u> (<u>\$</u>)	<u>Allocation</u> (<u>%</u>)	<u>Target</u> (<u>%</u>)
US Equity	803,256,839	43.20	39.00
International Equity	361,161,001	19.42	20.00
Core Fixed	113,736,148	6.12	4.00
Core Plus	271,824,997	14.62	15.50
Senior Bank Notes	118,582	0.01	0.00
Real Estate	197,564,525	10.62	15.00
MLPs/Energy	108,965,252	5.86	5.50
Cash	2,933,099	0.16	1.00
Total Fund	1,859,560,443	100.00	100.00

December 31, 2016

	<u>Market Value</u> (<u>\$</u>)	<u>Allocation</u> (<u>%</u>)	<u>Target</u> (<u>%</u>)
US Equity	753,543,701	42.77	39.00
International Equity	325,309,615	18.46	20.00
Fixed Income	381,734,630	21.67	19.50
Real Estate	193,856,250	11.00	15.00
MLPs/Energy	103,982,786	5.90	5.50
Cash	3,450,316	0.20	1.00
Total Fund	1,761,877,299	100.00	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

March 31, 2017

	Asset \$	Asset %	Performance(%)									Since Inception	Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year		
Total Fund	1,859,560,443	100.00	0.86	5.66	5.66	6.82	14.08	5.74	8.58	5.97	6.52	8.18	Apr-1989
<i>Total Fund Policy</i>			0.48	4.20	4.20	5.59	12.59	5.71	8.20	5.40	6.37	8.21	
Excess Return			0.38	1.46	1.46	1.23	1.49	0.03	0.38	0.57	0.15	-0.03	
Total Equity	1,164,417,840	62.62	1.26	7.94	7.94	9.89	17.82	6.20	10.17	-	-	5.05	Jun-2007
US Equity	803,256,839	43.20	0.52	6.60	6.60	10.90	18.24	8.25	12.32	7.69	7.47	10.23	Jan-1988
<i>US Equity Index</i>			0.07	5.74	5.74	10.19	18.07	9.76	13.18	7.61	7.65	10.51	
Excess Return			0.45	0.86	0.86	0.71	0.17	-1.51	-0.86	0.08	-0.18	-0.28	
International Equity	361,161,001	19.42	2.95	11.06	11.06	8.31	17.19	2.35	5.89	1.44	5.21	4.93	Feb-1999
<i>International Equity Index</i>			2.63	7.98	7.98	6.69	13.70	1.03	4.84	1.14	5.94	4.08	
Excess Return			0.32	3.08	3.08	1.62	3.49	1.32	1.05	0.30	-0.73	0.85	
Fixed Income	385,679,727	20.74	0.04	1.31	1.31	-0.56	2.97	3.22	2.67	4.47	4.82	6.39	Jan-1988
<i>Fixed Income Index</i>			-0.04	1.04	1.04	-1.97	0.66	2.76	2.38	4.30	4.65	6.44	
Excess Return			0.08	0.27	0.27	1.41	2.31	0.46	0.29	0.17	0.17	-0.05	
Real Estate	197,564,525	10.62	0.99	1.94	1.94	4.29	8.96	11.71	12.49	7.56	-	9.34	Apr-2005
<i>NCREIF Fund Index - ODCE (VW) [M]</i>			0.00	0.00	0.00	2.11	6.45	11.14	11.59	5.41	-	7.49	
Excess Return			0.99	1.94	1.94	2.18	2.51	0.57	0.90	2.15	-	1.85	
<i>NCREIF Property Index</i>			0.00	0.00	0.00	1.73	5.63	10.02	10.35	6.55	-	9.23	Jan-1978
MLPs/Energy	108,965,252	5.86	-0.56	4.79	4.79	7.27	31.78	-1.14	8.38	-	-	10.34	Mar-2011
<i>S&P MLP Index</i>			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	-	4.28	
Excess Return			0.30	1.09	1.09	0.13	-3.23	3.76	4.99	-	-	6.06	
Cash	2,933,099	0.16	0.04	0.64	0.64	0.79	0.98	0.84	0.85	2.33	8.12	8.33	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

