
**JACKSONVILLE POLICE AND FIRE PENSION FUND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
MEETING AGENDA – APRIL 21, 2017 – 10:00AM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

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

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
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
Rob Rohn, Sustainable Growth Advisers

I. CALL TO ORDER

II. MEETING SUMMARIES TO BE APPROVED

Committee action requested

1. Meeting Summary of the FIAC Meeting held February 10, 2017.
Copies held in the meeting files.
2. Meeting Summary of the FIAC Meeting held March 10, 2017.
Copies held in the meeting files.
3. Meeting Summary of the FIAC Special Meeting held April 10, 2017.
Copies held in the meeting files.

III. INVESTMENT CONSULTANT REPORTS

Dan Holmes

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

IV. NEW BUSINESS

Committee action requested

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

V. ADJOURNMENT

POLICE AND FIRE PENSION FUND
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NOTES:

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

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

Additional items may be added / changed prior to meeting.

**JACKSONVILLE POLICE AND FIRE PENSION FUND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE (FIAC)
MEETING SUMMARY – FEBRUARY 10, 2017 @ 3:30PM
RICHARD “DICK” COHEE BOARD ROOM**

PFPF MISSION STATEMENT

To provide long term benefits to participants and their beneficiaries

PRESENT

Eric “Brian” Smith Jr., Chairman
Craig Lewis Sr., Secretary
Tracey Devine, *pending City Council approval*
Rob Kowkabany
Rodney Van Pelt

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator – *via webex*
Dan Holmes, Summit Strategies
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefits Specialist
Debbie Manning, Executive Assistant

CITY REPRESENTATIVES INVITED

Joey Greive, City Treasurer – *did not attend*

EXCUSED

GUESTS

Eric Smith

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

I. CALL TO ORDER

CHAIRMAN SMITH CALLED THE MEETING TO ORDER AT 3:35PM.

TRACEY DEVINE HANDED OUT A PUBLICATION TO THE COMMITTEE FOR READING AT THEIR CONVENIENCE.

II. PUBLIC SPEAKING PERIOD

NO REQUESTS FOR PUBLIC SPEAKING. PUBLIC SPEAKING PERIOD CLOSED.

III. APPROVAL OF THE FIAC MEETING SUMMARY FOR DECEMBER 9, 2016, AND SPECIAL MEETING SUMMARY FOR BOARD OF TRUSTEES AND FIAC MEETING HELD ON JANUARY 18, 2017. COPIES HELD IN THE MEETING FILES.

A MOTION WAS MADE BY RODNEY VANPELT TO APPROVE THE FIAC MEETING SUMMARY FOR DECEMBER 9, 2016. SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

A MOTION WAS MADE BY RODNEY VANPELT TO APPROVE THE SPECIAL MEETING SUMMARY FOR BOARD OF TRUSTEES AND FIAC MEETING HELD ON JANUARY 18, 2017. SECONDED BY ROB KOWKABANY. VOTE WAS UNANIMOUS.

IV. OLD BUSINESS – *Dan Holmes w Summit*

- Discussion regarding Eagle

DAN HOLMES ADVISED THE COMMITTEE THAT HE IS NOT RECOMMENDING TO TERMINATE EAGLE EVEN THOUGH THEY UNDERPERFORMED FOR THE YEAR. SUMMIT VERIFIED THE PROCESS WITH EAGLE. THEY MADE A MISTAKE IN INTREPRETATION OF INFORMATION.

A MOTION WAS MADE BY RODNEY VANPELT TO ACCEPT THE RECOMMENDATION FROM SUMMIT TO CONTINUE TO RETAIN EAGLE IN THE LARGE CAP VALUE EQUITY. SECONDED BY ROB KOWKABANY. VOTE WAS UNANIMOUS.

- Discussion regarding Brown

DAN HOLMES DISCUSSED BROWN WITH THE COMMITTEE. REASONS FOR UNDERPERFORMANCE WERE SECTOR SELECTION AND STOCK STORIES. THEY HAVE NOT CHANGED THEIR STYLE OR PROCESS.

