

**JACKSONVILLE POLICE AND FIRE PENSION FUND  
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE (FIAC)  
MEETING SUMMARY – SEPTEMBER 9, 2016  
RICHARD “DICK” COHEE BOARD ROOM**

**PFPF MISSION STATEMENT**

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

**PRESENT**

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

**STAFF**

Tim Johnson, Executive Director – Plan Administrator  
Dan Holmes, Summit Strategies – *via phone*  
Debbie Manning, Executive Assistant  
Beth McCague, Consultant

**EXCUSED**

Devin Carter, Chief Financial Officer  
Steve Lundy, Pension Benefits Specialist/Economic Research

**GUESTS**

Jason French, Capital Financial Strategies

**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 3:30PM**

**II. PUBLIC SPEAKING PERIOD**

**THERE WERE NO REQUESTS FOR PUBLIC SPEAKING. THE PUBLIC SPEAKING PERIOD WAS CLOSED. (SEE LATER IN THE SUMMARY FOR A REQUEST)**

### **III. APPROVAL OF JUNE 10, 2016 FIAC MEETING SUMMARY**

AFTER A REVIEW OF THE SUMMARY FROM THE JUNE 10, 2016 FIAC MEETING, A MOTION WAS MADE BY RODNEY VAN PELT TO STRIKE A PORTION OF THE SUMMARY (PAGE 3, THIRD AND FOURTH PARAGRAPH). SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

A MOTION WAS MADE BY RODNEY VAN PELT TO APPROVE THE AMENDED MEETING SUMMARY OF JUNE 10, 2016. SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

### **IV. EXECUTIVE DIRECTOR'S REPORT** – *Tim Johnson and Beth McCague*

- **BOARD (COMMITTEE) BOOK**

TIM JOHNSON HAS BEEN ON THE JOB APPROXIMATELY 45 DAYS. THE PEOPLE OF JACKSONVILLE ARE VERY GRACIOUS. TIM WANTS TO TURN THE PENSION FUND AROUND. BE POSITIVE.

THERE ARE FIVE GOALS THE EXECUTIVE DIRECTOR PLANS TO WORK ON:

1. GOVERNANCE - ADMINISTER THE BEST PRACTICE. BOARD BOOK SHOULD BE TO THE COMMITTEE ONE WEEK IN ADVANCE FOR REVIEW.
2. SOLVENCY – CITY OF JAX PASSING OF REFERENDUM NO 1.
3. TRANSPARENCY
4. MEMBER SERVICES – CAN ADD SERVICES TO HELP MEMBERS PREPARE FOR A SECURE RETIREMENT.
5. OUTREACH

ANNUAL CYCLE OF WORK TO BE PROVIDED. SOME EXAMPLES OF THE CYCLE OF WORK:

- RECRUIT THE FIFTH MEMBER FOR THE FIAC
- RECOMMENDATION FOR ACTUARY
- INTERNAL AUDIT
- EXTERNAL AUDIT
- TAKE A LOOK AT COMMISSION RECAPTURE

CALL CHAIRMAN SMITH BEFORE THE MEETINGS TO DISCUSS AGENDA.

RODNEY VAN PELT WOULD LIKE INFORMATION REGARDING EDUCATION OF THE PLAN ITSELF, ALSO COMMENTS ON THE DROP. THE PUBLIC SAYS IT IS A WASTE. RODNEY WOULD ALSO LIKE TO SEE A COMPARISON OF THE FUND TO OTHER CITIES.

**TIM SAID THE GOVERNANCE MANUAL, WHICH WILL BE AVAILABLE NEXT MONTH, WILL PROVIDE GUIDELINES AND METRICS TO COMPARE PERFORMANCE OF THE FUND.**

- **REVIEW OF STAFF RECOMMENDATION REGARDING SELECTION OF NEW ACTUARY**

**BETH MCCAGUE SAID WE DID NOT HAVE FIAC MEETINGS IN JULY AND AUGUST. PREVIOUSLY IN JUNE, THERE WAS CONVERSATION REGARDING THE ACTUARY.**

**BETH SAID THERE WERE EIGHT RESPONSES TO THE ACTUARY RFP. THE STAFF REVIEWED THE RESPONSES AND CHOSE THREE:**

- **FOSTER & FOSTER**
- **GABRIEL ROEDER SMITH & COMPANY**
- **THE NYHART COMPANY**

**WE HOPE TO INTERVIEW THE SECOND WEEK IN OCTOBER. INTERVIEWS FOR EACH FIRM WILL LAST APPROXIMATELY ONE HOUR. A LIST OF QUESTIONS WILL BE PREPARED FOR THE INTERVIEWS.**