March 31, 2017

	Performance(%)											
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
US Equity												
NT S&P 500 Index Fund	271,112,979	14.58	0.12	6.07	6.07	10.13	17.19	10.44	13.35	7.53	5.64	Jan-1999
S&P 500			0.12	6.07	6.07	10.12	17.17	10.37	13.30	7.51	5.63	
Excess Return			0.00	0.00	0.00	0.01	0.02	0.07	0.05	0.02	0.01	
Eagle Capital Management	198,166,191	10.66	0.65	6.58	6.58	14.13	22.51	10.29	14.91	-	13.71	Apr-2011
Russell 1000 Value Index			-1.02	3.27	3.27	10.16	19.22	8.67	13.13	-	11.69	
Excess Return			1.67	3.31	3.31	3.97	3.29	1.62	1.78	-	2.02	
Brown Investment Advisory	89,420,811	4.81	0.93	9.47	9.47	4.50	8.32	7.27	-	-	7.84	Nov-2013
Russell 1000 Growth Index			1.16	8.91	8.91	10.01	15.76	11.27	-	-	12.01	
Excess Return			-0.23	0.56	0.56	-5.51	-7.44	-4.00	-	-	-4.17	
Sawgrass Asset Management	94,716,800	5.09	1.09	6.71	6.71	8.31	10.51	9.25	-	-	10.80	Nov-2013
Russell 1000 Growth Index			1.16	8.91	8.91	10.01	15.76	11.27	-	-	12.01	
Excess Return			-0.07	-2.20	-2.20	-1.70	-5.25	-2.02	-	-	-1.21	
Wedge Capital Mgmt	73,938,128	3.98	-0.69	0.87	0.87	12.76	-	-	-	-	12.96	Sep-2016
Russell 2000 Value Index			-0.85	-0.13	-0.13	13.93	-	-	-	-	14.82	
Excess Return			0.16	1.00	1.00	-1.17	-	-	-	-	-1.86	
Pinnacle	75,901,930	4.08	1.63	11.21	11.21	14.97	23.76	7.62	13.70	-	21.80	Mar-2009
Russell 2500 Growth Index			0.74	6.25	6.25	9.01	19.77	7.23	12.17	-	19.63	
Excess Return			0.89	4.96	4.96	5.96	3.99	0.39	1.53	-	2.17	
International Equity												
NT EAFE Index Fund	80,718,306	4.34	2.87	7.39	7.39	6.75	12.26	0.85	6.17	-	6.17	Apr-2012
MSCI EAFE Index (Net)			2.75	7.25	7.25	6.48	11.67	0.50	5.83	-	5.83	
Excess Return			0.12	0.14	0.14	0.27	0.59	0.35	0.34	-	0.34	
Baillie Gifford	103,543,259	5.57	4.06	13.36	13.36	5.72	18.87	1.86	7.49	-	5.73	Mar-2011
MSCI EAFE Growth Index (Net)			2.71	8.52	8.52	2.52	7.45	1.50	6.00	-	4.05	
Excess Return			1.35	4.84	4.84	3.20	11.42	0.36	1.49	-	1.68	
Silchester	70,675,175	3.80	1.45	7.88	7.88	10.63	16.02	4.87	-	-	8.24	Sep-2013
MSCI EAFE Value Index (Net)			2.80	6.05	6.05	10.48	15.98	-0.61	-	-	3.69	
Excess Return			-1.35	1.83	1.83	0.15	0.04	5.48	-	-	4.55	
Acadian Emerging Mkts Equity II Fund	106,224,262	5.71	2.94	14.02	14.02	10.91	22.80	3.16	-	-	2.87	Jan-2014
MSCI Emerging Markets (Net)			2.52	11.44	11.44	6.80	17.21	1.18	-	-	0.95	
Excess Return			0.42	2.58	2.58	4.11	5.59	1.98	-	-	1.92	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