A RECOMMENDATION FROM SUMMIT TO THE COMMITTEE IS TO TAKE HALF FROM BROWN PORTFOLIO AND MOVE INTO RUSSELL 1000 INDEX. WE SHOULD HAVE A DEFINED TIME PERIOD TO REVISIT IF THINGS DO NOT IMPROVE.

A MOTION WAS MADE BY ROB KOWKABANY TO TERMINATE BROWN AND REDEPLOY FUNDS INTO THE RUSSELL 1000 INDEX. SECONDED BY RODNEY VANPELT. VOTE WAS UNANIMOUS.

A MOTION WAS MADE BY RODNEY VANPELT TO USE NORTHERN TRUST RUSSELL 1000 INDEX FUND TO LIQUIDATE BROWN FUNDS. SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

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

- Status of City Council Confirmation of Tracey A. Devine

TIM JOHNSON UPDATED THE COMMITTEE THAT HE WAS VERY ENCOURAGED THAT TRACEY DEVINE'S APPOINTMENT TO THE COMMITTEE WOULD BE SWIFT.

TRACEY DEVINE EXPLAINED THAT SHE WOULD MEET WITH THE RULES COMMITTEE. TRACEY HAS THREE MEETINGS SCHEDULED WITH COUNCIL MEMBERS AND ANNA BROSCHE. FEBRUARY 22ND IS THE FORMAL PROCESS WITH RULES COMMITTEE.

TIM ADVISED THAT WE WILL BE HAVING ETHICS TRAINING WITH CARLA MILLER FROM OFFICE OF GENERAL COUNSEL POSSIBLY AFTER THE BOARD OF TRUSTEE MEETING IN MARCH. IF THIS IS NOT CONVENIENT FOR FIAC, MAYBE THIS COULD BE HELD AT ONE OF FIAC'S MEETING IN APRIL.

TIM UPDATED THE COMMITTEE ON THE CITY AND UNION NEGOTIATIONS REGARDING PENSION REFORM. MOVING TOWARDS A PROPOSED SETTLEMENT.

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

- Net of Fee Performance by Asset Class

DAN ADVISED THAT THE NET OF FEE PERFORMANCE BY ASSET CLASS REPORT WAS A RESPONSE TO RODNEY VANPELT'S REQUEST. IS THIS SUITABLE? RODNEY WOULD LIKE TO REVIEW FURTHER.

TRACEY DEVINE SAID THIS IS USER FRIENDLY BUT WHAT WOULD WE DO WITH THIS.

CRAIG LEWIS SAID THIS WAS A GREAT TOOL BUT NEEDS FURTHER DISCUSSION.

- Watch List Discussion

THE WATCH LIST REPORT WAS ALSO REQUESTED BY RODNEY VANPELT. DAN SAID THIS REPORT IS NOT CALLING FOR IMMEDIATE ACTION, BUT UNDERPERFORMANCE WOULD BE IDENTIFIED.

CHAIRMAN SMITH SUGGESTED A SUB-COMMITTEE COMPRISED OF RODNEY VANPELT AND TRACEY DEVINE TO REVIEW THESE TWO REPORTS FURTHER. DISCUSSION SHOULD FOLLOW BETWEEN TIM, DAN, AND THE SUB-COMMITTEE TO KEEP ON TRACK WITH PFPF STATEMENT OF INVESTMENT POLICY, REPORT BACK TO FIAC AT THE APRIL MEETING AS RODNEY WILL NOT BE HERE FOR THE MARCH MEETING.

- Investment Performance Review – 4Q – December 31, 2016

RECEIVED AS INFORMATION

- Asset Allocation Review

RECEIVED AS INFORMATION

- Proposed 2017 Agenda

DAN ADVISED THE COMMITTEE THAT OUR GOAL IS TO COMPLETE REVIEW OF THE PORTFOLIO AND MAKE ANY RECOMMENDATIONS.