**A RECOMMENDATION WAS MADE TO HAVE JOINT INTERVIEWS OF THE ACTUARIES WITH THE BOARD, AND THEN ALLOW TIME FOR DISCUSSION WITH THE BOARD. FIAC WILL THEN MEET SEPARATELY TO DELIBERATE AND MAKE A RECOMMENDATION TO THE BOARD.**

**A RECOMMENDATION WAS ALSO MADE TO ESTABLISH A POLICY MANUAL FOR THE FIAC.**

**ACTUARIAL PROCESS FROM TIM JOHNSON:**

**THE THREE BODIES WORK IN CONCERT TOGETHER, NOT INDEPENDENTLY. EVENTUALLY, FIAC WILL BE GRANTED AUTHORIZATION FOR THE BOARD.**

**A SUMMARY OF THE THREE FIRMS CHOSEN WILL BE PROVIDED.**

- **FIAC VACANCY**

**BETH MCCAGUE SAID WE ARE LOOKING FOR A REALLY EXPERIENCED MEMBER TO ADD TO THE FIAC. BETH HAS SPOKEN TO MR. WARD, AND HE HAS TALKED WITH CRAIG LEWIS AND TRUSTEE PATSY. PER CRAIG LEWIS, HE COULD BE A GOOD FIT.**

- **ROLE OF THE FIAC**

**BETH MCCAGUE SAID THE FIAC SHOULD BE MORE PROACTIVE. BETH HOPES THE COMMITTEE WILL BLOSSOM FAR BEYOND WHAT THE CITY INTENDED, AND MAKE A NAME FOR YOURSELVES.**

**TIM JOHNSON WOULD RECOMMEND FIAC CHAIRMAN MAKE RECOMMENDATIONS TO THE BOARD UNLESS THE CHAIRMAN DESIGNATES SOMEONE ELSE.**

**IT WAS ASKED IF FIAC WOULD WANT TO ESTABLISH SUBCOMMITTEES?**

**CHAIRMAN SMITH IS IN FAVOR OF COMMITTEES. FIAC MEMBERS SHOULD CONSIDER AND DISCUSS AT THE NEXT MEETING.**

**V. INVESTMENT CONSULTANT REPORTS – *Dan Holmes w Summit Strategies***

- **FLASH REPORT – JULY 31, 2016**
- **MONTHLY ECONOMIC & CAPITAL MARKET UPDATE – JULY 2016**

**CONFERENCE CALL WITH DAN HOLMES BEGAN AT 4:30PM.**

**DAN HOLMES GAVE HIGHLIGHTS OF THE FLASH REPORT FOR JULY. ASSETS WERE UP TO 1.7 BILLION DOLLARS. GREAT MONTH FOR PORTFOLIO – UP OVER 6%, FISCAL YEAR UP 9.8%. NET OF FEES 9.4% UP.**

**RODNEY VAN PELT HAD QUESTIONS REGARDING EAGLE. HE FEELS WE SHOULD HAVE FURTHER DISCUSSIONS AND REVISIT EAGLE 1, 3, AND 5 YEARS. DAN WILL GET US INFORMATION FOR NEXT MONTH. QUESTION THEM ON 3 – 5 YEAR HORIZON ON NET OF FEE BASIS.**

**DAN SAID EAGLE RUNS A CONCENTRATED PORTFOLIO. THEY HAVE A LONGER HOLDING PERIOD.**

**JUNE ENDED WITH BREXIT. THE US HAS STARTED TO RECOVER, BUT NOT INTERNATIONAL.**

- **STATEMENT OF INVESTMENT POLICY – EXECUTIVE SUMMARY**

**DAN HOLMES SAID THIS WAS SELF EXPLANATORY. SUMMIT CHANGED THE TARGET ASSET ALLOCATION, SHORTENED POLICY, AND REMOVED DUPLICATION.**

- **REVIEW OF QUARTERLY FUND PERFORMANCE REVIEW**

**RECEIVED AS INFORMATION. UPDATED WITH THE JULY FLASH REPORT REVIEW.**

- **PORTFOLIO REBALANCE TRANSITION UPDATE**

**DAN HOLMES SAID THE PORTFOLIO REBALANCE TRANSITION WENT VERY WELL.**

**PUBLIC SPEAKING REQUEST**

**JASON FRENCH, WITH CAPITAL FINANCIAL STRATEGIES, SPOKE TO THE COMMITTEE. HE SAYS THE CITY IS RUNNING OUT OF MONEY. HE WOULD LIKE TO TALK WITH THE BOARD.**

**VI. NEW BUSINESS**

**VII. ADJOURNMENT**

**CHAIRMAN SMITH ADJOURNED THE MEETING AT 5:00PM**

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

**TO BE APPROVED AT THE FIAC MEETING  
HELD ON OCTOBER 14, 2016**

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Craig Lewis, Secretary