March 31, 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	26,145,936	1.41	-0.05	0.85	0.85	-2.23	0.44	2.73	-	-	2.03	Feb-2013
Blmbg. Barc. U.S. Aggregate			-0.05	0.82	0.82	-2.18	0.44	2.68	-	-	2.04	
Excess Return			0.00	0.03	0.03	-0.05	0.00	0.05	-	-	-0.01	
Neuberger Berman	162,516,385	8.74	-0.10	1.40	1.40	-	-	-	-	-	1.40	Jan-2017
Blmbg. Barc. U.S. Aggregate			-0.05	0.82	0.82	-	-	-	-	-	0.82	
Excess Return			-0.05	0.58	0.58	-	-	-	-	-	0.58	
Loomis, Sayles & Company	109,308,612	5.88	0.20	-	-	-	-	-	-	-	1.32	Feb-2017
Blmbg. Barc. U.S. Aggregate			-0.05	-	-	-	-	-	-	-	0.62	
Excess Return			0.25	-	-	-	-	-	-	-	0.70	
Thompson Siegel Fixed	87,590,212	4.71	0.12	1.28	1.28	-0.70	3.06	3.54	3.44	5.05	6.22	Aug-1991
Thompson Policy Index			-0.05	0.82	0.82	-2.18	0.44	2.68	2.34	4.21	5.93	
Excess Return			0.17	0.46	0.46	1.48	2.62	0.86	1.10	0.84	0.29	
Eaton Vance Instl Senior Loan Trust	118,582	0.01										
Real Estate												
JP Morgan	150,245,857	8.08	0.98	1.92	1.92	4.12	8.42	11.39	12.34	6.33	8.30	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	0.00	2.11	6.45	11.14	11.59	5.41	7.49	
Excess Return			0.98	1.92	1.92	2.01	1.97	0.25	0.75	0.92	0.81	
Principal Global Investments	47,318,667	2.54	1.00	2.03	2.03	4.84	10.70	12.74	-	-	12.98	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	0.00	2.11	6.45	11.14	-	-	11.79	
Excess Return			1.00	2.03	2.03	2.73	4.25	1.60	-	-	1.19	
MLPs/Energy												
Harvest MLP	54,623,413	2.94	-0.03	4.37	4.37	6.17	33.49	-1.05	8.13	-	10.48	Mar-2011
S&P MLP Index			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	4.28	
Excess Return			0.83	0.67	0.67	-0.97	-1.52	3.85	4.74	-	6.20	
Tortoise MLP	54,341,839	2.92	-1.10	5.22	5.22	8.41	30.10	-1.34	8.57	-	10.16	Mar-2011
S&P MLP Index			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	4.28	
Excess Return			-0.24	1.52	1.52	1.27	-4.91	3.56	5.18	-	5.88	
Cash	2,933,099	0.16	0.04	0.64	0.64	0.79	0.98	0.84	0.85	2.33	8.33	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