VII. NEW BUSINESS

VIII. ADJOURNMENT

CHAIRMAN SMITH ADJOURNED THE MEETING AT 5:05PM.

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**TO BE APPROVED AT THE NEXT FIAC
MEETING ON MARCH 10, 2017**

Craig Lewis, FIAC Secretary

JACKSONVILLE POLICE AND FIRE PENSION FUND FINANCIAL INVESTMENT AND ADVISORY COMMITTEE WORKSHOP SUMMARY – MARCH 10, 2017 – 3:30PM

PFPF MISSION STATEMENT

To provide long term benefits to participants and their beneficiaries

PRESENT

Craig Lewis Sr., Secretary – *via webex*
Tracey Devine
Rob Kowkabany

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Dan Holmes, Summit Strategies – *via webex*
Devin Carter, Chief Financial Officer
Steve Lundy, Pension Benefits Specialist / Economic Research Analyst
Debbie Manning, Executive Assistant

CITY REPRESENTATIVES INVITED

Joey Greive, City Treasurer – *did not attend*

EXCUSED

Eric “Brian” Smith Jr., Chairman
Rodney Van Pelt

NOTE:

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.

I. CALL TO ORDER

In Chairman Brian Smith’s absence, Secretary Craig Lewis defers to Tim Johnson to call the meeting to order. Tim Johnson calls the meeting to order at 4:00PM.

II. PUBLIC SPEAKING PERIOD

No requests for public speaking. Public speaking period closed.

III. MEETING SUMMARY TO BE APPROVED

1. Summary of the meeting held February 10, 2017. Copy held in the meeting file.

Physical quorum was not held. Deferred to April.

IV. OLD BUSINESS

V. EXECUTIVE DIRECTOR'S REPORT – Timothy H. Johnson

Deferred to end of agenda.

VI. INVESTMENT CONSULTANT REPORTS – Dan Holmes

1. Large Cap Growth Search/Review

Dan Holmes presented this report showing his recommendation of HS Management, Loomis Sayles, and Sustainable Growth Advisors to be interviewed.

Tracey Devine asked what the Board is looking for in these managers.

Tim Johnson replied that the Board had questioned whether active managers can outperform the index in large cap.

Dan Holmes said that it is the hardest for active managers to make value over the long run in the category of large cap growth.

Dan said that fees play an important role in choosing a manager. Loomis Sayles would present the lowest fees, since they can aggregate assets between the City of Jacksonville and the PFPF.

Tracey Devine asked if this would be considered a comingled fund, and Dan Holmes confirmed.

Tracey Devine asked Dan for his opinion on Loomis Sayles's "Asset Bloat".

Dan Holmes said that it is very large at \$30 billion. He is glad they are closing to new investment.

Tracey Devine asked what managers the PFPF had used before Sawgrass and Brown.

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Dan Holmes said that the PFPF had used Montag & Caldwell, but could not remember the other, and that he would have to research. He said that the Board has traditionally had at least two managers in this case.

Tim Johnson informed everyone that he had just gotten in touch with the Office of General Counsel, and they had said that without a physical quorum, no votes can be made. He said that he is leaning toward going to the Board without a formal recommendation from the FIAC, or to wait until April and hope for a quorum.

Tracey Devine said she doesn't think there is anything controversial with recommending Loomis Sayles.

Tim Johnson said we will postpone until April. He also asked what process the Board has traditionally used to select managers.

Dan Holmes replied that the Board usually brings in three to interview, and they select from there.

Tim Johnson asked if we could take a recommendation to the board from the investment consultant to bring in the three managers to be interviewed.

Dan Holmes agreed, and that he will prepare a one page letter. He also said he will prepare a 'since inception' metric that shows the time period since the PFPF used Summit Strategies as an investment consultant.

Executive Director's Report – Taken out of order

Tim Johnson summarized the referendum; Mayor Curry wanted to get out of the pension business. Now we are in the process of negotiating new benefits. Tim said he has asked Bob Sugarman to analyze the new pension negotiation agreement with the City. Tim also reminded the FIAC that the Ordinance requires the FIAC to review all actuarial matters.

