

**JACKSONVILLE POLICE AND FIRE PENSION FUND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE (FIAC)
MEETING SUMMARY – OCTOBER 14, 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

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Dan Holmes, Summit Strategies – *via phone*
Beth McCague, Consultant
Devin Carter, Chief Financial Officer
Debbie Manning, Executive Assistant

CITY REPRESENTATIVES INVITED

Joey Greive, City Treasurer

EXCUSED

Rodney Van Pelt, FIAC
Steve Lundy, Economic Research Analyst

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 3:33PM

II. PUBLIC SPEAKING PERIOD

THERE WERE NO REQUESTS FOR PUBLIC SPEAKING. THE PUBLIC SPEAKING PERIOD WAS CLOSED.

III. APPROVAL OF SEPTEMBER 9, 2016 FIAC MEETING SUMMARY

A MOTION WAS MADE BY ROB KOWKABANY TO APPROVE THE FIAC MEETING SUMMARY OF SEPTEMBER 9, 2016. SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

IV. EXECUTIVE DIRECTOR'S REPORT – *Tim Johnson / Beth McCague / Steve Lundy*

REVIEWED OUT OF ORDER FROM AGENDA:

1. Actuarial Interview Evaluations

TIM JOHNSON STATED THAT DEVIN CARTER DID A GREAT JOB COORDINATING THE ACTUARY INTERVIEWS AND PROVIDING THE EVALUATION MATRIX WHICH IS INCLUDED IN YOUR BOARD BOOK.

IT WAS DECIDED THE FIAC IS MEETING SEPARATELY FROM THE BOARD TO DISCUSS THEIR RECOMMENDATION. FIAC CHAIRMAN SMITH WILL MAKE THAT PRESENTATION AT THE NEXT BOARD MEETING ON OCTOBER 21ST.

DEVIN CARTER CONFIRMED THAT HE DID A REFERENCE CHECK ON THE FIRMS INTERVIEWED.

CHAIRMAN SMITH SAID DEVIN WHITTLED DOWN THE FIRMS FROM THE FIRST GROUP OF APPLICANTS AND FELT THAT THE THREE INTERVIEWED WERE THE TOP.

CHAIRMAN SMITH SAID THERE WAS A THIN LINE BETWEEN TWO OF THE FIRMS.

ROB KOWKABANY SAID TWO OF THE FIRMS HAD GOOD ASSUMPTIONS AND BOTH CLEARLY DID THEIR HOMEWORK, SPLITTING HAIRS FOR EITHER.

BETH MCCAGUE'S PREFERENCE WAS GRS. THEY SEEMED TO HAVE MANY MORE RESOURCES AVAILABLE.

CHAIRMAN SMITH REALLY LIKED NYHART. THEY DID THEIR HOMEWORK ON HOUSE BILL 1297. HE THOUGHT THEY WOULD BE GOOD WITH THE TRANSITION. BOTH LEADS WERE EXPERIENCED. THEY HAD THE HIGHEST COST BUT INDICATED THEY WOULD NEGOTIATE FEES.

REGARDING GRS, CHAIRMAN SMITH SAID THEIR LEAD HAD 22 CLIENTS WHICH HE FELT WAS A HEAVY LOAD. HE LIKED THAT THEY WERE EMPLOYEE OWNED AND

ALSO DID THEIR HOMEWORK ON HB1297. THEY ALREADY WORK WITH POLICE AND FIRE PENSION FUNDS THROUGHOUT THE STATE.

CHAIRMAN SMITH SAID HE SCORED GRS ONE POINT HIGHER ON THE EVALUATION. BUT HIS GUT WAS WITH NYHART.

TIM JOHNSON SAID BOTH GROUPS WERE CLOSE.

CRAIG LEWIS WAS UNABLE TO ATTEND THE SPECIAL MEETING FOR THE INTERVIEWS. HE LISTENED TO THE DISCUSSION FROM THE COMMITTEE AND STAFF AND SAID HE WOULD DEFER TO TIM JOHNSON FOR BALANCING THE FACTORS FOR THE RECOMMENDATION FOR AN ACTUARY.

THERE WAS DISCUSSION REGARDING FIDUCIARY RESPONSIBILITY OF THE FIRMS. CHAIRMAN SMITH SUGGESTED WE CONTACT NYHART AND GRS FOR CLARIFICATION ON THIS ISSUE AS THIS COULD BE A DETERMINING FACTOR. BOTH FIRMS WERE CALLED DURING THE MEETING AND WERE AVAILABLE FOR FURTHER DISCUSSION.