March 31, 2017

	Asset \$	Asset %	Performance(%)									Since Inception	Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year		
Total Fund	1,859,560,443	100.00	0.84	5.55	5.55	6.63	13.60	5.27	8.07	5.61	6.16	7.98	Apr-1989
<i>Total Fund Policy</i>			0.48	4.20	4.20	5.59	12.59	5.71	8.20	5.40	6.37	8.21	
Excess Return			0.36	1.35	1.35	1.04	1.01	-0.44	-0.13	0.21	-0.21	-0.23	
Total Equity	1,164,417,840	62.62	1.24	7.86	7.86	9.71	17.35	5.74	9.66	-	-	4.68	Jun-2007
US Equity	803,256,839	43.20	0.50	6.52	6.52	10.70	17.76	7.75	11.76	7.31	7.22	10.10	Jan-1988
<i>US Equity Index</i>			0.07	5.74	5.74	10.19	18.07	9.76	13.18	7.61	7.65	10.51	
Excess Return			0.43	0.78	0.78	0.51	-0.31	-2.01	-1.42	-0.30	-0.43	-0.41	
International Equity	361,161,001	19.42	2.93	10.98	10.98	8.17	16.74	1.95	5.49	1.07	4.96	4.72	Feb-1999
<i>International Equity Index</i>			2.63	7.98	7.98	6.69	13.70	1.03	4.84	1.14	5.94	4.08	
Excess Return			0.30	3.00	3.00	1.48	3.04	0.92	0.65	-0.07	-0.98	0.64	
Fixed Income	385,679,727	20.74	0.04	1.29	1.29	-0.62	2.81	3.08	2.50	4.34	4.74	6.34	Jan-1988
<i>Fixed Income Index</i>			-0.04	1.04	1.04	-1.97	0.66	2.76	2.38	4.30	4.65	6.44	
Excess Return			0.08	0.25	0.25	1.35	2.15	0.32	0.12	0.04	0.09	-0.10	
Real Estate	197,564,525	10.62	0.82	1.59	1.59	3.88	8.04	10.70	11.39	6.85	-	8.74	Apr-2005
<i>NCREIF Fund Index - ODCE (VW) [M]</i>			0.00	0.00	0.00	2.11	6.45	11.14	11.59	5.41	-	7.49	
Excess Return			0.82	1.59	1.59	1.77	1.59	-0.44	-0.20	1.44	-	1.25	
<i>NCREIF Property Index</i>			0.00	0.00	0.00	1.73	5.63	10.02	10.35	6.55	-	9.23	Jan-1978
MLPs/Energy	108,965,252	5.86	-0.56	4.52	4.52	6.89	30.86	-1.89	7.58	-	-	9.59	Mar-2011
<i>S&P MLP Index</i>			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	-	4.28	
Excess Return			0.30	0.82	0.82	-0.25	-4.15	3.01	4.19	-	-	5.31	
Cash	2,933,099	0.16	0.04	0.64	0.64	0.79	0.98	0.84	0.85	2.15	7.99	8.22	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