Tim also explained to the FIAC of new scheduling for the March 17th Board of Trustees Meeting: a parallel FIAC meeting will be scheduled to occur alongside the regularly scheduled Board of Trustees Meeting, most likely to entertain the motion for the PFPF to forgo the 'Supplemental Payment' in return for the Sales Tax revenue starting in 2030. Mike Weinstein and Jason Gabriel will be presenting to the Board of Trustees.

2. Flash Report – January 31, 2017

Received as information.

3. Economic & Capital Market Review – January 31, 2017

Received as information.

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4. Capital Market Snapshot – February 28, 2017

Received as information.

VII. NEW BUSINESS

1. Loomis Sayles Fee Schedule for PFPF & COJ

Received as information.

VIII. ADJOURNMENT

Tim Johnson adjourned the meeting at 5:10PM.

NOTE:

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

Craig Lewis, FIAC Secretary

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

PRESENT

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

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

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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FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
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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 a representative 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:

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Additional items may be added / changed prior to meeting.

Craig Lewis, FIAC Secretary

To be approved at the FIAC Meeting on April 21, 2017



Summit Strategies Group

8182 Maryland Avenue, 6th Floor

St. Louis, Missouri 63105

314.727.7211

Monthly Economic & Capital Market Update

March 2017

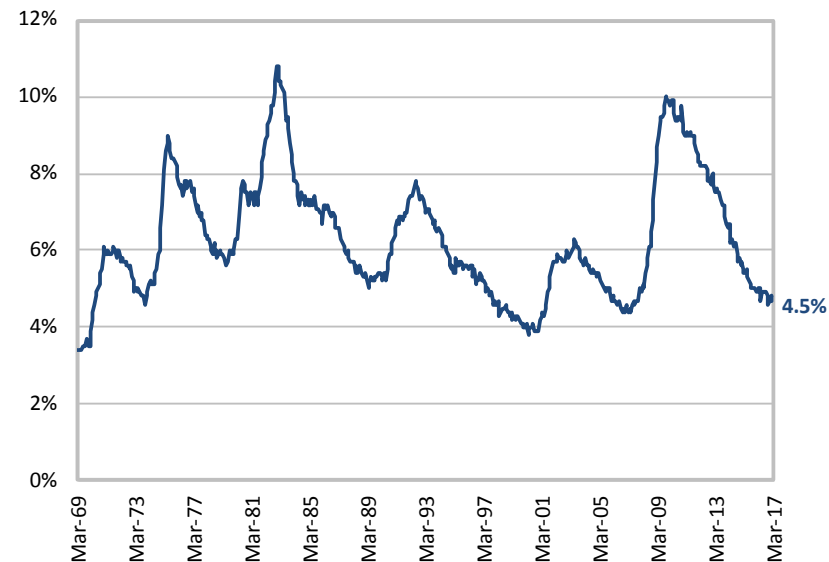
Economy

- 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.