BOTH FIRMS RESPONDED TO SEVERAL QUESTIONS WHILE ON THE PHONE. THEY ADDRESSED THE ISSUE OF ACTING AS A FIDUCIARY SIMILARLY. BOTH AGREED THEY WOULD PUT THE FUND'S INTEREST FIRST AND WOULD ACT AS A FIDUCIARY AS TO THE ACTUARIAL WORK THEY PRESENTED.

BOTH FIRMS WERE ASKED ABOUT THE ACCESSIBILITY OF THEIR SOFTWARE SYSTEM TO STAFF FOR THE PURPOSES OF RUNNING VARIOUS SCENARIOS. NYHART RESPONDED THAT THEIR SOFTWARE WAS USED FOR THE PURPOSE OF HELPING THEIR CONSULTANTS ASSIST CLIENTS. GRS INDICATED THEIR SOFTWARE WAS AVAILABLE TO THEIR CLIENTS' STAFF WHO COULD USE IT INDEPENDENTLY.

BOTH FIRMS USE PROVAL ACUTARIAL SOFTWARE. IN ADDITION, GRS HAS DEVELOPED ITS OWN SOFTWARE. GRS INDICATED IT WOULD USE ITS PROPRIETARY SOFTWARE IF WE ELECT TO HIRE THEM AS OUR ACTUARY AND WOULD BACK UP THEIR RESULTS BY USING PROVAL.

AFTER A LENGTHY DISCUSSION, ROB KOWKABANY MADE A MOTION THAT FIAC RECOMMEND TO THE BOARD THAT GRS BE CHOSEN AS THE NEW FUND ACTUARY WITH A THREE YEAR CONTRACT, COVERING 2017-2018-2019, WITH A 3% ANNUAL ESCALATOR. SECONDED BY CRAIG LEWIS. VOTE WAS UNANIMOUS.

CHAIRMAN SMITH WOULD MAKE A PRESENTATION TO THE BOARD OF TRUSTEES AT THEIR NEXT MEETING AS TO WHY FIAC CHOSE GRS OVER NYHART. IT WAS NOTED THAT FEES WOULD BE NEGOTIATED WITH GRS.

TIM JOHNSON SAID GOOD WORK BY EVERYONE ON THIS PROCESS.

2. Pension Plan Comparison

DEFERRED TO NEXT MONTH FOR DISCUSSION AS RODNEY VANPELT ORIGINALLY REQUESTED THE COMPARISON AND COULD NOT ATTEND THIS MEETING.

3. Annual Cycle of Work

RECEIVED AS INFORMATION

4. Monthly Status Report

TIM JOHNSON BRIEFLY REVIEWED THE MONTHLY STATUS REPORT WITH THE COMMITTEE. CAPITAL FINANCIAL STRATEGIES HAS AN INTEREST IN MEMBER EDUCATION. INVITE THEM TO THE FIRST DROP WORKSHOP ON OCTOBER 26TH.

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

- Economic & Capital Market Update – September, 2016
- Flash Report – September 30, 2016
- Eagle and Brown Advisory Review (watch list)

DUE TO THE LENGTHY YET IMPORTANT DISCUSSION REGARDING THE ACTUARY SELECTION, WE WERE UNABLE TO REVIEW THE REPORTS WITH DAN HOLMES.

WE CALLED DAN BEFORE THE MEETING ENDED. THE EAGLE AND BROWN REVIEW IS NOT TIME SENSITIVE SO THIS CAN BE DEFERRED. DAN WILL BE ATTENDING THE NOVEMBER MEETING FOR FURTHER DISCUSSION.

TIM ASKED THE COMMITTEE TO THINK ABOUT SUB-COMMITTEES. HIS VISION FOR FIAC IS FOR THE BOARD OF TRUSTEES TO GET TO KNOW FIAC AND FEEL COMFORTABLE WITH THEIR RECOMMENDATIONS. HE ASKED FIAC TO THINK ABOUT HOW WE TELL OUR STORY, HOW WE GET THE WORD OUT.

VI. NEW BUSINESS

VII. ADJOURNMENT

CHAIRMAN SMITH ADJOURNED THE MEETING AT 5:25PM

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

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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 NEXT FIAC
MEETING ON NOVEMBER 10, 2016**

Craig Lewis, Secretary