March 31, 2017

	Performance(%)											
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
US Equity												
NT S&P 500 Index Fund	271,112,979	14.58	0.12	6.07	6.07	10.13	17.18	10.42	13.30	7.49	5.62	Jan-1999
S&P 500			0.12	6.07	6.07	10.12	17.17	10.37	13.30	7.51	5.63	
Excess Return			0.00	0.00	0.00	0.01	0.01	0.05	0.00	-0.02	-0.01	
Eagle Capital Management	198,166,191	10.66	0.65	6.38	6.38	13.74	21.73	9.51	14.07	-	12.91	Apr-2011
Russell 1000 Value Index			-1.02	3.27	3.27	10.16	19.22	8.67	13.13	-	11.69	
Excess Return			1.67	3.11	3.11	3.58	2.51	0.84	0.94	-	1.22	
Brown Investment Advisory	89,420,811	4.81	0.93	9.37	9.37	4.30	7.92	7.00	-	-	7.59	Nov-2013
Russell 1000 Growth Index			1.16	8.91	8.91	10.01	15.76	11.27	-	-	12.01	
Excess Return			-0.23	0.46	0.46	-5.71	-7.84	-4.27	-	-	-4.42	
Sawgrass Asset Management	94,716,800	5.09	1.09	6.66	6.66	8.14	10.27	9.01	-	-	10.55	Nov-2013
Russell 1000 Growth Index			1.16	8.91	8.91	10.01	15.76	11.27	-	-	12.01	
Excess Return			-0.07	-2.25	-2.25	-1.87	-5.49	-2.26	-	-	-1.46	
Wedge Capital Mgmt	73,938,128	3.98	-0.69	0.87	0.87	12.63	-	-	-	-	12.84	Sep-2016
Russell 2000 Value Index			-0.85	-0.13	-0.13	13.93	-	-	-	-	14.82	
Excess Return			0.16	1.00	1.00	-1.30	-	-	-	-	-1.98	
Pinnacle	75,901,930	4.08	1.46	11.02	11.02	14.56	22.78	6.79	12.84	-	21.06	Mar-2009
Russell 2500 Growth Index			0.74	6.25	6.25	9.01	19.77	7.23	12.17	-	19.63	
Excess Return			0.72	4.77	4.77	5.55	3.01	-0.44	0.67	-	1.43	
International Equity												
NT EAFE Index Fund	80,718,306	4.34	2.87	7.39	7.39	6.72	12.20	0.78	6.10	-	6.10	Apr-2012
MSCI EAFE Index (Net)			2.75	7.25	7.25	6.48	11.67	0.50	5.83	-	5.83	
Excess Return			0.12	0.14	0.14	0.24	0.53	0.28	0.27	-	0.27	
Baillie Gifford	103,543,259	5.57	4.06	13.36	13.36	5.69	18.79	1.48	7.00	-	5.31	Mar-2011
MSCI EAFE Growth Index (Net)			2.71	8.52	8.52	2.52	7.45	1.50	6.00	-	4.05	
Excess Return			1.35	4.84	4.84	3.17	11.34	-0.02	1.00	-	1.26	
Silchester	70,675,175	3.80	1.39	7.67	7.67	10.20	15.13	4.07	-	-	7.39	Sep-2013
MSCI EAFE Value Index (Net)			2.80	6.05	6.05	10.48	15.98	-0.61	-	-	3.69	
Excess Return			-1.41	1.62	1.62	-0.28	-0.85	4.68	-	-	3.70	
Acadian Emerging Mkts Equity II Fund	106,224,262	5.71	2.94	13.86	13.86	10.76	21.70	2.67	-	-	2.42	Jan-2014
MSCI Emerging Markets (Net)			2.52	11.44	11.44	6.80	17.21	1.18	-	-	0.95	
Excess Return			0.42	2.42	2.42	3.96	4.49	1.49	-	-	1.47	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

March 31, 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	26,145,936	1.41	-0.05	0.85	0.85	-2.25	0.41	2.70	-	-	1.99	Feb-2013
Blmbg. Barc. U.S. Aggregate			-0.05	0.82	0.82	-2.18	0.44	2.68	-	-	2.04	
Excess Return			0.00	0.03	0.03	-0.07	-0.03	0.02	-	-	-0.05	
Neuberger Berman	162,516,385	8.74	-0.10	1.40	1.40	-	-	-	-	-	1.40	Jan-2017
Blmbg. Barc. U.S. Aggregate			-0.05	0.82	0.82	-	-	-	-	-	0.82	
Excess Return			-0.05	0.58	0.58	-	-	-	-	-	0.58	
Loomis, Sayles & Company	109,308,612	5.88	0.20	-	-	-	-	-	-	-	1.32	Feb-2017
Blmbg. Barc. U.S. Aggregate			-0.05	-	-	-	-	-	-	-	0.62	
Excess Return			0.25	-	-	-	-	-	-	-	0.70	
Thompson Siegel Fixed	87,590,212	4.71	0.12	1.20	1.20	-0.82	2.80	3.35	3.25	4.91	6.17	Aug-1991
Thompson Policy Index			-0.05	0.82	0.82	-2.18	0.44	2.68	2.34	4.21	5.93	
Excess Return			0.17	0.38	0.38	1.36	2.36	0.67	0.91	0.70	0.24	
Eaton Vance Instl Senior Loan Trust	118,582	0.01										
Real Estate												
JP Morgan	150,245,857	8.08	0.76	1.49	1.49	3.69	7.46	10.33	11.21	5.61	7.68	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	0.00	2.11	6.45	11.14	11.59	5.41	7.49	
Excess Return			0.76	1.49	1.49	1.58	1.01	-0.81	-0.38	0.20	0.19	
Principal Global Investments	47,318,667	2.54	1.00	1.89	1.89	4.49	9.90	11.87	-	-	12.07	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	0.00	0.00	2.11	6.45	11.14	-	-	11.79	
Excess Return			1.00	1.89	1.89	2.38	3.45	0.73	-	-	0.28	
MLPs/Energy												
Harvest MLP	54,623,413	2.94	-0.03	4.00	4.00	5.80	32.59	-1.80	7.34	-	9.71	Mar-2011
S&P MLP Index			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	4.28	
Excess Return			0.83	0.30	0.30	-1.34	-2.42	3.10	3.95	-	5.43	
Tortoise MLP	54,341,839	2.92	-1.10	5.03	5.03	8.00	29.15	-2.10	7.77	-	9.43	Mar-2011
S&P MLP Index			-0.86	3.70	3.70	7.14	35.01	-4.90	3.39	-	4.28	
Excess Return			-0.24	1.33	1.33	0.86	-5.86	2.80	4.38	-	5.15	
Cash	2,933,099	0.16	0.04	0.64	0.64	0.79	0.98	0.84	0.85	2.15	8.22	Dec-1998