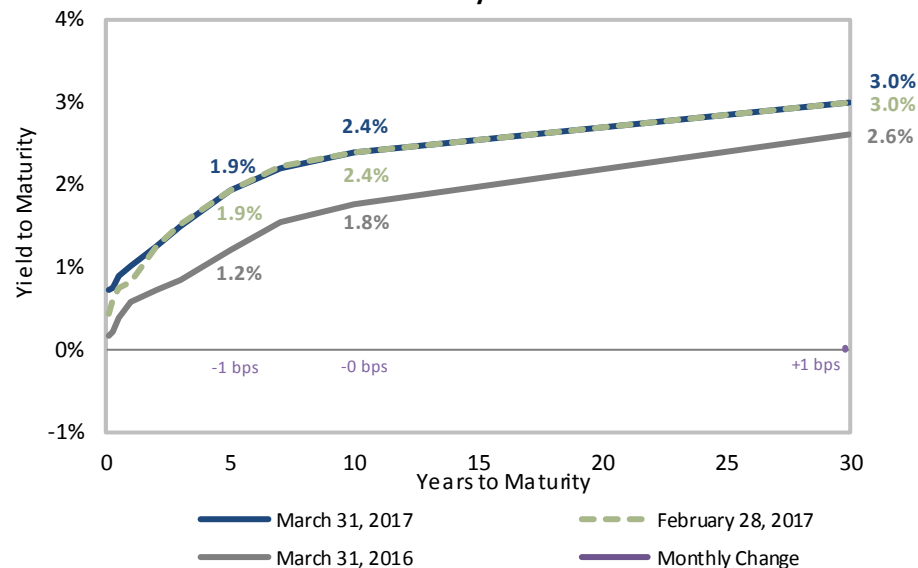
Yield Curve

- 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

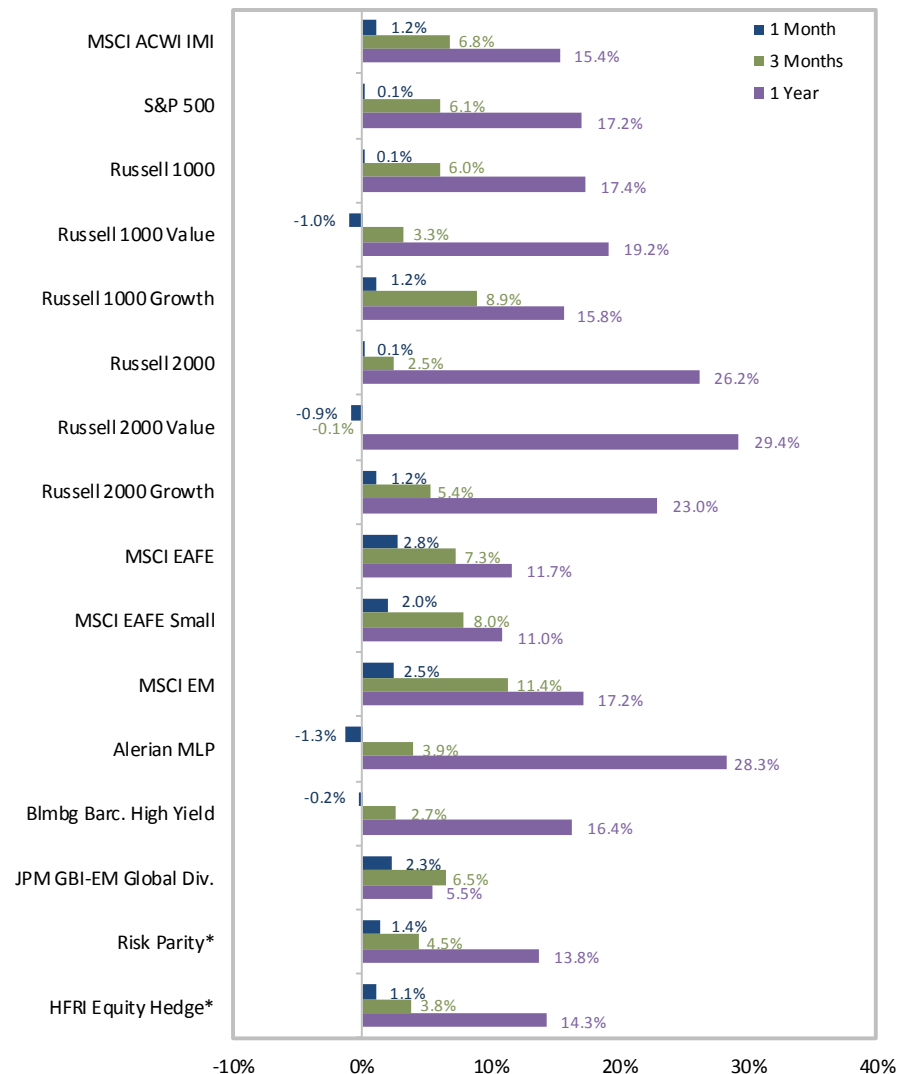
- In Q1 2017, 21 private debt funds closed for a combined total of \$21b, below the record \$50b secured in Q4 2016. However, the level of capital secured surpassed last year's Q1 level of \$11b, as the momentum for direct lending strategies continued; direct lending funds accounted for 62% of total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