As of March 31, 2017

Summit Strategies Group

City of Jacksonville Police & Fire Pension Fund

Asset Allocation Compliance

March 31, 2017

	% Target	% Actual	% Difference from Target	Current Target (\$)	Actual (\$)	Difference (\$)
Total Fund	100.00	100.00	0.00	1,859,560,443	1,859,560,443	-
Total Equity	59.00	62.62	3.62	1,097,140,661	1,164,417,840	(67,277,179)
US Equity	39.00	43.20	4.20	725,228,573	803,256,839	(78,028,266)
Large Cap	31.40	35.14	3.74	583,901,979	653,416,781	(69,514,802)
Large Cap Core	0.00	14.58	14.58	-	271,112,979	(271,112,979)
NT S&P 500 Index Fund	-	14.58	-	-	271,112,979	-
Large Cap Value	0.00	10.66	10.66	-	198,166,191	(198,166,191)
Eagle Capital Management	-	10.66	-	-	198,166,191	-
Large Cap Growth	0.00	9.90	9.90	-	184,137,610	(184,137,610)
Brown Investment Advisory	-	4.81	-	-	89,420,811	-
Sawgrass Asset Management	-	5.09	-	-	94,716,800	-
Non Large Cap	7.60	8.06	0.46	141,326,594	149,840,058	(8,513,464)
Wedge Capital Mgmt	-	3.98	-	-	73,938,128	-
Pinnacle	-	4.08	-	-	75,901,930	-
International Equity	20.00	19.42	(0.58)	371,912,089	361,161,001	10,751,087
International Developed Markets	14.00	13.71	(0.29)	260,338,462	254,936,740	5,401,722
NT EAFE Index Fund	-	4.34	-	-	80,718,306	-
Baillie Gifford	-	5.57	-	-	103,543,259	-
Silchester	-	3.80	-	-	70,675,175	-
International Emerging Markets	6.00	5.71	(0.29)	111,573,627	106,224,262	5,349,365
Acadian Emerging Mkts Equity II Fund	-	5.71	-	-	106,224,262	-
Fixed Income	19.50	20.74	1.24	362,614,286	385,679,727	(23,065,441)
Core Fixed Income	4.00	6.12	2.12	74,382,418	113,736,148	(39,353,730)
NTGI Aggregate Bond Index	-	1.41	-	-	26,145,936	-
Thompson Siegel Fixed	-	4.71	-	-	87,590,212	-
Core Plus	15.50	14.62	(0.88)	288,231,869	271,824,997	16,406,871
Neuberger Berman	-	8.74	-	-	162,516,385	-
Loomis, Sayles & Company	-	5.88	-	-	109,308,612	-
Senior Bank Notes	0.00	0.01	0.01	-	118,582	(118,582)
Eaton Vance Instl Senior Loan Trust	-	0.01	-	-	118,582	-
Real Estate	15.00	10.62	(4.38)	278,934,066	197,564,525	81,369,542
Real Estate excluding Haverly & Admin	15.00	10.62	(4.38)	278,934,066	197,564,525	81,369,542
JP Morgan	5.00	8.08	3.08	92,978,022	150,245,857	(57,267,835)
Principal Global Investments	5.00	2.54	(2.46)	92,978,022	47,318,667	45,659,355
Non Core Real Estate (TBD)	5.00	0.00	(5.00)	92,978,022	-	92,978,022
Total Alternatives Composite	5.50	5.86	0.36	102,275,824	108,965,252	(6,689,427)
MLP's/Energy	5.50	5.86	0.36	102,275,824	108,965,252	(6,689,427)
Tortoise MLP	-	2.92	-	-	54,341,839	-
Harvest MLP	-	2.94	-	-	54,623,413	-
Cash	1.00	0.16	(0.84)	18,595,604	2,933,099	15,662,505

DISCLAIMER

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Date: April 14, 2017

To: Board of Trustees and FIAC for the City of Jacksonville PFPF

From: Dan Holmes

Subject: Additional Contribution to Silchester

This week Summit received notice that an opening has become available in Silchester's lengthy contribution queue. They are now able to accommodate the City of Jacksonville PFPF's remaining target of \$65 million. The funds will need to be wired to Silchester by April 26, 2017. Accordingly, Summit recommends transferring this amount from the Northern Trust EAFE Index Fund to Silchester. As a reminder, the uninvested target amount was invested in the index fund until an opening at Silchester became available. Silchester has produced over 4% excess performance above the benchmark on a net of fees basis. Their product remains closed to new investments.



Date: April 14, 2017

To: Board of Trustees and FIAC for the City of Jacksonville Police & Fire Pension Fund

Cc: Tim Johnson

From: Dan Holmes

Subject: Large Cap Growth Manager Interviews on April 21, 2017

As you know, next week the Board of Trustees and FIAC will meet jointly to interview active large-cap growth managers. In order to facilitate discussion during and following the presentations, please consider the following points regarding the three presenting managers:

HS Management

- Advantages/Strengths:
 - Focused Firm – Concentrated Quality Growth Equity is the only strategy this firm manages.
 - PMs, H. Segalas, D. Altman, and G. Nejme each have over 30 years of investment experience.
 - 100% employee owned.
- Disadvantages/Weaknesses:
 - The team avoids commodity-like sectors (Energy) as well as many financial stocks; this could present a headwind in narrow markets favoring those areas.
 - HS charges an above average management fee.

Loomis, Sayles

- Advantages/Strengths:
 - 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.
 - The strategy is focused on high-quality growth stocks that are trading at reasonable valuations.
 - Attractive fee schedule aggregated with City Pension System's investment
- Disadvantages/Weaknesses:
 - The opportunity for employee ownership is limited.
 - Large relative asset base

Sustainable Growth Advisors (SGA)

- Advantages/Strengths:
 - Founders and co-PMs George Fraise, Gordon Marchand, and Rob Rohn average thirty-three years of experience.

- Majority employee owned across seventeen employees
- Disadvantages/Weaknesses:
 - Private Equity firm (Estancia) holds a 24.9% interest in SGA.

Considerations and potential questions to keep in mind during the presentations include the following:

- Beyond high/quality and high active share, how do you differentiate your strategy from every other large-cap growth product?
- What is your definition of “growth?”
- How does your investment process improve the likelihood of consistent performance above the benchmark?
- What risk controls do you have in place to ensure that you are not taking unintended bets/risks?
- How heavily will you overweight or underweight a sector or industry group?
- In what market environments do you anticipate underperforming/outperforming the benchmark?
- Please describe your disaster recovery program.
- Over what timeframe do you believe a strategy like yours should be evaluated?
- Are team members personally invested in this product? Please describe in detail to what extent you are permitted to invest.
- Please indicate how you intend to service this account and the scope of that service.
- Do you have an established Information Security Program, including an Incident Response Process?
 - Please provide a very brief description.