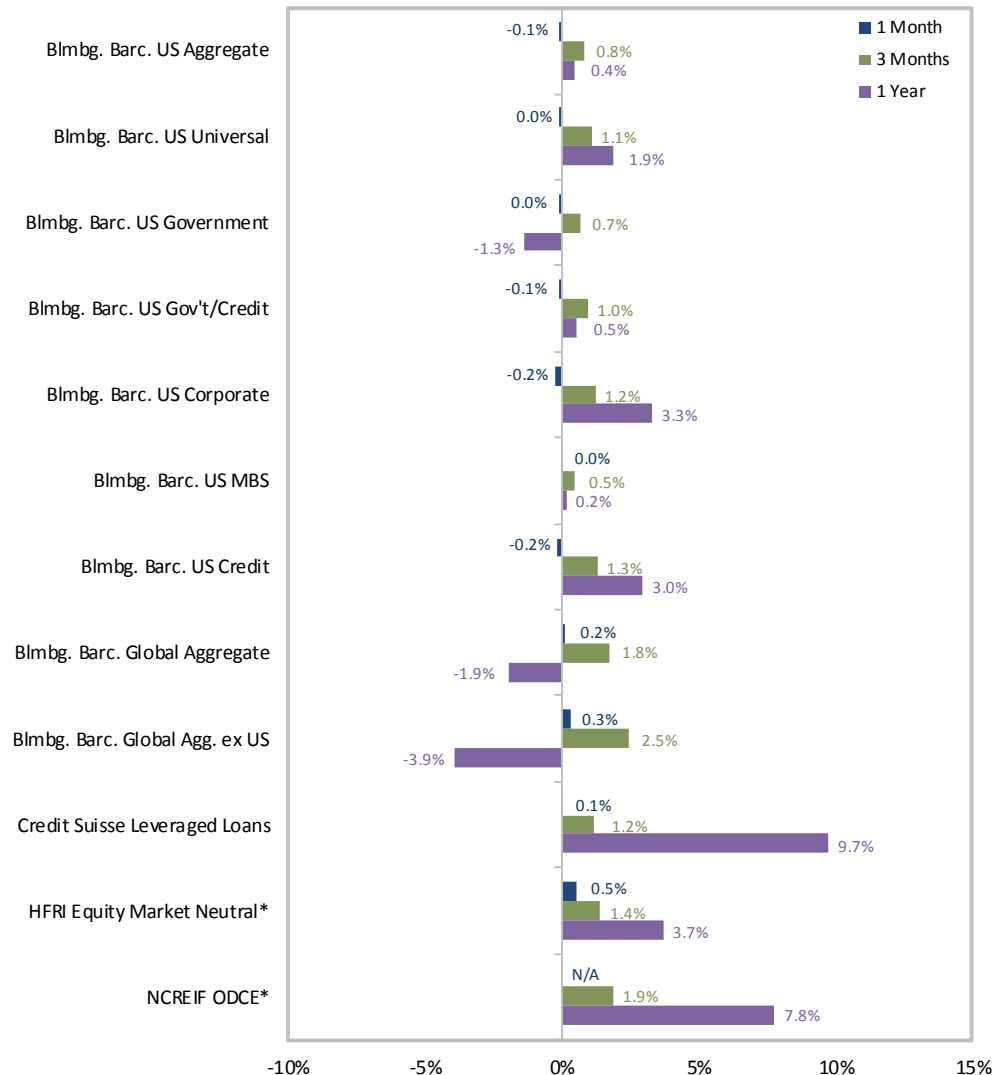
- The 10-year US Treasury yield was volatile during March, starting the month at 2.36% before rising to 2.62% mid-month and falling to end the month relatively flat at 2.42%.
- The Bloomberg Barclays Aggregate ended the month with duration of 6.0 years, the highest level on record. The increasing duration 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

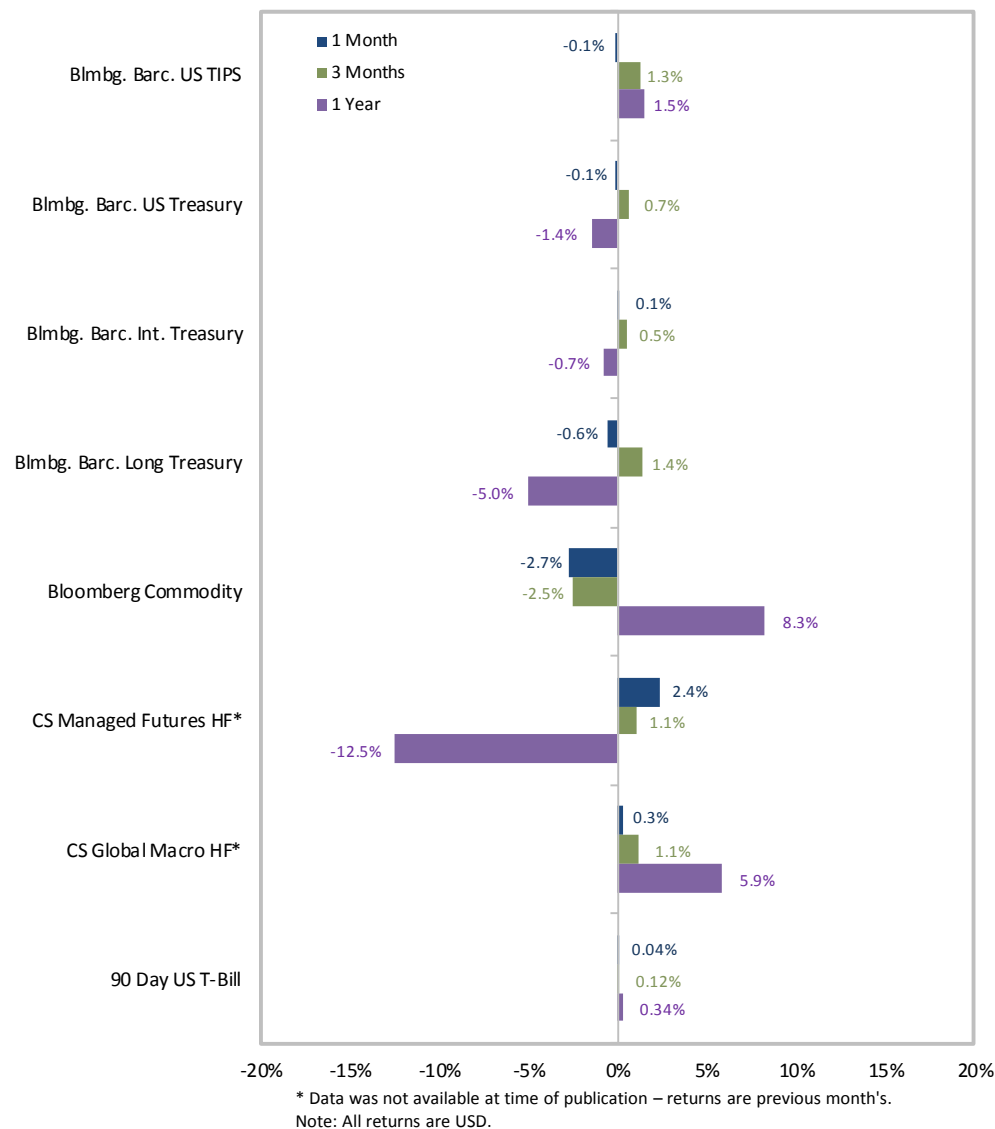
- The Bloomberg Barclays Long Treasury Index returned -0.6% for the month, -0.8% of which can be attributed to price return, which was modestly offset by coupon payments.
- Cash continues to offer low returns, as 90-day T-bills gained 4 bps during March and 0.3% over the past year.

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.



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City of Jacksonville Police & Fire Pension Fund

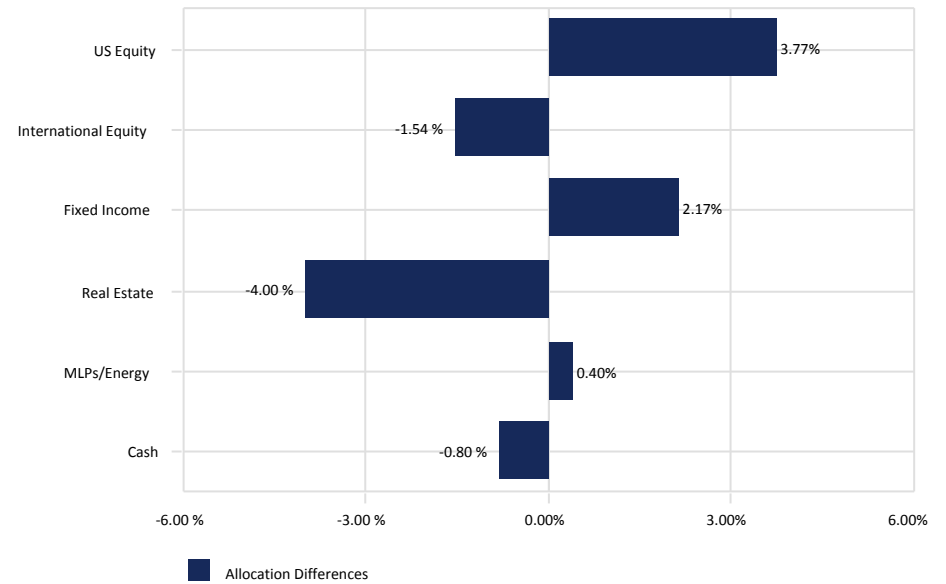
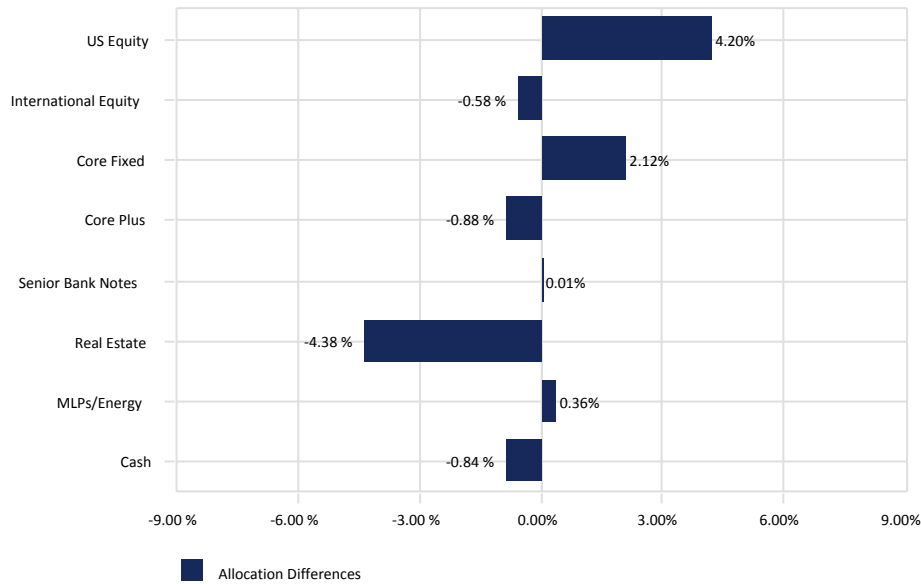
Flash Report

March 31, 2017

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

March 31, 2017



March 31, 2017

	Market Value (\$)	Allocation (%)	Target (%)
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

	Market Value (\$)	Allocation (%)	Target (%)
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.